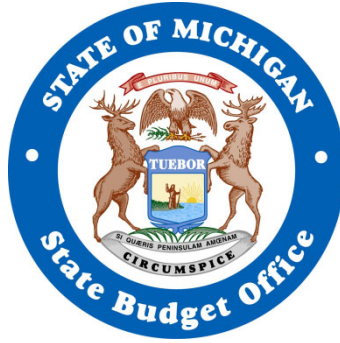


# State of Michigan

## Annual Comprehensive Financial Report



**Fiscal Year Ended September 30, 2023**  
**Governor Gretchen Whitmer**  
**Prepared by the State Budget Office**



*State of Michigan*  
*Annual Comprehensive Financial Report*

Fiscal Year Ended September 30, 2023

**GRETCHEN WHITMER**  
Governor

**JENNIFER L. FLOOD**  
State Budget Director

**HEATHER BOYD, CPA**  
Director  
Office of Financial Management

TABLE OF CONTENTS

	<u>Page</u>
Title page .....	1
Table of Contents .....	2
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	6
Certificate of Achievement .....	11
State Organizational Structure .....	12
Principal State Officials .....	13
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	16
Management's Discussion and Analysis .....	22
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position .....	34
Statement of Activities .....	36
Governmental Fund Financial Statements	
Balance Sheet .....	40
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position .....	41
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities .....	43
Proprietary Fund Financial Statements	
Statement of Net Position .....	46
Statement of Revenues, Expenses, and Changes in Fund Net Position .....	47
Statement of Cash Flows .....	48
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position .....	52
Statement of Changes in Fiduciary Net Position .....	53
Component Unit Financial Statements	
Statement of Net Position .....	56
Statement of Activities .....	60
Index for Notes to Financial Statements .....	64
Notes to Financial Statements .....	65
Required Supplementary Information Other Than Management's Discussion and Analysis	
Budgetary Comparison Schedule - Major Governmental Funds .....	150
Budgetary Comparison Schedule - Budget-to-GAAP Reconciliation .....	152
Notes to Required Supplementary Information - Budgetary Reporting .....	153
Information About Infrastructure Assets Reported Using the Modified Approach .....	154
Schedule of Changes in Net Pension Liability and Related Ratios Legislative Retirement System .....	156
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios Legislative Retirement System .....	158
Schedule of Changes in Net Pension Liability and Related Ratios State Police Retirement System .....	160
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios State Police Retirement System .....	162
Schedule of Changes in Net Pension Liability and Related Ratios State Employees' Retirement System .....	164
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios State Employees' Retirement System .....	166
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Judges' Retirement System .....	168
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios Judges' Retirement System .....	170
Schedule of Changes in Net Pension Liability and Related Ratios Military Retirement Provisions .....	172

	<u>Page</u>
Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability and Related Ratios Post Employment Life Insurance Benefits .....	174
Schedule of Contributions for Pensions Legislative Retirement System .....	176
Schedule of Contributions for Other Postemployment Benefits Legislative Retirement System .....	178
Schedule of Contributions for Pensions State Police Retirement System .....	180
Schedule of Contributions for Other Postemployment Benefits State Police Retirement System .....	182
Schedule of Contributions for Pensions State Employees' Retirement System .....	184
Schedule of Contributions for Other Postemployment Benefits State Employees' Retirement System .....	186
Schedule of Contributions for Pensions Judges' Retirement System .....	188
Schedule of Contributions for Other Postemployment Benefits Judges' Retirement System .....	190
Schedule of Contributions for Pensions Military Retirement Provisions .....	192
<b>Combining and Individual Fund Statements and Schedules - Non-Major Funds</b>	
<b>Governmental Funds</b>	
Balance Sheet - By Fund Type .....	196
Statement of Revenues, Expenditures, and Changes in Fund Balances - By Fund Type .....	197
<b>Special Revenue Funds - By Classification</b>	
Balance Sheet .....	200
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	201
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual .....	202
<b>Special Revenue Funds - Transportation Related</b>	
Combining Balance Sheet .....	206
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	207
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual .....	208
<b>Special Revenue Funds - Conservation, Environment, and Recreation Related</b>	
Combining Balance Sheet .....	212
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	214
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual .....	216
<b>Special Revenue Funds - Regulatory and Administrative Related</b>	
Combining Balance Sheet .....	222
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	224
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual .....	226
<b>Special Revenue Funds - Other State Funds</b>	
Combining Balance Sheet .....	232
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	234
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual .....	236
<b>Debt Service Funds</b>	
Combining Balance Sheet .....	240
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	242
<b>Capital Projects Funds</b>	
Combining Balance Sheet .....	246
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	248
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual .....	250
<b>Permanent Funds</b>	
Combining Balance Sheet .....	254
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	255
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual .....	256
<b>Proprietary Funds</b>	
<b>Enterprise Funds</b>	
Combining Statement of Net Position .....	260
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position .....	261
Combining Statement of Cash Flows .....	262
<b>Internal Service Funds</b>	
Combining Statement of Net Position .....	264
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position .....	266
Combining Statement of Cash Flows .....	268



Fiduciary Funds

Pension (and Other Employee Benefit) Trust Funds

Combining Statement of Fiduciary Net Position.....	274
Combining Statement of Changes in Fiduciary Net Position.....	278

Private-Purpose Trust Funds

Combining Statement of Fiduciary Net Position.....	282
Combining Statement of Changes in Fiduciary Net Position.....	283

Custodial Funds

Combining Statement of Fiduciary Net Position.....	286
Combining Statement of Changes in Fiduciary Net Position .....	288

Component Units

Authorities

Combining Statement of Net Position .....	294
Combining Statement of Activities .....	296

State Universities

Combining Statement of Net Position .....	300
Combining Statement of Activities .....	302

STATISTICAL SECTION

Index to Statistical Section .....	305
Net Position by Component .....	306
Changes in Net Position .....	308
Fund Balances, Governmental Funds .....	312
Changes in Fund Balances, Governmental Funds .....	314
Personal Income by Industry .....	316
Taxable Sales by Industry .....	318
Personal Income Tax Filers and Liability by Income Level .....	320
Sales Tax Payers by Industry .....	321
Ratios of Outstanding Debt by Type.....	322
Ratios of Net General Obligation Bonded Debt Outstanding.....	324
Debt Service Coverage - Comprehensive Transportation Fund Related Bonds.....	326
Debt Service Coverage - State Trunkline Fund Related Bonds.....	328
Debt Service Coverage - State Building Authority .....	330
Demographic and Economic Indicators .....	332
Classified Employees by Function.....	334
Operating Indicators by Function.....	336
Capital Assets by Function .....	340

OTHER INFORMATION

Combined Schedule of Revenue and Other Financing Sources - General and Special Revenue Funds.....	344
Schedule of Revenue and Other Financing Sources - General Fund.....	346
Source and Disposition of General Fund Authorizations .....	348
Source and Disposition of General Fund/General Purpose Authorizations .....	350
Revenue, Bond Proceeds, and Vendor Financing	
Acquisitions - General and Special Revenue Funds .....	352
Schedule of Expenditures by Function - General and Special Revenue Funds - State Funds .....	354
Index of Funds and Component Units .....	356





STATE OF MICHIGAN  
STATE BUDGET OFFICE  
LANSING

GRETCHEN WHITMER  
GOVERNOR

JENNIFER L. FLOOD  
DIRECTOR

February 15, 2024

The Honorable Gretchen Whitmer, Governor  
Members of the Legislature  
People of the State of Michigan

As required by Article 9, Section 21, of the State Constitution and Section 494, Public Act 431 of 1984, as amended, we are pleased to submit the *State of Michigan Annual Comprehensive Financial Report* (SOMACFR) for the fiscal year ended September 30, 2023.

### **INTRODUCTION TO THE REPORT**

**Responsibility:** The State Budget Office, Office of Financial Management, prepares the SOMACFR and is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures. To the best of our knowledge and belief, the information contained in the SOMACFR is accurate in all material respects and reported in a manner that fairly presents the financial position and results of operations of the State primary government and component units for which it is financially accountable. All disclosures necessary to enable the reader to gain a reasonable understanding of the State's financial affairs have been included.

**Adherence to Generally Accepted Accounting Principles:** As required by State statute, we have prepared the financial statements contained in the SOMACFR in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (GASB). The State also voluntarily follows the recommendations of the Government Finance Officers Association of the United States and Canada (GFOA) for the contents of government financial reports and participates in the GFOA's review program for the Certificate of Achievement for Excellence in Financial Reporting.

**Report:** The SOMACFR is divided into four major sections: introductory, financial, statistical, and other information:

- The introductory section includes this letter, the State's organization chart, and the list of principal officials.
- The financial section includes: the independent auditor's report on the Basic Financial Statements; Management's Discussion and Analysis (MD&A), which provides an introduction, overview, and analysis to the Basic Financial Statements; the Basic Financial Statements, which present the government-wide financial statements and fund financial statements for governmental funds, proprietary funds, fiduciary funds, and component units, together with footnotes to the Basic Financial Statements; Required Supplementary Information other than MD&A, which presents budgetary comparison schedules, pension and other postemployment benefits liability and contribution schedules and information about infrastructure assets; and the supplemental financial data, which includes the combining financial statements and schedules.
- The statistical section includes such items as trend information, information on debt levels, and other selected economic and statistical data.
- The other information section includes General Fund and Special Revenue Funds revenue and expenditure schedules and General Fund source and disposition of spending authorization schedules.

Internal Control Structure: The State Budget Office is responsible for the overall operation of the State's central accounting system and for establishing and maintaining the State's internal control structure. The system of internal control has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. All financial transactions of the State primary government are recorded in the central accounting system, except for the Michigan Unemployment Compensation Funds, Attorney Discipline System, the State of Michigan 457 Plans, the State of Michigan 401K Plans, and the Michigan Education Savings Program. Many of the essential control features are decentralized, such as the preparation and entry of expenditure transactions into the central accounting system. Consequently, the State Budget Office relies upon the controls in place at the various State departments and agencies.

Act 431 requires each principal department to maintain adequate internal control systems. Each department is also required to periodically report to the Governor on the adequacy of its internal accounting and administrative control systems and, if any material weaknesses exist, provide corrective action plans and time schedules for addressing such weaknesses. This reporting is required on or before May 1 of each odd numbered year, effective as of the preceding October 1.

The discretely presented component units generally operate outside the State's central accounting system and are responsible for establishing and maintaining their own separate internal control structures.

Internal Auditors: Pursuant to Executive Order 2007-31, the Office of Internal Audit Services (OIAS) provides internal audit services to executive branch departments and agencies. OIAS performs periodic financial, performance, and compliance audits of department and agency programs and organizational units. In addition to periodic audits, OIAS also reviews department and agency managements' processes for establishing, monitoring, and reporting on internal controls; advises department and agency management on internal control matters; and assists department and agency management with investigations of alleged fraud or other irregularities.

Independent Auditors: The Office of the Auditor General (OAG) is the principal auditor of the SOMACFR. The OAG also relies on the opinions of outside public accounting firms, particularly for component unit financial statements (such as the Michigan State Housing Development Authority and ten of the State's universities) and the Unemployment Compensation Funds. The purpose of the OAG's audit is to provide reasonable assurance that the Basic Financial Statements for the fiscal year ended September 30, 2023, are free of material misstatements. The OAG concluded that the Basic Financial Statements for the fiscal year ended September 30, 2023, are fairly presented in accordance with GAAP and issued unmodified opinions.

In addition to the annual audit of the SOMACFR, the OAG also performs periodic financial statement and performance audits of the various State departments, agencies, and institutions of higher education. The Auditor General also has primary responsibility for conducting audits under the federal Single Audit Act Amendments of 1996. Pursuant to Michigan Public Act 233 of 2012, an annual statewide single audit will be conducted for applicable State departments, agencies, and component unit authorities, and will result in a separately issued audit report.

Management's Discussion and Analysis (MD&A): GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of MD&A. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A immediately follows the Independent Auditor's Report.

## **PROFILE OF THE GOVERNMENT**

Michigan was admitted to the Union as the 26th state in 1837. The State is governed under the Constitution of 1963, as amended.

Executive Branch: As of February 15, 2024, the Executive Branch consisted of 18 principal departments. Fifteen principal departments are headed by commissions and/or directors appointed by the elected governor. Elected officials head two principal departments, Attorney General and State, and one, Education, is headed by an elected board.

Judicial Branch: The Judicial Branch consists of the Supreme Court, Court of Appeals, Court of Claims, and the State's circuit, district, probate, and municipal courts. In addition to its judicial duties, the Supreme Court is responsible for the general administrative supervision of all courts in the State. The Supreme Court also establishes rules for practice and procedure in all courts.

Legislative Branch: The Legislative Branch consists of the Senate, House of Representatives, and Office of the Auditor General. The Senate, which consists of 38 elected members, and House of Representatives, which consists of 110 elected members, enact the laws of Michigan. The Office of the Auditor General conducts post financial and performance audits of State government operations.

Reporting Entity: The financial reporting entity of the State includes all of the funds of the primary government as well as component units for which the State's elected officials are financially accountable. The transmittal letter, MD&A, and the financial statements focus on the primary government and its activities. Although information pertaining to the component units is provided, their separately issued financial statements should be read to obtain a complete overview of their financial position.

Budgetary Reporting and Control: For the State primary government operating funds (i.e., the General Fund and annually appropriated special revenue, capital projects, and permanent funds), the State projects revenues and expenditures and calculates fund balances for budgetary purposes in accordance with GAAP. Public Act 431 of 1984, as amended, prohibits the State from budgeting for an ending fund balance deficit in an operating fund. If an actual deficit is incurred, the Constitution and Act 431 require that it be addressed in the subsequent year's budget. If accounting principles change, Act 431 requires the State to also implement such changes in its budgetary process.

Compliance with the final updated budget for the annually budgeted operating funds of the State primary government is demonstrated in the budget and actual comparative schedules and notes in the SOMACFR. In addition, subsequent to the publication of the SOMACFR, the State releases a Statewide Authorization Dispositions report that provides line-item appropriation details (e.g. Air Quality Programs and Surface Water are two line-item appropriations within the Department of Environment, Great Lakes and Energy), the legal level of budgetary control for the General Fund and budgeted operating funds.

### **MAJOR INITIATIVES AND FUTURE PROJECTS**

A Better, More Affordable Education: The budget recommendation continues historic public education investments, continues free breakfast and lunch to all Michigan public school students, and delivers the "Michigan Guarantee" by continuing record investments in education, from preschool to postsecondary. The budget includes \$370 million to increase base per-pupil funding to \$9,849, a 2.5% increase that equates to an additional \$241 per student; \$127 million to continue expanded support for special education students – a 12% increase in the current allocation; and \$125 million to provide a 5% increase in funding to support academically at-risk students, English language learners, and students in rural school districts. The fiscal year 2025 executive recommendation includes a total of \$300 million to continue historic investments for student mental health and school safety needs. The proposal includes \$251.2 million to help students reach their full academic potential, including continuation of payments for literacy grants and literacy coaches; and \$200 million for tutoring through the MI Kids Back on Track program, and continuation of expanding learning opportunities through before and after programs. To ensure children can better focus on learning, the budget proposal includes \$200 million to continue providing universally-free school breakfast and lunch and offers every Michigan child a free public education from pre-K through an associate degree or skilled certificate at a community college.

Lowering Costs: Putting money back in the pockets of Michiganders is a priority in the fiscal year 2025 budget recommendation. The proposal includes \$37.5 million to create the Caring for MI Family Tax Credit, saving families who care for an aging or sick relative up to \$5,000 a year on their taxes. Another cost-saving measure proposed in the budget provides \$25 million for the MI Vehicle Rebate, which lowers the cost of buying a new car by offering a \$1,000 rebate for cars and \$2,000 for electric vehicles. An extra \$500 is included, total of up to \$2,500 off at the point of sale, for union-assembled vehicles. The budget recommendation also includes \$500,000 to continue administering the federal EBT summer food benefit program, ensuring children have access to nutritional food throughout the summer months, saving families \$120 per child.



Making it in Michigan: The budget proposes investments to power economic development, rebuild our roads and bridges, and build strong communities. A fiscal year 2025 deposit of \$500 million into the Strategic Outreach and Attraction Reserve Fund provides funding for economic development projects that invest in Michigan's future and attract transformational projects that keep Michigan at the forefront of manufacturing. Also included is an investment of \$60 million to establish an Innovation Fund to invest in scalable startups and help launch hundreds of new Michigan-based companies, creating thousands of jobs. To spur innovation while lowering costs for businesses, \$100 million is proposed for a research and development tax credit. The budget recommends \$2.5 million for the Office of Rural Prosperity to expand outreach and funding for rural prosperity grants. To continue rebuilding Michigan's infrastructure, \$247.6 million is recommended to improve local roads, highways, and bridges across the state. An investment of \$150 million is proposed to support local bridge and culvert improvements and ensure the state fully matches available federal highway aid. Building on the important work being done across the state to ensure Michiganders have access to clean drinking water, the budget recommendation includes \$40 million to provide loans and grants to local communities to support water infrastructure projects, building on the \$290 million current investment.

Reducing Crime and Keeping Michigan Healthy: Funding centered on keeping Michigan families safe and healthy is proposed in the budget recommendation. A 5% increase in ongoing revenue sharing, \$27.5 million, is proposed to benefit counties, cities, villages, and townships. In addition, the budget recommends \$11 million to provide a 2% one-time allocation of statutory revenue sharing dedicated specifically for public safety, including employee recruitment, retention, training, and equipment for first responders. The recommendation also includes \$16.5 million for a 3% one-time incentive in revenue sharing to local communities that obligate their COVID relief funds. A total of \$10 million is proposed for lifecycle upgrades to the state's safety communication system, ensuring this critical infrastructure works for state and local emergency personnel. Community violence intervention services are funded at \$5.5 million to reduce gun violence and save lives. \$15.7 million in funding is proposed to continue the Healthy Moms, Healthy Babies program which helps new and expectant mothers receive the care they need and reduce racial disparities in infant and maternal mortality. To establish new Certified Community Behavioral Health Clinics sites across the state, an investment of \$193.3 million is included. The budget also recommends \$46 million for the first substantially meaningful changes to the Family Independence Program since 1990.

A Fairer, More Equitable Michigan: The budget recommendation calls for investments that will build a fairer and more equitable Michigan, such as \$35 million to implement recommendations of the Racial Disparities Taskforce, including neighborhood health grants, mobile health units, sickle cell support and more. An investment of \$5 million is also included to continue the MiContracting program to assist small and disadvantaged businesses in securing equipment and insurance to help them compete for contracts. Additionally, funding of \$800,000 is included for state certification, credentialing, and endorsement of approximately 1,000 interpreters serving the deaf, deafblind, and hard of hearing community.

A \$100 million deposit to the Budget Stabilization Fund is included in the budget recommendation, which would bring the rainy-day fund balance to more than \$2.2 billion at the end of fiscal year 2025.

## **AWARDS AND ACKNOWLEDGMENTS**

Certificate of Achievement: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Michigan for its SOMACFR for the year ended September 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose content satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The State has received a Certificate of Achievement for 36 consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments: The preparation of this report requires the collective efforts of the management and staff of the Accounting and Financial Reporting Divisions, Office of Financial Management; the Office of Internal Audit Services; SIGMA Operations and Support; the chief financial officers, chief accountants, and their staff from all State agencies; and the management and staff of the Office of the Auditor General. We sincerely appreciate the dedicated efforts of all of these individuals that have allowed Michigan to maintain its position as a leader in quality financial reporting.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jennifer Flood".

Jennifer L. Flood  
State Budget Director

A handwritten signature in blue ink, appearing to read "Heather Boyd".

Heather Boyd, CPA  
Director, Office of Financial Management



Government Finance Officers Association

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**State of Michigan**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

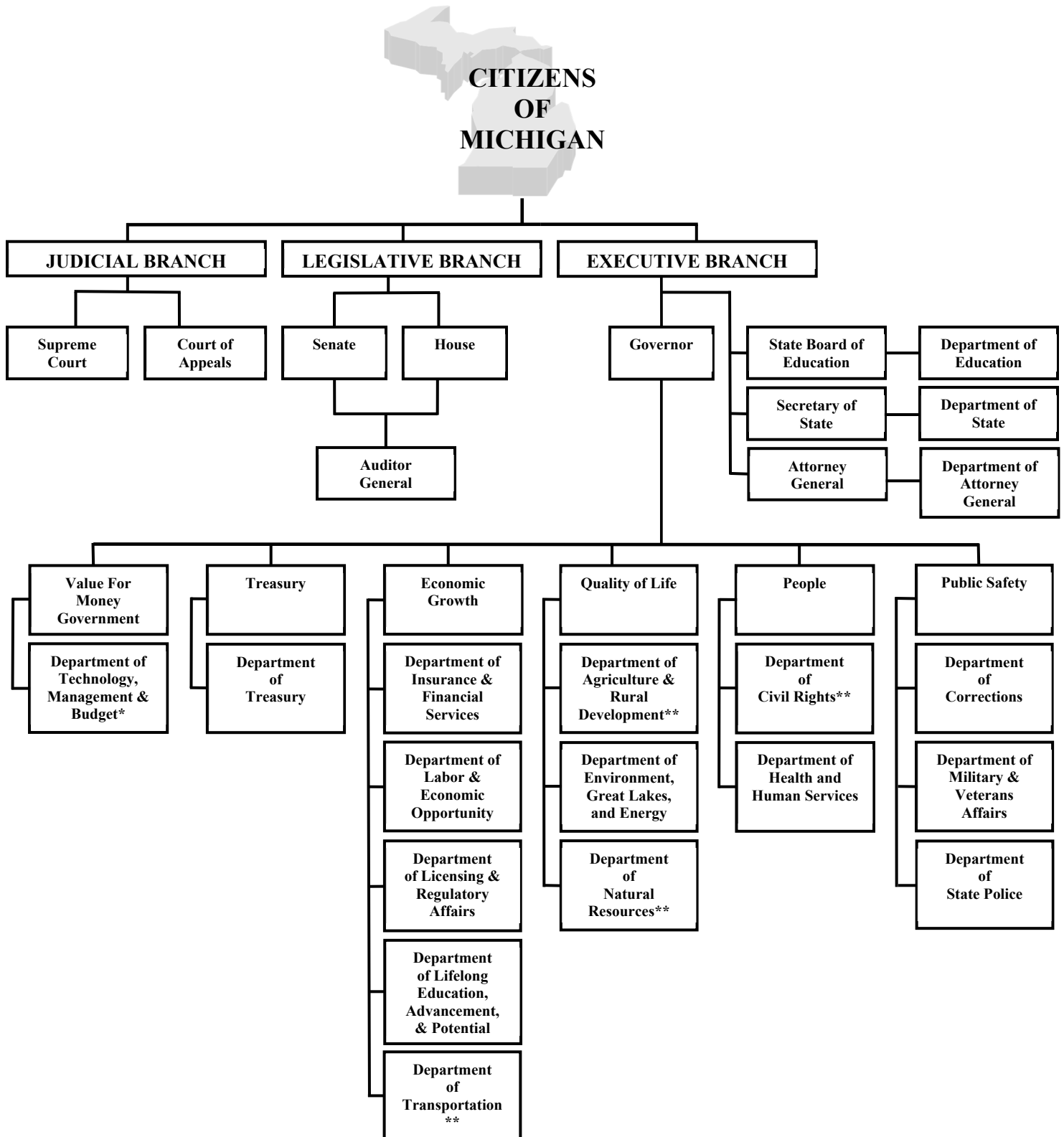
September 30, 2022

*Christopher P. Morrell*

Executive Director/CEO

# STATE OF MICHIGAN ORGANIZATIONAL STRUCTURE

(As of February 15, 2024)



\* Includes Civil Service Commission appointed by Governor  
 \*\* Has Commission appointed by Governor, confirmed by Senate

## STATE OF MICHIGAN

### PRINCIPAL STATE OFFICIALS

(As of February 15, 2024)

#### JUDICIAL BRANCH

Supreme Court Justices  
Honorable Elizabeth T. Clement, Chief Justice  
Honorable Richard Bernstein, Justice  
Honorable Kyra H. Bolden, Justice  
Honorable Megan K. Cavanagh, Justice  
Honorable David F. Viviano, Justice  
Honorable Elizabeth M. Welch, Justice  
Honorable Brian K. Zahra, Justice

#### LEGISLATIVE BRANCH

Honorable Winnie Brinks  
Majority Leader of the Senate  
  
Honorable Joe Tate  
Speaker of the House of Representatives  
  
Doug Ringler, C.P.A., C.I.A.  
Legislative Auditor General

#### EXECUTIVE BRANCH

Honorable Gretchen Whitmer, Governor  
Honorable Garlin Gilchrist II, Lt. Governor  
Honorable Dana Nessel, Attorney General  
Honorable Jocelyn Benson, Secretary of State

State Board of Education  
Pamela Pugh, President  
Ellen Cogen Lipton, Co-Vice President  
Tiffany Tilley, Co-Vice President  
Judith Pritchett, Secretary  
Marshall Bullock II, Treasurer  
Tom McMillin  
Mitchell Robinson  
Nikki Snyder  
Liz Evans, State Board Executive  
Honorable Gretchen Whitmer (Ex Officio)  
Michael F. Rice, Superintendent of Public Instruction

Michigan Commission of Agriculture & Rural Development  
Monica Wyant, Chair  
Andy Chae, Vice Chair  
Felicia Wu, Secretary  
Kathy Garthe  
David Williams

Dr. Timothy Boring, Director  
Department of Agriculture & Rural Development

Civil Rights Commission  
Gloria E. Lara, Chair  
David Worthams, Vice Chair  
Luke R. Londo, Secretary  
Rosann L. Barker  
Richard Corriveau  
Zenna Faraj Elhasan  
Regina Marie Gasco  
Portia L. Roberson

John E. Johnson Jr., Director  
Department of Civil Rights

Civil Service Commission  
Jase Bolger, Chair  
Nick Ciaramitaro  
Jeff Steffel  
Gail M. Wilson  
John Gnodtke, State Personnel Director

Heidi E. Washington, Director  
Department of Corrections

Phillip Roos, Director  
Department of Environment, Great Lakes, and Energy

Elizabeth Hertel, Director  
Department of Health and Human Services

Anita G. Fox, Director  
Department of Insurance and Financial Services

Susan Corbin, Director  
Department of Labor and Economic Opportunity

Marlon I. Brown, Acting Director  
Department of Licensing and Regulatory Affairs

Michelle Richard, Acting Director  
Department of Lifelong Education, Advancement, and Potential

Major General Paul D. Rogers, Director  
Department of Military and Veterans Affairs

Natural Resources Commission  
Tom Baird, Chair  
Mark Anthony  
Robin Michigiizhigookwe Clark  
David Cozad  
Pete Eardley  
David Nyberg  
John W. Walters  
M. Scott Bowen, Director  
Department of Natural Resources

Colonel James F. Grady II, Director  
Department of State Police

Michelle Lange, Director  
Department of Technology, Management and Budget

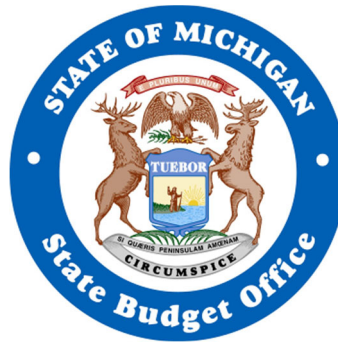
Jennifer L. Flood, State Budget Director

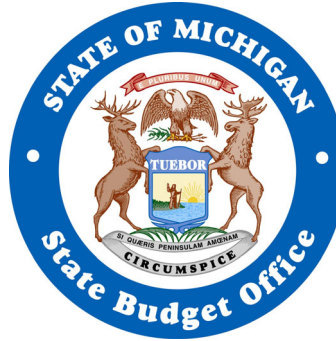
Transportation Commission  
Michael Hayes, Chair  
Rita Brown  
Heath Salisbury  
Suzanne Schulz  
Richard Turner  
Rhonda Welburn

Brad Wieferich, Director  
Department of Transportation

Rachael Eubanks, State Treasurer







## **FINANCIAL SECTION**

### **INDEPENDENT AUDITOR'S REPORT MANAGEMENT'S DISCUSSION AND ANALYSIS**



# OAG

Office of the Auditor General

201 N. Washington Square, Sixth Floor • Lansing, Michigan 48913 • Phone: (517) 334-8050 • [audgen.michigan.gov](http://audgen.michigan.gov)

**Doug A. Ringler, CPA, CIA**  
Auditor General

## Independent Auditor's Report

The Honorable Gretchen Whitmer, Governor  
Members of the Legislature

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Michigan principally as of and for the fiscal year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Michigan as of September 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following funds and component units:

- State Lottery Fund (a major fund)
- Michigan Unemployment Compensation Funds (a major fund)
- Michigan Employment Security Act - Administration Fund
- Unemployment Obligation Trust Fund
- State Building Authority - Debt Service Fund
- State Building Authority - Capital Projects Fund
- Attorney Discipline System
- Michigan Education Savings Program
- Michigan Finance Authority
- Michigan State Housing Development Authority
- Farm Produce Insurance Authority
- Mackinac Bridge Authority
- Mackinac Island State Park Commission
- Michigan Early Childhood Investment Corporation
- Michigan Education Trust
- State Bar of Michigan
- Venture Michigan Fund
- Western Michigan University
- Central Michigan University
- Eastern Michigan University
- Ferris State University
- Grand Valley State University
- Lake Superior State University
- Michigan Technological University
- Northern Michigan University
- Oakland University
- Saginaw Valley State University

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those funds and component units, are based solely on the reports of the other auditors.



# OAG

Office of the Auditor General

Doug A. Ringler, CPA, CIA  
Auditor General

The Honorable Gretchen Whitmer, Governor  
Members of the Legislature  
Page 2

Those statements represent total assets and total revenues or additions to the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as follows:

Opinion Unit	Percent of Total Assets	Percent of Total Revenues/Additions
Governmental activities	0.2%	0.2%
Business-type activities	96.9%	80.1%
Aggregate discretely presented component units	89.2%	55.4%
State Lottery Fund	100.0%	100.0%
Michigan Unemployment Compensation Funds	100.0%	100.0%
Aggregate remaining fund information	6.2%	5.2%

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Michigan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matters**

As discussed in Note 24 to the financial statements, the State has not recognized a liability for some tax overpayments under the premise the amounts are not measurable. Resources received from estimated payments and payments from filed returns were recognized as revenue upon receipt. These overpayments totaled approximately \$1.2 billion at November 30, 2023 and are summarized by tax type and related major fund in Note 24.

As discussed in Note 4 to the financial statements, the State of Michigan:

- Adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*.
- Restated beginning net position for governmental activities totaling (\$34.5) million.
- Restated beginning net position for aggregate remaining funds totaling \$3.3 million.
- Restated beginning net position for aggregate discretely presented component units totaling \$3.0 million.

Our opinions are not modified with respect to these matters.

### **Other Matter**

As noted in the emphasis of matters section, the State has not recorded a liability for certain tax overpayments taxpayers requested be credited to a current or future tax liability. These amounts are known as credit forward balances. Our office analyzed tax return and payment data maintained by the Michigan Department of Treasury and concluded an evaluation of taxpayer behavior over several years



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**Doug A. Ringler, CPA, CIA**  
Auditor General

The Honorable Gretchen Whitmer, Governor  
Members of the Legislature  
Page 3

provides management the ability to estimate the liability. We requested management to complete its own comprehensive evaluation, including historical data analyses of taxpayers' usage of credit forwards to support its position that the amount is not measurable; however, as of the completion of our audit it had not done a sufficient analysis.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for a reasonable period of time.





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Page 4

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information other than management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining and individual fund statements and schedules - non-major funds as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining and individual fund statements and schedules - non-major funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory, statistical, and other information sections as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



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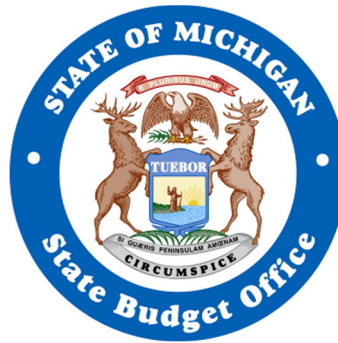
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Auditor General

The Honorable Gretchen Whitmer, Governor  
Members of the Legislature  
Page 5

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we will also issue a report dated February 15, 2024 on our consideration of the State'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. The purpose of that report is solely 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 effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

Doug Ringler  
Auditor General  
February 15, 2024



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the State of Michigan's (the State's) financial performance, providing an overview of the activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

### HIGHLIGHTS

#### **Government-wide**

- At September 30, 2023, the State's net position was \$33.9 billion. This means that total State assets and deferred outflows of resources exceeded total State liabilities and deferred inflows of resources by \$33.9 billion.
- The State's unrestricted net position was negative \$2.3 billion as of the close of the fiscal year. A positive balance in unrestricted net position represents excess assets available to meet ongoing obligations. A negative balance means that it would be necessary to convert restricted assets (e.g., capital assets) to unrestricted assets if all ongoing obligations were immediately due and payable.
- Revenues of \$86.0 billion supported expenses of \$84.2 billion during fiscal year 2023. As a result, the State's total net position increased by \$1.8 billion (5.6 percent). The largest impact to the increase in net position relates to an increase in unrestricted investment and interest earnings of \$608.0 million compared to the prior year, primarily due to increases in common cash interest earnings. Due to improving economic conditions, average interest rates for common cash earnings increased from 0.7 percent in fiscal year 2022 to 4.6 percent in fiscal year 2023, which is comparable to the increase in federal interest rates.

#### **Fund Level**

- As of the close of the fiscal year, the State's governmental funds reported combined ending fund balances of \$24.8 billion. Governmental fund balances increased \$802.5 million (3.3 percent) from the prior year. The State's capital project funds accounted for \$694.5 million of the \$802.5 million increase in governmental fund balances. The increase in the fund balances for the capital project funds was primarily due to new bond issuances.
- The State's two major governmental funds, the General Fund and the School Aid Fund, closed the fiscal year with a combined fund balance of \$18.6 billion, a decrease of \$62.8 million (0.3 percent) from the prior year. Of the total General Fund balance of \$12.9 billion, \$3.9 billion is unassigned and, therefore, available for appropriation in future years. The remaining \$9.0 billion is either non-spendable (e.g., consists of assets not easily converted to cash, such as inventories); restricted for specific purposes by enabling legislation; committed to specific programs or projects by legislative action; or assigned to fulfill contractual obligations. In the School Aid Fund, the entire fund balance of \$5.7 billion is restricted for education purposes.
- The State's proprietary funds reported net position at year end of \$2.1 billion. This represents an increase of \$636.3 million (44.7 percent) compared to the prior year-end balance. The Michigan Unemployment Compensation Funds accounted for \$575.5 million of the \$636.3 million increase in proprietary fund balances.

#### **Long-term Debt**

- The State's total long-term bonded debt as of September 30, 2023, was \$7.2 billion, an increase of \$854.9 million (13.4 percent) from the prior year. The increase was primarily due to a \$1.2 billion bond issuance for transportation projects net of debt service payments and refundings of debt.

More detailed information regarding the government-wide, fund level, and long-term debt activities can be found beginning on page 24.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### **Government-wide Statements (Reporting the State as a Whole)**

The Statement of Net Position and the Statement of Activities are two financial statements that report information about the State, as a whole, and about its activities that should help answer this question: How has the State's financial position, as a whole, changed as a result of this year's activities? These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position (pages 34 and 35) presents all the State's non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases and decreases in net position measure whether the State's financial position is improving or declining.

The Statement of Activities (pages 36 and 37) presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both statements report three activities:

- *Governmental Activities* – Most of the State's basic services are reported under this category. Taxes and intergovernmental revenues generally fund these services. The Legislature, the Judiciary, and the general operations of the Executive departments fall within governmental activities.
- *Business-type Activities* – The State charges fees to customers to help it cover all or most of the cost of certain services it provides. Lottery tickets, liquor purchases, and the State's unemployment compensation services are examples of business-type activities.
- *Discretely Presented Component Units* – Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The State has 13 authorities and 10 universities that are reported as discretely presented component units of the State.

This report includes two schedules (pages 41 and 43) that reconcile the amounts reported on the governmental fund financial statements, which are prepared using the modified accrual basis of accounting, with the governmental activities in the government-wide statements, which are prepared using the accrual basis of accounting. The following table summarizes the differences between modified accrual and full accrual accounting:

Description	Reported in Governmental Fund Financial Statements (modified accrual basis)	Reported in Government- Wide Financial Statements (accrual basis)
Capital assets of the general government (e.g., land, buildings, and infrastructure)	No	Yes
Deferred inflows of unavailable resources	Yes	No
Assets and liabilities of internal service funds that primarily serve governmental funds	No	Yes
Assets for certain debt issuance costs (i.e., prepaid insurance costs)	No	Yes
Unmatured long-term debt (e.g., bonds, notes, vendor financing obligations) net of unamortized premiums, discounts, and similar items	No	Yes
Certain accrued obligations not normally expected to be liquidated with expendable available financial resources unless they are due for payment in the current period (i.e., claims and adjustments, compensated absences, and net pension liability)	No	Yes
Accrued interest on long-term debt	No	Yes
Liability for unearned revenue	Yes	Yes
Capital outlay spending	Yes	No
Debt service principal payments and refunding payments	Yes	No
Other financing sources, uses, and expenditures resulting from debt issuance	Yes	No



Description	Reported in Governmental Fund Financial Statements (modified accrual basis)	Reported in Government- Wide Financial Statements (accrual basis)
Sales of capital assets	Yes, in the amount of the proceeds of the sale	Yes, gain or loss on the sale
Revenues earned during the period but not yet available	No	Yes
Expenses incurred during the period, but not normally expected to be liquidated with expendable available financial resources unless they are due for payment in the current period	No	Yes
Depreciation	No	Yes
Revenues and expenditures related to prior periods	Yes	No
Amortization of issuance costs, premiums, discounts and similar items	No	Yes
Activities of internal service funds properly included within governmental activities	No	Yes

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 65 of this report.

#### Fund Financial Statements (Reporting the State's Major Funds)

The fund financial statements begin on page 40 and provide detailed information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, page 206 begins the individual fund data for the non-major funds. The State's funds are divided into three categories – governmental, proprietary, and fiduciary – and use different accounting approaches.

- *Governmental funds* - Most of the State's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the State's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental funds include the General Fund, School Aid Fund, special revenue, capital project, debt service, and permanent funds.
- *Proprietary funds* - When the State charges customers for the services it provides, whether to outside customers or to other agencies within the State, these services are generally reported in proprietary funds. Proprietary (enterprise and internal service) funds utilize accrual accounting, the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public. An example is the State Lottery Fund. Internal service funds report activities that provide supplies and services for the State's other programs – such as risk management and State sponsored group insurance activities. Internal service funds are reported as governmental activities on the government-wide statements.
- *Fiduciary funds* - The State controls resources that are for the benefit of parties outside of the State. The State's fiduciary activities (including the activities of fiduciary component units) are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position beginning on page 52. These funds, which include pension (and other employee benefit), private-purpose, and custodial funds, are reported using the accrual basis of accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent discretionary assets of the State to finance its operations.

## Additional Required Supplementary Information

Following the basic financial statements is additional Required Supplementary Information (RSI) that further explains and supports the information in the financial statements. The RSI includes budgetary comparison schedules reconciling the statutory and generally accepted accounting principles fund balances at fiscal year end, condition and maintenance data regarding certain portions of the State's infrastructure, and information regarding the State's pension plans, including contributions and changes in the net pension liability.

## Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds and non-major discretely presented component units. These funds are added together, by fund type, and presented in single columns in the basic financial statements, but are not reported individually, as with major funds, on the governmental fund financial statements.

### **FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE**

The State's combined net position increased \$1.8 billion (5.6 percent) over the course of this fiscal year's operations. The net position of the governmental activities increased by \$1.2 billion (4.0 percent), and business-type activities had an increase of \$573.5 million (33.1 percent).

Statement of Net Position  
For Fiscal Year Ending September 30  
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>Assets:</b>						
Current and other non-current assets	\$ 43,466.4	\$ 43,170.7	\$ 3,320.8	\$ 2,754.2	\$ 46,787.2	\$ 45,924.9
Capital assets	26,786.1	25,365.5	3.4	4.3	26,789.5	25,369.9
<b>Total assets</b>	<u>70,252.4</u>	<u>68,536.2</u>	<u>3,324.2</u>	<u>2,758.5</u>	<u>73,576.6</u>	<u>71,294.8</u>
<b>Deferred outflows of resources</b>	<u>3,284.0</u>	<u>2,817.6</u>	<u>20.4</u>	<u>19.4</u>	<u>3,304.4</u>	<u>2,837.1</u>
<b>Liabilities:</b>						
Current liabilities	13,474.9	14,189.7	782.3	775.2	14,257.2	14,964.9
Long-term liabilities	24,720.9	20,576.2	229.9	229.2	24,950.8	20,805.4
<b>Total liabilities</b>	<u>38,195.8</u>	<u>34,765.9</u>	<u>1,012.2</u>	<u>1,004.4</u>	<u>39,208.0</u>	<u>35,770.3</u>
<b>Deferred inflows of resources</b>	<u>3,742.1</u>	<u>6,183.9</u>	<u>25.9</u>	<u>40.6</u>	<u>3,768.0</u>	<u>6,224.6</u>
<b>Net position:</b>						
Net investment in capital assets	21,352.0	21,175.7	-	0.3	21,352.0	21,176.0
Restricted	12,453.0	11,667.8	2,397.6	1,821.3	14,850.6	13,489.1
Unrestricted	(2,206.5)	(2,439.5)	(91.0)	(88.6)	(2,297.5)	(2,528.1)
<b>Total net position</b>	<u>\$ 31,598.6</u>	<u>\$ 30,404.0</u>	<u>\$ 2,306.5</u>	<u>\$ 1,733.0</u>	<u>\$ 33,905.1</u>	<u>\$ 32,137.0</u>

The largest component of the State's net position, at \$21.4 billion, reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure, and others), less any related debt outstanding that was needed to acquire or construct the assets. Restricted net position is the next largest component, comprising \$14.9 billion of the total. This represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation limiting how they can be used. The State's unrestricted net position was negative \$2.3 billion as of the close of the year. A positive balance in unrestricted net position represents excess assets available to meet ongoing obligations. A negative balance means that it would be necessary to convert restricted assets to unrestricted assets if all ongoing obligations were immediately due and payable.

## Michigan

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the State's net position changed during the fiscal year:

### Change in Net Position For Fiscal Year Ending September 30 (In Millions)

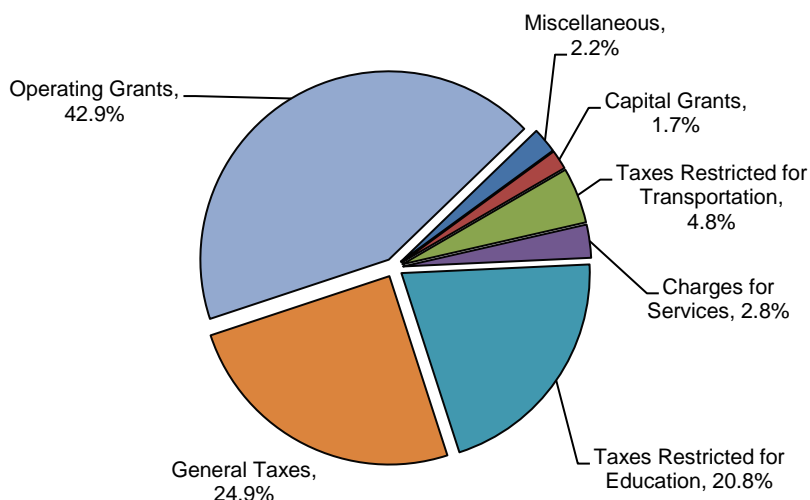
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 2,222.8	\$ 2,359.7	\$ 7,816.9	\$ 7,979.0	\$ 10,039.6	\$ 10,338.7
Operating grants	33,496.5	34,644.4	61.1	0.8	33,557.6	34,645.1
Capital grants	1,308.6	1,068.2	-	-	1,308.6	1,068.2
General revenues						
General taxes	19,448.1	20,376.0	-	-	19,448.1	20,376.0
Taxes restricted for educational purposes	16,215.6	16,356.3	-	-	16,215.6	16,356.3
Taxes restricted for transportation purposes	3,741.2	3,588.9	-	-	3,741.2	3,588.9
Unrestricted investment and interest earnings	696.6	95.4	8.1	1.4	704.7	96.8
Miscellaneous	995.9	811.1	-	-	995.9	811.1
<b>Total Revenues</b>	<u>78,125.3</u>	<u>79,300.1</u>	<u>7,886.1</u>	<u>7,981.1</u>	<u>86,011.5</u>	<u>87,281.2</u>
<b>Expenses</b>						
General government	3,616.7	2,859.2	-	-	3,616.7	2,859.2
Education	24,217.6	22,137.4	-	-	24,217.6	22,137.4
Health and human services	33,178.2	31,437.1	-	-	33,178.2	31,437.1
Public safety and corrections	2,982.8	2,692.8	-	-	2,982.8	2,692.8
Conservation, environment, etc.	1,597.7	927.3	-	-	1,597.7	927.3
Labor, commerce, and regulatory	4,382.5	3,010.8	-	-	4,382.5	3,010.8
Transportation	5,412.3	5,029.6	-	-	5,412.3	5,029.6
Tax credits	1,359.0	908.8	-	-	1,359.0	908.8
Intergovernmental revenue sharing	1,609.9	1,607.9	-	-	1,609.9	1,607.9
Interest on long-term debt	266.3	265.8	-	-	266.3	265.8
Liquor Purchase Revolving Fund	-	-	1,260.7	1,260.3	1,260.7	1,260.3
State Lottery Fund	-	-	3,592.0	3,653.3	3,592.0	3,653.3
Attorney Discipline System	-	-	5.4	4.9	5.4	4.9
Michigan Unemployment Compensation Funds	-	-	739.4	908.1	739.4	908.1
<b>Total Expenses</b>	<u>78,623.2</u>	<u>70,876.6</u>	<u>5,597.5</u>	<u>5,826.6</u>	<u>84,220.7</u>	<u>76,703.2</u>
Excess (deficiency) Before Contributions and Transfers	(497.9)	8,423.4	2,288.7	2,154.5	1,790.8	10,577.9
Contributions to permanent fund principal	11.8	18.9	-	-	11.8	18.9
Transfers	1,715.1	1,516.3	(1,715.1)	(1,516.3)	-	-
<b>Increase (decrease) in net position</b>	<u>1,229.0</u>	<u>9,958.6</u>	<u>573.5</u>	<u>638.2</u>	<u>1,802.6</u>	<u>10,596.8</u>
Net position - beginning - restated	30,369.5 *	20,445.4	1,733.0	1,094.7	32,102.5 *	21,540.2
Net position - ending	<u>\$ 31,598.6</u>	<u>\$ 30,404.0</u>	<u>\$ 2,306.5</u>	<u>\$ 1,733.0</u>	<u>\$ 33,905.1</u>	<u>\$ 32,137.0</u>

\*More information regarding the restatement of beginning net position can be found in Note 4 to the financial statements.

## Governmental Activities

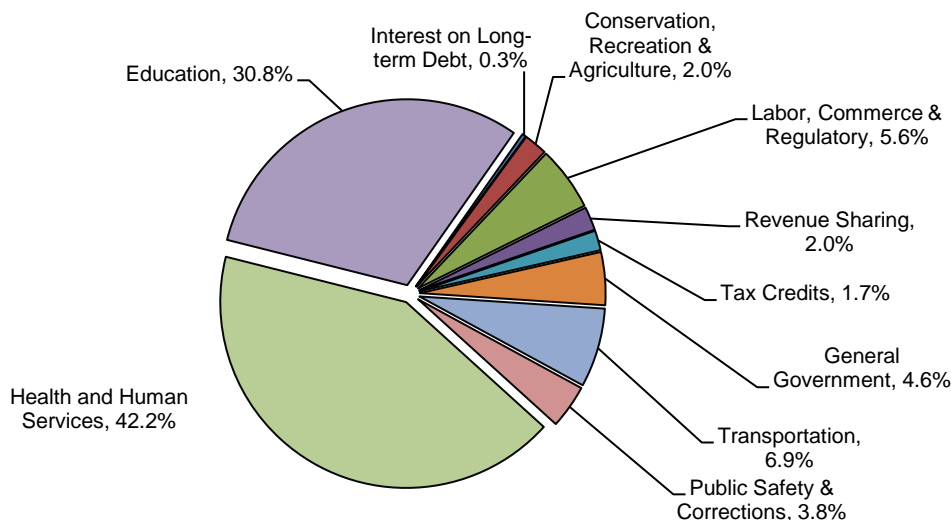
Revenues to fund governmental activities totaled \$78.1 billion for fiscal year 2023. As shown in the accompanying chart, 42.9 percent of the governmental activities' revenue came from operating grants, primarily from the federal government, and were earmarked for specific uses, such as highway construction and health and human services programs. In addition, the State Constitution and other statutory restrictions earmarked 25.5 percent for educational and transportation purposes. Only 24.9 percent of the revenues were available for general use.

**Revenues - Governmental Activities for  
Fiscal Year Ending September 30, 2023**  
(\$78.1 billion)



Expenses related to governmental activities totaled \$78.6 billion during fiscal year 2023. The expenses include spending appropriated in prior years, such as capital outlay and work project authorization. As evidenced by the accompanying chart, education and health and human services represent the governmental activities' largest spending categories, accounting for 73.0 percent of the spending.

**Expenses - Governmental Activities for  
Fiscal Year Ending September 30, 2023**  
(\$78.6 billion)



## Business-type Activities

The business-type activities' net position increased \$573.5 million (33.1 percent) during the fiscal year. The \$573.5 million increase in net position for business-type activities was primarily due to the increase in net position for the Michigan Unemployment Compensation Funds (MUCF) of \$575.5 million (31.7 percent). In fiscal year 2022, there was an increase in net position of \$657.9 million for MUCF. The net position continued to increase for MUCF because unemployment contributions from employers exceeded the unemployment benefits that were paid.

## FINANCIAL ANALYSIS OF THE STATE'S FUNDS

As the State completed the year, its governmental funds reported fund balances of \$24.8 billion. Of this amount, \$3.9 billion constitutes unassigned fund balance in the General Fund, which is available to appropriate in future years. Of the total governmental fund balances, \$1.3 billion is in non-spendable form made up of amounts legally or contractually required to be maintained intact, including permanent fund endowments and assets that will not be converted to cash in the short-term, including consumable inventories. Another \$11.6 billion of the governmental fund balances are restricted for specific purposes by enabling legislation and external restriction, a majority of which includes the School Aid Fund and funds legally restricted for capital projects. Committed governmental fund balances totaled \$7.8 billion as of the end of the fiscal year representing funding set aside for multi-year projects and earmarked revenue carried forward with legislative authority for specific ongoing programs. Another \$295.6 million of the governmental fund balances are assigned for encumbered services and goods to be received after the end of the fiscal year. Two capital projects funds reported a negative unassigned fund balance totaling \$59.7 million due to expenditures incurred in advance of bonding proceeds which will be received after the end of the fiscal year.

### General Fund

The General Fund is the chief operating fund of the State. At the end of fiscal year 2023, the General Fund total fund balance was \$12.9 billion, of which \$3.9 billion was unassigned and, therefore, available for appropriation. The General Fund total fund balance of \$12.9 billion represents a decrease of \$134.6 million (1.0 percent) from the fiscal year 2022 ending total fund balance. In fiscal year 2022, the General Fund total fund balance increased \$4.6 billion from the fiscal year 2021 ending total fund balance. The \$4.7 billion decrease in the change in fund balance is primarily due to an increase in expenditures of \$3.2 billion and a decrease in revenue of \$1.6 billion. The following factors contributed to the changes in revenue and expenditures:

- General Fund revenues received from taxes decreased \$589.9 million (2.9 percent) from fiscal year 2022. The decrease in revenue is primarily related to decreases in personal income and flow-through entity tax revenues.
- General Fund revenues received from federal agencies decreased \$1.8 billion (6.0 percent) from fiscal year 2022. The decrease in revenue is primarily related to the discontinuation of Coronavirus Aid, Relief, and Economic Security Act funding in fiscal year 2022 and a decrease in American Rescue Plan Act spending during fiscal year 2023.
- General Fund current expenditures for health and human services increased \$1.4 billion (4.4 percent) from fiscal year 2022 due to increased investment in health and human services programs.
- General Fund current expenditures for labor, commerce, and regulatory increased \$1.4 billion (51.1 percent) from fiscal year 2022. The increase in expenditures is primarily due to increased appropriations to Michigan Strategic Fund to fund grants for infrastructure improvements, community enhancement, and economic development.

Included within the General Fund's committed fund balance is \$1.8 billion in the Counter-Cyclical Budget and Economic Stabilization Fund. This fund, also referred to as the Rainy Day Fund, is used to stabilize government programs in times of economic downturn.

### General Fund Budgetary Highlights:

The original enacted fiscal year 2023 general fund budget was \$50.6 billion. During the year, various positive and negative supplemental appropriations and other adjustments resulted in a final enacted budget of \$52.4 billion. The difference between the final enacted budget of \$52.4 billion and actual spending and encumbrances of \$51.4 billion resulted from spending authority net lapses of \$912.3 million and restricted revenue authorized, but not spent, totaling \$112.8 million. At fiscal year end, excess restricted revenue of \$4.4 billion was carried forward into fiscal year 2024 and is available for appropriation. There were no net overexpenditures or line-item overexpenditures by State departments during the year.

### School Aid Fund

Fund balance at September 30, 2023, totaled \$5.7 billion, an increase of \$71.8 million (1.3 percent) from the prior year. In fiscal year 2022, there was an increase in fund balance of \$2.7 billion. The \$2.6 billion decrease in the change in fund balance is primarily due to School Aid Fund expenditures increasing by \$2.8 billion (14.7 percent) from fiscal year 2022. The increase in expenditures relates to increased appropriations for various programs during the fiscal year including an additional one-time \$1.0 billion contribution to the Michigan Public School Employees' Retirement System. The School Aid Stabilization Fund ended the year with \$2.2 billion in restricted fund balance.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets:** At the end of the fiscal year 2023, the State had invested \$26.8 billion, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation charges for this fiscal year totaled \$460.1 million.

Capital Assets as of September 30  
(Net of Depreciation, In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022*	2023	2022*	2023	2022*
Land	\$ 3,702.2	\$ 3,681.3	\$ -	\$ -	\$ 3,702.2	\$ 3,681.3
Land improvements and other assets	150.9	158.2	-	-	150.9	158.2
Land rights	80.0	79.0	-	-	80.0	79.0
Buildings and improvements	1,468.3	1,451.8	-	0.1	1,468.3	1,451.9
Equipment	373.6	357.0	0.1	0.3	373.7	357.3
Computer software	265.8	333.5	-	-	265.8	333.5
Infrastructure	15,486.7	14,616.5	-	-	15,486.7	14,616.5
Right-to-use assets	1,233.6	986.1	3.3	3.7	1,236.9	989.8
Other	19.8	19.8	-	-	19.8	19.8
Subtotal	22,781.0	21,683.2	3.4	4.1	22,784.4	21,687.3
Construction in progress	4,005.1	3,969.1	-	-	4,005.1	3,969.1
Total	<u>\$ 26,786.1</u>	<u>\$ 25,652.4</u>	<u>\$ 3.4</u>	<u>\$ 4.1</u>	<u>\$ 26,789.5</u>	<u>\$ 25,656.4</u>

\*Prior year columns have been restated, including a restatement for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements. More detailed information regarding the restatement is presented in Note 4 to the financial statements.

The most significant impact on capital assets during the year were additions of \$1.4 billion to construction in progress primarily from partially completed road and bridge construction and repair projects (detailed further in Note 9 to the financial statements).

As allowed by GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include the State’s network of public transportation roads and bridges, including ancillary assets, such as guard rails, signs, lighting, culverts, fencing, and the like. The State is responsible for maintaining approximately 28,684 lane miles of roads and 4,852 bridges (spans in excess of 20 feet).

The State has maintained the assessed condition of roads over the past five years. The State’s goal is to have more than 70.0 percent of roads in fair to good condition. The most recent condition assessment, completed for calendar year 2023, indicated that 77.0 percent of roads were considered fair or better.

The State’s bridges have assessed conditions that are better than the established benchmarks. The most recent assessment (2023) indicated that the condition of the bridges stayed the same as the prior year. For fiscal year 2023, 93.2 percent of the bridges were assessed as structurally fair or better.

The Legislature passed capital outlay appropriations of \$510.7 million for fiscal year 2023. Under Michigan Compiled Laws Section 18.1248, capital outlay appropriations do not lapse at the end of the fiscal year they are appropriated in. The appropriations typically continue until the purposes for which the sums were appropriated are completed. Planning authorization for projects that have not been authorized for final design and construction are terminated 24 months after the last day of the fiscal year in which the authorization was originally made unless the project is specifically reauthorized in a budget act. Appropriations made for final design and construction for each project where construction has not commenced are terminated 36 months after the last day of the fiscal year in which the authorization was originally made unless the project is specifically reauthorized in a budget act. A capital outlay project may be continued beyond these limitations if additional conditions are met.

Capital outlay expenditures in the governmental funds totaled \$2.6 billion in fiscal year 2023. Of the total \$2.6 billion expended, \$1.5 billion was spent by the State Trunkline Fund, a capital projects fund, for highway maintenance and construction.

More detailed information about the State’s capital assets is presented in Note 9 to the financial statements.

**Long-term Debt:** The State, along with the State Building Authority (SBA), a blended component unit of the State, are empowered by law to authorize, issue, and sell debt obligations. General obligation bonds, issued by the State, are backed by the full faith and credit of the State. The State also issues revenue dedicated bonded debt, whose payment for principal and interest comes solely out of funds that receive legally restricted revenues. The State is not legally obligated for the debt issued by SBA. SBA's bonds generate revenue to finance the construction of facilities used by the State and universities. Payments from the State fund the debt service requirements. More detailed information regarding the State's long-term obligations is presented in Notes 12, 13, and 15 to the financial statements.

Outstanding Bonded Debt as of September 30 (In Millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
General obligation bonds (backed by the State)	\$ 868.3	\$ 1,035.7	\$ -	\$ -	\$ 868.3	\$ 1,035.7
Revenue bonds and notes (backed by specific tax and fee revenue)	6,357.1	5,334.9	-	-	6,357.1	5,334.9
Total	<u>\$ 7,225.5</u>	<u>\$ 6,370.6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,225.5</u>	<u>\$ 6,370.6</u>

During the year, the State issued bonds and bond anticipation notes totaling \$1.3 billion. The proceeds from the new bonds will provide funding for State and university-owned buildings and the Rebuilding Michigan transportation program.

**BOND RATINGS**

The State's general obligations are rated AA positive stable outlook by Fitch, AA stable outlook by Standard & Poor's, and Aa1 stable outlook by Moody's.

**Limitations on Debt**

The State Constitution authorizes general obligation long-term borrowing, with approval of the Legislature and a majority of the voters, and general obligation short-term notes, of which the principal may not exceed 15.0 percent of undedicated revenues received in the preceding year. In fiscal year 2023, the State did not issue any general obligation short-term notes.

**ECONOMIC CONDITIONS**

The State of Michigan's fiscal year 2023 spanned the months from October 2022 through September 2023 (the final quarter of calendar year 2022 and the first three quarters of calendar year 2023).

Price inflation slowed from its historic highs reached in fiscal year 2022. Between October 2022 and June 2023, year-over-year increases in the U.S. consumer price index (CPI) decelerated from 7.7 percent to 3.0 percent. Year-over-year CPI increases accelerated over the next two months – rising in August 2023 to 3.7 percent, where it stood in September. The less volatile core U.S. CPI, which excludes food and energy, slowed from last year's historically rapid rates over the fiscal year. Year-over-year core CPI increases decelerated from 6.3 percent in October 2022 to 4.1 percent in September 2023. The personal consumption expenditure (PCE) deflator (the Federal Reserve's preferred inflation measure) also slowed substantially in fiscal year 2023. The year-over-year increase in the PCE deflator decelerated between October 2022 and June 2023 from 6.3 percent to 3.2 percent – before accelerating slightly in July to 3.4 percent, where it remained in August and September.

Oil prices were buoyed by the continuation of Russia's war with Ukraine and the Organization of the Petroleum Exporting Countries actions to constrain oil production. However, supply chains in general loosened up – helping to relieve general price pressures.

The Federal Reserve continued its shift to a more contractionary policy regime through fiscal year 2023. After having raised the federal funds rate 3.00 percentage points in fiscal year 2022, the Federal Reserve increased the rate an additional 2.25 percentage points in fiscal year 2023 to a 22-year high range of 5.25-5.50 percent. Noting that the impact of the tightening remains uncertain, the Federal Reserve slowed its rate of increase over the fiscal year and left the federal funds rate unchanged in two of its last three meetings in fiscal year 2023. The Federal Reserve continued decreasing its asset holdings in fiscal year 2023 – reducing its holdings by 8.9 percent from the prior fiscal year.

Rising interest rates began having an impact on the U.S. economy during the fiscal year. Mortgage rates rose to a 23-year high by the end of the year. In fiscal year 2023, annualized monthly housing starts averaged 1.4 million units, down from 1.6 million units in fiscal year 2022.

The U.S. economy posted modest growth over the first three quarters of fiscal year 2023. Real (inflation adjusted) gross domestic product grew at a 2.6 percent annualized rate in the fourth quarter of 2022 before slowing to 2.2 percent annualized growth in the

first quarter of 2023 and 2.1 percent annualized growth in the second quarter of 2023. Growth then accelerated in the third quarter of 2023 to 4.9 percent boosted by consumption, inventory accumulation, and government spending.

Real final sales, a measure of current domestic demand, which excludes inventory changes and exports but includes imports, grew a slight 0.7 percent annual rate in the fourth quarter of 2022 before growing a substantial 3.8 percent annual rate in the first quarter of 2023. In the second quarter of 2023, real final sales growth slowed to a modest 2.0 percent rate before accelerating to a 3.5 percent annual rate in the third quarter of 2023.

While growing more slowly in fiscal year 2023 compared with the prior fiscal year's rapid growth, U.S. employment growth remained at historically high rates in fiscal year 2023. Averaging 492,000 jobs per month in fiscal year 2022, monthly employment gains slowed to 266,000 in fiscal year 2023. Job gains trended modestly slower across fiscal year 2023. Monthly gains averaged 298,000 jobs per month over the first half of the fiscal year before slowing to 234,000 jobs per month over the second half. As of September 2023, U.S. employment was 4.5 million jobs above its pre-pandemic peak level.

The unemployment rate remained at historically low levels throughout fiscal year 2023. Between September 2022 and September 2023, the rate ranged narrowly between 3.4 percent and 3.8 percent – remaining at or near a 50-year low. With labor force participation rates trending higher in fiscal year 2023, overall national labor supply neared pre-pandemic levels. While early retirements kept the overall participation rate below pre-pandemic levels, the prime-age labor force participation rate rose to a 20-year high by the end of fiscal year 2023.

Light vehicles rose from historically low levels seen in fiscal year 2022, as production and available inventories were less constrained by global semiconductor shortages. Light vehicles sales rose from a 14.2-million-unit rate in the fourth quarter of 2022 to a 15.7-million-unit rate in the second quarter of 2023 before slowing slightly to a 15.6-million-unit rate in the third quarter of 2023.

In fiscal year 2023, Michigan reported slower employment growth compared with fiscal year 2022. After rising 152,900 jobs in fiscal year 2022, Michigan employment gained 51,400 jobs in fiscal year 2023. Nearly all the gains occurred in the middle of the fiscal year with a 25,000 jobs increase in the first quarter of 2023 and a 24,300 jobs rise in the second quarter of 2023. In the third quarter of 2023, Michigan employment lost 6,300 jobs. As of the end of fiscal year 2023, the Michigan labor market had regained nearly all of the million-plus jobs lost in March and April 2020 and stood 17,000 jobs below its February 2020 pre-pandemic level.

The Michigan unemployment rate trended downward through the first three quarters of fiscal year 2023 with the rate falling from 4.4 percent in October 2022 to 3.6 percent (a 23-year low) in June 2023. The rate rose modestly in the final quarter of fiscal year 2023 – increasing to 3.9 percent by September. Michigan's labor force participation rate trended upward over the fiscal year with the September 2023 participation rate slightly exceeding its pre-pandemic February 2020 rate.

Michigan personal income was up 4.3 percent year-over-year in the fourth quarter of 2022. In the first quarter of 2023, Michigan personal income rose 4.9 percent from the first quarter of 2022. Michigan year-over-year personal income growth then slowed modestly to 4.5 percent in the second quarter of 2023.

### **CONTACTING THE STATE'S OFFICE OF FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. Additional financial information can be obtained on the Office of Financial Management website. You can also contact the office by phone at (517) 241-4010.

The State's component units prepare their own separately issued audited financial statements. These statements may be obtained by directly contacting the component unit. To obtain their phone numbers, you may contact the Office of Financial Management at (517) 241-4010.







## FINANCIAL SECTION

### BASIC FINANCIAL STATEMENTS

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

(In Thousands)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
<b>ASSETS</b>				
Current Assets:				
Cash	\$ 142,296	\$ 139,282	\$ 281,578	\$ 1,756,072
Cash on deposit with fiscal agent	61,765	2,314,916	2,376,681	-
Equity in common cash (Note 5)	25,722,712	248,314	25,971,025	3,127,070
Taxes, interest, and penalties receivable (Note 6)	8,221,706	-	8,221,706	-
Internal balances	33,546	(33,546)	-	-
Amounts due from component units	14,711	206	14,918	3,483
Amounts due from primary government	-	-	-	368,263
Amounts due from federal government	2,751,667	71,352	2,823,019	63,832
Amounts due from local units	266,306	10,716	277,022	620,512
Inventories	98,206	26,540	124,745	13,128
Investments (Note 8)	-	17,570	17,570	2,539,611
Other current assets	2,642,278	400,032	3,042,310	502,057
Total Current Assets	39,955,191	3,195,382	43,150,574	8,994,028
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	-	-	-	130,120
Investments	-	-	-	1,227,901
Mortgages and loans receivable	-	-	-	10,498
Taxes, interest, and penalties receivable (Note 6)	572,749	-	572,749	-
Advances to primary government	-	-	-	1,008,877
Amounts due from federal government	25,182	-	25,182	-
Amounts due from local units	1,083,071	-	1,083,071	5,161,431
Mortgages and loans receivable	-	-	-	4,631,667
Investments (Note 8)	1,351,861	113,952	1,465,813	4,029,417
Land and property held for resale	-	-	-	4,859
Capital Assets (Note 9):				
Land and other non-depreciable assets	3,854,170	-	3,854,170	257,511
Buildings, equipment, and other depreciable assets	8,362,912	8,771	8,371,683	8,173,112
Less accumulated depreciation	(4,603,175)	(5,371)	(4,608,546)	(3,812,250)
Infrastructure	15,167,059	-	15,167,059	102,967
Construction in progress	4,005,100	-	4,005,100	425,737
Total capital assets	26,786,067	3,400	26,789,467	5,147,077
Interest in joint ventures (Note 7)	35,000	-	35,000	-
Other noncurrent assets	443,320	11,444	454,764	977,932
Total Noncurrent Assets	30,297,249	128,795	30,426,045	22,329,779
Total Assets	70,252,441	3,324,178	73,576,618	31,323,807
<b>DEFERRED OUTFLOWS OF RESOURCES (Note 28)</b>	3,284,021	20,419	3,304,440	264,321

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

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and other liabilities	\$ 5,400,430	\$ 779,292	\$ 6,179,722	\$ 650,807
Income tax refunds payable (Note 16)	2,212,597	-	2,212,597	-
Amounts due to component units	294,770	7	294,777	2,542
Amounts due to primary government	-	-	-	21,317
Bonds and notes payable (Notes 13 and 14)	360,825	-	360,825	934,440
Interest payable	133,975	3	133,978	122,954
Unearned revenue	4,294,082	1,088	4,295,170	249,843
Vendor financing obligations (Note 12)	225,356	305	225,661	33,563
Current portion of other long-term obligations (Note 15)	552,830	1,591	554,421	94,563
Total Current Liabilities	13,474,865	782,286	14,257,150	2,110,030
Noncurrent Liabilities:				
Advances from component units	955,635	-	955,635	-
Prize awards payable (Note 15)	-	117,501	117,501	-
Unearned revenue	162,670	-	162,670	135,339
Bonds and notes payable (Notes 13 and 14)	7,823,537	-	7,823,537	11,932,543
Vendor financing obligations (Note 12)	1,829,623	3,124	1,832,747	35,747
Noncurrent portion of other long-term obligations (Note 15)	13,949,477	109,243	14,058,720	1,971,868
Total Noncurrent Liabilities	24,720,942	229,868	24,950,810	14,075,497
Total Liabilities	38,195,806	1,012,154	39,207,960	16,185,527
<b>DEFERRED INFLOWS OF RESOURCES (Note 28)</b>	3,742,105	25,906	3,768,011	530,600
<b>NET POSITION</b>				
Net investment in capital assets	21,352,026	(13)	21,352,013	3,007,953
Restricted For (Note 23):				
Education	6,644,372	-	6,644,372	222,806
Construction and debt service	34,840	-	34,840	5,483,338
Public safety and corrections	79,897	-	79,897	-
Conservation, environment, recreation, and agriculture	1,179,440	-	1,179,440	-
Health and human services	642,866	-	642,866	-
Transportation	2,068,766	-	2,068,766	-
Unemployment compensation	-	2,392,775	2,392,775	-
Labor, commerce, and regulatory	343,857	-	343,857	-
Other purposes	238,439	4,796	243,235	2,867,220
Funds Held as Permanent Investments:				
Expendable	318,840	-	318,840	406,368
Nonexpendable	901,718	-	901,718	827,193
Unrestricted	(2,206,510)	(91,021)	(2,297,531)	2,057,124
Total Net Position	\$ 31,598,551	\$ 2,306,537	\$ 33,905,087	\$ 14,872,000

# Michigan

## STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

Functions/Programs	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General government	\$ 3,616,732	\$ 1,023,168	\$ 270,318	\$ 9,690
Education	24,217,649	15,223	4,802,169	-
Health and human services	33,178,243	120,098	25,413,640	-
Public safety and corrections	2,982,786	137,429	628,155	35,836
Conservation, environment, recreation, and agriculture	1,597,733	396,636	571,210	40,229
Labor, commerce, and regulatory	4,382,541	424,266	928,401	-
Transportation	5,412,310	105,942	882,613	1,222,837
Tax credits (Note 16)	1,359,010	-	-	-
Intergovernmental-revenue sharing	1,609,884	-	-	-
Interest on long-term debt	266,298	-	-	-
Total governmental activities	<u>78,623,186</u>	<u>2,222,762</u>	<u>33,496,506</u>	<u>1,308,592</u>
Business-type Activities:				
Liquor Purchase Revolving Fund	1,260,661	1,561,901	-	-
State Lottery Fund	3,592,001	4,939,122	10,131	-
Attorney Discipline System	5,443	6,133	809	-
Michigan Unemployment Compensation Funds	739,361	1,309,725	50,161	-
Total business-type activities	<u>5,597,465</u>	<u>7,816,882</u>	<u>61,101</u>	<u>-</u>
Total primary government	<u>\$ 84,220,652</u>	<u>\$ 10,039,644</u>	<u>\$ 33,557,606</u>	<u>\$ 1,308,592</u>
Total component units	<u>\$ 8,695,249</u>	<u>\$ 2,719,209</u>	<u>\$ 3,763,770</u>	<u>\$ 26,373</u>
General Revenues:				
Taxes:				
General:				
Sales and use				
Personal income				
Flow-through entity				
Single business, Michigan business, and corporate income				
Tobacco products				
Beer, wine, and liquor				
Insurance company				
Quality assurance assessment				
Essential services assessment				
Penalties and interest				
Marihuana excise				
Insurance provider assessment				
Other				
Restricted For Educational Purposes:				
Sales and use				
Personal income				
Flow-through entity				
Education, property, and real estate transfers				
Tobacco products				
Casino gaming wagering				
Other				
Restricted For Transportation Purposes:				
Sales and use				
Personal income				
Gasoline and diesel fuel				
Motor vehicle registration				
Other				
Unrestricted investment and interest earnings				
Miscellaneous				
Payments from State of Michigan				
Contributions to permanent fund principal				
Transfers				
Total general and other revenue, payments, and transfers				
Change in net position				
Net position-beginning-restated				
Net position-ending				

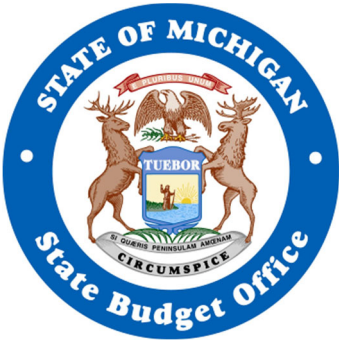
The accompanying notes are an integral part of the financial statements.

# Michigan

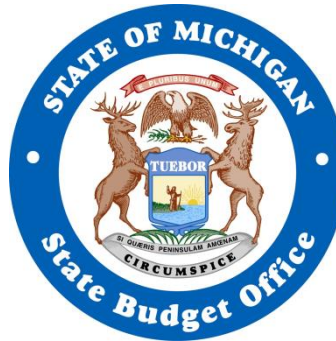
## NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION

### PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	COMPONENT UNITS
\$ (2,313,556)	\$ -	\$ (2,313,556)	\$ -
(19,400,258)	-	(19,400,258)	-
(7,644,504)	-	(7,644,504)	-
(2,181,366)	-	(2,181,366)	-
(589,659)	-	(589,659)	-
(3,029,875)	-	(3,029,875)	-
(3,200,917)	-	(3,200,917)	-
(1,359,010)	-	(1,359,010)	-
(1,609,884)	-	(1,609,884)	-
(266,298)	-	(266,298)	-
(41,595,327)	-	(41,595,327)	-
-	301,240	301,240	-
-	1,357,252	1,357,252	-
-	1,499	1,499	-
-	620,526	620,526	-
-	2,280,517	2,280,517	-
(41,595,327)	2,280,517	(39,314,810)	-
-	-	-	(2,185,896)
4,092,975	-	4,092,975	-
8,033,473	-	8,033,473	-
737,624	-	737,624	-
2,366,562	-	2,366,562	-
471,754	-	471,754	-
210,224	-	210,224	-
465,969	-	465,969	-
1,422,181	-	1,422,181	-
141,810	-	141,810	-
147,600	-	147,600	-
270,905	-	270,905	-
643,402	-	643,402	-
443,668	-	443,668	-
8,971,710	-	8,971,710	-
3,469,954	-	3,469,954	-
293,531	-	293,531	-
2,970,585	-	2,970,585	-
255,993	-	255,993	-
102,673	-	102,673	-
151,188	-	151,188	-
147,999	-	147,999	-
600,000	-	600,000	-
1,483,897	-	1,483,897	-
1,503,702	-	1,503,702	-
5,569	-	5,569	-
696,588	8,137	704,726	49,788
995,934	4	995,939	307,564
-	-	-	3,932,406
11,751	-	11,751	-
1,715,115	(1,715,115)	-	-
42,824,336	(1,706,974)	41,117,363	4,289,758
1,229,010	573,543	1,802,553	2,103,862
30,369,541	1,732,993	32,102,534	12,768,139
\$ 31,598,551	\$ 2,306,537	\$ 33,905,087	\$ 14,872,000



## GOVERNMENTAL FUND FINANCIAL STATEMENTS



### Major Funds

#### GENERAL FUND

This fund is the State's operating fund. It accounts for the financial resources and transactions not accounted for in other funds.

#### SCHOOL AID FUND

An amendment to the 1908 State Constitution created this fund in 1955. The 1963 State Constitution provided for the fund's continued existence. Its purpose is to aid in the support of the public schools, intermediate school districts, higher education, and school employees' retirement systems of the State. School aid payments to school districts are based on a statutory formula. Michigan Compiled Laws Section 388.1611a, effective October 1, 2003, created the School Aid Stabilization Fund as a separate account within the School Aid Fund.

The fund receives State revenues restricted to local school programs, including: the constitutionally dedicated 60 percent of the collections of sales tax imposed at a rate of 4 percent and all of the collections of sales tax imposed at the additional rate of 2 percent; State Lottery Fund earnings; a percentage of the adjusted gross receipts from casino gaming; the real estate transfer tax; and portions of the personal income, cigarette, liquor, marihuana excise, internet sports betting, internet gaming, internet fantasy contests, and industrial and commercial facilities taxes. A constitutional amendment approved by voters in 1994 made structural changes in the method of financing local school districts. The amendment authorized the levy of a statewide property tax, which is deposited in the School Aid Fund. General Fund allocations to the School Aid Fund that are not expended by the end of the State fiscal year are also transferred to the School Aid Stabilization Fund.

### Non-Major Funds

Non-major governmental funds are presented, by fund type, beginning on page 196.



# Michigan

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
 SEPTEMBER 30, 2023  
 (In Thousands)

	GENERAL FUND	SCHOOL AID FUND	NON-MAJOR FUNDS	TOTALS
<b>ASSETS</b>				
Current Assets:				
Cash	\$ 2,190	\$ 333	\$ 139,771	\$ 142,294
Cash on deposit with fiscal agent	61,765	-	-	61,765
Equity in common cash (Note 5)	16,456,824	3,658,750	5,149,817	25,265,392
Taxes, interest, and penalties receivable (Note 6)	5,089,600	2,984,298	147,808	8,221,706
Amounts due from other funds (Note 19)	16,924	62,391	174,613	253,928
Amounts due from component units	12,798	-	1,686	14,484
Amounts due from federal agencies	2,218,624	135,793	396,889	2,751,307
Amounts due from local units	99,883	30,104	136,319	266,306
Inventories	61,295	-	14,597	75,892
Other current assets	2,309,709	17,911	233,856	2,561,477
Total Current Assets	<u>26,329,612</u>	<u>6,889,582</u>	<u>6,395,356</u>	<u>39,614,550</u>
Noncurrent Assets:				
Taxes, interest, and penalties receivable (Note 6)	465,260	103,926	3,562	572,749
Amounts due from federal agencies	25,182	-	-	25,182
Amounts due from local units	1,008,877	13,021	61,173	1,083,071
Investments (Note 8)	11,749	-	1,340,112	1,351,861
Other noncurrent assets	405,977	417	13,940	420,334
Total Noncurrent Assets	<u>1,917,044</u>	<u>117,364</u>	<u>1,418,788</u>	<u>3,453,196</u>
Total Assets	<u>\$ 28,246,656</u>	<u>\$ 7,006,947</u>	<u>\$ 7,814,144</u>	<u>\$ 43,067,746</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and other liabilities (Note 24)	\$ 3,657,387	\$ 377,617	\$ 1,176,407	\$ 5,211,411
Income tax refunds payable (Note 16)	2,212,597	-	-	2,212,597
Amounts due to other funds (Note 19)	44,797	4	223,727	268,527
Amounts due to component units	241,528	-	-	241,528
Bonds and notes payable	-	-	54,000	54,000
Interest payable	-	-	371	371
Unearned revenue	4,198,254	3,560	15,112	4,216,926
Total Current Liabilities	<u>10,354,564</u>	<u>381,180</u>	<u>1,469,616</u>	<u>12,205,360</u>
Long-Term Liabilities:				
Advances from component units	955,635	-	-	955,635
Unearned revenue	4,910	-	39	4,949
Total Long-Term Liabilities	<u>960,545</u>	<u>-</u>	<u>39</u>	<u>960,584</u>
Total Liabilities	<u>11,315,109</u>	<u>381,180</u>	<u>1,469,655</u>	<u>13,165,944</u>
<b>DEFERRED INFLOWS OF RESOURCES (Note 28)</b>	<u>4,010,835</u>	<u>900,193</u>	<u>183,160</u>	<u>5,094,188</u>
<b>FUND BALANCES</b>				
Nonspendable	91,573	-	1,227,565	1,319,139
Restricted	1,179,683	5,725,573	4,664,617	11,569,873
Committed	7,428,624	-	328,835	7,757,459
Assigned	295,561	-	-	295,561
Unassigned (Note 22)	3,925,272	-	(59,689)	3,865,583
Total Fund Balances (Note 23)	<u>12,920,713</u>	<u>5,725,573</u>	<u>6,161,328</u>	<u>24,807,614</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 28,246,656</u>	<u>\$ 7,006,947</u>	<u>\$ 7,814,144</u>	<u>\$ 43,067,746</u>

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

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2023

(In Thousands)

Total fund balances for governmental funds		\$ 24,807,614
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities (Note 9) and equity interest in joint ventures (Note 7) are not financial resources and therefore are not reported in the funds.		
Land and other non-depreciable assets	3,818,819	
Buildings, equipment, and other depreciable assets	6,224,164	
Infrastructure	15,167,059	
Construction in progress	4,005,100	
Interest in joint ventures	35,000	
Accumulated depreciation	<u>(3,420,171)</u>	25,829,972
Certain tax revenues are earned but not available and therefore are reported as deferred inflows of resources in the funds.		4,411,400
Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds.		655,307
Amounts due to component units for long-term loans.		(53,242)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		(246,753)
Pension related assets are not available in the current period and therefore are not reported in the funds.		8,093
OPEB related assets are not available in the current period and therefore are not reported in the funds.		3,198
Deferred outflows of resources not reported in the funds:		
Refunding of debt		33,498
Pension related		1,078,437
OPEB related		2,040,385
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 15)		
Vendor financing obligations	(1,385,803)	
Compensated absences	(443,559)	
Workers' compensation	(42,475)	
Net pension liability	(7,065,014)	
Net OPEB liability	(5,002,968)	
Pollution remediation	(340,250)	
Other long-term liabilities	<u>(935,026)</u>	(15,215,095)
Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. Unamortized premiums, unamortized discounts, and accrued interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Position. This is the net effect of these balances on the statement. (Note 13)		
Bonds and notes payable	(7,225,452)	
Unamortized premiums	(907,543)	
Unamortized discounts	2,633	
Accrued interest payable	<u>(97,314)</u>	(8,227,676)
Deferred inflows of resources not reported in the funds:		
Refunding of debt		(20,700)
Pension related		(60,716)
OPEB related		<u>(3,445,171)</u>
Net position of governmental activities		<u>\$ 31,598,551</u>
The accompanying notes are an integral part of the financial statements.		

# Michigan

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

	GENERAL FUND	SCHOOL AID FUND	NON-MAJOR FUNDS	TOTALS
<b>REVENUES</b>				
Taxes	\$ 19,450,500	\$ 16,098,741	\$ 3,938,261	\$ 39,487,502
From federal agencies	28,033,683	3,816,491	2,055,536	33,905,710
From local agencies	140,992	-	11,749	152,741
From services	356,865	-	9,965	366,830
From licenses and permits	411,738	-	268,738	680,476
Special Medicaid reimbursements	185,360	-	-	185,360
Miscellaneous	1,555,222	237,927	961,012	2,754,161
Total Revenues	50,134,359	20,153,159	7,245,260	77,532,778
<b>EXPENDITURES</b>				
Current:				
General government	3,250,253	1	170,213	3,420,468
Education	2,265,735	21,786,940	170,440	24,223,115
Health and human services	33,202,413	-	65,415	33,267,828
Public safety and corrections	3,085,251	-	3,305	3,088,556
Conservation, environment, recreation, and agriculture	955,318	-	366,635	1,321,953
Labor, commerce, and regulatory	4,180,574	-	223,716	4,404,290
Transportation	10,251	-	3,941,530	3,951,781
Tax credits (Note 16)	1,359,010	-	-	1,359,010
Capital outlay	186,408	-	2,419,509	2,605,916
Intergovernmental-revenue sharing	1,609,884	-	-	1,609,884
Debt service:				
Bond principal retirement	-	-	431,331	431,331
Bond interest and fiscal charges	-	-	270,881	270,881
Structured settlement payments	51,320	-	-	51,320
Vendor financing payments	89,249	-	73,788	163,037
Total Expenditures	50,245,666	21,786,942	8,136,763	80,169,370
Excess of Revenues over (under) Expenditures	(111,306)	(1,633,783)	(891,503)	(2,636,592)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds and bond anticipation notes issued	-	-	1,307,490	1,307,490
Refunding bonds issued	-	-	280,985	280,985
Premium on bond issuance	-	-	130,974	130,974
Payment to refunded bond escrow agent	-	-	(301,267)	(301,267)
Vendor financing acquisitions	21,194	-	88,124	109,318
Proceeds from sale of capital assets	3,794	-	3,245	7,038
Transfers from other funds (Note 21)	557,928	1,816,506	2,629,248	5,003,682
Transfers to other funds (Note 21)	(606,191)	(110,896)	(2,382,029)	(3,099,116)
Total Other Financing Sources (Uses)	(23,276)	1,705,611	1,756,770	3,439,105
Net changes in fund balances	(134,583)	71,828	865,268	802,513
Fund Balances - Beginning of fiscal year	13,055,296	5,653,745	5,296,061	24,005,101
Fund Balances - End of fiscal year	\$ 12,920,713	\$ 5,725,573	\$ 6,161,328	\$ 24,807,614

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

Net change in fund balance - total governmental funds \$ 802,513

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.  
(Note 9)

Capital outlay:		
Land and other non-depreciable assets	10,231	
Buildings, equipment, and other depreciable assets	112,759	
Infrastructure	(449,168)	
Construction in progress	1,453,812	
Disposal of capital assets	(4,511)	
Depreciation expense	(231,125)	891,998

Change in deferred inflows of resources from the prior year. Revenues recognized in the Statement of Activities are reported as deferred inflows of resources in the funds when they are not yet available. These amounts are related to:

Tax revenues	(82,554)	
Other revenues	78,892	(3,662)

Increase (decrease) in equity interest in joint ventures (Note 7). 804

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 62,735

Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Position. This is the amount that proceeds exceed repayments. (Note 13)

Bond proceeds and premiums received	(1,719,449)	
Repayment of bond principal	431,331	
Payment to refunded bond escrow agent	301,267	
Accrued interest and amortization	59,092	(927,759)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds. Some expenditures reported in the funds either increase or decrease long-term obligations reported in the Statement of Net Position.

In the current year, these amounts related to:

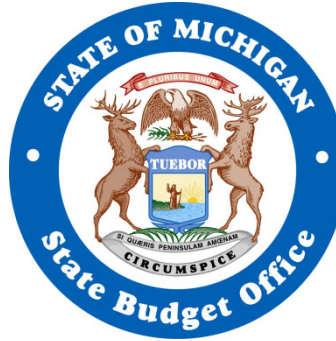
Pension costs, net	(460,095)	
OPEB costs, net	915,537	
Advances from component units	(29,729)	
Vendor financing payments	28,693	
Compensated absences payments	(28,073)	
Litigation recoveries, settlements and payments	141,648	
Pollution remediation obligations	(163,729)	
Workers' compensation	(1,135)	
Other	(735)	402,381

Change in net position of governmental activities \$ 1,229,010

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



## PROPRIETARY FUND FINANCIAL STATEMENTS



### Major Funds

#### STATE LOTTERY FUND

Michigan Compiled Laws (MCL) Section 432.41 established the State Lottery Fund and MCL Section 432.5 created a Bureau of State Lottery under authority of Article 5, Section 4, of the State Constitution. This authority expired on August 1, 1974, at which time the Bureau became an organizational entity in the Department of Technology, Management and Budget. The Bureau was transferred to the Department of Treasury during fiscal year 1991. Net income of the fund related to lottery operations is transferred to the School Aid Fund and the fund's net income related to bingo and charity games regulation is transferred to the General Fund. The remaining net position balance represents the unrealized cumulative gain or loss on investments held to fund annuitized prize payments, the change in net other postemployment benefits (OPEB) liability, capital assets (leasehold improvements and equipment less lease obligations), and the change in net pension liability and deferred inflows and outflows related to pensions and OPEB. These are required by Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, and GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27.

In general, revenues and related expenses are recognized in the period during which the related drawings are held. Because draw games may be played on an advance wager basis, an associated liability is recognized for all wagers received for drawings to be conducted after the end of the reporting period. Deferred prize awards are recorded as expenses and liabilities at their discounted present value. The State Treasurer invests funds equivalent to the discounted value of the installment payments and the Lottery Fund is credited with the interest earnings.

#### MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS

The columns for the Michigan Unemployment Compensation Funds reflect the activity of two funds administered by the Unemployment Insurance Agency: the Michigan Unemployment Compensation Fund and the Michigan Employment Security Act Contingent Fund. The Michigan Unemployment Compensation Fund receives contributions from employers and provides for the payment of benefits to eligible unemployed workers. The fund also makes payments under certain federally funded programs. Administrative costs of the fund are accounted for in the Michigan Employment Security Act - Administration Fund, a special revenue fund. Executive Order 2019-13 renamed the Department of Talent and Economic Development as the Department of Labor and Economic Opportunity (LEO). The funds are administered under LEO.

The Michigan Employment Security Act Contingent Fund was created by Michigan Compiled Laws (MCL) Section 421.10 to receive a special temporary unemployment tax surcharge, known as the solvency tax. The fund also receives interest and penalty charges on unemployment insurance benefit overpayments and late contributions. MCL Section 421.10 restricts use of solvency taxes for payment of interest on the Michigan Unemployment Compensation borrowings from the federal government.

### Non-Major Funds

Individual fund statements for the Enterprise Funds, whose combined totals are presented on this statement, begin on page 260.

Individual fund statements for the Internal Service Funds, whose combined totals are presented on this statement, begin on page 264.

# Michigan

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
 SEPTEMBER 30, 2023  
 (In Thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				
	MAJOR				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR	TOTALS	
<b>ASSETS</b>					
Current Assets:					
Cash	\$ 2	\$ 138,961	\$ 319	\$ 139,282	\$ 2
Cash on deposit with fiscal agent	-	2,314,916	-	2,314,916	-
Equity in common cash (Note 5)	19,233	116,540	112,540	248,314	457,320
Amounts due from other funds (Note 19)	-	610	-	610	669
Amounts due from component units	-	206	-	206	227
Amounts due from federal agencies	-	71,352	-	71,352	360
Amounts due from local units	-	10,716	-	10,716	-
Inventories	23,537	-	3,003	26,540	22,314
Investments (Note 8)	13,398	-	4,171	17,570	-
Other current assets	220,776	159,415	19,841	400,032	80,222
Total Current Assets	276,946	2,812,718	139,875	3,229,538	561,114
Noncurrent Assets:					
Investments (Note 8)	108,446	-	5,506	113,952	-
Capital Assets (Note 9):					
Land and other non-depreciable assets	-	-	-	-	35,351
Buildings, equipment, and other depreciable assets	6,081	-	2,690	8,771	2,138,748
Allowance for depreciation	(4,773)	-	(598)	(5,371)	(1,183,004)
Total capital assets	1,308	-	2,092	3,400	991,095
Other noncurrent assets	1,128	10,300	16	11,444	11,696
Total Noncurrent Assets	110,882	10,300	7,613	128,795	1,002,791
Total Assets	387,828	2,823,018	147,488	3,358,333	1,563,904
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	12,225	-	8,194	20,419	131,700
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable and other liabilities (Note 24)	238,892	393,602	146,491	778,985	136,984
Amounts due to other funds (Note 19)	32,190	2,174	98	34,462	2,920
Amounts due to component units	-	7	-	7	-
Interest payable	2	-	1	3	8,857
Unearned revenue	-	-	1,088	1,088	77,155
Vendor financing obligations (Note 12)	107	-	198	305	127,338
Current portion of other long-term obligations (Note 15)	1,086	-	505	1,591	56,300
Total Current Liabilities	272,277	395,784	148,381	816,441	409,555
Long-Term Liabilities:					
Prize awards payable	117,501	-	-	117,501	-
Unearned revenue	-	-	-	-	157,721
Vendor financing obligations (Note 12)	1,159	-	1,965	3,124	552,352
Noncurrent portion of other long-term obligations (Note 15)	49,207	34,459	25,577	109,243	634,694
Total Long-Term Liabilities	167,868	34,459	27,541	229,868	1,344,767
Total Liabilities	440,145	430,242	175,922	1,046,310	1,754,322
<b>DEFERRED INFLOWS OF RESOURCES</b>	16,364	-	9,542	25,906	188,036
<b>NET POSITION</b>					
Net investment in capital assets	41	-	(55)	(13)	311,405
Restricted For:					
Unemployment compensation	-	2,392,775	-	2,392,775	-
Other purposes	-	-	4,796	4,796	12,696
Unrestricted	(56,499)	-	(34,523)	(91,021)	(570,854)
Total Net Position	\$ (56,457)	\$ 2,392,775	\$ (29,781)	\$ 2,306,537	\$ (246,753)

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

# Michigan

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

### PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	MAJOR				
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR	TOTALS	
<b>OPERATING REVENUES</b>					
Operating revenues	\$ 4,939,122	\$ 1,309,725	\$ 1,568,034	\$ 7,816,882	\$ 2,223,106
Total Operating Revenues	4,939,122	1,309,725	1,568,034	7,816,882	2,223,106
<b>OPERATING EXPENSES</b>					
Salaries, wages, and other administrative	569,790	4,635	123,425	697,850	990,332
Interest expense	41	-	-	41	-
Depreciation	330	-	247	578	228,406
Purchases for resale	-	-	1,140,558	1,140,558	74,723
Purchases for prison industries	-	-	-	-	9,090
Lottery prize awards	3,016,814	-	-	3,016,814	-
Premiums and claims	-	-	1	1	814,048
Unemployment benefits	-	668,255	-	668,255	-
Federal program claimants	-	66,471	-	66,471	-
Other operating expenses	18	-	1,734	1,752	39,012
Total Operating Expenses	3,586,993	739,361	1,265,966	5,592,320	2,155,611
Operating Income (Loss)	1,352,129	570,365	302,069	2,224,562	67,495
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest revenue	10,362	50,161	8,137	68,661	12,222
Investment revenue (expense) - net	(231)	-	809	578	-
Other nonoperating revenues	-	-	4	4	7,863
Amortization of prize award obligation discount	(4,984)	-	-	(4,984)	-
Interest expense	(24)	-	(14)	(38)	(14,269)
Other nonoperating expense	-	-	(124)	(124)	(6,637)
Total Nonoperating Revenues (Expenses)	5,123	50,161	8,813	64,097	(821)
Income (Loss) Before Transfers	1,357,252	620,526	310,881	2,288,659	66,673
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Transfers To:					
School Aid Fund	(1,351,947)	-	-	(1,351,947)	-
Other funds	(8,934)	(45,049)	(309,185)	(363,168)	(3,938)
Total Capital Contributions and Transfers In (Out)	(1,360,882)	(45,049)	(309,185)	(1,715,115)	(3,938)
Change in net position	(3,630)	575,477	1,696	573,543	62,735
Total net position - Beginning of fiscal year - restated	(52,827)	1,817,298	(31,478)	1,732,993	(309,488)
Total net position - End of fiscal year	\$ (56,457)	\$ 2,392,775	\$ (29,781)	\$ 2,306,537	\$ (246,753)

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



# Michigan

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				
	MAJOR				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR	TOTALS	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from federal and local agencies	\$ -	\$ 18,533	\$ -	\$ 18,533	\$ -
Receipts from customers	4,921,933	1,305,221	1,563,247	7,790,401	2,162,297
Membership dues	-	-	6,024	6,024	-
Payments to employees	(27,344)	-	(18,760)	(46,104)	(294,089)
Payments to suppliers	(91,505)	-	(1,216,166)	(1,307,671)	(929,232)
Payments to prize winners	(3,020,166)	-	-	(3,020,166)	-
Payments for commissions to retailers	(453,251)	-	-	(453,251)	-
Claims paid	-	(705,651)	-	(705,652)	(822,512)
Other receipts	-	5,961	72	6,033	7,468
Other payments	-	(4,635)	(1,011)	(5,646)	(1,828)
Net cash provided (used) by operating activities	1,329,667	619,428	333,406	2,282,501	122,105
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Loans or loan repayments from other funds	-	-	-	-	669
Loans or loan repayments to other funds	-	-	-	-	(669)
Transfers to other funds	(1,343,251)	(66,983)	(308,998)	(1,719,232)	(3,938)
Other administrative costs	-	(20,000)	-	(20,000)	-
Net cash provided (used) by noncapital financing activities	(1,343,251)	(86,983)	(308,998)	(1,739,232)	(3,938)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(75)	-	-	(75)	(709)
Interest paid	-	-	-	-	(108)
Vendor financing payments (including imputed interest expense)	-	-	(235)	(235)	(153,375)
Net cash provided (used) by capital and related financing activities	(75)	-	(235)	(310)	(154,191)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sales and maturities of investment securities	13,927	-	-	13,927	-
Purchase of investment securities	(2,248)	-	(614)	(2,862)	-
Sale of investment securities	-	-	152	152	-
Interest and dividends on investments	10,362	50,161	7,947	68,470	12,222
Expenses from securities lending activities	(2)	-	-	(2)	-
Net cash provided (used) by investing activities	22,039	50,161	7,485	79,685	12,222
Net cash provided (used) - all activities	8,380	582,606	31,658	622,645	(23,802)
Cash and cash equivalents at beginning of year	10,854	1,987,811	81,202	2,079,867	481,124
<b>Cash and cash equivalents at end of year</b>	<u>\$ 19,235</u>	<u>\$ 2,570,418</u>	<u>\$ 112,860</u>	<u>\$ 2,702,512</u>	<u>\$ 457,322</u>

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

STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR	TOTALS	GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
\$ 2	\$ 138,961	\$ 319	\$ 139,282	\$ 2
-	2,314,916	-	2,314,916	-
19,233	116,540	112,540	248,314	457,320
<u>\$ 19,235</u>	<u>\$ 2,570,418</u>	<u>\$ 112,860</u>	<u>\$ 2,702,512</u>	<u>\$ 457,322</u>

## RECONCILIATION OF CASH AND CASH EQUIVALENTS

Per Statement of Net Position Classifications:

Cash	\$ 2	\$ 138,961	\$ 319	\$ 139,282	\$ 2
Cash on deposit with fiscal agent	-	2,314,916	-	2,314,916	-
Equity in common cash	19,233	116,540	112,540	248,314	457,320
Cash and cash equivalents at end of year	<u>\$ 19,235</u>	<u>\$ 2,570,418</u>	<u>\$ 112,860</u>	<u>\$ 2,702,512</u>	<u>\$ 457,322</u>

**RECONCILIATION OF OPERATING INCOME  
(LOSS) TO NET CASH PROVIDED  
(USED) BY OPERATING ACTIVITIES**

Operating income (loss)

Adjustments to Reconcile Operating Income  
to Net Cash Provided (Used)

by Operating Activities:

Depreciation expense	330	-	247	<b>578</b>	228,406
Pension expense	5,066	-	1,774	<b>6,840</b>	60,711
OPEB expense	(1,624)	-	(1,294)	<b>(2,917)</b>	(22,552)
Deferred outflows - contributions subsequent to measurement date	(5,620)	-	(2,857)	<b>(8,477)</b>	(60,217)
Amortization of prize award obligation discount	(4,984)	-	-	<b>(4,984)</b>	-
Other nonoperating revenues	-	-	4	<b>4</b>	7,863
Other nonoperating expenses	(22)	-	(124)	<b>(146)</b>	(1,430)
Other reconciling items	230	-	(24)	<b>206</b>	16

Net Changes in Assets and Liabilities:

Inventories	781	-	195	<b>976</b>	(5,499)
Other assets (net)	(16,859)	61,252	2,315	<b>46,707</b>	(60,867)
Accounts payable and other liabilities	(1,391)	(12,188)	31,138	<b>17,559</b>	(3,445)
Prize awards payable	1,632	-	-	<b>1,632</b>	-
Unearned revenue	-	-	(37)	<b>(37)</b>	(88,375)
Net cash provided (used) by operating activities	<u>\$ 1,329,667</u>	<u>\$ 619,428</u>	<u>\$ 333,406</u>	<u><b>\$ 2,282,501</b></u>	<u>\$ 122,105</u>

## SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Cost of capital assets acquired with vendor financing

Vendor financing obligations entered into during the year

Increase (decrease) in fair value  
of investments

Transfers to other funds (accrual)

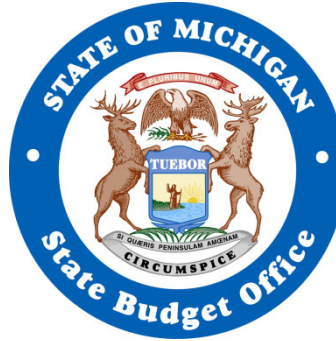
Gain (loss) on disposal of capital assets

Total noncash investing, capital,  
and financing activities

\$	170	\$	-	\$	-	\$	170	\$	406,919
	-		-		-		-		(406,919)
	(5,807)		-		-		(5,807)		-
	(31,981)		(1,936)		-		(33,918)		-
	-		-		-		-		(2,520)
\$	(37,619)	\$	(1,936)	\$	-	\$	(39,555)	\$	(2,520)



## FIDUCIARY FUND FINANCIAL STATEMENTS



Individual fund financial statements begin on the following pages:  
Pension (and Other Employee Benefit) Trust Funds, page 274.  
Private-Purpose Trust Funds, page 282.  
Custodial Funds, page 286.

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
 SEPTEMBER 30, 2023  
 (In Thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE- PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
<b>ASSETS</b>			
Cash	\$ -	\$ 3,446	\$ 48,596
Equity in common cash (Note 5)	666,712	686	208,343
Receivables:			
From participants	192,364	-	-
From employers	438,279	-	-
Taxes, interest, and penalties	-	-	107,066
Other	371,809	1,100	726
Interest and dividends	815	-	-
Due from other funds (Note 19)	52,345	-	-
Due from component unit	866	-	-
Due from other governmental	37,593	-	-
Sale of investments	39	-	-
Investments at Fair Value (Note 8):			
Short-term investments	3,766,395	-	-
Fixed income	8,588,099	-	-
Domestic equities	18,585,461	-	-
Real estate	9,781,166	-	-
Alternative investments	12,765	-	-
Private equity pools	22,711,113	-	-
International equities	12,498,429	-	-
Absolute return	10,027,762	-	-
Mutual funds	1,133,907	6,414,027	-
Pooled investment funds	9,115,668	-	-
Separate accounts	2,336,686	-	-
Real return	10,329,389	-	-
Guaranteed funding agreements	-	1,678,619	-
Securities lending collateral (Note 8)	3,255,722	-	-
Other assets	-	-	255,747
Total Assets	113,903,383	8,097,878	620,478
<b>LIABILITIES</b>			
Accounts payable and other liabilities	314,208	5,889	184,381
Amounts due to other funds (Note 19)	3	-	1,677
Obligations under security lending	3,255,722	-	-
Unearned revenue	10,262	-	4
Total Liabilities	3,580,195	5,889	186,062
<b>NET POSITION</b>			
Restricted For:			
Pension benefits	86,702,899	-	-
Postemployment health-care benefits	18,221,237	-	-
Deferred compensation participants	5,399,052	-	-
Individuals, organizations, and other governments	-	8,091,989	434,416
Total Net Position	\$ 110,323,188	\$ 8,091,989	\$ 434,416

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

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

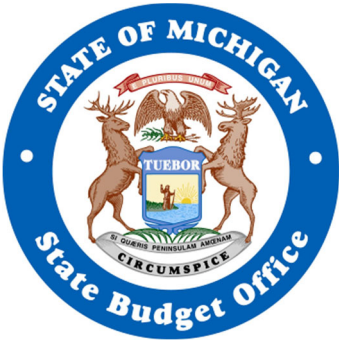
## FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

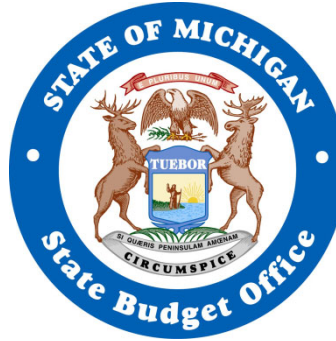
(In Thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE- PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
<b>ADDITIONS</b>			
Contributions:			
From participants	\$ 1,424,007	\$ 764,902	\$ -
From employers	7,573,746	-	-
From other governmental	354,999	-	-
From other systems	22,477	-	-
Total Contributions	9,375,229	764,902	-
Investment Income:			
Net increase (decrease) in the fair value of investments	7,268,003	566,580	-
Interest, dividends, and other	1,998,600	218,495	6,686
Securities lending income	164,807	-	-
Less Investment Expense:			
Investment activity expense	430,617	-	-
Securities lending expense	153,008	-	-
Net investment income (loss)	8,847,785	785,075	6,686
Other Additions:			
Child support receipts	-	-	1,335,562
City income tax collections	-	-	411,876
Collateral deposits and related additions	-	-	62,818
Escheated property	-	-	309,464
Prisoner deposits	-	-	52,556
Other additions and miscellaneous income	9,027	-	8,089
Total Other Additions	9,027	-	2,180,366
Total Additions	18,232,040	1,549,977	2,187,052
<b>DEDUCTIONS</b>			
Benefits paid to participants or beneficiaries	7,564,506	763,568	-
Medical, dental, and life insurance for retirants	974,314	-	-
Refunds and transfers to other systems	425,270	-	-
Child support distributions	-	-	1,335,562
City income tax distributions	-	-	412,687
Collateral disbursements and related deductions	-	-	62,653
Escheated property distributions	-	-	137,462
Prisoner disbursements	-	-	55,244
Miscellaneous deductions	-	-	6,327
Administrative and other expenses	252,978	10,603	-
Transfers to other funds	-	-	185,247
Total Deductions	9,217,068	774,171	2,195,182
Change in net position	9,014,973	775,806	(8,131)
Net position - Beginning of fiscal year - restated	101,308,216	7,316,183	442,546
Net position - End of fiscal year	\$ 110,323,188	\$ 8,091,989	\$ 434,416

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



## COMPONENT UNIT FINANCIAL STATEMENTS



### Major Component Units

#### MICHIGAN FINANCE AUTHORITY

Executive Order 2010-2 created the Michigan Finance Authority (MFA) to consolidate 10 different public finance authorities. In addition, the authorization to finance the facilities of public and private schools, formerly under the Michigan Strategic Fund, and to issue bonds and notes on behalf of the State Land Bank Authority was transferred to MFA. A seven-member Board of Directors, consisting of the State Treasurer and six appointees of the Governor with advice and consent of the State Senate, governs MFA.

MFA provides sources of funding for loans to governmental units, school districts, nonpublic nonprofit institutions of higher education, and healthcare corporations and facilities. MFA assists governmental units in financing and marketing municipal debt and tax-exempt bonds. MFA also enhances Michigan's student loan efforts by overseeing the collection of federal and state issued loans as well as through the administration of the Michigan Guaranty Agency. MFA may not create debt or liabilities on behalf of the State or pledge the full faith and credit of the State.

#### MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Michigan Compiled Laws Section 125.1421 created the Michigan State Housing Development Authority (MSHDA) to issue notes and bonds to finance housing for sale or rental to families with low or moderate incomes and to finance home improvements. MSHDA is also the administrator of various "Section 8" housing programs in Michigan for the U.S. Department of Housing and Urban Development, as well as the Emergency Rental Assistance Program through the U.S. Department of Treasury. The Governor appoints MSHDA's board members.

#### MICHIGAN STRATEGIC FUND

The Michigan Strategic Fund (MSF) is a public body corporate and politic created by Section 5 of the Michigan Strategic Fund Act, Michigan Compiled Laws Section 125.2005 to help diversify the economy of the State and to provide for economic development, through the administration of financial support for business development, community development, and state marketing activities, including the promotion of tourism and arts and cultural affairs.

MSF is governed by a board of 13 members, including the director of the Department of Labor and Economic Opportunity (LEO) or their designee from within LEO, the State Treasurer or their designee from within the Department of Treasury, the director of the Department of Transportation (MDOT) or their designee from within MDOT, the Chief Executive Officer of the Michigan Economic Development Corporation or their designee, seven residents of the State appointed by the Governor, and two members from the private sector nominated by the House and Senate minority leaders and appointed by the Governor.

#### WESTERN MICHIGAN UNIVERSITY

Of the 10 universities included in this report, Western Michigan University is reported as a major component unit. The universities are legally separate entities whose governing boards are appointed by the Governor and for which the State is therefore defined as legally accountable. Excluded from this report are three other universities (University of Michigan, Michigan State University, and Wayne State University) whose board members are elected by the voters and, therefore, considered separate special purpose governments.

### Non-Major Component Units

The non-major component unit - authorities are presented beginning on page 294.

The non-major component unit - State universities are presented beginning on page 300.



**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
 SEPTEMBER 30, 2023  
 (In Thousands)

	AUTHORITIES			
	MICHIGAN FINANCE AUTHORITY	MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	MICHIGAN STRATEGIC FUND	NON-MAJOR
<b>ASSETS</b>				
Current Assets:				
Cash	\$ 145,877	\$ 783,077	\$ 122,658	\$ 184,567
Equity in common cash (Note 5)	825,494	-	1,319,320	982,256
Amounts due from component units	-	-	76	3,283
Amounts due from primary government	2,750	-	50,000	37,631
Amounts due from federal government	991	-	18,795	11,133
Amounts due from local units	620,431	-	-	-
Inventories	-	-	-	768
Investments (Note 8)	2,267,428	18,315	-	159,750
Other current assets	161,672	71,380	74,117	22,062
Total Current Assets	<u>4,024,642</u>	<u>872,772</u>	<u>1,584,967</u>	<u>1,401,451</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	-	-	64,619	899
Investments	-	-	-	6,474
Mortgages and loans receivable	-	-	-	-
Advances to primary government	1,008,877	-	-	-
Amounts due from local units	5,161,431	-	-	-
Mortgages and loans receivable	138,479	4,326,461	158,026	-
Investments (Note 8)	34,945	618,696	58,385	1,354,517
Land and property held for resale	-	-	-	4,859
Capital Assets (Note 9):				
Land and other non-depreciable assets	-	-	5,732	967
Buildings, equipment, and other depreciable assets	-	21,000	480	62,351
Less accumulated depreciation	-	(2,669)	-	(42,918)
Infrastructure	-	-	-	102,967
Construction in progress	-	-	9,851	122
Total capital assets	-	18,331	16,062	123,488
Other noncurrent assets	-	147,759	313,061	24,945
Total Noncurrent Assets	<u>6,343,732</u>	<u>5,111,247</u>	<u>610,153</u>	<u>1,515,182</u>
Total Assets	<u>10,368,375</u>	<u>5,984,019</u>	<u>2,195,120</u>	<u>2,916,632</u>
<b>DEFERRED OUTFLOWS OF RESOURCES (Note 28)</b>	<u>27,148</u>	<u>38,907</u>	<u>4,184</u>	<u>76,389</u>

This statement continues on next page.

STATE UNIVERSITIES

WESTERN MICHIGAN UNIVERSITY	NON-MAJOR	TOTALS
\$ 197,256	\$ 322,637	\$ 1,756,072
-	-	3,127,070
-	123	3,483
21,937	255,945	368,263
6,134	26,778	63,832
-	81	620,512
1,895	10,465	13,128
14,142	79,977	2,539,611
49,432	123,394	502,057
<u>290,797</u>	<u>819,400</u>	<u>8,994,028</u>
-	64,603	130,120
651,411	570,017	1,227,901
-	10,498	10,498
-	-	1,008,877
-	-	5,161,431
1,322	7,379	4,631,667
226,069	1,736,805	4,029,417
-	-	4,859
17,034	233,779	257,511
1,583,663	6,505,619	8,173,112
(724,240)	(3,042,422)	(3,812,250)
-	-	102,967
156,992	258,772	425,737
1,033,447	3,955,748	5,147,077
380,470	111,696	977,932
<u>2,292,719</u>	<u>6,456,746</u>	<u>22,329,779</u>
<u>2,583,516</u>	<u>7,276,145</u>	<u>31,323,807</u>
<u>43,716</u>	<u>73,977</u>	<u>264,321</u>

**STATEMENT OF NET POSITION**  
**COMPONENT UNITS (Continued)**  
 SEPTEMBER 30, 2023  
 (In Thousands)

	AUTHORITIES			
	MICHIGAN FINANCE AUTHORITY	MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	MICHIGAN STRATEGIC FUND	NON-MAJOR
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and other liabilities	\$ 53,907	\$ 42,855	\$ 40,413	\$ 54,841
Amounts due to component units	-	-	2,145	398
Amounts due to primary government	-	-	44	16,844
Bonds and notes payable (Note 14)	717,046	104,456	24,290	75
Interest payable	78,710	24,131	2,559	14
Unearned revenue	17,611	111,825	1,436	5,427
Vendor financing obligations (Note 12)	-	-	-	1,394
Current portion of other long-term obligations	-	-	888	67,798
Total Current Liabilities	<u>867,274</u>	<u>283,267</u>	<u>71,775</u>	<u>146,792</u>
Long-Term Liabilities:				
Unearned revenue	-	-	-	-
Bonds and notes payable (Note 14)	5,547,880	4,262,861	207,689	1,105
Vendor financing obligations (Note 12)	-	-	-	670
Noncurrent portion of other long-term obligations	13,848	524,712	17,348	770,882
Total Long-Term Liabilities	<u>5,561,728</u>	<u>4,787,573</u>	<u>225,037</u>	<u>772,657</u>
Total Liabilities	<u>6,429,002</u>	<u>5,070,840</u>	<u>296,811</u>	<u>919,449</u>
<b>DEFERRED INFLOWS OF RESOURCES (Note 28)</b>	<u>9,504</u>	<u>72,755</u>	<u>116,500</u>	<u>48,986</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	18,331	16,062	122,210
Restricted For:				
Education	-	-	-	-
Construction and debt service	4,901,913	547,526	-	3,036
Other purposes	-	-	1,983,103	403,971
Funds Held as Permanent Investments:				
Expendable	-	-	-	-
Nonexpendable	-	-	-	-
Unrestricted	(944,895)	313,474	(213,173)	1,495,368
Total Net Position	<u>\$ 3,957,017</u>	<u>\$ 879,331</u>	<u>\$ 1,785,992</u>	<u>\$ 2,024,585</u>

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

STATE UNIVERSITIES

WESTERN MICHIGAN UNIVERSITY	NON-MAJOR	TOTALS
\$ 88,029	\$ 370,762	\$ 650,807
-	-	2,542
-	4,429	21,317
18,871	69,703	934,440
2,276	15,263	122,954
7,100	106,444	249,843
16,018	16,152	33,563
6,739	19,137	94,563
<u>139,033</u>	<u>601,890</u>	<u>2,110,030</u>
-	135,339	135,339
431,471	1,481,537	11,932,543
9,566	25,511	35,747
<u>228,885</u>	<u>416,192</u>	<u>1,971,868</u>
<u>669,923</u>	<u>2,058,579</u>	<u>14,075,497</u>
<u>808,956</u>	<u>2,660,469</u>	<u>16,185,527</u>
<u>89,237</u>	<u>193,618</u>	<u>530,600</u>
526,958	2,324,391	3,007,953
5,539	217,267	222,806
-	30,863	5,483,338
419,947	60,199	2,867,220
72,681	333,687	406,368
269,214	557,978	827,193
434,699	971,651	2,057,124
<u>\$ 1,729,039</u>	<u>\$ 4,496,035</u>	<u>\$ 14,872,000</u>

## Michigan

### STATEMENT OF ACTIVITIES

#### COMPONENT UNITS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

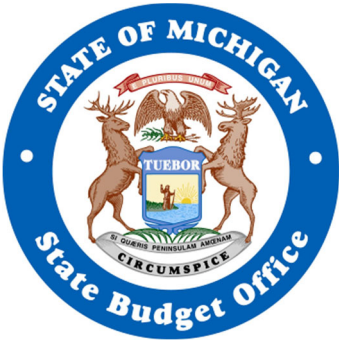
(In Thousands)

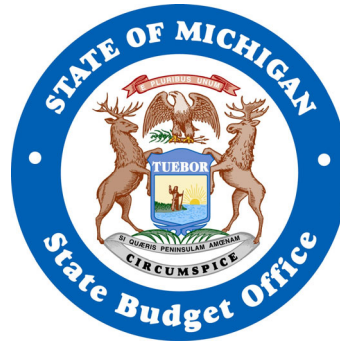
FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			
		CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS	NET (EXPENSE) REVENUE
Authorities:					
Michigan Finance Authority	\$ 364,389	\$ 330,154	\$ 323,114	\$ -	\$ 288,879
Michigan State Housing Development Authority	1,346,544	323,265	1,080,413	-	57,133
Michigan Strategic Fund	2,610,600	2,022	64,935	36	(2,543,606)
Non-Major	1,064,881	56,354	1,854,771	531	846,775
State Universities:					
Western Michigan University	607,506	397,326	101,984	421	(107,774)
Non-Major	2,701,328	1,610,087	338,554	25,384	(727,303)
Total	<u>\$ 8,695,249</u>	<u>\$ 2,719,209</u>	<u>\$ 3,763,770</u>	<u>\$ 26,373</u>	<u>\$ (2,185,896)</u>

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

GENERAL REVENUES

INTEREST AND INVESTMENT EARNINGS (LOSS)	PAYMENTS FROM STATE OF MICHIGAN	OTHER	CHANGE IN NET POSITION	NET POSITION BEGINNING OF YEAR RESTATED	NET POSITION END OF YEAR
\$ -	\$ -	\$ -	\$ 288,879	\$ 3,668,139	\$ 3,957,017
17,326	-	-	74,459	804,872	879,331
23,776	2,813,330	93,941	387,442	1,398,551	1,785,992
(88,422)	56,416	3,035	817,804	1,206,781	2,024,585
25,339	224,633	48,227	190,424	1,538,615	1,729,039
71,770	838,027	162,361	344,855	4,151,180	4,496,035
<u>\$ 49,788</u>	<u>\$ 3,932,406</u>	<u>\$ 307,564</u>	<u>\$ 2,103,862</u>	<u>\$ 12,768,139</u>	<u>\$ 14,872,000</u>





## FINANCIAL SECTION

### NOTES TO FINANCIAL STATEMENTS



INDEX

	<u>Page</u>
NOTE 1 - Summary of Significant Accounting Policies.....	65
NOTE 2 - Funds and Component Units by Classification .....	73
NOTE 3 - Budgeting, Budgetary Control, and Legal Compliance .....	75
NOTE 4 - Accounting Changes and Restatements.....	76
NOTE 5 - Treasurer's Common Cash.....	77
NOTE 6 - Taxes Receivable .....	80
NOTE 7 - Joint Ventures.....	81
NOTE 8 - Deposits and Investments .....	82
NOTE 9 - Capital Assets.....	95
NOTE 10 - Pension Benefits.....	99
NOTE 11 - Other Postemployment Benefits .....	107
NOTE 12 - Vendor Financing .....	118
NOTE 13 - Bonds and Notes Payable - Primary Government .....	121
NOTE 14 - Bonds and Notes Payable - Discretely Presented Component Units .....	125
NOTE 15 - Other Long-Term Obligations .....	126
NOTE 16 - Income Tax Credits and Refunds .....	128
NOTE 17 - Tax Abatements .....	129
NOTE 18 - Deferred Compensation Plans .....	134
NOTE 19 - Interfund Receivables and Payables .....	134
NOTE 20 - Interfund Commitments .....	135
NOTE 21 - Transfers .....	135
NOTE 22 - Fund Deficits .....	135
NOTE 23 - Fund Balances and Net Position .....	137
NOTE 24 - Disaggregation of Payables.....	139
NOTE 25 - Contingencies and Commitments.....	139
NOTE 26 - Risk Management.....	145
NOTE 27 - Pledged Revenues .....	146
NOTE 28 - Deferred Outflows of Resources and Deferred Inflows of Resources.....	147
NOTE 29 - Subsequent Events .....	148

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the State conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards. Following is a summary of the significant policies:

### ***Reporting Entity***

Michigan was admitted to the Union as the twenty-sixth state in 1837. The State of Michigan is governed under the Constitution of 1963, as amended. The legislative power is vested in a 38-member senate and a 110-member house of representatives; executive power is vested in a governor; and the judicial power is vested exclusively in one court of justice.

For financial reporting purposes, the State of Michigan's reporting entity includes the "primary government" and its "component units." The primary government includes all funds, departments and agencies, bureaus, boards, commissions, and those authorities that are considered an integral part of the primary government. Component units are legally separate governmental organizations for which the State's elected officials are financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Financial accountability is defined in GASB Statement No. 14, The Financial Reporting Entity, as amended. The State is financially accountable for those entities in which the State appoints a voting majority of an organization's governing authority, and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the State. For those entities in which the State does not appoint a voting majority of the governing authority, GASB standards require inclusion in the reporting entity if they are fiscally dependent on the State and there exists a financial benefit or burden relationship with the State.

GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14, establishes criteria for legally separate, tax-exempt entities that should be reported as component units if all of the criteria are met. Although the State has not identified any organizations that would qualify as direct component units of the State by meeting all of the criteria of GASB Statement No. 39, most of the university component units described later in this note have significant foundations that meet the criteria of GASB Statement No. 39.

### **Blended Component Units**

The State Building Authority (SBA) is a legally separate organization that has a board appointed by the primary government and provides services primarily to benefit the State. Therefore, SBA is reported as though it was part of the primary government, using the blending method.

### **Discretely Presented Component Units**

These types of component units are reported in separate columns or rows in the government-wide financial statements to emphasize that they are legally separate from the government.

The State has the ability to appoint a voting majority of each governing board and is able to impose its will upon these discretely presented component units:

The Michigan Finance Authority provides sources of funding for loans to governmental units; school districts; private or nonpublic, nonprofit institutions of higher education; and eligible healthcare providers and facilities.

The Michigan State Housing Development Authority (MSHDA) finances loans for the construction of single and multi-family housing and home improvement projects.

The Farm Produce Insurance Authority provides reimbursements to participating producers for losses suffered in the event of a grain dealer's financial failure.

The State Land Bank Authority receives tax reverted properties, undertakes expedited action to clear their titles, and then ensures the properties' redevelopment.

The Mackinac Bridge Authority accounts for the operation of the Mackinac Bridge.

The Mackinac Island State Park Commission operates the Mackinac Island and Michilimackinac State Parks.

The Michigan Early Childhood Investment Corporation participates with intermediate school districts to establish standards and guidelines for early childhood development activities.

The Michigan Education Trust offers contracts, which, for actuarially determined amounts, provide plan participants with future tuition at institutions of higher education.

The State has the ability to appoint a voting majority of each governing board and there is a financial burden/benefit relationship between these entities and the State:

The Michigan Strategic Fund provides business enterprises with additional sources of financing.

The Michigan Economic Development Corporation manages programs to stimulate, coordinate, and advance economic development in the State.

The Venture Michigan Fund is a nonprofit corporation that raises capital and invests that capital in venture capital firms with the intent of benefiting Michigan's seed or early-stage businesses in order to promote the economic health of the State of Michigan.

The Michigan Veterans' Facility Authority is a ten-member board that governs Michigan Veteran Homes.

The following entity's relationship with the State would be misleading if it were omitted from the State's reporting entity:

The State Bar of Michigan is a public body corporation whose membership consists of persons licensed to practice law.

Ten of the State's public universities are considered component units because they have boards appointed by the primary government and there is a financial burden/benefit relationship with the State. Their balances and operating results are included with the other discretely presented component units on the government-wide financial statements. The 10 universities included in these statements are: Central Michigan University, Eastern Michigan University, Ferris State University, Grand Valley State University, Lake Superior State University, Michigan Technological University, Northern Michigan University, Oakland University, Saginaw Valley State University, and Western Michigan University. Michigan State University, the University of Michigan, and Wayne State University are not included in the State's reporting entity because they have separately elected governing boards and are legally separate. The State provides significant funding to support these institutions; however, under GASB criteria, they are considered fiscally independent, special-purpose governments.

Included in the balances and operating results for most of the university component units is financial activity for fund-raising foundations that contribute to these universities. Although the universities do not control the timing or amount of receipts from their foundations, the majority of resources or income thereon that the foundations hold and invest are restricted to the activities of the respective universities by the donors. Because these restricted resources held by the foundations can only be used by, or for the benefit of, the specific universities, the foundations are considered component units of the universities and are included in the universities' financial statements.

#### **Fiduciary Component Units**

The State has the following fiduciary component units, presented in the fiduciary fund financial statements:

The Michigan Legislative Retirement System provides pension and other postemployment benefits to members of the Legislature, the presiding officers, and their surviving spouses and children.

The Michigan State Police Retirement System provides pension and other postemployment benefits to Michigan State Police officers.

The Michigan State Employees' Retirement System provides pension and other postemployment benefits to State employees.

The Michigan Public School Employees' Retirement System provides pension and other postemployment benefits to public school employees.

The Michigan Judges' Retirement System provides pension and other postemployment benefits to judges in the judicial branch of State government.

The Military Retirement Provisions provides pension benefits to State of Michigan military officers and former members of the Michigan National Guard.

#### **Significant Transactions**

The State had significant transactions with its major discretely presented component units, which included appropriations to fund the operations of the Michigan Strategic Fund and Western Michigan University. The financial statements also reflect a \$1.0 billion liability related to loans to school districts that have been assigned to Michigan Finance Authority.

#### **Availability of Financial Statements**

The State's component units prepare their own separately issued audited financial statements. These statements may be obtained by directly contacting the various component units. To obtain their phone numbers, you may contact the State Budget Office, Office of Financial Management at (517) 241-4010.

### **Related Organizations**

The State's Insurance Commissioner is responsible for appointing the members of the boards of the Michigan Catastrophic Claims Association and the Michigan Property and Casualty Guaranty Association, but the State's accountability for these organizations does not extend beyond making the appointments.

The State's Governor is responsible for appointing the members of the board of the Michigan Health Endowment Fund, but the State's accountability does not extend beyond making the appointments.

The State's Governor is responsible for appointing members of the council of the Local Community Stabilization Authority, but the State's accountability does not extend beyond making the appointments.

The State's Governor is responsible for appointing the members of the Propane Commission, but the State's accountability does not extend beyond making the appointments.

### **Joint Ventures**

As discussed in more detail in Note 7, the State participates in two joint ventures. Their financial activities are not included in the State's fund financial statements, but the State's equity interest is recorded as an asset in the Statement of Net Position.

### **Jointly Governed Organizations**

The State, the University of Michigan, Michigan State University, and Wayne State University appoint members of the board of the Michigan Public Health Institute (MPHI), a nonprofit corporation. MPHI was established to plan, promote, and coordinate health services research with a public university or a consortium of public universities in the State. The State does not appoint a majority of the board, has no rights to the assets, and is not responsible for debts of MPHI. Therefore, the State's accountability for MPHI does not extend beyond making the appointments. During fiscal year 2023, the State awarded contracts totaling \$169.4 million to MPHI.

The City of Detroit, Charter County of Wayne, and the Department of Health and Human Services of the State of Michigan appoint members of the board of Authority Health, a public agency. Authority Health was established to plan, promote, and coordinate health services for at-risk population in the City of Detroit and Wayne County. The State does not appoint a majority of the board, has no right to the assets, and is not responsible for debts of Authority Health. Therefore, the State's accountability for Authority Health does not extend beyond making the appointments. During fiscal year 2023, the State awarded contracts totaling \$2.0 million to Authority Health.

Canada, the Windsor Detroit Bridge Authority (WDBA), and the State appoint members of the board of the International Authority (IA), a public body corporate. IA was jointly established by Canada and the State to have oversight responsibility of WDBA's design, construction, financing, operation, and maintenance of the Gordie Howe International Bridge (GHIB) between Canada and Michigan. IA is empowered to approve land acquisitions in the State of Michigan, leases of land in Michigan, public-private partnership agreements, related requests for qualifications, and requests for proposal. IA is also responsible for monitoring the compliance of WDBA with the Crossing Agreement, signed by Canada and the State, which requires WDBA to fully reimburse the State for GHIB related expenditures. The State does not appoint the majority of the IA board, has no rights to the assets, and is not responsible for debts of IA. Therefore, the State's accountability for IA does not extend beyond making appointments.

## **Government-Wide and Fund Financial Statements**

### **Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The **Statement of Net Position** presents the reporting entity's non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is reported in three categories:

**Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

**Restricted net position** results when constraints placed on the use of net position are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management but can be removed or modified.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given

function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

#### **Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being combined into a single column.

### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

#### **Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become *susceptible to accrual*, generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, generally within 60 days. Significant revenues susceptible to accrual include tax revenues and federal grants. Revenues that the State earns by incurring obligations are recognized in the period when all applicable eligibility requirements have been met.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when payment is due and payable.

#### **Financial Statement Presentation**

The State reports the following major governmental funds:

The General Fund is the State's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The School Aid Fund's purpose is to aid in the support of the public schools, intermediate school districts, higher education, and school employees' retirement systems of the State. The fund receives State revenues restricted to local school programs, including the State Education (property) Tax, portions of the sales and personal income taxes, State Lottery Fund earnings, and a percentage of the adjusted gross receipts from casino gaming. General Fund allocations made under appropriations in the amended State School Aid Act of 1979 that are not expended by the end of the State fiscal year are transferred to the School Aid Stabilization Fund, a separate account within the School Aid Fund.

The State reports the following major enterprise funds:

The State Lottery Fund accounts for the operations of the State's lottery, bingo, and charitable game operations.

The Michigan Unemployment Compensation Funds receive contributions from employers and provide benefits to eligible unemployed workers.

Additionally, the State reports the following fund types:

#### **Governmental Fund Types:**

**Special Revenue Funds** – account for specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Debt Service Funds** – account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Capital Projects Funds** – account for resources used for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude capital-related outflows financed by proprietary or trust funds.

**Permanent Funds** – report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry.

**Proprietary Fund Types:**

**Enterprise Funds** – report the activities for which fees are charged to external users for goods or services, such as the State's liquor sales. This fund type is also used when the activity is financed with debt that is secured by a pledge of the net revenues from the fees.

**Internal Service Funds** – provide goods or services primarily to other agencies or funds of the State, rather than to the general public. These goods and services include prisoner-built office furnishings; motor pool services; printing, reproduction, and mailing services; information technology; risk management; and health-related fringe benefits. In the government-wide financial statements, internal service funds are included with governmental activities.

**Fiduciary Fund Types:**

**Pension (and Other Employee Benefit) Trust Funds** – report fiduciary activities (including the activities of fiduciary component units) for pension plans and other postemployment benefit plans that are administered through trusts that meet the criteria in paragraph 3 of GASB Statement No. 67, Financial Reporting for Pension Plans, or paragraph 3 of GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively.

**Private-Purpose Trust Funds** – report all fiduciary activities that are not required to be reported in other fiduciary fund types and for which the assets are 1) administered through a trust in which the State is not a beneficiary, 2) dedicated to providing benefits to recipients in accordance with benefit terms, and 3) are legally protected from the creditors of the government.

**Custodial Funds** – report fiduciary activities that are not required to be reported in other fiduciary fund types and for which the assets are controlled by the State for the benefit of parties outside the State.

**Fiscal Year-Ends**

All funds and discretely presented component units are reported using fiscal years which end on September 30, except for MSHDA and the 10 State universities, which utilize June 30 year-ends, and the Farm Produce Insurance Authority and the Venture Michigan Fund, which have December 31 year-ends.

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance**

**Cash and Cash Equivalents**

On the Statement of Cash Flows, the amount reported as “Cash and cash equivalents” is equal to the total of the amounts reported on the Statement of Net Position as “Cash,” “Cash on deposit with fiscal agent,” and “Equity in common cash.”

**Cash**

Cash reported on the Statement of Net Position and the Balance Sheet consists of petty cash, undeposited receipts, deposits in transit to the Common Cash pool, and cash equivalents such as short-term investments with original maturities of less than three months that are used for cash management, rather than investing activities.

**Equity in Common Cash**

The State Treasurer maintains centralized management of most State cash resources (not including component units). From the perspective of the various State funds, the pool functions as both a cash management pool and a demand deposit account. The operations and investments of the Common Cash pool are described in Note 5.

**Taxes Receivable**

Taxes receivable represent amounts due to the State at September 30, which will be collected sometime in the future. In the government-wide financial statements, a corresponding amount is recorded as revenue. In the governmental fund financial statements, the portion considered “available” (i.e., received by the State within approximately 60 days after year-end) is recorded as revenue; the remainder is recorded as deferred inflows of resources. Application of the measurability and availability criteria regarding taxes is described in Note 6.

**Amounts Due From Federal Agencies**

For most federally funded programs, revenue is accrued in the same period as related obligations are recorded. In certain programs financed entirely by the federal government, expenditures and related revenues are recognized only to the extent of billings received by fiscal year-end. This treatment, which is generally limited to certain programs within the Department of Education, understates both assets and liabilities, and expenditures and revenues; however, there is no impact on net position or fund balance.

**Inventories**

Michigan Compiled Laws Section 30.407b requires the Michigan Department of Health and Human Services, subject to annual appropriation, to stockpile medical supplies that are necessary to respond to a state of disaster or a state of emergency. This inventory, which accounts for \$48.0 million of the State's inventories, is valued using the average cost method. Remaining inventories are generally valued at cost, primarily using the first-in, first-out flow method. Expenditures (governmental funds) and expenses (proprietary funds) are recognized using the consumption method (i.e., when used or sold).

**Investments**

Generally, investments are reported at fair value, consistent with the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB Statement No. 72, Fair Value Measurement and Application. Short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury obligations are reported at amortized cost. Additional disclosures describing investments are provided in Note 8.

**Securities Lending Collateral**

Securities on loan for cash collateral are reported in the Statement of Net Position. Liabilities resulting from the securities lending transactions are also reported. Additional disclosures describing securities lending transactions are provided in Note 8.

**Other Assets**

Other assets include receivables, prepaid expenditures, advances, and other types of assets not reported on other lines. Receivables are recorded net of an allowance for accounts estimated to be uncollectible.

The receivable for child support in arrears that is due to the Child Support Collection Fund, a custodial fiduciary fund, has not been recorded in the fund. All child support payments are processed by the Michigan State Disbursement Unit (MiSDU), a division of the Michigan Department of Health and Human Services, using the Michigan Child Support Enforcement System (MiCSES). The child support in arrears due to the fund was \$4.0 billion as of September 30, 2023. However, industry experience and studies indicate that most child support in arrears is not collectible and that income of the noncustodial parent and age of the arrears are key, among other factors, to determining the amounts that are collectible. MiCSES was designed as a case management system and, as a result, financial information to estimate the collectible portion of the child support in arrears for the financial statement date is not available. MiSDU is unable to use MiCSES data to age the child support in arrears balances that exist in the aggregate and does not have income data for the debtor. As a result, the collectible amount of child support in arrears due to the Child Support Collection Fund cannot be estimated and has not been recorded.

**Mortgages and Loans Receivable**

Mortgages and loans receivable are reported net of unamortized premiums, discounts, and allowances for possible losses.

**Capital Assets**

Capital assets, which include land, buildings, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, ramps, and similar items), are reported in the government-wide financial statements and applicable fund financial statements. Capital assets that are used for governmental activities are only reported in the government-wide financial statements. Capital assets are reported at historical cost or, if donated, at acquisition value. In some instances, capital asset historical costs were not available; therefore, the costs of these assets at the dates of acquisitions have been estimated.

Most capital assets are depreciated over their useful lives, using the straight-line depreciation method. However, the State's significant infrastructure assets utilize an alternative accounting treatment in which costs to maintain and preserve these assets are expensed and no depreciation expense is recorded. This approach is discussed further in the Required Supplementary Information portion of this report.

Additional disclosures related to capital assets and assets acquired through vendor financing arrangements are provided in Notes 9 and 12, respectively.

**Deferred Outflows of Resources**

Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period; they increase net position, similar to assets. Note 28 provides further detail on the components of deferred outflows of resources.

**Income Tax Refunds Payable**

The amount of collected or accrued personal income tax revenues that will be refunded is estimated and accrued as a General Fund liability. Note 16 more fully describes this liability.

**Prize Awards Payable**

The State Lottery Fund makes long-term prize awards for certain games, most notable the lotto games. At September 30, 2023, long-term prize awards of \$158.5 million were reported at a present value of \$117.5 million, using discount rates ranging from 1.7 to 6.5 percent.

Non-installment prize awards and the portion of long-term awards payable during the next fiscal year, totaling \$210.6 million, are included with "Accounts payable and other liabilities" on the Statement of Net Position.

**Unearned Revenue**

Unearned revenue is recognized when cash, receivables, or other assets are received prior to their being earned.

### **Long-Term Liabilities**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Long-term liabilities are more fully described in Notes 12, 13, 14, and 15.

### **Compensated Absences**

In the government-wide financial statements and proprietary fund financial statements, compensated absences are reported as liabilities as required by GASB.

Employees accumulate annual leave (vacation) balances to maximum amounts ranging from 296 to 356 hours. The maximum accumulation that may be paid off is 40 hours less than the total hours that may be accumulated. Employees receive a 100 percent termination payment upon separation based upon their final rate of pay. The liability for annual leave is recorded at the maximum accumulation amounts in accordance with GAAP, as it is probable that the State will compensate employees through paid time off, for the hours earned in excess of the total that may be paid off. The liability for annual leave is valued at 100 percent of the balance plus the State's share of social security and retirement contributions.

Employee sick leave balances accumulate without limit. Termination payments are made only upon separation from State service and only to employees hired prior to October 1, 1980. Payments at retirement or death are based on 50.0 percent of the employee's sick leave accumulation, times their last rate of pay. When separating for any other reason, employees are paid a percentage of their unused sick leave that increases from 0.0 to 50.0 percent, depending upon the balance of their sick leave hours. Sick leave is valued at 0.0 to 50.0 percent plus the State's share of social security contributions, based on the pay rates in effect as of September 30, 2023.

The State instituted a banked leave time program in fiscal year 2004 whereby eligible employees work a regular schedule but receive pay for a reduced number of hours. The banked leave time program was utilized in fiscal years 2005, 2006, and 2010.

The unpaid hours worked accrue to a banked leave time account. Upon an employee's separation, death, or retirement from State service, unused banked leave time hours shall be contributed by the State to the employee's account within the State of Michigan 401K Plans and, if applicable, to the State of Michigan 457 Plans. The banked leave liability is valued at the pay rates in effect as of September 30, 2023.

In the governmental fund financial statements, liabilities for compensated absences are accrued when they are considered "due and payable" and recorded in the fund only for separations or transfers that occur before year-end.

### **Deferred Inflows of Resources**

Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future period; they decrease net position, similar to liabilities. Note 28 provides further detail on the components of deferred inflows of resources.

### **Net Position/Fund Balance**

The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources is "Net Position" on the government-wide, proprietary, and fiduciary fund financial statements, and "Fund Balance" on governmental fund financial statements.

### **Fund Balance Classifications**

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the State is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form, such as inventories, prepaids, and long-term receivables, or legally or contractually required to be maintained intact.

Restricted fund balance includes amounts that are restricted when constraints placed on the use of the resources are either 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the State Legislature through legislation passed into law.

Assigned fund balance includes amounts that are constrained by the State's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance are created by the executive branch when criteria established by



the State Budget Office are met. In governmental funds other than the General Fund, assigned fund balance also represents the remaining amount that is not restricted or committed.

Unassigned fund balance is the residual classification for the General Fund and represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance also includes negative residual balances in other funds.

The State's policy is that restricted amounts are spent first when an expenditure is incurred for purposes for which both restricted or unrestricted (committed, assigned, or unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the intent is to use committed resources first, then assigned. Unassigned amounts are generally used only after the other resources have been used.

## ***Revenues and Expenditures/Expenses***

### **Government-Wide Financial Statements**

In the government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function (e.g., general government, education, transportation, etc.). Additionally, revenues are classified between program and general revenues. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

### **Interest on Long-Term Debt**

Interest charges on the State's general long-term liabilities do not qualify as a direct expense of a function and are reported on this line unless the borrowing is essential to the creation or continuing existence of a program. During fiscal year 2023, interest charges on general long-term liabilities totaling \$11.0 million were reported as functional expenses.

### **Fund Financial Statements**

In the governmental fund financial statements, revenues are reported by sources. For budgetary control purposes, revenues are further classified as either "general purpose" or "restricted." General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by State law or by outside restriction (e.g., federal grants), available only for specified purposes. When both general purpose and restricted funds are available for use, the State is required to use restricted resources first.

In the governmental fund financial statements, expenditures are reported by character: "Current," "Capital outlay," "Intergovernmental-revenue sharing," or "Debt service." Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Tax expenditures, which represent income tax credit programs that are in substance grants, are also reported as current expenditures. These are described in more detail in Note 16.

Capital outlay includes expenditures for capital assets. Intergovernmental-revenue sharing accounts for the distribution of certain tax revenues that are shared with local units based upon constitutional and statutory requirements. Debt service includes both interest and principal outlays related to bonds, vendor financing, and structured settlements.

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are subclassified by object (e.g., salaries, depreciation, and purchases for resale). Operating revenues and expenses generally result from providing services and producing and delivering goods. All other revenues and expenses are reported as nonoperating.

### **Other Financing Sources**

These additions to governmental fund balances in the fund financial statements include resources and financing provided by bond proceeds, vendors, and transfers.

### **Reimbursements**

Reimbursements result when a fund originally making a disbursement receives resources from another fund to which the expenditure/expense is more properly attributable. For example, the State uses this method when the administrative costs of proprietary funds, discretely presented component units, or pension (and other employee benefit) trust funds are appropriated in the General Fund.

### **Interfund Services Provided and Used**

When a sale or purchase of program-related goods and/or services between funds occurs for a price approximating their external exchange value, the seller reports revenue and the purchaser expenditure or expense, depending upon the fund type.

Transactions between the primary government and a discretely presented component unit are generally classified as revenues and expenses unless they represent repayments of loans or similar activities.

### **Other Financing Uses**

These reductions of governmental fund resources in fund financial statements normally result from transfers to other funds.

### **Interfund Activity and Balances**

#### **Interfund Activity**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are 1) activities between funds reported as governmental activities and funds reported as business-type activities (examples include the transfers of profits from the Liquor Purchase Revolving Fund to the General Fund and the State Lottery Fund to the School Aid Fund) and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column (examples include activities between the Department of Treasury [general government line] and the Department of Education [education line]). Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets (such as goods or cash) without equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. An example is gas taxes received by the Department of Transportation but expended by the Department of Natural Resources.

#### **Interfund Balances**

Interfund receivables and payables have been eliminated from the Statement of Net Position, except for the residual amounts due between governmental and business-type activities.

## **NOTE 2 – FUNDS AND COMPONENT UNITS BY CLASSIFICATION**

The following table lists all funds and component units whose balances are reflected in this financial report.

Operating funds which are subject to annual appropriation and for which budget and actual schedules are included in this report are identified by an “\*”. For each fund or component unit listed, the page number of the first financial statement for that fund or component unit is shown in parenthesis.

#### **Major Funds:**

##### **Governmental:**

General Fund\* (p. 40)  
School Aid Fund\* (p. 40)

##### **Proprietary:**

State Lottery Fund (p. 46)  
Michigan Unemployment Compensation Funds (p. 46)

#### **Non-Major Funds:**

##### **Governmental:**

##### **Special Revenue Funds:**

##### **Transportation Related:**

Michigan Transportation Fund\* (p. 206)  
Comprehensive Transportation Fund\* (p. 206)

##### **Regulatory and Administrative Related:**

Homeowner Construction Lien Recovery Fund\* (p. 222)  
Michigan Employment Security Act – Administration Fund\* (p. 222)  
Safety Education and Training Fund\* (p. 222)  
Second Injury Fund (p. 222)  
Self-Insurers’ Security Fund (p. 222)  
Silicosis, Dust Disease, and Logging Industry Compensation Fund (p. 223)  
State Construction Code Fund\* (p. 223)  
Utility Consumer Representation Fund (p. 223)  
Unemployment Obligation Trust Fund (p. 223)  
State Casino Gaming Fund\* (p. 223)

##### **Debt Service Funds:**

Combined State Trunkline Bond and Interest Redemption Fund (p. 240)  
Combined Comprehensive Transportation Bond and Interest Redemption Fund (p. 240)  
Recreation and Environmental Protection Bond Redemption Fund (p. 240)  
School Loan Bond Redemption Fund (p. 241)  
State Building Authority (p. 241)

##### **Conservation, Environment, and Recreation Related:**

Michigan Conservation and Recreation Legacy Fund\* (p. 212)  
Michigan Game and Fish Protection Trust Fund (p. 212)  
Michigan Nongame Fish and Wildlife Trust Fund\* (p. 213)  
Forest Development Fund\* (p. 213)  
Bottle Deposits Fund\* (p. 213)

##### **Other State Funds:**

21<sup>st</sup> Century Jobs Trust Fund\* (p. 232)  
Michigan Merit Award Trust Fund\* (p. 232)  
Children’s Trust Fund\* (p. 232)  
Military Family Relief Fund\* (p. 233)  
Community District Education Trust Fund\* (p. 233)  
Miscellaneous Special Revenue Funds (p. 233)

##### **Capital Projects Funds:**

State Trunkline Fund\* (p. 246)  
State Aeronautics Fund\* (p. 246)  
Combined State Trunkline Bond Proceeds Fund (p. 246)  
Combined Comprehensive Transportation Bond Proceeds Fund (p. 246)  
Transportation Related Trust Funds (p. 247)  
State Building Authority (p. 247)  
Advance Financing Funds (p. 247)

**Permanent Funds:**

Children with Special Needs Fund\* (p. 254)  
Michigan Natural Resources Trust Fund\* (p. 254)  
Michigan State Parks Endowment Fund\* (p. 254)  
Michigan Veterans' Trust Fund\* (p. 254)

**Proprietary:**

**Enterprise Funds:**

Attorney Discipline System (p. 260)  
Liquor Purchase Revolving Fund (p. 260)

**Internal Service Funds:**

Correctional Industries Revolving Fund (p. 264)  
State Sponsored Group Insurance Fund (p. 264)  
Information Technology Fund (p. 264)  
Office Services Revolving Fund (p. 265)  
Motor Transport Fund (p. 265)  
Risk Management Fund (p. 265)

**Fiduciary:**

**Pension (and Other Employee Benefit) Trust Funds:**

State of Michigan 457 Plans (p. 274)  
Legislative Pension Benefits Fund (p. 274)  
Legislative Other Postemployment Benefits Fund (p. 274)  
State Police Pension Benefits Fund (p. 274)  
State Police Other Postemployment Benefits Fund (p. 275)  
State Employees' Pension Benefits Fund (p. 275)  
State Employees' Other Postemployment Benefits Fund (p. 275)  
Public School Employees' Pension Benefits Fund (p. 275)  
Public School Employees' Other Postemployment Benefits Fund (p. 275)  
Judges' Pension Benefits Fund (p. 275)  
Judges' Other Postemployment Benefits Fund (p. 276)  
Military Pension Benefits Fund (p. 276)  
State of Michigan 401K Plans (p. 276)

**Private-Purpose Trust Funds:**

Michigan Education Savings Program (p. 282)  
Other Private-Purpose Trust Funds (p. 282)

**Custodial Funds:**

Insurance Carrier Deposits Fund (p. 286)  
City Income Tax – Trust Fund (p. 286)  
Child Support Collection Fund (p. 286)  
Escheats Fund (p. 287)  
Prisoner Accounts Fund (p. 287)  
Other Custodial Funds (p. 287)

**Discretely Presented Component Units:**

**Authorities:**

**Major Component Units:**

Michigan Finance Authority (p. 56)  
Michigan State Housing Development Authority (p. 56)  
Michigan Strategic Fund (p. 56)

**Non-Major Component Units:**

Farm Produce Insurance Authority (p. 294)  
Mackinac Bridge Authority (p. 294)  
Mackinac Island State Park Commission (p. 294)  
Michigan Early Childhood Investment Corporation (p. 294)  
Michigan Economic Development Corporation (p. 295)  
Michigan Education Trust (p. 295)  
Michigan Veterans' Facility Authority (p. 295)  
State Bar of Michigan (p. 295)  
State Land Bank Authority (p. 295)  
Venture Michigan Fund (p. 295)

**State Universities (1):**

**Major Component Units:**

Western Michigan University (p. 57)

**Non-Major Component Units:**

Central Michigan University (p. 300)  
Eastern Michigan University (p. 300)  
Ferris State University (p. 300)  
Grand Valley State University (p. 300)  
Lake Superior State University (p. 301)  
Michigan Technological University (p. 301)  
Northern Michigan University (p. 301)  
Oakland University (p. 301)  
Saginaw Valley State University (p. 301)

- (1) Michigan State University, the University of Michigan, and Wayne State University are not included in the State's reporting entity because they have separately elected governing boards and are legally separate from the State. The State provides significant funding to support these institutions; however, under Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, as amended, they are considered fiscally independent special-purpose governments.

## **NOTE 3 – BUDGETING, BUDGETARY CONTROL, AND LEGAL COMPLIANCE**

### **Major Constitutional and Statutory Provisions**

#### **Balanced Budget Requirements**

Article 5 of the State Constitution mandates that the executive budget recommend spending limits for operating funds to the Legislature that are within available resources. Compliance with this is demonstrated in the executive budget and budget bills for each fiscal year.

Article 4 of the State Constitution mandates the Legislature to enact appropriations for each operating fund that do not exceed that fund's revenue estimates, including beginning fund balance.

Compliance with this requirement is demonstrated in schedules included in the annual appropriation acts, usually the "General Government" appropriation act. When it appears that revenue will fall below the estimates on which the appropriations are based, the Governor is required to recommend spending reductions as necessary to avoid a year-end deficit.

#### **Local Spending Requirements**

Article 9, Section 30, of the State Constitution requires that State spending to, or on behalf of, local units of government shall not fall below a specified percentage of total State spending. The percentage, recalculated effective with fiscal year 1993, is 48.97 percent.

Final calculations establishing the State's compliance with this constitutional provision for fiscal year 2023 are not yet complete. For fiscal year 2022, the most recent year for which final calculations are available, the proportion of total State spending paid to local units of government was determined to be 53.8 percent, reflecting payments that exceeded the minimum required by \$1.7 billion. The State expects that payments to local units of government will exceed the minimum requirement for fiscal year 2023.

#### **Revenue Limits**

Article 9, Section 26, of the State Constitution restricts State revenues to a ceiling that is based upon revenues as a proportion of total personal income for the State. The base year ratio, determined in fiscal year 1979, in relation to calendar year 1977 personal income, is 9.49 percent. Both the constitutional language and implementing statutes provide for other adjustments to the revenue and personal income calculations. If revenues exceed the limit by 1.0 percent or more, the amount in excess must be refunded to personal income tax payers and payers of the State's Corporate Income Tax. If the limit is exceeded by an amount less than 1.0 percent, the excess may be deposited into the State's Budget Stabilization Fund. The calculations determining the State's compliance with this constitutional provision for fiscal year 2023 are not final. For fiscal year 2022, the most recent year for which final calculations are available, total State revenues subject to this limitation were beneath the constitutional limit by \$7.4 billion. The State expects that total State revenues subject to the limitation will not exceed the limit for fiscal year 2023.

#### **Budget Stabilization Fund**

The Counter-Cyclical Budget and Economic Stabilization Fund ("Budget Stabilization Fund" or "Rainy Day Fund") was created in 1977 to assist in stabilizing revenue during periods of economic recession. This fund currently operates under Sections 18.1351 - 18.1359 of the Michigan Compiled Laws (MCL), as amended. In general, the law requires payments into the fund when real economic growth exceeds 2.0 percent and allows withdrawals from the fund when real economic growth is less than 0.0 percent. The Counter-Cyclical Budget and Economic Stabilization Fund is accounted for as a subfund of the General Fund where its fund balance is committed.

The following table summarizes the transactions for the fund at September 30 (in millions):

Beginning committed fund balance	\$ 1,588.9
Interest income	73.9
Tobacco settlement proceeds	17.5
Deposits	100.0
Withdrawals	-
Ending committed fund balance	<u>\$ 1,780.3</u>

During fiscal year 2014, \$194.8 million was transferred to the Michigan Settlement Administration Authority to support the Detroit bankruptcy settlement in accordance with MCL Section 141.1608 and MCL Section 12.257(6) was amended to require \$17.5 million annually from tobacco settlement funds to be deposited in the Budget Stabilization Fund through fiscal year 2035.

#### **School Aid Fund Budgetary Provisions**

The School Aid Countercyclical Budget and Foundation Stabilization Fund was created in 2023 as a separate account within the School Aid Fund to support the long-term financial stability of the State's public education system. The fund currently operates under MCL Section 388.1611z. The law allows funds to be deposited into the School Aid Fund from the fund to avoid

**Michigan**  
**Notes to the Financial Statements**

or reduce prorated school aid payment reductions under MCL Section 388.1896 or to avoid a year-over-year reduction in School Aid Fund revenue. In addition, amounts in the fund may be expended with a specific appropriation.

The following table summarizes the transactions for the fund at September 30 (in millions):

Beginning restricted fund balance	\$ -
Interest income	2.7
Deposits	450.0
Withdrawals	-
Ending restricted fund balance	<u>\$ 452.7</u>

The School Aid Stabilization Fund is a separate account within the School Aid Fund created under MCL Section 388.1611a. Any unexpended or unencumbered State School Aid Fund revenue is deposited into this fund at the end of each fiscal year. The amounts accumulated in this fund are carried forward and shall be expended only for purposes for which State school aid money may be expended. The School Aid Stabilization Fund ending restricted fund balance is \$2.2 billion for fiscal year 2023.

**Budgetary Overexpenditures**

In the event that expenditures exceed authorization during a year, the State department must request a supplemental appropriation for the amount overspent, if that amount exceeds their lapses or if they expect to make payments from prior year authorization in the next fiscal year. There were no net overexpenditures or line-item overexpenditures, by State departments, during the year.

**NOTE 4 – ACCOUNTING CHANGES AND RESTATEMENTS**

***Restatement of Fund Balance, Fund Net Position, and Government-wide Net Position***

During fiscal year 2023, changes in accounting principles and error corrections resulted in restatements to beginning fund net position as follows (in millions):

	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
	Internal Service Funds	Pension (and Other Employee Benefit) Trust Funds
September 30, 2022, as previously reported	\$ (273.6)	\$ 101,269.0
Implementation of GASB Statement No. 96	(35.9)	-
Correction of Prior Year Errors:		
Accounts payable	-	39.2
September 30, 2022, as restated	<u>\$ (309.5)</u>	<u>\$ 101,308.2</u>

During fiscal year 2023, changes in accounting principles and error corrections resulted in restatements to beginning government-wide net position as follows (in millions):

	Governmental Activities	Total Primary Government	Discretely Presented Component Units
September 30, 2022, as previously reported	\$ 30,404.0	\$ 32,137.0	\$ 12,765.1
Implementation of GASB Statement No. 96	(35.9)	(35.9)	3.1
Correction of Prior Year Errors:			
Leases	1.4	1.4	-
Michigan Economic Development Corporation	-	-	(29.6)
Michigan Strategic Fund	-	-	29.5
September 30, 2022, as restated	<u>\$ 30,369.5</u>	<u>\$ 32,102.5</u>	<u>\$ 12,768.1</u>

### ***Changes in Accounting Principles***

#### **Implementation of GASB Statement No. 94**

Governmental Accounting Standards Board (GASB) Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, defines and provides uniform guidance for public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs). The Statement generally requires an operator to recognize a liability for installment payments and an intangible right-to-use asset and generally requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources for a PPP. The Statement requires a government to account for an APA as a financed purchase of an asset or an outflow of resources in the period or periods to which APA payments relate, consistent with existing guidance for financed purchases and payment for services. Due to the implementation of GASB Statement No. 94, a receivable for installment payments and a deferred inflow of resources were recognized for a few PPPs that were reported together with leases in the State's financial statements because the amounts were immaterial and the accounting treatment is similar. The recognition of a liability for installment payments and deferred inflows of resources for these PPPs did not result in a restatement of net position.

#### **Implementation of GASB Statement No. 96**

Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use a vendor's information technology (IT) software, alone or in combination with tangible IT capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The Statement requires the subscription holder to recognize a subscription liability and an intangible right-to-use asset. Due to the implementation of GASB Statement No. 96, subscription liabilities and intangible right-to-use subscription assets were recognized for SBITAs using the facts and circumstances that existed at the beginning of the fiscal year. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, Leases, and are presented in the existing capital asset categories. The measurement of these subscriptions resulted in the restatement of the State's financial statements.

### ***Correction of Prior Year Errors***

#### **Leases**

During the implementation of GASB Statement No. 87 in the prior fiscal year, there were errors in the application of the State's methodology for estimating nonlease components in lease contracts. These errors resulted in a \$16.1 million overstatement of lease liabilities and lease assets and a \$1.4 million overstatement of accumulated depreciation in the previous fiscal year. The nonlease components of each lease were remeasured during the fiscal year which resulted in the restatement of lease liability and fixed asset beginning balances and beginning net position.

#### **Accounts Payable**

The State Employees' Other Postemployment Benefits Fund, a pension (and other employee benefit) trust fund, increased its beginning net position by \$39.2 million to correct a prior fiscal year overstatement of accounts payable balances related to healthcare benefit claims.

#### **Michigan Economic Development Corporation**

The Michigan Economic Development Corporation, a discretely presented component unit, decreased its net position by \$29.6 million to correct errors related to various prior period adjustments.

#### **Michigan Strategic Fund**

The Michigan Strategic Fund, a discretely presented component unit, increased its net position by \$29.5 million to correct errors related to various prior period adjustments.

## **NOTE 5 – TREASURER'S COMMON CASH**

### ***General Accounting Policies***

The State Treasurer (Treasurer) manages the State's Common Cash pool, which is used by most State funds. The pooling of cash allows the Treasurer to invest monies not needed to pay immediate obligations so that investment earnings on available cash are maximized. Investments of the pool are not segregated by fund; rather, each contributing fund's balance is treated as equity in the pool and presented in this report as "Equity in common cash." Many funds, including pension (and other employee benefit) trust funds, use their equity in the pool as a short-term investment vehicle.

All negative balances in the pool are reclassified at year-end as interfund liabilities. If the negative balance is considered long-term, the reclassification is recorded as an advance.

Statute or administrative policy determines whether a fund receives or pays interest on its balances in the pool. If a fund does not receive or pay interest, the General Fund receives or absorbs such amounts. The Treasurer has placed a "cap," or limit, on the amount of interest that can be earned by some State funds. These "capped" funds are limited to a maximum rate determined by the Treasurer. For the remaining "uncapped" funds, earnings on positive balances and charges on negative balances are allocated

**Michigan**  
**Notes to the Financial Statements**

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quarterly based upon the average daily balances of the various funds and the average investment earnings rate for the quarter. Accrued earnings of the pool are recorded as assets, with the accrual allocated to the various funds' equity in the pool.

Interest revenues on positive balances and interest charges on negative balances are reflected as revenues or expenditures/expenses of each of the participating funds.

**Investments and Deposits**

The investment authority for the Common Cash pool is found in Sections 21.141 - 21.147 of the Michigan Compiled Laws (MCL). The Treasurer may invest surplus funds belonging to the State in bonds, notes, and other evidences of indebtedness of the United States Government and its agencies and in prime commercial paper. Certificates of deposit are permitted in financial institutions whose principal office is located in the State.

The Treasurer invests excess cash in short-term investments or cash equivalents. The law does not prohibit the Treasurer from entering into repurchase agreements; however, the Treasurer did not use these agreements in managing the pool in fiscal year 2023.

Statutes provide for certain special State investment programs for which the General Fund is credited (charged) for earnings in excess of (under) those achieved by regular pool investments. To date, these programs have not resulted in any principal losses.

**Emergency Financial Assistance Loan Program:** This program provides for emergency loans to local units of government and is the most significant of the special investment programs. The Local Emergency Financial Assistance Loan Board, established by MCL Section 141.932, administers the program.

Loan authorization limits are established in MCL Section 141.933. For fiscal years beginning after September 30, 2018, the board may authorize loans to municipalities that total up to \$10.0 million in a fiscal year, but a loan to a single municipality shall not exceed \$4.0 million in that fiscal year.

In fiscal year 2000, the Local Emergency Financial Assistance Loan Board was authorized to approve the lending of up to \$159.9 million to Wayne County (County) to finance the payment of certain obligations to the State. The outstanding balance at September 30, 2023, was \$53.1 million. The interest rate is reset July 1 of each year in accordance with the loan agreement. Effective November 1, 2009, the Wayne County emergency loan was reclassified from an interest-bearing loan to a zero percent loan.

The change in interest terms for the loan will be in effect until the debt obligations for the Detroit Regional Convention Facility Authority are retired, or 2039, whichever comes first. Loan repayments by the County are supported by provisions of the loan agreement and legislation that pledge the County's share of a portion of the State taxes collected on cigarette sales. No principal repayments were made on the loan in fiscal year 2023.

In fiscal year 2016, the Local Emergency Financial Assistance Loan Board authorized the lending of \$150.0 million to the School District of the City of Detroit to finance the transitional operating cost of the School District of the City of Detroit to the new district, the Detroit Public Schools Community District, in accordance with MCL Section 380.12b. The note bears a 1.2 percent per annum interest rate that may be adjusted by the Local Emergency Financial Assistance Loan Board. Interest payments are due every six months starting in September 2016 with principal payments starting September 2022. The note will be paid off by 2026.

Assets and equities of the Common Cash pool as of September 30 were as follows (in millions):

<b>Assets</b>	
Demand deposits	\$ 493.4
Prime commercial paper - at cost	29,079.8
Interest receivable	175.1
Emergency loans to local units - at cost	225.5
Total Assets	<u>\$ 29,973.8</u>
<b>Equities</b>	
Fund equities (net) in common cash:	
Governmental activities	\$ 25,722.7
Business-type activities	248.3
Fiduciary funds	875.7
Discretely presented component units	3,127.1
Net Fund Equities	<u>\$ 29,973.8</u>

Negative equity balances in the pool are reclassified at year-end as interfund receivables and liabilities. Current balances are included with "Amounts due from other funds" and "Amounts due to other funds," and long-term amounts are classified as interfund advances. Note 19 summarizes interfund receivables and liabilities.

The following paragraphs provide disclosures about deposits and investments of the Common Cash pool, as required by Governmental Accounting Standards Board (GASB) Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements as amended by GASB Statement No. 40, Deposit and Investment Risk Disclosures. Please see Note 8 for information about deposits and investments that are not part of the Common Cash pool.

### **Common Cash Deposits**

#### **Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the State's deposits may not be recovered.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

Uncollateralized

Collateralized with securities held by the pledging financial institution, or

Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

The Treasurer's policy requires the following criteria to lessen custodial credit risk: all financial institutions holding the State's money must pledge collateral equal to the amount of the account balance for all demand and time deposits to secure the State's funds; a bank, savings and loan association, or credit union holding State funds must be organized under the laws of Michigan or federal law and maintain a principal office or branch office in the State of Michigan; and no deposit in any financial organization may be in excess of 50.0 percent of the net worth of the organization.

At September 30, 2023, the carrying amount of deposits, including time and demand deposits, was \$493.4 million. The deposits were reflected in the accounts of the banks at \$699.0 million with checks outstanding of \$205.6 million. Of the bank balance, \$4.2 million was covered by federal depository insurance, and \$694.4 million was collateralized with securities held by the State's agent in the State's name. There were demand deposits of \$0.4 million exposed to custodial credit risk that were uninsured and uncollateralized. Of the \$699.0 million bank balance, compensating balances kept in demand deposit accounts to avoid or offset service charges were \$681.1 million at September 30, 2023.

#### **Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of deposits.

MCL Section 487.714 requires State deposits be held in a financial institution which maintains a principal office or branch office located in the State. The State had no Common Cash deposits subject to foreign currency risk at September 30, 2023.

### **Common Cash Investments**

#### **Types of Investments**

Common Cash investments include prime commercial paper, certificates of deposit, and emergency municipal loans.

#### **Risk**

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them. Custodial credit risk, credit risk, and interest rate risk are discussed in the following paragraphs.

#### **Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either:

The counterparty, or

The counterparty's trust department or agent but not in the government's name.

The Treasurer does not have an investment policy for managing custodial credit risk. At September 30, 2023, Common Cash investments were not exposed to custodial credit risk.

#### **Credit Risk**

Credit risk is the risk that an issuer or another counterparty to an investment will not fulfill its obligations.



Prime commercial paper investments must be rated within one of the two highest ratings classifications ("1" or "2") at the time of purchase from not less than two of the nationally recognized ratings organizations specified in MCL 38.1132d. Borrowers must have at least \$400.0 million in commercial paper outstanding, and the Treasurer may not invest in more than 10.0 percent of the borrower's outstanding debt.

Emergency municipal loans are evidenced by unrated notes held by the State in the State's name. At September 30, 2023, prime commercial paper investments were rated at A-1, P-1, A-2, or P-2.

#### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The Treasurer's policy states that cash equivalents are invested in short-term fixed income securities with an average weighted maturity of less than one year to provide liquidity and safety of principal from capital market and default risk. At September 30, 2023, the fair value of cash equivalents was \$29.3 billion; the weighted average maturity was 54 days.

The Treasurer does not have a policy for controlling interest rate risk regarding the Common Cash special loan programs described earlier. These loan programs are investments created through legislation. Although some interest rate risk exposure exists, this risk is not a consideration when entering into these loan programs.

## **NOTE 6 – TAXES RECEIVABLE**

Taxes receivable represent amounts due to the State at September 30, 2023, for revenues earned during the fiscal year that will be collected sometime in the future. Amounts expected to be collected in the next fiscal year are classified as "current" and amounts expected to be collected beyond the next fiscal year are classified as "noncurrent." The receivables have been recorded net of allowances for uncollectibles.

Sales, use, Michigan business, and income taxes are accrued to the extent that the related sales, wage, or activity being taxed occurred prior to October 1. Property taxes are accrued if the levy date occurred prior to October 1.

Local units of government, as agents for the State, assess the State Education Tax (SET), which is a statewide property tax. The SET is levied on July 1 and is due and payable at the same time as local unit taxes levied on July 1. The State accrues SET revenue received by the State or the local units, on its behalf, during October and November. Insurance provider assessment (IPA) taxes are assessed in June annually. Four equal quarterly payment amounts are due July 30, October 30, January 30, and April 30 for each assessment. The State accrues IPA revenue received during October and November. The accrued telephone and telegraph taxes are due December 1 and were received at approximately that time.

In the government-wide financial statements, a corresponding amount is recorded as revenue using the accrual basis of accounting. In the governmental fund financial statements, revenue is recorded using the modified accrual basis of accounting for amounts due to the State at September 30 (as stated above), that are considered "available" (i.e., received by the State within approximately 60 days after that date). Delinquent taxes are recognized to the extent that they are collected within 12 months. The remainder is recorded as a deferred inflow of resources.

Effective January 1, 2008, the State replaced the Single Business Tax (SBT) with the Michigan Business Tax (MBT). Effective January 1, 2012, MBT was replaced by the Corporate Income Tax (CIT). A small number of taxpayers with certificated credits may continue to file under the MBT provisions until their credits expire.

Effective December 6, 2018, the State legalized the cultivation and sale of marihuana and industrial hemp for personal possession and use of marihuana by persons 21 years of age or older. An excise tax is imposed on each marihuana retailer and on each marihuana microbusiness at the rate of 10.0 percent of the sales price for marihuana sold or otherwise transferred to anyone other than a marihuana establishment. Effective January 1, 2021, the Michigan flow-through entity (FTE) tax is levied on certain electing entities with business activity in Michigan. FTE tax is elected and levied on the Michigan portion of the positive business income tax base of an FTE and allows that entity to pay tax on certain income at the individual income tax rate. If this election is made and the tax is paid by the entity, members of the entity are eligible to receive a refundable income tax credit. Because these are new taxes, historical data is not available to accurately estimate a potential tax receivable beyond the 60-day period. Therefore, the accrual and related revenue expected to be collected beyond the 60-day period is not measurable and has not been recorded in this fiscal year.

**Michigan**  
**Notes to the Financial Statements**

Taxes receivable as of September 30 consisted of the following (in millions):

<u>Tax</u>	General Fund	Other Governmental Funds	Total
Sales and use	\$ 684.8	\$ 1,246.3	\$ 1,931.0
Individual income	3,493.8	582.3	4,076.1
Flow-through entity	27.7	6.4	34.1
SBT/MBT/CIT	1,325.4	-	1,325.4
State education (property)	-	1,742.3	1,742.3
Telephone & telegraph	15.7	-	15.7
Motor fuel	-	196.5	196.5
Insurance - retaliatory	444.1	-	444.1
Tobacco products	46.8	23.7	70.4
Quality assurance assessment	298.9	-	298.9
Insurance provider assessment	160.1	-	160.1
Marihuana excise	83.4	-	83.4
Other	49.7	16.8	66.5
Penalties and interest	723.7	-	723.7
Gross taxes receivable	7,353.9	3,814.2	11,168.2
Less allowances for uncollectibles	(1,799.0)	(574.7)	(2,373.7)
Total taxes receivable (net)	<u>\$ 5,554.9</u>	<u>\$ 3,239.6</u>	<u>\$ 8,794.5</u>
<u>As reported on the Statement of Net Position</u>			
Current taxes, interest, and penalties receivable	\$ 5,089.6	\$ 3,132.1	\$ 8,221.7
Noncurrent taxes, interest, and penalties receivable	465.3	107.5	572.7
Total taxes, interest, and penalties receivable	<u>\$ 5,554.9</u>	<u>\$ 3,239.6</u>	<u>\$ 8,794.5</u>

## NOTE 7 – JOINT VENTURES

The State participates in two joint ventures as described below. Joint ventures are not reflected as component units within this report because they do not meet the generally accepted accounting principles criteria for inclusion. Their separately issued financial statements may be obtained by directly contacting the applicable organizations. To obtain their phone numbers, you may contact the State Budget Office, Office of Financial Management, at (517) 241-4010.

### ***Great Lakes Protection Fund***

The Great Lakes Protection Fund (GLPF) is a not-for-profit corporation located in Evanston, Illinois. Its mission is to identify, demonstrate, and promote regional action to enhance the health of the Great Lakes basin ecosystem. Seven of the states bordering the Great Lakes became members by making a required contribution to the GLPF endowment.

Contribution requirements were established in 1989 based upon water consumption and usage. State contributions to the endowment are permanently restricted and cannot be disbursed. Of the seven states, Michigan is the largest contributor at \$25.0 million, or 30.9 percent, of the total \$81.0 million endowment. Michigan made its required contribution by issuing GLPF a general obligation bond authorized as part of the State's environmental protection bond program. No additional contributions from Michigan will be required.

The governor of each of the seven member states appoints two representatives to GLPF's board of directors. Directors control the investment of the endowment, finance and budgeting operations (within the requirements of the Articles of Incorporation), and they determine how to use net earnings to support GLPF's mission. Two-thirds of the net earnings of the endowment (after operating expenses) are available for grants. One-third of the net earnings is returned to the seven member states, proportional to their original contributions, to support local projects. The State's equity interest in GLPF of \$25.0 million is reflected as an asset in the government-wide financial statements.

### ***Sault Ste. Marie Bridge Authority***

The International Bridge in Sault Ste. Marie, Michigan is a joint venture of the State and Canadian governments. Sault Ste. Marie Bridge Authority (SSMBA) consists of eight people, four appointed by each government. SSMBA oversees the operations and maintenance of the Bridge. The International Bridge Administration, an administrative entity within the Michigan Department of Transportation, is responsible for the day-to-day operations of the Bridge. SSMBA reimburses the State for costs incurred to provide these services.

For the period ending December 31, 2022 (SSMBA's most recently audited financial statements), its net position increased by approximately \$1.1 million. The Bridge and one-half of the ancillary assets on Michigan's side of the Bridge, one-half of the joint

funds not required to pay liabilities, and all funds reserved for capital projects on the Michigan half of the Bridge represent the State's equity interest. The State is obligated to pay one-half of any claims incurred by SSMBA that are not covered by insurance or existing resources. The State's equity interest of \$10.0 million is reflected as an asset in the government-wide financial statements.

## **NOTE 8 – DEPOSITS AND INVESTMENTS**

This note provides information for all deposits and investments except those of the Common Cash pool, which are described in Note 5.

### ***Deposits – Primary Government***

#### **Custodial Credit Risk**

In addition to equity in the Common Cash pool, some State funds maintain deposits with financial institutions. At present, only the Michigan Unemployment Compensation Funds (MUCF), the Attorney Discipline System (ADS), and the Michigan Education Savings Program (MESP) maintain these deposits and are potentially exposed to custodial credit risk.

The Unemployment Insurance Agency administers, under the auspices of the federal government, the deposits of the MUCF. Tax collections are deposited in a clearing account as required by the Michigan Employment Security Act. Refunds are paid from that account; after the clearance of vouchers for refunds, all other money remaining in the fund, less amounts needed for refunds and judgments, must be deposited with the Secretary of the Treasury of the United States of America to the credit of the State in the Unemployment Trust Fund, established and maintained pursuant to Section 904 of the Social Security Act, 42 USC 1104. These deposits are maintained in the Federal Reserve Bank. At year-end, the carrying amount of these deposits, reported as cash in the Statement of Net Position, was \$139.0 million. The bank balance of the deposits was \$144.2 million. Of the bank balance, \$0.8 million was covered by depository insurance and \$143.5 million was collateralized. Amounts reported as Cash on Deposit with Fiscal Agent, totaling \$2.3 billion, represent MUCF's interest in a U.S. Treasury trust fund managed by the Secretary of the Treasury pursuant to Title IX of the Social Security Act, which includes deposits from the unemployment compensation funds of various states. MUCF is credited quarterly with trust fund investment earnings, as computed on a daily basis.

The bank deposits of the ADS were \$205.0 thousand; these deposits were covered by Federal Deposit Insurance Corporation insurance or were collateralized. ADS has no policy to address custodial credit risk. It assesses financial institutions' risk levels; only those with acceptable levels of risk are used as depositories.

The deposits of the MESP were reflected in bank accounts at \$443.6 thousand. These deposits were covered up to applicable limits of depository insurance. Deposits in excess of depository insurance limits are not collateralized or subject to supplemental insurance. The level of risk for each financial institution is evaluated and assessed; only those with an acceptable estimated risk level are used as depositories. MESP has no other policy for controlling this risk.

**Michigan**  
**Notes to the Financial Statements**

**Investments – Primary Government**

The following table shows the carrying amounts and fair values of investments of the primary government by investment type and in total at September 30:

Primary Government Total Investments (In millions)				
Investment Types	Retirement Systems	Deferred Compensation/ Defined Contribution Funds	Other Funds	Total
Commercial paper	\$ 4,588.1	\$ -	\$ -	\$ 4,588.1
Other short-term	64.7	-	4.2	68.8
Separate accounts	-	2,336.7	-	2,336.7
Absolute return	10,027.8	-	-	10,027.8
Fixed income	8,454.6	-	540.2	8,994.9
Mutual funds	55.7	1,047.2	6,674.4	7,777.4
Pooled investment funds	-	9,115.7	-	9,115.7
Equities	17,841.2	-	0.8	17,842.0
Funding agreements	-	-	1,684.1	1,684.1
International	12,325.0	-	129.8	12,454.8
Real estate	9,781.2	-	96.2	9,877.4
Private equity	22,716.6	-	446.2	23,162.8
Real return and opportunistic	10,329.4	-	-	10,329.4
Accrued income	80.2	-	-	80.2
Unsettled investments	122.8	-	-	122.8
Total	<u>\$ 96,387.3</u>	<u>\$ 12,499.6</u>	<u>\$ 9,576.0</u>	<u>\$ 118,462.9</u>

As reported on the Statement of Net Position

Current investments	\$ 17.6
Noncurrent investments	1,465.8
Total investments	<u>\$ 1,483.4</u>

As reported on the Statement of Net Position and Statement of Fiduciary Net Position

	Current Investments	Noncurrent Investments	Total
Governmental activities	\$ -	\$ 1,351.9	\$ 1,351.9
Business-type activities	17.6	114.0	131.5
Fiduciary funds	3,766.4	113,213.1	116,979.5
Total investments	<u>\$ 3,784.0</u>	<u>\$ 114,678.9</u>	<u>\$ 118,462.9</u>

**Authority**

Investment authority for the State's pension (and other employee benefit) trust funds is found in Michigan Compiled Laws (MCL) Section 38.1133. This law allows the State of Michigan Investment Board, as investment fiduciary, to make diverse investments in stocks, corporate and government bonds and notes, mortgages, real estate, venture capital, and other investments. The law has prudence standards and requires that the assets of a retirement system shall: be invested solely in the interest of the participants and beneficiaries; be made for the exclusive purpose of providing benefits to the participants and the participants' beneficiaries; and defray reasonable expenses of investing the assets of the State system.

The investment authority for other State funds is found in their enabling statutes and/or their bond resolutions where applicable. Except as noted below, the investments of the non-pension (and other employee benefit) trust funds are comprised mostly of United States government securities.

The State Building Authority makes diverse investments as allowed by State statute and/or bond resolutions.

The deferred compensation plans are invested in mutual funds, U.S. Treasury strips, money market funds, and pooled investment funds. During fiscal year 2023, the deferred compensation plans' investment activities were managed by a private investment firm, which invests as directed by members of the plan.

### **Derivative Instruments**

The State of Michigan Investment Board (the Board) employs the use of derivative instruments in the investment of the pension (and other employee benefit) trust funds.

Derivative instruments are used in managing the trust fund portfolios but uses do not include speculation or leverage of investments. State investment statutes limit total derivative instrument exposure to 15.0 percent of a fund's total asset value and restrict uses to replication of returns and hedging of assets. Swap agreements represent the largest category of derivative instrument investments subject to this limitation. Option and future contracts traded daily on an exchange and settling in cash daily or having a limited and fully defined risk profile at an identified, fixed cost are not subject to the derivative instrument exposure limitation. Less than 15.0 percent of the total trust funds' portfolio has been invested from time to time in future contracts, swap agreements, structured notes, option contracts and forward contracts. The derivative instrument fair values are reported on the Statement of Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position as of September 30, 2023, in their respective investment pool's fair value. Derivative instrument net increase and decrease are reported on the Statement of Changes in Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position for fiscal year ended September 30, 2023, under "investment income (loss)," in "Net increase (decrease) in fair value of investments." Bond interest, swap payments, and dividends are reported under "Investment income (loss)," in "Interest, dividends, and other."

To diversify the trust funds' portfolio, the Board will enter into international swap agreements with investment grade counterparties, which are tied to stock market indices in approximately 46 foreign countries. Generally, the notional amount of equity swaps tied to foreign stock market indices is executed via a net total return U.S. Dollar (USD) index. The swap agreements provide that the retirement systems will pay quarterly or at maturity over the term of the swap agreements, interest indexed to the Secured Overnight Financing Rate (SOFR) or the U.S. Federal Funds Rate, adjusted for an interest rate spread, on the notional amount stated in the agreements. International equity swap agreement maturity dates range from October 2023 to June 2024. U.S. Treasury Bonds, U.S. Corporate Bonds and other public market fixed income securities, as well as other investments are held to correspond with the notional amount of the international swap agreements. The value of the international synthetic equity structures is a combination of the value of the swap agreements and the value of the notes and other investments in the collateral portfolio. The book value represents the cost of the bonds, notes, and other investments. The current value represents the current value of the bonds, notes, and other investments and the change in value of the underlying indices from the inception of the swap agreements. The current value is used as a representation of the fair value based on the intention to hold all swap agreements until maturity. At the maturity of the swap agreements, the trust funds will either receive the increase in the value of the equity indices from the level at the inception of the agreements or pay the decrease in the value of the indices. U.S. Treasuries, cash, publicly traded fixed income investments and private market investments are held in the collateral portfolio to correspond with the notional amount of the swap agreements. The combined swap structure generally realizes gains and losses on a rolling basis.

To reduce the risk in the fixed income and international equity portfolios, the Board has entered into foreign exchange (FX) swap agreements, interest rate swap agreements and credit default swap agreements with investment grade counterparties. The FX swap agreements are tied to foreign currency forward exchange rates and are used to reduce the currency risk with the fixed income portfolio. The swap agreements are entered into on an as-needed basis and are generally tied to the maturity of a foreign government bond indenture denominated in a foreign currency. The purpose of the FX swap agreement that has a final maturity date of less than three months is to reduce or eliminate the currency risk on foreign bond transactions. Interest rate swaps are used to adjust interest rate and yield curve exposures and substitute for physical securities. Long swap positions that receive fixed rate, increase exposure to long-term interest rates; short swap positions that pay fixed rate, decrease exposure. Credit default swaps (CDS) are used to manage credit exposure without buying or selling securities outright. Written CDS increase credit exposure (selling protection) obligating the portfolio to buy bonds from counterparties in the event of a default. Purchased CDS decrease exposure (buying protection) providing the right to "Put" bonds to the counterparty in the event of a default.

Counterparty credit risk is the maximum loss amount that would be incurred if the counterparties to the derivative instrument failed to perform according to the terms of the contract, without respect to any collateral or other security, or netting arrangement. For the Over-The-Counter (OTC) derivative instrument investments, the retirement systems held collateral of \$66.9 million in cash deposits and \$2.1 million in securities on behalf of counterparties. Collateral securities in the amount of \$14.3 million were held on behalf of the system by counterparties.

Traded bond future contracts are used to manage duration, yield curve exposure, adjust interest rate exposures and replicate bond positions.

To enhance returns while limiting downside risk, the Board traded equity options in single securities and on indices in the Large Cap Core and All Cap Growth at a Reasonable Price (GARP) funds. Attractively priced equity options were used for the purpose of stock replacement in order to drive excess returns over the S&P 500, as well as to provide added exposure to strong equity markets while limiting principal at risk. Put options are used to protect against large negative moves in the market indices. Options traded by the Board in the Fixed Income and International Equity pools are used to manage interest rate and volatility exposures. Written options generate income in expected interest rate scenarios and may generate capital losses if unexpected interest rate environments are realized. Both written and purchased options will become worthless at expiration if the underlying instrument does not reach the strike price of the option. However, purchased options are often sold well before expiration in order to lock in profits at prices well below listed strike prices, and thereby generate consistent returns.

**Michigan**  
**Notes to the Financial Statements**

Additional details about derivative instrument investments are included in the following table:

Pension (and Other Employee Benefit) Trust Funds Derivative Instrument Investments (In millions)							
Investment & Investment Type	Objective	% of Fair Value	Notional Value	Investments At Fair Value*	Net Increase (Decrease) In Fair Value**	Investment Income Gain (Loss)	Fair Value Subject to Credit Risk
Future contracts - fixed income and international	Enhance management flexibility, manage duration, yield curve and credit exposure.	0.0%	\$ 45.9	\$ (0.1)	\$ 2.2	\$ -	\$ -
Options - equity, international and fixed income	Use on single securities to provide downside protection, enhance current income, and to manage interest rate and volatility exposures.	0.5	75,742.6	509.7	484.1	-	-
Swap agreements - international equity investments and fixed income	Diversify the trust funds' portfolio by entering into swap agreements that are tied to stock market indices.	1.8	3,225.7	1,721.7	690.2	(132.0)	24.0
Totals			<u>\$ 79,014.2</u>	<u>\$ 2,231.2</u>	<u>\$ 1,176.5</u>	<u>\$ (132.0)</u>	<u>\$ 24.0</u>

\* Located in Statement of Fiduciary Net Position - Investments at Fair Value

\*\* Located in Net increase (decrease) in fair value of investments - Statement of Changes in Fiduciary Net Position

#### Investment Pools

In July 2004, five State retirement systems' (i.e., State Employees', State Police, Public School Employees', Judges' and Military) investments were converted to an investment pool structure. A pro rata share of the entire pool represents each system's ownership of a portion of the investments in the State's pool.

#### Repurchase Agreements

As a matter of administrative policy, the State Treasurer makes only limited use of investments in repurchase agreements. No such investments were outstanding at year-end.

#### Risk

Governmental Accounting Standards Board (GASB) Statement No. 40, Deposit and Investment Risk Disclosures, requires certain disclosures regarding policies and practices with respect to the risks associated with investments. The custodial credit risk, credit risk, interest rate risk, foreign currency risk and concentration of credit risk are discussed in the following paragraphs.

#### Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either the counterparty, or the counterparty's trust department or agent, but not in the government's name. The State Treasurer does not have a policy for limiting custodial credit risk. As of September 30, 2023, there were no securities exposed to custodial credit risk.

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Short-term investments for the pension funds are in prime commercial paper and follow the same policy described in Note 5 for this type of investment. The ratings at September 30, 2023, are included in the debt investments table.

Investment grade and noninvestment grade securities may be acquired in compliance with parameters set forth in MCL Sections 38.1132 – 38.1141, and the State Treasurer's investment policy. Law defines investment grade as investments in the top four major grades, rated by two national rating services, S&P (AAA, AA, A, BBB) and Moody's (Aaa, Aa, A, Baa). At September 30, 2023, the system was in compliance with the policy in all material aspects. The primary government's debt investments as of September 30, 2023, are presented in the following table. Note that securities backed by the full faith and credit of the United States government are excluded.

**Michigan**  
Notes to the Financial Statements

Debt Investments (In millions)				
Investment Type	Fair Value	Rating S & P	Fair Value	Rating Moody's
Pension (and Other Employee Benefit) Trust Funds:				
Retirement Systems:				
Commercial paper	\$ 4,364.9	A-1	\$ 4,315.3	P-1
	96.9	A-2	72.1	P-2
	-	Unrated	74.4	Unrated
Money Market	126.8	AAA	126.8	Aaa
Government securities				
U.S. agencies - sponsored	0.5	AAA	-	Aaa
	928.3	AA	928.8	Aa
Fixed Income Exchange Trade Funds	421.3	Unrated	421.3	Unrated
Corporate bonds & notes				
	117.9	AAA	341.0	Aaa
	234.3	AA	190.5	Aa
	424.2	A	536.7	A
	1,006.2	BBB	798.3	Baa
	288.4	BB	262.6	Ba
	139.9	B	206.5	B
	60.3	CCC	85.0	Caa
	43.5	CC	60.8	Ca
	-	C	10.7	C
	14.5	D	-	D
	1,952.3	Unrated	1,789.4	Unrated
Mutual Funds*	13.5	BB	-	Ba
	184.0	Unrated	197.5	Unrated
Total	10,417.6		10,417.6	
Deferred Compensation/Defined Contribution:				
Common trust funds				
	1,067.8	AA- to A+	1,067.8	Unavailable
	279.1	A-1 to A-1+	279.1	Unavailable
	41.5	B- to AAA	41.5	Unavailable
Stable Value funds	1,183.7	A to AAA	1,183.7	Unavailable
Mutual funds	96.6	D to AAA	96.6	Unavailable
Total	2,668.6		2,668.6	
Other Primary Government Funds:				
Government securities				
Municipal Bonds	16.3	AA	16.3	Aa
Corporate bonds & notes				
	20.2	AAA	57.1	Aaa
	1.1	AA	8.5	Aa
	29.6	A	48.3	A
	84.5	BBB	61.4	Baa
	106.6	Unrated	66.7	Unrated
Fixed Income Exchange Traded Funds	11.2	Unrated	11.2	Unrated
Total	269.5		269.5	
Total Primary Government	\$ 13,355.7		\$ 13,355.7	

\*Average rating

**Michigan**  
**Notes to the Financial Statements**

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of those investments.

The State Treasurer's policy states that cash equivalents are invested in short-term fixed income securities with an average weighted maturity of less than one year to provide liquidity and safety of principal from capital market and default risk. At September 30, 2023, the fair value of short term investments was \$4.6 billion; the weighted average maturity was 45 days.

The State Treasurer does not have a policy regarding interest rate risk for long-term debt investments. However, the pension trust funds are invested with a long-term strategy with no investments with a maturity of less than one year at the time of purchase. The goal is to balance higher returns while accepting minimum risk for the return. Analyzing the yield curve on individual securities as compared to those of the U.S. Treasury determines, in part, what is an acceptable risk for the return. Therefore, market conditions such as lower interest rates result in shorter duration; higher interest rates result in longer duration.

As of September 30, the pension trust funds had the following long-term debt securities:

Pension (and Other Employee Benefit) Trust Funds Debt Securities (In millions)		
	Fair Value	Duration In Years
Retirement Systems:		
Government securities		
U.S. Treasury bonds	\$ 2,172.6	11.1
U.S. agencies - backed	354.6	4.3
U.S. agencies - sponsored	928.8	5.0
Total Governmental	3,456.0	
Corporate bonds & notes	4,872.6	2.6
International - corporate bonds & notes *		
U.S. Treasury	1,447.3	0.9
Total International	1,447.3	
Mutual funds - fixed income	27.6	6.0
Total	9,803.5	
Deferred Compensation/Defined Contribution:		
Common trust funds		
State Street U.S. Bond Index Non-Lending Series Fund Class A	1,067.8	8.6
BlackRock Government Short-Term Investment Fund	279.1	0.1
Prudential High Yield Fund	41.5	4.9
Total Common Trust Funds	1,388.4	
Stable value funds		
Synthetic guaranteed investment contracts	1,183.7	3.5
Total Stable Value Funds	1,183.7	
Mutual funds		
PIMCO Total Return Fund	96.6	8.4
Total Mutual Funds	96.6	
Total	2,668.6	
Total Pension (and Other Employee Benefit) Trust Funds	\$ 12,472.1	

\*International debt securities contain domestic government and corporate securities as a part of their derivative instrument strategies. The interest rates reset on a quarterly basis for these securities.

**Fair Value of Investments**

The State of Michigan (SOM) categorizes their fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Not all investments held by SOM are recorded at fair value. GASB Statement No. 72, Fair Value of Measurement and Application, allows for certain investments to be recorded at cost (or amortized cost or any other valuation method), and therefore, they are not presented in the fair value hierarchy table. Equity and fixed income securities classified in Level 1 of the



**Michigan**  
Notes to the Financial Statements

fair value hierarchy are valued using prices quoted in active markets for those securities. Equity swaps and fixed income securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique and other significant observable inputs. Equity and fixed income securities classified as Level 3 of the fair value hierarchy are valued using third party data and reports that are unobservable. Securities reported at Net Asset Value (NAV) are valued using the most recent third party statements adjusted for cash flows as of September 30, 2023. Investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

The Pension (and Other Employee Benefit) Trust Funds have the following recurring fair value measurements as of September 30 (in millions):

	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 10.1	\$ 10.1	\$ -	\$ -
Equity				
Depository Receipts	127.1	127.1	-	-
Common Stocks	16,933.9	16,933.7	-	0.2
Preferred Stocks	8.0	8.0	-	-
Options on Equity	507.4	507.4	-	-
Swaps	144.0	-	144.0	-
Commingled Funds, Exchange Traded Funds, and				
Publicly Traded Partnerships	4,827.7	4,828.2	(0.5)	-
Real Estate Investment Trusts	672.0	672.0	-	-
Convertible Bonds	0.5	-	0.5	-
Equity Total	<u>23,220.6</u>	<u>23,076.4</u>	<u>144.0</u>	<u>0.2</u>
Fixed Income				
Asset Backed	1,379.3	-	1,379.3	-
Corporate Bonds	1,547.8	-	1,528.4	19.4
Commercial Mortgage-backed	1,441.8	-	1,432.6	9.2
Government Issues	3,804.2	3,535.9	268.3	-
Swaps	16.8	-	16.8	-
U.S. Agency Issues	1,011.0	-	1,011.0	-
Commingled Funds, Exchange Traded Funds, and				
Publicly Traded Partnerships	633.2	633.2	-	-
Options on Fixed Income	2.3	-	2.3	-
Fixed Income Total	<u>9,836.5</u>	<u>4,169.2</u>	<u>5,638.7</u>	<u>28.6</u>
Total Investments Measured at Fair Value	<u>33,067.2</u>	<u>\$ 27,255.7</u>	<u>\$ 5,782.7</u>	<u>\$ 28.8</u>
Investments Measured at NAV:				
Absolute Return Total	10,003.7			
Real Return Total	10,302.6			
Private Equity Total	22,612.4			
Real Estate and Infrastructure Total	9,329.3			
Other Limited Partnerships Total	6,303.5			
Total Investments Measured at NAV	<u>58,551.5</u>			
Total Pension (and Other Employee				
Benefit) Trust Funds	<u>\$ 91,618.8</u>			

**Michigan**  
Notes to the Financial Statements

The Other Primary Government Funds have the following recurring fair value measurements as of September 30 (in millions):

	Total	Level 1	Level 2
Equity			
Commingled Funds, Exchange Traded Funds, and Publicly Traded Partnerships	\$ 6,758.9	\$ 6,758.9	\$ -
Equity Total	<u>6,758.9</u>	<u>6,758.9</u>	<u>-</u>
Fixed Income			
Asset Backed	62.9	-	62.9
Corporate Bonds	109.7	-	109.7
Commercial Mortgage-backed	75.2	-	75.2
Government Issues	281.2	159.5	121.7
U.S. Agency Issues	0.1	-	0.1
Commingled Funds, Exchange Traded Funds, and Publicly Traded Partnerships	11.2	11.2	-
Fixed Income Total	<u>540.2</u>	<u>170.7</u>	<u>369.5</u>
Total Investments Measured at Fair Value	<u>7,299.1</u>	<u>\$ 6,929.5</u>	<u>\$ 369.5</u>
Investments Measured at NAV:			
Private Equity Total	260.5		
Real Estate Total	92.1		
Event Driven Hedge Funds	96.1		
Multi-Strategy Hedge Funds	93.8		
Defensive Equity Funds	34.4		
Total Investments Measured at NAV	<u>576.9</u>		
Total Other Primary Government Funds	<u>\$ 7,876.0</u>		

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. SOM's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Additional disclosures for fair value measurements of investments in certain entities that calculate the NAV per share (or its equivalent):

***Pension (and Other Postemployment Benefit) Trust Funds:***

**Absolute Return Portfolio:** This type includes approximately 5 investments that invest in hedge funds and approximately 57 investments in private credit strategies. These investments seek to diversify risk and reduce volatility. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Most of the investments are redeemable or have a final fund term that is 10 years or less.

The total fair value and unfunded commitments of these investments as of September 30, 2023, are \$10.0 billion and \$3.3 billion, respectively.

**Real Return and Opportunistic Portfolio:** This type includes 35 funds that invest in private credit, tangible and intangible real assets, or other real return and opportunistic strategies. The fair values of the investments in this portfolio have been determined using the NAV per share (or its equivalent) of the plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 5 to 10 years.

The total fair value and unfunded commitments of these investments as of September 30, 2023, are \$10.3 billion and \$3.4 billion, respectively.

**Private Equity Portfolio:** This type of investment includes investments in approximately 289 partnerships that invest in leveraged buyouts, venture capital, mezzanine debt, distressed debt, secondary funds and other investments. These types of investments can never be redeemed with the funds, but distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund are liquidated over a period of five to eight years.

The total fair value and unfunded commitments of these investments as of September 30, 2023, are \$22.6 billion and \$8.0 billion, respectively. However, it is probable that all of the investments in this group will be sold at an amount different from the NAV per share (or its equivalent). Therefore, the fair values of the investments in this type have been determined using recent

observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. As of September 30, 2023, a buyer for these investments has not been identified.

**Real Estate and Infrastructure Portfolio:** These funds include approximately 114 accounts (limited partnerships, limited liability companies, etc.) that invest in real estate or infrastructure related assets. The fair value has been determined in accordance with GAAP using the NAV per share (or its equivalent) of the plan's ownership interest in partners' capital. These types of investments cannot be redeemed with the funds. Distributions from these funds will be received as the underlying investments are sold and liquidated over time. It is expected that the underlying assets will be sold over the next five to 15 years. However, buyers have not been determined so the fair value has been determined using the NAV per share (or its equivalent) of the plan's ownership interest in partners' capital.

The total fair value and unfunded commitments of these investments as of September 30, 2023, are \$9.3 billion and \$3.0 billion, respectively.

**Other Limited Partnerships:**

The balance of plan assets reported at fair value includes 19 investments:

- Limited partnerships that invest in fixed income investments such as residential rehabilitation, middle market business loans and senior secured debt financing. These investments cannot be redeemed by limited partners. Distributions are received through the liquidation of the underlying assets of the fund.
- Limited partnerships that invest in fixed income type investments permitting partners to request redemption monthly or quarterly, after initial lock up period of one year or less, requiring 45 to 65 days' advance notice.
- Global investments permitting partners to request partial redemptions quarterly or monthly, with advanced notice, subject to the sole discretion of the general partner.
- Limited partnerships that invest in private equity, private credit/loans, and tangible real assets that cannot be redeemed by limited partners. Distributions from each fund will be received as the underlying investments of the funds are liquidated.

The total fair value and unfunded commitments of these investments as of September 30, 2023, are \$6.3 billion and \$259.4 million, respectively.

**Other Primary Government Funds:**

**Private Equity Portfolio:** This type of investment includes investments in 108 partnerships that invest in various credit strategies, real assets, and other investments. These types of investments can never be redeemed with the funds, but distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund are liquidated over a period of five to eight years.

The total fair value and unfunded commitments of these investments as of September 30, 2023, are \$260.5 million and \$194.9 million, respectively. However, it is probable that all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the plan's ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

**Real Estate and Infrastructure Portfolio:** This type of investment includes investment in 34 partnerships that invest primarily in multi-family preferred equity structure in the U.S. This type of investment can never be redeemed with the funds, but distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund are liquidated over a period of 10 to 12 years.

The total fair value and unfunded commitments of these investments as of September 30, 2023, are \$92.1 million and \$29.9 million, respectively. However, it is probable that all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the plan's ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

**Event-Driven Hedge Funds:** This type includes nine investments specializing in event-driven investing. It typically applies a fundamental value discipline to identify undervalued companies that have one or more specific catalysts to unlock the value. It focuses on "active shareholder engagement" and invests both long and short and across the capital structure including equity and debt.

These types of investments can never be redeemed with the funds, but distributions are received through the liquidation of the underlying assets of the fund. Distribution proceeds from the sale of partnership investments, dividends, or interest must be returned to the limited partners within 90 days following receipt by the partnership. Such distributable amounts shall increase the unfunded portion of the limited partnership commitment and may be called again for contribution to the partnership by the general partner.

**Michigan**  
Notes to the Financial Statements

It is expected that the underlying assets of the fund are liquidated over a period of three to six years. The total fair value and unfunded commitments of these investments as of September 30, 2023, are \$96.1 million and \$2.7 thousand, respectively. Market price observability is impacted by a number of factors, including the type of investment and characteristics specific to the investment.

**Multi-Strategy Hedge Funds:** This type includes investments in six funds that pursue multiple strategies to diversify risks and reduce volatility. It is organized for the primary purpose of developing and actively managing an investment portfolio of non-traditional portfolio managers. This is an open-ended fund that invests in equities, credit-driven, global macro, relative value, interest rate-driven, commodities, managed-futures and event-driven, with redemption restriction terms ranging from zero to 96 months.

These types of investments offer limited partnership "Class A" interests. Generally, the limited partner may withdraw all or any portion of its Class A interests capital account at any time upon not less than 95 days' prior written notice to the fund. The general partner will submit withdrawal requests with respect to the fund's investments. Payment of the withdrawal proceeds will be made promptly after the fund receives withdrawal proceeds from such investments.

The fair value of investments in limited partnerships and investment funds and affiliated limited partnerships and investment funds ("investee funds") is generally determined using the reported net asset value per share of the investee fund, or its equivalent, as a practical expedient for fair value. The total fair value of these investments as of September 30, 2023 is \$93.8 million.

**Defensive Equity Funds:** This type includes four investments in a private defensive equity fund that invests in collateralized put and call options comprised of 50 percent U.S. equities and 50 percent U.S. Treasury bills that is expected to produce the strongest relative performance when the S&P 500 index is experiencing modest or negative returns. Withdrawals in whole or in part of the investee funds are allowed on the last day of the month and require five business days prior notice to the managing member. Payment of the withdrawal proceeds will be made promptly after the managing member receives withdrawal proceeds from such investments.

The fair value of this investment has been determined using the NAV per share (or its equivalent) of the investee funds. The total fair value of this investment as of September 30, 2023 is \$34.4 million.

**State of Michigan 457 Plans and State of Michigan 401K Plans:**

The plans have the following recurring fair value measurements as of September 30 (in millions):

State of Michigan 457 Plans:

	Total	Level 1	Level 2
Investments by fair value level:			
Mutual Funds	\$ 219.2	\$ 219.2	\$ -
Common Trust Funds	2,296.4	1,858.3	438.1
Tier III Investments*	60.8	-	60.8
Stable Value Fund	466.5	-	466.5
Voya Small Cap Growth Strategy Fund	24.3	-	24.3
Jennison Large Cap Growth Equity Fund	102.6	-	102.6
Artisan Mid-Cap Fund	27.0	-	27.0
T. Rowe Price Mid-Cap Value Fund	29.1	-	29.1
Total Investments Measured at Fair Value	<u>\$ 3,225.9</u>	<u>\$ 2,077.5</u>	<u>\$ 1,148.4</u>

\* Tier III investments exclude cash held in participant accounts totaling approximately \$5.4 million.

State of Michigan 401K Plans:

	Total	Level 1	Level 2
Investments by fair value level:			
Mutual Funds	\$ 828.0	\$ 828.0	\$ -
Common Trust Funds	6,819.2	4,766.1	2,053.1
Tier III Investments*	190.1	-	190.1
Stable Value Fund	717.1	-	717.1
Voya Small Cap Growth Strategy Fund	101.4	-	101.4
Jennison Large Cap Growth Equity Fund	378.2	-	378.2
Artisan Mid-Cap Fund	101.4	-	101.4
T. Rowe Price Mid-Cap Value Fund	116.9	-	116.9
Total Investments Measured at Fair Value	<u>\$ 9,252.3</u>	<u>\$ 5,594.2</u>	<u>\$ 3,658.2</u>

\* Tier III investments exclude cash held in participant accounts totaling approximately \$15.9 million.

**Synthetic Guaranteed Investment Contract (SGIC)**

SGIC investment derivative instruments within the Stable Value Fund contain a portfolio of underlying securities and a benefit responsive wrap contract. The wrap contract produces a floating rate of return that is adjusted periodically, but not below zero, to reflect the underlying investment portfolio and generally provide for participant withdrawals at contract value (principal plus accrued interest). As of September 30, 2023, the fair value of SGIC's underlying investments was \$1.2 billion. The wrap contract did not have a value because the fair value of SGIC's underlying investments was higher than SGIC's contract value; therefore, the wrap contract does not have a value.

As of September 30, the primary government, excluding pension trust funds, had the following debt securities:

Investment Type	Other Funds Debt Securities (In millions)				
	Fair Value	Investment Maturities (In years)			
		Less Than or Equal To 1	Greater Than 1 To 5	Greater Than 5 To 10	More Than 10
U.S. Treasury bonds	\$ 264.9	\$ 11.0	\$ 60.9	\$ 66.2	\$ 126.9
Municipal bonds	16.3	2.7	5.1	8.5	-
U.S. bonds - backed	5.8	-	-	0.1	5.8
Corporate bonds	242.0	9.9	60.0	58.6	113.5
Mutual funds	2,339.6	8.3	447.6	1,872.7	10.9
Total	<u>\$ 2,868.6</u>	<u>\$ 31.9</u>	<u>\$ 573.6</u>	<u>\$ 2,006.1</u>	<u>\$ 257.0</u>

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments or deposits. The State invests in various global foreign securities. These investments are limited to 30.0 percent of the total assets of the system and are additionally limited to 5.0 percent of the outstanding foreign securities of any single issuer. No investment is allowed in a country that has been identified by the United States State Department as engaging in or sponsoring terrorism.

**Michigan**  
Notes to the Financial Statements

These limits are set forth in MCL Sections 38.1133 and 38.1140k. The types of foreign securities include fixed income, equities, mutual funds, real estate, and limited partnerships. At September 30, 2023, total foreign investments were \$9.0 billion. As of September 30, 2023, the State held the following investments subject to foreign currency risk:

Pension (and Other Employee Benefit) Trust Funds Foreign Currency Risk (In millions)					
Currency	Country	Fair Value (In U.S. Dollars)			
		Private Equity, Real Estate, and Infrastructure	Fixed Income	Equity	International and Absolute Return Instruments
Retirement Systems:					
Americas					
Dollar	Canada	\$ 1.9	\$ 11.7	\$ 20.6	\$ 144.7
Peso	Mexico	0.5	5.7	1.0	46.0
Real	Brazil	-	11.9	-	36.9
Sol	Peru	-	0.9	-	-
Peso	Chile	-	-	-	1.8
Europe					
Euro	European Union	597.4	31.0	173.9	524.7
Franc	Switzerland	-	-	21.0	52.5
Krona	Sweden	-	2.0	15.0	128.7
Krone	Denmark	-	-	0.1	77.7
Krone	Norway	-	-	-	2.4
Pound Sterling	United Kingdom	56.8	18.2	23.1	208.0
Forint	Hungary	-	-	-	2.4
Zloty	Poland	-	0.5	-	6.4
Leu	Romania	-	0.4	-	-
Lira	Turkey	-	-	-	4.9
Koruna	Czech Republic	-	1.3	-	-
Asia/Pacific					
Dollar	Australia	-	1.6	11.9	77.1
Renminbi	China	-	-	5.6	16.4
Dollar	Hong Kong	-	-	8.4	136.1
Rupee	India	-	0.1	-	14.2
Yen	Japan	-	14.3	2.9	231.4
Dollar	New Zealand	-	3.2	-	10.6
Peso	Philippines	-	-	-	0.4
Dollar	Singapore	-	6.5	2.6	0.5
Won	South Korea	-	9.5	-	50.5
Rupiah	Indonesia	-	6.3	2.5	4.7
Ringgit	Malaysia	-	6.3	-	2.5
New Dollar	Taiwan	-	-	-	22.1
Baht	Thailand	-	4.2	-	31.7
Rupee	Sri Lanka	-	2.5	-	-
Yuan	China	-	2.0	0.2	4.6
Yuan Offshore	China	-	10.1	-	2.8
Dirham	United Arab Emirates	-	-	0.1	-
Middle East					
New Shekel	Israel	-	3.1	-	1.6
Africa					
Rand	South Africa	-	1.0	0.1	4.0
Dollar	Liberia	-	-	6.0	-
World-Wide					
Various	Various	12.8	-	-	6,044.7
Total		669.4	154.3	295.3	7,893.1
Deferred Compensation/Defined Contribution:					
Euro	European Union	-	-	4.9	-
Total		\$ 669.4	\$ 154.3	\$ 300.1	\$ 7,893.1

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investments with a single issuer. Other than obligations issued that are assumed or guaranteed by the United States, its agencies, or United States government-sponsored enterprises, the pension systems are prohibited by MCL Section 38.1137 from investing in more than 5.0 percent of the outstanding obligations of any one issuer or investing more than 5.0 percent of a system's assets in the obligations of any one issuer.

At September 30, 2023, there were no investments in any single issuer that accounted for more than 5.0 percent of the system's assets.

Pension trust fund investments represent 91.9 percent of the total investments of the primary government. Other large holders of investments were the State Lottery Fund (SLF), MESP, and the Michigan Natural Resources Trust Fund.

SLF investments, \$121.8 million, are all in the form of zero coupon U.S. Treasury bonds and State of Michigan General Obligation Capital Appreciation bonds. These investments are held to provide funding for deferred prize awards.

### Securities Lending Transactions

The State of Michigan, pursuant to a Securities Lending Authorization Agreement, has authorized State Street Bank and Trust Company ("State Street") to act as agent in lending the State's securities to approved borrowers. State Street, as agent, enters into Securities Loan Agreements with borrowers.

During the fiscal year, State Street lent, on behalf of the State, certain securities of the State held by State Street as custodian and received cash or other collateral including securities issued or guaranteed by the United States government. The types of securities lent were equity, and fixed income, which includes government and corporate bonds and notes. State Street does not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 100 percent of the fair value of the loaned securities.

Pursuant to the Securities Lending Authorization Agreement, State Street had an obligation to indemnify the State in the event of default by a borrower. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year that resulted in a declaration or notice of default of the borrower.

During the fiscal year, the State and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. As of September 30, 2023, the investment pool had an average duration of 7 days and an average weighted final maturity of 95 days for USD. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On September 30, 2023, the State had no credit risk exposure to borrowers. The fair value of collateral held and the fair value (USD) of securities on loan for the State as of September 30, 2023, was \$3.3 billion and \$3.2 billion, respectively.

At September 30, the pension trust funds had the following debt investments made from cash received as collateral for securities lent:

Investment Type	Debt Investments (In millions)			
	Fair Value	Rating S & P	Fair Value	Rating Moody's
Securities Lending Collateral				
Short-term	\$ 274.3	A-1	\$ 344.3	P-1
Fixed Income	164.0	AA	734.0	Aa
	2,737.4	A	1,099.4	A
	82.0	Unrated	1,080.0	Unrated
Total	<u>\$ 3,257.7</u>		<u>\$ 3,257.7</u>	

### Deposits and Investments – Discretely Presented Component Units

#### Deposits

At year-end, the carrying amount of discretely presented component unit deposits, excluding those classified as investments, was \$1.0 billion. The deposits were reflected in the accounts of the banks at \$826.3 million. Of the bank balance, \$659.5 million was uninsured and uncollateralized and therefore exposed to custodial credit risk.

#### Investments

The investment authority for most discretely presented component units is typically found in their enabling statutes and/or their bond resolutions where applicable. Those component units that are financing authorities generally may invest in government or government-backed securities and deposits. Investment policies for the State universities are typically set forth by their governing boards and include a broad range of investment types. The Michigan Education Trust's (MET) investments are subject to an

**Michigan**  
**Notes to the Financial Statements**

investment agreement with the State of Michigan Investment Board that allows the Treasurer, acting as agent, to make diverse investments including stocks, bonds, notes, and other investments.

Each discretely presented component unit separately issues a publicly available financial report that includes its financial statements and notes to financial statements. GASB Statement No. 72 related disclosures for the investments of discretely presented component units are available within those reports and may be obtained by directly contacting the component unit. To obtain their phone numbers, you may contact the Office of Financial Management at (517) 241-4010.

### Restricted Assets

Restricted investments on the government-wide Statement of Net Position, totaling \$1.2 billion, represent amounts that are pledged toward the payment of outstanding bonds and notes.

The following table summarizes the investment maturities reported by the discretely presented component units (in millions):

		Investment Maturities (In years)					
	Fair Value	Less Than or Equal to 1	Greater Than 1 To 5	Greater Than 5 To 10	More Than 10	N/A	
Time deposits	\$ 179.9	\$ 179.9	\$ -	\$ -	\$ -	\$ -	
Money market accounts	3,787.6	3,787.5	-	-	-	0.1	
Commercial paper	119.8	119.8	-	-	-	-	
Repurchase agreements	28.7	-	28.7	-	-	-	
Government securities	249.7	80.3	88.3	18.8	62.4	-	
Insured mortgage backed securities	492.7	62.2	2.1	6.7	421.6	-	
Government backed securities	629.3	48.9	281.3	40.8	258.3	-	
Corporate bonds and notes	248.4	11.4	96.5	56.2	84.3	-	
Equities	350.1	117.7	33.0	4.2	32.6	162.6	
Real estate	15.3	-	-	10.9	4.4	-	
Venture capital & leveraged buyouts	156.6	-	-	28.6	128.1	-	
Mutual bond/equity funds	1,803.0	44.7	185.8	278.6	575.5	718.4	
Pooled investment funds	76.7	1.6	72.5	2.6	-	-	
Other Investments	1,123.5	8.4	118.5	92.4	218.0	686.1	
Total Investments	9,261.3	\$ 4,462.6	\$ 906.7	\$ 539.7	\$ 1,785.0	\$ 1,567.3	
Less Investments Reported as "Cash" on Statement of Net Position	1,522.8						
Plus Noncurrent Investments - Michigan Strategic Fund*	58.4						
Total Investments	\$ 7,796.9						

#### As reported on the Statement of Net Position

Current investments	\$ 2,539.6
Noncurrent restricted investments	1,227.9
Noncurrent investments	4,029.4
Total Investments	<u>\$ 7,796.9</u>

\*The investment maturities table does not include noncurrent investments of \$58.4 million reported by component units of the Michigan Strategic Fund.

## NOTE 9 – CAPITAL ASSETS

### Primary Government

#### Summary of Significant Accounting Policies

##### Methods used to value capital assets

Capital assets, which include property, plant, equipment, intangible items (e.g., mineral rights, land rights, and computer software) and infrastructure items (e.g., roads, bridges, ramps, and similar items), are reported in the applicable governmental or business-type activity columns of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of



donation. See Note 12 for additional information on the valuation and description of the State's right to use leased capital assets and subscription-based information technology arrangements.

**Capitalization policies**

All land and non-depreciable land improvements are capitalized, regardless of cost. Equipment and biological assets are capitalized when the cost of individual items exceeds \$5.0 thousand, computer software is capitalized when the cost exceeds \$5.0 million, and all other capital assets are capitalized when the cost of individual items or projects exceed \$100.0 thousand.

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

**Items not capitalized and depreciated**

The State possesses certain capital assets that have not been capitalized and depreciated because the assets are held for public exhibition, education, or research in furtherance of public service, rather than financial gain. These assets include works of art and historical treasures such as statues, monuments, historical documents, paintings, forts and lighthouses, rare library books, miscellaneous capitol-related artifacts and furnishings, and the like.

**Depreciation and useful lives**

Applicable capital assets are depreciated using the straight-line method. Capital assets that were put into service prior to October 1, 2017, had a half-year's depreciation charged in the year of acquisition. Depreciation expense for capital assets put into service after September 30, 2017, is calculated on a daily basis. Agencies assigned useful lives that were most suitable for the particular assets. Estimated useful lives generally were assigned as follows:

Asset	Years
Buildings	5-50
Equipment	2-25
Infrastructure	3-40
Intangibles	6-12
Land Improvements	5-40

**Modified approach for infrastructure**

The State has elected to use the "modified approach" to account for certain infrastructure assets, as provided in Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Under this process, the State does not record depreciation expense nor are amounts capitalized regarding improvements to these assets unless the improvements expand the capacity or efficiency of an asset. Utilization of this approach requires the State to: 1) commit to maintaining and preserving affected assets at or above a condition level established by the State, 2) maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained, and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels.

Roads, bridges and ramps maintained by the Department of Transportation are accounted for using the modified approach.

**Leases where the State is the lessor**

The State is the lessor in various leasing arrangements where capital assets of the State, such as buildings and land, are leased. Additionally, the State is the transferor in a few public-private partnerships that are reported together with leases because the amounts are immaterial and the accounting treatment is similar. The State recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. Inflows of resources related to leasing arrangements where the State is the lessor were \$11.0 million and \$0.3 million for lease revenue and interest revenue, respectively, within the governmental activities during the fiscal year.

**Michigan**  
**Notes to the Financial Statements**

Capital asset activities for the fiscal year ended September 30 were as follows (in millions):

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 3,681.3	\$ 21.5	\$ (0.6)	\$ 3,702.2
Land improvements and other assets	16.8	-	-	16.8
Computer software (includes projects in progress)*	40.1	26.7	(33.6)	33.2
Land rights	79.0	1.1	-	80.0
Mineral rights	19.8	-	-	19.8
Construction in progress (buildings)	78.6	29.0	(76.0)	31.6
Construction in progress (infrastructure)	3,890.6	1,406.4	(1,323.5)	3,973.5
Infrastructure	14,356.2	1,283.2	(472.3)	15,167.1
Right-to-use subscription projects in progress	-	4.5	(2.4)	2.1
Total capital assets, not being depreciated	22,162.4	2,772.4	(1,908.4)	23,026.3
Capital assets, being depreciated:				
Land improvements and other assets	287.2	2.2	-	289.4
Equipment and vehicles*	1,089.5	115.4	(73.6)	1,131.3
Computer software*	1,220.6	46.0	-	1,266.6
Buildings	3,637.9	98.8	(17.3)	3,719.4
Infrastructure	424.4	72.7	(1.9)	495.2
Right-to-use leased buildings*	660.3	21.1	(2.8)	678.5
Right-to-use leased equipment	69.4	-	(15.6)	53.8
Right-to-use leased land	1.1	-	(0.2)	0.9
Right-to-use subscriptions*	338.5	392.5	(3.1)	727.9
Total capital assets, being depreciated	7,728.9	748.6	(114.5)	8,362.9
Less accumulated depreciation for:				
Land improvements and other assets	(145.8)	(9.5)	-	(155.3)
Equipment and vehicles*	(732.5)	(95.3)	70.1	(757.7)
Computer software*	(927.2)	(106.8)	-	(1,034.0)
Buildings	(2,186.0)	(80.3)	15.3	(2,251.1)
Infrastructure	(164.1)	(13.1)	1.7	(175.5)
Right-to-use leased buildings*	(58.7)	(56.1)	1.7	(113.1)
Right-to-use leased equipment	(24.4)	(13.8)	6.3	(31.9)
Right-to-use leased land	(0.1)	-	-	(0.1)
Right-to-use subscriptions	-	(84.6)	0.1	(84.5)
Total accumulated depreciation	(4,238.9)	(459.5)	95.2	(4,603.2)
Total capital assets, being depreciated, net	3,490.0	289.1	(19.3)	3,759.7
Governmental activity capital assets, net	\$ 25,652.4	\$ 3,061.4	\$ (1,927.7)	\$ 26,786.1
<b>Business-type Activities</b>				
Capital assets, being depreciated:				
Buildings	\$ 2.3	\$ -	\$ -	\$ 2.3
Computer software	0.1	-	-	0.1
Equipment and vehicles	2.8	-	(0.3)	2.5
Right-to-use leased buildings*	3.9	-	-	3.9
Right-to-use leased equipment	0.2	-	(0.1)	0.1
Total capital assets, being depreciated	9.2	-	(0.4)	8.8
Less accumulated depreciation for:				
Buildings	(2.2)	(0.1)	-	(2.3)
Computer software	(0.1)	-	-	(0.1)
Equipment and vehicles	(2.5)	(0.2)	0.3	(2.4)
Right-to-use leased buildings*	(0.3)	(0.3)	-	(0.7)
Right-to-use leased equipment	-	-	-	-
Total accumulated depreciation	(5.1)	(0.6)	0.3	(5.4)
Total capital assets, being depreciated, net	4.1	(0.6)	(0.1)	3.4
Business-type activity capital assets, net	\$ 4.1	\$ (0.6)	\$ (0.1)	\$ 3.4

**Michigan**  
Notes to the Financial Statements

\*The beginning balance was restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements and correction of prior year implementation of GASB Statement No. 87, Leases. See Note 4 for additional information on this restatement.

Depreciation expense was charged to functions of the primary government as follows (in millions):

	Amount
Governmental Activities:	
General government	\$ 61.2
Education	1.3
Health and human services	44.7
Public safety and corrections	59.6
Conservation, environment, recreation, and agriculture	24.1
Labor, commerce, and regulatory	5.1
Transportation	35.0
Depreciation on capital assets held by the State's internal service funds charged to the various functions based on their use of the assets	228.4
Total Depreciation Expense - Governmental Activities	<u>\$ 459.5</u>
Business-type Activities:	
Enterprise	\$ 0.6
Total Depreciation Expense - Business-type Activities	<u>\$ 0.6</u>

**Discretely Presented Component Units**

The following table summarizes net capital assets reported by the discretely presented component units (in millions):

	Amount
State Universities and Authorities:	
Land and other non-depreciable assets	\$ 257.5
Buildings, equipment, and other depreciable assets	8,173.1
Infrastructure non-depreciable	103.0
Construction in progress	425.7
Total	<u>8,959.3</u>
Less accumulated depreciation	(3,812.3)
Capital Assets, Net - Discretely Presented Component Units	<u>\$ 5,147.1</u>

**Public-Private and Public-Public Partnerships**

Northern Michigan University entered into an agreement on July 22, 2016, with a third party developer, Education Realty Trust (EdR), to construct and manage the premises of six resident living-learning community buildings with connectors, housing 1,229 beds, multipurpose meeting spaces, tutoring center, and classrooms. On September 20, 2018, EdR was acquired by Greystar. The project, known as the Woods, has a cost of \$79.6 million and is built on land owned by the University and leased to Greystar for a 75-year term. Under the terms of the Lease Agreement and the Operating Agreement, Greystar will control, manage, maintain and operate the project and will receive the Gross Revenue of the project, which consists of substantially all of the revenues and other income received from the operation of the project. Greystar is currently making rental payments to the University for the duration of the lease term based on a percentage of the Gross Revenue of the project. The University accounts for the Lease Agreement as a concession arrangement in accordance with GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. As a result, the University will begin depreciating the building at the end of the lease term.

Under the phase-in approach, Phase I consisted of two buildings that opened in August 2017 and two buildings that opened in January 2018. Phase II consisted of two buildings that opened in August 2018. The residence halls are reported as a capital asset with a carrying value of \$75.7 million as of June 30, 2023, and deferred inflows of resources in the amount of \$62.5 million as of June 30, 2023, pursuant to the service concession agreement. The University is responsible for the trash removal and insurance coverage for the term of the contract. As such, the University recorded a liability at June 30, 2023, at present value for trash removal and insurance in the amount of \$4.4 million. The 75-year term lease with Greystar includes maintenance standards for the facilities and parameters for the room rental rates for the contract duration. The University will receive a percentage of the total revenues and a share of the net income after Greystar achieves a minimum internal rate of return. The amount of deferred inflow of resources is included in Note 28.

On January 4, 2018, Eastern Michigan University entered into a 35-year lease and concession agreement with Provident Resources. Operations of the agreement began on April 23, 2018. ParkEMU operates the University's parking concession on the concessionaire's behalf. Under the agreement, ParkEMU operates, maintains and retains parking revenues from the

University's parking lots and structures. This agreement also regulates the parking rates that may be charged and future increases in these rates. The University received a lump sum payment of \$55.0 million from this agreement and will use the proceeds for University reserves and operations, as necessary.

The lump-sum payment under this service concession agreement is reported as a deferred inflow of resources and is being amortized to operating revenue over the life of the agreement. Deferred inflows related to the parking agreement lump sum payment and capital improvements were \$49.6 million at June 30, 2023. The University reported the parking lots and structures as capital assets with a carrying value of \$11.2 million at June 30, 2023. The amount of deferred inflow of resources is included in Note 28.

## NOTE 10 – PENSION BENEFITS

### *Defined Benefit Pension Plans*

The component unit information required to be disclosed in this note is related to the State Employees' Retirement System (SERS) only. All other component units of the State participate in pension plans where the State is not an employer. The SERS pension plan includes all discretely presented component units included in Note 2 under Authorities, except the Michigan Early Childhood Investment Corporation, Farm Produce Insurance Authority, and Venture Michigan Fund.

The defined benefit pension plans are administered through a trust and follow the disclosure requirements set forth in Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

#### **Plan Description**

The State of Michigan administers the following defined benefit pension plans:

Name	Type of Plan	Participating Employers
Legislative Retirement System (LRS)	Single Employer	1
State Police Retirement System (SPRS)	Single Employer	1
State Employees' Retirement System (SERS)	Single Employer	1
Public School Employees' Retirement System (PSERS) <sup>(1)</sup>	Cost sharing multiple employer	694
Judges' Retirement System (JRS)	Single Employer	1
Military Retirement Provisions (MRP)	Single Employer	1

(1) The State of Michigan is not an employer within PSERS; therefore, pension plan information is not disclosed in this note.

Each plan is accounted for in a separate pension trust fund and also issues a publicly available financial report that includes financial statements, notes to financial statements, and required supplementary information for that plan. Those reports, except LRS, may be obtained by visiting [www.michigan.gov/ors](http://www.michigan.gov/ors) or by calling the Customer Contact Center at (517) 284-4400 or 1-800-381-5111. The LRS report may be obtained by visiting <https://audgen.michigan.gov/completed-projects/> or by calling (517) 373-0575.

As mandated by legislation, all new State of Michigan employees (except Michigan State Police officers) hired on or after March 31, 1997, are members of the State of Michigan Defined Contribution Retirement Plan (Plan) as opposed to the LRS, SERS, and JRS defined benefit plans. Employees hired before that date were given the option of remaining in the defined benefit plan or transferring to the defined contribution plan. The decision is irrevocable and transfers were completed by September 30, 1998. This was a one-time opportunity. With the passage of the legislation permitting the transfer, the LRS, SERS, and JRS defined benefit plans became closed systems. Michigan State Police troopers and sergeants who become a member of SPRS on or after June 10, 2012, are part of the hybrid defined benefit and defined contribution plan. MRP is open to new National Guard members.

At September 30, 2022, the measurement date, the following employees were covered by the benefit terms.

	SERS <sup>(2)</sup>	LRS	SPRS	JRS	MRP
Inactive employees or beneficiaries currently receiving benefits <sup>(3)</sup>	60,174	240	3,361	516	4,587
Inactive employees entitled to but not yet receiving benefits	1,877	3	19	-	928
Active employees	4,785	-	1,701	43	11,408
DROP program participants <sup>(4)</sup>	-	-	264	-	-
Total	66,836	243	5,345	559	16,923

(2) The component unit employee membership is included within the SERS pension plan. A breakout of the component unit employee membership is unavailable.

- (3) LRS employee count includes 10 domestic relations orders (DRO) alternate payees for 2022. Sometimes a retiree must share their pension benefit when they retire because of a DRO or the DRO could still receive benefits after the retiree associated with the DRO dies, so the DRO is accounted for as a separate employee.
- (4) SPRS employee count includes Deferred Retirement Option Plan (DROP) employees. Michigan Compiled Laws (MCL) Section 38.1624a amended the State Police Retirement Act to create a DROP for SPRS members with 25 years of service. This benefit program allows state police who are eligible to retire to defer their retirement and keep working for up to six years.

#### **Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. Contributions from the State are recognized as revenue when due and payable. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

#### **Benefit Payments**

State statutes require that the State plans provide certain retirement, disability, death benefits, and annual cost-of-living adjustments to plan members. The LRS life insurance benefits are provided through the defined benefit pension plan and are accounted for as pension benefits. The LRS life insurance benefits are paid on an advance-funded basis. The actuarial cost method and actuarial assumptions are the same as for the pension plan.

#### **Valuation of Plan Investments**

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds not traded on a national or international exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of private investments is based on the net assets value reported in the financial statements of the respective investment entity. The net asset value is determined in accordance with governing documents of the investment entity and is subject to an independent annual audit. Securities purchased with cash collateral under securities lending activities are recorded at estimated fair value. Other investments not having an established market are recorded at estimated fair value.

#### **Contributions**

The statute requires the employer to contribute to finance the benefits of plan members. These employer contributions are determined annually by the System's actuary. For fiscal year 2023, the contribution rates for SERS were 23.1 to 27.0 percent of the defined benefit employee wages and 18.5 percent of the defined contribution employee wages. The contribution rates for SPRS were 70.3 percent and 71.9 percent of the defined benefit employee wages for non-command and command officers, respectively, and 58.0 percent of the hybrid defined benefit and defined contribution employee wages. The actuarially determined contribution was \$1.3 million for JRS, \$1.5 million for MRP, and \$10.6 million for LRS. The employer contribution to SERS, SPRS, JRS, MRP, and LRS for the fiscal year ending September 30, 2023, was \$892.8 million from the primary government and \$14.1 million from its component units (SERS only).

#### **Net Pension Liability**

The net pension liability for SERS, SPRS, JRS, MRP, and LRS was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021, and rolled forward using generally accepted actuarial procedures.

#### **Actuarial Valuations and Assumptions**

Actuarial valuations for the pension plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the actuarially determined contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress present multi-year trend information about whether the actuarial value of plan assets for the pension plans is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial methods and assumptions in the table below are used to calculate the total pension liability.

**Michigan**  
**Notes to the Financial Statements**

	LRS	SPRS	SERS	JRS	MRP
Latest actuarial valuation date	9/30/2021	9/30/2021	9/30/2021	9/30/2021	9/30/2021
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level dollar open	Level percent of payroll closed	Level dollar closed	Level dollar closed	Level dollar closed
Remaining amortization period as of October 1, 2021	10 years	17 years	15 years	15 years	17 years
Asset valuation method	Fair value	Fair value	Fair value	Fair value	Fair value
Actuarial assumption:					
Investment rate of return	4.7%	6.2%	6.0%	6.0%	6.0%
Projected salary increases	4.0%	3.3-87.8%	2.8-11.8%	3.3%	2.8%
Includes wage inflation at	4.0%	2.8%	2.8%	2.8%	2.8%
Cost-of-living adjustments	4.0% annual compounded (non-compounded for legislators who first became members after 1/1/1995)	2.0% annual non-compounded maximum annual increase \$500	3.0% annual non-compounded with maximum annual increase \$300	Assumed 3.3% compounded for those eligible	Assumed 2.8% compounded for those eligible

**Actuarial Assumptions Changes**

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted for use in the annual pension valuations beginning with the September 30, 2018, valuations for SERS, SPRS, and JRS. Assumption changes as a result of an experience study for the period 2015 through 2017 have been adopted for use in the annual pension valuations beginning with the September 30, 2018, valuation for MRP. There were no changes in actuarial assumptions from the September 30, 2021, valuation to the September 30, 2022, valuation.

The investment return assumption remained at 6.0 percent for SERS, 6.2 percent for SPRS Non-Hybrid plan and SPRS Hybrid plan, 6.0 percent for MRP, 6.0 percent for JRS, and 7.0 percent for LRS for use in the annual funding valuations from the September 30, 2021, valuation to the September 30, 2022, valuation. The September 30, 2022, funding valuation will establish the actuarially determined contribution amounts for fiscal year 2025 for SERS, SPRS, and MRP and fiscal year 2023 for JRS and LRS.

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Allocation for SERS, SPRS, JRS and MRP

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.1 %
Private Equity Pools	16.0	8.7
International Equity Pools	15.0	6.7
Fixed Income Pools	13.0	(0.2)
Real Estate & Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return and Opportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	(0.5)
Total	100.0 %	

\*Long-term Rate of Returns are net of administrative expenses and 2.2 percent inflation.

Asset Allocation for LRS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return**
Large Cap Equity	26.0 %	2.2 %
Small Cap Equity	10.0	3.2
International Equity	20.0	3.2
Emerging Markets	9.0	5.2
Fixed Income	20.0	(0.7)
Hedge Fund	10.0	2.0
Real Assets	4.0	3.0
Cash	1.0	(1.3)
Total	100.0 %	

\*\*Real rate of return is based on investment manager inflation assumption of 2.3 percent.

**Rate of Return**

For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.3) percent for SERS, SPRS, and JRS, (3.5) percent for MRP, and (19.0) percent for LRS. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

For SERS, a discount rate of 6.0 percent, compared to a prior year rate of 6.7 percent, was used to measure the total pension liability. This discount rate was based on the long-term expected rate of return on pension plan investments of 6.0 percent. For SPRS, a discount rate of 6.2 percent, compared to a prior year rate of 6.8 percent, was used to measure the total pension liability (6.2 percent for the Pension Plus Plan, compared to a prior year rate of 6.9 percent). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.2 percent. For MRP, a discount rate of 6.0 percent, compared to a prior year rate of 6.8 percent, was used to measure the total pension liability. This discount rate was based on the long-term expected rate of return on pension plan investments of 6.0 percent. For JRS, a discount rate of 6.0 percent, compared to a prior year rate of 6.3 percent, was used to measure the total pension liability. This discount rate was based on the long-term expected rate of return on pension plan investments of 6.0 percent. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

For LRS, the single discount rate of 4.7 percent, compared to the prior year's 3.1 percent, was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.0 percent and a municipal bond rate of 4.4 percent (the municipal bond rate is based on an index of twenty-year general obligation bonds with average AA credit ratings, which is published by the Federal Reserve). The projection of cash flows used to determine this single discount rate assumes that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2029. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2029, and the municipal bond rate was applied to all benefit payments after 2029.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents SERS's net pension liability (asset), calculated using a discount rate of 6.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 5.0%	Current Discount 6.0%	1% Increase 7.0%
SERS Net Pension Liability/(Asset):			
Primary Government	\$ 8,267,870.8	\$ 6,330,048.7	\$ 4,682,694.0
Component Units	168,344.9	128,888.3	95,345.9
Total	<u>\$ 8,436,215.7</u>	<u>\$ 6,458,937.0</u>	<u>\$ 4,778,040.0</u>

**Michigan**  
**Notes to the Financial Statements**

The following presents SPRS's net pension liability (asset), calculated using a discount rate of 6.2 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 5.2%	Current Discount 6.2%	1% Increase 7.2%
SPRS Net Pension Liability/(Asset)	\$ 1,258,262.6	\$ 942,182.5	\$ 682,090.6

The following presents MRP's net pension liability (asset), calculated using a discount rate of 6.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 5.0%	Current Discount 6.0%	1% Increase 7.0%
MRP Net Pension Liability/(Asset)	\$ 11,276.8	\$ 3,248.5	\$ (3,303.0)

The following presents JRS's net pension liability (asset), calculated using a discount rate of 6.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 5.0%	Current Discount 6.0%	1% Increase 7.0%
JRS Net Pension Liability/(Asset)	\$ 15,381.3	\$ (4,867.4)	\$ (22,385.1)

The following presents LRS's net pension liability (asset), calculated using a discount rate of 4.7 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 3.7%	Current Discount 4.7%	1% Increase 5.7%
LRS Net Pension Liability/(Asset)	\$ 161,146.0	\$ 135,334.2	\$ 113,839.7

**Changes in the Net Pension Liability/Asset**

For the year ended September 30, 2023, the State recognized a net pension liability of \$7,539.7 million for SERS, SPRS, LRS, and MRP, and a net pension asset of \$4.9 million for JRS.

The amounts included for the primary government and component units in the table below are related to SERS (in millions):

	Primary Government Increase (Decrease)			Primary Component Units Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Assets)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Assets)
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at 9/30/2022	\$ 18,196.5	\$ 14,208.1	\$ 3,988.4	\$ 350.3	\$ 273.5	\$ 76.8
Changes for the year:						
Service cost	47.0	-	47.0	1.0	-	1.0
Interest	1,170.7	-	1,170.7	23.8	-	23.8
Differences between expected and actual experience	(57.1)	-	(57.1)	(1.2)	-	(1.2)
Changes of assumptions	1,250.7	-	1,250.7	25.5	-	25.5
Contributions - employer	-	674.6	(674.6)	-	13.7	(13.7)
Contributions - member	-	18.4	(18.4)	-	0.4	(0.4)
Net investment income	-	(621.7)	621.7	-	(12.7)	12.7
Benefit payments, including refunds of member contributions	(1,453.9)	(1,453.9)	-	(29.6)	(29.6)	-
Administrative expenses	-	(5.9)	5.9	-	(0.1)	0.1
Other expenses	(19.8)	(15.5)	(4.3)	19.8	15.5	4.3
Net changes	937.6	(1,404.1)	2,341.6	39.3	(12.8)	52.1
Balances at 9/30/2023	\$ 19,134.0	\$ 12,804.0	\$ 6,330.0	\$ 389.6	\$ 260.7	\$ 128.9



**Michigan**  
Notes to the Financial Statements

The amounts included in the table below are related to SPRS (in millions):

	Primary Government Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Assets)
	(a)	(b)	(a) - (b)
Balances at 9/30/2022	\$ 2,427.3	\$ 1,842.5	\$ 584.8
Changes for the year:			
Service cost	24.6	-	24.6
Interest	160.6	-	160.6
Differences between expected and actual experience	7.0	-	7.0
Changes of assumptions	175.3	-	175.3
Contributions - employer	-	89.4	(89.4)
Contributions - member	-	4.4	(4.4)
Net investment income	-	(82.9)	82.9
Benefit payments, including refunds of member contributions	(155.8)	(155.8)	-
Administrative and other expenses	-	(0.7)	0.7
Net changes	211.8	(145.6)	357.4
Balances at 9/30/2023	\$ 2,639.1	\$ 1,696.9	\$ 942.2

The amounts included in the table below are related to MRP (in millions):

	Primary Government Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Assets)
	(a)	(b)	(a) - (b)
Balances at 9/30/2022	\$ 59.8	\$ 67.6	\$ (7.8)
Changes for the year:			
Service cost	0.7	-	0.7
Interest	3.9	-	3.9
Differences between expected and actual experience	(1.0)	-	(1.0)
Changes of assumptions	5.0	-	5.0
Contributions - employer	-	0.9	(0.9)
Net investment income	-	(3.0)	3.0
Benefit payments, including refunds of member contributions	(4.0)	(4.0)	-
Administrative and other expenses	-	(0.2)	0.2
Net changes	4.7	(6.4)	11.1
Balances at 9/30/2023	\$ 64.5	\$ 61.3	\$ 3.2

**Michigan**  
**Notes to the Financial Statements**

The amounts included in the table below are related to LRS (in millions):

	Primary Government Increase (Decrease)		Net Pension
	Total Pension Liability	Plan Fiduciary Net Position	Liability (Assets)
	(a)	(b)	(a) - (b)
Balances at 9/30/2022	\$ 275.4	\$ 124.5	\$ 150.9
Changes for the year:			
Interest	8.4	-	8.4
Differences between expected and actual experience	(2.7)	-	(2.7)
Changes of assumptions	(43.5)	-	(43.5)
Net investment income	-	(21.8)	21.8
Benefit payments, including refunds of member contributions	(14.5)	(14.5)	-
Administrative and other expenses	-	(0.5)	0.5
Net changes	(52.3)	(36.8)	(15.5)
Balances at 9/30/2023	\$ 223.0	\$ 87.7	\$ 135.3

The amounts included in the table below are related to JRS (in millions):

	Primary Government Increase (Decrease)		Net Pension
	Total Pension Liability	Plan Fiduciary Net Position	Liability (Assets)
	(a)	(b)	(a) - (b)
Balances at 9/30/2022	\$ 264.1	\$ 299.9	\$ (35.9)
Changes for the year:			
Service cost	1.2	-	1.2
Interest	15.8	-	15.8
Differences between expected and actual experience	(1.9)	-	(1.9)
Changes of assumptions	4.5	-	4.5
Contributions - employer	-	1.5	(1.5)
Contributions - member	-	0.4	(0.4)
Net investment income	-	(12.9)	12.9
Benefit payments, including refunds of member contributions	(24.4)	(24.4)	-
Administrative and other expenses	-	(0.3)	0.3
Net changes	(4.7)	(35.7)	31.0
Balances at 9/30/2023	\$ 259.4	\$ 264.2	\$ (4.9)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2023, the State recognized pension expense related to the primary government and its component units of \$1,373.5 million and \$32.8 million, respectively. Pension expense by plan is listed in the table below (in millions):

Plan	Primary Government	Component Unit
SERS	\$ 1,298.1	\$ 32.8
SPRS	118.7	-
MRP	1.2	-
LRS	(41.9)	-
JRS	(2.6)	-
Total	\$ 1,373.5	\$ 32.8

**Michigan**  
**Notes to the Financial Statements**

The total reported deferred outflows of resources and deferred inflows of resources related to pensions, including component units, are identified in Note 28. For each plan, the deferred outflows of resources and deferred inflows of resources related to pensions are in the table below (in millions):

Deferred Outflows of Resources:	Primary Government					Component Unit	Total
	SERS	SPRS	MRP	LRS	JRS	SERS Only	
Difference between expected and actual experience	\$ -	\$ 32.8	\$ 0.8	\$ -	\$ -	\$ -	\$ 33.7
Changes of assumptions	-	171.5	3.9	-	-	-	175.4
Net difference between projected and actual earnings on pension plan investments	-	-	-	14.8	-	-	14.8
Contributions subsequent to the measurement date	697.5	192.6	1.5	-	1.3	14.1	906.9
Total Deferred Outflows of Resources:	<u>\$ 697.5</u>	<u>\$ 396.9</u>	<u>\$ 6.2</u>	<u>\$ 14.8</u>	<u>\$ 1.3</u>	<u>\$ 14.1</u>	<u>\$ 1,130.8</u>

Deferred Inflows of Resources:							
Difference between expected and actual experience	\$ -	\$ -	\$ 0.9	\$ -	\$ -	\$ -	\$ 0.9
Net difference between projected and actual earnings on pension plan investments	58.4	-	0.5	-	4.0	1.2	64.1
Total Deferred Inflows of Resources:	<u>\$ 58.4</u>	<u>\$ -</u>	<u>\$ 1.5</u>	<u>\$ -</u>	<u>\$ 4.0</u>	<u>\$ 1.2</u>	<u>\$ 65.1</u>

Amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows (amounts in millions):

Year Ended September 30	Primary Government Pension Expense Amount					Component Unit Pension Expense Amount	Total
	SERS	SPRS	MRP	LRS	JRS	SERS Only	
2024	\$ (80.0)	\$ 53.0	\$ 0.7	\$ 3.7	\$ (2.6)	\$ (1.6)	\$ (26.8)
2025	(124.9)	32.4	0.5	2.7	(3.5)	(2.5)	(95.4)
2026	(162.8)	25.1	0.1	2.4	(4.1)	(3.3)	(142.6)
2027	309.4	77.6	2.1	6.0	6.2	6.3	407.5
2028	N/A	16.1	N/A	N/A	N/A	N/A	16.1

Currently, deferred outflows and inflows of resources related to pensions that will be recognized in pension expense do not extend beyond the four years identified in the table above for SERS, MRP, LRS, and JRS and do not extend beyond the five years identified in the table above for SPRS.

### Defined Contribution Pension Plans

#### State of Michigan Defined Contribution Retirement Plan

The Plan, now within the State of Michigan 401K Plans Fund, was established to provide benefits at retirement to employees of the State who were hired after March 31, 1997, Michigan State Police officers hired on or after June 10, 2012, Public School Reporting Units members hired after July 1, 2010, and to those members of SERS (defined benefit) and eligible members of the Education Achievement Authority (EAA), LRS, and JRS who elected to transfer to this Plan. The Plan is administered by the Department of Technology, Management and Budget. MCL Section 38.686 created the State of Michigan Personal Healthcare Fund for State employees hired after January 1, 2012, and those who elected to transfer to this plan.

The State is required to contribute 4.0 percent of annual covered payroll. The State is also required to match employee contributions up to 3.0 percent of annual covered payroll. The Plan provides for eligible public school reporting units and the Michigan State Police to make a mandatory contribution of 50.0 percent of participants' voluntary contributions up to 1.0 percent of compensation. The Plan also provides for the EAA to make a mandatory contribution of 100 percent of participants' voluntary contributions up to 7.5 percent of compensation. The EAA was dissolved effective June 30, 2017 and the plan no longer receives new EAA contributions; however, the plan will remain open as long as former EAA employee balances remain in the plan. The plan also provides for the Public School Reporting Units to make a matching contribution of 100 percent of defined contribution participants' voluntary contributions up to 3.0 percent of compensation. In addition, the Plan provides a Personal Healthcare Fund for State of Michigan employees hired on or after January 1, 2012, Michigan State Police officers hired on or after June

10, 2012, and Public School employees hired on or after September 4, 2012, with an employer match of up to 2.0 percent of compensation. State of Michigan employees hired prior to January 1, 2012, who elected to transfer to this plan received an employer match up to 2.0 percent of future compensation plus a monetized amount for existing years of service distributed on termination. Plan provisions and contribution requirements are established and may be amended by the Legislature. The reports may be obtained by visiting [www.michigan.gov/ors](http://www.michigan.gov/ors) or by calling (517) 284-4400.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in the State contributions and earnings on State contributions after completion of 48 months of credited service with the State. Nonvested contributions are forfeited upon termination of employment. Forfeitures are used to offset future State contributions and pay administrative expenses of the Plan. For the year ended September 30, 2023, the State recognized pension expense of \$273.3 million; forfeitures reduced the State's pension expense by \$10.9 million.

#### **Component Units**

In addition to the PSERS, the State university component units participate in a defined contribution multiple-employer pension plan primarily administered by the Teachers' Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) and also, in some cases, Fidelity Investments. The State university component units are required to contribute between 4.0 percent and 15.0 percent of annual covered payroll, as determined by each institution's employment agreements. The total contribution to the TIAA-CREF and Fidelity Investments for all State university component units was \$122.7 million for the year ending June 30, 2023.

Additional plan information may be found in the separately issued financial reports of the State university component units.

Effective January 1, 2004, the State Bar of Michigan assumed responsibility for the retirement plans of State Bar employees who participated in the Plan. All monies held in the Plan on behalf of participating State Bar employees were subsequently transferred to the newly established State Bar 401(a) retirement plan and the 457(b) retirement plan. The State Bar of Michigan is required to make minimum contributions and may establish other benefit provisions for their retirement plans. The State Bar of Michigan's contribution to the new plans was \$0.4 million for the year ending September 30, 2023.

Additional plan information for the retirement plan can be obtained by contacting the State Bar at (517) 346-6300.

## **NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS**

### ***Other Postemployment Benefit Plans***

The component unit information required to be disclosed in this note is related to the State Employees' Retirement System (SERS) and Postemployment Life Insurance Benefit (PELIB) plan. All other component units of the State participate in Other Postemployment Benefit plans (OPEB) where the State is not an employer. The SERS OPEB plan includes all discretely presented component units included in Note 2 under Authorities, except the Michigan Early Childhood Investment Corporation, Farm Produce Insurance Authority, and Venture Michigan Fund. The PELIB plan includes all discretely presented component units included in Note 2 under Authorities except the Michigan Early Childhood Investment Corporation, Farm Produce Insurance Authority, State Bar of Michigan, and Venture Michigan Fund.

The other postemployment benefit plans are administered through a trust and follow the disclosure requirements set forth in Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

#### **Plan Description**

The State of Michigan administers the following OPEB plans:

Name	Type of Plan	Participating Employers
Legislative Retirement System (LRS)	Single employer	1
State Police Retirement System (SPRS)	Single employer	1
State Employees' Retirement System	Single employer	1
Public School Employees' Retirement System (PSERS) <sup>(1)</sup>	Cost sharing multiple employer	694
Judges' Retirement System (JRS)	Single employer	1
Postemployment Life Insurance Benefit <sup>(2)</sup>	Single employer	1

(1) The State of Michigan is not an employer within PSERS; therefore, OPEB plan information is not disclosed in this note.

(2) Postemployment Life Insurance Benefit plan is not administered through a trust but follows the disclosure requirements set forth in GASB Statement No. 75.

Each plan, except for PELIB, is accounted for in a separate OPEB trust fund and also issues a publicly available financial report that includes financial statements, notes to financial statements, and required supplementary information for that plan. Those reports, except LRS, may be obtained by visiting [www.michigan.gov/ors](http://www.michigan.gov/ors) or by calling the Customer Contact Center at (517) 284-

**Michigan**  
**Notes to the Financial Statements**

4400 or 1-800-381-5111. The LRS report may be obtained by visiting <https://audgen.michigan.gov/completed-projects/> or by calling (517) 373-0575. The PELIB information is included in a separate section at the end of this note.

Pursuant to Michigan Compiled Laws (MCL) Sections 38.1075 and 38.1079, the LRS OPEB plan became closed. All qualified participants must have completed six years of service before January 1, 2013, to qualify for health insurance in the plan.

At September 30, 2022, the measurement date, the following employees were covered by the benefit terms:

	SERS <sup>(3)</sup>	LRS	SPRS	JRS
Eligible participants <sup>(4)</sup>	60,906	368	3,105	39
Participants receiving benefits:				
Health <sup>(4)</sup>	51,341	341	2,955	39
Dental	53,592	-	2,963	-
Vision	53,373	-	2,962	-
Active members	48,333	2	1,701	37
Inactive vested members <sup>(5)</sup>	6,010	-	283	26
Deferred participants	-	61	-	-

- (3) The component unit employee membership is included within the SERS OPEB plan. A breakout of the component unit employee membership is unavailable.
- (4) LRS employee count includes 115 defined contribution participants at September 30, 2022, who are receiving health care insurance through the System in accordance with State statute. At September 30, 2022, the number of defined contribution participants who were eligible for health care insurance but declined to receive the benefits was 25.
- (5) SPRS employee count includes Deferred Retirement Option Plan (DROP) employees. MCL 38.1624a amended the State Police Retirement Act to create a DROP for SPRS members with 25 years of service. This benefit program allows State Police who are eligible to retire to defer their retirement and keep working for up to six years.

#### **Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. Contributions from the State are recognized as revenue when due and payable. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

#### **Benefit Payments**

State statutes require that the State provide certain OPEB benefits to many of its retired employees. Health, dental, and vision benefits as well as life insurance coverage are provided to retirees. SERS no longer gives health, medical, and dental benefits to employees hired on or after January 1, 2012, or to those employees that elected the Personal Healthcare Fund. SPRS no longer gives health, medical, and dental benefits to employees hired on or after June 10, 2012, or to those employees that elected the Personal Healthcare Fund. These employees receive contributions to the Personal Healthcare Fund (as described in Note 10).

#### **Valuation of Plan Investments**

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds not traded on a national or international exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of private investments is based on the net assets value reported in the financial statements of the respective investment entity. The net asset value is determined in accordance with governing documents of the investment entity and is subject to an independent annual audit. Securities purchased with cash collateral under securities lending activities are recorded at estimated fair value. Other investments not having an established market are recorded at estimated fair value.

#### **Contributions**

The statute requires the employer to contribute to finance the benefits of plan members. These employer contributions are determined annually by the System's actuary. For fiscal year 2023, the contribution rate for SERS was 14.1 percent of the defined benefit employee wages and the defined contribution employee wages. The contribution rate for SPRS was 31.8 percent of wages for defined benefit non-command and command officers and hybrid defined benefit non-command and command officers. The actuarially determined contribution was \$0 for JRS and \$5.5 million for LRS. The employer contribution to SERS, SPRS, JRS, and LRS for the fiscal year ending September 30, 2023, was \$560.9 million from the primary government and \$10.9 million from its component units (SERS only).

#### **Net OPEB Liability**

The net OPEB liability for SERS, SPRS, JRS, and LRS was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021, and rolled forward using generally accepted actuarial procedures.

### Actuarial Valuations and Assumptions

Actuarial valuations for the OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The schedules of funding progress present multi-year trend information about whether the actuarial value of plan assets for the OPEB plans is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial methods and assumptions in the table below are used to determine the net OPEB liability.

	LRS	SPRS	SERS	JRS
Latest actuarial valuation date	9/30/2021	9/30/2021	9/30/2021	9/30/2021
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level dollar closed	Level percent of payroll closed	Level percent of payroll closed	Level percent of payroll closed
Remaining amortization period as of October 1, 2021	19 years	17 years	15 years	15 years
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value
Actuarial assumption:				
Investment rate of return	7.0%	6.3%	6.2%	6.0%
Projected salary increases	4.0%	3.3 – 87.8%	2.8 – 11.8%	3.3%
Includes wage inflation at	4.0%	2.8%	2.8%	2.8%
Healthcare cost trend rate	Pre-65: 7.5% & Post-65: 6.3% Year 1 graded to 3.5% Year 12	Pre-65: 7.5% & Post-65: 6.3% Year 1 graded to 3.5% Year 15	Pre-65: 7.5% & Post-65: 6.3% Year 1 graded to 3.5% Year 15	Pre-65: 7.5% & Post-65: 6.3% Year 1 graded to 3.5% Year 15

### Actuarial Assumptions Changes

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted for use in the annual OPEB valuations beginning with the September 30, 2018, valuations for SERS, SPRS, and JRS. There were no changes in actuarial assumptions from the September 30, 2021, valuation to the September 30, 2022, valuation.

The investment return assumption remained 6.2 percent for SERS, 6.3 percent for SPRS, 6.0 percent for JRS, and 4.0 percent for LRS for use in the annual funding valuations from the September 30, 2021, valuation to the September 30, 2022, valuation. The September 30, 2022, funding valuation will establish the actuarially determined contribution amounts for fiscal year 2025 for SERS and SPRS and for fiscal year 2023 for JRS and LRS.

### Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Allocation for SERS, SPRS, and JRS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0	8.7
International Equity Pools	15.0	6.7
Fixed Income Pools	13.0	(0.2)
Real Estate & Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return and Opportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	(0.5)
Total	100.0%	

\*Long-term Rate of Returns are net of administrative expenses and 2.2 percent inflation.

Asset Allocation for LRS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return**
Large Cap Equity	26.0%	2.2%
Small Cap Equity	10.0	3.2
International Equity	20.0	3.2
Emerging Markets	9.0	5.2
Fixed Income	20.0	(0.7)
Hedge Fund	10.0	2.0
Real Assets	4.0	3.0
Cash	1.0	(1.3)
Total	100.0%	

\*\*Real rate of return is based on investment manager inflation assumption of 2.3 percent.

### Rate of Return

For the year ended September 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was (3.1) percent for SERS, (2.9) percent for SPRS, 15.1 percent for JRS, and (15.7) percent for LRS. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Discount Rate

For SERS, a discount rate of 6.2 percent was used to measure the total OPEB liability for the current year compared to 6.9 percent for the prior year. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.2 percent. For SPRS, a discount rate of 6.3 percent was used to measure the total OPEB liability for the current year compared to 6.9 percent for the prior year. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.3 percent. For JRS, a discount rate of 6.0 percent was used to measure the total OPEB liability for the current year compared to 7.0 percent for the prior year. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.0 percent. For LRS, a single discount rate of 7.0 percent was used to measure the total OPEB liability for both current and prior years. This single discount rate was based on an expected rate of return on OPEB plan investments of 7.0 percent. The projection of cash flows used to determine this discount rate assumed that plan member contributions would be made at the current contribution rate and that employer contributions would be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents SERS's net OPEB liability (asset), calculated using a discount rate of 6.2 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 5.2%	Current Discount 6.2%	1% Increase 7.2%
SERS Net OPEB Liability/(Asset):			
Primary Government	\$ 4,841,918.6	\$ 3,813,697.1	\$ 2,950,298.3
Component Units	99,931.6	78,710.3	60,890.8
Total	<u>\$ 4,941,850.3</u>	<u>\$ 3,892,407.4</u>	<u>\$ 3,011,189.0</u>

The following presents SPRS's net OPEB liability (asset), calculated using a discount rate of 6.3 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 5.3%	Current Discount 6.3%	1% Increase 7.3%
SPRS Net OPEB Liability/(Asset)	\$ 519,438.1	\$ 426,064.1	\$ 348,372.9

The following presents JRS's net OPEB liability (asset), calculated using a discount rate of 6.0 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 5.0%	Current Discount 6.0%	1% Increase 7.0%
JRS Net OPEB Liability/(Asset)	\$ (2,295.9)	\$ (3,197.8)	\$ (3,963.3)

The following presents LRS's net OPEB liability (asset), calculated using a discount rate of 7.0 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 6.0%	Current Discount 7.0%	1% Increase 8.0%
LRS Net OPEB Liability/(Asset)	\$ 61,579.5	\$ 52,233.5	\$ 44,414.7

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate**

The following presents SERS's net OPEB liability (asset), calculated using a healthcare trend rate of 7.5 percent graded to 3.5 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current trend rate (in thousands):

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
SERS Net OPEB Liability/(Asset):			
Primary Government	\$ 2,912,780.2	\$ 3,813,697.1	\$ 4,850,126.2
Component Units	60,116.4	78,710.3	100,101.0
Total	<u>\$ 2,972,896.6</u>	<u>\$ 3,892,407.4</u>	<u>\$ 4,950,227.2</u>



**Michigan**  
**Notes to the Financial Statements**

The following presents SPRS, JRS, and LRS's net OPEB liability (asset), calculated using a healthcare trend rate of 7.5 percent graded to 3.5 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current trend rate (in thousands):

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
SPRS Net OPEB Liability/(Asset)	\$ 345,062.7	\$ 426,064.1	\$ 520,637.0
JRS Net OPEB Liability/(Asset)	(3,994.3)	(3,197.8)	(2,289.8)
LRS Net OPEB Liability/(Asset)	43,799.9	52,233.5	62,189.9

**Changes in the Net OPEB Liability/Asset**

For the year ended September 30, 2023, the State recognized a net OPEB liability of \$4,370.7 million for SERS, SPRS, and LRS, and a net OPEB asset of \$3.2 million for JRS.

The amounts included for the primary government and component units in the table below are related to SERS (in millions):

	Primary Government Increase (Decrease)			Component Units Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Assets)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Assets)
	(a)	(b)	(a) – (b)	(a)	(b)	(a) – (b)
Balances at 9/30/2022	\$ 8,728.1	\$ 4,985.5	\$ 3,742.7	\$ 169.5	\$ 96.8	\$ 72.7
Changes for the year:						
Service cost	82.7	-	82.7	1.7	-	1.7
Interest	593.3	-	593.3	12.2	-	12.2
Differences between expected and actual experience	(1,032.9)	-	(1,032.9)	(21.3)	-	(21.3)
Changes of assumptions	755.7	-	755.7	15.6	-	15.6
Contributions – employer	-	568.2	(568.2)	-	11.7	(11.7)
Net investment income	-	(241.9)	241.9	-	(5.0)	5.0
Benefit payments, including refunds of member contributions	(321.0)	(321.0)	-	(6.6)	(6.6)	-
Administrative expenses	-	(1.3)	1.3	-	-	-
Other changes	(10.4)	(7.8)	(2.6)	10.4	5.9	4.5
Net changes	67.4	(3.7)	71.0	12.0	6.0	6.0
Balances at 9/30/2023	\$ 8,795.5	\$ 4,981.8	\$ 3,813.7	\$ 181.5	\$ 102.8	\$ 78.7

**Michigan**  
Notes to the Financial Statements

The amounts included in the table below are related to SPRS (in millions):

	Primary Government Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Assets) (a) – (b)
Balances at 9/30/2022	\$ 749.8	\$ 372.9	\$ 376.9
Changes for the year:			
Service cost	9.4	-	9.4
Interest	50.9	-	50.9
Differences between expected and actual experience	(44.4)	-	(44.4)
Changes of assumptions	65.8	-	65.8
Contributions – employer	-	50.7	(50.7)
Net investment income	-	(18.1)	18.1
Benefit payments, including refunds of member contributions	(32.7)	(32.7)	-
Administrative and other expenses	-	(0.1)	0.1
Net changes	49.1	(0.1)	49.2
Balances at 9/30/2023	\$ 798.9	\$ 372.8	\$ 426.1

The amounts included in the table below are related to LRS (in millions):

	Primary Government Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Assets) (a) – (b)
Balances at 9/30/2022	\$ 94.5	\$ 38.3	\$ 56.2
Changes for the year:			
Interest	6.4	-	6.4
Differences between expected and actual experience	(12.9)	-	(12.9)
Changes of assumptions	1.5	-	1.5
Contributions – employer	-	4.7	(4.7)
Net investment income	-	(6.8)	6.8
Benefit payments, including refunds of member contributions	(5.4)	(5.4)	-
Administrative and other expenses	-	1.1	(1.1)
Net changes	(10.4)	(6.4)	(3.9)
Balances at 9/30/2023	\$ 84.1	\$ 31.8	\$ 52.2

**Michigan**  
**Notes to the Financial Statements**

The amounts included in the table below are related to JRS (in millions):

	Primary Government Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Assets) (a) – (b)
Balances at 9/30/2022	\$ 9.6	\$ 11.8	\$ (2.2)
Changes for the year:			
Service cost	0.2	-	0.2
Interest	0.7	-	0.7
Differences between expected and actual experience	(3.1)	-	(3.1)
Changes of assumptions	0.9	-	0.9
Contributions – employer	-	0.2	(0.2)
Contributions – member	-	0.1	(0.1)
Net investment income	-	(0.6)	0.6
Benefit payments, including refunds of member contributions	0.1	0.1	-
Administrative and other expenses	-	(0.1)	0.1
Net changes	(1.3)	(0.3)	(1.0)
Balances at 9/30/2023	\$ 8.3	\$ 11.5	\$ (3.2)

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2023, the State recognized OPEB expense related to the primary government and its component units of \$(358.7) million and \$3.4 million, respectively. The portion of OPEB expense for PELIB can be found in the Postemployment Life Insurance Benefit section of this note. The portion of OPEB expense for SERS, SPRS, LRS, and JRS is listed by plan in the table below (in millions):

Plan	Primary Government	Component Units
SERS	\$ (329.4)	\$ 2.4
SPRS	7.0	-
LRS	(7.4)	-
JRS	(1.0)	-
Total	\$ (330.9)	\$ 2.4

The total reported deferred outflows of resources and deferred inflows of resources related to OPEB, including component units, are identified in Note 28. For each plan, the deferred outflows of resources and deferred inflows of resources related to OPEB for SERS, SPRS, LRS, and JRS are in the table below (in millions):

	Primary Government				Component Units	
	SERS	SPRS	LRS	JRS	SERS Only	Total
Deferred Outflows of Resources:						
Changes of assumptions	\$ 1,206.4	\$ 95.6	\$ -	\$ 0.7	\$ 24.9	\$ 1,327.6
Net difference between projected and actual earnings on OPEB plan investments	92.7	5.7	5.1	0.2	1.9	105.6
Changes in proportion and differences between employer contributions and proportionate share of contributions	35.4	-	-	-	45.3	80.7
Contributions subsequent to the measurement date	509.9	46.0	4.9	-	10.9	571.7
Total Deferred Outflows of Resources:	\$ 1,844.4	\$ 147.3	\$ 10.0	\$ 0.9	\$ 83.0	\$ 2,085.6
Deferred Inflows of Resources:						
Difference between expected and actual experience	\$ 2,835.6	\$ 143.2	\$ -	\$ 2.6	\$ 58.5	\$ 3,040.0
Changes of assumptions	140.3	3.8	-	0.1	2.9	147.1
Changes in proportion and differences between employer contributions and proportionate share of contributions	62.5	-	-	-	9.8	72.3
Total Deferred Inflows of Resources:	\$ 3,038.4	\$ 147.0	\$ -	\$ 2.7	\$ 71.2	\$ 3,259.4

**Michigan**  
**Notes to the Financial Statements**

Amounts reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB for SERS, SPRS, LRS, and JRS will be recognized in OPEB expense as follows (amounts in millions):

Year Ended September 30	Primary Government OPEB Expense Amount				Component Units OPEB Expense Amount	Total
	SERS	SPRS	LRS	JRS	SERS Only	
2024	\$ (600.1)	\$ (18.7)	\$ 1.3	\$ (1.1)	\$ (3.1)	\$ (621.8)
2025	(591.0)	(18.3)	1.0	(0.8)	(2.7)	(611.8)
2026	(457.4)	(16.4)	0.9	(0.2)	0.6	(472.4)
2027	(31.8)	4.4	1.9	0.3	5.9	(19.4)
2028	(23.5)	3.2	-	-	0.2	(20.1)

Currently, deferred outflows and inflows of resources related to OPEB that will be recognized in OPEB expense do not extend beyond the five years identified in the table above.

**Postemployment Life Insurance Benefit**

**Plan Description**

The State of Michigan provides PELIB to eligible individuals upon retirement from State employment. Members of SERS, SPRS, JRS, and certain members of the Military Retirement Provisions (MRP) may receive a life insurance benefit if they meet the benefit eligibility requirements. PELIB is a single-employer, state-wide, defined benefit OPEB plan. The State contracts with Minnesota Life to administer the payout of life insurance benefits. PELIB is administered by the Michigan Civil Service Commission under Article XI, Section 5 of the Michigan Constitution of 1963 and Michigan Civil Service Commission Rule 5-11.

Activity of PELIB is accounted for in the State Sponsored Group Insurance Fund (Fund), an internal service fund in the State of Michigan Annual Comprehensive Financial Report. The Fund was administratively established to account for employee insurance benefit programs, which are largely self-funded. Five group insurance programs are offered to State employees: health, dental, vision, long-term disability, and life. PELIB is not a trust and has no plan assets.

**Benefits Provided**

The State's group policy with Minnesota Life includes any active employee in the category of classified State service with an appointment of at least 720 hours duration, but excluding employees with non-career appointments and those working less than 40.0 percent of full time; any active official or active unclassified employee of the State who has been approved for coverage by the Civil Service Commission; any retired employee or official who was insured under this policy or the prior policies it replaced prior to entry into a State Retirement System; and Wayne County employees who a) were State Judicial Council employees on October 1, 1996, and whose employment was transferred to the Recorder's Court on October 1, 1996, and b) whose employer subsequently became the Wayne County Clerk's Office.

Eligible retirees are provided with life insurance coverage equal to 25.0 percent of the active life insurance coverage (which amount is rounded to the next higher \$100 provided the retiree retired after July 1, 1974), \$1,000 for spouse and \$1,000 for each dependent under age 23. The active life insurance amount is either a) two times the employee's basic annual salary, the result rounded to the next higher \$1,000 if not already a multiple thereof, with a minimum of \$10,000 and a maximum of \$200,000; or b) one times the employee's basic annual salary, the result rounded to the next higher \$1,000 if not already a multiple thereof, with a minimum of \$10,000 and a maximum of \$50,000.

**Contributions**

The State contributes 100 percent of the premiums for employee and retiree life insurance coverage. The premium rate for fiscal year 2023 was 28.0 cents for each \$1,000 of coverage of active payroll from October 1, 2022, through December 31, 2022, and 32.0 cents for each \$1,000 of coverage of active payroll from January 1, 2023, through September 30, 2023. The employee contributes 100 percent of the premiums for dependent life coverage, and an employee must have been enrolled in dependent life insurance to maintain eligibility for dependent coverage as a retiree. The State is liable for benefit payments that exceed premiums paid. The Michigan Civil Service Commission is responsible for establishing and amending funding policies. The employer contribution to PELIB for retirees and their eligible dependents for the fiscal year ending September 30, 2023, was \$35.1 million from the primary government and \$0.8 million from its component units.

More specific information concerning eligibility requirements, benefit level, and funding policies is included in employee collective bargaining agreements, benefit plan booklets, and rules and regulations issued by the Michigan Civil Service Commission.

**Total OPEB Liability**

The total OPEB liability for PELIB as of the September 30, 2022, measurement date is based on the result of an actuarial valuation date of September 30, 2021.

**Actuarial Valuations and Assumptions**

Actuarial valuations for PELIB involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

**Summary of Actuarial Assumptions**

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Individual Entry-Age
Wage Inflation Rate:	2.8%
Investment Rate of Return (discount rate):	4.4% per year

Post-Retirement Mortality Tables: The post-retirement mortality tables used in this valuation were 110 percent of the Healthy Life and Disabled Life Mortality Tables.

Claims Incurred But Not Reported (IBNR): A liability equal to 25.0 percent of expected first year cash flow was held for postemployment life insurance benefits claims IBNR.

Spouse Benefits for Future Retirees: The following loads were applied to active member liabilities to account for potential postemployment life insurance benefits for the spouses of future retirees: JRS, 1.1%; MRP, 2.3%; SPRS, 2.5%; SERS, 1.8%.

Opt Out Factors: Postemployment life insurance benefit participation data was supplied for all current retirees and used without adjustment. Active members reported with life insurance benefits were assumed to have this benefit until separation from state employment.

Active Member Election: The active life insurance option each member elected was provided to the actuary. It was assumed active members would continue their current option up to and after retirement. In circumstances where it was unclear what option was currently being elected, it was assumed the active member elected the two times salary option.

Other: The face value of postemployment life insurance benefit policies currently in force were reported to the actuary beginning with the September 30, 2021, valuation of the plan.

**Discount Rate**

A discount rate of 4.4 percent was used to measure the ending total OPEB liability for PELIB as of September 30, 2022. This discount rate was based on the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date since PELIB has no assets. The discount rate used to measure the total OPEB liability as of September 30, 2021, was 2.2 percent. A increase in the discount rate used affects the measurement of total OPEB liability for PELIB by decreasing its total OPEB liability.

**Total OPEB Liability for Postemployment Life Insurance Benefits**

PELIB total liability is measured as the total liability, less the amount of the PELIB net position. In actuarial terms, this is the accrued liability less the market value of assets. PELIB has no assets (amounts below are in millions).

Total OPEB Liability as of September 30, 2021	\$ 1,391.9
Total OPEB Liability as of September 30, 2022	992.0
Total Covered Employee Payroll	3,314.6
Total Liability as a Percentage of Covered Employee Payroll	29.9%

**Sensitivity of the Total OPEB Liability for Postemployment Life Insurance**

The following table presents total OPEB liability for PELIB, calculated using a Single Discount Rate of 4.4 percent, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher (in thousands):

	1% Decrease 3.4%	Current Discount 4.4%	1% Increase 5.4%
PELIB Total OPEB Liability			
Primary Government	\$ 1,132.6	\$ 972.6	\$ 845.1
Component Units	22.5	19.3	16.8
Total	<u>\$ 1,155.1</u>	<u>\$ 992.0</u>	<u>\$ 861.8</u>

**Changes in the Total OPEB Liability**

The amounts included in the table below are related to PELIB (in millions):

	Primary Government Increase (Decrease)	Component Units Increase (Decrease)
	Total OPEB Liability (a)	Total OPEB Liability (a)
Balances at 9/30/2022	\$ 1,366.3	\$ 25.6
Changes for the year:		
Service cost	30.2	0.6
Interest	29.8	0.6
Differences between expected and actual experience	(1.3)	-
Changes of assumptions	(415.3)	(8.3)
Benefit payments, including refunds of member contributions	(35.6)	(0.7)
Other changes	(1.5)	1.5
Net changes	<u>(393.7)</u>	<u>(6.3)</u>
Balances at 9/30/2023	<u>\$ 972.6</u>	<u>\$ 19.3</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Life Insurance OPEB**

For the year ended September 30, 2023, the State recognized OPEB expense related to PELIB of \$(27.8) million for the primary government and \$1.1 million for the component units. The deferred outflows of resources and deferred inflows of resources related to PELIB are included in Note 28 and in the table below (in millions):

	Primary Government	Component Units
Deferred Outflows of Resources:		
Changes of assumptions	\$ 114.3	\$ 2.3
Changes in proportion and differences between employer contributions and proportionate share of contributions	2.2	8.5
Contributions subsequent to the measurement date	35.1	0.8
Total Deferred Outflows of Resources:	<u>\$ 151.6</u>	<u>\$ 11.5</u>
Deferred Inflows of Resources:		
Difference between expected and actual experience	\$ 104.6	\$ 2.1
Changes of assumptions	354.3	7.0
Changes in proportion and differences between employer contributions and proportionate share of contributions	9.0	1.7
Total Deferred Inflows of Resources:	<u>\$ 467.8</u>	<u>\$ 10.9</u>

**Michigan**  
**Notes to the Financial Statements**

Amounts reported as deferred outflows of resources related to PELIB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the total PELIB liability in the year ended September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to PELIB will be recognized in PELIB expense as follows (amounts in millions):

Year Ended September 30	Primary Government PELIB Expense Amount	Component Units PELIB Expense Amount
2024	\$ (74.4)	\$ 0.1
2025	(64.6)	0.4
2026	(70.8)	0.3
2027	(78.1)	0.1
2028	(63.4)	(1.0)

Currently, deferred outflows and inflows of resources related to PELIB that will be recognized in OPEB expense do not extend beyond the five years identified in the table above.

## **NOTE 12 – VENDOR FINANCING**

### ***Accounting Policy***

The State acquires various capital assets with long-term vendor financing. Contracts that transfer ownership of the underlying assets to the State by the end of the contract term and do not contain unconditional termination options (but may include fiscal funding clauses that are not reasonably certain of being exercised) are classified as financed purchases of the assets. Other contracts that convey control of the right to use other entities' nonfinancial assets to the State are classified as leases or subscriptions. Subscriptions for the State primarily relate to arrangements that convey control of the right to use a vendor's information technology software.

In the government-wide and proprietary fund financial statements, assets and liabilities resulting from vendor financing arrangements are recorded when the State acquires the assets or is granted the right to use the assets. The principal portion of vendor financing payments reduces the liability; the interest portion is expensed.

For vendor financing arrangements in governmental funds, other financing sources and expenditures are recorded at the commencement of the contract term. Vendor financing payments are recorded as debt service expenditures. For budgetary purposes, vendor financing payments are only reported as expenditures when due.

Most vendor financing arrangements have cancellation clauses with one to six-month notice requirements in the event that funding is not available. For reporting purposes, such cancellation clauses are not considered in the determination of the contract term unless the State is reasonably certain that the clauses will be exercised.

Some lease and subscription agreements include renewal or purchase options. The effect of such options is included in the calculation of the lease or subscription term and the measurement of the lease or subscription liability only if the State is reasonably certain that the option will be exercised. The State reclassifies leases to financed purchases when purchase options are exercised. Additionally, some lease agreements include escalation clauses or other contingent rentals.

During fiscal years 2008, 2011, and 2015, the State entered into building lease agreements with the Michigan Strategic Fund (MSF), a discretely presented component unit. The leases are included in the disclosures below.

**Michigan**  
Notes to the Financial Statements

**Primary Government – Changes in Vendor Financing Obligations**

Changes in vendor financing obligations for the year ended September 30 are summarized as follows (in millions):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Governmental Activities:						
Leases*	\$ 526.7	\$ 20.7	\$ 62.8	\$ 484.6	\$ 51.2	\$ 433.4
Leases with component units	128.8	-	20.9	107.9	10.3	97.6
Financed purchases	800.9	121.0	44.5	877.5	67.8	809.7
Subscriptions*	318.4	374.6	108.0	585.0	96.1	488.9
Total Governmental Activities	<u>\$ 1,774.9</u>	<u>\$ 516.3</u>	<u>\$ 236.3</u>	<u>\$ 2,055.0</u>	<u>\$ 225.4</u>	<u>\$ 1,829.6</u>
Business-type Activities:						
Leases*	\$ 3.8	\$ -	\$ 0.4	\$ 3.4	\$ 0.3	\$ 3.1
Total Business-type Activities	<u>\$ 3.8</u>	<u>\$ -</u>	<u>\$ 0.4</u>	<u>\$ 3.4</u>	<u>\$ 0.3</u>	<u>\$ 3.1</u>

\*The beginning balance was restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements and correction of prior year implementation of GASB Statement No. 87, Leases. See Note 4 for additional information on this restatement.

Included in the table above are vendor financing obligations of internal service funds, which reported beginning balances, additions, reductions, and ending balances of \$416.7 million, \$406.9 million, \$143.9 million, and \$679.7 million, respectively.

Variable payments for subscriptions are not included in the measurement of the subscription liability. Variable payments for subscriptions totaled \$100.8 million during the fiscal year.

**Primary Government – Governmental Activities**

Payments for lease principal and interest totaled \$71.7 million and \$16.8 million, respectively, during the fiscal year. Included in these amounts were payments to MSF for principal and interest totaling \$20.0 million and \$5.2 million, respectively.

A summary of the lease commitments to maturity follows (in millions):

Year Ended September 30	Principal	Interest	Total
2024	\$ 61.5	\$ 15.0	\$ 76.5
2025	59.5	13.9	73.3
2026	47.4	12.8	60.2
2027	46.2	12.0	58.2
2028	46.0	11.2	57.2
2029-2033	137.9	46.1	184.0
2034-2038	81.1	35.7	116.9
2039-2043	57.0	24.9	81.9
2044-2048	40.1	10.8	50.9
Thereafter	15.9	1.7	17.6
Total	<u>\$ 592.5</u>	<u>\$ 184.2</u>	<u>\$ 776.7</u>

The above leases relate to governmental activities which include the General Fund, other governmental funds, and the internal service funds. A liability of \$592.5 million has been recorded in the government-wide financial statements for the lease principal. Included in this liability are the leases between the State and MSF totaling \$107.9 million. The historical cost and accumulated amortization of the assets leased from MSF totaled \$126.2 million and \$19.8 million, respectively, as of September 30.



**Michigan**  
**Notes to the Financial Statements**

A summary of the financed purchase commitments to maturity follows (in millions):

Year Ended September 30	Principal	Interest	Total
2024	\$ 67.8	\$ 41.6	\$ 109.4
2025	44.5	39.4	83.9
2026	39.6	37.8	77.4
2027	32.0	36.3	68.2
2028	29.5	34.9	64.4
2029-2033	121.9	156.3	278.2
2034-2038	132.6	125.4	258.0
2039-2043	186.1	84.4	270.5
2044-2048	223.5	31.5	255.0
Thereafter	-	-	-
Total	<u>\$ 877.5</u>	<u>\$ 587.5</u>	<u>\$ 1,465.0</u>

A summary of the subscription purchase commitments to maturity follows (in millions):

Year Ended September 30	Principal	Interest	Total
2024	\$ 96.1	\$ 16.2	\$ 112.2
2025	88.8	13.5	102.3
2026	74.9	11.2	86.1
2027	70.6	9.1	79.7
2028	64.4	7.2	71.6
2029-2033	171.0	14.3	185.2
2034-2038	19.2	2.0	21.2
2039-2043	-	-	-
2044-2048	-	-	-
Thereafter	-	-	-
Total	<u>\$ 585.0</u>	<u>\$ 73.4</u>	<u>\$ 658.3</u>

**Primary Government – Business-Type Activities**

A summary of the lease commitments to maturity follows (in millions):

Year Ended September 30	Principal	Interest	Total
2024	\$ 0.3	\$ 0.1	\$ 0.4
2025	0.3	-	0.4
2026	0.3	-	0.4
2027	0.3	-	0.4
2028	0.3	-	0.4
2029-2033	1.0	0.1	1.1
2034-2038	0.4	0.1	0.5
2039-2043	0.1	-	0.1
2044-2048	0.1	-	0.1
Thereafter	0.2	-	0.2
Total	<u>\$ 3.4</u>	<u>\$ 0.5</u>	<u>\$ 3.9</u>

**Discretely Presented Component Units**

Total lease commitments to maturity were \$36.0 million and \$3.3 million for principal and interest, respectively, during the fiscal year.

Total subscription commitments to maturity were \$35.7 million and \$2.1 million for principal and interest, respectively, during the fiscal year.

## **NOTE 13 – BONDS AND NOTES PAYABLE – PRIMARY GOVERNMENT**

### **General Information**

#### **General Obligation Bonds and Notes**

Article 9, Section 15, of the State Constitution authorizes general obligation long-term borrowing, subject to approval by the Legislature and a majority of voters at a general election. In addition, debt may be incurred without voter approval for the purpose of providing loans to school districts. General obligation notes to provide temporary financing for such loans are recorded as liabilities in the School Bond Loan Fund, a subfund of the General Fund. General Fund appropriations are made to finance debt principal and interest requirements for all general obligation issues. General obligation bonds are backed by the full faith and credit of the State.

The State Constitution provides that the Legislature may also authorize the issuance of general obligation short-term notes, the principal amount of which may not exceed 15.0 percent of undedicated revenues received in the preceding year. The State Constitution also provides that such notes must be repaid within the fiscal year of the borrowing. In fiscal year 2023, the State did not issue any general obligation short-term notes.

#### **Revenue Dedicated Bonds and Notes**

Long-term bonds have been issued periodically for specific purposes, with the stipulation that financing of debt requirements is to come strictly from designated revenue sources. The transportation related debt is payable solely out of funds restricted for transportation purposes by Article 9, Section 9, of the State Constitution. The State's general credit does not support such issues.

Revenue bonds have been issued by the State Building Authority (SBA) to finance the acquisition and/or construction of various facilities for use by the State or institutions of higher education. Revenue bonds have also been issued to finance equipment acquisitions. In addition, SBA issues commercial paper notes to fund construction projects prior to bonding. Short-term debt activity for the fiscal year ended September 30 follows (in millions):

	Beginning Balance	Draws	Repayments	Ending Balance
Commercial Paper Notes	\$ 77.0	\$ 72.5	\$ 95.5	\$ 54.0

Note 14 provides disclosures regarding the bonds and notes payable of the discretely presented component units.

**Michigan**  
Notes to the Financial Statements

**Bonds Issued and Outstanding**

General obligation and revenue dedicated bonds issued and outstanding (excluding defeased bonds) at September 30 (in millions) are as follows:

	Amounts Issued	Outstanding September 30	Fiscal Year Maturities		Average Interest Rate Percentage
			First Year	Last Year	
General Obligation Bonded Debt					
General Obligation Debt:					
Series 2011 A (Refunding) (2)(3)	\$ 44.0	\$ 26.2	2022	2026	3.8 %
Series 2014 A (3)	65.1	65.1	2024	2029	5.0
Series 2014 B (3)	20.2	20.2	2027	2027	3.6
Series 2015 A (Refunding)	129.1	53.3	2017	2029	4.8
Series 2016 A (3)	82.2	27.8	2022	2025	5.0
Series 2016 B (Refunding)	60.0	37.8	2022	2026	4.8
Series 2017 A (1)(2)(3)	79.0	63.4	2022	2027	5.0
Series 2017 B (1)(2)(3)	40.6	9.8	2020	2025	2.0
Series 2018 (2)(3)	149.2	149.2	2027	2033	3.5
Series 2020 A (2)(3)	114.9	114.9	2030	2040	4.3
Series 2020 B (2)(3)	38.0	38.0	2030	2040	2.2
School Loan Bonds:					
Series 2009 B (Refunding) (5)	193.7	14.5	2010	2030	5.6
Series 2012 A (Refunding)	225.0	58.4	2013	2026	2.3
Series 2013 A	200.0	190.0	2023	2033	3.3
Total General Obligation Bonded Debt	<u>1,440.9</u>	<u>868.3</u>			
Revenue Dedicated Bonded Debt					
<u>Transportation Related:</u>					
Tax Dedicated Bonds:					
Comprehensive Transportation Fund Bonds:					
Series 2015 (Refunding)	29.4	22.5	2017	2031	4.9
Grant Anticipation Bonds:					
Series 2016 (Refunding)	607.1	442.7	2018	2027	5.0
State Trunkline Fund Bonds:					
Series 2020 A (Refunding)	103.5	25.9	2021	2027	5.0
Series 2020 B	800.0	790.0	2021	2046	4.6
Series 2021 A	800.0	785.0	2023	2047	4.4
Series 2021 B (Refunding)	54.2	51.7	2023	2037	4.9
Series 2023	1,193.6	1,193.6	2025	2050	5.1
Total Revenue Dedicated Bonded Debt - Transportation Related	<u>3,587.8</u>	<u>3,311.4</u>			
<u>State Building Authority:</u>					
Series 2015 I (Revenue and Refunding)	989.3	805.2	2016	2051	3.9
Series 2016 I (Revenue and Refunding)	665.2	549.6	2018	2052	3.1
Series 2019 I (Revenue and Refunding)	235.6	194.2	2020	2054	3.2
Series 2020 I (Revenue and Refunding)	212.2	205.2	2021	2046	2.3
Series 2020 II (Refunding)	556.9	531.3	2021	2056	2.6
Series 2020 III Multi-modal (Refunding) (4)	32.8	32.8	2022	2043	4.1
Series 2021 I	206.3	193.5	2022	2057	2.7
Series 2022 I	146.5	139.1	2023	2058	4.2
Series 2023 I Multi-modal (4)	113.8	113.8	2024	2058	4.1
Series 2023 II (Refunding)	281.0	281.0	2024	2048	3.7
Total State Building Authority Bonded Debt	<u>3,439.6</u>	<u>3,045.8</u>			
Total Revenue Dedicated Bonded Debt	<u>7,027.3</u>	<u>6,357.1</u>			
Total General Obligation and Revenue Dedicated Bonded Debt	<u>\$ 8,468.2</u>	<u>\$ 7,225.5</u>			

- (1) Sections 324.19301 and 324.71301 of the Michigan Compiled Laws (MCL) authorized the issuance of bonds totaling \$800.0 million. As of September 30, 2017, \$800.0 million of such bond proceeds had been received, leaving no remaining

authorization. The sum of the amounts issued in the preceding table differs by the amount of bonds refunded or redeemed, premiums and discounts, and other issuance costs.

- (2) MCL Section 324.95102 authorized the issuance of bonds totaling \$675.0 million. As of September 30, 2020, \$675.0 million of such bond proceeds had been received, leaving no remaining authorization. The sum of amounts issued in the preceding table differs by the amount of bonds refunded or redeemed, premiums and discounts, and other issuance costs.
- (3) In November 2002, voters approved a ballot proposal in which the State would issue \$1.0 billion in general obligation bonds to provide capital, which is then loaned to local units of government for water quality improvement projects. As of September 30, 2023, \$800.0 million of such bond proceeds had been recognized as received, leaving remaining authorization of \$200.0 million. Included in the amount recognized as received is \$100.0 million in bonds issued on December 18, 2003, to a discretely presented component unit, Michigan Finance Authority (MFA) (\$10.0 million relating to Strategic Water Quality and \$90.0 million relating to the previously existing State Water Quality Revolving Fund). No cash traded hands in the issuance of the bonds to MFA, the registered owner of the bonds.

The \$10.0 million bond was being used as collateral for Strategic Water Quality revenue bonds issued by MFA. MFA funded the principal and interest costs of the issued revenue bonds until the State refunded the general obligation bond document. This transaction allowed the State's General Fund to defer principal and interest costs until future years when the bond was repurchased/redeemed. In addition, the \$10.0 million bond included a provision that required the State to repurchase all or any portion of this bond upon 10-days written notice from the registered owner, MFA. For this reason, the State had recognized the bond related to Strategic Water Quality as a liability in the entity-wide statements. The \$10.0 million bond was reduced to a net obligation of \$6.0 million when \$4.0 million of the proceeds from the General Obligation Recreation and Environmental Protection Series 2006 B (which was fully refunded in fiscal year 2009) were used to refund a portion of the original obligation. The remaining \$6.0 million net obligation was fully refunded by General Obligation Environmental Program and Refunding Bonds Series 2017 A.

The \$90.0 million "bond" document issued for the State Water Quality Revolving Fund does not contain the 10-day repurchase provision that the \$10.0 million bond did, nor is the \$90.0 million "bond" document being used as collateral by MFA. For these reasons, the State has not recognized a liability for the \$90.0 million "bond" document related to the existing State Water Quality Revolving Fund.

- (4) SBA multi-modal and variable rate bonds bear interest at a remarketed weekly rate. Estimated interest was computed using the weekly rates as of September 30, 2023.
- (5) This issuance was acquired as an investment by the State Lottery Fund, an enterprise fund, through a public market offering and is reported as part of investments in the fund's statement of net position.

#### **Capital Appreciation Bonds**

Capital appreciation and convertible capital appreciation bonds are recorded in the Bonds Issued and Outstanding table and the Changes in Bonds and Notes Payable table at their accreted year-end book value. The following table summarizes capital appreciation bonds (in millions):

	Accreted Book Value	Ultimate Maturity Value	Fiscal Year Maturities	
			First Year	Last Year
General Obligation Bonded Debt				
School Loan Bonds:				
Series 2009 B (Refunding)	\$ 14.5	\$ 21.0	2010	2030

#### **Refundings and Defeasances**

The State has defeased certain bonds through advance refundings by placing the proceeds of new bonds (i.e., the "refunding" bonds in the table of bonds issued and outstanding) in irrevocable trust to provide for all future debt service on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not recorded as assets or liabilities in these statements and are not included in the other debt tables in this note.

#### **Revenue Dedicated**

During the year, SBA issued fixed rate Revenue Refunding Bonds 2023 Series II in the amount of \$281.0 million, maturing in fiscal years 2024 to 2048. From the proceeds, \$301.3 million was deposited with an escrow agent to refund Revenue and Revenue Refunding Bonds 2013 Series IA. As a result of this refunding, SBA's debt service decreased by \$110.6 million over the next 25 years. The refunding resulted in an economic gain of \$38.5 million.

**Michigan**  
**Notes to the Financial Statements**

The following table summarizes the defeased bonds outstanding at September 30 (in millions):

	Amounts Outstanding
State Building Authority:	
Series 2013 I A (Revenue and Refunding)	\$ 343.7
Series 2015 I (Revenue and Refunding)	20.0
Total State Building Authority	<u>\$ 363.7</u>

**Debt Service Requirements**

The following table summarizes debt service requirements for outstanding bonds (in millions):

Fiscal Years Ending	General Obligation		Transportation Related		State Building Authority		Total Principal and Interest
	Principal	Fixed Interest	Principal	Fixed Interest	Principal	Interest	
2024	\$ 108.4	\$ 32.0	\$ 126.3	\$ 135.0	\$ 72.2	\$ 120.2	\$ 594.0
2025	110.3	27.9	141.6	148.3	95.8	121.9	645.8
2026	104.3	23.6	148.8	141.1	97.0	117.9	632.6
2027	83.5	19.8	156.5	133.4	106.0	113.9	613.1
2028	66.8	16.4	78.4	127.6	108.5	109.0	506.7
2029-2033	297.3	47.8	446.9	573.8	630.3	458.6	2,454.7
2034-2038	71.9	13.2	562.0	449.8	716.3	311.5	2,124.8
2039-2043	32.4	1.7	702.8	309.0	467.0	195.8	1,708.6
2044-2048	-	-	770.6	132.5	359.2	118.2	1,380.5
2049-2053	-	-	177.6	9.7	261.0	51.7	500.0
2054-2058	-	-	-	-	132.4	11.6	144.0
Total	<u>\$ 874.8</u>	<u>\$ 182.4</u>	<u>\$ 3,311.4</u>	<u>\$ 2,160.2</u>	<u>\$ 3,045.8</u>	<u>\$ 1,730.2</u>	<u>\$ 11,304.9</u>

Interest to maturity for SBA may be significantly smaller than the amount shown in the above table because many of the bonds will be called prior to the 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.

**Changes in Bonds and Notes Payable**

Changes in bonds and notes payable for the year ended September 30 were as follows (in millions):

	Beginning Balance	Additions	Reductions	Accretion	Ending Balance	Amounts Due Within One Year	Due Thereafter
Governmental Activities							
Bonds Payable:							
General obligation debt	\$ 1,035.7	\$ -	\$ (168.5)	\$ 1.2	\$ 868.3	\$ 108.4	\$ 760.0
Revenue bonds	2,244.0	1,193.6	(126.3)	-	3,311.4	126.3	3,185.1
State Building Authority	3,090.9	394.8	(440.0)	-	3,045.8	72.2	2,973.5
Unamortized Discounts:							
General obligation debt	(0.3)	-	0.1	-	(0.2)	-	(0.2)
State Building Authority	(2.5)	-	0.1	-	(2.4)	-	(2.4)
Unamortized Premiums:							
General obligation debt	62.9	-	(9.8)	-	53.0	-	53.0
Revenue dedicated debt	482.1	109.4	(33.7)	-	557.9	-	557.9
State Building Authority	298.9	21.5	(23.8)	-	296.6	-	296.6
Total bonds and notes payable	<u>\$ 7,211.7</u>	<u>\$ 1,719.4</u>	<u>\$ (802.0)</u>	<u>\$ 1.2</u>	<u>8,130.4</u>	<u>306.8</u>	<u>7,823.5</u>
Plus State Building Authority commercial paper notes reported as "Current Liabilities: Bonds and Notes Payable" on the Statement of Net Position					54.0	54.0	-
As reported on the Statement of Net Position					<u>\$ 8,184.4</u>	<u>\$ 360.8</u>	<u>\$ 7,823.5</u>

## NOTE 14 – BONDS AND NOTES PAYABLE – DISCRETELY PRESENTED COMPONENT UNITS

### **Bonds and Notes Payable**

The State universities and the Michigan State Housing Development Authority (MSHDA) utilize June 30 fiscal year ends. The Farm Produce Insurance Authority and Venture Michigan Fund utilize a December 31 fiscal year end, and the remaining discretely presented component units have September 30 fiscal year ends.

#### **Bonds Payable**

Bonds payable of the discretely presented component units are legal obligations of the component units and are not general obligations of the State.

The following table summarizes debt service requirements of the discretely presented component units as reported in their separately issued financial statements, utilizing their respective fiscal year end (in millions):

Fiscal Years Ending In	Total Debt		All Other Debt		Direct Placement Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 763.3	\$ 465.7	\$ 641.3	\$ 442.1	\$ 121.9	\$ 23.6
2025	637.2	426.9	559.3	405.8	77.9	21.0
2026	734.9	409.8	658.1	391.2	76.8	18.6
2027	679.3	382.3	601.1	366.1	78.2	16.1
2028	481.9	354.6	403.9	340.9	78.0	13.6
Total five years	3,296.5	2,039.2	2,863.7	1,946.2	432.8	93.0
2029-2033	2,375.7	1,455.1	2,157.3	1,421.9	218.3	33.2
2034-2038	1,899.3	979.5	1,871.2	963.3	28.1	16.2
2039-2043	1,371.6	664.6	1,310.4	653.0	61.3	11.6
2044-2048	2,106.9	414.3	2,104.6	413.2	2.3	1.1
2049-2053	1,129.4	191.3	1,129.4	191.3	-	-
2054-2058	4,780.4	52.4	4,780.4	52.4	-	-
Thereafter	1,362.5	5.7	1,362.5	5.7	-	-
2029 - Thereafter	15,025.8	3,762.8	14,715.7	3,700.8	310.1	62.1
Total	18,322.3	\$ 5,802.0	\$ 17,579.4	\$ 5,646.9	\$ 742.8	\$ 155.1
Unamortized discount	(1.4)					
Unamortized premium	480.3					
Off market borrowings	15.6					
Unpaid accretion for capital appreciation bonds	(6,201.5)					
Total principal	\$ 12,615.3					

Included in the table above is \$766.5 million of demand bonds comprised of \$671.1 million issued by MSHDA and \$95.3 million issued by the State universities. Of the total \$766.5 million of demand bonds, \$28.3 million are direct placement debt issued by the State universities.

#### **Notes Payable**

As of September 30, 2023, Michigan Finance Authority (MFA) has short-term notes outstanding of \$150.3 million and long-term notes outstanding of \$72.3 million. Of the total \$222.7 million notes outstanding, \$21.7 million are direct placement notes. As of September 30, 2023, Michigan Strategic Fund's (MSF) component units have long-term notes outstanding of \$15.3 million.

As of June 30, 2023, State universities have short-term notes outstanding of \$1.3 million and long-term notes outstanding of \$12.4 million. Of the total \$13.7 million notes outstanding, \$12.0 million are direct borrowing notes.

### **Conduit Debt**

Certain State authorities have issued conduit debt obligations which are not recorded as liabilities in these statements because the borrowings are, in substance, debts of other entities. The State has no obligation for this debt.

MFA issues limited obligation bonds to provide capital financing for eligible borrowers that are not part of MFA's financial reporting entity. Typically, these borrowings are repayable only from the borrowers' repayment of loans, undisbursed proceeds, and related interest earnings and MFA has no obligation for this debt. Therefore, the conduit debt obligations are not recorded as liabilities of MFA. The bonds are to finance loans to private or nonpublic, nonprofit institutions of higher education, qualified public or private educational facilities, and healthcare providers for capital improvements. As of September 30, 2023, MFA had such bonds outstanding of \$10.1 billion. Of this amount, \$376.0 million have been defeased in substance, leaving a remaining undefeased balance of \$9.7 billion. Economic gains and accounting gains and losses, resulting from in-substance defeasance, inure to the benefit of the facility for which the bonds were issued, and accordingly are not reflected in the MFA financial statements.

MSF and a predecessor entity (the Michigan Job Development Authority) issued industrial development revenue bonds. In addition, MSF issues bonds under its Private Activity Bond and Taxable Bond Programs. The bonds issued are limited obligation revenue bonds payable solely from the net revenues or other funds as described in the bond indentures and are not obligations of MSF. After the bonds are issued, all financial activities are assumed by a trustee, depository, or paying agent. Accordingly, these obligations are not reported in the MSF financial statements. The total amount of limited obligation conduit debt outstanding at September 30, 2023, was \$2.5 billion.

MSHDA issues limited obligation bonds to finance multi-family housing projects. Such bonds are not general obligations of MSHDA, and MSHDA has no liability for this debt. Such bonds are secured solely by revenue and property derived from or obtained in connection with the housing projects. Thus, with the exception of limited obligation financing fees, transactions related to these bonds are not reflected in MSHDA's financial statements. At June 30, 2023, limited obligation bonds outstanding were approximately \$191.2 million. The aggregated principal of all MSHDA outstanding debt, including the limited obligation bonds, could not exceed \$5.0 billion as of June 30, 2023.

#### ***Interest Rate Swap Agreements***

MSHDA and some State universities entered into various interest rate swap agreements to reduce the cost of borrowing and exposure to variable interest rate risk for several bond series with a total notional amount of \$462.5 million and \$304.0 million, respectively, as of June 30, 2023.

## **NOTE 15 – OTHER LONG-TERM OBLIGATIONS**

### ***Primary Government***

#### **Other Long-Term Obligations**

In general, expenditures and fund liabilities are not recorded in governmental funds for long-term obligations until claims, judgments, or amounts owed are "due and payable" at September 30. Expenses and liabilities for material claims and judgment losses are recorded in the government-wide and proprietary fund financial statements when the loss is considered probable.

#### **Compensated Absences**

This liability is described in more detail in Note 1.

#### **Workers' Compensation**

The gross amount of workers' compensation liability, \$63.2 million at September 30, 2023, has been recorded at its discounted present value of \$42.5 million, using a discount rate of approximately 8 percent. The present value of the current portion of this liability is \$9.4 million. In fiscal year 2023, State agencies paid reimbursement for actual workers' compensation claims and administrative fees totaling \$21.9 million.

#### **Net Pension Liability**

This liability is described in more detail in Note 10.

#### **Net Other Postemployment Benefits (OPEB) Liability**

This liability is described in more detail in Note 11.

#### **Pollution Remediation**

This liability is measured in accordance with the obligating event criteria defined in Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. The State's pollution remediation obligation at September 30, 2023, is \$340.3 million (\$47.8 million of which is the current portion). This estimate is based on professional judgment, experience, and historical cost data. Recoveries from other responsible parties, which would reduce the State's remediation liability, are not anticipated. Remediation obligation estimates may change over time due to changes in technology, prices, and regulations.

Superfund sites account for approximately \$246.0 million of this total. The State has numerous instances of hazardous waste contamination that qualify as Superfund sites. Superfund is the federal government's program to clean up these hazardous waste sites. Under this program, the State is required to pay or ensure payment of 10.0 percent of the cost of remediation action and 100 percent of the cost of operations and maintenance.

**Michigan**  
**Notes to the Financial Statements**

Remediation obligations related to underground storage tanks account for \$34.7 million of this total. As of September 30, 2023, there were 581 open claims. The State reimburses eligible refined petroleum underground storage tank owners or operators for eligible cleanup costs for confirmed releases that were discovered and reported on or after December 30, 2014.

Other pollution obligations include funds committed for remediation activities for publicly-funded response activities and State-liable sites. Not included in the liability is approximately \$15.7 million for State-owned sites where a legal obligation exists but the GASB Statement No. 49 criteria for accruing a liability has not been met.

**Other Claims and Judgments**

The governmental activities estimated liability for other claims and litigation losses, \$1.0 billion at September 30, 2023, includes amounts for litigation, such as damages in tort cases and refund claims in cases involving State taxes and other claims, in which it is considered probable that costs will be incurred. Where a range of potential loss exists, the amount recorded is based upon the expected minimum amount that will be lost if the State does, indeed, lose. The allowance also includes projections for highway related negligence cases based upon historical loss ratios. The State continues to vigorously contest all of these claims and the State may incur no liability in the individual cases involved. Therefore, the allowance for litigation losses may be overstated (to the extent that losses do not occur) or understated (if the State losses exceed the projected minimums which have been recorded). The maximum potential loss on the allowance for estimated litigation losses is not considered reasonably measurable.

The governmental activities liability for other claims and litigation losses also includes \$553.0 million for claims adjudicated against the State for which structured settlement amounts remained unpaid by the State as of the date of the financial statements because they are not yet due and payable. A summary of the structured settlement obligations and related interest follows (in millions):

Year Ended September 30	Principal	Interest	Total
2024	\$ 17.3	\$ 18.0	\$ 35.3
2025	17.9	17.5	35.3
2026	16.9	16.9	33.8
2027	17.3	16.4	33.7
2028	17.9	15.8	33.7
2029-2033	98.4	69.9	168.3
2034-2038	115.6	52.7	168.3
2039-2043	135.7	32.6	168.3
Thereafter	116.1	9.2	125.3
Total	<u>\$ 553.0</u>	<u>\$ 248.8</u>	<u>\$ 801.9</u>

The liability recorded for other claims and judgments within business-type activities includes overpayments by employers to the Michigan Unemployment Compensation Funds totaling \$34.5 million.

**Changes in Other Long-Term Obligations**

Changes in long-term liabilities for the year ended September 30 are summarized as follows (in millions):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
<b>Governmental Activities</b>						
Other Long-term Obligations:						
Compensated absences	\$ 440.3	\$ 408.3	\$ 378.7	\$ 470.0	\$ 219.5	\$ 250.5
Workers' compensation	41.3	10.3	9.2	42.5	9.4	33.0
Net pension liability	4,653.1	2,731.9	15.5	7,369.4	-	7,369.4
Net OPEB liability	5,505.3	122.7	394.9	5,233.0	-	5,233.0
Pollution remediation	176.5	199.6	35.9	340.3	47.8	292.4
Other claims and judgments	1,201.7	172.9	327.5	1,047.1	276.1	771.0
Total Governmental Activities	<u>\$ 12,018.2</u>	<u>\$ 3,645.7</u>	<u>\$ 1,161.6</u>	<u>\$ 14,502.3</u>	<u>\$ 552.8</u>	<u>\$ 13,949.5</u>
<b>Business-type Activities</b>						
Other Long-term Obligations:						
Lottery prize awards*	\$ 140.2	\$ 5.0	\$ 14.8	\$ 130.4	\$ 12.9	\$ 117.5
Compensated absences	3.1	2.6	2.3	3.4	1.6	1.8
Net pension liability	27.3	14.3	0.2	41.4	-	41.4
Net OPEB liability	34.5	0.3	3.2	31.6	-	31.6
Other claims and judgments	55.3	-	20.8	34.5	-	34.5
Total Business-type Activities	<u>\$ 260.5</u>	<u>\$ 22.1</u>	<u>\$ 41.3</u>	<u>\$ 241.3</u>	<u>\$ 14.5</u>	<u>\$ 226.7</u>

\*The amounts due within one year are included with "Accounts payable and other liabilities" on the Statement of Net Position.



The compensated absence and workers' compensation liabilities will be liquidated by the applicable governmental and internal service funds that account for the salaries and wages of the related employees. The net pension liabilities and net OPEB liabilities will be liquidated by the State's governmental and proprietary funds that contribute toward the pension funds, based on the statutorily required contribution rates. The pollution remediation obligation will be liquidated by the General Fund and Bottle Deposits Fund. Other claims and judgments attributable to governmental activities will generally be liquidated by the General Fund and transportation related governmental funds.

### ***Discretely Presented Component Units***

The net pension liability totaled \$472.2 million for component units, which includes \$128.9 million related to authorities participating in the State Employees' Retirement System, \$319.7 million related to State universities participating in the Public Schools Employees' Retirement System, and the remaining amount in other non-State of Michigan related retirement systems.

The net OPEB liability totaled \$146.4 million for component units, which includes \$98.0 million related to authorities participating in the State Employees' Retirement System and Postemployment Life Insurance Benefit, and the remaining amount in other non-State of Michigan related retirement systems. State universities participating in the Public Schools Employees' Retirement System reported a net OPEB asset of \$37.4 million.

Component units reported unused lines of credit totaling \$42.0 million in their separately issued statements, utilizing their respective fiscal year ends.

### **Michigan Education Trust**

Michigan Education Trust (MET) offers contracts, which for actuarially determined amounts, provide future tuition at State institutions of higher education. Contract provisions also allow the benefits to be used at private or out-of-state institutions, with the amount provided being based upon rates charged by the State's public institutions of higher education. The tuition payments are made by MET as a separate legal entity and these contracts are not considered obligations of the State. The Legislature is not obligated to provide appropriations should losses occur. The statutes and contracts provide for refunds to the participants if MET becomes actuarially unsound. Liabilities have been recorded on the Statement of Net Position for the actuarial present value of future tuition benefit obligations.

The 1988, 1989, and 1990 enrollments are known as Plans B and C. Enrollments after November 1995 are known as Plan D.

The actuarial report on the status of MET Plans B and C, as of September 30, 2023, shows the actuarial present value of future tuition obligations to be \$35.9 million, as compared to the actuarially determined market value of assets available of \$93.7 million. The actuarial assumptions used include: a projected tuition increase rate of 4.5 percent for all future years and a discount rate of 3.7 percent.

The actuarial report on the status of MET Plan D, as of September 30, 2023, shows the actuarial present value of future tuition obligations to be \$656.6 million, as compared to the actuarially determined market value of assets available of \$991.7 million. The actuarial assumptions used include: a projected tuition increase rate of 4.5 percent for all years and a discount rate of 5.5 percent.

## **NOTE 16 – INCOME TAX CREDITS AND REFUNDS**

### ***Income Tax Credits***

The Michigan Income Tax Act provides for several types of tax credits. Some credits are accounted for as revenue reductions for financial reporting purposes while others are reported as expenditures. Revenue reductions are reported for those income tax credits that are limited by the amount of an individual's tax liability before considering such credits. To the extent these nonrefundable credits will generate future year payments, they are accrued as income tax refund liabilities together with estimated overwithholdings.

Expenditures are reported for those credits which can be received even if they exceed the individual's tax liability. For these refundable credits, the substance of the transaction is that the State is making a grant payment using the income tax system as a filing and payment mechanism. The amount of credit received is not a part of the determination of tax liability. The State's property tax is the primary credit that falls into this category. Expenditures for this credit are recognized in the year the tax returns are filed and recipients claim the credit.

**Michigan**  
**Notes to the Financial Statements**

The following table summarizes the various credits, reported on the "Tax credits" line as an expense in the government-wide financial statements and as an expenditure in the fund financial statements at September 30 (in millions):

Property tax credits:	
General homestead	\$ 476.2
Senior citizens	292.9
Blind and disabled	52.7
Farmland preservation	39.5
Veterans	0.3
Subtotal - property tax credits	861.6
Earned income tax credit	497.3
Home heating (excluding federal share)	0.1
Total tax credits	<u>\$ 1,359.0</u>

**Income Tax Refunds Payable**

The \$2.2 billion reported as a liability on the "Income tax refunds payable" line in the government-wide and fund financial statements includes: projected refund estimates for overwithholding and tax credits reported as revenue reductions, actual refunds made in October and November, and accruals for known income tax litigation losses.

**NOTE 17 – TAX ABATEMENTS**

The State employs a variety of tax abatements that encourage economic development within the State, or otherwise benefits Michigan citizens. A tax abatement (for financial reporting purposes) is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the State or citizens of the State. Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures, requires disclosure of certain information about tax abatement agreements. The State administers other programs and policies that reduce the taxes that an individual or entity would otherwise owe that do not meet the definition of a tax abatement as defined by GASB Statement No. 77 and are therefore not included in this disclosure.

As of September 30, the State provided tax abatements through the following programs:

Program Name	Brownfield Redevelopment Credit Program
Program purpose	The Brownfield Redevelopment Credit Program was established to encourage businesses to make an investment in eligible Michigan property that was used or is currently used for commercial, industrial, public, or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete, or blighted.
Taxes being abated	Michigan Business Tax (MBT)
Authority under which abatement agreements are entered	Public Acts 39 of 2011 Michigan Compiled Laws (MCL) Sections 125.2651 - 125.2670, 207.801 - 207.810, and 208.1437
Criteria to be eligible to receive abatements	Taxpayer enters into an agreement with the Michigan Economic Growth Authority (MEGA) and agrees to fulfill investment necessary for the demolition, construction, restoration, alteration, renovation, or improvement of buildings located in Brownfield development zones. Eligible property must be owned or leased by the taxpayer and designated in a locally approved Brownfield Plan created under the Brownfield Redevelopment Financing Act. Credits are awarded to projects that best meet criteria for selection priorities.
How taxes are reduced	Taxpayer claims a credit when filing annual tax return. Taxpayer may also file a form separate from the annual tax return to claim an accelerated and reduced payment of the credit. Credit is computed and certified by the Michigan Economic Development Corporation (MEDC).
How amount of abatement is determined	Tax liability is reduced via credit based on a formula set by law that considers the amount of eligible investment.

**Michigan**  
**Notes to the Financial Statements**

<b>Program Name</b>	<b>Brownfield Redevelopment Credit Program</b>
Provisions and conditions under which abated taxes become eligible for recapture	<p>The disposal or transfer to another location of personal property used to calculate this credit will result in an addition to the tax liability of the qualified taxpayer that was originally awarded the credit in the year in which the disposal or transfer occurs. This is true even if the credit was assigned to someone else. This additional liability will be calculated as of the date of the disposition or transfer by multiplying the same percentage used to calculate the credit times the federal basis of the property used to calculate gain or loss (as calculated for federal purposes). The amount otherwise added to the tax liability may also be used to reduce any carryforward of credits available to the taxpayer.</p> <p>For multiphase projects, if all components are not completed by ten years after the date on which the preapproval letter was issued, the qualified taxpayer shall pay to the state treasurer, as a penalty, an amount equal to the sum of all credits claimed and assigned for all components of the project. No credits based on that multiphase project shall be claimed after that date by the qualified taxpayer or any assignee.</p>
Types of commitments made by the recipients of the tax abatements	Perform eligible investment per MEGA agreement. Taxpayer will need to perform either demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, the addition of machinery, equipment, and fixtures to eligible property, or various environmental clean-up activities on eligible property.
Total revenue estimated to be reduced for fiscal year 2023	This information is legally prohibited from being disclosed under MCL Section 205.28(1)(f).

<b>Program Name</b>	<b>Brownfield Redevelopment Tax Increment Financing Program</b>
Program purpose	This Brownfield Redevelopment Tax Increment Financing Program was established to encourage businesses to revitalize and redevelop eligible Michigan property that was used or is currently used for commercial, industrial, public, or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete, or blighted.
Taxes being abated	State Education Tax (SET)
Authority under which abatement agreements are entered	MCL Sections 125.2651 - 125.2670
Criteria to be eligible to receive abatements	A work plan in accordance with P.A. 381 of 1996 to remediate a Brownfield property must be approved by either the Michigan Department of Environment, Great Lakes, and Energy for environmental eligible activities or the Michigan Strategic Fund (MSF) for nonenvironmental eligible activities. The size and the duration of tax incentives are highly discretionary, as each is determined on a case-by-case basis by the Brownfield Redevelopment Authority of the relevant locality.
How taxes are reduced	Taxes are reduced using tax increment financing. The developer of the Brownfield property is repaid for its Brownfield related investment via capture of the increased taxable value.
How amount of abatement is determined	The amount of abatement is based on the increase in taxable value caused by redevelopment of the Brownfield property.
Provisions and conditions under which abated taxes become eligible for recapture	No provisions for recapturing abated taxes.
Types of commitments made by the recipients of the tax abatements	Adherence to Brownfield work plans for rehabilitation of Brownfield properties.
Total revenue estimated to be reduced for fiscal year 2023	\$16.0 million

**Michigan**  
Notes to the Financial Statements

<b>Program Name</b>	<b>Farmland Preservation Credit - Corporate and Non-Corporate Program</b>
Program Purpose	The Farmland Preservation Credit Program was established to provide tax incentive for farmland owners, which include individuals and corporations, that enter into a Farmland Development Rights Agreement (FDRA) with the Michigan Department of Agriculture and Rural Development (MDARD) and agree to preserve the land as farmland and not develop for another use. The credit gives back to farmland owners a portion of the property taxes paid on farmland.
Taxes being abated	Individual Income Tax (IIT) MBT
Authority under which abatement agreements are entered	Public Act 39 of 2011 MCL Section 324.36109
Criteria to be eligible to receive abatements	Taxpayer must own farmland and have entered into an FDRA agreement with MDARD.
How taxes are reduced	Taxpayer claims a credit when filing annual tax return.
How amount of abatement is determined	Tax liability is reduced via credit based on a formula set by law that considers the proportion of eligible and non-eligible property taxes paid on the farmland.
Provisions and conditions under which abated taxes become eligible for recapture	If a parcel is released from the program, the landowner is required to repay the tax credits taken during the last seven years under the agreement, plus six percent simple interest.
Types of commitments made by the recipients of the tax abatements	Taxpayer agrees not to develop farmland for another purpose besides farming.
Total revenue estimated to be reduced for fiscal year 2023	\$45.6 million (IIT) \$1.7 million (MBT)

<b>Program Name</b>	<b>Historic Preservation Credit Program</b>
Program purpose	The Historic Preservation Credit Program was established to provide tax incentives for homeowners, commercial property owners, and businesses to rehabilitate historic resources located in Michigan. Rehabilitation projects must be certified by the State Historic Preservation Office (SHPO).
Taxes being abated	MBT IIT
Authority under which abatement agreements are entered	Public Act 39 of 2011 MCL Sections 206.266 and 208.1435
Criteria to be eligible to receive abatements	Taxpayer has a rehabilitation plan certified for the rehabilitation of a historic resource, and/or the taxpayer applies and receives confirmation from the Michigan State Housing Development Authority that the historic significance, the rehabilitation plan, and the completed rehabilitation of the historic resource meet criteria determined by the law. This credit is no longer available to new property owners and no new applications are being accepted. However, there are existing projects actively using the credit.
How taxes are reduced	Taxpayer claims a credit when filing annual tax return. Credit is computed and certified by SHPO.
How amount of abatement is determined	Tax liability is reduced via credit based on a formula set by law that considers the amount of qualified eligible investment certified by SHPO, scale of project, and whether the taxpayer is eligible for the federal Rehabilitation Credit under Section 47 of the Internal Revenue Code.

**Michigan**  
**Notes to the Financial Statements**

<b>Program Name</b>	<b>Historic Preservation Credit Program</b>
Provisions and conditions under which abated taxes become eligible for recapture	If the historic resource is sold or disposed of less than five years after being placed in service, a percentage of the credit amount previously claimed shall be added back to the tax liability of the qualified taxpayer based on the number of years the resource had been in service.
Types of commitments made by the recipients of the tax abatements	Recipient must make qualified expenditures to rehabilitate a historic resource.
Total revenue estimated to be reduced for fiscal year 2023	This information is legally prohibited from being disclosed under MCL Section 205.28(1)(f).

<b>Program Name</b>	<b>MEGA Employment Credit Program</b>
Program purpose	The MEGA Tax Credit Program was established in 1995 to promote economic growth and job creation within the State. The MEGA tax credit is a refundable tax credit to a company's business tax liability to the State of Michigan. A MEGA tax credit certificate is granted to a Michigan business once it fulfills an agreed upon number of created and retained jobs and amount of capital investment in the State. As of December 2011, no new tax credit applications have been accepted or awarded.
Taxes being abated	MBT
Authority under which abatement agreements are entered	Public Act 39 of 2011 MCL Sections 207.801 - 207.810 and 208.1431
Criteria to be eligible to receive abatements	Taxpayer agrees to retain or add qualified new jobs as defined in MCL Section 207.803.
How taxes are reduced	Taxpayer claims a credit when filing annual tax return. Credit is computed and certified by MEDC.
How amount of abatement is determined	Tax liability is reduced via credit based on the amount of payroll attributable to qualified new or retained jobs, health care costs, tax rate, and specific annual limits defined by law.
Provisions and conditions under which abated taxes become eligible for recapture	As determined by MEGA, the taxpayer may have its credit reduced or terminated, or have a percentage of the credit amount previously claimed added back to the tax liability of the taxpayer in the tax year that the taxpayer: <ul style="list-style-type: none"> <li>• fails to meet the requirements for the credit</li> <li>• violates any conditions included in the agreement entered with MEGA</li> <li>• removes any of the qualified new jobs from Michigan during the term of the written agreement and for a period of years after the term of the written agreement</li> </ul>
Types of commitments made by the recipients of the tax abatements	Retain or add qualified new jobs as defined in MCL Section 207.803.
Total revenue estimated to be reduced for fiscal year 2023	\$494.7 million

<b>Program Name</b>	<b>Renaissance Zone Property Tax Exemption Program</b>
Program purpose	The Renaissance Zone Property Tax Exemption Program provides incentive for businesses and individuals to help revitalize a designated Renaissance Zone. Originally, Michigan Renaissance Zones were geographic regions of the State designated as virtually tax free for any business or resident presently in or moving into a Renaissance Zone for a period of up to 15 years. Since then, the Renaissance Zone Act (P.A. 375 of 1996, as amended) has been expanded shifting away from larger geographic area designations and now focuses on project-specific and parcel-

**Michigan**  
**Notes to the Financial Statements**

<b>Program Name</b>	<b>Renaissance Zone Property Tax Exemption Program</b>
	specific designations. All Renaissance Zone types receive the same benefit. As of December 31, 2011, the geographic region portion of the program is being phased out and time extensions and new geographic subzones are no longer available.
Taxes being abated	SET
Authority under which abatement agreements are entered	MCL Sections 125.2681 - 125.2696 and 211.7ff
Criteria to be eligible to receive abatements	Renaissance Zone exemptions reported under GASB Statement No. 77 are limited to exemptions claimed by taxpayers with a development agreement executed between the taxpayer and MSF board or that are part of a qualified collaborative agreement. Taxpayers must be located and conducting business activity in a Renaissance Zone.
How taxes are reduced	For taxpayers with an executed development agreement, real and personal property in a Renaissance Zone is exempt from taxation under the General Property Tax Act with certain exceptions as specified in MCL 211.7ff.
How amount of abatement is determined	Property tax exemption applies to all taxes levied except for debt millage, school district sinking fund millage, independent school district enhancement millage, and special assessments.
Provisions and conditions under which abated taxes become eligible for recapture	Recapture conditions vary and only occur when expressly provided in the agreement signed by the taxpayer and MSF board.
Types of commitments made by the recipients of the tax abatements	Locate and conduct business in the Renaissance Zone and create jobs or make capital investment.
Total revenue estimated to be reduced for fiscal year 2023	\$3.3 million

<b>Program Name</b>	<b>State Essential Services Assessment Exemption</b>
Program purpose	The State Essential Services Assessment Exemption was established to encourage large-scale Michigan investments in eligible manufacturing personal property.
Taxes being abated	State Essential Services Assessment (ESA)
Authority under which abatement agreements are entered	MCL Section 211.1059
Criteria to be eligible to receive abatements	Taxpayer submits a business plan or demonstrates to MSF that a minimum of \$25 million will be invested in additional eligible personal property in this state during the duration of the written agreement. The fund board considers the following criteria when approving an exemption to the assessment: out-of-state competition; net-positive return to the State of Michigan; level of investment made by the eligible claimant; business diversification; reuse of existing facilities; near-term job creation or significant job retention as a result of the investment made in eligible personal property; strong links to Michigan suppliers; whether the project is in a local unit of government that contains an eligible distressed area as that term is defined in MCL Section 125.1411.
How taxes are reduced	If MSF grants an exemption from ESA, the taxpayer is subject to Alternative ESA under Public Act 93 of 2014. Alternative ESA is identical to ESA except that Alternative ESA tax rates are half the ESA rates. If MSF grants an exemption from both ESA and Alternative ESA, a 100% exemption is granted.

**Michigan**  
**Notes to the Financial Statements**

<b>Program Name</b>	<b>State Essential Services Assessment Exemption</b>
How amount of abatement is determined	Businesses receiving the abatement are required to report the acquisition cost of the exempted personal property. The acquisition cost is the tax base used to calculate ESA. The number of mills decreases based on the number of years the personal property is owned.
Provisions and conditions under which abated taxes become eligible for recapture	The written agreement shall provide for a repayment provision on the exemption to the assessment if the eligible claimant fails to comply with the provisions of the written agreement.
Types of commitments made by the recipients of the tax abatements	Taxpayer must make the required personal property investment.
Total revenue estimated to be reduced for fiscal year 2023	\$12.2 million

## NOTE 18 – DEFERRED COMPENSATION PLANS

The State participates in two deferred compensation plans that allow employees to defer a portion of their salary until future years. Executive Order 1999-7 transferred administrative oversight of the plans, labeled 457 and 401k after sections of the Internal Revenue Code, to the Department of Technology, Management and Budget. Day-to-day operations of the plans have been contracted to a third-party; however, the State Treasurer oversees investment options. Generally, the State makes no contribution to the 457 plan; however, the payments for other postemployment benefits related to employees hired prior to January 1, 2012, and who opted out of the graded premium may go to the 457 plan as employer contributions. Generally, the State does not make matching contributions to the 401k deferred compensation plan. To expand investment options, three investment tiers were developed and made available to participants on July 1, 1997. Participants invest their contributions and accumulated earnings by selecting investments in one or more of the investment tiers. Employees may, at any time, transfer accumulated balances and future contributions among the investment tiers. Investment earnings, net of investment management fees, are credited to the participants.

The 457 and 401k deferred compensation plans include loan provisions for State of Michigan employees. Loans to participants are recorded as assets.

## NOTE 19 – INTERFUND RECEIVABLES AND PAYABLES

### Primary Government

The balances of current interfund receivables and payables as of September 30 were (in millions):

Due From	Due To						Total
	General Fund	School Aid Fund	Non-Major Governmental Funds	Unemployment Compensation Funds	Internal Service Funds	Pension (and Other Employee Benefit) Trust Funds	
General Fund	\$ -	\$ -	\$ -	\$ 0.6	\$ -	\$ 44.2	\$ 44.8
Non-Major Governmental Funds	15.1	30.4	172.6	-	-	5.6	223.7
State Lottery Fund	-	32.0	-	-	-	0.2	32.2
Unemployment Compensation Funds	0.1	-	2.0	-	-	-	2.2
Non-Major Enterprise Funds	-	-	-	-	-	0.1	0.1
Internal Service Funds	-	-	-	-	0.7	2.3	2.9
Custodial Funds	1.7	-	-	-	-	-	1.7
Total	<u>\$ 16.9</u>	<u>\$ 62.4</u>	<u>\$ 174.6</u>	<u>\$ 0.6</u>	<u>\$ 0.7</u>	<u>\$ 52.4</u>	<u>\$ 307.6</u>

Interfund receivables and payables are recorded for borrowings to eliminate negative balances in the Common Cash pool, as described in Note 5, payroll liabilities for group insurance and retirement, and tax accrual distributions for taxes collected in the following fiscal year.

Not included in the table above is the accrued interest of \$2.0 million related to an interfund advance due from the Correctional Industries Revolving Fund (an internal service fund) to the General Fund for amounts loaned for capital construction, which is not expected to be repaid within one year.

### **Discretely Presented Component Units**

Receivables and related liabilities between the primary government and the discretely presented component units do not agree because the Michigan State Housing Development Authority and the 10 State universities have a June 30 fiscal year-end.

## **NOTE 20 – INTERFUND COMMITMENTS**

### **Mackinac Bridge Authority**

Mackinac Bridge Authority (MBA), a discretely presented component unit, has over the years received \$75.3 million of subsidies, including \$12.3 million for operations and \$63.0 million for debt service. These subsidies were provided by the State Trunkline and Michigan Transportation funds, respectively.

State statutes require that MBA continue charging bridge tolls and begin repaying the State funds for the subsidies provided. These repayments are to continue until such time as the subsidies have been completely returned. MBA has not recorded a liability and the State funds have not recorded receivables for these subsidies because: the reimbursements are contingent upon future net revenues, there is no repayment schedule, and the repayment commitment is long-term and budgetary in nature. Repayments may be authorized by MBA, after consideration of MBA's annual needs for its operations and planned repairs and improvements.

As of September 30, 2023, MBA has repaid a total of \$17.8 million of the advance from the Michigan Transportation Fund, leaving a balance of \$45.2 million. No repayments have been made on the advance from the State Trunkline Fund.

## **NOTE 21 – TRANSFERS**

Interfund transfers as of September 30 consisted of the following (in millions):

Transferred From	Transferred To			
	General Fund	School Aid Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 137.3	\$ 468.8	\$ 606.2
School Aid Fund	-	-	110.9	110.9
Non-Major Governmental Funds	50.4	327.2	2,004.5	2,382.0
State Lottery Fund	8.9	1,351.9	-	1,360.9
Unemployment Compensation Funds	-	-	45.0	45.0
Non-Major Enterprise Funds	309.2	-	-	309.2
Internal Service Funds	3.9	-	-	3.9
Fiduciary Funds	185.5	-	-	185.5
Total	<u>\$ 557.9</u>	<u>\$ 1,816.5</u>	<u>\$ 2,629.2</u>	<u>\$ 5,003.7</u>

Transfers are used to 1) move revenues from the fund that statute requires to collect them to the fund that statute requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, 3) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, 4) move profits from the Liquor Purchase Revolving Fund and the State Lottery Fund as required by law, and 5) transfer accumulated surpluses from other funds to the General Fund when authorized by statute.

## **NOTE 22 – FUND DEFICITS**

### **Primary Government**

#### **Governmental Funds reporting a fund balance deficit:**

The Advance Financing Funds, a capital projects fund, had a fund balance deficit of \$0.8 million. The fund deficit was caused by expenditures for projects for which reimbursements have not yet been received and for expenditures incurred to improve State-owned sites that have not been sold.



The State Building Authority, a capital projects fund, had a fund balance deficit of \$58.9 million. The fund deficit resulted because the fund incurred expenditures for construction projects before bond proceeds were deposited into the fund.

**Proprietary Funds reporting a net position deficit (in millions):**

Enterprise Funds:	
State Lottery Fund	\$ 56.5
Liquor Purchase Revolving Fund	37.2
Internal Service funds:	
Information Technology Fund	420.7
Motor Transport Fund	7.9

The fund deficits above are primarily attributable to the allocation of the net pension and other postemployment benefits (OPEB) liabilities related to the State Employees' Retirement System (SERS) and total OPEB liability related to the Postemployment Life Insurance Benefit (PELIB) plan. Because these funds make contributions to SERS and the PELIB plan, a portion of the applicable liabilities must be allocated to the fund with the allocation being based on required contributions from each fund's payroll.

An additional cause of the fund deficit of the State Lottery Fund was unrealized losses due to a net decrease in the fair value of investments held by the Lottery.

***Discretely Presented Component Units***

All discretely presented component units had positive net position balances as of September 30, 2023, with the exception of the Michigan Veterans' Facility Authority. The Michigan Veterans' Facility Authority's fund deficit of \$36.8 million was caused by the recognition of net pension and OPEB liabilities.

## NOTE 23 – FUND BALANCES AND NET POSITION

### *Fund Balance Classifications – Governmental Funds*

The following table provides additional detail regarding the fund balances reported on the Governmental Funds Balance Sheet at September 30 (in millions):

	General Fund	School Aid Fund	Other Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
<b>Non-Spendable</b>							
Inventory and prepaids	\$ 65.9	\$ -	\$ -	\$ -	\$ 14.1	\$ -	\$ 80.0
Long term notes/receivables	25.2	-	-	-	-	-	25.2
Permanent principal	0.5	-	311.7	-	-	901.7	1,213.9
<b>Restricted</b>							
General government	162.6	-	16.0	-	-	-	178.6
Education	18.6	5,725.6	-	70.7	-	-	5,814.8
Public safety and corrections	77.0	-	2.9	-	-	17.8	97.7
Conservation, environment, recreation, and agriculture	478.5	-	501.9	-	-	295.7	1,276.1
Health and human services	192.3	-	2.8	-	-	5.3	200.4
Transportation	-	-	427.6	-	3,196.6	-	3,624.2
Labor, commerce, and regulatory	250.7	-	92.5	-	-	-	343.2
Other purposes	-	-	-	34.8	-	-	34.8
<b>Committed</b>							
General government	3,049.5 *	-	328.8	-	-	-	3,378.3
Education	405.3	-	-	-	-	-	405.3
Public safety and corrections	728.2	-	-	-	-	-	728.2
Conservation, environment, recreation, and agriculture	645.2	-	-	-	-	-	645.2
Health and human services	866.6	-	-	-	-	-	866.6
Transportation	527.0	-	-	-	-	-	527.0
Labor, commerce, and regulatory	1,206.8	-	-	-	-	-	1,206.8
<b>Assigned</b>							
General government	19.7	-	-	-	-	-	19.7
Education	3.1	-	-	-	-	-	3.1
Public safety and corrections	57.5	-	-	-	-	-	57.5
Conservation, environment, recreation, and agriculture	35.8	-	-	-	-	-	35.8
Health and human services	23.3	-	-	-	-	-	23.3
Labor, commerce, and regulatory	156.3	-	-	-	-	-	156.3
Unassigned	3,925.3	-	-	-	(59.7)	-	3,865.6
<b>Total Fund Balances</b>	<u>\$12,920.7</u>	<u>\$ 5,725.6</u>	<u>\$ 1,684.3</u>	<u>\$ 105.5</u>	<u>\$ 3,151.0</u>	<u>\$ 1,220.6</u>	<u>\$ 24,807.6</u>

\* \$1.8 billion of this balance relates to the Counter-Cyclical Budget and Economic Stabilization Fund as referenced in Note 3.

**Michigan**  
Notes to the Financial Statements

**Restricted Net Position – Primary Government**

The following table provides additional detail regarding the restricted net position reported for the primary government on the government-wide Statement of Net Position at September 30 (in millions):

	Restricted by Enabling Legislation	External or Constitutional Restrictions	Total
Governmental Activities:			
Restricted For:			
Education	\$ 6.4	\$ 6,638.0	\$ 6,644.4
Construction and debt service	34.8	-	34.8
Public safety and corrections	72.2	7.7	79.9
Conservation, environment, recreation, and agriculture	678.9	500.5	1,179.4
Health and human services	16.0	626.8	642.9
Transportation	-	2,068.8	2,068.8
Labor, commerce, and regulatory	342.3	1.5	343.9
Other purposes	204.9	33.6	238.4
Funds Held as Permanent Investments:			
Expendable	-	318.8	318.8
Nonexpendable	-	901.7	901.7
Total Restricted Net Position - Governmental	<u>\$ 1,355.6</u>	<u>\$ 11,097.4</u>	<u>\$ 12,453.0</u>
Business-type Activities:			
Restricted For:			
Unemployment compensation	\$ 2,392.8	\$ -	\$ 2,392.8
Other purposes	-	4.8	4.8
Total Restricted Net Position - Business-type	<u>\$ 2,392.8</u>	<u>\$ 4.8</u>	<u>\$ 2,397.6</u>
Total Primary Government:			
Restricted For:			
Education	\$ 6.4	\$ 6,638.0	\$ 6,644.4
Construction and debt service	34.8	-	34.8
Public safety and corrections	72.2	7.7	79.9
Conservation, environment, recreation, and agriculture	678.9	500.5	1,179.4
Health and human services	16.0	626.8	642.9
Transportation	-	2,068.8	2,068.8
Unemployment compensation	2,392.8	-	2,392.8
Labor, commerce, and regulatory	342.3	1.5	343.9
Other purposes	204.9	38.3	243.2
Funds Held as Permanent Investments:			
Expendable	-	318.8	318.8
Nonexpendable	-	901.7	901.7
Total Restricted Net Position - Primary Government	<u>\$ 3,748.4</u>	<u>\$ 11,102.2</u>	<u>\$ 14,850.6</u>

## NOTE 24 – DISAGGREGATION OF PAYABLES

The line “Current Liabilities: Accounts payable and other liabilities,” as presented on the government-wide Statement of Net Position as of September 30 consisted of the following (in millions):

	General Fund	School Aid Fund	Non-Major Governmental Funds	Other Funds	State Lottery Fund	Michigan Unemployment Compensation Funds	Non-Major Enterprise Funds	Total
Medicaid Programs	\$ 1,984.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,984.3
Non-Medicaid Health and Human Services Programs	647.8	-	0.2	-	-	-	-	648.0
Transportation Programs	-	-	1,046.1	-	-	-	-	1,046.1
School Aid Programs	-	355.7	-	-	-	-	-	355.7
Other State Programs	654.1	-	36.7	-	-	-	-	690.7
Merit Award Scholarships	-	-	0.8	-	-	-	-	0.8
Payroll and Withholdings	158.7	-	16.9	-	0.7	-	0.3	176.7
Tax Refunds other than Income Tax	162.4	21.9	3.0	-	-	-	-	187.3
Unearned Receipts	14.5	-	23.0	-	-	-	-	37.5
Amounts Held for Others	35.5	-	34.5	-	3.4	-	-	73.5
Capital Projects - Non-Transportation	-	-	15.2	-	-	-	-	15.2
Prize Awards	-	-	-	-	210.6	-	-	210.6
Liquor Purchase	-	-	-	-	-	-	145.5	145.5
Unemployment Payments	-	-	-	-	-	393.6	-	393.6
Internal Service Fund Liabilities	-	-	-	137.0	-	-	-	137.0
Due to Fiduciary Funds *	-	-	-	52.3	-	-	-	52.3
Miscellaneous	-	-	-	-	24.1	-	0.7	24.8
Total	<u>\$ 3,657.4</u>	<u>\$ 377.6</u>	<u>\$ 1,176.4</u>	<u>\$ 189.3</u>	<u>\$ 238.9</u>	<u>\$ 393.6</u>	<u>\$ 146.5</u>	<u>\$ 6,179.7</u>

\* This amount represents amounts due to fiduciary funds that are reclassified as external payables on the government-wide Statement of Net Position.

The State records a liability for refunds requested on tax returns processed within 60 days of fiscal year end and an estimated liability for individual income taxes. However, an estimated liability is not recognized for other tax overpayments as of fiscal year end because it is not measurable. Tax overpayments are the result of a taxpayer's estimated payments exceeding their tax liability. Estimated payments are recognized as revenue during the fiscal year in which the payment was received. Taxpayers who file a return with a tax overpayment may elect to receive the overpayment as a refund or apply it to the next tax year as a credit forward. Credit forwards are equivalent to estimated payments with respect to taxpayer contributions towards their liabilities. As of November 30, credit forwards were approximately (in millions):

	2023		2022		Percentage
	General Fund	School Aid Fund	General Fund	School Aid Fund	Increase (Decrease) From 2022 to 2023
Corporate income tax	\$ 889.8	\$ -	\$ 752.4	\$ -	18.3 %
Michigan business tax	94.0	-	103.1	-	(8.9)
Sales tax	20.9	60.3	21.6	62.6	(3.6)
Withholding tax	66.6	20.8	53.6	16.7	24.2
Use tax	14.7	7.4	17.3	8.6	(14.9)
Total	<u>\$ 1,085.9</u>	<u>\$ 88.4</u>	<u>\$ 948.0</u>	<u>\$ 87.9</u>	<u>13.4 %</u>

## NOTE 25 – CONTINGENCIES AND COMMITMENTS

### Primary Government

#### Litigation

In the government-wide and proprietary fund financial statements, the State accrues liabilities related to significant legal proceedings if a loss is probable and reasonably estimable. In the governmental fund financial statements, liabilities are accrued when cases are settled and the amount is due and payable.

The State is a party to various legal proceedings seeking damages, injunctive, or other relief. In addition to routine litigation, certain of these proceedings could, if unfavorably resolved from the point of view of the State, substantially affect State programs

or finances. These lawsuits involve programs generally in the areas of corrections, environment, tax collection, and unemployment insurance. Relief sought generally includes damages in tort cases, improvement of prison medical and mental health care, and refund claims for State taxes. The State is also a party to various legal proceedings that, if resolved in the State's favor, would result in contingency gains to the State, but without material effect upon fund balance/net position. The ultimate dispositions and consequences of all these proceedings are not presently determinable, but such ultimate dispositions and consequences of any single proceeding or all legal proceedings collectively should not themselves, except as listed below, in the opinion of the Attorney General of the State and the State Budget Office, have a material adverse effect on the State's financial position. Those lawsuits pending which may have a significant impact or substantial effect on State programs or finances, if resolved in a manner unfavorable to the State, include the following:

Concerned Pastors for Social Action et al v Nick Khouri et al: On January 27, 2016, plaintiffs filed suit against defendants in a lawsuit arising out of the Flint Water Crisis. A settlement agreement was reached on March 27, 2017. As a part of the settlement agreement, the State is required to allocate \$87.0 million from a combination of State and federal funding sources to reimburse the City of Flint through calendar year 2020 for costs related to identifying service line materials and replacing lead and galvanized steel service lines. Of the \$87.0 million, \$20.0 million will originate from federal funds under the Water Infrastructure Improvements for the Nation Act (WIIN) and \$20.0 million will be from State matching funds related to the WIIN federal funds. The remaining \$47.0 million is required to be allocated by the State from sources other than WIIN. In addition, the State is required to reserve an additional \$10.0 million in federal WIIN funds in the event that the \$87.0 million in allocated funds do not cover all costs. As of the fiscal year ended September 30, 2023, the State has expended approximately \$97.5 million in funds for service line replacements. Other components of the settlement agreement require the State to conduct the following activities until all lead service lines are replaced: provide tap water monitoring; perform filter installation, maintenance, and education activities; and continue to operate and maintain funding at current levels for several existing programs. The amount expended includes additional funds the State allocated for service line replacement. It is expected that the State will complete its obligations under the settlement agreement by the end of fiscal year 2025.

#### **Federal Grants**

The State receives significant financial assistance from the federal government in the form of grants and entitlements. The receipt of federal grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations. Substantially all federal grants are subject to either federal single audits or financial and compliance audits by grantor agencies. Questioned costs as a result of these audits may become disallowances after the appropriate review of federal agencies. Material disallowances are recognized as liabilities in the government-wide and proprietary fund financial statements when the loss becomes probable and reasonably estimable. Disallowances are recognized as liabilities in the governmental fund financial statements when the loss becomes due and payable. As of September 30, 2023, the State has recognized a liability of \$40.4 million in the government-wide statements. In addition, the State had been notified of disallowances and identified potential disallowances totaling approximately \$278.1 million for which the State believes the possibility of full repayment is reasonably possible. The State estimates that any additional disallowances of recognized revenue will not be material to the general purpose financial statements.

#### **Michigan Unemployment Compensation Funds**

The Coronavirus pandemic has had an economic impact on the United States and the international community, significantly impacting unemployment across the country. In early March 2020, the Coronavirus pandemic had the Unemployment Insurance Agency (UIA) quickly moving to implement several new federal programs designed to assist workers impacted by the pandemic. These programs included Pandemic Unemployment Assistance (PUA), Pandemic Unemployment Compensation (PUC), Pandemic Emergency Unemployment Compensation, Extended Benefits, and then later the Lost Wage Assistance (LWA) program. The PUA program in particular covered workers who were not previously covered by unemployment insurance. These programs created a surge in claim volume that had never been experienced by UIA.

The LWA program requires states to reimburse the Federal Emergency Management Agency (FEMA) for any benefit overpayments at the time the program is finalized. UIA estimates a potential liability of \$140.0 million that will need to be returned to FEMA during fiscal year 2024. The repayment of overpaid LWA claims is a national issue impacting states that administered the LWA program.

In the opinion of management, reimbursement requirements will not have a material effect on the financial position of the Michigan Unemployment Compensation Funds (Compensation Funds). Reimbursement for these potential liabilities cannot be made from the Unemployment Insurance Trust Fund (Trust Fund), thus other State funds must be appropriated. The State funding source utilized would then be reimbursed from subsequent collection activity on the associated overpayments.

Due to the speed of implementation of the previously mentioned programs, the limited requirements of the new PUA program, and the additional benefits provided by the PUC program, unemployment insurance programs throughout the country became a target for large-scale impostor fraud activity. These factors and others, including the addition of third-party contractors, numerous system changes, and program requirements that limited the verification of claimant information, contributed to a potentially significant increase in UIA's fraud exposure.

As of September 30, 2023, UIA had over 331,000 open potential fraud investigation cases. Almost 84 percent of these cases involve PUA claims. The total amount of fraudulent benefits issued by UIA will not be known until all the suspected cases have

been thoroughly investigated. Losses attributable to federal funds appropriated by the Coronavirus Aid, Relief, and Economic Security Act would have no impact on the health of the Compensation Funds.

UIA has not reclassified any amount of benefits expense for losses from fraudulent benefit payments. In response to the increased fraud activity and benefit recipients who typically do not qualify for regular unemployment benefits, UIA implemented additional staff reviews of claims prior to the release of payments. Payments authorized but pending staff review were recorded to an accrued payable account pending resolution. As of September 30, 2023, the gross accrued benefits payable to claimants pending review was approximately \$122.0 million. Based on estimated rates of eventual approval for similar claims, UIA has adjusted this balance, the corresponding receivable from the federal government, and the associated revenues and expenses by approximately \$17.0 million for claims not expected to be paid. These amounts may need to be further adjusted as claims are adjudicated. As this adjustment relates only to federally funded benefits, this adjustment has had no impact on the Compensation Funds' net position.

Although the pandemic programs were discontinued at the end of fiscal year 2021, a significant amount of UIA's efforts during the current fiscal year have been spent addressing backlogs, adjudications, and protests associated with these programs. During the fiscal year ended September 30, 2023, UIA paid approximately \$734.0 million in unemployment benefits to over 191,000 claimants. These benefits include approximately \$668.0 million in regular unemployment benefits and approximately \$66.0 million in federal program benefits.

In December 2022, UIA implemented a collection pause for claimant overpayments resulting from benefits paid during the pandemic. The pause will allow time for UIA to address protests and appeals of overpayment determinations before collection activity commences. The length of the pause is undetermined but is dependent on pending litigation. In addition to the short-term reduction in overpayment collections, UIA intends to refund amounts previously collected on overpayments associated with the period beginning March 1, 2020. An estimated \$27.6 million is expected to be refunded back to claimants, which has been recorded as a liability in the fiscal year 2023 financial statements.

#### **Gain Contingencies**

Certain contingent receivables related to the Department of Health and Human Services (DHHS) are not recorded as assets in these statements. Amounts recoverable from DHHS grant recipients for grant overpayments or from responsible third parties are recorded as receivables only if the amount is reasonably measurable, expected to be received within 12 months, and not contingent upon future grants or the completion of major collection efforts by the State. If recoveries are accrued and the program involves federal participation, a liability for the federal share of the recovery is also accrued. The unrecorded amount of potential recoveries, which are ultimately collectible, cannot be reasonably determined.

**Master Settlement Annual Payment:** In 1998, the major United States tobacco product manufacturers entered into the Master Settlement Agreement (MSA) with the State of Michigan and 51 other jurisdictions (the Settling States) comprised of 46 states, the District of Columbia, Puerto Rico, and four U.S. territories. The MSA is the product of extensive negotiations between the Settling States and Participating Manufacturers (PMs). The Ingham County Circuit Court approved the MSA by entry of a Consent Order on December 11, 1998. The MSA releases PMs from Michigan's claims that PMs had conspired to conceal from the public the health risks related to smoking and had specifically targeted minors in their marketing efforts. In return for the release, the MSA obligates PMs to make annual payments to the states and requires substantial changes in the companies' advertising and marketing practices, with the intention of reducing underage smoking. The MSA provides that an Independent Auditor calculates PMs' payments annually, using a specified formula. The payment is computed as an aggregate figure which is then divided among the states according to percentages specified in the MSA. The MSA requires PMs to make their payments by April 15 of each year, in perpetuity, with Michigan receiving an allocable share of 4.3519476 percent of the total.

In December 2012, the State of Michigan along with over 20 other states signed the term sheet settlement, an agreement in principle designed to settle litigation over the application and interpretation of the Nonparticipating Manufacturers (NPM) adjustment and diligent enforcement provisions of the MSA. As a result of the term sheet, the uncertainty regarding the State's disputed payment account and whether the State was diligently enforcing its collection obligations pursuant to the MSA during years 2003 through 2012 was substantially eliminated. The State of Michigan avoided any further reduction of its tobacco payments for those years, and the State's share of those funds was released.

In October 2017, the parties to the term sheet settlement formalized their 2012 understanding by signing the NPM Adjustment Settlement Agreement, which provided a more definitive framework for avoiding similar disputes in subsequent years, but retains the potential for additional diligent enforcement-based adjustments after 2017.

On various dates between June 14, 2018, and November 27, 2018, the initial 26 states (including Michigan) that had joined the NPM Adjustment Settlement Agreement executed the 2016 and 2017 NPM Adjustments Settlement Agreement, which extended the terms of the earlier NPM Adjustment Settlement Agreement to apply to tobacco sales years 2016 and 2017.

On various dates between August 1, 2020, and September 4, 2020, 36 states (including Michigan) that joined the NPM Adjustment Settlement Agreement and the 2016 and 2017 NPM Adjustments Settlement Agreement, executed the 2018 through 2022 NPM Adjustments Settlement Agreement, extending the terms of the two earlier agreements to apply to tobacco sales years 2018 through 2022. The PMs and states are continuing to negotiate an extension of the NPM Adjustment Settlement Agreement to cover sales years beginning 2023 through at least 2025 and possibly through 2028.

In April 2023, the State of Michigan received an annual payment of \$292.3 million pursuant to the terms of the tobacco MSA. This figure represents a combined total of the amounts received by the Michigan Department of Treasury Receipts Processing Division and the Trustee for the Michigan Tobacco Settlement Finance Authority, which receives 24.11 percent of Michigan's annual MSA payment pursuant to Michigan Compiled Laws Section 129.261, et seq.

It is impossible to calculate with precision the amount of the MSA's sales-based annual payment that Michigan will receive in April 2024, but it is expected to exceed \$250.0 million.

**Opioid Litigation:** The State of Michigan has gain contingencies through litigation against opioid manufacturers, marketers, wholesale distributors, and pharmacies. Wholesale drug distributors McKesson Corporation, AmerisourceBergen Corporation, and Cardinal Health, Inc. were sued by the State of Michigan in State court for their role in the ongoing opioid epidemic. Specifically, these companies were sued under negligence and public nuisance theories. Nationally, these companies were sued by many governments and those cases were combined into a federal multidistrict litigation (MDL). A national settlement is underway with these companies. Michigan is participating in that settlement and began receiving payments in fiscal year 2023. It is estimated the State will receive \$315.6 million over 18 years; the State has received \$41.8 million and recognized a receivable in the General Fund for \$258.0 million as of September 30, 2023, and expects to meet the incentive criteria for the remaining \$15.8 million in fiscal year 2026.

Walgreens, Inc., a pharmacy, was sued by the State of Michigan in State court for its role in the opioid epidemic. Specifically, Walgreens was sued under public nuisance and drug dealer liability theories. Michigan reached a settlement with Walgreens in June of 2023 and began receiving payments in fiscal year 2024. As part of the settlement, Michigan joined the Walgreens National Settlement. It is estimated the State will receive \$199.9 million over 18 years from the combined settlements; the State has recognized a receivable in the General Fund for \$148.2 million as of September 30, 2023, and expects to meet the incentive criteria for the remaining \$51.7 million in fiscal year 2024. In addition, the State is pursuing reimbursement for litigation costs incurred related to the Distributors and Walgreens settlements.

Janssen, an opioid manufacturer and subsidiary of Johnson and Johnson, was sued by many governments for its role in the opioid epidemic. These cases were combined into a federal MDL. Subsequently, a national settlement was reached and is now underway. Michigan is participating in that settlement and began receiving payments in fiscal year 2023. It is estimated the State will receive \$75.4 million over nine years; the State has received \$55.8 million and recognized a receivable in the General Fund for \$16.0 million as of September 30, 2023, and expects to meet the incentive criteria for the remaining \$3.6 million in fiscal year 2026.

CVS, a pharmacy, was sued by many governments for its role in the opioid epidemic. These cases were combined into a federal MDL. A national settlement has been reached but is still pending. Michigan is participating in that settlement. It is estimated that the State will receive \$80.6 million over 10 years.

Teva Pharmaceutical, an opioid manufacturer, was sued by many governments for its role in the opioid epidemic. These cases were combined into a federal MDL. A national settlement has been reached but is still pending. Michigan is participating in that settlement. It is estimated that the State will receive \$60.9 million over 13 years.

Walmart, a pharmacy, was sued by many governments for its role in the opioid epidemic. These cases were combined into a federal MDL. A national settlement has been reached but is still pending. Michigan is participating in that settlement. It is estimated that the State will receive \$45.6 million over one to two years.

Allergan Pharmaceutical, an opioid manufacturer, was sued by many governments for its role in the opioid epidemic. These cases were combined into a federal MDL. A national settlement has been reached but is still pending. Michigan is participating in that settlement. It is estimated that the State will receive \$36.3 million over seven years.

Publicis Health, an opioid marketer, was sued by many governments for its role in the opioid epidemic. A national settlement has been reached but is still pending. Michigan is participating in that settlement. It is estimated that the State will receive \$11.7 million during fiscal year 2024.

Purdue Pharmaceutical, an opioid manufacturer, was sued by many governments for its role as the progenitor of the opioid epidemic. These cases were combined into a federal MDL. Subsequently, Purdue Pharmaceutical filed for Chapter 11 bankruptcy. A restructuring plan was reached but was appealed. The appeal of this matter is pending before the US Supreme Court. Michigan is a creditor and stands to recover under this bankruptcy.

Endo Pharmaceutical, an opioid manufacturer, was sued by many governments for its role in the opioid epidemic. These cases were combined into a federal MDL. Subsequently, Endo Pharmaceutical filed for Chapter 11 bankruptcy. A restructuring plan is not effective currently. Michigan is a creditor and stands to recover under the debtor's plan.

Kroger, a pharmacy, was sued by many governments for its role in the opioid epidemic. These cases were combined into a federal MDL. A national settlement is expected but is still pending. It is unknown whether Michigan will participate in that settlement.

It is difficult to calculate with precision the total amount the State of Michigan will receive as a result of opioid litigation. Additional settlements that are not listed here may arise in the future as this litigation develops.

#### **Contingent Liability for Local School District Bonds**

Article 9, Section 16, of the Michigan Constitution resulted in a contingent liability for the bonds of any school district which are “qualified” by the State Treasurer. If, for any reason, a qualified school district will be, or is, unable to pay the principal and interest on its qualified bonds when due, the school district shall borrow, and the State shall lend to it, any amount necessary for the school district to avoid a default on its qualified bonds. In the event that adequate funds are not available in the School Loan Revolving Fund to make such a loan, the State is required to make loans from the General Fund. As of September 30, 2023, the principal amount of qualified bonds outstanding was \$15.0 billion. Total debt service requirements on these bonds including interest will be approximately \$1.6 billion in 2024. The amount of loans by the State (related to local school district bonds qualified under this program), outstanding to local school districts as of September 30, 2023, is \$955.6 million. Interest due on these loans as of September 30, 2023, is \$53.2 million.

#### **Michigan Economic Growth Authority (MEGA) Tax Credits, Poly-Silicon Energy Cost Credit, and Historic Preservation Credit Program**

MEGA tax credits are awarded to businesses that commit to making capital investments that create and/or retain jobs in Michigan. During fiscal year 2015, a number of amendments were made to the MEGA Tax Credit Program that will cap and reduce the liability in future years.

The MEGA poly-silicon energy cost credit was established to stimulate the manufacturing of polycrystalline silicon to be used for solar cells and semiconductor microchips. The law allows a refundable credit awarded before 2009 to be claimed for a period of 12 years starting in 2012 (tax years 2012 – 2023).

The Historic Preservation Credit Program was established to provide tax incentives for homeowners, commercial property owners, and businesses to rehabilitate historic resources located in Michigan. The law allows the credit to be claimed as either a refundable accelerated credit or a non-refundable credit. Like other certificated credits, beginning January 1, 2012, the historic preservation credit is only available to taxpayers who had approved rehabilitation plans by December 31, 2011, but had not fully claimed the credit before January 1, 2012.

As of September 30, 2023, an estimated \$3.5 billion in MEGA tax credits, poly-silicon energy cost credits, and historic preservation credits remained outstanding. The amount of MEGA tax credits, poly-silicon credits, and historic preservation credits expected to be redeemed is estimated at \$494.1 million in fiscal year 2024; \$503.9 million in fiscal year 2025; \$512.0 million in fiscal year 2026; and the remainder in subsequent fiscal years. The State has recognized a liability of \$13.5 million in the government-wide statements. The liability represents certificated credits eligible to be claimed and not yet claimed as of December 1, 2023.

#### **Michigan Brownfield Tax Credits**

Michigan brownfield tax credits are awarded to businesses that commit to revitalize, redevelop, and reuse contaminated, blighted, functionally obsolete, tax reverted, or historic property. Although the State stopped awarding new brownfield tax credits in calendar year 2011, previously issued credits remain eligible for redemption. As of September 30, 2023, an estimated \$21.8 million in brownfield tax credits remained outstanding. The remaining brownfield tax credits are expected to be redeemed in fiscal year 2028. The State has recognized a liability of \$1.3 million in the government-wide statements. The liability represents certificated credits eligible to be claimed and not yet claimed as of December 1, 2023.

#### **Commitments and Encumbrances**

The Michigan Department of Transportation has construction and consultant commitments that will be paid with transportation related funds. As of September 30, 2023, these commitments equaled \$3.6 billion; a portion of this balance, \$237.6 million, has been encumbered.



**Michigan**  
**Notes to the Financial Statements**

Encumbrance balances are comprised of grant agreements and other contracts the State has entered into with vendors for services or goods not yet performed or received as of year-end. A portion of these commitments will be funded with current fund balances. These amounts are included on the face of the financial statements in the restricted, committed, and assigned fund balance classifications. Resources provided by future bond proceeds, taxes, federal grants, and local and private revenues will fund the remaining commitments. The following table shows total governmental fund encumbrances as of September 30 (in millions):

	General Fund	School Aid Fund	Other Funds	Total
<b>Restricted</b>				
Education	\$ 11.2	\$ 1.6	\$ -	\$ 12.8
Public safety and corrections	32.5	-	-	32.5
Conservation, environment, recreation, and agriculture	1,067.8	-	107.1	1,174.9
Health and human services	54.2	-	-	54.2
Transportation	1.8	-	876.9	878.6
Labor, commerce, and regulatory	93.8	-	8.6	102.3
General government	553.0	-	0.4	553.4
<b>Committed</b>				
Education	0.6	-	-	0.6
Public safety and corrections	87.9	-	0.1	88.0
Conservation, environment, recreation, and agriculture	138.9	-	-	138.9
Health and human services	10.6	-	-	10.6
Transportation	26.7	-	-	26.7
Labor, commerce, and regulatory	251.0	-	-	251.0
General government	193.0	-	1.6	194.5
<b>Assigned</b>				
Education	3.1	-	-	3.1
Public safety and corrections	59.4	-	-	59.4
Conservation, environment, recreation, and agriculture	39.7	-	-	39.7
Health and human services	23.6	-	-	23.6
Transportation	-	-	-	-
Labor, commerce, and regulatory	157.6	-	-	157.6
General government	19.8	-	-	19.8
<b>Total Encumbrances</b>	<u>\$ 2,826.0</u>	<u>\$ 1.6</u>	<u>\$ 994.7</u>	<u>\$ 3,822.3</u>

**Discretely Presented Component Units**

**Student Loan Guarantees**

The Michigan Guaranty Agency (MGA), a fiduciary fund of the Michigan Finance Authority, is contingently liable for student loans made by financial institutions that qualify for guaranty. The State, other than MGA, is not liable for these loans. The default ratio for loans guaranteed by MGA is above 9.0 percent for the fiscal year ended September 30, 2023. Under the Fresh Start Initiative, the Federal Government waived statutory and regulatory provisions of the Reinsurance Trigger Rate (title 34, *Code of Federal Regulations*, part 682, section 404(b)) so that reimbursement will continue at 100 percent for the federal fiscal years that overlap at least partially with the national emergency. In the event of future adverse default experience, MGA could be liable for up to 25.0 percent of defaulted loans. While management believes the MGA expected maximum contingent liability is less than 25.0 percent of outstanding guaranteed loans, the maximum contingent liability at 25.0 percent is \$95.1 million as of September 30, 2023. Management does not expect that all guaranteed loans could default in one year.

MGA has entered into commitment agreements with all lenders that provide, among other things, that MGA will maintain cash and marketable securities at an amount sufficient to guarantee loans in accordance with the Higher Education Act of 1965, as amended. MGA management believes MGA was in compliance with this requirement as of September 30, 2023.

**Multi-Family Mortgage Loans**

As of June 30, 2023, the Michigan State Housing Development Authority (MSHDA) has commitments to issue multi-family mortgage loans in the amount of \$634.1 million and single-family mortgage loans in the amount of \$71.7 million.

MSHDA has committed up to approximately \$1.0 million per year for up to 30 years from the date of completion of the respective developments (subject to three years advance notice of termination) from its accumulated reserves and future income to subsidize operations or rents for certain tenants occupying units in certain developments funded under MSHDA's multi-family program.

In addition, MSHDA makes available up to approximately \$1.0 million per year for up to 30 years to subsidize rents in a similar fashion for 20.0 percent of the units in certain other developments financed or to be financed under MSHDA's multi-family mortgage lending program.

## **NOTE 26 – RISK MANAGEMENT**

### ***Primary Government***

#### **General**

The State has elected not to purchase commercial insurance for many of the risks of losses to which it is exposed. The State is self-insured for most general liability and property losses, portions of its employee insurance benefit and employee bonding programs, automobile liability, and workers' compensation and unemployment compensation claims. Areas of risk where some level of insurance coverage is purchased include: aircraft liability, property and loss rental insurance that may be required by bond or lease agreements, portions of the State employee insurance benefits program, certain State artifacts, boiler and machinery coverage, and employee bonding. Settled claims have not exceeded commercial coverage in any of the past ten fiscal years.

The State has established two internal service funds, which are described below, to account for certain aspects of the risk management program. Fund expenditures (expenses) are recognized in the paying funds in a manner similar to purchased commercial insurance. For other uninsured losses not covered by an internal service fund program, such as general liability and property losses, the State recognizes fund liabilities in the fund incurring the loss as follows: governmental funds record an expenditure when a loss is due and payable; proprietary funds record an expense when it is probable that a loss has occurred, and the amount can be reasonably estimated. As explained more fully in Note 15, losses for workers' compensation and certain types of litigation losses have been recognized as liabilities in the government-wide financial statements.

For unemployment claims, the Unemployment Compensation Fund of the Unemployment Insurance Agency (UIA) bills the State for the actual amount of claims paid to former State employees. The State accrues liabilities in the governmental fund financial statements for unemployment compensation, only to the extent paid by UIA through September 30. During fiscal year 2023, expenditures for payments to former State employees (not including university employees) were \$4.0 million. The potential liability for future payments cannot be estimated.

The State's two internal service funds, which account for certain areas of risk management, such as portions of its employee insurance benefits, general liability, and automobile liability, follow accounting standards established by the Governmental Accounting Standards Board. This results in a reporting which is very similar to that used in the private insurance industry. The various component programs within the two funds may incur deficits during a given year, but each program's surplus and unrestricted net position balance is considered in calculating future charges or benefit levels.

#### **Risk Management Fund**

This fund was established during fiscal year 1990 to account for insurance management activities implemented within the Department of Technology, Management and Budget. The automobile liability and administrative functions are accounted for as operating activities of this fund. Expenses and liabilities for claims, including incurred but not reported or not processed claims, have been recorded in the amount of \$5.8 million. This includes a long-term portion, which is recorded at \$4.5 million.

Changes in the Risk Management Fund's claims for automobile liability for the fiscal years ending September 30, 2023 and 2022 are as follows (in millions):

	2023	2022
Balance - beginning	\$ 5.6	\$ 8.0
Current year claims and changes in estimates	1.9	(0.4)
Claim payments	(1.7)	(2.1)
Balance - ending	<u>\$ 5.8</u>	<u>\$ 5.6</u>

The Risk Management Fund also has general liability insurance with \$0.9 million recorded in long-term liabilities. General liability insurance amounts were previously reported as part of the Fund's automobile liability. The combined total for the automobile liability and general liability insurances is \$6.7 million in 2023 and \$6.5 million in 2022.

**Michigan**  
**Notes to the Financial Statements**

Workers' compensation payments for State agencies are processed centrally through the Risk Management Fund. Changes in workers' compensation claims for the fiscal years ending September 30, 2023 and 2022 are as follows (in millions):

	2023	2022
Balance - beginning	\$ 41.3	\$ 42.7
Current year claims and changes in estimates	10.3	8.1
Claim payments	(9.2)	(9.5)
Balance - ending	<u>\$ 42.5</u>	<u>\$ 41.3</u>

Workers' compensation is further described in Note 15.

**State Sponsored Group Insurance Fund**

The Department of Technology, Management and Budget and the Civil Service Commission use this fund to account for employee benefit programs, which are largely self-funded. Expenses and liabilities for claims, which include incurred but not reported or not processed benefit claims, based on preliminary estimates from the plan administrators, have been recorded as liabilities in the amount of \$123.3 million. This includes a long-term portion, which is recorded at a discounted present value of \$79.4 million. For all claims incurred prior to October 1, 2023, the discounted present value of the long-term disability liability was calculated over a 20-year period using a discount rate of approximately 0.8 percent.

Payments to the State Sponsored Group Insurance Fund are based on estimates of amounts needed to pay prior and current year claims. In addition, a portion of the fund's net position has been designated for catastrophic losses. The risk management designation represents the level of reserves that should be maintained to ease large fluctuations in premium levels in years of unexpected excessive claims. That designation was \$49.1 million at September 30, 2023. Unrestricted net position totaled \$155.4 million at September 30, 2023.

Changes in the State Sponsored Group Insurance Fund's claims liability for employee benefit programs for the fiscal years ending September 30, 2023 and 2022 are as follows (in millions):

	2023	2022
Balance - beginning	\$ 137.2	\$ 125.2
Current year claims and changes in estimates	793.5	787.4
Claim payments	(807.3)	(775.4)
Balance - ending	<u>\$ 123.3</u>	<u>\$ 137.2</u>

**Discretely Presented Component Units**

**State Universities**

The State university component units participate with the other Michigan public universities in the Michigan Universities Self-Insurance Corporation (MUSIC), which provides indemnity to its members against comprehensive general liability, errors and omissions losses, and property losses commonly covered by insurance. Loss coverages are structured on a three-layer basis with each member retaining a portion of its losses, MUSIC covering the second layer, and commercial carriers covering the third layer.

**NOTE 27 – PLEDGED REVENUES**

As authorized by legislation, certain revenues of the primary government are pledged to secure debt of the State's discretely presented component units, and to pay the debt service on those bond issuances. In 2006, the Michigan Tobacco Settlement Finance Authority (MTSFA) was created to issue tobacco settlement bonds, the proceeds of which were used to provide funding for the 21st Century Jobs Trust Fund, as well as the School Aid Fund, the General Fund, and a reserve fund. MTSFA was reported as a blended component unit of the State; MTSFA subsequently was transferred by Executive Order 2010-2 to the Michigan Finance Authority (MFA), a discretely presented component unit of the State. The bonds were securitized by a portion of the State's Tobacco Settlement Revenues (TSRs), which were payable to the State under the Master Settlement Agreement entered into by participating cigarette manufacturers in 1998. Beginning April 1, 2008, 13.3 percent of the State's share of the TSRs was pledged to pay tobacco settlement bonds issued in 2006; beginning April 1, 2010, 10.8 percent of TSRs was pledged to pay tobacco settlement bonds issued as part of the 2007 tobacco securitization. From 2018-2025, the State's share of the settlement is \$348.3 million per year. The actual amount received by the State is less, and is affected by market and other factors related to cigarette manufacturing.

For the period ended September 30, 2023, the State's pledged revenue to MFA was \$70.5 million. A total amount of \$70.1 million was received in MFA's tobacco settlement debt service fund to contribute to annual debt service requirements of \$73.0 million. Shortfalls in the receipt of pledged revenue are made up by investment income if available or other resources; debt service on these bonds is payable solely from pledged TSRs.

## NOTE 28 – DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The following table provides additional detail regarding deferred outflows of resources and deferred inflows of resources reported on the government-wide Statement of Net Position (in millions):

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
Deferred Outflows of Resources:				
Accumulated decrease in fair value of hedging derivative instruments	\$ -	\$ -	\$ -	\$ 6.3
Refunding of debt	33.5	-	33.5	64.7
Pension Related:				
Differences between expected and actual experience	33.7	-	33.7	0.2
Changes of assumptions	175.4	-	175.4	1.1
Net difference between projected and actual earnings on pension plan investments	14.8	-	14.8	19.6
Contributions subsequent to the measurement date	888.2	4.7	892.8	34.5
Total Pension Related	1,112.1	4.7	1,116.7	55.5
Other Postemployment Benefits (OPEB) Related:				
Differences between expected and actual experience	-	-	-	6.5
Changes of assumptions	1,408.2	8.8	1,417.0	52.7
Net difference between projected and actual earnings on OPEB plan investments	103.0	0.6	103.7	5.0
Changes in proportion and differences between contributions and proportionate share of contributions	35.1	2.6	37.6	53.8
Contributions subsequent to the measurement date	592.1	3.8	595.9	19.9
Total OPEB Related	2,138.5	15.8	2,154.2	137.8
Total Deferred Outflows of Resources	\$ 3,284.0	\$ 20.4	\$ 3,304.4	\$ 264.3
Deferred Inflows of Resources:				
Accumulated increase in fair value of hedging derivative instruments	\$ -	\$ -	\$ -	\$ 18.3
Loan origination fees	-	-	-	31.9
Refunding of debt	20.7	-	20.7	8.1
Lease related	27.5	-	27.5	139.9
Irrevocable split-interest agreements	-	-	-	33.4
Public-private and public-public partnerships	-	-	-	112.1
Pension Related:				
Differences between expected and actual experience	0.9	-	0.9	0.4
Changes of assumptions	-	-	-	1.5
Net difference between projected and actual earnings on pension plan investments	62.6	0.4	63.0	1.2
Total Pension Related	63.5	0.4	63.9	3.1
OPEB Related:				
Differences between expected and actual experience	3,066.6	19.5	3,086.1	75.0
Changes of assumptions	495.2	3.2	498.4	97.4
Changes in proportion and differences between contributions and proportionate share of contributions	68.6	2.8	71.4	11.5
Total OPEB Related	3,630.4	25.5	3,655.9	183.9
Total Deferred Inflows of Resources	\$ 3,742.1	\$ 25.9	\$ 3,768.0	\$ 530.6

The following table provides additional detail regarding deferred inflows of resources reported in the governmental funds (in millions):

	General Fund	School Aid Fund	Non-Major Funds	Total Governmental Funds
Taxes considered unavailable	\$ 3,500.8	\$ 900.2	\$ 10.4	\$ 4,411.4
Tobacco settlement receivables	13.1	-	156.9	170.0
School loan revolving program	53.2	-	-	53.2
Opioid settlement receivables	423.5	-	-	423.5
Other	20.2	-	15.9	36.0
Total deferred inflows of resources	\$ 4,010.8	\$ 900.2	\$ 183.2	\$ 5,094.2

**Public-Private and Public-Public Partnerships**

This deferred inflow of resources is described in more detail in Note 9. The public-private and public-public partnerships are related to Eastern Michigan University and Northern Michigan University.

**NOTE 29 – SUBSEQUENT EVENTS**

**Short-Term Borrowing**

On October 5, 2023, the State Building Authority (SBA) issued \$82.6 million of commercial paper notes bearing an interest rate of 3.9 percent. The notes matured on January 25, 2024.

On January 25, 2024, SBA issued \$105.6 million of commercial paper notes bearing an interest rate of 3.7 percent. The notes mature on April 25, 2024.

**Short-Term Borrowing – Discretely Presented Component Units**

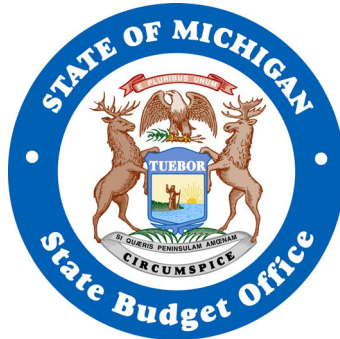
On July 11, 2023, and July 25, 2023, the Michigan State Housing Development Authority (MSHDA) drew down \$40.0 million and \$60.0 million, respectively, from a revolving line of credit. On September 27, 2023, MSHDA closed the Single-Family Mortgage Revenue Bonds, and repaid the \$100.0 million. Then, on November 13, 2023, and December 6, 2023, MSHDA drew down \$50.0 million and \$50.0 million, respectively, from a revolving line of credit for the sole purpose of purchasing single-family mortgages and down payment assistance (DPA) loans. The \$100.0 million must be repaid at the time permanent financing is in place. The agreement expires on September 10, 2024.

On January 19, 2024, MSHDA entered into a \$150.0 million short-term credit agreement for the sole purpose of purchasing single-family mortgages and DPA loans. This credit agreement will be repaid at the time of the issuance of Single-Family Mortgage Revenue Bonds, expected in March 2024.

**Long-Term Borrowing – Discretely Presented Component Units**

Subsequent to their respective year-ends, the following discretely presented component units issued bonds, some of which are for purposes of refinancing (in millions):

	Bonds Issued
Michigan State Housing Development Authority	\$ 392.9
Michigan Technological University	64.4
Total	<u>\$ 457.3</u>



## FINANCIAL SECTION

### REQUIRED SUPPLEMENTARY INFORMATION

## REQUIRED SUPPLEMENTARY INFORMATION

## BUDGETARY COMPARISON SCHEDULE

## MAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Beginning budgetary fund balance	\$ 12,636,431	\$ 12,636,431	\$ 12,636,431	\$ -
Resources (inflows):				
General Purpose Revenues:				
Taxes	13,540,400	12,238,396	12,238,396	-
Federal	10,000	13,878	13,878	-
Local	100	52	52	-
Licenses and permits	14,000	11,122	11,122	-
Services	7,000	3,932	3,932	-
Miscellaneous	100,000	673,362	673,362	-
Transfers in	302,000	492,832	492,832	-
Restricted Revenues:				
Taxes	4,563,801	7,212,104	7,212,104	-
Federal	26,290,050	28,019,805	28,019,805	-
Local	216,071	326,299	326,299	-
Licenses and permits	509,549	400,616	400,616	-
Services	355,216	352,934	352,934	-
Miscellaneous	1,406,063	881,861	881,861	-
Proceeds from sale of capital assets	-	3,794	3,794	-
Transfers in	36,494	65,096	65,096	-
Total Revenue Inflows	47,350,743	50,696,081	50,696,081	-
Amounts Available for Appropriation	59,987,174	63,332,512	63,332,512	-
Charges to Appropriations (outflows):				
Legislative Branch	289,152	219,563	214,645	4,918
Judicial Branch	484,931	301,056	300,812	244
Executive Branch:				
Agriculture and Rural Development	225,501	118,850	118,374	475
Attorney General	128,752	116,945	116,511	435
Civil Rights	23,301	17,286	17,180	105
Colleges and Universities Grants	1,824,750	1,663,472	1,657,238	6,234
Corrections	2,393,642	2,142,906	2,068,128	74,778
Education	881,786	898,175	896,211	1,965
Environment, Great Lakes, and Energy	876,489	728,945	725,477	3,468
Executive Office	8,534	8,534	8,395	138
Health and Human Services	33,563,538	34,104,889	33,674,068	430,821
Insurance and Financial Services	74,336	72,218	72,218	-
Labor and Economic Opportunity	2,230,488	5,274,017	5,165,933	108,083
Licensing and Regulatory Affairs	619,497	473,821	473,236	585
Military and Veterans Affairs	295,307	241,771	228,460	13,311
Natural Resources	202,778	209,029	203,190	5,839
State	259,958	242,434	241,698	735
State Police	994,722	967,315	964,638	2,677
Technology, Management and Budget	1,598,145	1,064,471	1,031,464	33,007
Transportation	172,418	29,558	29,208	350
Treasury	3,462,385	5,719,924	5,382,973	336,951
Intrafund expenditure reimbursements	-	(2,185,425)	(2,185,425)	-
Total Charges to Appropriations	50,610,409	52,429,753	51,404,634	1,025,119
Reconciling Items:				
Change in noncurrent assets	-	15,997	15,997	-
Net Reconciling Items	-	15,997	15,997	-
Ending budgetary fund balance	\$ 9,376,764	\$ 10,918,755	\$ 11,943,874	\$ 1,025,119

# Michigan

SCHOOL AID FUND			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
\$ 5,636,650	\$ 5,636,650	\$ 5,636,650	\$ -
16,295,719	16,078,288	16,078,288	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	21,578	21,578	-
1,240,000	1,804,515	1,804,515	-
14,800	20,454	20,454	-
2,191,244	3,816,491	3,816,491	-
-	-	-	-
-	-	-	-
-	-	-	-
140,400	216,349	216,349	-
-	-	-	-
-	11,991	11,991	-
19,882,163	21,969,665	21,969,665	-
25,518,812	27,606,315	27,606,315	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
796,446	996,446	995,841	606
-	-	-	-
18,783,864	21,064,528	20,910,810	153,718
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	1	1	-
-	(8,932)	(8,932)	-
19,580,311	22,052,045	21,897,721	154,324
-	2,172	2,172	-
-	2,172	2,172	-
\$ 5,938,502	\$ 5,556,443	\$ 5,710,766	\$ 154,324



## REQUIRED SUPPLEMENTARY INFORMATION

## BUDGETARY COMPARISON SCHEDULE

## BUDGET-TO-GAAP RECONCILIATION

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

	GENERAL FUND	SCHOOL AID FUND
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 63,332,512	\$ 27,606,315
Differences - Budget-to-GAAP:		
Budgetary fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(12,636,431)	(5,636,650)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	(3,794)	-
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(557,928)	(1,816,506)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	<u>\$ 50,134,359</u>	<u>\$ 20,153,159</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 51,404,634	\$ 21,897,721
Differences - Budget-to-GAAP:		
Encumbrances for services and goods not yet performed or received are reported in the year the encumbrance is established for budgetary purposes, but in the year the services or goods are performed or received for financial reporting purposes.	(573,971)	116
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(606,191)	(110,896)
Vendor financing acquisitions are not outflows of budgetary resources but are recorded as capital outlay expenditures and other financing sources under GAAP.	21,194	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	<u>\$ 50,245,666</u>	<u>\$ 21,786,942</u>

## REQUIRED SUPPLEMENTARY INFORMATION

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

#### Statutory/Budgetary Presentation

The various funds and programs within funds utilize a number of different budgetary control processes. Annual legislative appropriations and revenue estimates are provided for most “operating” funds. Note 2 of the basic financial statements identifies the annually budgeted operating funds.

The original executive budget and original legislative appropriations provide general purpose (unrestricted) revenue estimates in order to demonstrate compliance with constitutional provisions. Revenues restricted by law or outside grantors to a specific program are estimated at a level of detail consistent with controlling related expenditure accounts.

For programs financed from restricted revenues, spending authorization is generally contingent upon recognition of the related revenue. Reductions of spending authority occur if revenues fall short of estimates. If revenues exceed the estimate, supplemental appropriations are required before the additional resources can be spent.

The budgetary comparison schedule presented for the General Fund and the School Aid Fund presents both the original and final appropriated budgets for fiscal year 2023, as well as the actual resource inflows, outflows, and fund balance stated on the budgetary basis. The supplementary portion of this report includes a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, by fund type, for non-major special revenue, capital projects, and permanent funds with annual budgets. Those schedules only include the final appropriated budget.

The original budget and related estimated revenues represent the spending authority enacted into law by the appropriation bills as of October 1, 2022, and include multi-year projects budgetary carry-forwards from the prior fiscal year.

The budgetary fund balance represents total fund balance, net of noncurrent assets and prior year encumbrances. Noncurrent assets do not represent current financial resources available for appropriation and are removed for budgetary purposes. Prior year encumbrances are considered uses of spending authority in the year the State incurs an obligation and are also removed.

Generally accepted accounting principles (GAAP) require that the final legal budget be reflected in the “final budget” column; therefore, updated revenue estimates available for appropriations as of November 30, rather than the amounts shown in the original budget, are reported. The November 30 date is used because P.A. 431 of 1984, as amended, permits budget adjustments by the Legislature through 60 days after year-end.

The final appropriations budget represents original and supplemental appropriations, carry-forwards, carry-backs (i.e., current year appropriations for prior year overdrafts), approved transfers, executive order reductions, and timing differences. Expenditures, transfers out, other financing uses, and encumbrances are combined and classified by department rather than being reported by character and function as shown in the GAAP statements. This departmental classification is used to better reflect organizational responsibility and to be more consistent with the budget process. Appropriations include interagency expenditure reimbursement, in which one agency provides funding to another agency within the same fund. The final budget and actual amounts are adjusted to eliminate the duplication.

The timing differences result from unspent authorizations for multi-year projects, such as capital outlay and work projects, and from restricted revenues that had not been appropriated for expenditure in the current year. Such authorization balances remaining at year-end are removed from the final budget column to provide an “annualized” budget.

Positive “variances” reflect restricted revenues that were appropriated and available for expenditure in the current year and unused general purpose spending authority (lapses); negative “variances” reflect budgetary overdrafts. If both positive and negative variances exist for a line, the amount shown is the net variance.

#### Statutory/Budgetary Reconciliation

The statutory/budgetary basis presentation differs from GAAP in ways that do not affect ending fund balance.

For budgetary reporting purposes, expenditures and transfers out in the “Actual” column include recorded encumbrances because they are considered uses of spending authority in the year the State incurs an obligation. Therefore, the “Original” and “Final Budget” columns do not include encumbrance authorization balances carried over from the prior fiscal year. In the GAAP basis statements, expenditures do not include encumbrances. The effect of this difference is reflected as a reconciling item on the Budgetary Comparison Schedule for the major funds and the Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the non-major special revenue, capital projects, and permanent funds.

For budgetary purposes, vendor financing expenditures are recognized when payments are due, rather than upon inception of the vendor financing term as required by GAAP. This difference does not affect fund balance because the “other financing sources” recorded under GAAP at inception of the contract term are not recorded on the statutory/budgetary basis.

#### Statewide Authorization Dispositions

Subsequent to the release of this report, the State publishes “Statewide Authorization Dispositions” to demonstrate its compliance with the legal level of budgetary control. The report includes line-item appropriation details for the General Fund and budgeted operating funds and is available by contacting the State Budget Office, Office of Financial Management at (517) 241-4010.

**REQUIRED SUPPLEMENTARY INFORMATION****INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH**

As allowed by Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include the State's network of public transportation roads and bridges, including ancillary assets, such as guard rails, signs, lighting, culverts, fencing, and the like. As of fiscal year 2023, the State is responsible for maintaining approximately 28,684 lane miles of roads and currently maintains 4,852 bridges (spans in excess of 20 feet).

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets at least every three years and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved approximately at, or above, the established condition level.

**Roads****Measurement Scale**

MDOT utilizes the Pavement Surface Evaluation and Rating (PASER) as the State's primary method to measure and monitor pavement conditions. The PASER Rating is a visual analysis conducted by trained road agency staff and includes a 10-point scale, as follows:

Rating	Asphalt	Concrete
10, 9, 8 = Good	New, like new construction, from no defects to occasional transverse crack, crack width tight (hairline) or sealed. Few if any longitudinal cracks on joints.	New, like new construction, from no defects to slight traffic wear, slight map cracking, minor surface defects, pop-outs, map cracking or slight scaling, isolated meander cracks, isolated cracks at manholes.
7, 6, 5 = Fair	Little or no crack erosion, little or no raveling, few if any patches in good condition or slight to moderate polishing or flushing, no patches or few, slight raveling or patching/wedging in good condition, moderate raveling, extensive to several flushing and polishing. Sound structural condition.	Minor surface scaling, some open joints, isolated settlement or heave areas or moderate surface scaling <25.0% of surface, several corner cracks tight or well-sealed or moderate to severe scaling or polishing between 25.0% to 50.0% of surface, spalling from shallow reinforcement, multiple corner cracks.
4, 3, 2, 1 = Poor	Severe surface raveling, multiple longitudinal and transverse cracks with slight crack erosion or longitudinal and transverse cracks showing extensive crack erosion, occasional potholes, patches in fair/poor condition or closely spaced cracks with erosion, frequent potholes, extensive patches in poor condition or loss of surface integrity, extensive surface distress.	Severe scaling, polishing, map cracking or spalling >50.0% of surface, corner cracks missing pieces or patches, pavement blowups or extensive patching in fair to poor condition or extensive and severely spalled slab cracks, extensive failed patches, joints failed, severe and extensive settlement and heaves or extensive potholes, total loss of pavement integrity.

**Established Condition Level**

No more than 30 percent of the pavements shall be rated as "Poor."

**Assessed Conditions**

Prior to fiscal year 2020 the State assessed the condition of the system of paved roads on a calendar year basis. The State now assesses the system of paved roads every two years. The following table reports the percentage of pavements meeting ratings of "Good" or "Poor," for the past three complete assessments. "Good" represents ratings of 10 through 5 above and "Poor" represents ratings of 4 through 1 on the PASER rating scale.

Rating	2023	2021	2019
Good	77.0%	79.0%	74.0%
Poor	23.0%	21.0%	26.0%

## Bridges

## Measurement Scale

MDOT utilizes the National Bridge Inventory (NBI) rating scale to monitor the condition of all bridges under its jurisdiction. The inventory rates bridges, including the deck, superstructure and substructure, using a 10-point scale:

Rating	Description
9	Excellent (no specific definition).
8	Very good. No problems noted.
7	Good. Some minor problems.
6	Satisfactory. Structural elements show some minor deterioration.
5	Fair. All primary structural elements are sound but may have minor section loss, cracking, spalling, or scour.
4	Poor. Advanced section loss, deterioration, spalling, or scour.
3	Serious. Loss of section, deterioration, spalling, or scour have seriously affected primary structural components. Local failures are possible. Fatigue cracks in steel or shear cracks in concrete may be present.
2	Critical. Advanced deterioration of primary structural elements. Fatigue cracks in steel or shear cracks in concrete may be present or scour may have removed substructure support. Unless closely monitored it may be necessary to close the bridge until corrective action is taken.
1	Imminent failure. Major deterioration or section loss present in critical structural components or obvious vertical or horizontal movement affecting structure stability. Bridge is closed to traffic, but corrective action may put it back into light service.
0	Failure. Out of service; beyond corrective action.

## Established Condition Level

No more than 35 percent of the bridges shall be rated as “structurally deficient.”

## Assessed Conditions

A bridge is classified as structurally deficient if the deck, superstructure, substructure, or culvert is rated in “poor” condition (0 to 4 on the NBI rating scale). A bridge can also be classified as structurally deficient if its load carrying capacity is significantly below current design standards or if a waterway below frequently overtops the bridge during floods. The following table reports the percentage of bridges reported in the NBI (spans in excess of 20 feet) whose condition was assessed as “structurally deficient,” in the stated year:

Fiscal Year	Structurally Deficient
2023	6.8%
2022	6.8%
2021	6.9%

Bridges that are not intended to carry highway traffic are not included in MDOT’s condition assessment shown above. As a result, the number of bridges that were included in the structurally deficient calculation (4,516) in fiscal year 2023 is less than the total (4,852) maintained and assessed by the department.

## Estimated and Actual Costs to Maintain

The following table presents the State’s estimate of spending necessary to preserve and maintain the roads and bridges at, or above, the “Established Condition Levels” cited above, and the actual amount spent during the past five fiscal years (in millions):

Fiscal Year	Estimated Spending	Actual Spending
2024	\$ 1,508.8	\$ -
2023	1,564.8	1,447.8
2022	1,509.2	1,263.5
2021	1,437.0	1,089.1
2020	1,073.1	1,193.9
2019	1,049.9	1,160.1

## REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LEGISLATIVE RETIREMENT SYSTEM**

LAST NINE FISCAL YEARS\*

(In Thousands)

	2023	2022	2021	2020
<b>Total Pension Liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ 39
Interest	8,392	8,580	9,614	11,051
Differences between expected and actual experience	(2,686)	(1,677)	1,780	480
Changes of assumptions	(43,544)	(1,011)	19,452	30,744
Benefit payments, including refunds of member contributions	(14,503)	(14,595)	(14,655)	(14,130)
Net Change in Total Pension Liability	(52,340)	(8,703)	16,191	28,183
Total Pension Liability - Beginning	275,360	284,062	267,871	239,688
Total Pension Liability - Ending	<u>\$ 223,019</u>	<u>\$ 275,360</u>	<u>\$ 284,062</u>	<u>\$ 267,871</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ -	\$ -	\$ -	\$ 8,063
Contributions - member	1	1	1	2
Net investment income	(21,848)	25,588	6,636	3,320
Benefit payments, including refunds of member contributions	(14,503)	(14,595)	(14,655)	(14,130)
Pension plan administrative expense	(384)	(384)	(407)	(405)
Other	(72)	-	7	-
Net Changes in Plan Fiduciary Net Pension	(36,805)	10,610	(8,418)	(3,150)
Plan Fiduciary Net Position - Beginning	124,491	113,880	122,299	125,448
Plan Fiduciary Net Position - Ending	<u>\$ 87,685</u>	<u>\$ 124,491</u>	<u>\$ 113,880</u>	<u>\$ 122,299</u>
Net Pension Liability (Assets) - Ending	<u>\$ 135,334</u>	<u>\$ 150,869</u>	<u>\$ 170,182</u>	<u>\$ 145,572</u>
Plan fiduciary net position as a percentage of the total pension liability	39.3%	45.2%	40.1%	45.7%
Covered payroll	\$ -	\$ -	\$ -	\$ 18
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	812300.1%

\* Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

# Michigan

2019	2018	2017	2016	2015
\$ 77 10,555	\$ 86 10,213	\$ 74 11,025	\$ 62 11,839	\$ 57 11,297
66 (3,055)	(1,617) (13,497)	1,899 18,937	406 20,080	- 24,547
(14,521) (6,878)	(14,282) (19,097)	(13,919) 18,016	(14,495) 17,891	(13,550) 22,351
246,565	265,662	247,646	229,755	207,404
<u>\$ 239,688</u>	<u>\$ 246,565</u>	<u>\$ 265,662</u>	<u>\$ 247,646</u>	<u>\$ 229,755</u>
\$ - 1 8,630	\$ - 4 15,841	\$ - 4 11,325	\$ - 3 (6,545)	\$ - 6 14,868
(14,521) (399)	(14,282) (392)	(13,919) (405)	(14,495) (362)	(13,550) (430)
- (6,289)	7 1,177	- (2,996)	- (21,400)	- 893
131,738	130,560	133,557	154,957	154,063
<u>\$ 125,448</u>	<u>\$ 131,738</u>	<u>\$ 130,560</u>	<u>\$ 133,557</u>	<u>\$ 154,957</u>
<u>\$ 114,239</u>	<u>\$ 114,828</u>	<u>\$ 135,102</u>	<u>\$ 114,090</u>	<u>\$ 74,799</u>
52.3%	53.4%	49.1%	53.9%	67.4%
\$ 72	\$ 72	\$ 72	\$ 72	\$ 72
159363.2%	160183.9%	188466.1%	159154.3%	104343.7%

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)

## LIABILITY AND RELATED RATIOS

## LEGISLATIVE RETIREMENT SYSTEM

LAST SIX FISCAL YEARS\*

(In Thousands)

	2023	2022	2021
<b>Total OPEB Liability</b>			
Service cost	\$ 24	\$ 155	\$ 155
Interest	6,423	5,468	6,447
Differences between expected and actual experience	(12,928)	(7,429)	(26,458)
Changes of assumptions	1,504	(41,686)	(393)
Benefit payments, including refunds of member contributions	(5,408)	(5,816)	(5,836)
Net Change in Total OPEB Liability	(10,384)	(49,308)	(26,087)
Total OPEB Liability - Beginning	94,455	143,763	169,850
Total OPEB Liability - Ending	<u>\$ 84,071</u>	<u>\$ 94,455</u>	<u>\$ 143,763</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 4,661	\$ 4,612	\$ 4,638
Contributions - member	-	-	-
Net investment income	(6,759)	7,021	1,582
Benefit payments, including refunds of member contributions	(5,408)	(5,816)	(5,836)
OPEB plan administrative expense	(118)	(106)	(99)
Other	1,182	1,200	1,302
Net Changes in Plan Fiduciary Net Pension	(6,443)	6,911	1,586
Plan Fiduciary Net Position - Beginning	38,280	31,369	29,782
Plan Fiduciary Net Position - Ending	<u>\$ 31,837</u>	<u>\$ 38,280</u>	<u>\$ 31,369</u>
Net OPEB Liability (Assets) - Ending	<u>\$ 52,234</u>	<u>\$ 56,175</u>	<u>\$ 112,395</u>
Plan fiduciary net position as a percentage of the total OPEB liability	37.9%	40.5%	21.8%
Covered-employee payroll**	\$ 143	\$ 161	\$ 215
Net OPEB liability as a percentage of covered-employee payroll	36432.7%	34828.3%	52263.1%

\* Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires the presentation of supplementary information for each of the 10 most recent fiscal years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

\*\* The Legislative Retirement System does not base contributions to the other postemployment benefits plan on a measure of pay. Therefore, in accordance with GASB Statement No. 85, Omnibus 2017, covered-employee payroll is presented in this schedule instead of covered payroll.

2020	2019	2018
\$ 1,148	\$ 1,482	\$ 797
7,518	7,077	8,464
(25,629)	3,292	18
4,386	(9,407)	66,226
(6,164)	(6,695)	(6,343)
(18,742)	(4,252)	69,162
188,591	192,843	123,681
<u>\$ 169,850</u>	<u>\$ 188,591</u>	<u>\$ 192,843</u>
\$ 9,091	\$ 4,657	\$ 4,572
2	6	6
626	1,573	2,755
(6,164)	(6,695)	(6,343)
(81)	(74)	(69)
1,379	954	644
4,854	421	1,565
24,928	24,507	22,942
<u>\$ 29,782</u>	<u>\$ 24,928</u>	<u>\$ 24,507</u>
<u>\$ 140,067</u>	<u>\$ 163,663</u>	<u>\$ 168,336</u>
17.5%	13.2%	12.7%
\$ 613	\$ 1,662	\$ 1,662
22864.4%	9848.2%	10129.4%



## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

## STATE POLICE RETIREMENT SYSTEM

LAST NINE FISCAL YEARS\*

(In Thousands)

	2023	2022	2021	2020
<b>Total Pension Liability</b>				
Service cost	\$ 24,631	\$ 24,718	\$ 25,867	\$ 24,907
Interest	160,628	155,431	152,466	150,682
Differences between expected and actual experience	6,994	25,246	18,204	17,082
Changes of assumptions	175,311	26,560	-	58,026
Benefit payments, including refunds of member contributions	(155,795)	(155,429)	(149,418)	(144,193)
Net Change in Total Pension Liability	211,769	76,527	47,119	106,504
Total Pension Liability - Beginning	2,427,301	2,350,775	2,303,656	2,197,152
Total Pension Liability - Ending	<u>\$ 2,639,070</u>	<u>\$ 2,427,301</u>	<u>\$ 2,350,775</u>	<u>\$ 2,303,656</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 89,386	\$ 69,152	\$ 79,165	\$ 78,510
Contributions - member	4,383	3,850	4,100	3,693
Net investment income	(82,877)	401,735	75,047	74,725
Benefit payments, including refunds of member contributions	(155,795)	(155,429)	(149,418)	(144,193)
Pension plan administrative expense	(726)	(677)	(633)	(725)
Other	-	11,215	-	-
Net Changes in Plan Fiduciary Net Pension	(145,629)	329,846	8,262	12,010
Plan Fiduciary Net Position - Beginning	1,842,516	1,512,670	1,504,408	1,492,399
Plan Fiduciary Net Position - Ending	<u>\$ 1,696,887</u>	<u>\$ 1,842,516</u>	<u>\$ 1,512,670</u>	<u>\$ 1,504,408</u>
Net Pension Liability (Assets) - Ending	<u>\$ 942,182</u>	<u>\$ 584,785</u>	<u>\$ 838,104</u>	<u>\$ 799,248</u>
Plan fiduciary net position as a percentage of the total pension liability	64.3%	75.9%	64.3%	65.3%
Covered payroll	\$ 146,298	\$ 131,332	\$ 142,102	\$ 139,660
Net pension liability as a percentage of covered payroll	644.0%	445.3%	589.8%	572.3%

\* Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

# Michigan

2019	2018	2017	2016	2015
\$ 24,094	\$ 20,908	\$ 19,774	\$ 19,952	\$ 21,142
149,156	147,193	143,436	140,575	134,317
7,959	18,289	8,440	(6,998)	-
106,681	94,280	-	-	36,683
(137,367)	(130,208)	(119,094)	(115,469)	(110,551)
150,523	150,462	52,556	38,060	81,591
2,046,629	1,896,167	1,843,611	1,805,551	1,723,960
<u>\$ 2,197,152</u>	<u>\$ 2,046,629</u>	<u>\$ 1,896,167</u>	<u>\$ 1,843,611</u>	<u>\$ 1,805,551</u>
\$ 84,930	\$ 74,814	\$ 70,505	\$ 70,351	\$ 58,391
3,489	3,142	3,009	2,677	2,174
151,529	165,384	90,811	26,236	174,085
(137,367)	(130,208)	(119,094)	(115,469)	(110,551)
(749)	(666)	(575)	(561)	(575)
4	27	10	3	-
101,835	112,492	44,666	(16,762)	123,524
1,390,564	1,278,071	1,233,405	1,250,168	1,126,643
<u>\$ 1,492,399</u>	<u>\$ 1,390,564</u>	<u>\$ 1,278,071</u>	<u>\$ 1,233,405</u>	<u>\$ 1,250,168</u>
<u>\$ 704,753</u>	<u>\$ 656,066</u>	<u>\$ 618,096</u>	<u>\$ 610,206</u>	<u>\$ 555,384</u>
67.9%	67.9%	67.4%	66.9%	69.2%
\$ 134,177	\$ 125,085	\$ 118,060	\$ 114,278	\$ 114,480
525.2%	524.5%	523.5%	534.0%	485.1%

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)

## LIABILITY AND RELATED RATIOS

## STATE POLICE RETIREMENT SYSTEM

LAST SIX FISCAL YEARS\*

(In Thousands)

	2023	2022	2021
<b>Total OPEB Liability</b>			
Service cost	\$ 9,421	\$ 10,031	\$ 10,064
Interest	50,932	53,337	54,744
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(44,409)	(59,439)	(103,332)
Changes of assumptions	65,832	(5,789)	48,652
Benefit payments, including refunds of member contributions	(32,673)	(32,704)	(28,308)
Net Change in Total OPEB Liability	49,102	(34,564)	(18,180)
Total OPEB Liability - Beginning	749,776	784,340	802,520
Total OPEB Liability - Ending	<u>\$ 798,878</u>	<u>\$ 749,776</u>	<u>\$ 784,340</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 50,743	\$ 48,792	\$ 58,303
Net investment income	(18,070)	73,989	12,677
Benefit payments, including refunds of member contributions	(32,673)	(32,704)	(28,308)
OPEB plan administrative expense	(168)	(135)	(116)
Other	82	7,839	445
Net Change in Plan Fiduciary Net Position	(87)	97,782	43,001
Plan Fiduciary Net Position - Beginning	372,901	275,119	232,118
Plan Fiduciary Net Position - Ending	<u>\$ 372,814</u>	<u>\$ 372,901</u>	<u>\$ 275,119</u>
Net OPEB Liability (Assets) - Ending	<u>\$ 426,064</u>	<u>\$ 376,875</u>	<u>\$ 509,220</u>
Plan fiduciary net position as a percentage of the total OPEB liability	46.7%	49.7%	35.1%
Covered payroll	\$ 146,298	\$ 131,332	\$ 142,102
Net OPEB liability as a percentage of covered payroll	291.2%	287.0%	358.3%

\* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires the presentation of supplementary information for each of the 10 most recent fiscal years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

2020	2019	2018
\$ 8,706	\$ 9,173	\$ 9,855
53,114	57,650	55,607
-	25	-
(67,257)	(71,325)	(4,142)
68,549	26,627	-
(30,028)	(33,583)	(33,904)
33,084	(11,432)	27,416
769,435	780,868	753,452
<u>\$ 802,520</u>	<u>\$ 769,435</u>	<u>\$ 780,868</u>
\$ 60,395	\$ 56,779	\$ 51,886
10,782	17,222	16,063
(30,028)	(33,583)	(33,904)
(80)	(87)	(100)
39	10	15
41,108	40,340	33,961
191,010	150,670	116,709
<u>\$ 232,118</u>	<u>\$ 191,010</u>	<u>\$ 150,670</u>
<u>\$ 570,401</u>	<u>\$ 578,425</u>	<u>\$ 630,197</u>
28.9%	24.8%	19.3%
\$ 139,660	\$ 134,177	\$ 125,085
408.4%	431.1%	503.8%

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

## STATE EMPLOYEES' RETIREMENT SYSTEM

LAST NINE FISCAL YEARS\*

(In Thousands)

	2023	2022	2021	2020
<b>Total Pension Liability</b>				
Service cost	\$ 47,981	\$ 55,445	\$ 62,891	\$ 64,690
Interest	1,194,542	1,210,743	1,220,112	1,244,463
Differences between expected and actual experience	(58,290)	(32,416)	27,308	25,071
Changes of assumptions	1,276,176	-	-	514,809
Benefit payments, including refunds of member contributions	(1,483,552)	(1,460,137)	(1,432,712)	(1,398,381)
Net Change in Total Pension Liability	976,857	(226,366)	(122,402)	450,651
Total Pension Liability - Beginning	18,546,771	18,773,136	18,895,538	18,444,887
Total Pension Liability - Ending	<u>\$ 19,523,628</u>	<u>\$ 18,546,771</u>	<u>\$ 18,773,136</u>	<u>\$ 18,895,538</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 688,301	\$ 659,639	\$ 613,729	\$ 600,083
Contributions - member	18,752	23,881	25,265	28,442
Net investment income	(634,398)	3,191,784	599,246	611,140
Benefit payments, including refunds of member contributions	(1,483,552)	(1,460,137)	(1,432,712)	(1,398,381)
Pension plan administrative expense	(6,003)	(5,925)	(5,956)	(6,988)
Other	4	44,809	73	(4,406)
Net Changes in Plan Fiduciary Net Pension	(1,416,897)	2,454,051	(200,356)	(170,109)
Plan Fiduciary Net Position - Beginning	14,481,588	12,027,536	12,227,892	12,398,002
Plan Fiduciary Net Position - Ending	<u>\$ 13,064,691</u>	<u>\$ 14,481,588</u>	<u>\$ 12,027,536</u>	<u>\$ 12,227,892</u>
Net Pension Liability (Assets) - Ending	<u>\$ 6,458,937</u>	<u>\$ 4,065,183</u>	<u>\$ 6,745,600</u>	<u>\$ 6,667,646</u>
Plan fiduciary net position as a percentage of the total pension liability	66.9%	78.1%	64.1%	64.7%
Covered payroll**	\$ 3,464,750	\$ 3,348,115	\$ 3,380,365	\$ 3,220,895
Net pension liability as a percentage of covered payroll	186.4%	121.4%	199.6%	207.0%

\* Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

\*\* GASB Statement No. 82, Pension Issues, which is effective for fiscal year 2017, states that the measure of payroll that is presented in schedules of required supplementary information required by GASB Statement No. 68 is covered payroll. GASB Statement No. 82 defines covered payroll as the payroll on which contributions to a pension plan are based. To match this definition, the amount reported as covered payroll in this schedule (based on the fiscal year 2017 measurement period) for the State Employees' Retirement System increased significantly from fiscal year 2017 to fiscal year 2018. Prior to fiscal year 2018, these amounts are reported as covered-employee payroll.

## Michigan

2019	2018	2017	2016	2015
\$ 71,912	\$ 68,311	\$ 74,042	\$ 80,413	\$ 84,040
1,226,594	1,251,600	1,250,117	1,242,353	1,206,258
115,726	19,798	3,441	55,072	-
1,393,264	710,646	-	-	406,962
(1,362,481)	(1,322,657)	(1,289,728)	(1,265,480)	(1,223,033)
1,445,015	727,697	37,872	112,358	474,227
16,999,872	16,272,175	16,234,303	16,121,945	15,647,718
<u>\$ 18,444,887</u>	<u>\$ 16,999,872</u>	<u>\$ 16,272,175</u>	<u>\$ 16,234,303</u>	<u>\$ 16,121,945</u>
\$ 650,740	\$ 703,131	\$ 716,465	\$ 749,332	\$ 705,100
35,598	40,839	46,666	46,688	47,527
1,273,509	1,411,395	781,528	232,588	1,529,626
(1,362,481)	(1,322,657)	(1,289,728)	(1,265,480)	(1,223,033)
(6,488)	(6,285)	(6,629)	(6,228)	(6,931)
64	294	278	55	-
590,942	826,716	248,580	(243,044)	1,052,290
11,807,059	10,980,343	10,731,762	10,974,806	9,922,516
<u>\$ 12,398,002</u>	<u>\$ 11,807,059</u>	<u>\$ 10,980,343</u>	<u>\$ 10,731,762</u>	<u>\$ 10,974,806</u>
<u>\$ 6,046,886</u>	<u>\$ 5,192,813</u>	<u>\$ 5,291,832</u>	<u>\$ 5,502,541</u>	<u>\$ 5,147,139</u>
67.2%	69.5%	67.5%	66.1%	68.1%
\$ 3,115,261	\$ 3,050,238	\$ 872,358	\$ 946,977	\$ 1,006,633
194.1%	170.2%	606.6%	581.1%	511.3%

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)

## LIABILITY AND RELATED RATIOS

## STATE EMPLOYEES' RETIREMENT SYSTEM

LAST SIX FISCAL YEARS\*

(In Thousands)

	2023	2022	2021
<b>Total OPEB Liability</b>			
Service cost	\$ 84,390	\$ 96,327	\$ 93,810
Interest	605,545	645,483	746,333
Differences between expected and actual experience	(1,054,228)	(772,919)	(2,570,285)
Changes of assumptions	771,292	(223,893)	569,841
Benefit payments, including refunds of member contributions	(327,622)	(308,060)	(297,051)
Net Change in Total OPEB Liability	79,378	(563,062)	(1,457,351)
Total OPEB Liability - Beginning	8,897,633	9,460,695	10,918,046
Total OPEB Liability - Ending	<u>\$ 8,977,010</u>	<u>\$ 8,897,633</u>	<u>\$ 9,460,695</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 579,955	\$ 774,406	\$ 703,567
Contributions - member	-	-	-
Net investment income	(246,852)	975,495	163,011
Benefit payments, including refunds of member contributions	(327,622)	(308,060)	(297,051)
OPEB plan administrative expense	(1,310)	(1,185)	(1,017)
Other	(1,829)	19,386	9,816
Net Changes in Plan Fiduciary Net Position	2,341	1,460,043	578,325
Plan Fiduciary Net Position - Beginning	5,082,262	3,622,219	3,043,893
Plan Fiduciary Net Position - Ending	<u>\$ 5,084,603</u>	<u>\$ 5,082,262</u>	<u>\$ 3,622,219</u>
Net OPEB Liability (Assets) - Ending	<u>\$ 3,892,407</u>	<u>\$ 3,815,371</u>	<u>\$ 5,838,476</u>
Plan fiduciary net position as a percentage of the total OPEB liability	56.6%	57.1%	38.3%
Covered payroll	\$ 3,464,750	\$ 3,348,115	\$ 3,380,365
Net OPEB liability as a percentage of covered payroll	112.3%	114.0%	172.7%

\* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires the presentation of supplementary information for each of the 10 most recent fiscal years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

## Michigan

2020	2019	2018
\$ 90,760	\$ 93,346	\$ 108,530
723,058	760,408	735,979
(941,588)	(1,055,687)	(71,816)
975,792	809,101	-
(427,977)	(402,543)	(476,200)
420,045	204,625	296,493
10,498,001	10,293,376	9,996,883
<u>\$ 10,918,046</u>	<u>\$ 10,498,001</u>	<u>\$ 10,293,376</u>
\$ 765,235	\$ 688,884	\$ 703,330
-	-	27
144,126	229,539	217,955
(427,977)	(402,543)	(476,200)
(377)	(459)	(445)
66	172	778
481,072	515,592	445,447
2,562,821	2,047,229	1,601,782
<u>\$ 3,043,893</u>	<u>\$ 2,562,821</u>	<u>\$ 2,047,229</u>
<u>\$ 7,874,153</u>	<u>\$ 7,935,180</u>	<u>\$ 8,246,147</u>
27.9%	24.4%	19.9%
\$ 3,220,895	\$ 3,115,261	\$ 3,050,238
244.5%	254.7%	270.3%



## REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)  
AND RELATED RATIOS  
JUDGES' RETIREMENT SYSTEM  
LAST NINE FISCAL YEARS\***  
(In Thousands)

	2023	2022	2021	2020
<b>Total Pension Liability</b>				
Service cost	\$ 1,241	\$ 1,664	\$ 1,733	\$ 1,966
Interest	15,783	16,278	16,631	17,601
Differences between expected and actual experience	(1,934)	(1,331)	286	4
Changes of assumptions	4,539	-	-	10,077
Benefit payments, including refunds of member contributions	(24,355)	(24,281)	(24,251)	(24,111)
Net Change in Total Pension Liability	(4,726)	(7,670)	(5,601)	5,536
Total Pension Liability - Beginning	264,089	271,759	277,360	271,824
Total Pension Liability - Ending	<u>\$ 259,363</u>	<u>\$ 264,089</u>	<u>\$ 271,759</u>	<u>\$ 277,360</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 1,517	\$ 2,850	\$ 2,840	\$ 2,828
Contributions - member	359	415	500	566
Net investment income	(12,900)	66,635	12,933	13,036
Benefit payments, including refunds of member contributions	(24,355)	(24,281)	(24,251)	(24,111)
Pension plan administrative expense	(333)	(376)	(387)	(376)
Other	1	-	1	2
Net Changes in Plan Fiduciary Net Pension	(35,711)	45,243	(8,364)	(8,055)
Plan Fiduciary Net Position - Beginning	299,941	254,697	263,061	271,116
Plan Fiduciary Net Position - Ending	<u>\$ 264,230</u>	<u>\$ 299,941</u>	<u>\$ 254,697</u>	<u>\$ 263,061</u>
Net Pension Liability (Assets) - Ending	<u>\$ (4,867)</u>	<u>\$ (35,852)</u>	<u>\$ 17,061</u>	<u>\$ 14,298</u>
Plan fiduciary net position as a percentage of the total pension liability	101.9%	113.6%	93.7%	94.8%
Covered payroll	\$ 6,432	\$ 7,868	\$ 9,263	\$ 10,206
Net pension liability as a percentage of covered payroll	(75.7%)	(455.7%)	184.2%	140.1%

\* Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

# Michigan

2019	2018	2017	2016	2015
\$ 1,587 19,100	\$ 1,862 19,688	\$ 2,036 19,743	\$ 2,439 19,771	\$ 2,747 19,569
(1,498) 26,653	(4,923) -	(1,290) 2,423	924 -	- 3,246
(23,958) 21,884	(23,724) (7,096)	(23,302) (389)	(23,241) (108)	(22,536) 3,025
249,940	257,036	257,426	257,534	254,509
<u>\$ 271,824</u>	<u>\$ 249,940</u>	<u>\$ 257,036</u>	<u>\$ 257,426</u>	<u>\$ 257,534</u>
\$ 1,736 653 28,280	\$ 1,020 697 32,258	\$ 2,180 805 18,425	\$ 2,634 902 5,840	\$ 3,164 1,025 37,166
(23,958) (413) 1	(23,724) (354) 10	(23,302) (335) 15	(23,241) (312) 3	(22,536) (288) -
6,299	9,907	(2,211)	(14,175)	18,530
264,817	254,910	257,121	271,296	252,766
<u>\$ 271,116</u>	<u>\$ 264,817</u>	<u>\$ 254,910</u>	<u>\$ 257,121</u>	<u>\$ 271,296</u>
<u>\$ 707</u>	<u>\$ (14,878)</u>	<u>\$ 2,126</u>	<u>\$ 304</u>	<u>\$ (13,762)</u>
99.7%	106.0%	99.2%	99.9%	105.3%
\$ 12,047	\$ 12,685	\$ 14,757	\$ 17,518	\$ 18,803
5.9%	(117.3%)	14.4%	1.7%	(73.2%)

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)

## LIABILITY AND RELATED RATIOS

## JUDGES' RETIREMENT SYSTEM

## LAST SIX FISCAL YEARS\*

(In Thousands)

	2023	2022	2021
<b>Total OPEB Liability</b>			
Service cost	\$ 197	\$ 229	\$ 250
Interest	682	726	622
Differences between expected and actual experience	(3,108)	(1,294)	60
Changes of assumptions	889	(306)	632
Benefit payments, including refunds of member contributions	54	(17)	(99)
Net Change in Total OPEB Liability	(1,285)	(661)	1,465
Total OPEB Liability - Beginning	9,611	10,271	8,806
Total OPEB Liability - Ending	<u>\$ 8,325</u>	<u>\$ 9,611</u>	<u>\$ 10,271</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 242	\$ 216	\$ 398
Contributions - member	125	108	133
Net investment income	(614)	2,325	468
Benefit payments, including refunds of member contributions	54	(17)	(99)
OPEB plan administrative expense	(69)	(68)	(71)
Other	3	(33)	18
Net Changes in Plan Fiduciary Net Position	(259)	2,531	847
Plan Fiduciary Net Position - Beginning	11,782	9,252	8,405
Plan Fiduciary Net Position - Ending	<u>\$ 11,523</u>	<u>\$ 11,782</u>	<u>\$ 9,252</u>
Net OPEB Liability (Assets) - Ending	<u>\$ (3,198)</u>	<u>\$ (2,172)</u>	<u>\$ 1,020</u>
Plan fiduciary net position as a percentage of the total OPEB liability	138.4%	122.6%	90.1%
Covered-employee payroll**	\$ 5,960	\$ 5,981	\$ 5,914
Net OPEB liability as a percentage of covered-employee payroll	(53.6%)	(36.3%)	17.2%

\* Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires the presentation of supplementary information for each of the 10 most recent fiscal years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

\*\* The Judges' Retirement System does not base contributions to the other postemployment benefits plan on a measure of pay. Therefore, in accordance with GASB Statement No. 85, Omnibus 2017, covered-employee payroll is presented in this schedule instead of covered payroll.

2020	2019	2018
\$ 218	\$ 171	\$ 177
584	542	527
(164)	399	(32)
257	1,080	-
(651)	(638)	(334)
245	1,554	339
8,562	7,007	6,669
<u>\$ 8,806</u>	<u>\$ 8,562</u>	<u>\$ 7,007</u>
\$ 7,557	\$ 539	\$ 189
102	113	117
404	104	119
(651)	(638)	(334)
(62)	(89)	(95)
-	-	-
7,350	29	(4)
1,055	1,026	1,030
<u>\$ 8,405</u>	<u>\$ 1,055</u>	<u>\$ 1,026</u>
<u>\$ 401</u>	<u>\$ 7,507</u>	<u>\$ 5,982</u>
95.4%	12.3%	14.6%
\$ 5,967	\$ 6,143	\$ 5,918
6.7%	122.2%	101.1%

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

## MILITARY RETIREMENT PROVISIONS

LAST EIGHT FISCAL YEARS\*

(In Thousands)

	2023	2022	2021	2020
<b>Total Pension Liability</b>				
Service cost	\$ 746	\$ 719	\$ 229	\$ 206
Interest	3,928	3,896	3,710	3,417
Changes of benefit terms	-	-	-	5,252
Differences between expected and actual experience	(1,015)	(156)	2,573	(610)
Changes of assumptions	5,031	-	-	-
Benefit payments, including refunds of member contributions	(3,954)	(4,029)	(3,989)	(3,895)
Net Change in Total Pension Liability	4,735	429	2,523	4,370
Total Pension Liability - Beginning	59,796	59,367	56,844	52,474
Total Pension Liability - Ending	<u>\$ 64,531</u>	<u>\$ 59,796</u>	<u>\$ 59,367</u>	<u>\$ 56,844</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 875	\$ 657	\$ 1,000	\$ 41,045
Net investment income	(3,036)	15,012	2,805	2,711
Benefit payments, including refunds of member contributions	(3,954)	(4,029)	(3,989)	(3,895)
Pension plan administrative expense	(243)	(200)	(203)	(223)
Other	-	-	1	1
Net Changes in Plan Fiduciary Net Pension	(6,358)	11,440	(387)	39,638
Plan Fiduciary Net Position - Beginning	67,641	56,201	56,588	16,950
Plan Fiduciary Net Position - Ending	<u>\$ 61,282</u>	<u>\$ 67,641</u>	<u>\$ 56,201</u>	<u>\$ 56,588</u>
Net Pension Liability (Assets) - Ending	<u>\$ 3,249</u>	<u>\$ (7,845)</u>	<u>\$ 3,166</u>	<u>\$ 256</u>
Plan fiduciary net position as a percentage of the total pension liability	95.0%	113.1%	94.7%	99.5%
Covered payroll	\$ 543	\$ 525	\$ 510	\$ 493
Net pension liability as a percentage of covered payroll	598.0%	(1,494.4%)	621.3%	52.0%

\* Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

## Michigan

2019	2018	2017	2016
\$ 140	\$ 110	\$ 403	\$ 357
3,555	3,609	2,829	3,564
-	-	-	-
700	58	-	(17,548)
2,719	2,505	(30,216)	7,086
(3,939)	(4,090)	(3,950)	(3,923)
3,175	2,192	(30,933)	(10,463)
49,299	47,107	78,040	88,503
<u>\$ 52,474</u>	<u>\$ 49,299</u>	<u>\$ 47,107</u>	<u>\$ 78,040</u>
\$ 16,245	\$ 5,245	\$ 7,780	\$ 4,267
569	78	12	-
(3,939)	(4,090)	(3,950)	(3,923)
(396)	(482)	(251)	(344)
123	7	-	-
12,601	758	3,591	-
4,349	3,591	-	-
<u>\$ 16,950</u>	<u>\$ 4,349</u>	<u>\$ 3,591</u>	<u>\$ -</u>
<u>\$ 35,524</u>	<u>\$ 44,950</u>	<u>\$ 43,515</u>	<u>\$ 78,040</u>
32.3%	8.8%	7.6%	0.0%
\$ 527	\$ 466	\$ 469	\$ 484
6,739.5%	9,652.5%	9,269.3%	16,110.3%

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB)

## LIABILITY AND RELATED RATIOS

## POST EMPLOYMENT LIFE INSURANCE BENEFITS

LAST SIX FISCAL YEARS\*

(In Thousands)

	2023	2022	2021
<b>Total OPEB Liability</b>			
Service cost	\$ 30,826	\$ 29,368	\$ 25,672
Interest	30,423	33,780	35,817
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,299)	(96,597)	(7,488)
Changes of assumptions	(423,560)	57,492	78,697
Benefit payments, including refunds of member contributions	(36,358)	(38,126)	(32,554)
Net Change in Total OPEB Liability	(399,968)	(14,083)	100,144
Total OPEB Liability - Beginning	1,391,936	1,406,019	1,305,875
Total OPEB Liability - Ending	<u>\$ 991,968</u>	<u>\$ 1,391,936</u>	<u>\$ 1,406,019</u>
Covered-employee payroll	\$ 3,314,632	\$ 3,227,125	\$ 3,161,595
Total OPEB liability as a percentage of covered-employee payroll	29.9%	43.1%	44.5%

\* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires the presentation of supplementary information for each of the 10 most recent fiscal years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

The Post Employment Life Insurance Benefit plan is not a trust and has no assets.

2020	2019	2018
\$ 27,091	\$ 28,832	\$ 31,154
47,732	44,731	40,592
-	-	11,048
(153,728)	(7,636)	1,294
87,597	(64,531)	(83,587)
(33,310)	(31,263)	(30,244)
(24,619)	(29,867)	(29,744)
1,249,370	1,279,237	1,308,980
<u>\$ 1,224,751</u>	<u>\$ 1,249,370</u>	<u>\$ 1,279,237</u>
\$ 3,151,523	\$ 3,154,490	\$ 2,949,242
38.9%	39.6%	43.4%



REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR PENSIONS

LEGISLATIVE RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

(In Thousands)

	2023	2022	2021	2020
Actuarially determined contribution	\$ 10,619	\$ 9,374	\$ 9,556	\$ 9,292
Contributions in relation to the actuarially determined contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ 10,619</u>	<u>\$ 9,374</u>	<u>\$ 9,556</u>	<u>\$ 9,292</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2022.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2023:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	10 years, Open
Asset Valuation Method	Five-year smoothed fair value
Wage Inflation	4.0 percent
Projected Salary Increases	4.0 percent
Investment Rate of Return	7.0 percent
Retirement Age	Age-based tables of rates with a 100 percent probability of retirement once a member is subject to term limits.
Mortality	
Active	RP-2014 Employee Generational Mortality Tables, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
Retirees	RP-2014 Healthy Annuitant Generational Mortality Tables, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
Disability Retirement	RP-2014 Disabled Mortality Table, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.

## Michigan

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<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 9,348	\$ 8,237	\$ 7,878	\$ 8,063	\$ 7,843	\$ 6,327
8,063	-	-	-	-	-
<u>\$ 1,285</u>	<u>\$ 8,237</u>	<u>\$ 7,878</u>	<u>\$ 8,063</u>	<u>\$ 7,843</u>	<u>\$ 6,327</u>
\$ 18	\$ 72	\$ 72	\$ 72	\$ 72	\$ 72
44,993.7%	0.0%	0.0%	0.0%	0.0%	0.0%

## REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS**  
**LEGISLATIVE RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 5,457	\$ 6,066	\$ 7,532	\$ 7,907
Contributions in relation to the actuarially determined contribution	4,933	4,661	4,612	4,638
Contribution deficiency (excess)	<u>\$ 524</u>	<u>\$ 1,405</u>	<u>\$ 2,920</u>	<u>\$ 3,270</u>
Covered-employee payroll*	\$ 90	\$ 143	\$ 161	\$ 215
Contributions as a percentage of covered-employee payroll	5,505.4%	3,250.9%	2,859.2%	2,156.6%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2022.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2023:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, closed
Remaining Amortization Period	18 years, as of October 1, 2022
Asset Valuation Method	Fair value
Wage Inflation	4.0 percent
Projected Salary Increases	4.0 percent
Investment Rate of Return	4.0 percent
Retirement Age	Age-based tables of rates with a 100 percent probability of retirement once a member is subject to term limits.
Mortality	
Active	RP-2014 Employee Generational Mortality Tables, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
Retirees	RP-2014 Healthy Annuitant Generational Mortality Tables, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
Disability Retirement	The RP-2014 Disabled Mortality Table, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
Healthcare Trend Rates	Pre-65: 7.5 percent trend, gradually decreasing to 3.5 percent in year 12. Post-65: 6.3 percent trend, gradually decreasing to 3.5 percent in year 12.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

\* The Legislative Retirement System does not base contributions to the other postemployment benefits plan on a measure of pay. Therefore, in accordance with Governmental Accounting Standards Board Statement No. 85, Omnibus 2017, covered-employee payroll is presented in this schedule instead of covered payroll.

# Michigan

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 10,172	\$ 11,632	\$ 11,337	\$ 10,464	\$ 9,363	\$ 9,382
9,091	4,657	4,572	4,538	4,473	4,323
<u>\$ 1,081</u>	<u>\$ 6,975</u>	<u>\$ 6,765</u>	<u>\$ 5,926</u>	<u>\$ 4,889</u>	<u>\$ 5,058</u>
\$ 613	\$ 1,662	\$ 1,662	\$ 1,662	\$ 1,734	\$ 2,497
1,484.1%	280.2%	275.1%	273.0%	258.0%	173.1%

## REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CONTRIBUTIONS FOR PENSIONS**  
**STATE POLICE RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 94,276	\$ 88,349	\$ 81,078	\$ 78,929
Contributions in relation to the actuarially determined contribution	192,645	89,386	69,152	79,165
Contribution deficiency (excess)	<u>\$ (98,370)</u>	<u>\$ (1,037)</u>	<u>\$ 11,926</u>	<u>\$ (235)</u>
Covered payroll	\$ 145,633	\$ 146,298	\$ 131,332	\$ 142,102
Contributions as a percentage of covered payroll	132.3%	61.1%	52.7%	55.7%

## Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2020.

## Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2023:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	16 years, as of October 1, 2022
Asset Valuation Method	Five-year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	3.3 - 87.8 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.8 percent (6.9 percent for Hybrid plan) net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

## Mortality

Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 93.0 percent for males and 99.0 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Mortality Tables, scaled by 100 percent for males and 100 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Male and Female Disabled Annuitant Mortality Tables, scaled by 100 percent for males and 100 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

## Michigan

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<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 77,400	\$ 78,531	\$ 72,632	\$ 70,858	\$ 63,271	\$ 61,401
78,510	84,930	74,814	70,505	70,351	58,391
<u>\$ (1,110)</u>	<u>\$ (6,399)</u>	<u>\$ (2,182)</u>	<u>\$ 353</u>	<u>\$ (7,080)</u>	<u>\$ 3,010</u>
\$ 139,660	\$ 134,177	\$ 125,085	\$ 118,060	\$ 114,278	\$ 114,480
56.2%	63.3%	59.8%	59.7%	61.6%	51.0%

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS**  
**STATE POLICE RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 46,925	\$ 52,130	\$ 54,198	\$ 53,928
Contributions* in relation to the actuarially determined contribution	45,978	50,743	48,792	58,303
Contribution deficiency (excess)	<u>\$ 947</u>	<u>\$ 1,387</u>	<u>\$ 5,405</u>	<u>\$ (4,375)</u>
Covered payroll	\$ 145,633	\$ 146,298	\$ 131,332	\$ 142,102
Contributions as a percentage of covered payroll	31.6%	34.7%	37.2%	41.0%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2020.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2023:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	16 years, as of October 1, 2022
Asset Valuation Method	5 year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	3.3 - 87.8 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.9 percent net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	
Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 93.0 percent for males and 99.0 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Mortality Tables, scaled by 100 percent for males and 100 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Male and Female Disabled Annuitant Mortality Tables, scaled by 100 percent for males and 100 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Healthcare Trend Rates	7.5 percent in year 1 gradually decreasing to 3.5 percent in year 15; 3.0 percent in year 120
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

\* From fiscal year 2014 through fiscal year 2017, contributions included both employer contributions and other governmental contributions.

## Michigan

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<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 59,785	\$ 58,368	\$ 52,301	\$ 50,857	\$ 47,674	\$ 43,383
60,395	56,779	51,886	47,348	47,722	48,373
<u>\$ (610)</u>	<u>\$ 1,589</u>	<u>\$ 415</u>	<u>\$ 3,509</u>	<u>\$ (48)</u>	<u>\$ (4,990)</u>
\$ 139,660	\$ 134,177	\$ 125,085	\$ 118,060	\$ 114,278	\$ 114,480
43.2%	42.3%	41.5%	40.1%	41.8%	42.3%



## REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CONTRIBUTIONS FOR PENSIONS**  
**STATE EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**

(In Thousands)

	2023	2022	2021	2020
Actuarially determined contribution	\$ 685,635	\$ 688,684	\$ 670,167	\$ 601,956
Contributions in relation to the actuarially determined contribution	711,552	688,301	659,639	613,729
Contribution deficiency (excess)	<u>\$ (25,916)</u>	<u>\$ 382</u>	<u>\$ 10,528</u>	<u>\$ (11,773)</u>
Covered payroll *	\$ 3,706,653	\$ 3,464,750	\$ 3,348,115	\$ 3,380,365
Contributions as a percentage of covered payroll	19.2%	19.9%	19.7%	18.2%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2020.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2023:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	14 years, as of October 1, 2022
Asset Valuation Method	Five-year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	2.8 - 11.8 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.7 percent net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

## Mortality

Retirees	RP-2014 Healthy Annuitant Mortality Tables, scaled by 93.0 percent for males and 98.0 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Employee Mortality Tables, scaled by 100 percent for males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Disabled Annuitant Mortality Tables, scaled by 100 percent for males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

\* Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues*, which became effective for fiscal year 2017, states that the measure of payroll that is presented in schedules of required supplementary information required by GASB Statement No. 68 is covered payroll. GASB Statement No. 82 defines covered payroll as the payroll on which contributions to a pension plan are based. To match this definition, the amount reported as covered payroll for the State Employees Retirement System increased significantly from fiscal year 2016 to fiscal year 2017. Prior to fiscal year 2017, these amounts are reported as covered-employee payroll.

## Michigan

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<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 592,909	\$ 627,621	\$ 709,651	\$ 752,161	\$ 654,515	\$ 624,467
600,083	650,740	703,131	716,465	749,332	705,100
<u>\$ (7,175)</u>	<u>\$ (23,118)</u>	<u>\$ 6,520</u>	<u>\$ 35,697</u>	<u>\$ (94,817)</u>	<u>\$ (80,633)</u>
\$ 3,220,895	\$ 3,115,261	\$ 3,050,238	\$ 872,358	\$ 946,977	\$ 1,006,633
18.6%	20.9%	23.1%	82.1%	79.1%	70.0%

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS**  
**STATE EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 505,531	\$ 602,466	\$ 778,656	\$ 681,397
Contributions* in relation to the actuarially determined contribution	520,796	579,955	774,406	703,567
Contribution deficiency (excess)	<u>\$ (15,265)</u>	<u>\$ 22,511</u>	<u>\$ 4,251</u>	<u>\$ (22,170)</u>
Covered payroll	\$ 3,706,653	\$ 3,464,750	\$ 3,348,115	\$ 3,380,365
Contributions as a percentage of covered payroll	14.1%	16.7%	23.1%	20.8%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2020.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2023:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	14 years, as of October 1, 2022
Asset Valuation Method	5 year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	2.8 - 11.8 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.9 percent net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

Mortality

Retirees	RP-2014 Healthy Annuitant Mortality Tables, scaled by 93.0 percent for males and 98.0 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Employee Mortality Tables, scaled by 100 percent and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Disabled Annuitant Mortality Tables, scaled by 100 percent for males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Healthcare Trend Rates 7.5 percent in year 1 gradually decreasing to 3.5 percent in year 15; 3.0 percent in year 120

Aging Factors Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

\* From fiscal year 2014 through fiscal year 2017, contributions included both employer contributions and other governmental contributions.

## Michigan

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<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 762,743	\$ 744,210	\$ 676,227	\$ 659,698	\$ 645,412	\$ 619,512
765,235	688,884	703,330	686,652	713,661	755,883
<u>\$ (2,492)</u>	<u>\$ 55,326</u>	<u>\$ (27,103)</u>	<u>\$ (26,954)</u>	<u>\$ (68,249)</u>	<u>\$ (136,371)</u>
\$ 3,220,895	\$ 3,115,261	\$ 3,050,238	\$ 2,989,101	\$ 3,029,113	\$ 2,857,324
23.8%	22.1%	23.1%	23.0%	23.6%	26.5%

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF CONTRIBUTIONS FOR PENSIONS

## JUDGES' RETIREMENT SYSTEM

## LAST TEN FISCAL YEARS

(In Thousands)

	2023	2022	2021	2020
Actuarially determined contribution	\$ 1,274	\$ 1,517	\$ 2,850	\$ 2,840
Contributions in relation to the actuarially determined contribution	1,274	1,517	2,850	2,840
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,893	\$ 6,432	\$ 7,868	\$ 9,263
Contributions as a percentage of covered payroll	26.0%	23.6%	36.2%	30.7%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2022.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2023:

Actuarial Cost Method	Entry-Age Normal (Term Cost for death and disability)
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	14 years, as of October 1, 2022
Asset Valuation Method	Five-year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	3.3 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.0 percent net of investment expenses.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	
Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

# Michigan

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 2,828	\$ 1,736	\$ 1,020	\$ 2,138	\$ 2,593	\$ 3,123
2,828	1,736	1,020	2,180	2,634	3,164
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41)</u>	<u>\$ (41)</u>	<u>\$ (41)</u>
\$ 10,206	\$ 12,047	\$ 12,685	\$ 14,757	\$ 17,518	\$ 18,803
27.7%	14.4%	8.0%	14.8%	15.0%	16.8%

## REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS  
JUDGES' RETIREMENT SYSTEM**

LAST TEN FISCAL YEARS

(In Thousands)

	2023	2022	2021	2020
Actuarially determined contribution	\$ -	\$ 242	\$ 207	\$ 398
Contributions* in relation to the actuarially determined contribution	-	242	216	398
Contribution deficiency (excess)	\$ -	\$ -	\$ (9)	\$ -
Covered-employee payroll**	\$ 6,559	\$ 5,960	\$ 5,981	\$ 5,914
Contributions as a percentage of covered-employee payroll	0.0%	4.1%	3.6%	6.7%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2022.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2023:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	14 years, as of October 1, 2022
Asset Valuation Method	Five-year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	3.3 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.0 percent net of investment expenses.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

## Mortality

Healthy Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Healthcare Cost Trend Rates	Pre-65: 7.5 percent trend, gradually decreasing to 3.5 percent in year 15; 3.0 percent year 120 Post-65: 6.3 percent trend, gradually decreasing to 3.5 percent in year 15; 3.0 percent year 120
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

\* From fiscal year 2014 through fiscal year 2017, contributions included both employer contributions and other governmental contributions.

\*\* The Judges' Retirement System does not base contributions to the other postemployment benefits plan on a measure of pay. Therefore, in accordance with Governmental Accounting Standards Board Statement No. 85, Omnibus 2017, covered-employee payroll is presented in this schedule instead of covered payroll.

## Michigan

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<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 818	\$ 559	\$ 487	\$ 712	\$ 663	\$ 659
7,557	539	189	247	275	69
<u>\$ (6,739)</u>	<u>\$ 20</u>	<u>\$ 298</u>	<u>\$ 465</u>	<u>\$ 388</u>	<u>\$ 591</u>
\$ 5,967	\$ 6,143	\$ 5,918	\$ 5,889	\$ 5,926	\$ 6,080
126.7%	8.8%	3.2%	4.2%	4.6%	1.1%



## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF CONTRIBUTIONS FOR PENSIONS

## MILITARY RETIREMENT PROVISIONS

## LAST TEN FISCAL YEARS

(In Thousands)

	2023	2022	2021	2020
Actuarially determined contribution	\$ 1,457	\$ 874	\$ 657	\$ 3,542
Contributions in relation to the actuarially determined contribution	1,457	875	657	1,000
Contribution deficiency (excess)	<u>\$ (0)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 2,542</u>
Covered payroll *	\$ 577	\$ 543	\$ 525	\$ 510
Contributions as a percentage of covered payroll	252.7%	161.1%	125.2%	196.3%

## Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2020.

## Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2023:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	16 years, as of October 1, 2022
Asset Valuation Method	5-year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	2.8 percent for Special Duty officers
Investment Rate of Return	6.8 percent net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

## Mortality

Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Table scaled by 93.0 percent for males and 99.0 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Mortality Table scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

\* Covered payroll relates to the three active Special Duty officers (Generals). Non-special duty members receive \$600 in annual pension benefits, which is not based on a percentage of payroll. Therefore, contributions expressed as percentages of active member payroll are not useful.

## Michigan

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<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 4,422	\$ 6,849	\$ 5,200	\$ 5,200	\$ 6,293	\$ 6,293
41,045	16,245	5,245	7,780	4,267	4,223
<u>\$ (36,623)</u>	<u>\$ (9,396)</u>	<u>\$ (45)</u>	<u>\$ (2,580)</u>	<u>\$ 2,026</u>	<u>\$ 2,071</u>
\$ 493	\$ 527	\$ 466	\$ 469	\$ 484	Unavailable
8,325.4%	3,081.9%	1,126.3%	1,657.3%	880.9%	





## **FINANCIAL SECTION**

### **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES – NON-MAJOR FUNDS**

**BALANCE SHEET****NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**

SEPTEMBER 30, 2023

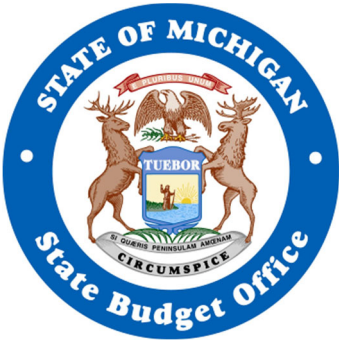
(In Thousands)

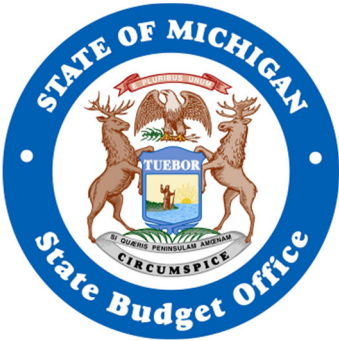
	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTALS
<b>ASSETS</b>					
Current Assets:					
Cash	\$ 11,450	\$ 105,203	\$ 23,118	\$ -	\$ 139,771
Equity in common cash	1,744,673	1	3,254,568	150,575	5,149,817
Taxes, interest, and penalties receivable	146,709	-	1,099	-	147,808
Amounts due from other funds	84,040	-	90,573	-	174,613
Amounts due from component units	-	-	1,686	-	1,686
Amounts due from federal agencies	61,717	-	335,173	-	396,889
Amounts due from local units	1,804	-	134,515	-	136,319
Inventories	540	-	14,057	-	14,597
Other current assets	214,894	434	11,601	6,927	233,856
Total Current Assets	<u>2,265,827</u>	<u>105,637</u>	<u>3,866,390</u>	<u>157,502</u>	<u>6,395,356</u>
Noncurrent Assets:					
Taxes, interest, and penalties receivable	3,555	-	7	-	3,562
Amounts due from local units	13,395	-	47,778	-	61,173
Investments	265,124	-	-	1,074,988	1,340,112
Other noncurrent assets	3,719	-	10,222	-	13,940
Total Noncurrent Assets	<u>285,793</u>	<u>-</u>	<u>58,006</u>	<u>1,074,988</u>	<u>1,418,788</u>
Total Assets	<u>\$ 2,551,620</u>	<u>\$ 105,637</u>	<u>\$ 3,924,396</u>	<u>\$ 1,232,490</u>	<u>\$ 7,814,144</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable and other liabilities	\$ 577,322	\$ 141	\$ 587,059	\$ 11,885	\$ 1,176,407
Amounts due to other funds	104,277	-	119,404	45	223,727
Bonds and notes payable	-	-	54,000	-	54,000
Interest payable	-	-	371	-	371
Unearned revenue	13,397	-	1,714	-	15,112
Total Current Liabilities	<u>694,997</u>	<u>141</u>	<u>762,549</u>	<u>11,930</u>	<u>1,469,616</u>
Long-Term Liabilities:					
Unearned revenue	31	-	8	-	39
Total Long-Term Liabilities	<u>31</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>39</u>
Total Liabilities	<u>695,028</u>	<u>141</u>	<u>762,557</u>	<u>11,930</u>	<u>1,469,655</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>172,325</u>	<u>-</u>	<u>10,833</u>	<u>3</u>	<u>183,160</u>
<b>FUND BALANCES</b>					
Nonspendable	311,730	-	14,117	901,718	1,227,565
Restricted	1,043,702	105,497	3,196,578	318,840	4,664,617
Committed	328,835	-	-	-	328,835
Unassigned	-	-	(59,689)	-	(59,689)
Total Fund Balances	<u>1,684,267</u>	<u>105,497</u>	<u>3,151,007</u>	<u>1,220,558</u>	<u>6,161,328</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,551,620</u>	<u>\$ 105,637</u>	<u>\$ 3,924,396</u>	<u>\$ 1,232,490</u>	<u>\$ 7,814,144</u>

**Michigan**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTALS
<b>REVENUES</b>					
Taxes	\$ 3,919,962	\$ -	\$ 18,299	\$ -	\$ 3,938,261
From federal agencies	259,133	-	1,796,403	-	2,055,536
From local agencies	-	-	11,749	-	11,749
From services	5,705	-	4,259	-	9,965
From licenses and permits	251,203	-	17,536	-	268,738
Miscellaneous	658,971	4,341	171,508	126,192	961,012
Total Revenues	5,094,973	4,341	2,019,754	126,192	7,245,260
<b>EXPENDITURES</b>					
Current:					
General government	163,493	42	-	6,678	170,213
Education	72,002	2,132	96,306	-	170,440
Health and human services	64,780	-	-	635	65,415
Public safety and corrections	603	-	-	2,703	3,305
Conservation, environment, recreation, and agriculture	324,306	-	-	42,330	366,635
Labor, commerce, and regulatory	223,716	-	-	-	223,716
Transportation	2,420,503	3	1,521,023	-	3,941,530
Capital outlay	29,433	-	2,379,668	10,407	2,419,509
Debt service:					
Bond principal retirement	-	431,331	-	-	431,331
Bond interest and fiscal charges	-	270,881	-	-	270,881
Vendor financing payments	1,496	-	72,286	6	73,788
Total Expenditures	3,300,331	704,389	4,069,284	62,759	8,136,763
Excess of Revenues over (under) Expenditures	1,794,642	(700,048)	(2,049,530)	63,433	(891,503)
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds and bond anticipation notes issued	-	-	1,307,490	-	1,307,490
Refunding bonds issued	-	280,985	-	-	280,985
Premium on bond issuance	-	21,547	109,427	-	130,974
Payment to refunded bond escrow agent	-	(301,267)	-	-	(301,267)
Vendor financing acquisitions	839	-	87,261	25	88,124
Proceeds from sale of capital assets	-	-	3,218	27	3,245
Transfers from other funds	508,220	654,835	1,466,193	-	2,629,248
Transfers to other funds	(2,151,681)	(519)	(229,561)	(268)	(2,382,029)
Total Other Financing Sources (Uses)	(1,642,622)	655,582	2,744,027	(217)	1,756,770
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	152,020	(44,467)	694,498	63,217	865,268
Fund Balances - Beginning of fiscal year	1,532,248	149,963	2,456,509	1,157,341	5,296,061
Fund Balances - End of fiscal year	\$ 1,684,267	\$ 105,497	\$ 3,151,007	\$ 1,220,558	\$ 6,161,328







# Michigan

**BALANCE SHEET**  
**SPECIAL REVENUE FUNDS - BY CLASSIFICATION**  
 SEPTEMBER 30, 2023  
 (In Thousands)

	TRANSPORTATION RELATED	CONSERVATION, ENVIRONMENT, AND RECREATION RELATED	REGULATORY AND ADMINISTRATIVE RELATED	OTHER STATE FUNDS	TOTALS
<b>ASSETS</b>					
Current Assets:					
Cash	\$ 4,566	\$ 6,879	\$ 6	\$ -	\$ 11,450
Equity in common cash	731,170	556,044	115,930	341,530	1,744,673
Taxes, interest, and penalties receivable	146,326	382	-	-	146,709
Amounts due from other funds	82,000	-	2,040	-	84,040
Amounts due from federal agencies	55,580	2,154	3,921	63	61,717
Amounts due from local units	746	54	1,004	-	1,804
Inventories	-	540	-	-	540
Other current assets	10,174	10,440	37,100	157,180	214,894
Total Current Assets	<u>1,030,562</u>	<u>576,493</u>	<u>159,999</u>	<u>498,772</u>	<u>2,265,827</u>
Noncurrent Assets:					
Taxes, interest, and penalties receivable	3,555	-	-	-	3,555
Amounts due from local units	-	13,395	-	-	13,395
Investments	-	241,021	-	24,103	265,124
Other noncurrent assets	1,176	2,171	-	372	3,719
Total Noncurrent Assets	<u>4,732</u>	<u>256,587</u>	<u>-</u>	<u>24,475</u>	<u>285,793</u>
Total Assets	<u>\$ 1,035,293</u>	<u>\$ 833,080</u>	<u>\$ 159,999</u>	<u>\$ 523,247</u>	<u>\$ 2,551,620</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable and other liabilities	\$ 526,264	\$ 28,504	\$ 21,680	\$ 875	\$ 577,322
Amounts due to other funds	69,501	1,652	33,110	14	104,277
Unearned revenue	2	11,568	1,827	-	13,397
Total Current Liabilities	<u>595,767</u>	<u>41,724</u>	<u>56,617</u>	<u>889</u>	<u>694,997</u>
Long-Term Liabilities:					
Unearned revenue	31	-	-	-	31
Total Long-Term Liabilities	<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31</u>
Total Liabilities	<u>595,798</u>	<u>41,724</u>	<u>56,617</u>	<u>889</u>	<u>695,028</u>
DEFERRED INFLOWS OF RESOURCES	<u>11,892</u>	<u>2,674</u>	<u>619</u>	<u>157,139</u>	<u>172,325</u>
<b>FUND BALANCES</b>					
Nonspendable	-	284,964	7	26,759	311,730
Restricted	427,603	503,718	102,300	10,082	1,043,702
Committed	-	-	457	328,378	328,835
Total Fund Balances	<u>427,603</u>	<u>788,682</u>	<u>102,763</u>	<u>365,219</u>	<u>1,684,267</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,035,293</u>	<u>\$ 833,080</u>	<u>\$ 159,999</u>	<u>\$ 523,247</u>	<u>\$ 2,551,620</u>

**Michigan**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS - BY CLASSIFICATION**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

	TRANSPORTATION RELATED	CONSERVATION, ENVIRONMENT, AND RECREATION RELATED	REGULATORY AND ADMINISTRATIVE RELATED	OTHER STATE FUNDS	TOTALS
<b>REVENUES</b>					
Taxes	\$ 3,733,360	\$ 570	\$ 186,031	\$ -	\$ 3,919,962
From federal agencies	101,910	6,695	149,199	1,328	259,133
From services	5,635	-	70	-	5,705
From licenses and permits	34,781	198,947	17,474	-	251,203
Miscellaneous	36,638	188,756	222,786	210,791	658,971
Total Revenues	3,912,324	394,970	575,561	212,119	5,094,973
<b>EXPENDITURES</b>					
Current:					
General government	-	4,920	41,331	117,242	163,493
Education	-	-	-	72,002	72,002
Health and human services	-	-	-	64,780	64,780
Public safety and corrections	-	207	-	396	603
Conservation, environment, recreation, and agriculture	-	324,306	-	-	324,306
Labor, commerce, and regulatory	-	-	223,716	-	223,716
Transportation	2,420,503	-	-	-	2,420,503
Capital outlay	975	27,811	215	432	29,433
Debt service:					
Vendor financing payments	-	114	1,354	29	1,496
Total Expenditures	2,421,478	357,358	266,615	254,881	3,300,331
Excess of Revenues over (under) Expenditures	1,490,846	37,612	308,946	(42,762)	1,794,642
<b>OTHER FINANCING SOURCES (USES)</b>					
Vendor financing acquisitions	-	192	215	432	839
Transfers from other funds	378,062	42,524	46,594	41,039	508,220
Transfers to other funds	(1,782,033)	(21,435)	(348,188)	(25)	(2,151,681)
Total Other Financing Sources (Uses)	(1,403,971)	21,281	(301,379)	41,446	(1,642,622)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	86,875	58,893	7,568	(1,316)	152,020
Fund Balances - Beginning of fiscal year	340,728	729,789	95,196	366,535	1,532,248
Fund Balances - End of fiscal year	\$ 427,603	\$ 788,682	\$ 102,763	\$ 365,219	\$ 1,684,267

# Michigan

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - BY CLASSIFICATION**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

<u>Statutory/Budgetary Basis</u>	TRANSPORTATION RELATED			CONSERVATION, ENVIRONMENT, AND RECREATION RELATED		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES AND OTHER SOURCES</b>						
Taxes	\$ 3,733,360	\$ 3,733,360	\$ -	\$ 570	\$ 570	\$ -
From federal agencies	101,910	101,910	-	6,695	6,695	-
From services	5,635	5,635	-	-	-	-
From licenses and permits	34,781	34,781	-	198,947	198,947	-
Miscellaneous	36,638	36,638	-	156,197	156,197	-
Transfers in	378,062	378,062	-	42,524	42,524	-
Total Revenues and Other Sources	4,290,386	4,290,386	-	404,935	404,935	-
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>						
Attorney General	-	-	-	-	-	-
Education	-	-	-	-	-	-
Environment, Great Lakes, and Energy	-	-	-	42,894	38,270	4,624
Health and Human Services	-	-	-	-	-	-
Labor and Economic Opportunity	-	-	-	-	-	-
Licensing and Regulatory Affairs	-	-	-	-	-	-
Military and Veterans Affairs	-	-	-	-	-	-
Natural Resources	-	-	-	357,088	348,341	8,747
State Police	-	-	-	207	207	-
Technology, Management and Budget	-	-	-	461	461	-
Transportation	4,448,452	4,430,496	17,956	-	-	-
Treasury	-	-	-	3,922	3,766	156
Total Expenditures, Transfers Out and Encumbrances	4,448,452	4,430,496	17,956	404,573	391,046	13,528
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (158,066)	(140,110)	\$ 17,956	\$ 362	13,890	\$ 13,528
Reconciling Items:						
Encumbrances at September 30		226,985			30,760	
Funds not annually budgeted		-			14,243	
Net Reconciling Items		226,985			45,003	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		86,875			58,893	
<b>FUND BALANCES (GAAP BASIS)</b>						
Beginning balances		340,728			729,789	
Ending balances (GAAP Basis)		\$ 427,603			\$ 788,682	

# Michigan

REGULATORY AND ADMINISTRATIVE RELATED			OTHER STATE FUNDS			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 186,031	\$ 186,031	\$ -	\$ -	\$ -	\$ -	\$ 3,919,962	\$ 3,919,962	\$ -
149,199	149,199	-	1,328	1,328	-	259,133	259,133	-
70	70	-	-	-	-	5,705	5,705	-
17,474	17,474	-	-	-	-	251,203	251,203	-
210,330	210,330	-	208,695	208,695	-	611,860	611,860	-
46,594	46,594	-	41,039	41,039	-	508,220	508,220	-
609,699	609,699	-	251,062	251,062	-	5,556,082	5,556,082	-
-	-	-	531	383	148	531	383	148
-	-	-	72,002	72,002	-	72,002	72,002	-
-	-	-	-	-	-	42,894	38,270	4,624
-	-	-	65,516	64,745	771	65,516	64,745	771
205,938	205,770	168	-	-	-	205,938	205,770	168
12,566	12,134	432	-	-	-	12,566	12,134	432
-	-	-	150	20	130	150	20	130
-	-	-	-	-	-	357,088	348,341	8,747
-	-	-	874	513	361	1,081	720	361
-	-	-	-	-	-	461	461	-
-	-	-	-	-	-	4,448,452	4,430,496	17,956
386,009	386,009	-	402,593	116,611	285,982	792,525	506,387	286,138
604,513	603,913	600	541,666	254,274	287,392	5,999,205	5,679,729	319,476
<u>\$ 5,186</u>	<u>5,786</u>	<u>\$ 600</u>	<u>\$ (290,605)</u>	<u>(3,213)</u>	<u>\$ 287,392</u>	<u>\$ (443,122)</u>	<u>(123,647)</u>	<u>\$ 319,476</u>
-	-	-	-	109	-	-	257,854	-
1,782	1,782	-	-	1,788	-	-	17,813	-
1,782	1,782	-	-	1,897	-	-	275,667	-
7,568	7,568	-	-	(1,316)	-	-	152,020	-
95,196	95,196	-	-	366,535	-	-	1,532,248	-
<u>\$ 102,763</u>	<u>102,763</u>	<u>-</u>	<u>\$ 365,219</u>	<u>365,219</u>	<u>-</u>	<u>\$ 1,684,267</u>	<u>1,684,267</u>	<u>-</u>



## SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED

### MICHIGAN TRANSPORTATION FUND

Established pursuant to Michigan Compiled Laws Section 247.660, this fund accounts for the receipt and distribution of several tax revenues dedicated for highway purposes. Transfers are made to the General Fund, State Trunkline Fund, and the Comprehensive Transportation Fund. Expenditures include grants to counties, cities, and villages for highway purposes.

### COMPREHENSIVE TRANSPORTATION FUND

Established pursuant to Michigan Compiled Laws Section 247.660b, this fund accounts for the planning and development of public transportation systems within the State. Federal revenues, vehicle-related sales tax, and transfers from the Michigan Transportation Fund provide financing for expenditures.

# Michigan

**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED**  
 SEPTEMBER 30, 2023  
 (In Thousands)

	MICHIGAN TRANSPORTATION FUND	COMPREHENSIVE TRANSPORTATION FUND	TOTALS
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 4,566	\$ -	\$ 4,566
Equity in common cash	335,091	396,078	731,170
Taxes, interest, and penalties receivable	144,971	1,356	146,326
Amounts due from other funds	-	82,000	82,000
Amounts due from federal agencies	-	55,580	55,580
Amounts due from local units	-	746	746
Other current assets	7,678	2,496	10,174
Total Current Assets	<u>492,306</u>	<u>538,256</u>	<u>1,030,562</u>
Noncurrent Assets:			
Taxes, interest, and penalties receivable	3,555	-	3,555
Other noncurrent assets	-	1,176	1,176
Total Noncurrent Assets	<u>3,555</u>	<u>1,176</u>	<u>4,732</u>
Total Assets	<u>\$ 495,861</u>	<u>\$ 539,432</u>	<u>\$ 1,035,293</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and other liabilities	\$ 416,033	\$ 110,231	\$ 526,264
Amounts due to other funds	69,426	75	69,501
Unearned revenue	-	2	2
Total Current Liabilities	<u>485,460</u>	<u>110,307</u>	<u>595,767</u>
Long-Term Liabilities:			
Unearned revenue	-	31	31
Total Long-Term Liabilities	<u>-</u>	<u>31</u>	<u>31</u>
Total Liabilities	<u>485,460</u>	<u>110,338</u>	<u>595,798</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>10,401</u>	<u>1,491</u>	<u>11,892</u>
<b>FUND BALANCES</b>			
Restricted	-	427,603	427,603
Total Fund Balances	<u>-</u>	<u>427,603</u>	<u>427,603</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 495,861</u>	<u>\$ 539,432</u>	<u>\$ 1,035,293</u>

## Michigan

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

#### SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

	MICHIGAN TRANSPORTATION FUND	COMPREHENSIVE TRANSPORTATION FUND	TOTALS
<b>REVENUES</b>			
Taxes	\$ 3,598,092	\$ 135,268	\$ 3,733,360
From federal agencies	-	101,910	101,910
From services	5,635	-	5,635
From licenses and permits	34,559	222	34,781
Miscellaneous	12,332	24,306	36,638
Total Revenues	3,650,617	261,707	3,912,324
<b>EXPENDITURES</b>			
Current:			
Transportation	1,972,579	447,924	2,420,503
Capital outlay	-	975	975
Total Expenditures	1,972,579	448,899	2,421,478
Excess of Revenues over (under)			
Expenditures	1,678,039	(187,192)	1,490,846
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	101,609	276,453	378,062
Transfers to other funds	(1,779,647)	(2,386)	(1,782,033)
Total Other Financing Sources (Uses)	(1,678,039)	274,068	(1,403,971)
Excess of Revenues and Other			
Sources over (under) Expenditures			
and Other Uses	-	86,875	86,875
Fund Balances - Beginning of fiscal year	-	340,728	340,728
Fund Balances - End of fiscal year	\$ -	\$ 427,603	\$ 427,603



**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>MICHIGAN TRANSPORTATION FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES AND OTHER SOURCES</b>			
Taxes	\$ 3,598,092	\$ 3,598,092	\$ -
From federal agencies	-	-	-
From services	5,635	5,635	-
From licenses and permits	34,559	34,559	-
Miscellaneous	12,332	12,332	-
Transfers in	101,609	101,609	-
Total Revenues and Other Sources	3,752,226	3,752,226	-
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>			
Transportation	3,757,398	3,752,226	5,172
Total Expenditures, Transfers Out, and Encumbrances	3,757,398	3,752,226	5,172
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (5,172)	-	\$ 5,172
Reconciling Items:			
Encumbrances at September 30		-	
Net Reconciling Items		-	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		-	
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balances		-	
Ending balances (GAAP Basis)		\$ -	

# Michigan

COMPREHENSIVE TRANSPORTATION FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 135,268	\$ 135,268	\$ -	\$ 3,733,360	\$ 3,733,360	\$ -
101,910	101,910	-	101,910	101,910	-
-	-	-	5,635	5,635	-
222	222	-	34,781	34,781	-
24,306	24,306	-	36,638	36,638	-
276,453	276,453	-	378,062	378,062	-
538,160	538,160	-	4,290,386	4,290,386	-
691,054	678,270	12,784	4,448,452	4,430,496	17,956
691,054	678,270	12,784	4,448,452	4,430,496	17,956
\$ (152,893)	(140,110)	\$ 12,784	\$ (158,066)	(140,110)	\$ 17,956
	226,985			226,985	
	226,985			226,985	
	86,875			86,875	
	340,728			340,728	
\$ 427,603			\$ 427,603		

## SPECIAL REVENUE FUNDS – CONSERVATION, ENVIRONMENT, AND RECREATION RELATED

### MICHIGAN CONSERVATION AND RECREATION LEGACY FUND

This fund ("Legacy Fund") was created by Article 9, Section 40, of the State Constitution, an amendment approved by voters in November 2006. The purpose of the amendment was to constitutionally prevent the diversion of certain funds and revenues for purposes other than those for which they were created. Section 40 created the following accounts within the Legacy Fund: Forest Recreation, Game and Fish Protection, Off-Road Vehicle, Recreation Improvement, Snowmobile, State Park Improvement, and Waterways.

The implementing legislation related to this amendment, found in Sections 324.2002 – 324.2035 of the Michigan Compiled Laws, transferred a number of special revenue funds and certain restrictively financed activities within the General Fund to the Legacy Fund. The following special revenue funds were transferred into the fund: Game and Fish Protection Fund, Michigan State Waterways Fund, Marine Safety Fund, and State Park Improvement Fund. The restrictively financed activities transferred into the fund from the General Fund were related to various outdoor recreation activities including snowmobiles, off-road vehicles, recreation trails, and State forest recreation.

Financing consists primarily of hunting and fishing licenses; camping and park entrance fees; 2 percent of gasoline taxes dedicated for boating, snowmobiling, off-road vehicles and other trails; watercraft and snowmobile registration fees; and trail use permits. The fund also receives funding from the Michigan Game and Fish Protection Trust Fund. Expenditures are limited to those activities specified in Section 40 and include forest recreation activities, wildlife and fisheries programs, off-road vehicle and snowmobile trails and facilities, State parks and recreation areas, improvement of lake harbors and inland waterways, and water safety education programs.

### MICHIGAN GAME AND FISH PROTECTION TRUST FUND

The former Game and Fish Protection Trust Fund was established in 1986 to restrict certain assets for the purpose of generating interest and earnings for transfer to the former Game and Fish Protection Fund (now accounted for within the Michigan Conservation and Recreation Legacy Fund). Article 9, Section 41, of the State Constitution, an amendment approved by voters in November 2006, further protected these assets by creating the Michigan Game and Fish Protection Trust Fund.

The fund operates under Sections 324.43702 – 324.43704 of the Michigan Compiled Laws. The sources of revenue for this fund include rentals, bonuses, and royalties from the removal of minerals, oil, gas, timber, or other resources from state-owned land acquired with Game and Fish Protection Fund dollars. Revenue is also received from other sources such as grants, gifts, and bequests. The assets of the Michigan Game and Fish Protection Trust Fund are invested as provided by law, with interest and earnings from the investments credited to the fund. The accumulated interest and earnings of the Michigan Game and Fish Protection Trust Fund and not more than \$6 million of the principal can be expended each year for the purposes of the Game and Fish Protection Account of the Michigan Conservation and Recreation Legacy Fund.

**MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND**

The former Michigan Nongame Fish and Wildlife Fund was established in 1983 to finance research and management of nongame fish and wildlife, designated endangered species, and designated plant species of this State. Article 9, Section 42, of the State Constitution, an amendment approved by voters in November 2006, further protected these assets by creating the Michigan Nongame Fish and Wildlife Trust Fund.

The fund operates under Sections 324.43902 – 324.43907 of the Michigan Compiled Laws. The fund may receive transfers from other funds and revenue from specialty license plate sales, investment income, donations, and other sources authorized by law.

**FOREST DEVELOPMENT FUND**

This fund was established in 1993, along with the Michigan Forest Finance Authority, and operates under Michigan Compiled Laws Section 324.50507. The primary revenue source of the fund is timber revenue from State forest lands. Expenditures from the fund are for forest management activities and forest fire protection. The Authority is authorized to, but thus far has not, issued bonds. The Michigan Forest Finance Authority was reorganized in 2010. Under Executive Order 2010-2, the bonding-related functions of the Michigan Forest Finance Authority were transferred to the Michigan Finance Authority, with the Department of Natural Resources assuming all other functions and responsibilities of the Michigan Forest Finance Authority.

**BOTTLE DEPOSITS FUND**

Michigan Compiled Laws (MCL) Section 445.573c created the Bottle Deposits Fund to provide for the disposition of unredeemed bottle deposits. The Department of Treasury and the Department of Environment, Great Lakes, and Energy (EGLE) jointly administer the fund. The law mandates that an annual distribution of the funds be made as follows: the first \$1 million is disbursed to the Bottle Bill Enforcement Fund (BBEF); of the remaining revenues, 25 percent is returned to the dealers and 75 percent is disbursed to the Bottle Deposits Fund. If the BBEF balance at the end of the fiscal year is greater than \$3 million, deposits in the fund are suspended until the fund balance falls below \$2 million.

The 75 percent distribution to EGLE is initially deposited into the Cleanup and Redevelopment Trust Fund (CRTF), and if not further distributed, remains there until the principal amount reaches \$200 million. At that point, interest and earnings within the fund are used for environmental remediation purposes. Of funds received annually by the CRTF, 80 percent is allocated to the CRTF and 10 percent to the Community Pollution Prevention Fund.

MCL Section 324.20108 moved the former Environmental Response Fund (ERF) to a sub-fund of the CRTF. The law mandates that proceeds of all cost recovery actions taken and settlements entered into pursuant to the ERF (excluding natural resource damages) by EGLE or the Attorney General, or both, shall be credited to the ERF.

Several EGLE funds are administratively housed within the Bottle Deposits Fund, although they receive no bottle deposits revenue. Included is the State Sites Cleanup Fund, established in accordance with MCL Section 324.20108c to provide for response activities at facilities where the State is liable as an owner or operator. The following loan programs administered by EGLE are also included: the Brownfield Revolving Loan Fund created by MCL Section 324.19608a, the Revitalization Revolving Loan Fund created by MCL Section 324.20108a, and the Federal Brownfield Cleanup and Revolving Loan Fund.

# Michigan

## COMBINING BALANCE SHEET

### SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED

SEPTEMBER 30, 2023

(In Thousands)

	MICHIGAN CONSERVATION AND RECREATION LEGACY FUND	MICHIGAN GAME AND FISH PROTECTION TRUST FUND
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 290	\$ -
Equity in common cash	192,288	27,416
Taxes, interest, and penalties receivable	382	-
Amounts due from federal agencies	1,848	-
Amounts due from local units	54	-
Inventories	540	-
Other current assets	7,222	946
Total Current Assets	<u>202,625</u>	<u>28,362</u>
Noncurrent Assets:		
Amounts due from local units	-	-
Investments	3,429	228,919
Other noncurrent assets	243	-
Total Noncurrent Assets	<u>3,673</u>	<u>228,919</u>
Total Assets	<u>\$ 206,298</u>	<u>\$ 257,281</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and other liabilities	\$ 20,090	\$ 1
Amounts due to other funds	1,250	-
Unearned revenue	3,894	-
Total Current Liabilities	<u>25,233</u>	<u>1</u>
Total Liabilities	<u>25,233</u>	<u>1</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>250</u>	<u>-</u>
<b>FUND BALANCES</b>		
Nonspendable	-	206,254
Restricted	180,814	51,026
Total Fund Balances	<u>180,814</u>	<u>257,280</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 206,298</u>	<u>\$ 257,281</u>

# Michigan

MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND	FOREST DEVELOPMENT FUND	BOTTLE DEPOSITS FUND	TOTALS
\$ -	\$ -	\$ 6,588	\$ 6,879
2,034	47,920	286,386	556,044
-	-	-	382
-	305	-	2,154
-	-	-	54
-	-	-	540
69	193	2,011	10,440
<u>2,103</u>	<u>48,418</u>	<u>294,986</u>	<u>576,493</u>
-	-	13,395	13,395
8,673	-	-	241,021
-	-	1,928	2,171
<u>8,673</u>	<u>-</u>	<u>15,323</u>	<u>256,587</u>
<u>\$ 10,775</u>	<u>\$ 48,418</u>	<u>\$ 310,309</u>	<u>\$ 833,080</u>
\$ 58	\$ 5,006	\$ 3,349	\$ 28,504
1	222	178	1,652
-	7,674	-	11,568
<u>60</u>	<u>12,903</u>	<u>3,527</u>	<u>41,724</u>
60	12,903	3,527	41,724
<u>-</u>	<u>-</u>	<u>2,424</u>	<u>2,674</u>
6,000	-	72,711	284,964
<u>4,716</u>	<u>35,515</u>	<u>231,647</u>	<u>503,718</u>
<u>10,716</u>	<u>35,515</u>	<u>304,358</u>	<u>788,682</u>
<u>\$ 10,775</u>	<u>\$ 48,418</u>	<u>\$ 310,309</u>	<u>\$ 833,080</u>

## Michigan

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

	MICHIGAN CONSERVATION AND RECREATION LEGACY FUND	MICHIGAN GAME AND FISH PROTECTION TRUST FUND
<b>REVENUES</b>		
Taxes	\$ 570	\$ -
From federal agencies	6,273	-
From licenses and permits	198,947	-
Miscellaneous	15,592	32,559
Total Revenues	<u>221,383</u>	<u>32,559</u>
<b>EXPENDITURES</b>		
Current:		
General government	3,516	942
Public safety and corrections	-	-
Conservation, environment, recreation, and agriculture	235,796	262
Capital outlay	21,924	-
Debt service:		
Vendor financing payments	38	-
Total Expenditures	<u>261,274</u>	<u>1,204</u>
Excess of Revenues over (under) Expenditures	<u>(39,891)</u>	<u>31,355</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Vendor financing acquisitions	157	-
Transfers from other funds	42,524	-
Transfers to other funds	(2,168)	(17,112)
Total Other Financing Sources (Uses)	<u>40,514</u>	<u>(17,112)</u>
Excess Revenues and Other Sources over (under) Expenditures and Other Uses	623	14,243
Fund Balances - Beginning of fiscal year	<u>180,191</u>	<u>243,036</u>
Fund Balances - End of fiscal year	<u><u>\$ 180,814</u></u>	<u><u>\$ 257,280</u></u>

# Michigan

MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND	FOREST DEVELOPMENT FUND	BOTTLE DEPOSITS FUND	TOTALS
\$ -	\$ -	\$ -	\$ 570
-	422	-	6,695
-	-	-	198,947
1,148	49,790	89,668	188,756
1,148	50,212	89,668	394,970
-	-	461	4,920
-	-	207	207
446	51,046	36,756	324,306
-	5,888	-	27,811
-	8	67	114
446	56,942	37,492	357,358
702	(6,730)	52,176	37,612
-	34	-	192
-	-	-	42,524
(3)	(456)	(1,697)	(21,435)
(3)	(421)	(1,697)	21,281
699	(7,151)	50,479	58,893
10,016	42,666	253,879	729,789
\$ 10,716	\$ 35,515	\$ 304,358	\$ 788,682



**Michigan**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)**

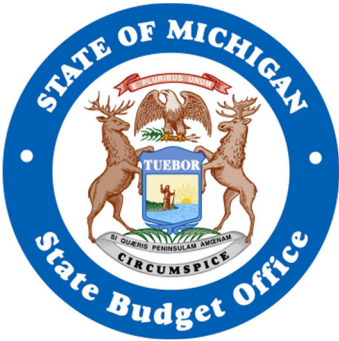
<u>Statutory/Budgetary Basis</u>	MICHIGAN CONSERVATION AND RECREATION LEGACY FUND			MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES AND OTHER SOURCES</b>						
Taxes	\$ 570	\$ 570	\$ -	\$ -	\$ -	\$ -
From federal agencies	6,273	6,273	-	-	-	-
From licenses and permits	198,947	198,947	-	-	-	-
Miscellaneous	15,592	15,592	-	1,148	1,148	-
Transfers in	42,524	42,524	-	-	-	-
Total Revenues and Other Sources	263,908	263,908	-	1,148	1,148	-
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>						
Environment, Great Lakes, and Energy	-	-	-	-	-	-
Natural Resources	284,291	277,633	6,658	555	451	104
State Police	-	-	-	-	-	-
Technology, Management and Budget	-	-	-	-	-	-
Treasury	3,672	3,516	156	-	-	-
Total Expenditures, Transfers Out, and Encumbrances	287,963	281,149	6,814	555	452	104
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (24,056)	(17,242)	\$ 6,814	\$ 592	696	\$ 104
Reconciling Items:						
Encumbrances at September 30		17,864			3	
Funds not annually budgeted		-			-	
Net Reconciling Items		17,864			3	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		623			699	
<b>FUND BALANCES (GAAP BASIS)</b>						
Beginning balances		180,191			10,016	
Ending balances (GAAP Basis)		\$ 180,814			\$ 10,716	

# Michigan

FOREST DEVELOPMENT FUND			BOTTLE DEPOSITS FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
422	422	-	-	-	-
-	-	-	-	-	-
49,790	49,790	-	89,668	89,668	-
-	-	-	-	-	-
50,212	50,212	-	89,668	89,668	-
-	-	-	-	-	-
-	-	-	42,894	38,270	4,624
72,242	70,257	1,985	-	-	-
-	-	-	207	207	-
-	-	-	461	461	-
-	-	-	250	250	-
72,242	70,257	1,985	43,813	39,188	4,624
<u>\$ (22,029)</u>	<u>(20,044)</u>	<u>\$ 1,985</u>	<u>\$ 45,855</u>	<u>50,479</u>	<u>\$ 4,624</u>
	12,893			-	
	-			-	
	12,893			-	
	(7,151)			50,479	
	42,666			253,879	
<u>\$ 35,515</u>			<u>\$ 304,358</u>		

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED (Continued)**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>FUND NOT ANNUALLY BUDGETED</u>		<u>MICHIGAN GAME AND FISH PROTECTION TRUST FUND</u>		<u>TOTALS</u>	
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>		
<b>REVENUES AND OTHER SOURCES</b>						
Taxes	\$ -	\$ 570	\$ 570	\$ -		
From federal agencies	-	6,695	6,695	-		
From licenses and permits	-	198,947	198,947	-		
Miscellaneous	-	156,197	156,197	-		
Transfers in	-	42,524	42,524	-		
Total Revenues and Other Sources	-	404,935	404,935	-		
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>						
Environment, Great Lakes, and Energy	-	42,894	38,270	4,624		
Natural Resources	-	357,088	348,341	8,747		
State Police	-	207	207	-		
Technology, Management and Budget	-	461	461	-		
Treasury	-	3,922	3,766	156		
Total Expenditures, Transfers Out, and Encumbrances	-	404,573	391,046	13,528		
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	-	\$ 362	13,890	\$ 13,528		
Reconciling Items:						
Encumbrances at September 30	-		30,760			
Funds not annually budgeted	14,243		14,243			
Net Reconciling Items	14,243		45,003			
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)	14,243		58,893			
<b>FUND BALANCES (GAAP BASIS)</b>						
Beginning balances	243,036		729,789			
Ending balances (GAAP Basis)	\$ 257,280		\$ 788,682			



## SPECIAL REVENUE FUNDS – REGULATORY AND ADMINISTRATIVE RELATED

### HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND

Michigan Compiled Laws (MCL) Section 570.1201 created the Homeowner Construction Lien Recovery Fund to allow contractors, subcontractors, suppliers, and laborers to collect payments for work done if they have not been paid, despite filing a residential lien. MCL Section 570.1201 was repealed effective August 23, 2010. The fund is still accruing monies received from licensees who had final orders issued by the Michigan Residential Builders' and Maintenance and Alteration Contractors' Board to reimburse the payouts from the fund and/or legal costs.

### MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND

Michigan Compiled Laws Section 421.10 created this fund to account for administrative costs of the Unemployment Insurance Agency, which is administered by the Department of Labor and Economic Opportunity. The fund derives most of its revenue from federal grants. It also receives transfers from the Michigan Employment Security Act Contingent Fund (reported as part of the Michigan Unemployment Compensation Funds, an enterprise fund). Expenditures for administration are subject to legislative appropriation.

Unemployment benefit payments to individuals are made directly from funds accumulated from employer premiums. These activities are reported in the Michigan Unemployment Compensation Funds.

### SAFETY EDUCATION AND TRAINING FUND

Michigan Compiled Laws Section 408.1055 imposes an annual levy on each insurance carrier licensed to write workers' disability compensation business in the State and on each self-insured employer. The Safety Education and Training Fund was established to receive these assessments for supporting the safety education and training activities of the Department of Labor and Economic Opportunity's Michigan Occupational Safety and Health Administration.

### SECOND INJURY FUND

Michigan Compiled Laws Section 418.501 created the Second Injury Fund to insure carriers and self-insured employers against certain workers' compensation losses. The administrator, appointed by the fund's Board of Trustees, supervises the fund. The fund's revenue consists of assessments, calculated under provisions of the act, which are assessed to insurance carriers and self-insured employers licensed or authorized in Michigan.

### SELF-INSURERS' SECURITY FUND

Established by Michigan Compiled Laws Section 418.501, the Self-Insurers' Security Fund (SISF) pays workers' compensation benefits to injured employees of insolvent, private self-insured employers. Revenues are generated through annual assessments of private self-insured employers.

The SISF also administers bankrupt self-insured employer trust funds that are created for the payment of employer obligations due under the Michigan Workers' Disability Compensation Act. Employer obligations are reported as liabilities of this fund.

#### SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND

Established by Michigan Compiled Laws Section 418.501, the Silicosis, Dust Disease, and Logging Industry Compensation Fund reimburses insurance carriers and self-insured employers licensed or authorized in Michigan who pay benefits to employees injured from certain dust diseases, and employees who have sustained personal injury or death while being employed in the logging industry. Revenues are generated through annual assessments of insurance carriers and self-insured employers licensed or authorized in Michigan.

#### STATE CONSTRUCTION CODE FUND

Michigan Compiled Laws Section 125.1522 created the State Construction Code Fund. Fees received for building permit applications and other funds collected under this legislation are appropriated by the Legislature for the operation of the Department of Licensing and Regulatory Affairs' Bureau of Construction Codes and related indirect overhead expenditures.

#### UTILITY CONSUMER REPRESENTATION FUND

Established by Michigan Compiled Laws (MCL) Section 460.6m, the Utility Consumer Representation Fund provides funding, on behalf of residential gas, fuel, and electric customers, for energy cost recovery hearings before the Michigan Public Service Commission. The costs of operation and expenses incurred by the Utility Consumer Participation board in performing its duties under this section and MCL Section 460.6l, shall also be paid from the fund. Revenues are generated through annual assessments of regulated utility companies.

#### UNEMPLOYMENT OBLIGATION TRUST FUND

This fund was created by Michigan Compiled Laws (MCL) Section 421.10a to facilitate the repayment of debt incurred through a bond issuance authorized under the Employment Security Financing Act (MCL Section 12.271 et seq.) and MCL Section 421.26a. This debt was issued in order to repay advances received from the Federal Government that were provided to temporarily assist Michigan with unemployment payments that exceeded current revenue collections. Revenues within the Obligation Trust Fund are generated from annual assessments on employers. Payments are made to the Michigan Finance Authority, a discretely presented component unit, which held the bonds and made regular payments to the bond holders until the bonds were redeemed during fiscal year 2020. Unless utilized to collect a future obligation assessment, the activity of the fund will be only the collection of past due assessment balances, interest related to prior rate years and the disbursement of any collected funds for purposes as defined by the Act.

#### STATE CASINO GAMING FUND

Created by Michigan Compiled Laws (MCL) Section 432.212, this fund provides the licensing, regulation, and control of casino gaming activities in Michigan via the five-member gaming control board created under MCL Section 432.204. Additional responsibilities include the performance of authorized inspections of tribal Class III gaming facilities and records pursuant to and in accordance with the provisions of the various tribal/state compacts as delegated by the Governor in November 2002, the licensing and regulation of live horse racing per Executive Order 2009-45, the licensing and regulation of Millionaire Party charitable gaming events per Executive Order 2012-4, the licensing and regulation of internet gaming per MCL 432.301-322, the licensing and regulation of internet sports betting per MCL 432.401-419, and the licensing and regulation of fantasy contests per MCL 432.501-516.

# Michigan

**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED**  
 SEPTEMBER 30, 2023  
 (In Thousands)

	HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND	MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND	SAFETY EDUCATION AND TRAINING FUND	SECOND INJURY FUND	SELF-INSURERS' SECURITY FUND
<b>ASSETS</b>					
Current Assets:					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in common cash	337	-	6,198	7,173	35,909
Amounts due from other funds	-	1,936	-	-	-
Amounts due from federal agencies	-	3,921	-	-	-
Amounts due from local units	-	1,004	-	-	-
Other current assets	-	-	3,845	352	1,004
Total Current Assets	<u>337</u>	<u>6,861</u>	<u>10,042</u>	<u>7,525</u>	<u>36,913</u>
Total Assets	<u>\$ 337</u>	<u>\$ 6,861</u>	<u>\$ 10,042</u>	<u>\$ 7,525</u>	<u>\$ 36,913</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable and other liabilities	\$ -	\$ 4,498	\$ 412	\$ 932	\$ 13,591
Amounts due to other funds	-	2,363	70	10	6
Unearned revenue	-	-	-	1,342	383
Total Current Liabilities	<u>-</u>	<u>6,861</u>	<u>482</u>	<u>2,284</u>	<u>13,981</u>
Total Liabilities	<u>-</u>	<u>6,861</u>	<u>482</u>	<u>2,284</u>	<u>13,981</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	4	3
Restricted	337	-	9,561	5,237	22,929
Committed	-	-	-	-	-
Total Fund Balances	<u>337</u>	<u>-</u>	<u>9,561</u>	<u>5,240</u>	<u>22,932</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 337</u>	<u>\$ 6,861</u>	<u>\$ 10,042</u>	<u>\$ 7,525</u>	<u>\$ 36,913</u>

# Michigan

SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND	STATE CONSTRUCTION CODE FUND	UTILITY CONSUMER REPRESENTATION FUND	UNEMPLOYMENT OBLIGATION TRUST FUND	STATE CASINO GAMING FUND	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 6
1,103	38,078	3,525	12,286	11,320	115,930
-	-	-	103	-	2,040
-	-	-	-	-	3,921
-	-	-	-	-	1,004
146	2	-	734	31,019	37,100
1,249	38,080	3,525	13,122	42,344	159,999
<u>\$ 1,249</u>	<u>\$ 38,080</u>	<u>\$ 3,525</u>	<u>\$ 13,122</u>	<u>\$ 42,344</u>	<u>\$ 159,999</u>
\$ 86	\$ 255	\$ 399	\$ -	\$ 1,508	\$ 21,680
2	70	4	-	30,584	33,110
102	-	-	-	-	1,827
190	325	403	-	32,092	56,617
190	325	403	-	32,092	56,617
-	-	-	619	-	619
-	-	-	-	-	7
1,059	37,755	3,123	12,503	9,795	102,300
-	-	-	-	457	457
1,059	37,755	3,123	12,503	10,252	102,763
<u>\$ 1,249</u>	<u>\$ 38,080</u>	<u>\$ 3,525</u>	<u>\$ 13,122</u>	<u>\$ 42,344</u>	<u>\$ 159,999</u>



**Michigan**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

	HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND	MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND	SAFETY EDUCATION AND TRAINING FUND	SECOND INJURY FUND	SELF-INSURERS' SECURITY FUND
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
From federal agencies	-	149,199	-	-	-
From services	-	-	53	-	-
From licenses and permits	-	-	-	-	-
Miscellaneous	7	-	11,913	6,127	2,533
Total Revenues	7	149,199	11,967	6,127	2,533
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Labor, commerce, and regulatory	7	190,898	11,362	6,363	1,579
Capital outlay	-	215	-	-	-
Debt service:					
Vendor financing payments	-	1,169	43	78	44
Total Expenditures	7	192,282	11,405	6,441	1,623
Excess of Revenues over (under) Expenditures	-	(43,082)	562	(314)	910
<b>OTHER FINANCING SOURCES (USES)</b>					
Vendor financing acquisitions	-	215	-	-	-
Transfers from other funds	-	45,049	-	-	-
Transfers to other funds	-	(2,181)	(117)	(20)	(10)
Total Other Financing Sources (Uses)	-	43,082	(117)	(20)	(10)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	-	445	(334)	900
Fund Balances - Beginning of fiscal year	338	-	9,116	5,574	22,032
Fund Balances - End of fiscal year	\$ 337	\$ -	\$ 9,561	\$ 5,240	\$ 22,932

# Michigan

SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND	STATE CONSTRUCTION CODE FUND	UTILITY CONSUMER REPRESENTATION FUND	UNEMPLOYMENT OBLIGATION TRUST FUND	STATE CASINO GAMING FUND	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ 186,031	\$ 186,031
-	-	-	-	-	149,199
-	16	-	-	1	70
-	14,958	-	-	2,516	17,474
595	1,711	1,803	1,398	196,699	222,786
595	16,685	1,803	1,398	385,247	575,561
-	-	1,040	-	40,290	41,331
803	11,994	710	2	-	223,716
-	-	-	-	-	215
20	-	-	-	-	1,354
822	11,994	1,750	2	40,290	266,615
(227)	4,691	53	1,396	344,957	308,946
-	-	-	-	-	215
-	-	-	-	1,546	46,594
(4)	(133)	(3)	-	(345,719)	(348,188)
(4)	(133)	(3)	-	(344,174)	(301,379)
(231)	4,558	50	1,396	784	7,568
1,290	33,198	3,072	11,107	9,469	95,196
\$ 1,059	\$ 37,755	\$ 3,123	\$ 12,503	\$ 10,252	\$ 102,763

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND</u>			<u>MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES AND OTHER SOURCES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From federal agencies	-	-	-	149,199	149,199	-
From services	-	-	-	-	-	-
From licenses and permits	-	-	-	-	-	-
Miscellaneous	7	7	-	-	-	-
Transfers in	-	-	-	45,049	45,049	-
Total Revenues and Other Sources	<u>7</u>	<u>7</u>	<u>-</u>	<u>194,248</u>	<u>194,248</u>	<u>-</u>
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>						
Labor and Economic Opportunity	-	-	-	194,248	194,248	-
Licensing and Regulatory Affairs	7	7	-	-	-	-
Treasury	-	-	-	-	-	-
Total Expenditures, Transfers Out, and Encumbrances	<u>7</u>	<u>7</u>	<u>-</u>	<u>194,248</u>	<u>194,248</u>	<u>-</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciling Items:						
Funds not annually budgeted		<u>-</u>			<u>-</u>	
Net Reconciling Items		<u>-</u>			<u>-</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>-</u>			<u>-</u>	
<b>FUND BALANCES (GAAP BASIS)</b>						
Beginning balances		<u>338</u>			<u>-</u>	
Ending balances (GAAP Basis)		<u>\$ 337</u>			<u>\$ -</u>	

# Michigan

SAFETY EDUCATION AND TRAINING FUND			STATE CONSTRUCTION CODE FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
53	53	-	16	16	-
-	-	-	14,958	14,958	-
11,913	11,913	-	1,711	1,711	-
-	-	-	-	-	-
11,967	11,967	-	16,685	16,685	-
11,690	11,522	168	-	-	-
-	-	-	12,559	12,127	432
-	-	-	-	-	-
11,690	11,522	168	12,559	12,127	432
\$ 277	445	\$ 168	\$ 4,126	4,558	\$ 432
-	-	-	-	-	-
-	-	-	-	-	-
445	445	-	4,558	4,558	-
9,116	9,116	-	33,198	33,198	-
\$ 9,561	\$ 9,561	-	\$ 37,755	\$ 37,755	-

This schedule continued on next page.

# Michigan

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED (Continued)**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>STATE CASINO GAMING FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES AND OTHER SOURCES</b>			
Taxes	\$ 186,031	\$ 186,031	\$ -
From federal agencies	-	-	-
From services	1	1	-
From licenses and permits	2,516	2,516	-
Miscellaneous	196,699	196,699	-
Transfers in	1,546	1,546	-
Total Revenues and Other Sources	<u>386,793</u>	<u>386,793</u>	<u>-</u>
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>			
Labor and Economic Opportunity	-	-	-
Licensing and Regulatory Affairs	-	-	-
Treasury	<u>386,009</u>	<u>386,009</u>	<u>-</u>
Total Expenditures, Transfers Out, and Encumbrances	<u>386,009</u>	<u>386,009</u>	<u>-</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ 784</u>	<u>784</u>	<u>\$ -</u>
Reconciling Items:			
Funds not annually budgeted		<u>-</u>	
Net Reconciling Items		<u>-</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>784</u>	
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balances		<u>9,469</u>	
Ending balances (GAAP Basis)		<u>\$ 10,252</u>	

# Michigan

## FUNDS NOT ANNUALLY BUDGETED

SECOND INJURY FUND	SELF-INSURERS' SECURITY FUND	SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND	UTILITY CONSUMER REPRESENTATION FUND	UNEMPLOYMENT OBLIGATION TRUST FUND	TOTALS		
ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 186,031	\$ 186,031	\$ -
-	-	-	-	-	149,199	149,199	-
-	-	-	-	-	70	70	-
-	-	-	-	-	17,474	17,474	-
-	-	-	-	-	210,330	210,330	-
-	-	-	-	-	46,594	46,594	-
-	-	-	-	-	609,699	609,699	-
-	-	-	-	-	205,938	205,770	168
-	-	-	-	-	12,566	12,134	432
-	-	-	-	-	386,009	386,009	-
-	-	-	-	-	604,513	603,913	600
-	-	-	-	-	\$ 5,186	5,786	\$ 600
(334)	900	(231)	50	1,396		1,782	
(334)	900	(231)	50	1,396		1,782	
(334)	900	(231)	50	1,396		7,568	
5,574	22,032	1,290	3,072	11,107		95,196	
\$ 5,240	\$ 22,932	\$ 1,059	\$ 3,123	\$ 12,503		\$ 102,763	



## SPECIAL REVENUE FUNDS – OTHER STATE FUNDS

### 21<sup>st</sup> CENTURY JOBS TRUST FUND

Michigan Compiled Laws Section 12.257 created the 21<sup>st</sup> Century Jobs Trust Fund to account for the transfer of the net bond proceeds issued by the Michigan Tobacco Settlement Finance Authority. Executive Order 2010-2 moved the Authority to the Michigan Finance Authority. The bonds were issued to provide sufficient funds to purchase all or a portion of the State's receipts from the master settlement agreement between tobacco manufacturers and the State. Fund expenditures are used to reimburse the Michigan Strategic Fund for expenses related to revitalizing Michigan's economy and for other programs as determined by the Legislature. The fund may accept donations of money from any source; all interest earned is deposited into the State's General Fund. Beginning in fiscal year 2008 through 2026, the fund will also receive a portion of the tobacco settlement revenue received by the State.

### MICHIGAN MERIT AWARD TRUST FUND

This fund was created by Michigan Compiled Laws (MCL) Section 12.259 to account for a portion of the revenue from the master settlement agreement between tobacco manufacturers and the State. The settlement reimburses the State for health care costs which result from the use of tobacco products. The fund also consists of interest and earnings from trust fund investments and donations. Fund expenditures are used for programs, as determined by the Legislature.

All assets and liabilities of the Tobacco Settlement Trust Fund, established by MCL Section 12.253 and repealed as part of tobacco securitization legislation passed in November 2005, were transferred to the Michigan Merit Award Trust Fund in fiscal year 2006.

### CHILDREN'S TRUST FUND

Michigan Compiled Laws (MCL) Section 21.171, established the Children's Trust Fund to support the State Child Abuse and Neglect Prevention Board (MCL Section 722.603) to coordinate and fund activities for the prevention of child abuse and neglect in the State. All money contributed to the fund in a fiscal year, plus up to 5.0 percent of the rolling average of the fund for the previous twelve quarters shall be available for disbursement if the rolling average of the fund is at least \$23.5 million. If the rolling average of the fund for the previous twelve quarters is less than \$23.5 million, then up to 4.25 percent of the twelve-quarter rolling average is available for disbursement. In addition, money granted or received as gifts or donations to the trust fund is available for disbursement upon appropriation. Funds that are not available for disbursement are reported as nonspendable fund balance.

### MILITARY FAMILY RELIEF FUND

Michigan Compiled Laws Section 35.1213 created this fund to provide assistance to families of certain members of the reserve components of the United States armed forces on active duty. A qualified individual or the individual's family shall apply to the Department of Military and Veterans Affairs for a grant from the fund. Funds are received primarily from taxpayer contributions on his or her annual State tax return designating \$5 or more of his or her refund to be credited to this fund.

### COMMUNITY DISTRICT EDUCATION TRUST FUND

Michigan Compiled Laws Section (MCL) 12.262 created this fund to provide funding to community districts for the duration they are prohibited under MCL Section 380.386 from levying a school operating tax by offsetting the absence of local school operating revenue in the funding of the State portion of foundation allowances under MCL Section 388.1622b. Beginning in fiscal year 2017, \$72.0 million of tobacco settlement revenue shall be deposited into the fund each year until a total of \$617.0 million is deposited. If the earmarked tobacco settlement revenue is less than the amount necessary to offset the absence of local school operating revenue in a community district in the funding of the State portion of foundation allowances under MCL 388.1622b, then the General Fund will be required to reimburse the School Aid Fund for as long as that community district is prohibited from levying a school operating tax.

### MISCELLANEOUS SPECIAL REVENUE FUNDS

The Miscellaneous Special Revenue Funds are made up of smaller individual special revenue funds that are not large enough to warrant separate presentation.



**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS - OTHER STATE FUNDS**  
 SEPTEMBER 30, 2023  
 (In Thousands)

	21ST CENTURY JOBS TRUST FUND	MICHIGAN MERIT AWARD TRUST FUND	CHILDREN'S TRUST FUND
<b>ASSETS</b>			
Current Assets:			
Equity in common cash	\$ 285,718	\$ 43,466	\$ 3,325
Amounts due from federal agencies	-	-	63
Other current assets	56,250	46,659	238
Total Current Assets	341,968	90,125	3,625
Noncurrent Assets:			
Investments	-	-	23,417
Other noncurrent assets	-	95	-
Total Noncurrent Assets	-	95	23,417
Total Assets	\$ 341,968	\$ 90,220	\$ 27,042
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and other liabilities	\$ -	\$ 805	\$ 68
Amounts due to other funds	-	12	2
Total Current Liabilities	-	817	70
Total Liabilities	-	817	70
<b>DEFERRED INFLOWS OF RESOURCES</b>	56,250	46,743	-
<b>FUND BALANCES</b>			
Nonspendable	-	-	24,281
Restricted	-	-	2,691
Committed	285,718	42,660	-
Total Fund Balances	285,718	42,660	26,972
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 341,968	\$ 90,220	\$ 27,042

# Michigan

MILITARY FAMILY RELIEF FUND	COMMUNITY DISTRICT EDUCATION TRUST FUND	MISCELLANEOUS SPECIAL REVENUE FUNDS	TOTALS
\$ 2,897	\$ -	\$ 6,123	\$ 341,530
-	-	-	63
-	54,000	34	157,180
2,897	54,000	6,157	498,772
-	-	686	24,103
-	-	277	372
-	-	963	24,475
\$ 2,897	\$ 54,000	\$ 7,120	\$ 523,247
\$ 2	\$ -	\$ -	\$ 875
-	-	-	14
2	-	-	889
2	-	-	889
-	54,000	146	157,139
-	-	2,478	26,759
2,895	-	4,496	10,082
-	-	-	328,378
2,895	-	6,974	365,219
\$ 2,897	\$ 54,000	\$ 7,120	\$ 523,247

**Michigan**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**SPECIAL REVENUE FUNDS - OTHER STATE FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

	21ST CENTURY JOBS TRUST FUND	MICHIGAN MERIT AWARD TRUST FUND	CHILDREN'S TRUST FUND
<b>REVENUES</b>			
From federal agencies	\$ -	\$ -	\$ 1,328
Miscellaneous	75,000	58,944	3,078
Total Revenues	75,000	58,944	4,406
<b>EXPENDITURES</b>			
Current:			
General government	115,570	1,339	70
Education	-	-	-
Health and human services	-	61,201	3,535
Public safety and corrections	-	375	-
Capital outlay	-	432	-
Debt service:			
Vendor financing payments	-	29	-
Total Expenditures	115,570	63,375	3,605
Excess of Revenues over (under) Expenditures	(40,570)	(4,432)	801
<b>OTHER FINANCING SOURCES (USES)</b>			
Vendor financing acquisitions	-	432	-
Transfers from other funds	40,650	-	-
Transfers to other funds	-	(16)	(9)
Total Other Financing Sources (Uses)	40,650	416	(9)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	80	(4,016)	792
Fund Balances - Beginning of fiscal year	285,638	46,676	26,180
Fund Balances - End of fiscal year	\$ 285,718	\$ 42,660	\$ 26,972

# Michigan

MILITARY FAMILY RELIEF FUND	COMMUNITY DISTRICT EDUCATION TRUST FUND	MISCELLANEOUS SPECIAL REVENUE FUNDS	TOTALS
\$ -	\$ -	\$ -	\$ 1,328
212	71,461	2,096	210,791
212	71,461	2,096	212,119
-	-	263	117,242
-	72,002	-	72,002
-	-	44	64,780
20	-	-	396
-	-	-	432
-	-	-	29
20	72,002	308	254,881
192	(541)	1,788	(42,762)
-	-	-	432
-	389	-	41,039
-	-	-	(25)
-	389	-	41,446
192	(152)	1,788	(1,316)
2,703	152	5,186	366,535
\$ 2,895	\$ -	\$ 6,974	\$ 365,219

**Michigan**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)**

<u>Statutory/Budgetary Basis</u>	<u>21ST CENTURY JOBS TRUST FUND</u>			<u>MICHIGAN MERIT AWARD TRUST FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES AND OTHER SOURCES</b>						
From federal agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	75,000	75,000	-	58,944	58,944	-
Transfers in	40,650	40,650	-	-	-	-
Total Revenues and Other Sources	<u>115,650</u>	<u>115,650</u>	<u>-</u>	<u>58,944</u>	<u>58,944</u>	<u>-</u>
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>						
Attorney General	-	-	-	531	383	148
Education	-	-	-	-	-	-
Health and Human Services	-	-	-	61,269	61,201	68
Military and Veterans Affairs	-	-	-	-	-	-
State Police	-	-	-	874	513	361
Treasury	401,288	115,570	285,718	1,236	972	264
Total Expenditures, Transfers Out, and Encumbrances	<u>401,288</u>	<u>115,570</u>	<u>285,718</u>	<u>63,909</u>	<u>63,068</u>	<u>841</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (285,638)</u>	<u>80</u>	<u>\$ 285,718</u>	<u>\$ (4,966)</u>	<u>(4,124)</u>	<u>\$ 841</u>
Reconciling Items:						
Encumbrances at September 30		-			109	
Funds not annually budgeted		-			-	
Net Reconciling Items		<u>-</u>			<u>109</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>80</u>			<u>(4,016)</u>	
<b>FUND BALANCES (GAAP BASIS)</b>						
Beginning balances		<u>285,638</u>			<u>46,676</u>	
Ending balances (GAAP Basis)		<u>\$ 285,718</u>			<u>\$ 42,660</u>	

# Michigan

CHILDREN'S TRUST FUND			MILITARY FAMILY RELIEF FUND			COMMUNITY DISTRICT EDUCATION TRUST FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 1,328	\$ 1,328	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,078	3,078	-	212	212	-	71,461	71,461	-
-	-	-	-	-	-	389	389	-
4,406	4,406	-	212	212	-	71,850	71,850	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	72,002	72,002	-
4,247	3,544	703	-	-	-	-	-	-
-	-	-	150	20	130	-	-	-
-	-	-	-	-	-	-	-	-
70	70	-	-	-	-	-	-	-
4,317	3,614	703	150	20	130	72,002	72,002	-
\$ 89	792	\$ 703	\$ 62	192	\$ 130	\$ (152)	(152)	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
792	792	-	192	192	-	(152)	(152)	-
26,180	26,180	-	2,703	2,703	-	152	152	-
\$ 26,972	\$ 26,972	-	\$ 2,895	\$ 2,895	-	\$ -	\$ -	-

This schedule continued on next page.

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS (Continued)**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

	FUNDS NOT ANNUALLY BUDGETED			
	MISCELLANEOUS SPECIAL REVENUE FUNDS		TOTALS	
<u>Statutory/Budgetary Basis</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES AND OTHER SOURCES</b>				
From federal agencies	\$ -	\$ 1,328	\$ 1,328	\$ -
Miscellaneous	-	208,695	208,695	-
Transfers in	-	41,039	41,039	-
Total Revenues and Other Sources	-	251,062	251,062	-
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>				
Attorney General	-	531	383	148
Education	-	72,002	72,002	-
Health and Human Services	-	65,516	64,745	771
Military and Veterans Affairs	-	150	20	130
State Police	-	874	513	361
Treasury	-	402,593	116,611	285,982
Total Expenditures, Transfers Out, and Encumbrances	-	541,666	254,274	287,392
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	-	\$ (290,605)	(3,213)	\$ 287,392
Reconciling Items:				
Encumbrances at September 30	-		109	
Funds not annually budgeted	1,788		1,788	
Net Reconciling Items	1,788		1,897	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)	1,788		(1,316)	
<b>FUND BALANCES (GAAP BASIS)</b>				
Beginning balances	5,186		366,535	
Ending balances (GAAP Basis)	\$ 6,974		\$ 365,219	

## DEBT SERVICE FUNDS

### COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND

This fund was administratively established to account for the debt service on all State Trunkline Fund (STF) related bond issues allowed for under Michigan Compiled Laws Section 247.661. The bonds are not general obligations of the State. The bonds are payable solely out of funds restricted for transportation purposes by Article 9, Section 9, of the State Constitution and irrevocably pledged by law for deposit in STF. Debt service requirements are funded by annual appropriations in STF.

### COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND

This fund was administratively established to account for the debt service on all Comprehensive Transportation Fund (CTF) related bond issues allowed for under Michigan Compiled Laws Section 247.660b. The bonds are not general obligations of the State. The bonds are payable solely out of funds restricted for comprehensive transportation purposes by Article 9, Section 9, of the State Constitution and irrevocably pledged by law for deposit in CTF. Debt service requirements are funded by annual appropriations in CTF.

### RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND

This fund was established pursuant to Michigan Compiled Laws (MCL) Sections 324.19506, 324.71506, and 324.95102 to service recreation and environmental protection bond issues. This fund also reflects debt service transactions related to State Park Improvement Fund (SPIF) revenue bonds, issued pursuant to MCL Section 324.74106.

Financing of debt retirement, interest expense, and paying agent fees is provided by annual legislative appropriation from the General Fund, transfers from SPIF representing state park revenues pledged for the payment of State Park Gross Revenue Bonds, and transfers from other funds as required by legislative appropriation or executive order.

### SCHOOL LOAN BOND REDEMPTION FUND

Michigan Compiled Laws Section 388.922 created this fund to account for debt service on general obligation bonds issued to finance loans to local school districts. Financing of debt retirement, interest expense, and paying agent fees is provided by annual legislative appropriation from the General Fund or School Aid Fund.

### STATE BUILDING AUTHORITY

The State Building Authority (SBA) was created pursuant to Michigan Compiled Laws Section 830.412 to issue bonds to finance the acquisition or renovation of buildings for use by the State or public institutions of higher education, as well as State furnishings and equipment.

SBA issues revenue bonds for construction, cost of borrowing and debt service on projects related to particular bond issues. The resources to fund bond interest and principal payments are provided by transfers from the General Fund and from investment earnings of this fund. When a project is completed, the remaining assets are transferred to this fund where they are invested and used for debt service.



**COMBINING BALANCE SHEET**  
**DEBT SERVICE FUNDS**  
 SEPTEMBER 30, 2023  
 (In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND	RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND
<b>ASSETS</b>			
Current Assets:			
Cash	\$ -	\$ -	\$ -
Equity in common cash	-	-	1
Other current assets	-	-	7
Total Current Assets	-	-	7
Total Assets	\$ -	\$ -	\$ 7
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and other liabilities	\$ -	\$ -	\$ 1
Total Current Liabilities	-	-	1
Total Liabilities	-	-	1
<b>FUND BALANCES</b>			
Restricted	-	-	7
Total Fund Balances	-	-	7
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 7

SCHOOL LOAN BOND REDEMPTION FUND	STATE BUILDING AUTHORITY	TOTALS
\$ -	\$ 105,203	\$ 105,203
-	-	1
-	427	434
-	105,630	105,637
<u>\$ -</u>	<u>\$ 105,630</u>	<u>\$ 105,637</u>
\$ -	\$ 140	\$ 141
-	140	141
-	140	141
-	105,490	105,497
-	105,490	105,497
<u>\$ -</u>	<u>\$ 105,630</u>	<u>\$ 105,637</u>

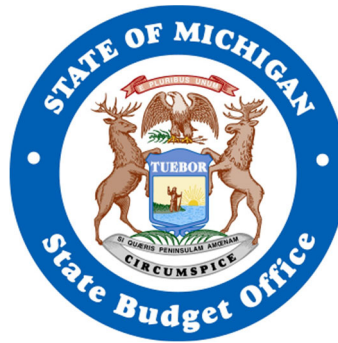
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****DEBT SERVICE FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND	RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND
<b>REVENUES</b>			
Miscellaneous	\$ 3	\$ -	\$ 12
Total Revenues	3	-	12
<b>EXPENDITURES</b>			
Current:			
General government	-	-	42
Education	-	-	-
Transportation	3	-	-
Debt service:			
Bond principal retirement	122,615	2,540	70,075
Bond interest and fiscal charges	98,944	1,201	26,892
Total Expenditures	221,562	3,742	97,009
Excess of Revenues over (under) Expenditures	(221,559)	(3,741)	(96,996)
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding bonds issued	-	-	-
Premium on bond issuance	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers from other funds	221,559	3,741	95,830
Transfers to other funds	-	-	(519)
Total Other Financing Sources (Uses)	221,559	3,741	95,312
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	-	(1,685)
Fund Balances - Beginning of fiscal year	-	-	1,692
Fund Balances - End of fiscal year	\$ -	\$ -	\$ 7

SCHOOL LOAN BOND REDEMPTION FUND	STATE BUILDING AUTHORITY	TOTALS
\$ -	\$ 4,325	\$ 4,341
-	4,325	4,341
-	-	42
-	2,132	2,132
-	-	3
97,688	138,413	431,331
12,935	130,909	270,881
110,623	271,454	704,389
(110,623)	(267,129)	(700,048)
-	280,985	280,985
-	21,547	21,547
-	(301,267)	(301,267)
110,623	223,082	654,835
-	-	(519)
110,623	224,347	655,582
-	(42,782)	(44,467)
-	148,272	149,963
\$ -	\$ 105,490	\$ 105,497



## CAPITAL PROJECTS FUNDS

### STATE TRUNKLINE FUND

Established pursuant to Michigan Compiled Laws Section 247.661, this fund accounts for highway construction and maintenance. Its annual budget is subject to legislative review and appropriation, but the Transportation Commission has significant discretion in determining the funding of individual projects. The majority of projects in this fund are owned by the State. Financing consists primarily of federal aid, local participation, and transfers from the Michigan Transportation Fund. Expenditures and transfers are for administration, highway maintenance and construction, debt service, and various contractual obligations.

This fund also is used to record loans made to local units of government for reconstructing and resurfacing roadways. Activities of the Blue Water Bridge program, segregated as a separate fund within the accounting system, are also reported within the State Trunkline Fund.

### STATE AERONAUTICS FUND

Established pursuant to Michigan Compiled Laws Section 259.34, this fund accounts for airport improvement projects, of which a majority are locally owned. Financing consists primarily of aviation fuel taxes and federal contributions.

### COMBINED STATE TRUNKLINE BOND PROCEEDS FUND

Established pursuant to Michigan Compiled Laws Section 247.668b, this fund accounts for the proceeds of State trunkline revenue dedicated bonds. These bonds are used in part to finance the costs of road and bridge construction. All projects accounted for by this fund are owned by the State.

### COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND

Established pursuant to Michigan Compiled Laws (MCL) Section 247.668b, this fund accounts for the proceeds of comprehensive transportation revenue dedicated bonds. These bonds are used in part to finance the costs of locally owned comprehensive transportation projects.

Pursuant to MCL 474.65a, this fund also is used for the Michigan Rail Loan Assistance Program that issues noninterest bearing loans to finance construction and improvements that are designed for improvements to freight railroad infrastructure for the purposes of preserving, rebuilding, rehabilitating, or constructing facilities or improvements on railroad operating property or property adjacent to railroad operating property in the State.

### TRANSPORTATION RELATED TRUST FUNDS

The Michigan Department of Transportation is recognized as the legal representative of the State, including all governmental subdivisions, in the administration of the Federal Highway Administration programs. The financing accounted for in this fund consists primarily of revenues from the federal Highway Trust Fund utilized to reimburse municipalities for road and bridge program activities with very little State funds. All projects accounted for in this fund are locally owned.

### STATE BUILDING AUTHORITY

The State Building Authority (SBA) was created pursuant to Michigan Compiled Laws Section 830.412, to issue bonds to finance the acquisition or renovation of buildings for use by the State or public institutions of higher education, as well as State furnishings and equipment. The SBA's five-member board is appointed by the Governor.

This capital projects fund accounts for the construction of State projects, certain equipment financing, and higher education related projects using short-term commercial paper notes. Transfers out reflect the transfer of assets remaining after the completion of a project to the debt service fund. In the State's government-wide financial statements, accumulated expenditures for incomplete State projects are reflected as "construction in progress" and completed State projects are recorded as "buildings."

### ADVANCE FINANCING FUNDS

The Advance Financing Funds reflects the activities of two sub-funds: the State Building Authority (SBA) Advance Financing Fund and the Site Preparation Economic Development Fund.

The SBA Advance Financing Fund was administratively established to account for disbursements issued for equipment, higher education, and State projects prior to the issuance of SBA bonds. Appropriation acts and concurrent resolutions provide this temporary funding for legislatively authorized projects. Payments disbursed on behalf of the SBA capital projects fund are recognized as amounts due from other funds until reimbursed. At year-end, any deficit in the common cash pool is reclassified as an interfund liability. In addition, expenditures funded by the General Fund or other sources related to the SBA-financed projects are recorded in this fund.

The Site Preparation Economic Development Fund is created through the annual appropriations process to account for expenditures incurred to prepare and sell State owned sites declared as surplus that would provide economic benefit to the area or State. Expenditures are recorded when incurred. Sale proceeds of fund properties are deposited into the fund. The Site Preparation Economic Development Fund did not have any activity during the current fiscal year.

**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS**  
 SEPTEMBER 30, 2023  
 (In Thousands)

	STATE TRUNKLINE FUND	STATE AERONAUTICS FUND	COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND
<b>ASSETS</b>				
Current Assets:				
Cash	\$ 66	\$ -	\$ -	\$ -
Equity in common cash	1,568,863	29,542	1,653,366	2,798
Taxes, interest, and penalties receivable	-	1,099	-	-
Amounts due from other funds	62,855	-	-	-
Amounts due from component units	1,626	-	-	-
Amounts due from federal agencies	196,940	81,029	-	-
Amounts due from local units	23,687	62	-	60
Inventories	14,057	-	-	-
Other current assets	11,341	60	18	-
Total Current Assets	<u>1,879,434</u>	<u>111,791</u>	<u>1,653,384</u>	<u>2,858</u>
Noncurrent Assets:				
Taxes, interest, and penalties receivable	-	7	-	-
Amounts due from local units	47,594	34	-	150
Other noncurrent assets	10,222	-	-	-
Total Noncurrent Assets	<u>57,815</u>	<u>41</u>	<u>-</u>	<u>150</u>
Total Assets	<u>\$ 1,937,250</u>	<u>\$ 111,832</u>	<u>\$ 1,653,384</u>	<u>\$ 3,008</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and other liabilities	\$ 315,847	\$ 90,620	\$ 72,922	\$ -
Amounts due to other funds	2,788	47	-	-
Bonds and notes payable	-	-	-	-
Interest payable	-	-	-	-
Unearned revenue	1,714	-	-	-
Total Current Liabilities	<u>320,350</u>	<u>90,667</u>	<u>72,922</u>	<u>-</u>
Long-Term Liabilities:				
Unearned revenue	8	-	-	-
Total Long-Term Liabilities	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>320,358</u>	<u>90,667</u>	<u>72,922</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>10,826</u>	<u>7</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	14,117	-	-	-
Restricted	1,591,949	21,158	1,580,462	3,008
Unassigned	-	-	-	-
Total Fund Balances	<u>1,606,066</u>	<u>21,158</u>	<u>1,580,462</u>	<u>3,008</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,937,250</u>	<u>\$ 111,832</u>	<u>\$ 1,653,384</u>	<u>\$ 3,008</u>

# Michigan

TRANSPORTATION RELATED TRUST FUNDS	STATE BUILDING AUTHORITY	ADVANCE FINANCING FUNDS	TOTALS
\$ -	\$ 23,052	\$ -	\$ 23,118
-	-	-	3,254,568
-	-	-	1,099
-	-	27,718	90,573
-	60	-	1,686
57,204	-	-	335,173
110,707	-	-	134,515
-	-	-	14,057
-	181	-	11,601
<u>167,910</u>	<u>23,293</u>	<u>27,718</u>	<u>3,866,390</u>
-	-	-	7
-	-	-	47,778
-	-	-	10,222
-	-	-	58,006
<u>\$ 167,910</u>	<u>\$ 23,293</u>	<u>\$ 27,718</u>	<u>\$ 3,924,396</u>
\$ 92,482	\$ 84	\$ 15,105	\$ 587,059
75,429	27,766	13,374	119,404
-	54,000	-	54,000
-	371	-	371
-	-	-	1,714
<u>167,910</u>	<u>82,220</u>	<u>28,480</u>	<u>762,549</u>
-	-	-	8
-	-	-	8
<u>167,910</u>	<u>82,220</u>	<u>28,480</u>	<u>762,557</u>
-	-	-	10,833
-	-	-	14,117
-	-	-	3,196,578
-	(58,927)	(762)	(59,689)
-	(58,927)	(762)	3,151,007
<u>\$ 167,910</u>	<u>\$ 23,293</u>	<u>\$ 27,718</u>	<u>\$ 3,924,396</u>



# Michigan

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### CAPITAL PROJECTS FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

	STATE TRUNKLINE FUND	STATE AERONAUTICS FUND	COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND
<b>REVENUES</b>				
Taxes	\$ -	\$ 18,299	\$ -	\$ -
From federal agencies	1,211,429	204,362	-	-
From local agencies	11,744	5	-	-
From services	3,949	311	-	-
From licenses and permits	17,106	430	-	-
Miscellaneous	124,694	6,068	37,972	190
Total Revenues	1,368,921	229,475	37,972	190
<b>EXPENDITURES</b>				
Current:				
Education	-	-	-	-
Transportation	905,188	232,146	167	2,393
Capital outlay	1,542,480	432	810,201	-
Debt service:				
Vendor financing payments	72,286	-	-	-
Total Expenditures	2,519,954	232,578	810,369	2,393
Excess of Revenues over (under)				
Expenditures	(1,151,033)	(3,103)	(772,397)	(2,203)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds and bond anticipation notes issued	-	-	1,193,645	-
Premium on bond issuance	-	-	109,427	-
Vendor financing acquisitions	87,261	-	-	-
Proceeds from sale of capital assets	3,218	-	-	-
Transfers from other funds	1,459,432	6,000	-	751
Transfers to other funds	(227,176)	(2,375)	-	-
Total Other Financing Sources (Uses)	1,322,734	3,625	1,303,072	751
Excess of Revenues and Other				
Sources over (under) Expenditures				
and Other Uses	171,701	522	530,676	(1,452)
Fund Balances - Beginning of fiscal year	1,434,365	20,636	1,049,787	4,461
Fund Balances - End of fiscal year	\$ 1,606,066	\$ 21,158	\$ 1,580,462	\$ 3,008

# Michigan

TRANSPORTATION RELATED TRUST FUNDS	STATE BUILDING AUTHORITY	ADVANCE FINANCING FUNDS	TOTALS
\$ -	\$ -	\$ -	\$ 18,299
380,376	-	236	1,796,403
-	-	-	11,749
-	-	-	4,259
-	-	-	17,536
754	1,799	32	171,508
<u>381,130</u>	<u>1,799</u>	<u>268</u>	<u>2,019,754</u>
-	96,275	32	96,306
381,130	-	-	1,521,023
-	26,489	65	2,379,668
-	-	-	72,286
<u>381,130</u>	<u>122,764</u>	<u>97</u>	<u>4,069,284</u>
-	(120,965)	171	(2,049,530)
-	113,845	-	1,307,490
-	-	-	109,427
-	-	-	87,261
-	-	-	3,218
-	-	11	1,466,193
-	(11)	-	(229,561)
<u>-</u>	<u>113,834</u>	<u>11</u>	<u>2,744,027</u>
-	(7,130)	182	694,498
-	(51,797)	(943)	2,456,509
<u>\$ -</u>	<u>\$ (58,927)</u>	<u>\$ (762)</u>	<u>\$ 3,151,007</u>

**Michigan**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
CAPITAL PROJECTS FUNDS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

Statutory/Budgetary Basis	STATE TRUNKLINE FUND			STATE AERONAUTICS FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES AND OTHER SOURCES</b>						
Taxes	\$ -	\$ -	\$ -	\$ 18,299	\$ 18,299	\$ -
From federal agencies	1,211,429	1,211,429	-	204,362	204,362	-
From local agencies	11,744	11,744	-	5	5	-
From services	3,949	3,949	-	311	311	-
From licenses and permits	17,106	17,106	-	430	430	-
Miscellaneous	124,694	124,694	-	6,068	6,068	-
Proceeds from sale of capital assets	3,218	3,218	-	-	-	-
Transfers in	1,459,432	1,459,432	-	6,000	6,000	-
Total Revenues and Other Sources	2,831,570	2,831,570	-	235,475	235,475	-
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>						
Transportation	2,954,505	2,870,831	83,674	236,877	236,521	356
Total Expenditures, Transfers Out, and Encumbrances	2,954,505	2,870,831	83,674	236,877	236,521	356
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (122,935)	(39,261)	\$ 83,674	\$ (1,402)	(1,046)	\$ 356
Reconciling Items:						
Encumbrances at September 30		210,961			1,568	
Funds not annually budgeted		-			-	
Net Reconciling Items		210,961			1,568	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		171,701			522	
<b>FUND BALANCES (GAAP BASIS)</b>						
Beginning balances		1,434,365			20,636	
Ending balances (GAAP Basis)		\$ 1,606,066			\$ 21,158	

This schedule continued on next page.

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
CAPITAL PROJECTS FUNDS (Continued)**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<b>TOTALS</b>		
	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>REVENUES AND OTHER SOURCES</b>			
Taxes	\$ 18,299	\$ 18,299	\$ -
From federal agencies	1,415,791	1,415,791	-
From local agencies	11,749	11,749	-
From services	4,259	4,259	-
From licenses and permits	17,536	17,536	-
Miscellaneous	130,762	130,762	-
Proceeds from sale of capital assets	3,218	3,218	-
Transfers in	1,465,432	1,465,432	-
Total Revenues and Other Sources	<u>3,067,045</u>	<u>3,067,045</u>	<u>-</u>
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>			
Transportation	<u>3,191,382</u>	<u>3,107,352</u>	<u>84,030</u>
Total Expenditures, Transfers Out, and Encumbrances	<u>3,191,382</u>	<u>3,107,352</u>	<u>84,030</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (124,337)</u>	<u>(40,307)</u>	<u>\$ 84,030</u>
Reconciling Items:			
Encumbrances at September 30		212,530	
Funds not annually budgeted		<u>522,275</u>	
Net Reconciling Items		<u>734,805</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>694,498</u>	
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balances		<u>2,456,509</u>	
Ending balances (GAAP Basis)		<u>\$ 3,151,007</u>	

## PERMANENT FUNDS

### CHILDREN WITH SPECIAL NEEDS FUND

Michigan Compiled Laws 333.5861 established the Children with Special Needs Fund (CSNF) to operate as a privately funded trust for the purpose of providing for the special health care needs of children in Michigan when funding is not available through other sources. Since CSNF was created in 1944, it has been supported through donations from families, individuals, businesses, and organizations.

The CSNF is administered by the Michigan Department of Health and Human Services and may be used to purchase equipment and services that promote optimal health, mobility, and development to enhance the lives of children and their families. A minimum balance of \$18 million must be maintained in the CSNF. If the balance of the CSNF is less than \$18 million, there can be no expenditures from the fund until the balance of the fund once again exceeds \$18 million.

### MICHIGAN NATURAL RESOURCES TRUST FUND

Originally established in 1976 under the Kammer Recreation Land Trust Act, the Michigan Natural Resources Trust Fund (MNRTF) was incorporated in the State Constitution under Article 9, Section 35 through an amendment approved by voters in 1984. The fund operates under Sections 324.1901 – 324.1907a of the Michigan Compiled Laws. The State Treasurer directs fund investments, which include fixed income and equity investments.

In May of 2011, the MNRTF reached the constitutional limit of \$500 million on the investment corpus. As a result, the MNRTF no longer receives revenue generated from oil and gas bonuses, rentals, and royalties from State-owned land. Constitutionally, these revenue sources are now deposited into the Michigan State Parks Endowment Fund (MSPEF). After the MSPEF reaches an accumulated principal of \$800 million, the accumulated principal limit for the MNRTF no longer applies and the revenues shall be deposited into the MNRTF.

Until the MSPEF reaches an accumulated principal balance of \$800 million, constitutional provisions limit MNRTF appropriations to investment and other miscellaneous income of the fund. Appropriations are used to fund grants to local units of government as well as State agencies to acquire land or develop public recreation facilities and to fund payments in lieu of property taxes on State lands acquired by the fund.

### MICHIGAN STATE PARKS ENDOWMENT FUND

Established in 1994, the Michigan State Parks Endowment Fund (MSPEF) is governed by the provisions of Michigan Compiled Laws Section 324.74119 and Article IX, Section 35a of the State Constitution to finance operations, maintenance, and capital improvements at Michigan State parks. The voters approved a constitutional amendment in August 2002 that changed the distribution formula and allows the State Treasurer to invest in equity securities and other types of investments.

The fund was established with a \$40 million transfer from the sale of the Accident Fund of Michigan to provide funds for permanent investment. Currently all revenues previously attributable to the Michigan Natural Resources Trust Fund from oil and gas bonuses, rentals, and royalties from State-owned land are deposited in the MSPEF until its accumulated principal is capped at \$800 million.

Until the Park Endowment Fund reaches an accumulated principal balance of \$800 million, not more than 50 percent of the oil, gas, and mineral royalty revenue received can be appropriated by the Legislature. However, the Legislature can appropriate all interest and earnings and private contributions or other revenue to the fund. When the endowment fund's principal balance reaches \$800 million, only the interest and earnings in excess of the amount needed to maintain the \$800 million principal limit, annually adjusted for inflation, may be appropriated for expenditure.

### MICHIGAN VETERANS' TRUST FUND

Article 9, Section 37, of the State Constitution created this fund to finance programs to assist veterans and their beneficiaries. A seven-member board of trustees governs the fund. Resources are provided by investment and common cash earnings. Expenditures and transfers out reflect grants to benefit veterans and their widows or dependents, program costs, and administrative costs at both the State and local level. The fund is administered within the Department of Military and Veterans Affairs.

# Michigan

## COMBINING BALANCE SHEET PERMANENT FUNDS SEPTEMBER 30, 2023 (In Thousands)

	CHILDREN WITH SPECIAL NEEDS FUND	MICHIGAN NATURAL RESOURCES TRUST FUND	MICHIGAN STATE PARKS ENDOWMENT FUND	MICHIGAN VETERANS' TRUST FUND	TOTALS
<b>ASSETS</b>					
Current Assets:					
Equity in common cash	\$ 1,833	\$ 81,783	\$ 59,086	\$ 7,873	\$ 150,575
Other current assets	113	2,239	4,416	160	6,927
Total Current Assets	1,945	84,022	63,502	8,033	157,502
Noncurrent Assets:					
Investments	21,487	655,850	337,856	59,794	1,074,988
Total Noncurrent Assets	21,487	655,850	337,856	59,794	1,074,988
Total Assets	\$ 23,432	\$ 739,872	\$ 401,358	\$ 67,827	\$ 1,232,490
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable and other liabilities	\$ 111	\$ 10,474	\$ 1,267	\$ 32	\$ 11,885
Amounts due to other funds	1	8	31	6	45
Total Current Liabilities	112	10,482	1,298	38	11,930
Total Liabilities	112	10,482	1,298	38	11,930
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-	3	-	3
<b>FUND BALANCES</b>					
Nonspendable	18,000	500,000	333,718	50,000	901,718
Restricted	5,320	229,390	66,340	17,790	318,840
Total Fund Balances	23,320	729,390	400,058	67,790	1,220,558
Total Liabilities and Fund Balances	\$ 23,432	\$ 739,872	\$ 401,358	\$ 67,827	\$ 1,232,490

# Michigan

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### PERMANENT FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

	CHILDREN WITH SPECIAL NEEDS FUND	MICHIGAN NATURAL RESOURCES TRUST FUND	MICHIGAN STATE PARKS ENDOWMENT FUND	MICHIGAN VETERANS' TRUST FUND	TOTALS
<b>REVENUES</b>					
Miscellaneous	\$ 2,070	\$ 62,725	\$ 54,916	\$ 6,481	\$ 126,192
Total Revenues	2,070	62,725	54,916	6,481	126,192
<b>EXPENDITURES</b>					
Current:					
General government	61	5,216	1,191	210	6,678
Health and human services	635	-	-	-	635
Public safety and corrections	-	-	-	2,703	2,703
Conservation, environment, recreation, and agriculture	-	25,353	16,977	-	42,330
Capital outlay	-	5,836	4,571	-	10,407
Debt service:					
Vendor financing payments	-	-	6	-	6
Total Expenditures	696	36,404	22,745	2,913	62,759
Excess of Revenues over (under) Expenditures	1,374	26,321	32,171	3,568	63,433
<b>OTHER FINANCING SOURCES (USES)</b>					
Vendor financing acquisitions	-	-	25	-	25
Proceeds from sale of capital assets	-	27	-	-	27
Transfers to other funds	(2)	(22)	(233)	(12)	(268)
Total Other Financing Sources (Uses)	(2)	5	(208)	(12)	(217)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	1,372	26,326	31,962	3,556	63,217
Fund Balances - Beginning of fiscal year	21,948	703,064	368,095	64,233	1,157,341
Fund Balances - End of fiscal year	\$ 23,320	\$ 729,390	\$ 400,058	\$ 67,790	\$ 1,220,558



# Michigan

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PERMANENT FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

Statutory/Budgetary Basis	CHILDREN WITH SPECIAL NEEDS FUND			MICHIGAN NATURAL RESOURCES TRUST FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES AND OTHER SOURCES</b>						
Miscellaneous	\$ 2,070	\$ 2,070	\$ -	\$ 62,725	62,725	\$ -
Proceeds from sale of capital assets	-	-	-	27	27	-
Total Revenues and Other Sources	2,070	2,070	-	62,752	62,752	-
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>						
Health and Human Services	636	636	-	-	-	-
Military and Veterans Affairs	-	-	-	-	-	-
Natural Resources	-	-	-	77,778	71,717	6,062
Treasury	61	61	-	5,228	5,216	12
Total Expenditures, Transfers Out, and Encumbrances	698	698	-	83,006	76,932	6,074
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ 1,372	1,372	\$ -	\$ (20,254)	(14,180)	\$ 6,074
Reconciling Items:						
Encumbrances at September 30		-			40,506	
Net Reconciling Items		-			40,506	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		1,372			26,326	
<b>FUND BALANCES (GAAP BASIS)</b>						
Beginning balances		21,948			703,064	
Ending balances (GAAP Basis)		\$ 23,320			\$ 729,390	

# Michigan

MICHIGAN STATE PARKS ENDOWMENT FUND			MICHIGAN VETERANS' TRUST FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 54,916	\$ 54,916	\$ -	\$ 6,481	\$ 6,481	\$ -	\$ 126,192	\$ 126,192	\$ -
-	-	-	-	-	-	27	27	-
54,916	54,916	-	6,481	6,481	-	126,219	126,219	-
-	-	-	-	-	-	636	636	-
-	-	-	3,670	2,715	955	3,670	2,715	955
25,390	24,950	440	-	-	-	103,169	96,667	6,502
1,191	1,191	-	210	210	-	6,690	6,678	12
26,581	26,141	440	3,880	2,925	955	114,165	106,696	7,469
<u>\$ 28,335</u>	<u>28,775</u>	<u>\$ 440</u>	<u>\$ 2,601</u>	<u>\$ 3,556</u>	<u>\$ 955</u>	<u>\$ 12,054</u>	<u>19,523</u>	<u>\$ 7,469</u>
	3,187			-			43,693	
	3,187			-			43,693	
	31,962			3,556			63,217	
	368,095			64,233			1,157,341	
<u>\$ 400,058</u>				<u>\$ 67,790</u>			<u>\$ 1,220,558</u>	



## ENTERPRISE FUNDS

### ATTORNEY DISCIPLINE SYSTEM

The Attorney Discipline System (ADS) consists of the Attorney Grievance Commission and the Attorney Discipline Board. This system provides the courts, legal profession, and the general public with a means to ensure that complaints against attorneys for potential violations of the Court Rules and the Michigan Rules of Professional Conduct are properly heard and investigated, and that sanctions are imposed where required. ADS is under the supervision of the Michigan Supreme Court which also approves the two agencies' budgets.

ADS receives revenue in the form of mandatory annual assessments on members of the State Bar of Michigan, provided for by Court Rules. This system also receives other revenue, primarily through the assessment of administrative fees and the recovery of costs, including subpoena fees and transcript costs.

### LIQUOR PURCHASE REVOLVING FUND

Michigan Compiled Laws (MCL) Section 436.1221 authorized the Liquor Control Commission, within the Department of Licensing and Regulatory Affairs, to maintain a revolving fund that is to be derived from the money deposited to the credit of the commission with the State Treasurer. Under State monopoly, liquor is sold at wholesale through a State controlled, privately operated distribution system. The fund accounts for the sales of and the replenishing and transporting of the liquor stock. Administrative, warehousing, and delivery costs are paid for through the fund. At the end of each fiscal year, the net income of the fund is transferred to the General Fund in accordance with MCL Section 18.1435.

**COMBINING STATEMENT OF NET POSITION**  
**ENTERPRISE FUNDS**  
 SEPTEMBER 30, 2023  
 (In Thousands)

	ATTORNEY DISCIPLINE SYSTEM	LIQUOR PURCHASE REVOLVING FUND	TOTALS
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 319	\$ -	\$ 319
Equity in common cash	-	112,540	112,540
Inventories	-	3,003	3,003
Investments	4,171	-	4,171
Other current assets	194	19,647	19,841
Total Current Assets	4,684	135,191	139,875
Noncurrent Assets:			
Investments	5,506	-	5,506
Capital Assets:			
Buildings, equipment, and other depreciable assets	2,056	634	2,690
Allowance for depreciation	(553)	(46)	(598)
Total capital assets	1,504	588	2,092
Other noncurrent assets	16	-	16
Total Noncurrent Assets	7,025	588	7,613
Total Assets	11,709	135,779	147,488
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	847	7,348	8,194
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and other liabilities	656	145,835	146,491
Amounts due to other funds	-	98	98
Interest payable	-	1	1
Unearned revenue	1,088	-	1,088
Vendor financing obligations	189	9	198
Current portion of other long-term obligations	-	505	505
Total Current Liabilities	1,933	146,448	148,381
Long-Term Liabilities:			
Vendor financing obligations	1,361	603	1,965
Noncurrent portion of other long-term obligations	1,181	24,396	25,577
Total Long-Term Liabilities	2,542	24,999	27,541
Total Liabilities	4,475	171,447	175,922
<b>DEFERRED INFLOWS OF RESOURCES</b>	690	8,851	9,542
<b>NET POSITION</b>			
Net investment in capital assets	(30)	(24)	(55)
Restricted for other purposes	4,796	-	4,796
Unrestricted	2,625	(37,148)	(34,523)
Total Net Position	\$ 7,391	\$ (37,172)	\$ (29,781)

# Michigan

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION ENTERPRISE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

	ATTORNEY DISCIPLINE SYSTEM	LIQUOR PURCHASE REVOLVING FUND	TOTALS
<b>OPERATING REVENUES</b>			
Operating revenues	\$ 6,133	\$ 1,561,901	\$ 1,568,034
Total Operating Revenues	6,133	1,561,901	1,568,034
<b>OPERATING EXPENSES</b>			
Salaries, wages, and other administrative	4,375	119,050	123,425
Depreciation	221	27	247
Purchases for resale	-	1,140,558	1,140,558
Premiums and claims	-	1	1
Other operating expenses	847	887	1,734
Total Operating Expenses	5,443	1,260,523	1,265,966
Operating Income (Loss)	690	301,378	302,069
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	197	7,940	8,137
Investment revenue (expense) - net	809	-	809
Other nonoperating revenues	-	4	4
Interest expense	-	(14)	(14)
Other nonoperating expenses	-	(124)	(124)
Total Nonoperating Revenues (Expenses)	1,006	7,807	8,813
Income (Loss) Before Transfers	1,696	309,185	310,881
<b>TRANSFERS</b>			
Transfers to other funds	-	(309,185)	(309,185)
Total Transfers In (Out)	-	(309,185)	(309,185)
Change in net position	1,696	-	1,696
Total net position - Beginning of fiscal year - restated	5,695	(37,172)	(31,478)
Total net position - End of fiscal year	\$ 7,391	\$ (37,172)	\$ (29,781)

**COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

	ATTORNEY DISCIPLINE SYSTEM	LIQUOR PURCHASE REVOLVING FUND	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ -	\$ 1,563,247	\$ 1,563,247
Membership dues	6,024	-	6,024
Payments to employees	(4,802)	(13,958)	(18,760)
Payments to suppliers	(848)	(1,215,318)	(1,216,166)
Other receipts	68	4	72
Other payments	-	(1,011)	(1,011)
Net cash provided (used) by operating activities	443	332,964	333,406
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	-	(308,998)	(308,998)
Net cash provided (used) by noncapital financing activities	-	(308,998)	(308,998)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Vendor financing payments (including imputed interest expense)	(204)	(31)	(235)
Net cash provided (used) by capital and related financing activities	(204)	(31)	(235)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment securities	(614)	-	(614)
Sale of investment securities	152	-	152
Interest and dividends on investments	6	7,940	7,947
Net cash provided (used) by investing activities	(455)	7,940	7,485
Net cash provided (used) - all activities	(217)	31,875	31,658
Cash and cash equivalents at beginning of year	536	80,666	81,202
<b>Cash and cash equivalents at end of year</b>	<b>\$ 319</b>	<b>\$ 112,541</b>	<b>\$ 112,860</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>			
Per Statement of Net Position Classifications:			
Cash	\$ 319	\$ -	\$ 319
Equity in common cash	-	112,540	112,540
Cash and cash equivalents at end of year	\$ 319	\$ 112,541	\$ 112,860
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 690	\$ 301,378	\$ 302,069
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	221	27	247
Pension expense	(364)	2,138	1,774
OPEB expense	11	(1,304)	(1,294)
Deferred outflows - contributions subsequent to measurement date	(150)	(2,707)	(2,857)
Other nonoperating revenues	-	4	4
Other nonoperating expenses	-	(124)	(124)
Other reconciling items	(24)	-	(24)
Net Changes in Assets and Liabilities:			
Inventories	-	195	195
Other assets (net)	12	2,303	2,315
Accounts payable and other liabilities	85	31,053	31,138
Unearned revenue	(37)	-	(37)
Net cash provided (used) by operating activities	\$ 443	\$ 332,964	\$ 333,406
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>			
Cost of capital assets acquired with vendor financing	\$ -	\$ -	\$ -
Vendor financing obligations entered into during the year	-	-	-
Total noncash investing, capital, and financing activities	\$ -	\$ -	\$ -

## INTERNAL SERVICE FUNDS

### CORRECTIONAL INDUSTRIES REVOLVING FUND

Authorized by Michigan Compiled Laws (MCL) Section 800.325, this fund accounts for the financial transactions of multiple manufacturing and service processing industries employing inmates incarcerated in Michigan's correctional institutions. In 1980, MCL Section 800.326 expanded the fund's sales market to include institutions of this or any other state or political subdivision thereof, the federal government or its agencies, a foreign government or agencies of a foreign government, a private vendor that operates the youth correctional facility, and certain tax-exempt organizations.

The amendment allowed for a five-year phase-in of price setting which would provide a margin in direct and indirect costs to reach self-sufficiency. Since self-sufficiency was reached in 1985, the fund has supported the cost of civilian wages, salaries and other costs which were paid by the Department in the past. A solvent fund allows Industries to expand its operations to service more inmates.

Executive Order 1992-13 stipulates that the fund repay the General Fund for the cost of building and equipping prison factories included as part of new prison construction. The costs of buildings and equipment are to be repaid over 30 years and 10 years, respectively. A portion of the final payment was written off to the General Fund in fiscal year 2021 due to the closure of the Detroit Reentry Center.

### STATE SPONSORED GROUP INSURANCE FUND

This fund was administratively established to reflect the financial transactions of the State sponsored insurance plans that provide health, long-term disability, life, vision, and dental coverage for participating employees, retirees, and dependents. The plans' funding methods range from fully insured where an outside carrier assumes all risk to those where the State is self-insured for claims with administrative fees paid to an outside carrier on a contracted basis. All retiree activity is transferred out of the fund at the end of the year as required by the Governmental Accounting Standards Board and recorded in certain other employee benefit trust funds. A note to the financial statements entitled "Risk Management" provides additional information about this fund.

### INFORMATION TECHNOLOGY FUND

This fund was created by administrative decision to provide telecommunication and information technology services for State agencies. During fiscal year 2002, the use of this fund was expanded to account for all information technology activities of the executive branch as prescribed in Executive Order 2001-03. User agencies are billed for equipment and services based on actual costs or rates established to cover actual costs.

### OFFICE SERVICES REVOLVING FUND

Created in 1952, this fund operates under Michigan Compiled Laws Section 18.1269 to provide services in the following areas: printing, reproduction, imaging, mailing, distribution of federal and state surplus property, delivery, and warehouse services. Other services may be added to this fund as determined to be advantageous to the State including but not limited to the purchase of bulk gas used by State agencies. The cost of the services or supplies is charged to user departments and agencies. Resultant revenue is credited to the revolving fund and is used for administration and operation of the program, including purchase of necessary equipment.

### MOTOR TRANSPORT FUND

This fund was created by Michigan Compiled Laws Section 18.1213 to provide vehicle and travel services for State agencies. Activities include lease, purchase, replacement, and maintenance of automotive equipment. Vehicles are available to agencies on a permanently assigned basis or through the motor pool for short-term usage and are furnished to agencies at a rate sufficient to cover all costs of operation and maintenance. Agencies are billed on a monthly basis for services rendered.

### RISK MANAGEMENT FUND

Administratively established, this fund accounts for certain centralized risk management functions performed by the Department of Technology, Management and Budget for other State agencies. Currently, the fund has assumed a degree of risk for the automotive liability. This activity and administrative functions are recorded as operating activity of the fund. An activity of the fund for which the fund assumes no risk is the centralized processing of workers' compensation payments for State agencies. Workers' compensation long-term claim liabilities are recorded in the Government-wide Financial Statements and the related current year workers' compensation expenditures are recorded in the applicable funds.



**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
 SEPTEMBER 30, 2023  
 (In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	STATE SPONSORED GROUP INSURANCE FUND	INFORMATION TECHNOLOGY FUND
<b>ASSETS</b>			
Current Assets:			
Cash	\$ -	\$ -	\$ -
Equity in common cash	3,154	281,290	133,213
Amounts due from other funds	-	-	-
Amounts due from component units	-	-	227
Amounts due from federal agencies	-	-	360
Inventories	8,898	-	290
Other current assets	96	19,840	50,720
Total Current Assets	12,147	301,130	184,810
Noncurrent Assets:			
Capital Assets:			
Land and other non-depreciable assets	-	-	35,351
Buildings, equipment, and other depreciable assets	24,591	-	1,784,300
Allowance for depreciation	(17,274)	-	(924,531)
Total capital assets	7,317	-	895,120
Other noncurrent assets	-	2,000	8,646
Total Noncurrent Assets	7,317	2,000	903,766
Total Assets	19,465	303,130	1,088,576
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	2,266	-	120,189
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and other liabilities	451	24,349	103,012
Amounts due to other funds	37	-	2,079
Interest payable	2,043	-	6,130
Unearned revenue	-	100	77,056
Vendor financing obligations	-	-	95,787
Current portion of other long-term obligations	188	43,886	10,220
Total Current Liabilities	2,718	68,335	294,284
Long-Term Liabilities:			
Unearned revenue	-	-	157,721
Vendor financing obligations	-	-	499,130
Noncurrent portion of other long-term obligations	9,738	79,442	505,854
Total Long-Term Liabilities	9,738	79,442	1,162,704
Total Liabilities	12,456	147,777	1,456,989
<b>DEFERRED INFLOWS OF RESOURCES</b>	3,798	-	172,495
<b>NET POSITION</b>			
Net investment in capital assets	7,317	-	300,204
Restricted for other purposes	-	-	-
Unrestricted	(1,841)	155,353	(720,923)
Total Net Position	\$ 5,476	\$ 155,353	\$ (420,719)

# Michigan

OFFICE SERVICES REVOLVING FUND	MOTOR TRANSPORT FUND	RISK MANAGEMENT FUND	TOTALS
\$ 2	\$ -	\$ -	\$ 2
27,638	-	12,025	457,320
669	-	-	669
-	-	-	227
-	-	-	360
12,855	270	-	22,314
7,081	883	1,602	80,222
48,246	1,153	13,627	561,114
-	-	-	35,351
14,530	314,279	1,049	2,138,748
(11,796)	(229,132)	(272)	(1,183,004)
2,733	85,147	777	991,095
-	-	1,050	11,696
2,733	85,147	1,827	1,002,791
50,979	86,300	15,454	1,563,904
6,439	1,959	847	131,700
8,367	255	549	136,984
99	699	6	2,920
-	684	-	8,857
-	-	-	77,155
-	31,420	132	127,338
469	162	1,375	56,300
8,934	33,221	2,063	409,555
-	-	-	157,721
-	52,565	657	552,352
24,917	7,383	7,361	634,694
24,917	59,948	8,018	1,344,767
33,851	93,168	10,081	1,754,322
8,138	2,960	644	188,036
2,733	1,162	(11)	311,405
12,696	-	-	12,696
-	(9,032)	5,588	(570,854)
\$ 15,429	\$ (7,869)	\$ 5,577	\$ (246,753)

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION****INTERNAL SERVICE FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	STATE SPONSORED GROUP INSURANCE FUND	INFORMATION TECHNOLOGY FUND
<b>OPERATING REVENUES</b>			
Operating revenues	\$ 18,926	\$ 788,829	\$ 1,207,820
Total Operating Revenues	18,926	788,829	1,207,820
<b>OPERATING EXPENSES</b>			
Salaries, wages, and other administrative	7,092	21,600	913,743
Depreciation	530	-	191,856
Purchases for resale	-	-	-
Purchases for prison industries	9,090	-	-
Premiums and claims	-	808,711	-
Other operating expenses:			
Leased vehicles expense	-	-	-
Vehicle maintenance expense	-	-	-
Total other operating expenses	-	-	-
Total Operating Expenses	16,712	830,311	1,105,599
Operating Income (Loss)	2,214	(41,482)	102,221
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	-	12,222	-
Other nonoperating revenues	10	213	4,059
Interest expense	-	-	(11,383)
Other nonoperating expenses	(33)	-	(5,036)
Total Nonoperating Revenues (Expenses)	(23)	12,435	(12,359)
Income (Loss) Before Transfers	2,191	(29,047)	89,861
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>			
Transfers to other funds	(89)	-	(3,545)
Total Capital Contributions and Transfers In (Out)	(89)	-	(3,545)
Change in net position	2,102	(29,047)	86,316
Total net position - Beginning of fiscal year - restated	3,375	184,399	(507,035)
Total net position - End of fiscal year	\$ 5,476	\$ 155,353	\$ (420,719)

# Michigan

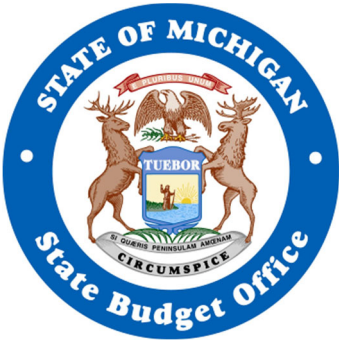
OFFICE SERVICES REVOLVING FUND	MOTOR TRANSPORT FUND	RISK MANAGEMENT FUND	TOTALS
\$ 118,366	\$ 83,654	\$ 5,510	\$ 2,223,106
118,366	83,654	5,510	2,223,106
37,356	7,811	2,730	990,332
925	34,964	131	228,406
74,723	-	-	74,723
-	-	-	9,090
-	3,407	1,930	814,048
364	51	-	415
-	38,596	-	38,596
364	38,647	-	39,012
113,369	84,829	4,791	2,155,611
4,997	(1,175)	719	67,495
-	-	-	12,222
72	3,487	21	7,863
-	(2,878)	(9)	(14,269)
(1,397)	(171)	-	(6,637)
(1,325)	438	12	(821)
3,672	(736)	731	66,673
(220)	(71)	(13)	(3,938)
(220)	(71)	(13)	(3,938)
3,452	(807)	719	62,735
11,977	(7,062)	4,858	(309,488)
\$ 15,429	\$ (7,869)	\$ 5,577	\$ (246,753)

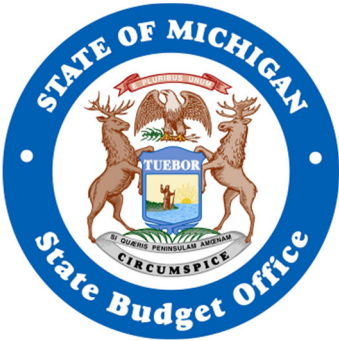
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	STATE SPONSORED GROUP INSURANCE FUND	INFORMATION TECHNOLOGY FUND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 18,852	\$ 790,765	\$ 1,119,332
Payments to employees	(5,435)	-	(269,541)
Payments to suppliers	(13,509)	(59,354)	(700,821)
Claims paid	-	(796,634)	-
Other receipts	6	213	3,669
Other payments	(260)	-	-
Net cash provided (used) by operating activities	(346)	(65,010)	152,638
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Loans or loan repayments from other funds	-	-	-
Loans or loan repayments to other funds	-	-	-
Transfers to other funds	(89)	-	(3,545)
Net cash provided (used) by noncapital financing activities	(89)	-	(3,545)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(143)	-	(344)
Interest paid	(108)	-	-
Vendor financing payments (including imputed interest expense)	(11)	-	(116,267)
Net cash provided (used) by capital and related financing activities	(262)	-	(116,611)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends on investments	-	12,222	-
Net cash provided (used) by investing activities	-	12,222	-
Net cash provided (used) - all activities	(697)	(52,788)	32,482
Cash and cash equivalents at beginning of year	3,851	334,078	100,730
<b>Cash and cash equivalents at end of year</b>	<b>\$ 3,154</b>	<b>\$ 281,290</b>	<b>\$ 133,213</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>			
Per Statement of Net Position Classifications:			
Cash	\$ -	\$ -	\$ -
Equity in common cash	3,154	281,290	133,213
Cash and cash equivalents at end of year	<u>\$ 3,154</u>	<u>\$ 281,290</u>	<u>\$ 133,213</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 2,214	\$ (41,482)	\$ 102,221
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	530	-	191,856
Pension expense	887	-	55,778
OPEB expense	(626)	-	(20,494)
Deferred outflows - contributions subsequent to measurement date	(982)	-	(55,495)
Other nonoperating revenues	10	213	4,059
Other nonoperating expenses	(33)	-	-
Other reconciling items	8	-	7
Net Changes in Assets and Liabilities:			
Inventories	(1,853)	-	-
Other assets (net)	(76)	(7,300)	(55,896)
Accounts payable and other liabilities	(426)	(16,416)	18,929
Unearned revenue	-	(25)	(88,326)
Net cash provided (used) by operating activities	<u>\$ (346)</u>	<u>\$ (65,010)</u>	<u>\$ 152,638</u>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>			
Cost of capital assets acquired with vendor financing	\$ -	\$ -	\$ 373,447
Vendor financing obligations entered into during the year	-	-	(373,447)
Gain (loss) on disposal of capital assets	-	-	(5,185)
Total noncash investing, capital, and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,185)</u>

# Michigan

OFFICE SERVICES REVOLVING FUND	MOTOR TRANSPORT FUND	RISK MANAGEMENT FUND	TOTALS
\$ 121,116	\$ 83,637	\$ 28,595	\$ 2,162,297
(13,746)	(3,985)	(1,381)	(294,089)
(106,554)	(45,029)	(3,965)	(929,232)
-	(3,407)	(22,471)	(822,512)
72	3,487	22	7,468
(1,397)	(171)	-	(1,828)
(510)	34,533	800	122,105
-	669	-	669
(669)	-	-	(669)
(220)	(71)	(13)	(3,938)
(890)	599	(13)	(3,938)
(221)	-	-	(709)
-	-	-	(108)
-	(36,958)	(139)	(153,375)
(221)	(36,958)	(139)	(154,191)
-	-	-	12,222
-	-	-	12,222
(1,620)	(1,827)	648	(23,802)
29,260	1,827	11,377	481,124
\$ 27,640	\$ -	\$ 12,025	\$ 457,322
\$ 2	\$ -	\$ -	\$ 2
27,638	-	12,025	457,320
\$ 27,640	\$ -	\$ 12,025	\$ 457,322
\$ 4,997	\$ (1,175)	\$ 719	\$ 67,495
925	34,964	131	228,406
3,115	685	246	60,711
(1,278)	(244)	91	(22,552)
(2,721)	(803)	(216)	(60,217)
72	3,487	21	7,863
(1,397)	-	-	(1,430)
-	-	-	16
(3,636)	(9)	-	(5,499)
2,549	265	(408)	(60,867)
(3,110)	(2,638)	216	(3,445)
(24)	-	-	(88,375)
\$ (510)	\$ 34,533	\$ 800	\$ 122,105
\$ -	\$ 33,472	\$ -	\$ 406,919
-	(33,472)	-	(406,919)
-	2,665	-	(2,520)
\$ -	\$ 2,665	\$ -	\$ (2,520)







## PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

Notes to the financial statements, entitled "Deferred Compensation Plans," "Pension Benefits," and "Other Postemployment Benefits," include additional information regarding the following funds and plans.

### STATE OF MICHIGAN 457 PLANS

This fund was established in accordance with Michigan Compiled Laws Section 38.1151 to account for deferred compensation plans that permit State of Michigan, Michigan public school, and Education Achievement Authority employees to defer a portion of their income until future years.

This fund also includes a Personal Healthcare subfund for State of Michigan employees hired on or after January 1, 2012, Michigan State Police hired on or after June 10, 2012, Michigan public school employees hired on or after September 4, 2012, and State of Michigan and Michigan public school employees who opted out of the graded premium health subsidy.

### LEGISLATIVE PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Michigan Legislative Retirement System (MLRS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.1001, which is administered by an eleven-member board. MLRS's pension plan provides benefits for members of the Legislature and their surviving spouses or children. Participants in the system have a deduction from each salary payment to partially finance the fund. Court filing fees as provided under law, investment earnings, and other governmental contributions complete the financing.

MCL Section 38.1018 amended MLRS's enabling legislation to provide that individuals who first became a legislator or lieutenant governor on or after March 31, 1997, participate in the State's defined contribution plan.

### LEGISLATIVE OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits (OPEB) of the Michigan Legislative Retirement System (MLRS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.1001. MLRS's OPEB plan provides its retirees with health, dental, vision, and hearing insurance coverage. This fund includes health coverage for participants of both the defined benefit pension plan and the defined contribution retirement plan. Financing is provided by an annual legislative appropriation, court filing fees as provided under law, investment earnings, and other governmental contributions.

Pursuant to MCL Section 38.1075, the MLRS OPEB plan became closed to new participants. All qualified participants must have completed six years of service before January 1, 2013, to qualify for health insurance in the plan.

### STATE POLICE PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Michigan State Police Retirement System (MSPRS), a fiduciary component unit, created by Michigan Compiled Laws Section 38.1605, which is administered by a nine-member board. MSPRS's pension plan provides retirement, survivor and disability benefits to Michigan State Police officers. Financing is provided by investment earnings, employer contributions, and member contributions.

As a result of contract negotiations, a "pension plus" plan was created which pairs a guaranteed retirement income (defined benefit pension) with a flexible and transferable retirement savings (defined contribution) account for employees first hired on or after June 10, 2012.

### STATE POLICE OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits (OPEB) of the Michigan State Police Retirement System (MSPRS), a fiduciary component unit, created by Michigan Compiled Laws Section 38.1605. MSPRS's OPEB plan provides retirees hired before June 10, 2012, with the option of receiving health, dental, and vision coverage. Employees hired on or after June 10, 2012, are accounted for within the State of Michigan 401k and 457 Plan's Personal Healthcare subfunds. Financing is provided by investment earnings, employer contributions, and other governmental contributions.

### STATE EMPLOYEES' PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Michigan State Employees' Retirement System (MSERS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.2, which is administered by a nine-member board. MSERS's pension plan provides retirement, survivor and disability benefits to State employees. Financing is provided by investment earnings, employer contributions, and member contributions.

Effective March 31, 1997, MCL Section 38.13 closed the plan to new applicants. All new employees become members of the State's defined contribution plan. The law also allows returning employees and members who left state employment on or before March 31, 1997, to elect the defined benefit plan instead of the defined contribution plan.

### STATE EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits (OPEB) of the Michigan State Employees' Retirement System (MSERS), a fiduciary component unit, created by Michigan Compiled Laws Section 38.2. MSERS's OPEB plan provides retirees hired before January 1, 2012, with the option of receiving health, dental, and vision coverage. This fund includes health coverage for participants of both the defined benefit pension plan and the defined contribution retirement plan. Employees hired on or after January 1, 2012, are accounted for within the State of Michigan 401k and 457 Plan's Personal Healthcare subfunds. Financing is provided by investment earnings, employer contributions, and other governmental contributions.

**PUBLIC SCHOOL EMPLOYEES' PENSION BENEFITS FUND**

This fund was established to account for pension benefits of the Michigan Public School Employees' Retirement System (MPSERS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.1321, which is administered by a twelve-member board. MPSERS's pension plan provides retirement, survivor and disability benefits to the public school employees. Financing is provided by investment earnings, employer contributions, and member contributions.

MCL Section 38.1304, et al. were amended to create a new "pension plus" plan which pairs a guaranteed retirement income (defined benefit) with a flexible and transferable retirement savings (defined contribution) account for employees first hired after June 30, 2010.

Effective July 13, 2017, MCL Section 38.1305 et al., were amended to close the pension plus plan to employees hired after January 31, 2018, and a new, optional pension plus 2 plan was created. The pension plus 2 plan is similar to the pension plus plan; however, it contains a 50% contribution share from the employee and employer, both of which include the cost of future unfunded liabilities.

**PUBLIC SCHOOL EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND**

This fund was established to account for other postemployment benefits (OPEB) of the Michigan Public School Employees' Retirement System (MPSERS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.1321. MPSERS's OPEB plan provides retirees hired before September 4, 2012, with the option of receiving health, dental, and vision coverage. Employees hired on or after September 4, 2012, are accounted for within the State of Michigan 457 and 401k Plan's Personal Healthcare subfund. Financing is provided by investment earnings, employer contributions member contributions, and other governmental contributions.

**JUDGES' PENSION BENEFITS FUND**

This fund was established to account for pension benefits of the Michigan Judges' Retirement System (MJRS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.2201, which is administered by a nine-member board. MJRS's pension plan provides retirement, survivor and disability benefits to judges in the judicial branch of State government. Financing is provided by investment earnings, court filing fees as provided under law, and member contributions.

MCL Section 38.2401a, effective March 31, 1997, closed the plan to new entrants. Judges or state officials newly appointed or elected on or after March 31, 1997, become members of the State's defined contribution plan.

**JUDGES' OTHER POSTEMPLOYMENT BENEFITS FUND**

This fund was established to account for other postemployment benefits (OPEB) of the Michigan Judges' Retirement System (MJRS), a fiduciary component unit, created by Michigan Compiled Laws Section 38.2201. MJRS's OPEB plan provides all retirees with the option of receiving health, dental, and vision coverage. This fund includes health coverage for participants of both the defined benefit pension plan and the defined contribution retirement plan. Financing is provided by investment earnings, court filing fees as provided under law, and member contributions.

**MILITARY PENSION BENEFITS FUND**

This fund was established to account for pension benefits of the Michigan Military Retirement Provisions (MMRP), a fiduciary component unit, created by Public Act 150 of 1967 being Michigan Compiled Laws Section 32.706 and 32.801, which is administered by a nine-member board. MMRP's pension plan provides retirement and survivor benefits to State of Michigan military officers and former members of the Michigan National Guard. Financing is provided by investment earnings and legislative appropriations.

**STATE OF MICHIGAN 401K PLANS**

This fund was established in accordance with Michigan Compiled Laws Section 38.1151 as a deferred compensation plan. The plan was amended as of March 31, 1997, to incorporate a defined contribution retirement plan. As a result, this fund includes a deferred compensation subfund and a defined contribution retirement subfund.

Participants within the deferred compensation subfund include State of Michigan employees hired before March 31, 1997, Judges and Legislators elected before March 31, 1997, and Michigan State Police hired prior to June 10, 2012.

Participants within the defined contribution retirement subfund include State of Michigan employees hired on or after March 31, 1997; Judges elected on or after March 31, 1997; members of the State Employees' Retirement System, Judges' Retirement System, and Legislative Retirement System who elected to transfer to the fund; Public School Reporting Unit members hired on or after July 1, 2010; Public School Reporting Unit members hired prior to July 1, 2010, who elected to transfer to the fund; Education Achievement Authority employees hired after December 1, 2011; and Michigan State Police hired on or after June 10, 2012.

This fund also includes a Personal Healthcare subfund for State of Michigan employees hired on or after January 1, 2012; Michigan State Police hired after June 10, 2012; Michigan public school employees hired on or after September 4, 2012; and State of Michigan and Michigan public school employees who opted out of the graded premium health subsidy.

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**

SEPTEMBER 30, 2023

(In Thousands)

	STATE OF MICHIGAN 457 PLANS	LEGISLATIVE PENSION BENEFITS FUND	LEGISLATIVE OTHER POSTEMPLOYMENT BENEFITS FUND	STATE POLICE PENSION BENEFITS FUND
<b>ASSETS</b>				
Equity in common cash	\$ 5,542	\$ 1,166	\$ 225	\$ 9,126
Receivables:				
From participants	35,701	-	-	335
From employer	-	-	-	13,607
Other	376	-	-	-
Interest and dividends	-	19	-	15
Due from other funds	-	-	-	3,486
Due from component unit	-	-	-	-
Due from other governmental	-	-	214	-
Sale of investments	-	39	-	-
Investments at Fair Value:				
Short-term investments	-	-	-	72,712
Fixed income	-	-	-	164,495
Domestic equities	-	13,995	5,980	355,764
Real estate	-	-	-	187,513
Alternative investments	-	8,943	3,822	-
Private equity pools	-	-	-	434,369
International equities	-	120	51	239,494
Absolute return	-	-	-	192,121
Mutual funds	219,167	60,744	25,957	-
Pooled investment funds	2,296,435	-	-	-
Separate accounts	715,694	-	-	-
Real return	-	-	-	197,966
Securities lending collateral	-	-	-	62,301
Total Assets	<u>3,272,916</u>	<u>85,026</u>	<u>36,250</u>	<u>1,933,305</u>
<b>LIABILITIES</b>				
Accounts payable and other liabilities	10,315	195	-	113
Amounts due to other funds	-	3	-	-
Obligations under security lending	-	-	-	62,301
Unearned revenue	<u>2,514</u>	<u>-</u>	<u>28</u>	<u>-</u>
Total Liabilities	<u>12,829</u>	<u>198</u>	<u>28</u>	<u>62,413</u>
<b>NET POSITION</b>				
Restricted for:				
Pension benefits	-	84,828	-	1,870,891
Postemployment health-care benefits	-	-	36,222	-
Deferred compensation participants	<u>3,260,087</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 3,260,087</u>	<u>\$ 84,828</u>	<u>\$ 36,222</u>	<u>\$ 1,870,891</u>

# Michigan

STATE POLICE OTHER POSTEMPLOYMENT BENEFITS FUND	STATE EMPLOYEES' PENSION BENEFITS FUND	STATE EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND	PUBLIC SCHOOL EMPLOYEES' PENSION BENEFITS FUND	PUBLIC SCHOOL EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND	JUDGES' PENSION BENEFITS FUND
\$ 16,192	\$ 61,988	\$ 279,840	\$ 242,061	\$ 34,583	\$ 2,922
-	649	-	433	-	1
7,081	61,585	47,028	180,036	64,860	15
1,764	-	36,789	-	332,294	-
3	110	45	522	98	2
1,733	26,968	20,158	-	-	-
-	496	371	-	-	-
1,472	-	35,859	-	-	-
-	-	-	-	-	-
4,132	521,792	104,515	2,554,454	498,757	8,390
35,744	1,176,344	487,511	5,640,290	1,054,101	23,278
77,283	2,543,983	1,054,017	12,191,485	2,278,972	50,279
40,730	1,340,518	555,576	6,422,748	1,200,413	26,461
-	-	-	-	-	-
94,479	3,110,395	1,289,870	14,921,771	2,782,024	61,441
52,000	1,711,918	709,541	8,207,997	1,534,163	33,934
41,750	1,374,192	569,415	6,585,074	1,230,668	27,140
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
42,986	1,415,449	586,498	6,783,566	1,267,363	27,949
13,485	443,629	184,044	2,140,538	400,113	9,221
<u>430,834</u>	<u>13,790,016</u>	<u>5,961,079</u>	<u>65,870,973</u>	<u>12,678,407</u>	<u>271,034</u>
3,252	2,272	35,000	1,418	260,357	1
-	-	-	-	-	-
13,485	443,629	184,044	2,140,538	400,113	9,221
-	-	884	6,201	620	-
<u>16,737</u>	<u>445,901</u>	<u>219,928</u>	<u>2,148,157</u>	<u>661,090</u>	<u>9,222</u>
-	13,344,115	-	63,722,817	-	261,811
414,097	-	5,741,150	-	12,017,317	-
-	-	-	-	-	-
<u>\$ 414,097</u>	<u>\$ 13,344,115</u>	<u>\$ 5,741,150</u>	<u>\$ 63,722,817</u>	<u>\$ 12,017,317</u>	<u>\$ 261,811</u>

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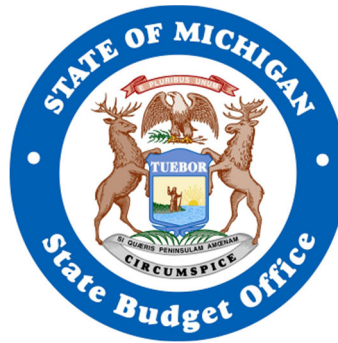
# Michigan

## COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS (Continued)

SEPTEMBER 30, 2023

(In Thousands)

	JUDGES' OTHER POSTEMPLOYMENT BENEFITS FUND	MILITARY PENSION BENEFITS FUND	STATE OF MICHIGAN 401K PLANS	TOTALS
<b>ASSETS</b>				
Equity in common cash	\$ 4,698	\$ 1,258	\$ 7,111	\$ 666,712
Receivables:				
From participants	-	1	155,245	192,364
From employer	-	-	64,068	438,279
Other	51	-	535	371,809
Interest and dividends	-	1	-	815
Due from other funds	-	-	-	52,345
Due from component unit	-	-	-	866
Due from other governmental	48	-	-	37,593
Sale of investments	-	-	-	39
Investments at Fair Value:				
Short-term investments	348	1,294	-	3,766,395
Fixed income	684	5,653	-	8,588,099
Domestic equities	1,476	12,228	-	18,585,461
Real estate	777	6,429	-	9,781,166
Alternative investments	-	-	-	12,765
Private equity pools	1,806	14,958	-	22,711,113
International equities	991	8,219	-	12,498,429
Absolute return	797	6,603	-	10,027,762
Mutual funds	-	-	828,038	1,133,907
Pooled investment funds	-	-	6,819,233	9,115,668
Separate accounts	-	-	1,620,992	2,336,686
Real return	821	6,791	-	10,329,389
Securities lending collateral	272	2,119	-	3,255,722
Total Assets	12,769	65,552	9,495,222	113,903,383
<b>LIABILITIES</b>				
Accounts payable and other liabilities	32	6	1,247	314,208
Amounts due to other funds	-	-	-	3
Obligations under security lending	272	2,119	-	3,255,722
Unearned revenue	14	-	-	10,262
Total Liabilities	318	2,125	1,247	3,580,195
<b>NET POSITION</b>				
Restricted for:				
Pension benefits	-	63,427	7,355,009	86,702,899
Postemployment health-care benefits	12,451	-	-	18,221,237
Deferred compensation participants	-	-	2,138,965	5,399,052
Total Net Position	\$ 12,451	\$ 63,427	\$ 9,493,974	\$ 110,323,188



# Michigan

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

	STATE OF MICHIGAN 457 PLANS	LEGISLATIVE PENSION BENEFITS FUND	LEGISLATIVE OTHER POSTEMPLOYMENT BENEFITS FUND	STATE POLICE PENSION BENEFITS FUND
<b>ADDITIONS</b>				
Contributions:				
From participants	\$ 368,004	\$ 1	\$ -	\$ 4,637
From employers	151	-	4,933	192,645
From other governmental	-	-	328	-
From other systems	2,243	-	-	-
Total Contributions	370,397	1	5,261	197,282
Investment Income:				
Net increase (decrease) in the fair value of investments	338,347	9,881	2,988	109,377
Interest, dividends, and other	12,283	2,318	842	37,411
Securities lending income	-	-	-	3,148
Less Investment Expense:				
Investment activity expense	-	165	60	8,198
Securities lending expense	-	-	-	2,927
Net investment income (loss)	350,630	12,035	3,770	138,811
Miscellaneous income	1,961	254	640	-
Total Additions	722,988	12,290	9,671	336,094
<b>DEDUCTIONS</b>				
Benefits paid to participants or beneficiaries	94,932	14,524	-	161,157
Medical, dental, and life insurance for retirants	-	285	5,151	-
Refunds and transfers to other systems	88,776	34	-	176
Administrative and other expenses	7,070	374	136	756
Total Deductions	190,778	15,217	5,287	162,090
Change in net position	532,210	(2,927)	4,385	174,004
Net position - Beginning of fiscal year - restated	2,727,876	87,755	31,837	1,696,887
Net position - End of fiscal year	\$ 3,260,087	\$ 84,828	\$ 36,222	\$ 1,870,891

# Michigan

STATE POLICE OTHER POSTEMPLOYMENT BENEFITS FUND	STATE EMPLOYEES' PENSION BENEFITS FUND	STATE EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND	PUBLIC SCHOOL EMPLOYEES' PENSION BENEFITS FUND	PUBLIC SCHOOL EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND	JUDGES' PENSION BENEFITS FUND
\$ -	\$ 19,382	\$ -	\$ 449,906	\$ 202,972	\$ 254
45,978	711,552	520,796	4,842,556	783,148	1,274
5,898	-	133,954	-	214,638	-
-	-	-	-	-	-
<u>51,876</u>	<u>730,934</u>	<u>654,751</u>	<u>5,292,462</u>	<u>1,200,759</u>	<u>1,528</u>
23,516	838,055	321,694	3,824,579	685,831	16,942
8,340	274,253	114,097	1,279,784	233,727	5,439
666	22,497	9,044	108,584	20,287	459
1,771	60,507	24,186	282,426	51,747	1,216
618	20,885	8,397	100,784	18,858	426
<u>30,133</u>	<u>1,053,412</u>	<u>412,253</u>	<u>4,829,736</u>	<u>869,240</u>	<u>21,198</u>
733	38	485	37	124	66
<u>82,741</u>	<u>1,784,384</u>	<u>1,067,488</u>	<u>10,122,235</u>	<u>2,070,123</u>	<u>22,792</u>
-	1,498,380	-	5,534,949	-	24,854
40,603	-	435,430	-	492,671	-
-	255	1,874	34,083	133	-
855	6,324	12,847	26,941	178,768	356
<u>41,458</u>	<u>1,504,960</u>	<u>450,151</u>	<u>5,595,973</u>	<u>671,572</u>	<u>25,210</u>
41,283	279,424	617,337	4,526,262	1,398,551	(2,418)
<u>372,814</u>	<u>13,064,691</u>	<u>5,123,813</u>	<u>59,196,555</u>	<u>10,618,766</u>	<u>264,229</u>
<u>\$ 414,097</u>	<u>\$ 13,344,115</u>	<u>\$ 5,741,150</u>	<u>\$ 63,722,817</u>	<u>\$ 12,017,317</u>	<u>\$ 261,811</u>

This statement continued on next page.



# Michigan

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS (Continued) FISCAL YEAR ENDED SEPTEMBER 30, 2023 (In Thousands)

	JUDGES' OTHER POSTEMPLOYMENT BENEFITS FUND	MILITARY PENSION BENEFITS FUND	STATE OF MICHIGAN 401K PLANS	TOTALS
<b>ADDITIONS</b>				
Contributions:				
From participants	\$ 115	\$ -	\$ 378,735	\$ 1,424,007
From employers	-	1,457	469,256	7,573,746
From other governmental	180	-	-	354,999
From other systems	-	-	20,234	22,477
Total Contributions	295	1,457	868,225	9,375,229
Investment Income:				
Net increase (decrease) in the fair value of investments	627	3,930	1,092,236	7,268,003
Interest, dividends, and other	255	1,307	28,545	1,998,600
Securities lending income	14	107	-	164,807
Less Investment Expense:				
Investment activity expense	54	289	-	430,617
Securities lending expense	13	99	-	153,008
Net investment income (loss)	830	4,956	1,120,781	8,847,785
Miscellaneous income	47	-	4,642	9,027
Total Additions	1,172	6,413	1,993,648	18,232,040
<b>DEDUCTIONS</b>				
Benefits paid to participants or beneficiaries	-	3,993	231,716	7,564,506
Medical, dental, and life insurance for retirants	174	-	-	974,314
Refunds and transfers to other systems	-	-	299,938	425,270
Administrative and other expenses	71	275	18,206	252,978
Total Deductions	244	4,268	549,861	9,217,068
Change in net position	928	2,145	1,443,788	9,014,973
Net position - Beginning of fiscal year - restated	11,523	61,282	8,050,187	101,308,216
Net position - End of fiscal year	\$ 12,451	\$ 63,427	\$ 9,493,974	\$ 110,323,188

## PRIVATE-PURPOSE TRUST FUNDS

### MICHIGAN EDUCATION SAVINGS PROGRAM

Michigan Compiled Laws Section 390.1473 established the Michigan Education Savings Program (MESP) as an entity within the Department of Treasury. MESP operates a college savings plan authorized by section 529 of the Internal Revenue Code. The plan is designed to collect and invest deposits made by contributors for purposes of financing tuition on behalf of future students. Investment earnings, held in trust by MESP, are Federal and State tax-deferred until the student is ready to attend college. The State offers a tax deduction for contributions made each year.

### OTHER PRIVATE-PURPOSE TRUST FUNDS

The other private-purpose trust funds are made up of smaller individual private-purpose trust funds that are not large enough to warrant separate presentation.

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUNDS**  
 SEPTEMBER 30, 2023  
 (In Thousands)

	MICHIGAN EDUCATION SAVINGS PROGRAM	OTHER PRIVATE- PURPOSE TRUST FUNDS	TOTALS
<b>ASSETS</b>			
Cash	\$ 3,446	\$ -	\$ 3,446
Equity in common cash	-	686	686
Receivables	750	350	1,100
Investments at Fair Value:			
Mutual funds	6,414,027	-	6,414,027
Guaranteed funding agreements	1,678,619	-	1,678,619
Total Assets	8,096,843	1,036	8,097,878
<b>LIABILITIES</b>			
Accounts payable and other liabilities	5,889	-	5,889
Total Liabilities	5,889	-	5,889
<b>NET POSITION</b>			
Restricted for individuals, organizations, and other governments	\$ 8,090,953	\$ 1,036	\$ 8,091,989

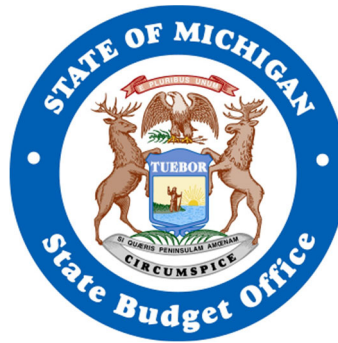
## Michigan

### COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

	MICHIGAN EDUCATION SAVINGS PROGRAM	OTHER PRIVATE- PURPOSE TRUST FUNDS	TOTALS
<b>ADDITIONS</b>			
Contributions:			
From participants	\$ 764,902	\$ -	\$ 764,902
Total Contributions	764,902	-	764,902
Investment Income:			
Net increase (decrease) in the fair value of investments	566,580	-	566,580
Interest, dividends, and other	218,465	30	218,495
Net investment income (loss)	785,045	30	785,075
Total Additions	1,549,947	30	1,549,977
<b>DEDUCTIONS</b>			
Benefits paid to participants or beneficiaries	763,568	-	763,568
Administrative expense	10,603	-	10,603
Total Deductions	774,171	-	774,171
Change in net position	775,776	30	775,806
Net position - Beginning of fiscal year	7,315,177	1,006	7,316,183
Net position - End of fiscal year	<u>\$ 8,090,953</u>	<u>\$ 1,036</u>	<u>\$ 8,091,989</u>



## CUSTODIAL FUNDS

### INSURANCE CARRIER DEPOSITS FUND

This fund was administratively established to account for deposits held by the State Treasurer on behalf of insurance carriers who are licensed or authorized to write insurance in the State and are required by Michigan Compiled Laws Section 500.411 to provide such deposits. All deposits are in the form of various securities and other acceptable assets.

### CITY INCOME TAX – TRUST FUND

Michigan Compiled Laws Sections 141.501 – 141.787 created the City Income Tax – Trust Fund and allow a city that imposes a city income tax, pursuant to the City Income Tax Act as amended, to enter into an agreement with the Department of Treasury under which the Department of Treasury shall administer, enforce, and collect the city income tax on behalf of the city. City income taxes, interest, penalties, and collection fees collected under an agreement entered into pursuant to the above shall be kept in the City Income Tax – Trust Fund and shall be paid to the city, except that an amount of the taxes collected as determined in the agreement may be retained by the Department of Treasury to cover the cost of collection and administration and that the amount shall be deposited into the State general fund.

### CHILD SUPPORT COLLECTION FUND

This fund was administratively established to account for the activity of the Michigan State Disbursement Unit (MISDU). MISDU, administered by the Department of Health and Human Services, was created to provide a single location within the State for the receipt and disbursement of child support payments.

### ESCHEATS FUND

The Escheats Fund operates under the authority of Sections 567.221 – 567.265 of the Michigan Compiled Laws and is used to account for unclaimed property held by the State until claimed by the rightful owners. All property, including any income or increment derived from the property, is subject to the custody of (escheated to) the State when certain criteria contained within the laws are met. Proceeds of the fund pay the administrative costs and prompt claims allowed under the laws.

### PRISONER ACCOUNTS FUND

The Prisoner Accounts Fund was administratively created to account for the personal funds of prisoners incarcerated and housed within Michigan Department of Corrections (MDOC) facilities. MDOC processes all financial transaction activity for this fund including deposits, disbursements, and collection of court ordered charges, fees, restitution, and child support.

### OTHER CUSTODIAL FUNDS

The Other Custodial Funds are made up of smaller individual custodial funds that are not large enough to warrant separate presentation.

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
 SEPTEMBER 30, 2023  
 (In Thousands)

	INSURANCE CARRIER DEPOSITS FUND	CITY INCOME TAX - TRUST FUND	CHILD SUPPORT COLLECTION FUND
<b>ASSETS</b>			
Cash	\$ -	\$ -	\$ 48,588
Equity in common cash	6,096	7,462	-
Receivables:			
Taxes, interest, and penalties	-	107,066	-
Other	100	-	155
Other assets	252,322	-	-
Total Assets	<u>258,517</u>	<u>114,528</u>	<u>48,744</u>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	6,196	114,528	47,066
Amounts due to other funds	-	-	1,677
Unearned revenue	-	-	-
Total Liabilities	<u>6,196</u>	<u>114,528</u>	<u>48,744</u>
<b>NET POSITION</b>			
Restricted for individuals, organizations, and other governments	<u>\$ 252,321</u>	<u>\$ -</u>	<u>\$ -</u>

ESCHEATS FUND	PRISONER ACCOUNTS FUND	OTHER CUSTODIAL FUNDS	TOTALS
\$ -	\$ -	\$ 8	\$ 48,596
180,057	10,517	4,211	208,343
-	-	-	107,066
-	467	3	726
3,426	-	-	255,747
183,483	10,984	4,222	620,478
11,597	2,950	2,045	184,381
-	-	-	1,677
-	4	-	4
11,597	2,953	2,045	186,062
<u>\$ 171,887</u>	<u>\$ 8,031</u>	<u>\$ 2,177</u>	<u>\$ 434,416</u>



**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS**

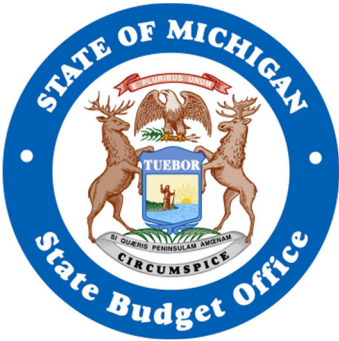
FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

	INSURANCE CARRIER DEPOSITS FUND	CITY INCOME TAX - TRUST FUND	CHILD SUPPORT COLLECTION FUND
<b>ADDITIONS</b>			
Investment Income:			
Interest, dividends and other	\$ 5,790	\$ 810	\$ -
Net investment income (loss)	<u>5,790</u>	<u>810</u>	<u>-</u>
Other Additions:			
Child support receipts	-	-	1,335,562
City income tax collections	-	411,876	-
Collateral deposits and related additions	62,818	-	-
Escheated property	-	-	-
Prisoner deposits	-	-	-
Other additions and miscellaneous income	-	-	-
Total Other Additions	<u>62,818</u>	<u>411,876</u>	<u>1,335,562</u>
Total Additions	<u>68,608</u>	<u>412,687</u>	<u>1,335,562</u>
<b>DEDUCTIONS</b>			
Child support distributions	-	-	1,335,562
City income tax distributions	-	412,687	-
Collateral disbursements and related deductions	62,653	-	-
Escheated property distributions	-	-	-
Prisoner disbursements	-	-	-
Miscellaneous deductions	-	-	-
Transfers to other funds	-	-	-
Total Deductions	<u>62,653</u>	<u>412,687</u>	<u>1,335,562</u>
Change in net position	5,954	-	-
Net position - Beginning of fiscal year	<u>246,367</u>	<u>-</u>	<u>-</u>
Net position - End of fiscal year	<u>\$ 252,321</u>	<u>\$ -</u>	<u>\$ -</u>

ESCHEATS FUND	PRISONER ACCOUNTS FUND	OTHER CUSTODIAL FUNDS	TOTALS
\$ -	\$ -	\$ 86	\$ 6,686
-	-	86	6,686
-	-	-	1,335,562
-	-	-	411,876
-	-	-	62,818
309,464	-	-	309,464
-	52,556	-	52,556
252	-	7,837	8,089
309,716	52,556	7,837	2,180,366
309,716	52,556	7,923	2,187,052
-	-	-	1,335,562
-	-	-	412,687
-	-	-	62,653
137,462	-	-	137,462
-	55,244	-	55,244
-	-	6,327	6,327
183,191	-	2,056	185,247
320,653	55,244	8,382	2,195,182
(10,938)	(2,688)	(459)	(8,131)
182,824	10,719	2,636	442,546
\$ 171,887	\$ 8,031	\$ 2,177	\$ 434,416





## COMPONENT UNITS – AUTHORITIES

### FARM PRODUCE INSURANCE AUTHORITY

Michigan Compiled Laws (MCL) Section 285.315 created the Farm Produce Insurance Authority (FPIA) as a public body corporate. Operating under Sections 285.311 – 285.331 of the MCL, FPIA is governed and administered by a ten-member board of directors. FPIA administers a program in which producers of dry beans, wheat, soybeans, or corn may contribute to the Farm Produce Insurance Fund, a percentage of their net proceeds from all farm produce sold by the producer to a licensee in this State. Under this program the producer may recover from the fund for losses caused by the licensed grain dealer's financial failure.

### MACKINAC BRIDGE AUTHORITY

Michigan Compiled Laws (MCL) Section 254.302 created the Mackinac Bridge Authority (MBA). MCL Section 254.314 empowered MBA to construct and operate a bridge between the lower and upper peninsulas of Michigan. Fares, fees, and earnings on investments finance the operation and maintenance of the bridge. State statutes require that MBA continue charging bridge tolls and repay State funds for all the subsidies provided in prior years.

### MACKINAC ISLAND STATE PARK COMMISSION

Established in 1895 under Public Act 222 of 1895, the Mackinac Island State Park Commission currently operates under Sections 324.76701 – 324.76709 of the Michigan Compiled Laws. The Governor, with the advice and consent of the Senate, appoints the seven-member commission. The Commission is responsible for the management of the Mackinac Island, Michilimackinac, and Mill Creek State Parks and has the authority to issue revenue-dedicated bonds.

### MICHIGAN EARLY CHILDHOOD INVESTMENT CORPORATION

The Michigan Early Childhood Investment Corporation was created by an interlocal agreement between the Department of Health and Human Services and participating intermediate school districts. The interlocal agreement was entered into pursuant to Sections 124.501 – 124.512 of the Michigan Compiled Laws. In 2018, the interlocal agreement was first amended and restated between the Department of Education and participating intermediate school districts. The Corporation's primary objective is to administer activities related to early childhood development.

The governing body of each participant shall appoint one member of the Corporation Board to serve at the will of the participant. The Corporation Board will also include fifteen members appointed by the Governor and the State Superintendent or his or her designee from within the Department. The Corporation will have an Executive Committee of 15 members of the Corporation Board. The members of the Executive Committee will include the State Superintendent, or his or her designated representative from within the Department serving as a member of the Corporation Board, and 14 members of the Corporation Board appointed by the Governor. The members of the Executive Committee appointed by the Governor must include at least one of the members of the Corporation Board appointed by a Participant. The Executive Committee shall exercise the powers of the Corporation.

### MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

The Michigan Economic Development Corporation (MEDC) is a public body corporate created pursuant to an agreement authorized under the Urban Cooperation Act of 1967 and Sections 124.501 – 124.512 of the Michigan Compiled Laws (MCL). MEDC was created by an interlocal agreement, as amended and restated, between participating local economic development organizations formed under the Economic Development Corporations Act, 125.1601 – 125.1636 of the MCL and the Michigan Strategic Fund. The MEDC is a separate legal entity whose purpose is to stimulate, coordinate and advance economic development in the State. Under the terms of the interlocal agreement, the governance of MEDC resides in an executive committee of 20 members appointed to eight-year, staggered terms before May 1, 2019, and for four-year terms after April 30, 2019.

### MICHIGAN EDUCATION TRUST

The Michigan Education Trust (MET) operates a prepaid tuition program authorized by section 529 of the Internal Revenue Code. A purchaser enters into a contract with MET which provides that in return for a specified actuarially determined payment, MET will provide a Michigan child's undergraduate tuition at any Michigan public university or community college. The amount the purchaser is required to pay is based on several factors, among them are tuition costs, the child's age and grade in school, anticipated investment earnings, tuition rate increases, and the type of contract purchased.

Michigan Compiled Laws Section 390.1425, the Michigan Education Trust Act, created MET. MET is governed by a nine-member board that consists of the State Treasurer and eight other individuals appointed by the Governor with the advice and consent of the Senate. Although MET is administratively located within the Michigan Department of Treasury, the law provides its assets are not to be considered assets of the State and are not to be loaned or otherwise transferred or used by the State for any purpose other than the purposes specified in the law. The law and contracts also specifically provide that the State is not liable if MET becomes actuarially unsound. In that event, the contracts provide for refunds to participants.

### MICHIGAN VETERANS' FACILITY AUTHORITY

Michigan Compiled Laws (MCL) Section 36.103 created the Michigan Veterans' Facility Authority (MVFA) to provide general oversight and governance of Michigan veteran homes and veterans' facilities. MVFA is a public body corporate and politic administered under the supervision of the Department of Military and Veterans Affairs, but exercises its prescribed statutory powers, duties, and functions independently of the department as an autonomous entity governed by a ten-member board.

### STATE BAR OF MICHIGAN

The State Bar of Michigan is an association of lawyers who are licensed to practice in Michigan. It is organized as a public body corporate. Its operations are financed solely from member dues and income from member services. The State Bar's budget is the responsibility of its Board of Commissioners, and it is not subject to State of Michigan appropriation procedures.

Pursuant to Supreme Court rule, its purpose is to aid in promoting improvements in the administration of justice and advancements in jurisprudence, in improving relations between the legal profession and the public, and in promoting the interests of the legal profession in this State.

### STATE LAND BANK AUTHORITY

Michigan Compiled Laws Section 124.765 and Executive Order 2019-3 established the State Land Bank Authority (SLBA) to assemble or dispose of public property, including tax reverted property, in a coordinated manner to foster the development of the property and to promote economic growth within the State. SLBA receives public properties, undertakes expedited action to clear their titles, and then ensures the properties' redevelopment.

### VENTURE MICHIGAN FUND

The Venture Michigan Fund (VMF) was formed as a nonprofit corporation for the purpose of qualifying as a Michigan early-stage venture investment corporation as authorized by Sections 125.2231 – 125.2263 of the Michigan Compiled Laws. VMF was organized to raise capital and invest that capital in venture capital firms with the intent of benefiting Michigan's seed or early-stage businesses in order to promote the economic health of the State of Michigan. VMF is governed by a board of directors consisting of the State Treasurer, the Chief Executive Officer of the Michigan Economic Development Corporation, and five other directors appointed by the Governor with the advice and consent of the Senate and the House. The Michigan Venture Capital Association also has the option to appoint one member to the board.

# Michigan

## COMBINING STATEMENT OF NET POSITION NON-MAJOR COMPONENT UNITS - AUTHORITIES

SEPTEMBER 30, 2023

(In Thousands)

	FARM PRODUCE INSURANCE AUTHORITY	MACKINAC BRIDGE AUTHORITY	MACKINAC ISLAND STATE PARK COMMISSION	MICHIGAN EARLY CHILDHOOD INVESTMENT CORPORATION
<b>ASSETS</b>				
Current Assets:				
Cash	\$ 297	\$ 4,307	\$ 6,474	\$ 715
Equity in common cash	-	-	-	-
Amounts due from component units	-	-	-	-
Amounts due from primary government	-	-	161	4,190
Amounts due from federal government	-	-	-	-
Inventories	-	-	768	-
Investments	1,750	19,362	330	-
Other current assets	266	793	183	37
Total Current Assets	2,313	24,462	7,916	4,942
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	-	-	899	-
Investments	-	-	2,361	-
Investments	6,771	117,879	-	-
Land and property held for resale	-	-	-	-
Capital Assets:				
Land and other non-depreciable assets	-	125	361	-
Buildings, equipment, and other depreciable assets	-	15,005	12,101	2,180
Less accumulated depreciation	-	(9,497)	(8,508)	(1,426)
Infrastructure	-	102,967	-	-
Construction in progress	-	-	-	-
Total capital assets	-	108,600	3,954	754
Other noncurrent assets	-	777	2,694	-
Total Noncurrent Assets	6,771	227,256	9,908	754
Total Assets	9,084	251,718	17,824	5,696
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	3,708	1,003	-
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and other liabilities	1	2,667	104	2,228
Amounts due to component units	-	-	-	-
Amounts due to primary government	-	1,657	-	-
Bonds and notes payable	-	-	75	-
Interest payable	-	-	14	-
Unearned revenue	-	2,279	55	-
Vendor financing obligations	-	-	-	90
Current portion of other long-term obligations	-	91	-	67
Total Current Liabilities	1	6,694	248	2,385
Long-Term Liabilities:				
Bonds and notes payable	-	-	1,105	-
Vendor financing obligations	-	-	-	-
Noncurrent portion of other long-term obligations	-	14,708	3,519	-
Total Long-Term Liabilities	-	14,708	4,624	-
Total Liabilities	1	21,402	4,872	2,385
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	6,894	4,315	-
<b>NET POSITION</b>				
Net investment in capital assets	-	108,600	2,775	664
Restricted For:				
Construction and debt service	-	-	3,036	-
Other purposes	-	-	223	486
Unrestricted	9,083	118,530	3,606	2,160
Total Net Position	\$ 9,083	\$ 227,130	\$ 9,640	\$ 3,311

# Michigan

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION	MICHIGAN EDUCATION TRUST	MICHIGAN VETERANS' FACILITY AUTHORITY	STATE BAR OF MICHIGAN	STATE LAND BANK AUTHORITY	VENTURE MICHIGAN FUND	TOTALS
\$ 63,649	\$ 7,109	\$ 925	\$ 923	\$ -	\$ 100,169	\$ 184,567
968,080	-	-	-	14,176	-	982,256
3,283	-	-	-	-	-	3,283
207	18,573	14,500	-	-	-	37,631
244	-	10,889	-	-	-	11,133
-	-	-	-	-	-	768
4,139	119,846	-	14,323	-	-	159,750
10,447	7,804	1,463	539	531	-	22,062
<u>1,050,049</u>	<u>153,331</u>	<u>27,777</u>	<u>15,785</u>	<u>14,708</u>	<u>100,169</u>	<u>1,401,451</u>
-	-	-	-	-	-	899
-	-	-	4,113	-	-	6,474
67,842	921,824	-	-	-	240,201	1,354,517
-	-	-	-	4,859	-	4,859
100	-	-	381	-	-	967
19,326	-	1,750	11,979	10	-	62,351
(13,065)	-	(1,168)	(9,253)	(2)	-	(42,918)
-	-	-	-	-	-	102,967
-	-	-	122	-	-	122
6,361	-	582	3,228	8	-	123,488
5,152	16,231	91	-	-	-	24,945
<u>79,355</u>	<u>938,055</u>	<u>673</u>	<u>7,341</u>	<u>4,868</u>	<u>240,201</u>	<u>1,515,182</u>
<u>1,129,404</u>	<u>1,091,386</u>	<u>28,450</u>	<u>23,126</u>	<u>19,575</u>	<u>340,370</u>	<u>2,916,632</u>
<u>7,834</u>	<u>1,456</u>	<u>60,019</u>	<u>1,106</u>	<u>1,263</u>	<u>-</u>	<u>76,389</u>
42,886	-	5,014	1,204	140	597	54,841
398	-	-	-	-	-	398
2,040	-	13,137	-	10	-	16,844
-	-	-	-	-	-	75
-	-	-	-	-	-	14
-	-	244	2,398	451	-	5,427
1,257	-	46	-	1	-	1,394
2,073	64,022	1,482	-	63	-	67,798
<u>48,653</u>	<u>64,022</u>	<u>19,924</u>	<u>3,602</u>	<u>665</u>	<u>597</u>	<u>146,792</u>
-	-	-	-	-	-	1,105
628	-	34	-	8	-	670
<u>22,650</u>	<u>634,193</u>	<u>80,234</u>	<u>1,523</u>	<u>3,218</u>	<u>10,838</u>	<u>770,882</u>
<u>23,278</u>	<u>634,193</u>	<u>80,268</u>	<u>1,523</u>	<u>3,225</u>	<u>10,838</u>	<u>772,657</u>
<u>71,931</u>	<u>698,215</u>	<u>100,192</u>	<u>5,125</u>	<u>3,891</u>	<u>11,435</u>	<u>919,449</u>
<u>8,779</u>	<u>1,703</u>	<u>25,112</u>	<u>950</u>	<u>1,232</u>	<u>-</u>	<u>48,986</u>
6,361	-	582	3,228	-	-	122,210
-	-	-	-	-	-	3,036
-	392,923	7,248	3,091	-	-	403,971
<u>1,050,166</u>	<u>-</u>	<u>(44,665)</u>	<u>11,838</u>	<u>15,716</u>	<u>328,935</u>	<u>1,495,368</u>
<u>\$ 1,056,527</u>	<u>\$ 392,923</u>	<u>\$ (36,835)</u>	<u>\$ 18,157</u>	<u>\$ 15,716</u>	<u>\$ 328,935</u>	<u>\$ 2,024,585</u>



# Michigan

**COMBINING STATEMENT OF ACTIVITIES**  
**NON-MAJOR COMPONENT UNITS - AUTHORITIES**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

		PROGRAM REVENUES			
<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS/ CONTRIBUTIONS</u>	<u>CAPITAL GRANTS/ CONTRIBUTIONS</u>	<u>NET (EXPENSE) REVENUE</u>
Farm Produce Insurance Authority	\$ 490	\$ 609	\$ -	\$ -	\$ 119
Mackinac Bridge Authority	16,381	23,683	-	-	7,302
Mackinac Island State Park Commission	4,890	5,756	55	520	1,441
Michigan Early Childhood Investment Corporation	18,255	184	16,730	-	(1,341)
Michigan Economic Development Corporation	872,161	-	1,700,525	-	828,364
Michigan Education Trust	32,728	3,554	96,908	-	67,734
Michigan Veterans' Facility Authority	107,547	7,231	40,552	12	(59,752)
State Bar of Michigan	13,455	15,338	-	-	1,883
State Land Bank Authority	3,470	-	-	-	(3,470)
Venture Michigan Fund	(4,496)	-	-	-	4,496
Total	<u>\$ 1,064,881</u>	<u>\$ 56,354</u>	<u>\$ 1,854,771</u>	<u>\$ 531</u>	<u>\$ 846,775</u>

GENERAL REVENUES					
INTEREST AND INVESTMENT EARNINGS (LOSS)	PAYMENTS FROM STATE OF MICHIGAN	OTHER	CHANGE IN NET POSITION	NET POSITION BEGINNING OF YEAR RESTATED	NET POSITION END OF YEAR
\$ (858)	\$ -	\$ -	\$ (739)	\$ 9,822	\$ 9,083
(1,558)	(250)	-	5,495	221,636	227,130
93	-	114	1,649	7,991	9,640
38	-	-	(1,303)	4,614	3,311
6,264	4,042	2,390	841,060	215,467	1,056,527
-	-	-	67,734	325,189	392,923
118	51,552	2	(8,080)	(28,756)	(36,835)
1,263	-	-	3,146	15,011	18,157
692	1,072	528	(1,178)	16,894	15,716
(94,474)	-	-	(89,978)	418,913	328,935
<u>\$ (88,422)</u>	<u>\$ 56,416</u>	<u>\$ 3,035</u>	<u>\$ 817,804</u>	<u>\$ 1,206,781</u>	<u>\$ 2,024,585</u>



## COMPONENT UNITS – STATE UNIVERSITIES

The State has 13 legally separate public universities, 10 of which are included in this report as component units and 3 of which are excluded. Included are the 10 universities whose governing boards are appointed by the Governor and for which the State is legally accountable, as prescribed by the Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, as amended. Excluded are those three that have governing boards whose members are elected by the voters and, therefore, considered separate special purpose governments. The three that are excluded are the largest public universities: Michigan State University, University of Michigan, and Wayne State University. Also excluded are the public community colleges, for which local units of government are legally accountable.

The information presented in this report for the 10 universities is based upon their separately issued financial statements for the fiscal year ended on June 30, 2023. The universities include Western Michigan University presented as a major component unit and the following non-major component units: Central Michigan University, Eastern Michigan University, Ferris State University, Grand Valley State University, Lake Superior State University, Michigan Technological University, Northern Michigan University, Oakland University, and Saginaw Valley State University.

# Michigan

## COMBINING STATEMENT OF NET POSITION NON-MAJOR COMPONENT UNITS - STATE UNIVERSITIES

JUNE 30, 2023

(In Thousands)

	CENTRAL MICHIGAN UNIVERSITY	EASTERN MICHIGAN UNIVERSITY	FERRIS STATE UNIVERSITY	GRAND VALLEY STATE UNIVERSITY
<b>ASSETS</b>				
Current Assets:				
Cash	\$ 46,519	\$ 18,077	\$ 7,637	\$ 64,938
Amounts due from component units	-	-	-	-
Amounts due from primary government	63,216	20,691	11,315	84,697
Amounts due from federal government	2,739	2,157	242	5,723
Amounts due from local units	-	-	-	-
Inventories	2,859	274	1,475	1,576
Investments	3,881	-	24,399	42,948
Other current assets	27,830	25,373	8,142	21,935
Total Current Assets	147,043	66,572	53,210	221,818
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	9,443	-	-	1,190
Investments	-	96,663	116,038	14,273
Mortgages and loans receivable	-	-	8,591	-
Mortgages and loans receivable	-	1,305	-	1,587
Investments	455,228	140,986	83,789	441,433
Capital Assets:				
Land and other non-depreciable assets	14,826	11,481	6,597	80,133
Buildings, equipment, and other depreciable assets	1,091,557	991,952	555,985	1,190,320
Less accumulated depreciation	(568,301)	(399,468)	(261,120)	(509,843)
Construction in progress	8,861	23,555	60,790	15,872
Total capital assets	546,943	627,519	362,252	776,483
Other noncurrent assets	21,318	4,641	6,056	23,239
Total Noncurrent Assets	1,032,932	871,114	576,726	1,258,205
Total Assets	1,179,974	937,686	629,936	1,480,022
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	13,617	14,997	9,256	13,870
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and other liabilities	82,468	42,656	25,406	98,528
Amounts due to primary government	2,901	56	-	65
Bonds and notes payable	7,628	3,706	7,022	14,424
Interest payable	1,473	5,019	1,108	1,015
Unearned revenue	20,834	13,748	6,186	26,654
Vendor financing obligations	4,444	3,575	813	2,017
Current portion of other long-term obligations	206	821	-	7,602
Total Current Liabilities	119,954	69,580	40,535	150,305
Long-Term Liabilities:				
Unearned revenue	-	122,419	793	1,766
Bonds and notes payable	147,199	331,352	102,470	218,736
Vendor financing obligations	11,731	3,126	607	2,710
Noncurrent portion of other long-term obligations	92,792	79,912	64,167	45,882
Total Long-Term Liabilities	251,722	536,809	168,037	269,095
Total Liabilities	371,676	606,389	208,572	419,400
<b>DEFERRED INFLOWS OF RESOURCES</b>	15,218	59,991	-	17,229
<b>NET POSITION</b>				
Net investment in capital assets	370,612	262,229	257,228	545,476
Restricted For:				
Education	30,633	-	13,873	46,241
Construction and debt service	12,781	-	3,087	1,854
Other purposes	-	53,769	-	-
Funds Held as Permanent Investments:				
Expendable	61,794	12,770	28,074	79,800
Nonexpendable	78,261	69,642	68,699	90,903
Unrestricted	252,617	(112,107)	59,659	292,990
Total Net Position	\$ 806,698	\$ 286,302	\$ 430,620	\$ 1,057,264

# Michigan

LAKE SUPERIOR STATE UNIVERSITY	MICHIGAN TECHNOLOGICAL UNIVERSITY	NORTHERN MICHIGAN UNIVERSITY	OAKLAND UNIVERSITY	SAGINAW VALLEY STATE UNIVERSITY	TOTALS
\$ 12,660	\$ 13,290	\$ 44,341	\$ 67,217	\$ 47,959	\$ 322,637
-	-	123	-	-	123
3,199	14,354	19,534	18,260	20,680	255,945
1,173	4,821	5,560	2,970	1,393	26,778
-	-	16	65	-	81
437	1,149	961	1,654	80	10,465
4,370	-	4,379	-	-	79,977
3,078	11,106	9,568	12,329	4,032	123,394
24,918	44,720	84,482	102,495	74,143	819,400
-	21,932	15,649	11,863	4,525	64,603
36,078	200,798	-	106,167	-	570,017
1,208	-	-	699	-	10,498
-	3,337	1,151	-	-	7,379
-	51,979	152,206	229,512	181,672	1,736,805
3,929	17,316	88,799	8,658	2,040	233,779
211,815	453,595	498,350	1,006,118	505,928	6,505,619
(135,152)	(260,461)	(250,984)	(424,536)	(232,557)	(3,042,422)
-	38,052	30,654	77,356	3,632	258,772
80,592	248,501	366,819	667,597	279,043	3,955,748
616	31,137	9,204	8,937	6,549	111,696
118,494	557,683	545,030	1,024,774	471,788	6,456,746
143,412	602,403	629,512	1,127,269	545,931	7,276,145
986	6,169	4,357	7,700	3,023	73,977
2,360	19,014	34,698	43,916	21,717	370,762
67	192	532	616	-	4,429
1,424	3,144	6,353	18,996	7,007	69,703
540	1,192	-	4,916	-	15,263
793	4,987	7,092	21,704	4,445	106,444
507	1,034	1,256	1,419	1,089	16,152
180	6,838	312	3,079	100	19,137
5,871	36,401	50,242	94,645	34,357	601,890
-	-	-	5,220	5,141	135,339
35,823	119,114	98,932	358,170	69,741	1,481,537
1,581	924	2,252	1,889	690	25,511
9,289	43,509	38,770	37,148	4,723	416,192
46,692	163,547	139,953	402,427	80,295	2,058,579
52,563	199,949	190,195	497,072	114,653	2,660,469
842	12,399	63,823	22,678	1,438	193,618
44,493	149,340	203,686	288,132	203,196	2,324,391
23,401	48,550	3,532	41,494	9,542	217,267
3,618	9,066	-	324	133	30,863
1,891	-	-	-	4,539	60,199
3,600	46,414	52,342	25,235	23,658	333,687
14,458	118,486	3,877	49,923	63,728	557,978
(468)	24,368	116,413	210,111	128,068	971,651
\$ 90,992	\$ 396,224	\$ 379,850	\$ 615,220	\$ 432,863	\$ 4,496,035

# Michigan

**COMBINING STATEMENT OF ACTIVITIES**  
**NON-MAJOR COMPONENT UNITS - STATE UNIVERSITIES**  
 FISCAL YEAR ENDED JUNE 30, 2023  
 (In Thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			
		CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS	NET (EXPENSE) REVENUE
Central Michigan University	519,836	319,269	51,263	(1,017)	(150,321)
Eastern Michigan University	375,928	216,545	38,050	1,020	(120,312)
Ferris State University	244,755	132,666	20,819	-	(91,271)
Grand Valley State University	512,398	332,919	49,322	1,980	(128,178)
Lake Superior State University	54,547	23,043	12,741	864	(17,899)
Michigan Technological University	300,405	143,102	88,934	11,403	(56,966)
Northern Michigan University	193,731	112,601	29,788	10,984	(40,358)
Oakland University	356,892	247,241	38,013	126	(71,512)
Saginaw Valley State University	142,835	82,702	9,623	25	(50,486)
Total	<u>\$ 2,701,328</u>	<u>\$ 1,610,087</u>	<u>\$ 338,554</u>	<u>\$ 25,384</u>	<u>\$ (727,303)</u>

GENERAL REVENUES					
INTEREST AND INVESTMENT EARNINGS (LOSS)	PAYMENTS FROM STATE OF MICHIGAN	OTHER	CHANGE IN NET POSITION	NET POSITION BEGINNING OF YEAR RESTATE	NET POSITION END OF YEAR
14,685	191,009	18,025	73,397	733,301	806,698
1,901	133,294	11,961	26,844	259,458	286,302
6,539	121,717	36,380	73,365	357,255	430,620
9,506	81,254	41,821	4,403	1,052,861	1,057,264
255	24,587	2,371	9,314	81,679	90,992
4,658	96,816	5,063	49,572	346,653	396,224
7,518	88,667	9,729	65,557	314,294	379,850
17,903	68,408	20,109	34,908	580,312	615,220
8,806	32,275	16,901	7,496	425,368	432,863
<u>\$ 71,770</u>	<u>\$ 838,027</u>	<u>\$ 162,361</u>	<u>\$ 344,855</u>	<u>\$ 4,151,180</u>	<u>\$ 4,496,035</u>





INDEX

This part of the State of Michigan's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

<u>CONTENTS:</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.	
Net Position by Component .....	306
Changes in Net Position .....	308
Fund Balances – Governmental Funds .....	312
Changes in Fund Balances – Governmental Funds .....	314
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the State's most significant revenue sources: personal income and sales taxes.	
Personal Income by Industry .....	316
Taxable Sales by Industry .....	318
Personal Income Tax Filers and Liability by Income Level .....	320
Sales Tax Payers by Industry .....	321
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future. The State has no statutory limit on the amount of general obligation debt that may be authorized.	
Ratios of Outstanding Debt by Type .....	322
Ratios of Net General Obligation Bonded Debt Outstanding .....	324
Debt Service Coverage – Comprehensive Transportation Fund Related Bonds .....	326
Debt Service Coverage – State Trunkline Fund Related Bonds .....	328
Debt Service Coverage – State Building Authority .....	330
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.	
Demographic and Economic Indicators .....	332
<b>Operating Information</b> These schedules contain information about the State's operations and resources to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.	
Classified Employees by Function .....	334
Operating Indicators by Function .....	336
Capital Assets by Function .....	340

**SOURCES:**

Unless otherwise noted, the information in these schedules is derived from the financial statements presented in the annual comprehensive financial reports for the relevant years.

# Michigan

## NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(In Thousands)

(Accrual Basis of Accounting)

	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 20,279,584	\$ 20,578,869	\$ 21,162,152	\$ 21,736,440
Restricted	3,824,871	3,647,713	3,772,413	4,152,864
Unrestricted	(5,876,457)	(9,942,038)	(11,298,822)	(9,848,197)
Total governmental activities net position	<u>\$ 18,227,998</u>	<u>\$ 14,284,544</u>	<u>\$ 13,635,744</u>	<u>\$ 16,041,107</u>
Business-type activities				
Net investment in capital assets	\$ 606	\$ 1,557	\$ 1,257	\$ 1,183
Restricted	2,442,471	2,989,561	3,526,823	3,994,553
Unrestricted	5,834	(11,862)	(19,126)	(21,180)
Total business-type activities net position	<u>\$ 2,448,910</u>	<u>\$ 2,979,255</u>	<u>\$ 3,508,953</u>	<u>\$ 3,974,556</u>
Primary government				
Net investment in capital assets	\$ 20,280,190	\$ 20,580,426	\$ 21,163,409	\$ 21,737,623
Restricted	6,267,342	6,637,274	7,299,236	8,147,417
Unrestricted	(5,870,623)	(9,953,900)	(11,317,949)	(9,869,376)
Total primary government net position	<u>\$ 20,676,909</u>	<u>\$ 17,263,800</u>	<u>\$ 17,144,696</u>	<u>\$ 20,015,664</u>
Reconciliation of net position				
Beginning net position	\$ 20,081,347	\$ 20,676,909	\$ 17,263,800	\$ 17,144,696
Restatement of beginning net position	(36,068)	(4,780,332)	(1,712,198)	-
Beginning net position - restated	20,045,279	15,896,577	15,551,601	17,144,696
Statement of Activities - changes in net position	631,629	1,367,223	1,593,095	2,870,968
Ending net position	<u>\$ 20,676,909</u>	<u>\$ 17,263,800</u>	<u>\$ 17,144,696</u>	<u>\$ 20,015,664</u>

# Michigan

2018	2019	2020	2021	2022	2023
\$ 21,014,252	\$ 21,599,362	\$ 21,305,928	\$ 21,253,248	\$ 21,175,740	\$ 21,352,026
4,218,412	4,267,930	5,651,877	8,099,736	11,667,798	12,453,034
(14,946,883)	(14,621,279)	(13,636,896)	(9,002,099)	(2,439,521)	(2,206,510)
<u>\$ 10,285,781</u>	<u>\$ 11,246,012</u>	<u>\$ 13,320,910</u>	<u>\$ 20,350,885</u>	<u>\$ 30,404,017</u>	<u>\$ 31,598,551</u>
\$ 969	\$ 1,058	\$ 646	\$ 263	\$ 282	\$ (13)
4,525,760	5,006,011	1,491,560	1,173,186	1,821,317	2,397,571
(80,469)	(70,076)	(62,509)	(70,236)	(88,614)	(91,021)
<u>\$ 4,446,260</u>	<u>\$ 4,936,993</u>	<u>\$ 1,429,697</u>	<u>\$ 1,103,214</u>	<u>\$ 1,732,985</u>	<u>\$ 2,306,537</u>
\$ 21,015,221	\$ 21,600,419	\$ 21,306,575	\$ 21,253,511	\$ 21,176,021	\$ 21,352,013
8,744,173	9,273,941	7,143,436	9,272,922	13,489,116	14,850,606
(15,027,352)	(14,691,355)	(13,699,405)	(9,072,335)	(2,528,135)	(2,297,531)
<u>\$ 14,732,042</u>	<u>\$ 16,183,005</u>	<u>\$ 14,750,607</u>	<u>\$ 21,454,098</u>	<u>\$ 32,137,002</u>	<u>\$ 33,905,087</u>
\$ 20,015,664	\$ 14,732,042	\$ 16,183,005	\$ 14,750,607	\$ 21,454,098	\$ 32,137,002
(6,999,392)	(24,796)	305,808	(20,866)	86,079	(34,468)
13,016,272	14,707,246	16,488,813	14,729,740	21,540,177	32,102,534
1,715,770	1,475,759	(1,738,206)	6,724,358	10,596,825	1,802,553
<u>\$ 14,732,042</u>	<u>\$ 16,183,005</u>	<u>\$ 14,750,607</u>	<u>\$ 21,454,098</u>	<u>\$ 32,137,002</u>	<u>\$ 33,905,087</u>

# Michigan

## CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(In Thousands)

(Accrual Basis of Accounting)

	2014	2015	2016	2017
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,455,999	\$ 3,240,918	\$ 3,044,493	\$ 2,595,165
Education	14,941,366	15,452,338	15,831,480	16,114,081
Health and human services	20,544,300	23,190,878	23,441,412	23,020,839
Public safety and corrections	2,638,272	2,685,500	2,664,726	2,686,252
Conservation, environment, recreation, and agriculture	714,019	609,306	753,361	783,971
Labor, commerce, and regulatory	956,256	953,030	746,550	890,781
Transportation	3,309,442	3,325,519	3,377,660	3,483,622
Tax credits (Note 16)	676,500	662,400	672,400	696,500
Intergovernmental-revenue sharing	1,120,593	1,210,557	1,213,432	1,259,005
Interest on long-term debt	174,522	162,859	415,468	272,742
Total governmental activities	47,531,269	51,493,305	52,160,983	51,802,959
Business-type activities:				
Liquor Purchase Revolving Fund	779,276	825,796	872,902	903,150
State Lottery Fund	1,868,607	1,990,582	2,229,995	2,424,850
Attorney Discipline System	4,798	4,710	5,019	4,898
Michigan Unemployment Compensation Funds	1,246,507	952,773	914,081	859,638
Total business-type activities	3,899,188	3,773,861	4,021,996	4,192,536
Total primary government expenses	<u>\$ 51,430,457</u>	<u>\$ 55,267,166</u>	<u>\$ 56,182,979</u>	<u>\$ 55,995,495</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 688,044	\$ 666,648	\$ 658,741	\$ 694,819
Education	9,388	(3,752)	6,947	5,662
Health and human services	152,511	162,768	155,276	159,544
Public safety and corrections	161,447	163,821	169,789	170,323
Conservation, environment, recreation, and agriculture	299,073	301,529	296,694	318,319
Labor, commerce, and regulatory	754,054	749,576	788,169	794,170
Transportation	96,727	100,403	105,108	94,683
Operating grants and contributions	17,981,852	20,431,030	20,660,821	20,244,084
Capital grants and contributions	850,174	926,670	878,642	953,635
Total governmental activities program revenues	<u>\$ 20,993,270</u>	<u>\$ 23,498,693</u>	<u>\$ 23,720,187</u>	<u>\$ 23,435,239</u>
Business-type activities:				
Charges for services:				
Liquor Purchase Revolving Fund	\$ 957,054	\$ 1,021,890	\$ 1,082,256	\$ 1,123,654
State Lottery Fund	2,608,920	2,785,133	3,118,137	3,347,126
Attorney Discipline System	4,867	4,024	4,045	4,082
Michigan Unemployment Compensation Funds	1,809,854	1,461,988	1,383,410	1,291,128
Operating grants and contributions	59,881	67,628	78,660	74,694
Total business-type activities program revenues	<u>5,440,576</u>	<u>5,340,663</u>	<u>5,666,507</u>	<u>5,840,685</u>
Total primary government program revenues	<u>\$ 26,433,845</u>	<u>\$ 28,839,356</u>	<u>\$ 29,386,694</u>	<u>\$ 29,275,924</u>
<b>Net (Expenses)/Revenues</b>				
Governmental activities	\$ (26,538,000)	\$ (27,994,612)	\$ (28,440,795)	\$ (28,367,720)
Business-type activities	1,541,388	1,566,801	1,644,511	1,648,149
Total primary government net expenses	<u>\$ (24,996,612)</u>	<u>\$ (26,427,810)</u>	<u>\$ (26,796,285)</u>	<u>\$ (26,719,571)</u>

# Michigan

2018	2019	2020	2021	2022	2023
\$ 3,334,891	\$ 3,210,082	\$ 2,882,398	\$ 3,200,292	\$ 2,859,202	\$ 3,616,732
16,727,675	17,059,677	17,831,607	18,754,267	22,137,374	24,217,649
24,071,364	25,613,513	26,420,104	29,794,548	31,437,130	33,178,243
2,899,797	3,269,546	3,078,647	3,221,781	2,692,790	2,982,786
932,250	990,650	1,575,468	937,084	927,268	1,597,733
821,050	951,297	980,383	1,802,776	3,010,768	4,382,541
3,891,092	4,460,862	5,204,891	4,908,241	5,029,633	5,412,310
696,100	895,100	936,500	884,600	908,800	1,359,010
1,289,064	1,327,717	1,241,267	1,451,332	1,607,907	1,609,884
287,506	259,781	224,617	255,201	265,752	266,298
54,950,789	58,038,224	60,375,882	65,210,122	70,876,624	78,623,186
953,854	1,007,701	1,180,694	1,274,106	1,260,303	1,260,661
2,654,651	2,833,493	3,082,442	3,633,130	3,653,269	3,592,001
5,077	5,307	5,534	5,507	4,923	5,443
793,535	785,553	25,367,742	14,440,513	908,095	739,361
4,407,117	4,632,053	29,636,413	19,353,255	5,826,589	5,597,465
\$ 59,357,906	\$ 62,670,277	\$ 90,012,294	\$ 84,563,377	\$ 76,703,213	\$ 84,220,652
\$ 627,297	\$ 683,878	\$ 632,904	\$ 691,916	\$ 1,166,656	\$ 1,023,168
24,025	11,462	6,312	6,034	9,349	15,223
174,607	166,326	176,825	168,279	162,627	120,098
168,028	167,635	153,967	185,258	159,327	137,429
360,981	328,642	330,842	391,044	387,421	396,636
789,277	784,214	390,859	349,349	364,925	424,266
134,043	100,933	88,316	105,114	109,432	105,942
20,636,711	21,581,071	25,735,099	29,864,862	34,644,381	33,496,506
863,854	1,014,734	1,187,137	981,719	1,068,229	1,308,592
\$ 23,778,822	\$ 24,838,895	\$ 28,702,263	\$ 32,743,575	\$ 38,072,347	\$ 37,027,860
\$ 1,181,472	\$ 1,252,065	\$ 1,459,240	\$ 1,587,738	\$ 1,586,516	\$ 1,561,901
3,591,929	3,897,405	4,256,618	5,057,975	4,911,450	4,939,122
4,699	5,334	5,336	5,365	5,311	6,133
1,276,504	1,207,485	21,748,077	14,001,625	1,475,694	1,309,725
90,410	132,247	137,422	14,159	768	61,101
6,145,014	6,494,536	27,606,694	20,666,862	7,979,738	7,877,982
\$ 29,923,836	\$ 31,333,430	\$ 56,308,956	\$ 53,410,437	\$ 46,052,086	\$ 44,905,842
\$ (31,171,967)	\$ (33,199,329)	\$ (31,673,619)	\$ (32,466,547)	\$ (32,804,276)	\$ (41,595,327)
1,737,897	1,862,482	(2,029,719)	1,313,606	2,153,149	2,280,517
\$ (29,434,070)	\$ (31,336,847)	\$ (33,703,338)	\$ (31,152,941)	\$ (30,651,127)	\$ (39,314,810)

# Michigan

## CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (Continued)

(In Thousands)

(Accrual Basis of Accounting)

	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
General:				
Sales and use	\$ 2,993,426	\$ 3,250,886	\$ 3,281,008	\$ 2,733,120
Personal income	6,078,008	7,260,820	7,332,173	7,435,551
Flow-through entity	-	-	-	-
Single business, Michigan business, and corporate income	562,739	892,039	760,979	1,427,291
Tobacco products	578,154	586,133	590,507	589,959
Beer, wine, and liquor	143,105	144,449	157,421	160,271
Insurance company	362,287	322,988	329,871	371,233
Quality assurance assessment	971,377	1,017,823	1,135,257	1,128,006
Essential services assessment	-	-	-	-
Penalties and interest	117,734	131,601	120,116	104,375
Marihuana excise	-	-	-	-
Insurance provider assessment	-	-	-	-
Other	514,504	433,640	495,183	592,077
Restricted For Educational Purposes:				
Sales and use	5,872,729	5,905,831	6,023,300	6,209,309
Personal income	2,276,581	2,557,141	2,647,832	2,723,883
Flow-through entity	-	-	-	-
Education, property, and real estate transfers	2,033,711	2,110,325	2,174,946	2,278,142
Tobacco products	357,389	360,645	360,017	357,202
Beer, wine, and liquor	45,722	48,706	52,247	54,048
Casino gaming wagering	106,903	110,785	112,868	113,219
Other	65,172	61,643	58,943	63,633
Restricted For Transportation Purposes:				
Sales and use	102,026	90,806	84,499	95,229
Personal income	-	-	-	-
Gasoline and diesel fuel	958,745	1,003,958	1,005,121	1,362,260
Motor vehicle registration	940,637	977,958	1,018,280	1,210,628
Other	5,052	6,383	6,133	4,855
Unrestricted investment and interest earnings	990	1,187	4,403	11,021
Miscellaneous	517,297	500,891	621,777	545,398
Contributions to permanent fund principal	23,865	18,261	16,075	19,468
Special items	-	-	-	-
Transfers	942,883	999,812	1,118,001	1,182,908
Total governmental activities	26,571,035	28,794,710	29,506,957	30,773,084
Business-type activities:				
Investment earnings	87	133	423	331
Miscellaneous	3	1	-	31
Transfers	(942,883)	(999,812)	(1,118,001)	(1,182,908)
Total business-type activities	(942,793)	(999,677)	(1,117,577)	(1,182,545)
Total primary government	\$ 25,628,241	\$ 27,795,033	\$ 28,389,380	\$ 29,590,539
<b>Changes in Net Position</b>				
Governmental activities	\$ 33,035	\$ 800,098	\$ 1,066,162	\$ 2,405,364
Business-type activities	598,595	567,124	526,933	465,604
Total primary government	\$ 631,630	\$ 1,367,223	\$ 1,593,095	\$ 2,870,968

NOTE: Starting with fiscal year 2021, the Restricted for Educational Purposes Beer, wine, and liquor tax is included in Other taxes.  
The Marihuana Excise Tax, established in fiscal year 2020, was previously included in Other within the General taxes section.

# Michigan

2018	2019	2020	2021	2022	2023
\$ 2,899,347	\$ 2,898,982	\$ 2,891,029	\$ 3,759,702	\$ 3,988,462	\$ 4,092,975
8,109,910	8,526,451	7,891,855	9,266,721	8,919,862	8,033,473
-	-	-	-	1,341,141	737,624
942,942	1,409,618	979,259	1,900,058	2,094,169	2,366,562
567,634	563,157	567,482	576,296	511,381	471,754
164,204	172,133	193,699	211,291	206,563	210,224
393,357	327,420	467,761	390,843	419,876	465,969
1,250,422	1,410,904	1,264,403	1,347,956	1,374,899	1,422,181
99,290	111,214	121,991	125,783	135,379	141,810
194,309	128,295	96,894	130,608	149,643	147,600
-	-	-	120,472	186,643	270,905
-	602,602	603,781	639,422	636,070	643,402
554,313	229,796	214,254	287,685	411,867	443,668
6,455,104	6,616,765	6,604,996	7,785,684	8,744,222	8,971,710
2,948,984	2,907,833	3,123,542	3,642,034	3,627,961	3,469,954
-	-	-	-	452,302	293,531
2,339,504	2,466,383	2,524,085	2,756,169	3,001,216	2,970,585
339,070	328,327	328,318	327,852	283,651	255,993
56,405	60,254	70,174	-	-	-
115,423	117,257	67,011	90,572	104,059	102,673
61,328	65,456	67,867	146,342	142,874	151,188
103,275	107,728	99,672	97,438	148,007	147,999
-	264,000	468,000	600,000	600,000	600,000
1,469,228	1,462,292	1,319,661	1,363,609	1,433,033	1,483,897
1,295,268	1,353,613	1,344,763	1,399,595	1,402,986	1,503,702
4,535	4,702	4,327	4,193	4,918	5,569
25,327	40,019	20,726	13,465	95,407	696,588
740,953	614,858	619,530	893,687	811,123	995,934
19,675	18,759	9,019	11,316	18,887	11,751
-	-	-	(11,651)	-	-
1,222,917	1,375,539	1,478,612	1,640,198	1,516,263	1,715,115
32,372,724	34,184,356	33,442,709	39,517,338	42,762,863	42,824,336
(25)	3,789	1,015	159	1,351	8,137
57	-	20	-	-	4
(1,222,917)	(1,375,539)	(1,478,612)	(1,640,198)	(1,516,263)	(1,715,115)
(1,222,884)	(1,371,750)	(1,477,577)	(1,640,039)	(1,514,911)	(1,706,974)
\$ 31,149,840	\$ 32,812,606	\$ 31,965,132	\$ 37,877,299	\$ 41,247,952	\$ 41,117,363
\$ 1,200,757	\$ 985,026	\$ 1,769,090	\$ 7,050,791	\$ 9,958,587	\$ 1,229,010
515,013	490,733	(3,507,296)	(326,433)	638,238	573,543
\$ 1,715,770	\$ 1,475,759	\$ (1,738,206)	\$ 6,724,358	\$ 10,596,825	\$ 1,802,553



**FUND BALANCES, GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS

(In Thousands)

(Modified Accrual Basis of Accounting)

	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 189,095	\$ 115,937	\$ 76,746	\$ 63,135
Restricted	383,025	395,945	467,486	598,414
Committed	998,674	1,108,240	1,378,378	1,482,000
Assigned	206,875	176,405	151,555	176,986
Unassigned	306,382	694,734	604,388	622,538
Total general fund	<u>\$ 2,084,052</u>	<u>\$ 2,491,262</u>	<u>\$ 2,678,554</u>	<u>\$ 2,943,074</u>
All Other Governmental Funds				
Nonspendable	\$ 992,581	\$ 1,016,322	\$ 1,030,282	\$ 1,047,393
Restricted	2,250,773	1,989,423	2,048,762	2,378,356
Committed	547,466	352,699	289,534	312,162
Unassigned	(106,128)	(56,951)	(62,012)	6,918
Total all other governmental funds	<u>\$ 3,684,691</u>	<u>\$ 3,301,493</u>	<u>\$ 3,306,566</u>	<u>\$ 3,744,829</u>
Reconciliation of governmental fund balances				
Beginning fund balances	\$ 6,334,689	\$ 5,768,743	\$ 5,792,755	\$ 5,985,120
Restatement of beginning fund balances	-	-	24,182	-
Beginning fund balances - restated	6,334,689	5,768,743	5,816,936	5,985,120
Excess of revenues and other sources over (under) expenditures and other uses	(565,945)	24,011	168,184	702,783
Ending fund balances	<u>\$ 5,768,743</u>	<u>\$ 5,792,755</u>	<u>\$ 5,985,120</u>	<u>\$ 6,687,903</u>

# Michigan

2018	2019	2020	2021	2022	2023
\$ 17,813	\$ 22,306	\$ 249,010	\$ 218,787	\$ 134,321	\$ 91,573
591,065	653,888	782,072	830,075	1,054,434	1,179,683
2,128,981	2,425,716	2,041,315	2,939,874	4,269,717	7,428,624
176,480	135,304	99,794	131,292	133,339	295,561
788,321	916,168	2,363,049	4,362,765	7,463,485	3,925,272
<u>\$ 3,702,660</u>	<u>\$ 4,153,382</u>	<u>\$ 5,535,239</u>	<u>\$ 8,482,793</u>	<u>\$ 13,055,296</u>	<u>\$ 12,920,713</u>
\$ 1,063,885	\$ 1,087,207	\$ 1,108,636	\$ 1,163,468	\$ 1,193,670	\$ 1,227,565
2,453,833	2,388,941	4,397,613	7,160,039	9,476,056	10,390,190
363,400	305,419	261,081	301,835	332,821	328,835
(63,301)	(104,507)	(149,561)	(87,808)	(52,740)	(59,689)
<u>\$ 3,817,817</u>	<u>\$ 3,677,060</u>	<u>\$ 5,617,769</u>	<u>\$ 8,537,535</u>	<u>\$ 10,949,806</u>	<u>\$ 11,886,901</u>
\$ 6,687,903	\$ 7,520,477	\$ 7,830,442	\$ 11,153,008	\$ 17,020,328	\$ 24,005,101
-	-	-	(6,645)	48,238	-
6,687,903	7,520,477	7,830,442	11,146,363	17,068,566	24,005,101
832,574	309,965	3,322,566	5,873,965	6,936,536	802,513
<u>\$ 7,520,477</u>	<u>\$ 7,830,442</u>	<u>\$ 11,153,008</u>	<u>\$ 17,020,328</u>	<u>\$ 24,005,101</u>	<u>\$ 24,807,614</u>

# Michigan

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(In Thousands)

(Modified Accrual Basis of Accounting)

	2014	2015	2016	2017
<b>Revenues</b>				
Taxes	\$ 25,335,788	\$ 27,176,341	\$ 27,804,517	\$ 28,530,168
From federal agencies	18,524,648	21,096,200	21,198,341	20,717,668
From local agencies	100,372	105,270	114,454	103,722
From services	326,560	330,508	339,877	358,373
From licenses and permits	511,416	527,500	570,150	577,757
Special Medicaid reimbursements	133,909	120,904	115,621	188,933
Miscellaneous	1,714,576	1,734,331	2,038,138	1,982,759
Total revenues	<u>46,647,268</u>	<u>51,091,052</u>	<u>52,181,098</u>	<u>52,459,380</u>
<b>Expenditures</b>				
General government	2,066,169	2,741,135	2,931,623	2,555,020
Education	14,973,104	15,493,658	15,831,979	16,117,415
Health and human services	20,600,683	23,287,158	23,516,873	23,070,385
Public safety and corrections	2,669,883	2,707,199	2,670,637	2,694,120
Conservation, environment, recreation, and agriculture	681,072	615,656	753,725	787,112
Labor, commerce, and regulatory	961,934	978,003	1,230,828	1,270,025
Transportation	2,611,213	2,604,129	2,650,069	2,753,765
Tax credits	676,500	662,400	672,400	696,500
Capital outlay	1,113,770	1,160,142	1,106,163	1,223,968
Intergovernmental - revenue sharing	1,120,593	1,210,557	1,213,432	1,259,005
Debt service:				
Bond principal retirement	452,631	468,085	452,695	423,751
Bond interest and fiscal charges	317,873	305,687	276,369	288,859
Structured settlement principal payments (2)	-	-	-	-
Structured settlement interest payments (2)	-	-	-	-
Vendor financing principal payments (2)	63,028	66,939	68,982	69,414
Vendor financing interest payments (2)	-	-	-	-
Total expenditures	<u>48,308,452</u>	<u>52,300,750</u>	<u>53,375,775</u>	<u>53,209,340</u>
Excess of revenues over (under) expenditures	(1,661,184)	(1,209,697)	(1,194,677)	(749,959)
<b>Other Financing Sources (Uses)</b>				
Bonds and bond anticipation notes issued	-	177,965	172,195	228,560
Bonds and notes issued	85,295	-	-	-
Refunding bonds issued	295,085	969,870	1,425,395	-
Premium on bond issuance	47,579	156,548	294,178	18,999
Discount on bond issuance	-	(298)	(2,773)	-
Payment to refunded bond escrow agent	(299,121)	(1,107,996)	(1,674,399)	-
Vendor financing acquisitions	18,846	25,373	19,322	14,480
Proceeds from sale of capital assets	3,466	5,250	3,111	3,764
Transfers from other funds	3,354,150	3,024,769	3,184,970	3,586,039
Transfers to other funds	(2,410,062)	(2,017,772)	(2,059,139)	(2,399,099)
Total other financing sources (uses)	<u>1,095,238</u>	<u>1,233,709</u>	<u>1,362,860</u>	<u>1,452,742</u>
Special items	-	-	-	-
Net change in fund balances	<u>\$ (565,945)</u>	<u>\$ 24,011</u>	<u>\$ 168,184</u>	<u>\$ 702,783</u>
Debt service as a percentage of noncapital expenditures (1)	1.7%	1.6%	1.5%	1.5%

NOTE: (1) Noncapital expenditures are calculated as total expenditures less capital outlay expenditures less capital expenditures in current expenditure functions. Capital expenditures in current expenditure functions are identified in the process of reconciling Governmental Funds to Governmental Activities.

NOTE: (2) Beginning in fiscal year 2022, principal and interest are reported separately for structured settlement vendor financing payments (previously capital lease and financed purchase payments). For prior years, interest is included in the corresponding principal line.

# Michigan

2018	2019	2020	2021	2022	2023
\$ 30,359,702	\$ 31,519,313	\$ 31,401,952	\$ 35,845,853	\$ 40,100,955	\$ 39,487,502
21,004,796	22,064,601	26,475,081	30,375,140	35,518,830	33,905,710
108,513	117,086	144,259	147,946	132,871	152,741
364,475	364,935	351,341	360,439	353,454	366,830
585,765	619,452	622,910	691,007	684,413	680,476
149,350	175,942	153,051	159,986	172,203	185,360
2,111,796	2,013,900	1,459,166	1,556,679	1,431,598	2,754,161
<u>54,684,397</u>	<u>56,875,229</u>	<u>60,607,760</u>	<u>69,137,049</u>	<u>78,394,324</u>	<u>77,532,778</u>
2,764,946	2,755,260	2,923,223	3,167,215	2,941,366	3,420,468
16,707,956	17,059,690	17,827,446	18,761,439	22,166,303	24,223,115
23,925,010	25,269,773	26,301,845	30,009,386	31,862,980	33,267,828
2,725,056	2,800,651	2,963,209	3,286,293	3,181,570	3,088,556
895,072	892,066	915,403	1,009,593	1,044,094	1,321,953
1,259,349	1,343,644	1,071,869	1,718,878	3,061,283	4,404,290
2,934,340	3,311,343	3,429,999	3,569,828	3,692,633	3,951,781
696,100	895,100	936,500	884,600	908,800	1,359,010
1,297,519	1,619,894	1,992,422	1,894,460	2,273,329	2,605,916
1,289,064	1,327,717	1,241,267	1,451,332	1,607,907	1,609,884
415,853	432,071	431,330	393,175	397,874	431,331
281,758	259,750	246,455	231,810	265,772	270,881
-	-	-	15,000	61,075	32,651
-	-	-	-	519	18,669
72,168	74,334	106,972	88,876	79,206	77,207
-	-	-	-	18,617	85,830
<u>55,264,192</u>	<u>58,041,294</u>	<u>60,387,940</u>	<u>66,481,886</u>	<u>73,563,328</u>	<u>80,169,370</u>
(579,795)	(1,166,065)	219,820	2,655,164	4,830,996	(2,636,592)
149,200	67,478	1,051,090	1,006,270	146,530	1,307,490
-	-	-	-	-	-
-	168,102	807,065	54,150	-	280,985
4,108	29,111	286,681	247,857	15,093	130,974
-	-	-	-	-	-
-	(185,167)	(827,914)	(68,958)	-	(301,267)
23,383	10,788	300,768	234,812	262,104	109,318
8,454	5,724	1,967	5,682	9,342	7,038
3,515,528	3,814,588	4,308,350	4,526,382	4,735,132	5,003,682
(2,288,305)	(2,434,594)	(2,825,261)	(2,775,970)	(3,062,661)	(3,099,116)
<u>1,412,368</u>	<u>1,476,030</u>	<u>3,102,746</u>	<u>3,230,226</u>	<u>2,105,540</u>	<u>3,439,105</u>
-	-	-	(11,424)	-	-
<u>\$ 832,574</u>	<u>\$ 309,965</u>	<u>\$ 3,322,566</u>	<u>\$ 5,873,965</u>	<u>\$ 6,936,536</u>	<u>\$ 802,513</u>
1.4%	1.3%	1.3%	1.1%	1.1%	1.2%

## Michigan

### PERSONAL INCOME BY INDUSTRY LAST TEN FISCAL YEARS (In Millions)

	2013	2014	2015	2016
Farm earnings	\$ 2,169	\$ 1,521	\$ 1,093	\$ 1,042
Forestry, fishing, and related activities	344	402	450	492
Mining	1,119	1,245	909	593
Utilities	2,755	2,930	2,993	3,165
Construction	12,580	13,690	14,729	15,576
Manufacturing	43,894	45,150	48,013	49,973
Wholesale trade	14,229	14,641	15,504	15,695
Retail trade	15,607	16,031	16,948	17,538
Transportation and warehousing	7,553	7,922	8,360	8,688
Information	4,814	5,076	5,266	5,264
Finance and insurance	12,826	12,855	13,430	14,390
Real estate and rental and leasing	6,476	6,636	7,245	7,534
Professional, scientific, and technical services	27,658	29,032	30,979	32,514
Management of companies and enterprises	6,959	7,463	7,899	8,278
Administrative and waste services	12,555	12,885	13,230	13,300
Educational services	3,269	3,424	3,460	3,590
Health care and social assistance	33,991	34,529	35,774	37,483
Arts, entertainment, and recreation	2,182	2,311	2,293	2,413
Accommodation and food services	7,549	7,862	8,435	9,040
Other services, except public administration	9,951	10,187	10,628	10,854
Government and government enterprises	40,718	40,395	41,912	42,335
Total earnings by place of work	269,200	276,186	289,550	299,756
Total earnings by place of work	269,200	276,186	289,550	299,756
less: Contributions for government social insurance	31,188	32,965	34,311	35,456
plus: Adjustment for residence	1,915	2,025	2,117	2,227
Net earnings by place of residence	239,926	245,246	257,355	266,527
Net earnings by place of residence	239,926	245,246	257,355	266,527
plus: Dividends, interest, and rent	68,747	71,237	76,505	79,444
plus: Personal current transfer receipts	83,167	85,394	90,222	92,910
Total Personal Income	\$ 391,840	\$ 401,877	\$ 424,083	\$ 438,880
Statutory Tax Rate (blended rate)	4.3%	4.3%	4.3%	4.3%

NOTES: Earnings presented are blended averages. Due to the use of averages and blended amounts, the totals may not equal the sum of the industry amounts presented.

Earnings includes wages and salaries, supplements to wages and proprietors' income.

Industries are categorized using the North American Industry Classification System.

Fiscal year 2022 is the most recent year for which data is available.

SOURCES: U.S. Bureau of Economic Analysis, U.S. Department of Commerce.

Office of Revenue and Tax Analysis, Michigan Department of Treasury.

# Michigan

2017	2018	2019	2020	2021	2022
\$ 1,010	\$ 978	\$ 980	\$ 1,502	\$ 2,525	\$ 2,355
499	493	467	517	527	535
579	723	792	620	648	719
3,407	3,575	3,860	3,946	4,195	4,081
16,973	17,993	18,159	17,956	19,333	21,045
51,943	54,613	55,629	52,239	54,257	57,979
16,259	16,870	17,237	17,205	17,833	19,090
18,190	18,811	19,250	19,630	21,884	23,456
9,249	10,124	11,217	11,512	12,363	14,122
5,170	5,397	5,643	5,590	6,309	6,562
15,360	15,793	16,178	17,742	19,276	19,155
7,396	7,239	7,937	10,569	13,550	15,428
33,770	35,201	35,975	35,548	39,025	42,558
9,403	10,789	10,492	10,665	11,293	11,197
13,829	14,493	14,658	14,047	15,628	17,435
3,584	3,573	3,637	3,573	3,794	4,057
38,644	40,079	41,083	41,460	43,448	45,567
2,559	2,697	3,085	2,762	2,866	3,512
9,508	10,050	10,296	8,576	9,481	11,655
11,110	11,569	11,859	11,531	12,137	13,249
43,137	44,178	44,821	45,817	46,187	47,769
<u>311,580</u>	<u>325,239</u>	<u>333,254</u>	<u>333,008</u>	<u>356,561</u>	<u>381,528</u>
311,580	325,239	333,254	333,008	356,561	381,528
36,677	38,684	39,613	39,369	41,500	45,600
<u>2,303</u>	<u>2,475</u>	<u>2,625</u>	<u>2,593</u>	<u>3,056</u>	<u>3,394</u>
277,206	289,030	296,266	296,232	318,117	339,322
277,206	289,030	296,266	296,232	318,117	339,322
80,808	84,802	88,073	87,908	94,867	103,398
<u>93,253</u>	<u>95,886</u>	<u>101,474</u>	<u>139,508</u>	<u>147,710</u>	<u>123,711</u>
<u>\$ 451,267</u>	<u>\$ 469,718</u>	<u>\$ 485,812</u>	<u>\$ 523,648</u>	<u>\$ 560,695</u>	<u>\$ 566,431</u>
4.3%	4.3%	4.3%	4.3%	4.3%	4.3%

## Michigan

### TAXABLE SALES BY INDUSTRY LAST TEN FISCAL YEARS (In Millions)

	2013	2014	2015	2016
Farming	\$ 69.4	\$ 79.2	\$ 32.6	\$ 148.1
Agricultural	254.3	349.8	330.0	65.4
Mining	136.2	152.1	139.2	112.9
Construction	617.9	665.3	1,064.1	1,375.4
Manufacturing	3,514.0	3,435.2	5,593.7	4,998.2
Transportation and utilities	12,763.8	11,567.7	11,447.0	10,541.2
Wholesale trade	2,652.0	2,574.0	5,136.3	6,861.6
Retail trade	94,582.1	93,964.6	79,923.2	73,330.2
Finance, insurance, and real estate	355.8	386.7	1,901.3	2,813.5
Services	6,223.3	6,412.5	16,925.4	23,323.8
State and local government	187.3	187.6	323.6	243.3
Other classifications	1,255.7	1,433.4	1,677.0	2,078.5
Total	<u>\$ 122,611.9</u>	<u>\$ 121,208.3</u>	<u>\$ 124,493.4</u>	<u>\$ 125,892.1</u>
Direct Sales Tax Rate	6.0%	6.0%	6.0%	6.0%

NOTES: Taxable sales were imputed from fiscal year sales tax cash collections by industry, and do not align with final reported revenue that includes accrual items.

Industries were categorized by using the Standard Industrial Classification through fiscal year 2014, and beginning in fiscal year 2015 using the North American Industry Classification System. The switch in classification system results in a significant increase reported by service firms and less reported by firms classified as retailers.

Fiscal year 2022 is the most recent year for which data is available.

SOURCE: Michigan Department of Treasury.

## Michigan

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2017	2018	2019	2020	2021	2022
\$ 152.8	\$ 134.9	\$ 148.8	\$ 168.3	\$ 246.5	\$ 303.4
69.9	81.7	83.8	90.0	111.2	112.5
109.2	173.0	187.9	209.6	214.4	223.1
1,493.0	1,609.8	1,590.4	1,615.7	1,903.1	2,273.5
5,264.1	5,571.0	5,591.2	5,490.2	6,730.7	7,974.5
10,749.4	11,553.2	11,510.3	11,696.0	13,472.6	14,825.0
7,507.8	11,094.2	11,273.9	11,559.9	13,492.4	14,169.1
75,988.5	78,650.3	78,696.5	80,541.2	98,170.4	109,415.3
2,787.3	2,451.9	3,299.1	2,745.1	3,258.3	2,486.1
23,615.8	24,107.3	24,687.5	22,460.1	24,833.6	30,256.1
252.2	201.8	194.2	188.2	203.0	236.8
2,348.8	685.6	2,322.7	1,331.4	1,644.5	1,254.3
<u>\$ 130,338.9</u>	<u>\$ 136,314.6</u>	<u>\$ 139,586.3</u>	<u>\$ 138,095.7</u>	<u>\$ 164,280.9</u>	<u>\$ 183,529.5</u>
6.0%	6.0%	6.0%	6.0%	6.0%	6.0%



## Michigan

### PERSONAL INCOME TAX FILERS AND LIABILITY BY INCOME LEVEL

TAX YEARS 2012 AND 2021

Adjusted Gross Income (AGI) Group	Tax Year 2012				Tax Year 2021			
	Number of Filers	Percentage of Total	Personal Income Tax (In Millions)	Percentage of Total	Number of Filers	Percentage of Total	Personal Income Tax (In Millions)	Percentage of Total
\$50,000 and under	2,903,305	64.3%	\$ 672	9.6%	2,693,480	55.4%	\$ 442	4.4%
\$50,001 - \$100,000	996,144	22.1%	2,122	30.3%	1,142,845	23.5%	2,322	23.4%
\$100,001 - \$250,000	523,246	11.6%	2,452	35.1%	840,739	17.3%	3,925	39.5%
\$250,001 - \$1,000,000	79,076	1.8%	1,097	15.7%	165,577	3.4%	2,150	21.6%
\$1,000,001 and higher	13,000	0.3%	651	9.3%	22,485	0.5%	1,101	11.1%
Total	4,514,771	100.0%	\$ 6,995	100.0%	4,865,126	100.0%	\$ 9,939	100.0%

NOTES: Due to confidentiality issues, the names of the ten largest revenue payers are not available. These categories are intended to provide alternative information regarding the sources of the State's personal income tax revenue.

Tax year 2012 personal income tax amount refers to tax amount net of nonrefundable credits, and net of Home Heating Credits (HHC), Homestead Property Tax Credits (HPTC), MI Earned Income Tax Credits (EITC), Farmland Preservation, and Historic Preservation Credits.

Tax year 2021 personal income tax amount refers to tax amount net of nonrefundable credits, and net of HHC, HPTC, EITC, Farmland Preservation, Historic Preservation Credits, and Flow-Through Entity Credits.

Tax year 2021 is the most recent year for which data is available.

SOURCE: Michigan Department of Treasury.

# Michigan

## SALES TAX PAYERS BY INDUSTRY

FISCAL YEARS 2013 AND 2022

	2013				2022			
	Number of Filers	Percentage of Total	Tax Liability (In Millions)	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability (In Millions)	Percentage of Total
Farming	581	0.6%	\$ 4.2	0.1%	1,017	0.7%	\$ 18.2	0.2%
Agricultural	1,634	1.7%	15.3	0.2%	614	0.4%	6.7	0.1%
Mining	239	0.3%	8.2	0.1%	248	0.2%	13.4	0.1%
Construction	2,190	2.3%	37.1	0.5%	4,177	3.0%	136.4	1.3%
Manufacturing	6,008	6.3%	210.8	2.9%	14,928	10.6%	478.5	4.4%
Transportation and utilities	1,290	1.4%	610.0	8.5%	1,141	0.8%	705.6	6.5%
Wholesale trade	1,864	2.0%	159.1	2.2%	8,295	5.9%	850.1	7.9%
Retail trade	54,580	57.3%	5,674.9	78.8%	49,024	34.9%	6,564.9	60.6%
Finance, insurance, and real estate	432	0.5%	21.3	0.3%	3,727	2.7%	149.2	1.4%
Services	24,572	25.8%	373.4	5.2%	51,255	36.5%	1,815.4	16.8%
State and local government	362	0.4%	11.2	0.2%	344	0.2%	14.2	0.1%
Other classifications	1,451	1.5%	75.3	1.0%	5,763	4.1%	75.3	0.7%
Total	95,203	100.0%	\$ 7,200.9	100.0%	140,533	100.0%	\$ 10,827.8	100.0%

NOTES: Taxable sales were imputed from fiscal year sales tax cash collections by industry, and do not align with final reported revenue that includes accrual items.

Industries were categorized using the Standard Industrial Classification through fiscal year 2014 and beginning in fiscal year 2015 using the North American Industry Classification System. The switch in classification system results in a significant increase in tax reported by service firms and less reported by firms classified as retailers.

Due to confidentiality issues, the names of the ten largest revenue payers are not available. These categories are intended to provide alternative information regarding the sources of the State's sales tax revenue.

Fiscal year 2022 is the most recent year for which data is available.

SOURCE: Michigan Department of Treasury.

# Michigan

## RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Dollars In Millions, except Per Capita)

FISCAL YEAR	GOVERNMENTAL ACTIVITIES					
	GENERAL OBLIGATION BONDS	REVENUE BONDS	STATE BUILDING AUTHORITY BONDS	LEASES	FINANCED PURCHASES	SUBSCRIPTIONS
2014	\$ 1,988.6	\$ 2,065.8	\$ 3,165.2	\$ 393.6	\$ -	\$ -
2015	1,790.5	1,916.0	3,272.4	453.6	-	-
2016	1,700.4	1,798.4	3,289.0	527.0	37.9	-
2017	1,634.4	1,623.7	3,303.1	500.3	64.8	-
2018	1,607.0	1,446.9	3,199.5	488.6	60.2	-
2019	1,422.3	1,262.2	3,170.1	453.2	48.9	-
2020	1,439.5	2,088.3	3,191.4	420.2	242.3	-
2021	1,268.9	2,914.3	3,322.1	398.5	472.3	-
2022	1,098.2	2,726.2	3,387.3	671.4	800.9	-
2023	921.2	3,869.3	3,339.9	592.5	877.5	585.0

NOTES: Article 9, Section 15 of the State Constitution allows for long-term borrowing by the State for specific purposes in amounts as may be provided by acts of the Legislature adopted by a vote of two-thirds of the members in each house and approved by a majority of the people voting at a general election. The debts of public bodies corporate and politic created by law are not general obligation debts and liabilities of the State. Details regarding the State's debt can be found in the bonds and notes payable note of the financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, was implemented in fiscal year 2022, and GASB Statement No. 96, Subscription-Based Information Technology Arrangements, was implemented in fiscal year 2023. These implementations impacted the amounts reported in this schedule for leases, financed purchases, and subscriptions. Details regarding leases, financed purchases, and subscriptions can be found in the vendor financing note of the financial statements.

Details regarding structured settlements can be found in the other long-term obligations note of the financial statements.

SOURCES: U.S. Census Bureau, Population Division.  
Department of Technology, Management and Budget.  
U.S. Department of Commerce, Bureau of Economic Analysis.  
Department of Treasury.

## Michigan

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GOVERNMENTAL ACTIVITIES		BUSINESS- TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
STRUCTURED SETTLEMENTS		LEASES				
\$ -		\$ -		\$ 7,613.2	1.9%	\$ 763
-		-		7,432.5	1.7%	744
-		-		7,352.7	1.7%	734
-		0.6		7,127.0	1.6%	709
-		0.8		6,803.0	1.4%	676
-		1.3		6,358.0	1.3%	631
-		1.2		7,383.0	1.4%	733
639.3		1.9		9,017.3	1.6%	898
585.7		4.1		9,273.8	1.6%	924
553.0		3.4		10,741.8	Unavailable	Unavailable

## Michigan

### RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Dollars In Millions, except Per Capita)

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS DEBT SERVICE FUNDS	NET GENERAL OBLIGATION BONDS	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
2014	\$ 1,988.6	\$ 1.6	\$ 1,987.0	0.5%	\$ 199
2015	1,790.5	1.7	1,788.8	0.4%	179
2016	1,700.4	1.7	1,698.6	0.4%	170
2017	1,634.4	1.8	1,632.6	0.4%	162
2018	1,607.0	3.7	1,603.3	0.3%	159
2019	1,422.3	1.9	1,420.4	0.3%	141
2020	1,439.5	1.6	1,437.9	0.3%	143
2021	1,268.9	1.7	1,267.2	0.2%	126
2022	1,098.2	1.7	1,096.5	0.2%	109
2023	921.2	-	921.2	Unavailable	Unavailable

SOURCES: U.S. Census Bureau, Population Division.  
Department of Technology, Management and Budget.  
U.S. Department of Commerce, Bureau of Economic Analysis.  
Department of Treasury.



# Michigan

## DEBT SERVICE COVERAGE COMPREHENSIVE TRANSPORTATION FUND RELATED BONDS LAST TEN FISCAL YEARS (In Millions)

	2014	2015	2016	2017
Constitutionally Restricted				
Transportation Fund Revenues:				
Motor Fuel Taxes	\$ 958.8	\$ 1,003.8	\$ 1,011.0	\$ 1,359.5
Registration Taxes	940.6	978.1	1,018.3	1,210.0
Miscellaneous Fees	37.4	38.8	40.6	44.8
Total	1,936.8	2,020.7	2,069.9	2,614.3
Less Deductions	135.3	143.5	144.7	161.6
Remaining Balance	1,801.5	1,877.2	1,925.2	2,452.6
Portion of Balance Credited to Comprehensive Transportation Fund (excluding interest)	165.5	172.5	176.9	229.8
Motor Vehicle Related Sales Tax Revenues	\$ 1,462.7	\$ 1,301.9	\$ 1,211.5	\$ 1,255.1
Allocation to Comprehensive Transportation Fund	102.0	90.8	84.5	87.5
Constitutionally Restricted Revenues Credited to Comprehensive Transportation Fund	\$ 267.5	\$ 263.3	\$ 261.4	\$ 317.4
Plus Other Revenues (primarily interest)	1.1	1.5	6.4	1.1
Money Available for Debt Service	\$ 268.6	\$ 264.8	\$ 267.9	\$ 318.5
Debt Service:				
Principal	\$ 14.5	\$ 15.9	\$ 16.5	\$ 17.2
Interest	7.9	7.3	6.2	5.7
Actual Annual Debt Service (1)	22.4	23.2	22.7	22.9
Debt Service Coverage	12.0 x	11.4 x	11.8 x	13.9 x

NOTE: (1) The table above does not include debt service on refunded bonds.

SOURCE: Michigan Department of Transportation.

# Michigan

2018	2019	2020	2021	2022	2023
\$ 1,467.9	\$ 1,460.1	\$ 1,318.4	\$ 1,354.1	\$ 1,434.2	\$ 1,494.5
1,294.9	1,354.2	1,345.1	1,400.0	1,402.9	1,503.5
42.0	41.3	35.4	42.2	40.9	40.2
2,804.8	2,855.6	2,698.9	2,796.3	2,878.0	3,038.3
161.6	163.1	158.6	162.2	164.4	162.2
2,643.1	2,692.5	2,540.3	2,634.1	2,713.6	2,876.0
248.7	254.0	240.4	249.1	256.9	274.3
\$ 1,378.0	\$ 1,388.5	\$ 1,291.3	\$ 1,326.9	\$ 1,996.2	\$ 1,939.3
96.1	96.9	90.1	92.5	139.2	135.3
\$ 344.9	\$ 350.9	\$ 330.5	\$ 341.7	\$ 396.1	\$ 409.6
2.6	4.9	5.3	4.7	24.4	21.7
\$ 347.4	\$ 355.8	\$ 335.8	\$ 346.3	\$ 420.5	\$ 431.3
\$ 18.1	\$ 18.9	\$ 11.3	\$ 11.9	\$ 12.6	\$ 2.5
4.8	3.9	3.0	2.4	1.8	1.2
22.9	22.8	14.3	14.3	14.3	3.7
15.2 x	15.6 x	23.4 x	24.2 x	29.3 x	115.3 x



# Michigan

**DEBT SERVICE COVERAGE**  
**STATE TRUNKLINE FUND RELATED BONDS**  
**LAST TEN FISCAL YEARS**  
(In Millions)

	2014	2015	2016	2017
Constitutionally Restricted				
Transportation Fund Revenues:				
Motor Fuel Taxes	\$ 958.8	\$ 1,003.8	\$ 1,011.0	\$ 1,359.5
Registration Taxes	940.6	978.1	1,018.3	1,210.0
Miscellaneous Fees	37.4	38.8	40.6	44.8
Total	1,936.8	2,020.7	2,069.9	2,614.3
Less Deductions:				
Local Bridge Debt Service	2.4	2.3	2.4	2.4
Legally Dedicated State Trunkline Fund Debt Service	43.0	43.0	43.0	50.0
Collection Costs	46.4	53.2	53.1	58.4
Recreation Improvement Fund	16.5	17.2	17.6	22.5
Comprehensive Transportation Fund (excluding interest)	165.5	172.5	176.9	229.8
Local Program Fund	33.0	33.0	33.0	33.0
Movable Bridge Fund	-	-	5.0	5.0
Local Agency Wetlands Mitigation Fund	-	-	2.0	2.0
Local Bridge Fund	26.9	27.8	28.5	28.3
Economic Development Fund	40.3	40.3	40.3	40.3
Miscellaneous	-	-	-	-
Total Deductions	374.1	389.3	401.9	471.8
Constitutionally Restricted Revenues				
Available for Distribution	1,562.8	1,631.5	1,668.0	2,142.5
Plus Income Tax Redirection	-	-	-	-
Plus Marihuana Excise Tax	-	-	-	-
Plus Other Revenues (primarily interest)	1.1	1.4	2.4	3.4
Total Money Available for Distribution	1,563.8	1,632.9	1,670.4	2,145.9
Distributions to:				
Cities and Villages	342.3	357.2	365.9	470.2
County Road Commissions	598.9	625.4	639.6	825.1
State Trunkline Fund	622.6	650.3	664.9	850.5
Money Available for Debt Service:				
State Trunkline Fund	622.6	650.3	664.9	850.5
Legally Dedicated State Trunkline Fund Debt Service	43.0	43.0	43.0	50.0
Economic Development Fund	40.3	40.3	40.3	40.3
Local Program Fund	33.0	33.0	33.0	33.0
Local Bridge Fund	2.4	2.3	2.4	2.4
Miscellaneous	35.7	26.4	31.8	38.5
Total Available for Debt Service	777.0	795.4	815.4	1,014.7
Debt Service:				
Principal	\$ 106.5	\$ 111.4	\$ 116.4	\$ 121.8
Interest	59.2	48.7	45.8	39.9
Actual Annual Debt Service (1)	165.7	160.1	162.2	161.8
Debt Service Coverage	4.7 x	5.0 x	5.0 x	6.3 x

NOTE: (1) The table above excludes amounts related to refunded bonds and federally funded debt.

SOURCE: Michigan Department of Transportation.

# Michigan

2018	2019	2020	2021	2022	2023
\$ 1,467.9	\$ 1,460.1	\$ 1,318.4	\$ 1,354.1	\$ 1,434.2	\$ 1,494.5
1,294.9	1,354.2	1,345.1	1,400.0	1,402.9	1,503.5
42.0	41.3	35.4	42.2	40.9	40.2
2,804.8	2,855.6	2,698.9	2,796.3	2,878.0	3,038.3
2.3	2.3	2.4	2.3	2.3	0.6
50.0	50.0	50.0	50.0	50.0	50.0
56.4	58.2	58.8	61.2	61.9	64.6
24.4	24.3	21.7	22.4	23.4	23.8
248.7	254.0	240.4	249.1	256.9	274.3
33.0	33.0	33.0	33.0	33.0	33.0
5.1	5.2	5.3	5.4	5.6	5.9
1.0	2.0	2.0	2.0	2.0	2.0
28.5	28.3	25.7	26.3	26.8	23.3
40.3	40.3	40.3	40.3	40.3	40.3
0.4	-	-	-	-	-
490.1	497.6	479.6	492.0	502.1	517.7
2,314.7	2,357.9	2,219.3	2,304.3	2,375.9	2,520.6
-	264.0	468.0	600.0	600.0	600.0
-	-	-	49.3	69.4	101.6
3.5	5.2	2.9	0.5	1.8	12.3
2,318.1	2,627.1	2,690.2	2,954.1	3,047.1	3,234.5
509.9	578.2	593.5	651.3	672.7	717.0
891.3	1,011.8	1,037.0	1,139.7	1,175.2	1,250.1
917.0	1,037.1	1,059.7	1,163.1	1,199.3	1,267.4
917.0	1,037.1	1,059.7	1,163.1	1,199.3	1,267.4
50.0	50.0	50.0	50.0	50.0	50.0
40.3	40.3	40.3	40.3	40.3	40.3
33.0	33.0	33.0	33.0	33.0	33.0
2.3	2.3	2.4	2.3	2.3	0.6
62.1	38.8	24.7	20.4	35.3	21.5
1,104.6	1,201.4	1,210.0	1,309.1	1,360.1	1,412.7
\$ 127.2	\$ 133.9	\$ 97.5	\$ 102.4	\$ 108.0	\$ 82.1
33.6	26.8	20.9	41.6	70.3	75.8
160.8	160.7	118.4	144.0	178.3	157.9
6.9 x	7.5 x	10.2 x	9.1 x	7.6 x	8.9 x

## Michigan

**DEBT SERVICE COVERAGE**  
**STATE BUILDING AUTHORITY**  
**LAST TEN FISCAL YEARS**  
(In Millions)

	2014	2015	2016	2017
Revenue - Lease and Rental Payments	\$ 231.0	\$ 230.9	\$ 224.4	\$ 216.7
Less: Operating Expenses	<u>1.1</u>	<u>1.0</u>	<u>0.8</u>	<u>1.0</u>
Net Available Revenue	<u><u>229.9</u></u>	<u><u>229.9</u></u>	<u><u>223.6</u></u>	<u><u>215.7</u></u>
Debt Service:				
Principal	\$ 102.2	\$ 139.5	\$ 108.8	\$ 87.1
Interest	<u>118.5</u>	<u>121.7</u>	<u>117.3</u>	<u>133.2</u>
Actual Annual Debt Service (1)	<u>220.6</u>	<u>261.2</u>	<u>226.1</u>	<u>220.2</u>
Debt Service Coverage	1.0 x	0.9 x	1.0 x	1.0 x

NOTE: (1) The table above excludes amounts related to refunded bonds.

## Michigan

2018	2019	2020	2021	2022	2023
\$ 225.1	\$ 224.2	\$ 219.6	\$ 204.4	\$ 211.8	\$ 223.1
1.6	1.5	1.5	0.6	0.7	0.9
<u>223.5</u>	<u>222.7</u>	<u>218.1</u>	<u>203.8</u>	<u>211.1</u>	<u>222.1</u>
\$ 95.8	\$ 99.7	\$ 98.8	\$ 89.3	\$ 86.4	\$ 96.3
141.6	140.5	142.8	111.8	121.9	125.7
<u>237.4</u>	<u>240.2</u>	<u>241.6</u>	<u>201.1</u>	<u>208.3</u>	<u>222.0</u>
0.9 x	0.9 x	0.9 x	1.0 x	1.0 x	1.0 x

# Michigan

## DEMOGRAPHIC AND ECONOMIC INDICATORS

### LAST TEN CALENDAR YEARS

	2013	2014	2015	2016
Population (a)				
(in thousands)				
Michigan	9,915	9,932	9,934	9,954
United States	316,060	318,386	320,739	323,072
Total Personal Income (b)				
(in billions)				
Michigan	\$ 390.9	\$ 407.3	\$ 429.3	\$ 441.6
United States	\$ 14,063.3	\$ 14,778.2	\$ 15,467.1	\$ 15,884.7
Per Capita Income (b)				
Michigan	\$ 39,293	\$ 40,830	\$ 42,984	\$ 44,081
United States	\$ 44,401	\$ 46,287	\$ 48,060	\$ 48,971
Unemployment Rate (c)				
Michigan	8.7%	7.2%	5.4%	5.0%
United States	7.4%	6.2%	5.3%	4.9%
Michigan estimated wage and salary employees (c)				
(in thousands)				
Goods Producing:				
Mining and Logging	8.0	8.3	7.7	7.2
Construction	133.5	141.8	148.3	155.1
Manufacturing	548.7	574.7	591.7	605.7
Total Goods Producing	690.2	724.8	747.7	768.0
Service-Providing:				
Private Service-Providing				
Trade, Transportation, and Utilities:				
Wholesale Trade	163.5	166.8	168.2	169.5
Retail Trade	455.4	461.4	467.6	473.2
Transportation, Warehousing and Utilities	124.7	129.6	134.5	137.7
Information	55.3	57.5	56.6	57.3
Financial Activities:				
Finance and Insurance	153.9	154.3	156.8	161.6
Real Estate and Rental and Leasing	49.4	50.6	51.3	52.8
Professional and Business Services:				
Professional, Scientific, and Technical Services	263.3	271.7	277.8	285.8
Management of Companies and Enterprises	56.9	58.5	61.1	63.8
Administrative, Support Services, and Waste Management	291.6	294.5	298.0	296.4
Educational and Health Services:				
Educational Services	73.4	72.4	72.3	72.0
Health Care and Social Assistance	569.9	573.0	581.7	596.1
Leisure and Hospitality:				
Accommodation and Food Services	350.3	357.5	363.5	373.5
Other	47.9	49.0	50.2	51.7
Other Services	170.5	169.5	167.3	167.7
Total Private Service-Providing	2,825.8	2,866.1	2,906.8	2,959.1
Government	598.5	595.8	594.2	599.4
Total Service-Providing	3,424.4	3,461.8	3,500.9	3,558.5
Total Wage and Salary Employment	4,114.6	4,186.6	4,248.6	4,326.5

NOTES: Wage and Salary Employment based on North American Industry Classification System.  
Components in Wage and Salary Employment may not total due to truncation.  
Calendar year 2022 is the most recent year for which data is available.

SOURCES: (a) U.S. Census Bureau, Population Division. 2020 figures are from the 2020 Census.  
2012-2019 figures are from July 2021 release. 2021-2022 figures are from December 2022 release.  
(b) U.S. Department of Commerce, Bureau of Economic Analysis.  
(c) Michigan Department of Technology, Management and Budget, Bureau of Labor Market Information and Strategic Initiatives, and U.S. Department of Labor, Bureau of Labor Statistics.

# Michigan

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
9,977	9,987	9,985	10,077	10,038	10,034
325,122	326,838	328,330	331,449	332,032	333,288
\$ 454.9	\$ 474.2	\$ 489.5	\$ 531.5	\$ 568.1	\$ 572.3
\$ 16,659.0	\$ 17,514.4	\$ 18,343.6	\$ 19,610.0	\$ 21,392.8	\$ 21,820.2
\$ 45,264	\$ 47,088	\$ 48,569	\$ 52,786	\$ 56,601	\$ 57,038
\$ 51,004	\$ 53,309	\$ 55,547	\$ 59,153	\$ 64,430	\$ 65,470
4.6%	4.2%	4.1%	10.0%	5.8%	4.2%
4.4%	3.9%	3.7%	8.1%	5.3%	3.6%
7.1	7.3	7.3	6.6	6.7	7.1
162.2	169.1	173.6	164.6	176.6	184.0
616.1	628.6	626.3	556.8	583.9	603.2
<u>785.4</u>	<u>805.0</u>	<u>807.2</u>	<u>727.9</u>	<u>767.2</u>	<u>794.3</u>
171.6	172.8	173.2	162.7	165.4	172.3
473.3	470.0	464.3	428.6	448.9	454.2
141.5	148.1	157.4	154.0	165.8	177.5
56.5	56.0	55.4	50.7	52.4	56.4
165.0	165.9	169.0	172.8	179.0	175.3
54.2	54.9	56.1	51.3	53.5	56.7
294.1	298.5	299.4	289.1	301.1	314.4
66.6	68.8	70.5	69.7	69.8	70.9
289.2	292.1	284.7	241.9	259.2	272.7
72.6	74.5	73.7	66.3	69.6	73.7
605.7	611.3	615.4	574.8	582.3	588.1
379.1	380.2	381.9	288.5	314.6	352.7
53.1	53.4	53.6	35.8	42.8	50.6
165.7	166.0	166.6	144.2	154.1	162.7
<u>2,988.0</u>	<u>3,012.6</u>	<u>3,021.3</u>	<u>2,730.5</u>	<u>2,858.6</u>	<u>2,978.2</u>
603.7	608.5	614.3	581.0	573.2	589.8
<u>3,591.7</u>	<u>3,621.1</u>	<u>3,635.6</u>	<u>3,311.4</u>	<u>3,431.8</u>	<u>3,567.9</u>
<u><u>4,377.2</u></u>	<u><u>4,426.1</u></u>	<u><u>4,442.8</u></u>	<u><u>4,039.3</u></u>	<u><u>4,199.0</u></u>	<u><u>4,362.2</u></u>

## Michigan

### CLASSIFIED EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government	7,377	6,888	7,016	7,090
Education	518	515	507	504
Health and human services	14,516	14,046	13,858	14,083
Public safety and corrections	16,154	16,019	16,125	15,916
Conservation, environment, recreation, and agriculture	3,050	3,119	3,185	3,247
Labor, commerce, and regulatory	2,817	3,431	3,402	3,390
Transportation	<u>2,573</u>	<u>2,570</u>	<u>2,600</u>	<u>2,594</u>
Total	47,003	46,588	46,692	46,825

NOTES: This report reflects classified employees who are full-time, part-time, permanent intermittent, limited term, seasonal, non-career, or on worker's compensation in primary positions only, except for the following non-career appointments: student assistant, transportation aide, and state worker.

Each fiscal year, this schedule also includes classified employees for certain business-type activities and discretely presented component unit authorities. Although the expenses for the business-type activities and component unit authorities are reported separately in the government-wide financial statements, the employee counts were combined in this schedule to ensure consistency with the Civil Service Commission reports and for administrative efficiency.

This schedule includes average employee counts. Employees who job share are divided in half. For this reason, totals may not equal the sum of the employee counts per function.

SOURCE: Michigan Civil Service Commission, Annual Work Force Report.

## Michigan

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<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
7,155	7,181	7,194	6,991	6,993	7,252
505	503	498	494	493	490
14,273	14,406	14,241	14,067	14,017	14,100
15,716	15,743	15,558	14,918	14,347	14,171
3,305	3,370	3,363	3,333	3,463	3,575
3,405	3,537	4,094	4,451	4,522	4,432
<u>2,597</u>	<u>2,583</u>	<u>2,574</u>	<u>2,566</u>	<u>2,597</u>	<u>2,657</u>
46,956	47,324	47,522	46,819	46,432	46,677



# Michigan

## OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

	2014	2015	2016	2017
General government				
Tax forms processed	8,432,444	8,253,892	8,843,031	8,957,609
Passenger, commercial, and recreational vehicle registrations	8,543,342	8,604,852	8,726,870	8,828,958
Driver licenses issued	1,811,237	1,907,776	1,995,736	1,998,160
Education				
K-12 students	1,522,119	1,506,953	1,494,001	1,489,357
Public university students	262,537	261,989	260,817	259,711
Community college students	143,829	133,895	125,388	124,868
Human services				
Food assistance program recipients (1)	1,680,721	1,571,403	1,473,614	1,375,434
Family independence program recipients (1)	89,957	71,156	55,379	48,120
Day care recipients (1)	35,501	29,624	30,941	32,217
Children in foster care	13,209	13,246	13,145	13,329
State disability assistance recipients (1)	6,723	5,600	4,664	3,991
Finalized adoptions (yearly total) (2)	2,185	1,815	2,109	1,998
Juvenile justice youth served	729	668	639	640
Open child support cases with support orders established	760,284	683,193	694,706	685,058
Public safety and corrections				
Inmates, parolees, and probationers (as of 9/30)	106,966	104,345	101,853	98,666
State police patrol miles driven	21,249,946	22,731,503	22,532,597	22,762,373
Criminal offender DNA samples entered into federal indexing database (calendar year)	14,776	20,930	37,856	33,421
National Guard members (as of 9/30)	10,537	10,001	10,242	10,451
Veteran homes average daily census	649	610	589	499
Conservation, environment, recreation, and agriculture				
Hunting and/or fishing license holders (3)	1,947,508	1,838,505	1,836,298	1,827,091
Camping nights in State parks	939,105	1,022,791	1,034,109	1,155,052
Population impacted by water purification projects	677,175	821,323	1,181,115	806,760
Underground storage tank releases closed	488	427	344	249
Scrap tires collected (passenger tire equivalent)	183,359	369,305	212,528	203,162
Labor, commerce, and regulatory				
Processed applications for new and renewal occupational licenses	341,132	128,071	148,606	167,118
Building related permits issued	17,066	18,051	16,718	17,747
Building related safety inspections conducted	56,098	52,578	55,731	41,649
Occupational safety and health enforcement inspections conducted	4,764	4,352	4,662	4,547
Alleged occupational safety and health violations identified	10,419	8,170	9,326	9,311
Financial and insurance service providers chartered	255,121	277,147	298,370	310,436
Health services				
Medicaid recipients (1)	1,842,957	1,706,468	1,710,770	1,775,073
Healthy Michigan Plan recipients	286,311 (10)	544,377	597,225	650,000
Women, Infants, and Children Food and Nutrition Program recipients (1)	251,713	244,829	234,546	224,106
Children's special health care services recipients (1)	33,550	33,512	33,206	33,622
Mentally ill/developmental disability service recipients (1)	241,329	236,291	228,444	231,307
Substance abuse service recipients	71,248	70,173	72,306	72,627

- NOTES: (1) Monthly average.  
(2) Total adoptions were completed by the Department of Health and Human Services (DHHS) and private agencies under contract with DHHS.  
(3) The licensing season runs April 1 through March 31. Amounts reported under fiscal year 2023 are for the licensing year ending March 31, 2023.  
(4) Amount estimated.

SOURCES: Various State departments.

# Michigan

2018	2019	2020	2021	2022	2023
9,517,077	9,316,186	9,283,382	9,544,308	9,647,116	9,731,175
8,778,306	9,402,232	9,319,373	9,979,637	9,776,897	10,233,308
1,877,592	1,985,920	1,894,352	2,221,625	1,954,211	1,981,127
1,481,205	1,467,416	1,458,064	1,403,957	1,402,079	1,396,445
257,535	256,110	255,104	247,326	239,003	234,411
120,724	116,340	108,318	102,319	99,394	96,575
1,281,862	1,180,070	1,254,475	1,270,920	1,328,029	1,380,648
41,914	36,584	46,341	29,522	28,248	29,955
34,218	35,225	33,151	25,377	27,211	34,420
14,149	13,830	12,875	11,807	10,896	10,336
3,339	3,032	3,677	1,941	1,627	1,774
2,002	2,191	1,887	1,701	1,612	1,590 (4)
617	560	495	434	379	390
674,643	642,177	621,773	607,000	593,513	578,366
96,579	92,954	83,637	74,325	73,606	75,334
23,622,792	24,531,668	25,813,004	23,766,986	23,595,632	23,560,908
32,121	27,414	22,702	21,662	19,379	18,443 (4)
10,532	10,640	10,824	10,945	10,525	10,061
453	384	364	276	292	325
1,815,201	1,763,571	1,725,335	1,699,891	1,851,926	1,748,954
1,163,997	1,151,830	1,010,580	1,432,298	1,345,579	1,324,966 (4)
76,472	4,018,604	4,916,705	3,775,442	4,989,412	4,882,179
218	166	165	157	124	160
277,578	342,947	427,940	451,024	289,978	432,475 (4)
169,267	206,962	217,085	286,525	332,539	305,746
18,346	19,372	19,745	22,092	23,511	22,215
35,930	35,159	32,380	31,338	31,054	30,666
4,375	4,479	3,186	3,350	3,619	3,901
8,309	9,551	7,328	8,594	8,402	8,748
336,604	338,972	358,138	389,173	437,200	483,926
1,769,624	1,742,904	1,772,810	1,919,493	2,033,916	2,125,491
671,601	662,818	699,225	887,942	988,277	1,061,610
213,964	205,434	213,881	207,317	200,225	205,875
35,835	39,163	41,504	41,665	41,359	43,020
240,434	232,945	237,702	244,442	267,018	Unavailable
75,875	76,947	66,844	67,447	63,691	64,015 (4)

# Michigan

## OPERATING INDICATORS BY FUNCTION (Continued) LAST TEN FISCAL YEARS

	2014	2015	2016	2017
Transportation				
Annual vehicle miles of travel on				
State Trunkline roads (8)	50,000,000,000	51,100,000,000	51,400,000,000	54,300,000,000
Miles of intercity bus travel receiving State funding	1,109,738	1,112,920	1,056,684	972,876
Miles of local bus travel receiving State funding	100,071,938	101,441,015	102,988,003	108,598,150
Railroad crossing maintenance/safety inspections	1,624	1,787	3,256	2,250
Tax credits				
Taxpayers claiming refundable credits (5) (7)	1,802,100	1,757,100	1,783,300	1,733,200
Intergovernmental-revenue sharing				
Township grants	1,240	1,240	1,240	1,240
City grants	277	279	280	280
Village grants	256	254	253	253
County grants (6)	63	74	76	78
Liquor Purchase Revolving Fund				
Annual retail liquor licenses issued (9)	15,989	15,940	15,921	25,727
Liquor sales volume (cases)	7,709,480	8,043,595	8,370,191	8,549,809
Beer sales volume (barrels)	6,221,433	6,302,160	6,221,883	6,064,592
Wine sales volume (liters)	92,044,380	92,562,421	95,465,899	96,255,115
Pre-mixed spirit drink sales volume (liters)	1,074,364	1,142,527	1,385,629	1,553,193
State Lottery Fund				
Retailers	10,684	10,654	10,650	10,645
Winners greater than \$600	56,735	68,359	74,352	82,435
Millionaire prizewinners	39	42	46	38
Michigan Unemployment Compensation Funds				
Individuals receiving benefits (calendar year)	370,980	306,158	286,449	272,373

- NOTES: (5) Tax credits are reported based on the tax year. Credits claimed during tax year 2022, for example, are reported above in fiscal year 2022.
- (6) County grants were suspended beginning in fiscal year 2005. Instead, each county expends from its revenue sharing reserve fund created by State statute in 2004. Each fiscal year, counties are allowed only to expend from the fund the amount the Department of Treasury certifies them to spend. Once a county has exhausted its revenue sharing reserve fund, the county will return to revenue sharing.
- (7) Amount estimated and rounded to nearest hundred.
- (8) Amount estimated and rounded to nearest one hundred million on a calendar-year basis.
- (9) In fiscal year 2017, the Liquor Control Commission implemented the Alcohol Information Management System which includes Specially Designated Merchant licenses that were issued in conjunction with other license types.
- (10) The first year of the Healthy Michigan plan was fiscal year 2014. Amount is a nine month average for fiscal year 2014.

SOURCES: Various State departments.

# Michigan

2018	2019	2020	2021	2022	2023
54,300,000,000	54,200,000,000	53,900,000,000	44,500,000,000	50,300,000,000	50,000,000,000
960,280	946,945	506,270	846,766	963,105	953,712
115,451,020	113,284,035	90,541,252	87,762,780	94,591,246	100,362,128 (4)
2,379	2,191	2,155	2,690	2,964	2,138
1,856,300	1,907,300	1,766,600	1,960,000	1,761,600	Unavailable
1,240	1,240	1,240	1,240	1,240	1,240
280	280	280	280	280	280
253	253	253	253	253	253
78	81	81	81	82	83
26,351	29,495	29,403	29,570	29,800	30,300
8,898,383	9,046,819	10,552,801	10,911,821	10,739,146	10,508,503
6,024,082	5,917,199	6,001,106	5,924,098	5,746,043	5,433,331
97,473,694	98,009,016	102,679,536	103,006,225	98,328,515	91,593,195
1,726,361	2,436,149	4,428,526	8,059,177	12,831,547	23,664,293
10,792	10,508	10,492	10,423	10,419	10,408
91,984	94,046	115,829	139,050	130,113	113,865
39	42	42	70	53	44
241,828	253,518	2,361,468	1,197,595	264,802	191,245 (4)

# Michigan

## CAPITAL ASSETS BY FUNCTION LAST TEN FISCAL YEARS

	2014	2015	2016	2017
General government				
Buildings (2)	240	241	240	243
Vehicles	974	972	988	990
Education				
Buildings (2)	28	28	28	28
Vehicles	29	32	35	33
Health and human services				
Buildings (2)	443	439	441	442
Vehicles	1,682	1,708	1,698	1,729
Public safety and corrections				
Buildings (2)	1,254	1,253	1,261	1,259
Vehicles	3,700	3,705	3,924	3,977
Conservation, environment, recreation, and agriculture				
Buildings (2)	327	330	327	326
Vehicles	4,053	4,159	4,275	4,528
Environmental quality air-monitoring instruments	229	229	248	278
Environmental quality lab/analyzing equipment	143	147	156	166
Natural resources acres of land (1)	4,592,910	4,597,121	4,590,035	4,594,015
Harbors	19	19	19	19
Hatcheries	6	6	6	6
State park & recreation areas	102	102	103	103
Labor, commerce, and regulatory				
Buildings (2)	45	70	69	66
Vehicles	495	493	574	601
Transportation				
Buildings (2)	373	372	373	373
Vehicles	1,682	1,674	1,682	1,691
Highway lane miles (calendar year)	27,459	27,488	27,452	29,702
Heavy equipment owned	2,156	2,185	2,222	2,258

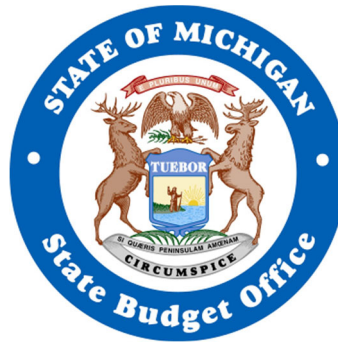
NOTES: (1) Acres of land are on a tax year basis rather than a fiscal year basis.

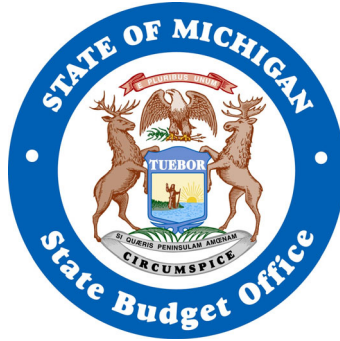
(2) Beginning in fiscal year 2019, amounts only include buildings where costs exceed the \$100.0 thousand threshold for capitalization.

SOURCES: Michigan Departments of Technology, Management and Budget; Natural Resources; Environment, Great Lakes, and Energy, and Transportation.

# Michigan

2018	2019	2020	2021	2022	2023
241	171	168	178	182	185
1,059	1,011	992	884	878	905
28	2	2	2	2	2
35	35	37	37	37	36
439	136	98	96	102	105
1,746	1,791	1,688	1,690	1,670	1,683
1,254	635	630	592	603	592
4,057	4,082	4,044	4,101	4,052	4,159
326	327	324	326	321	323
4,005	4,027	3,623	3,591	4,882	4,862
294	283	332	341	350	366
217	229	234	239	247	260
4,594,482	4,590,515	4,594,121	4,593,468	4,593,468	4,595,625
19	19	19	19	19	17
6	6	6	6	6	6
102	102	102	103	103	103
65	20	35	36	40	43
636	696	796	784	787	794
374	239	249	249	245	242
1,729	1,758	1,780	1,772	1,791	1,783
29,748	29,711	29,386	29,386	27,147	28,684
2,343	2,425	2,506	2,549	2,663	2,686





## OTHER INFORMATION



**Michigan**

**COMBINED SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES**  
**GENERAL AND SPECIAL REVENUE FUNDS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2023  
(In Thousands)

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>
<b>TAXES</b>			
Sales	\$ 10,669,401	\$ 2,727,218	\$ 7,942,183
Personal income	12,711,416	8,497,229	4,214,186
Flow-through entity	1,031,155	737,624	293,531
Single business, Michigan business, and corporate income	2,231,792	2,231,792	-
Use	2,162,904	1,253,427	909,477
State education (property)	2,579,025	-	2,579,025
Real estate transfer	389,188	-	389,188
Tobacco products	724,320	469,570	254,750
Beer and wine	46,342	46,342	-
Liquor	233,356	158,313	75,044
Casino gaming wagering	102,673	-	102,673
Telephone and telegraph company	35,857	35,857	-
Commercial mobile radio service	44,256	44,256	-
Insurance company	465,967	465,967	-
Motor vehicle registration	1,507,249	3,702	1,503,546
Gasoline	1,222,306	-	1,222,306
Diesel fuel	270,803	-	270,803
Gas and oil severance	28,375	28,375	-
Industrial facilities	44,588	-	44,588
Convention hotel accommodation	27,978	27,978	-
Airport parking	36,870	36,870	-
Quality assurance assessment	1,412,254	1,412,254	-
Essential services assessment	141,810	141,810	-
Penalties and interest	145,058	145,058	-
Marihuana excise	269,034	269,034	-
Insurance provider assessment	637,834	637,834	-
Environmental protection regulatory fee	60,161	60,161	-
Michigan State Housing Development Authority payment in lieu of taxes	15,359	-	15,359
Internet gaming - commercial	177,864	3,773	174,091
Other	44,008	16,055	27,953
	<u>39,469,203</u>	<u>19,450,500</u>	<u>20,018,703</u>
<b>FROM FEDERAL AGENCIES</b>			
Department of Health and Human Services	21,314,102	21,299,564	14,539
Department of Education	3,282,258	207,224	3,075,034
Department of Agriculture	5,121,439	4,392,805	728,634
Department of the Treasury	1,143,626	1,143,626	-
Department of Labor	317,514	168,315	149,199
Department of Housing and Urban Development	10,801	10,801	-
Department of Energy	28,170	28,170	-
Department of Transportation	138,882	36,972	101,910
Department of Interior	57,291	51,374	5,917
Department of Defense	97,884	97,884	-
Department of Justice	93,867	93,867	-
Department of Homeland Security	143,213	142,904	309
Department of Veterans Affairs	1,201	1,201	-
Social Security Administration	114,899	114,899	-
Environmental Protection Agency	215,220	215,160	59
Corporation for National and Community Service	10,872	10,872	-
Other	18,068	18,046	22
	<u>32,109,307</u>	<u>28,033,683</u>	<u>4,075,624</u>
<b>FROM LOCAL AGENCIES</b>			
Counties	103,167	103,167	-
Cities, villages, and townships	11,286	11,286	-
School districts	2,139	2,139	-
Other	24,400	24,400	-
	<u>140,992</u>	<u>140,992</u>	<u>-</u>

# Michigan

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>
<b>SPECIAL MEDICAID REIMBURSEMENTS</b>	<u>\$ 185,360</u>	<u>\$ 185,360</u>	<u>\$ -</u>
<b>FROM SERVICES</b>			
Charges for providing vehicle and driver services	164,003	158,368	5,635
Revenues for patient, ward, and inmate care	25,439	25,439	-
Other	173,128	173,058	70
	<u>362,570</u>	<u>356,865</u>	<u>5,705</u>
<b>FROM LICENSES AND PERMITS</b>			
Liquor retailer, manufacturer, and wholesaler licenses	22,587	22,587	-
Motor vehicle operator and chauffeur licenses	55,684	55,461	222
Examination fees - financial institutions and insurance industry	41,663	41,663	-
Motor vehicle related	36,512	2,593	33,918
Hunting, fishing, and trapping licenses	63,050	-	63,050
Public utilities assessment fees	35,135	35,135	-
Regulatory licenses and permits	176,483	161,525	14,958
Corporation franchise fees	23,317	23,317	-
Recreation user fees and permits	134,671	1,680	132,991
Other	73,839	67,777	6,063
	<u>662,940</u>	<u>411,738</u>	<u>251,203</u>
<b>MISCELLANEOUS</b>			
Income from investments	1,045,272	740,637	304,635
Tobacco settlement proceeds	221,801	17,504	204,297
Various fines, fees, and assessments	111,263	69,761	41,501
Court fines, fees, and assessments	138,855	125,766	13,089
Oil and gas royalties, fees, assignments, and rentals	7,615	5,737	1,878
Sale of forest products on tax reverted land	55,335	-	55,335
Child support	21,265	21,265	-
Unclaimed bottle deposits	73,684	-	73,684
Unemployment obligation assessment	897	-	897
Low-income energy efficiency program	51,218	51,218	-
School bond loan repayment interest	5,286	5,286	-
Internet gaming payments - tribal	141,431	-	141,431
Opioid settlement proceeds	106,181	106,181	-
Other	472,017	411,866	60,151
	<u>2,452,120</u>	<u>1,555,222</u>	<u>896,898</u>
Total Revenues	<u>75,382,491</u>	<u>50,134,359</u>	<u>25,248,132</u>
<b>OTHER FINANCING SOURCES</b>			
Vendor financing acquisitions	22,032	21,194	839
Proceeds from sale of capital assets	3,794	3,794	-
Transfers From Other Funds:			
From Liquor Purchase Revolving Fund	309,185	309,185	-
From State Lottery Fund	1,360,882	8,934	1,351,947
From other funds	1,212,587	239,809	972,779
Total Other Financing Sources	<u>2,908,480</u>	<u>582,915</u>	<u>2,325,565</u>
Total Revenue and Other Financing Sources (GAAP Basis)	<u>\$ 78,290,971</u>	<u>\$ 50,717,274</u>	<u>\$ 27,573,697</u>

**Michigan**

**SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES**

**GENERAL FUND**

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL PURPOSE</u>	<u>RESTRICTED REVENUES</u>
<b>TAXES</b>			
Sales	\$ 2,727,218	\$ 1,094,536	\$ 1,632,682
Personal income	8,497,229	6,917,057	1,580,173
Flow-through entity	737,624	705,550	32,074
Single business, Michigan business, and corporate income	2,231,792	1,172,291	1,059,501
Use	1,253,427	1,251,632	1,796
Tobacco products	469,570	143,434	326,136
Beer and wine	46,342	46,342	-
Liquor	158,313	67,925	90,388
Telephone and telegraph company	35,857	35,857	-
Commercial mobile radio service	44,256	-	44,256
Insurance company	465,967	465,946	22
Motor vehicle registration	3,702	-	3,702
Gas and oil severance	28,375	27,125	1,250
Convention hotel accommodation	27,978	-	27,978
Airport parking	36,870	-	36,870
Quality assurance assessment	1,412,254	24,395	1,387,860
Essential services assessment	141,810	141,810	-
Penalties and interest	145,058	136,888	8,170
Marihuana excise	269,034	4,343	264,691
Insurance provider assessment	637,834	-	637,834
Environmental protection regulatory fee	60,161	-	60,161
Internet gaming - commercial	3,773	-	3,773
Other	16,055	3,267	12,788
	<u>19,450,500</u>	<u>12,238,396</u>	<u>7,212,104</u>
<b>FROM FEDERAL AGENCIES</b>			
Department of Health and Human Services	21,299,564	6,611	21,292,952
Department of Education	207,224	582	206,642
Department of Agriculture	4,392,805	-	4,392,805
Department of the Treasury	1,143,626	-	1,143,626
Department of Labor	168,315	4,377	163,938
Department of Housing and Urban Development	10,801	-	10,801
Department of Energy	28,170	-	28,170
Department of Transportation	36,972	724	36,248
Department of Interior	51,374	-	51,374
Department of Defense	97,884	-	97,884
Department of Justice	93,867	129	93,738
Department of Homeland Security	142,904	313	142,591
Department of Veterans Affairs	1,201	-	1,201
Social Security Administration	114,899	-	114,899
Environmental Protection Agency	215,160	-	215,160
Corporation for National and Community Service	10,872	-	10,872
Other	18,046	1,143	16,903
	<u>28,033,683</u>	<u>13,878</u>	<u>28,019,805</u>
<b>FROM LOCAL AGENCIES</b>			
Counties	103,167	-	103,167
Cities, villages, and townships	11,286	-	11,286
School districts	2,139	-	2,139
Other	24,400	-	24,400
	<u>140,992</u>	<u>-</u>	<u>140,992</u>

# Michigan

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL PURPOSE</u>	<u>RESTRICTED REVENUES</u>
<b>SPECIAL MEDICAID REIMBURSEMENTS</b>	\$ 185,360	\$ 52	\$ 185,308
<b>FROM SERVICES</b>			
Charges for providing vehicle and driver services	158,368	417	157,951
Revenues for patient, ward, and inmate care	25,439	-	25,439
Other	173,058	3,514	169,544
	356,865	3,932	352,934
<b>FROM LICENSES AND PERMITS</b>			
Liquor retailer, manufacturer, and wholesaler licenses	22,587	2,131	20,456
Motor vehicle operator and chauffeur licenses	55,461	184	55,278
Examination fees - financial institutions and insurance industry	41,663	-	41,663
Motor vehicle related	2,593	25	2,569
Public utilities assessment fees	35,135	-	35,135
Regulatory licenses and permits	161,525	8,275	153,250
Corporation franchise fees	23,317	-	23,317
Recreation user fees and permits	1,680	337	1,344
Other	67,777	171	67,605
	411,738	11,122	400,616
<b>MISCELLANEOUS</b>			
Income from investments	740,637	613,782	126,855
Tobacco settlement proceeds	17,504	-	17,504
Various fines, fees, and assessments	69,761	711	69,050
Court fines, fees, and assessments	125,766	21,987	103,779
Oil and gas royalties, fees, assignments, and rentals	5,737	-	5,737
Child support	21,265	-	21,265
Low-income energy efficiency program	51,218	-	51,218
School bond loan repayment interest	5,286	-	5,286
Opioid settlement proceeds	106,181	-	106,181
Other	411,866	36,882	374,985
	1,555,222	673,362	881,861
Total Revenues	50,134,359	12,940,741	37,193,618
<b>OTHER FINANCING SOURCES</b>			
Vendor financing acquisitions	21,194	-	21,194
Proceeds from sale of capital assets	3,794	-	3,794
Transfers From Other Funds:			
From Liquor Purchase Revolving Fund	309,185	309,000	185
From State Lottery Fund	8,934	7,528	1,406
From other funds	239,809	176,304	63,505
Total Other Financing Sources	582,915	492,832	90,083
Total Revenue and Other Financing Sources (GAAP Basis)	50,717,274	13,433,573	37,283,701
<b>BUDGETARY BASIS ADJUSTMENTS</b>			
Vendor financing acquisitions	(21,194)	-	(21,194)
Total Revenue and Other Financing Sources (Budgetary Basis)	\$ 50,696,081	\$ 13,433,573	\$ 37,262,507

# Michigan

## SOURCE AND DISPOSITION OF GENERAL FUND AUTHORIZATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(In Thousands)

BRANCH AND DEPARTMENT	CURRENT LEGISLATIVE APPROPRIATION	BUDGETARY TRANSFERS IN/OUT	BUDGETARY ADJUSTMENT	UNEXPENDED FROM PRIOR YEAR	RESTRICTED REVENUE ADDITIONS	LESS: TIMING DIFFERENCES* RESTRICTED REVENUE NOT AUTHORIZED/USED
Legislative Branch	\$ 209,175	\$ -	\$ 489	\$ 78,144	\$ 20,116	\$ (2,981)
Judicial Branch	372,475	-	-	43,239	73,757	(38,667)
Executive Branch:						
Agriculture and Rural Development	132,990	-	4	114,701	54,776	(72,108)
Attorney General	51,430	-	-	16,895	67,034	(3,994)
Civil Rights	19,384	-	-	1,916	1,488	-
Colleges and Universities Grants	1,615,021	-	-	3	374,666	(252,497)
Corrections	1,732,308	-	-	379,399	390,655	(5,705)
Education	252,306	-	-	81,763	659,622	(66,165)
Environment, Great Lakes, and Energy	207,365	-	182	724,042	573,232	(441,600)
Executive Office	8,534	-	-	62	-	-
Health and Human Services	6,060,557	-	-	440,698	28,590,139	(346,154)
Insurance and Financial Services	-	-	-	26,823	62,047	(16,652)
Labor and Economic Opportunity	3,631,977	-	-	159,607	2,355,320	(594,938)
Licensing and Regulatory Affairs	213,822	-	-	349,382	258,924	(243,768)
Marshall Plan for Talent	-	-	-	3,435	905	(4,340)
Military and Veterans Affairs	160,390	-	-	22,566	110,881	(5,102)
Natural Resources	184,604	-	-	58,810	120,260	(30,945)
State	12,679	-	-	70,242	261,586	(95,759)
State Police	582,709	-	-	344,838	399,439	(176,374)
Technology, Management and Budget	851,497	-	2	1,956,679	624,544	(1,824,299)
Transportation	421,250	-	1,239	117,681	1,139	(23)
Treasury	1,201,224	-	68	471,583	4,447,402	(168,116)
Intrafund expenditure reimbursements	-	-	-	-	-	-
Total	<u>\$ 17,921,696</u>	<u>\$ -</u>	<u>\$ 1,984</u>	<u>\$ 5,462,508</u>	<u>\$ 39,447,932</u>	<u>\$ (4,390,185)</u>

\* Timing differences are subtracted from Gross Spending Authority in order to show an annualized Budget that is comparable to the current year's Actual uses. Timing differences consist of unused authorizations for multi-year projects (capital outlay and work projects) and restricted revenue not authorized/used, which includes revenues that by statute, are restricted for use to a particular program or activity. Generally, the expenditure of the restricted revenue is subject to annual legislative appropriation. However, the restricted revenue may also be used in subsequent years to finance expenditures in multi-year appropriations and for encumbrances carried forward.

Restricted revenue balances authorized in the Variances category represent restricted revenue carry-overs that could have been used in the current period but were not.

For budgetary purposes, encumbrance authorization is considered use of spending authority in the year the State incurs an obligation.

NOTE This schedule was prepared on the Statutory/Budgetary basis.

# Michigan

GROSS SPENDING AUTHORITY	LESS: TIMING DIFFERENCES* MULTI-YEAR PROJECTS	"BUDGET"	"ACTUAL"		"VARIANCES"		
		AS PRESENTED IN STATEMENTS	EXPENDED/ TRANSFERRED	ENCUMBERED BALANCES FORWARD	RESTRICTED REVENUE BALANCES AUTHORIZED	LAPSES	OVEREXPENDED
\$ 304,943	\$ (84,083)	\$ 220,861	\$ 214,073	\$ 1,870	\$ 45	\$ 4,873	\$ -
450,804	(146,759)	304,045	301,190	2,611	-	244	-
230,363	(97,658)	132,704	116,455	15,774	-	475	-
131,366	(14,363)	117,003	116,246	322	-	435	-
22,788	(5,286)	17,502	17,249	148	-	105	-
1,737,193	(73,721)	1,663,472	1,657,238	-	-	6,234	-
2,496,657	(277,346)	2,219,311	2,040,539	103,995	27,900	46,877	-
927,526	(26,548)	900,978	895,310	3,704	-	1,965	-
1,063,221	(247,676)	815,545	694,475	117,602	2,911	557	-
8,596	-	8,596	8,077	381	-	138	-
34,745,240	(603,034)	34,142,206	33,677,532	33,853	-	430,821	-
72,218	-	72,218	72,218	-	-	-	-
5,551,967	(253,635)	5,298,331	4,842,162	348,086	20	108,063	-
578,360	(101,691)	476,668	421,428	54,655	392	193	-
-	-	-	-	-	-	-	-
288,735	(44,891)	243,845	217,935	12,599	12,620	691	-
332,728	(102,665)	230,063	198,526	25,698	5,320	519	-
248,748	(6,021)	242,727	239,337	2,654	281	454	-
1,150,613	(167,608)	983,005	952,282	28,046	545	2,132	-
1,608,422	(494,231)	1,114,192	1,005,126	76,059	9,189	23,817	-
541,287	(500,312)	40,975	13,943	26,683	-	350	-
5,952,161	(203,543)	5,748,618	5,314,748	96,919	53,602	283,349	-
-	-	(2,185,425)	(2,185,425)	-	-	-	-
<u>\$ 58,443,935</u>	<u>\$ (3,451,071)</u>	<u>\$ 52,807,440</u>	<u>\$ 50,830,663</u>	<u>\$ 951,657</u>	<u>\$ 112,827</u>	<u>\$ 912,292</u>	<u>\$ -</u>
Prior Year encumbrances		(377,686)	(377,686)				
Amount reported on Budgetary Comparison Schedule		<u>\$ 52,429,753</u>	<u>\$ 50,452,977</u>	<u>\$ 951,657</u>	<u>\$ 112,827</u>	<u>\$ 912,292</u>	<u>\$ -</u>

# Michigan

## SOURCE AND DISPOSITION OF GENERAL FUND/GENERAL PURPOSE AUTHORIZATIONS FISCAL YEAR ENDED SEPTEMBER 30, 2023 (In Thousands)

<u>BRANCH AND DEPARTMENT</u>	<u>CURRENT LEGISLATIVE APPROPRIATION*</u>	<u>BUDGETARY TRANSFERS IN/OUT</u>	<u>BUDGETARY ADJUSTMENT</u>	<u>UNEXPENDED FROM PRIOR YEAR</u>
Legislative Branch	\$ 209,175	\$ -	\$ 489	\$ 75,167
Judicial Branch	372,475	-	-	4,414
Executive Branch:				
Agriculture and Rural Development	132,990	-	4	51,640
Attorney General	51,430	-	-	12,110
Civil Rights	19,384	-	-	1,916
Colleges and Universities Grants	1,615,021	-	-	3
Corrections	1,732,308	-	-	355,309
Education	252,306	-	-	19,009
Environment, Great Lakes, and Energy	207,365	-	182	305,365
Executive Office	8,534	-	-	62
Health and Human Services	6,060,557	-	-	301,122
Labor and Economic Opportunity	3,631,977	-	-	116,944
Licensing and Regulatory Affairs	213,822	-	-	117,574
Military and Veterans Affairs	160,390	-	-	4,912
Natural Resources	184,604	-	-	29,569
State	12,679	-	-	5,054
State Police	582,709	-	-	188,580
Technology, Management and Budget	851,497	-	2	315,259
Transportation	421,250	-	1,239	117,585
Treasury	1,201,224	-	68	333,444
Total	<u>\$ 17,921,696</u>	<u>\$ -</u>	<u>\$ 1,984</u>	<u>\$ 2,355,038</u>

\* The amounts in the "Current Legislative Appropriation" column include certain appropriations that do not appear as line-item appropriations in the budget bills. These appropriations are authorized in statute and in narrative "boilerplate" language in the budget bills. In fiscal year 2023 "boilerplate" appropriations include interfund and intrafund transfers and local unit municipal grants. In statute appropriations include implementation of employment initiatives.

"Boilerplate" and in statute appropriations accounted for \$173.7 million and \$2.1 million of the "Current Legislative Appropriation," respectively.

# Michigan

GROSS SPENDING AUTHORITY	"ACTUAL"			"VARIANCES"	
	EXPENDED/ TRANSFERRED	ENCUMBERED BALANCES FORWARD	MULTI-YEAR PROJECT BALANCES FORWARD	LAPSES	OVEREXPENDED
\$ 284,831	\$ 194,006	\$ 1,870	\$ 84,083	\$ 4,873	\$ -
376,889	227,275	2,611	146,759	244	-
184,634	70,726	15,774	97,658	475	-
63,539	48,420	322	14,363	435	-
21,300	15,761	148	5,286	105	-
1,615,024	1,535,069	-	73,721	6,234	-
2,087,618	1,659,400	103,995	277,346	46,877	-
271,315	239,099	3,704	26,548	1,965	-
512,912	147,077	117,602	247,676	557	-
8,596	8,077	381	-	138	-
6,361,678	5,293,970	33,853	603,034	430,821	-
3,748,921	3,039,136	348,086	253,635	108,063	-
331,397	174,857	54,655	101,691	193	-
165,302	107,122	12,599	44,891	691	-
214,173	85,291	25,698	102,665	519	-
17,734	8,604	2,654	6,021	454	-
771,289	573,504	28,046	167,608	2,132	-
1,166,758	572,651	76,059	494,231	23,817	-
540,074	12,730	26,683	500,312	350	-
1,534,736	950,924	96,919	203,543	283,349	-
<u>\$ 20,278,718</u>	<u>\$ 14,963,698</u>	<u>\$ 951,657</u>	<u>\$ 3,451,071</u>	<u>\$ 912,292</u>	<u>\$ -</u>



# Michigan

## REVENUE, BOND PROCEEDS, AND VENDOR FINANCING ACQUISITIONS

### GENERAL AND SPECIAL REVENUE FUNDS

LAST TEN YEARS

SEPTEMBER 30, 2023

(In Thousands)

SOURCE	2014	2015	2016	2017
<b>TAXES</b>				
Sales	\$ 7,362,620	\$ 7,246,989	\$ 7,299,628	\$ 7,791,774
Personal Income (net of tax credits)	8,020,054	8,987,939	9,372,028	9,454,968
Amount reported as tax credits	676,500	662,400	672,400	696,500
Flow-Through Entity	-	-	-	-
Single Business, Michigan Business, and Corporate Income	419,554	891,594	763,498	900,848
Use	1,639,442	2,062,838	2,056,124	1,266,699
State Education (Property)	1,804,238	1,857,684	1,897,292	1,964,780
Real Estate Transfer	233,416	258,398	289,314	317,056
Tobacco Products	940,337	954,481	946,651	946,048
Beer, Wine, and Liquor	189,792	194,692	208,689	214,028
Casino Gaming Wagering	106,903	110,785	112,868	113,219
Insurance Company	362,397	322,999	329,806	371,279
Health Insurance Claims Assessment	271,861	225,888	228,475	300,111
Motor Vehicle and Fuel	1,902,612	1,985,186	2,032,947	2,573,013
Quality Assurance Assessment	975,786	1,007,464	1,138,810	1,136,099
Penalties and Interest	115,439	128,723	124,391	115,911
Marihuana Excise	-	-	-	-
Insurance Provider Assessment	-	-	-	-
Other	309,781	271,896	325,461	355,297
<b>Total Taxes</b>	<b>25,330,732</b>	<b>27,169,955</b>	<b>27,798,384</b>	<b>28,517,631</b>
<b>FEDERAL AGENCIES</b>	<b>17,259,668</b>	<b>19,800,600</b>	<b>20,027,958</b>	<b>19,508,727</b>
<b>LOCAL AGENCIES</b>	<b>89,644</b>	<b>90,672</b>	<b>93,888</b>	<b>90,457</b>
<b>SPECIAL MEDICAID REIMBURSEMENTS</b>	<b>133,909</b>	<b>120,904</b>	<b>115,621</b>	<b>188,933</b>
<b>SERVICES</b>	<b>322,271</b>	<b>326,488</b>	<b>335,812</b>	<b>354,324</b>
<b>LICENSES AND PERMITS</b>	<b>494,595</b>	<b>510,359</b>	<b>551,984</b>	<b>567,595</b>
<b>MISCELLANEOUS</b>	<b>1,558,174</b>	<b>1,629,833</b>	<b>1,847,842</b>	<b>1,711,460</b>
<b>Total Revenue</b>	<b>45,188,992</b>	<b>49,648,811</b>	<b>50,771,488</b>	<b>50,939,127</b>
<b>PROCEEDS FROM BOND ISSUES AND BOND ANTICIPATION NOTES</b>	<b>97,651</b>	<b>-</b>	<b>100,215</b>	<b>138,395</b>
<b>VENDOR FINANCING ACQUISITIONS</b>	<b>18,371</b>	<b>25,373</b>	<b>18,423</b>	<b>14,473</b>
<b>PROCEEDS FROM SALE OF CAPITAL ASSETS</b>	<b>1,626</b>	<b>3,008</b>	<b>2,543</b>	<b>2,656</b>
<b>Total Revenue, Bond Proceeds, Vendor Financing Acquisitions, and Proceeds from Sale of Capital Assets</b>	<b>\$ 45,306,640</b>	<b>\$ 49,677,192</b>	<b>\$ 50,892,669</b>	<b>\$ 51,094,652</b>

NOTES: (1) Effective January 1, 2008, the State replaced the Single business tax with the Michigan business tax.

Effective January 1, 2012, the State replaced the Michigan business tax with the Corporate income tax.

(2) Legislation established the Health Insurance Claims Assessment, effective January 1, 2012. Effective October 1, 2018, the State replaced the Health Insurance Claims Assessment with the Insurance Provider Assessment. Beginning in fiscal year 2022, the Health Insurance Claims Assessment is included in Other Taxes.

(3) The Marihuana Excise Tax, established in fiscal year 2020, was previously included in Other Taxes.

# Michigan

2018	2019	2020	2021	2022	2023
\$ 8,074,032	\$ 8,243,168	\$ 8,299,005	\$ 9,410,565	\$ 10,777,766	\$ 10,669,401
10,162,211	10,432,233	10,501,800	11,859,977	12,141,871	11,352,406
696,100	895,100	936,500	884,600	908,800	1,359,010
-	-	-	-	1,793,444	1,031,155
1,036,594	1,199,866	1,019,636	1,675,992	2,022,763	2,231,792
1,486,178	1,358,473	1,368,751	2,135,698	2,054,953	2,162,904
1,989,481	2,114,632	2,189,928	2,265,956	2,453,335	2,579,025
350,281	350,113	335,402	490,330	546,618	389,188
917,994	889,591	904,170	890,145	797,601	724,320
222,938	231,999	266,476	285,845	282,257	279,698
115,423	117,257	67,011	90,572	104,059	102,673
393,367	327,439	467,757	390,848	419,875	465,967
331,920	1,113	1,794	396	-	-
2,766,327	2,816,068	2,665,684	2,755,935	2,839,221	3,000,358
1,245,149	1,392,069	1,261,031	1,344,793	1,364,188	1,412,254
178,622	128,905	93,545	137,791	144,045	145,058
-	-	-	120,472	186,610	269,034
-	602,602	608,376	619,816	638,599	637,834
381,389	403,107	401,153	477,040	611,257	657,126
30,348,004	31,503,734	31,388,019	35,836,770	40,087,263	39,469,203
19,957,136	20,827,638	24,795,182	28,937,122	33,943,937	32,109,307
91,962	99,633	123,397	113,869	111,141	140,992
149,350	175,942	153,051	159,986	172,203	185,360
360,831	361,118	347,899	356,782	349,610	362,570
568,448	601,648	615,590	683,186	666,575	662,940
1,831,961	1,732,463	1,270,446	1,327,418	1,399,364	2,452,120
53,307,693	55,302,176	58,693,584	67,415,131	76,730,092	75,382,491
151,484	-	182,230	-	-	-
22,994	10,275	94,866	30,009	13,496	22,032
6,236	5,053	1,751	3,243	7,007	3,794
<u>\$ 53,488,407</u>	<u>\$ 55,317,504</u>	<u>\$ 58,972,432</u>	<u>\$ 67,448,383</u>	<u>\$ 76,750,596</u>	<u>\$ 75,408,317</u>

# Michigan

## SCHEDULE OF EXPENDITURES BY FUNCTION GENERAL AND SPECIAL REVENUE FUNDS - STATE FUNDS LAST TEN YEARS SEPTEMBER 30, 2023 (In Thousands)

	2014	2015	2016	2017
Current:				
General government	\$ 2,064,016	\$ 2,738,104	\$ 2,927,185	\$ 2,551,534
Education	14,909,901	15,366,390	15,726,589	16,078,445
Health and human services	20,600,683	23,287,158	23,516,873	23,070,385
Public safety and corrections	2,666,541	2,704,901	2,668,747	2,692,527
Conservation, environment, recreation, and agriculture	656,061	586,028	721,772	748,228
Labor, commerce, and regulatory	961,934	978,003	1,230,828	1,270,025
Transportation	1,532,228	1,527,057	1,617,799	1,703,525
Tax credits	676,500	662,400	672,400	696,500
Capital outlay	70,695	237,442	212,705	55,534
Intergovernmental - revenue sharing	1,120,593	1,210,557	1,213,432	1,259,005
Debt service:				
Structured settlement payments	-	-	-	-
Vendor financing payments	62,237	66,295	68,377	68,826
Total Expenditures	<u>\$ 45,321,388</u>	<u>\$ 49,364,335</u>	<u>\$ 50,576,708</u>	<u>\$ 50,194,535</u>

# Michigan

2018	2019	2020	2021	2022	2023
\$ 2,761,629	\$ 2,751,034	\$ 2,919,734	\$ 3,163,760	\$ 2,937,713	\$ 3,413,748
16,673,594	16,995,495	17,745,565	18,649,260	22,102,390	24,124,677
23,925,010	25,269,773	26,301,845	30,008,812	31,862,256	33,267,193
2,723,546	2,798,756	2,961,431	3,283,746	3,178,737	3,085,853
842,420	831,194	877,975	971,053	1,004,605	1,279,623
1,259,349	1,343,644	1,071,869	1,718,878	3,061,283	4,404,290
1,854,936	2,203,682	2,046,341	2,211,480	2,257,983	2,430,754
696,100	895,100	936,500	884,600	908,800	1,359,010
122,461	194,591	254,005	111,686	119,967	215,841
1,289,064	1,327,717	1,241,267	1,451,332	1,607,907	1,609,884
-	-	-	15,000	61,594	51,320
71,700	73,740	85,307	87,279	95,112	90,745
<u>\$ 52,219,810</u>	<u>\$ 54,684,725</u>	<u>\$ 56,441,839</u>	<u>\$ 62,556,887</u>	<u>\$ 69,198,346</u>	<u>\$ 75,332,938</u>

**INDEX OF FUNDS AND COMPONENT UNITS**

	<u>Page</u>
21 <sup>st</sup> Century Jobs Trust Fund .....	232
Advance Financing Funds .....	247
Attorney Discipline System .....	260
Bottle Deposits Fund .....	213
Central Michigan University .....	300
Child Support Collection Fund .....	286
Children with Special Needs Fund .....	254
Children's Trust Fund .....	232
City Income Tax – Trust Fund .....	286
Combined Comprehensive Transportation Bond and Interest Redemption Fund .....	240
Combined Comprehensive Transportation Bond Proceeds Fund .....	246
Combined State Trunkline Bond and Interest Redemption Fund .....	240
Combined State Trunkline Bond Proceeds Fund .....	246
Community District Education Trust Fund .....	233
Comprehensive Transportation Fund .....	206
Correctional Industries Revolving Fund .....	264
Eastern Michigan University .....	300
Escheats Fund .....	287
Farm Produce Insurance Authority .....	294
Ferris State University .....	300
Forest Development Fund .....	213
General Fund .....	40
Grand Valley State University .....	300
Homeowner Construction Lien Recovery Fund .....	222
Information Technology Fund .....	264
Insurance Carrier Deposits Fund .....	286
Judges' Other Postemployment Benefits Fund .....	276
Judges' Pension Benefits Fund .....	275
Lake Superior State University .....	301
Legislative Other Postemployment Benefits Fund .....	274
Legislative Pension Benefits Fund .....	274
Liquor Purchase Revolving Fund .....	260
Mackinac Bridge Authority .....	294
Mackinac Island State Park Commission .....	294
Michigan Conservation and Recreation Legacy Fund .....	212
Michigan Early Childhood Investment Corporation .....	294
Michigan Economic Development Corporation .....	295
Michigan Education Savings Program .....	282
Michigan Education Trust .....	295
Michigan Employment Security Act – Administration Fund .....	222
Michigan Finance Authority .....	56
Michigan Game and Fish Protection Trust Fund .....	212
Michigan Merit Award Trust Fund .....	232
Michigan Natural Resources Trust Fund .....	254
Michigan Nongame Fish and Wildlife Trust Fund .....	213
Michigan State Housing Development Authority .....	56
Michigan State Parks Endowment Fund .....	254

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## Michigan

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	<u>Page</u>
Michigan Strategic Fund .....	56
Michigan Technological University .....	301
Michigan Transportation Fund.....	206
Michigan Unemployment Compensation Funds.....	46
Michigan Veterans' Trust Fund .....	254
Michigan Veterans' Facility Authority .....	295
Military Family Relief Fund .....	233
Military Pension Benefits Fund.....	276
Miscellaneous Special Revenue Funds .....	233
Motor Transport Fund .....	265
Northern Michigan University .....	301
Oakland University .....	301
Office Services Revolving Fund .....	265
Other Custodial Funds .....	287
Other Private-Purpose Trust Funds .....	282
Prisoner Accounts Fund.....	287
Public School Employees' Other Postemployment Benefits Fund .....	275
Public School Employees' Pension Benefits Fund .....	275
Recreation and Environmental Protection Bond Redemption Fund .....	240
Risk Management Fund .....	265
Safety Education and Training Fund .....	222
Saginaw Valley State University.....	301
School Aid Fund.....	40
School Loan Bond Redemption Fund .....	241
Second Injury Fund .....	222
Self-Insurers' Security Fund .....	222
Silicosis, Dust Disease, and Logging Industry Compensation Fund .....	223
State Aeronautics Fund.....	246
State Bar of Michigan .....	295
State Building Authority .....	247 & 241
State Casino Gaming Fund .....	223
State Construction Code Fund .....	223
State Employees' Other Postemployment Benefits Fund.....	275
State Employees' Pension Benefits Fund .....	275
State Land Bank Authority .....	295
State Lottery Fund.....	46
State of Michigan 401K Plans .....	276
State of Michigan 457 Plans .....	274
State Police Other Postemployment Benefits Fund .....	275
State Police Pension Benefits Fund .....	274
State Sponsored Group Insurance Fund.....	264
State Trunkline Fund.....	246
Transportation Related Trust Funds.....	247
Unemployment Obligation Trust Fund.....	223
Utility Consumer Representation Fund .....	223
Venture Michigan Fund .....	295
Western Michigan University.....	57

## ACKNOWLEDGMENTS

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