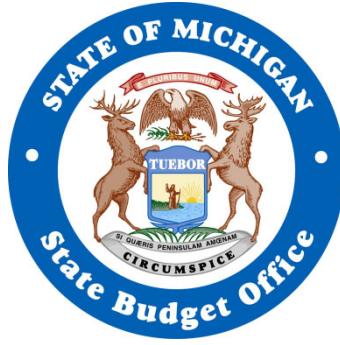


State of Michigan

Annual Comprehensive Financial Report



Fiscal Year Ended September 30, 2022
Governor Gretchen Whitmer
Prepared by the State Budget Office



State of Michigan
Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2022

GRETCHEN WHITMER
Governor

CHRISTOPHER M. HARKINS
State Budget Director

HEATHER BOYD, CPA
Director
Office of Financial Management

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GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

CHRISTOPHER M. HARKINS
DIRECTOR

March 29, 2023

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, 2022.

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, Michigan Education Savings Program, and the Michigan Achieving a Better Life Experience 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, 2022, are free of material misstatements. The OAG concluded that the Basic Financial Statements for the fiscal year ended September 30, 2022, 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 March 29, 2023, the Executive Branch consisted of 17 principal departments. Fourteen 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, the legal level of budgetary control for the General Fund and budgeted operating funds.

MAJOR INITIATIVES AND FUTURE PROJECTS

Getting Kids Back on Track: The budget recommendation continues historic public education investments, including the highest per-student investment in Michigan history for the fifth year in a row without raising taxes, landmark funding to help students and adults build critical reading skills, and free breakfast and lunch to all Michigan public school students. The budget includes \$614 million to increase base per-pupil funding to \$9,608, a five percent increase that equates to an additional \$458 per student; \$79.9 million to continue expanded support for special education students – a 12.5% increase in the current allocation; and \$66.5 million to provide a 5% increase in funding to support academically at-risk students, English language learners, and students in rural school districts. A total of \$257.3 million is included toward the goal of offering universal pre-K to all of Michigan's 4-year-olds, putting all children on the path to a brighter future. The fiscal year 2024 executive recommendation and supplemental recommendations for fiscal year 2023 include a total of \$318 million for school safety programs and an additional \$300 million is recommended to continue historic investments for student mental health. The proposal includes \$442.4 million across fiscal years 2023 and 2024 to help students reach their full academic potential, including expansion of existing payments for literacy grants and literacy coaches and \$300 million for tutoring supports through the MI Kids Back on Track supplemental budget proposal recommended over two years. In addition, the budget includes \$160 million to help students thrive by providing free breakfast and lunch to all of Michigan's 1.4 million public school students.

Expanding Opportunity: The budget recommendation proposes funding centered on economic and workforce development, including annual \$500 million deposits into the Strategic Outreach and Attraction Reserve Fund to provide 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 in the recommendation is an investment of \$200 million for the Michigan Regional Empowerment program to support the growth, development, diversification, and resiliency of regional economies through a competitive grant process. A total of \$135 million is included for the Michigan Main Street Initiative to provide supports to start, grow, and expand small and micro businesses. In addition, a \$200 million

investment over 10 years is also recommended for the Onshoring Clean Energy Supply Chain Tax Credit, designed to encourage businesses to invest in clean manufacturing and industrial decarbonization projects.

Strengthening Families: Funding centered on the health of Michigan families is proposed, including \$129.7 million for additional Medicaid health access and equity to improve enrollee access to services. An investment of \$62.1 million to fund Healthy Moms, Healthy Babies, a bipartisan program that supports pregnant women, new mothers, and young children. A total of \$58 million is included to implement recommendations from the Racial Disparities Task Force, including neighborhood health grants, mobile health units, sickle cell support and more. In addition, there is a \$30 million increase in support to local health departments to provide essential services. The budget recommendation also includes \$15 million to create a new foster care respite care program to provide temporary, occasional relief to foster parents. Funding of \$6.2 million is also included to fund the Medicaid Plan First! program – expanding access to family planning services and cancer screening.

Rebuilding Our Infrastructure: The budget proposal calls for investing \$350 million in a reserve designed to allow the State to leverage federal infrastructure dollars and \$200 million to support Michigan's Bridge Bundling program to replace or rehabilitate structurally deficient bridges across the state. To ensure the quality and safety of Michigan drinking water, the budget includes \$122.5 million to support drinking water quality improvements including faucet and plumbing replacement in communities with lead contamination in water. In addition, \$226 million is included to remove and replace 40,000 lead service lines across the state over 10 years. An investment of \$100 million is proposed to remediate and redevelop contaminated sites in historically disadvantaged and underrepresented communities. In addition, the proposal includes \$65 million to expand electric vehicle charging infrastructure networks and access; a \$45 million investment for the Michigan Clean Fleet Initiative to support local governments, airports, and regional transportation authorities transitioning their vehicle fleet to electric vehicles and clean fuels; and \$10 million to begin the transition the of State of Michigan's fleet to electric vehicles.

Keeping Communities Safe: Funding centered on safe communities is included in current budget recommendations, including \$50.4 million to leverage the State Police Training Academy to serve as a criminal justice training hub to support realistic, multi-disciplinary training opportunities for law enforcement agencies across the state. In addition to a recommended 10% increase (5% ongoing and 5% one-time) in statutory revenue sharing, the budget recommendation includes another \$36.6 million in new statutory revenue sharing (2% ongoing and 5% one-time) dedicated specifically for public safety, including employee recruitment, retention, training, and equipment for first responders. A \$9 million investment is proposed for a state police trooper recruit school to graduate 50 new troopers. And a total of \$5 million is recommended to enact various recommendations from the Task Force on Juvenile Justice Reform, including creating a Juvenile Justice Services Division within the State Court Administrative Office and expanding the scope of the Office of the Child Advocate.

A \$200 million deposit to the Budget Stabilization Fund is included in the budget recommendation, which would bring the rainy-day fund balance to nearly \$2 billion at the end of fiscal year 2024. In addition, the proposal features a \$900 million deposit into a newly recommended rainy day fund for schools – funds set aside for future budgetary needs – ensuring long-term financial stability of the state's public education system.

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, 2021. 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 35 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,



Christopher M. Harkins
State Budget Director



Heather Boyd, CPA
Director, Office of Financial Management



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Michigan

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

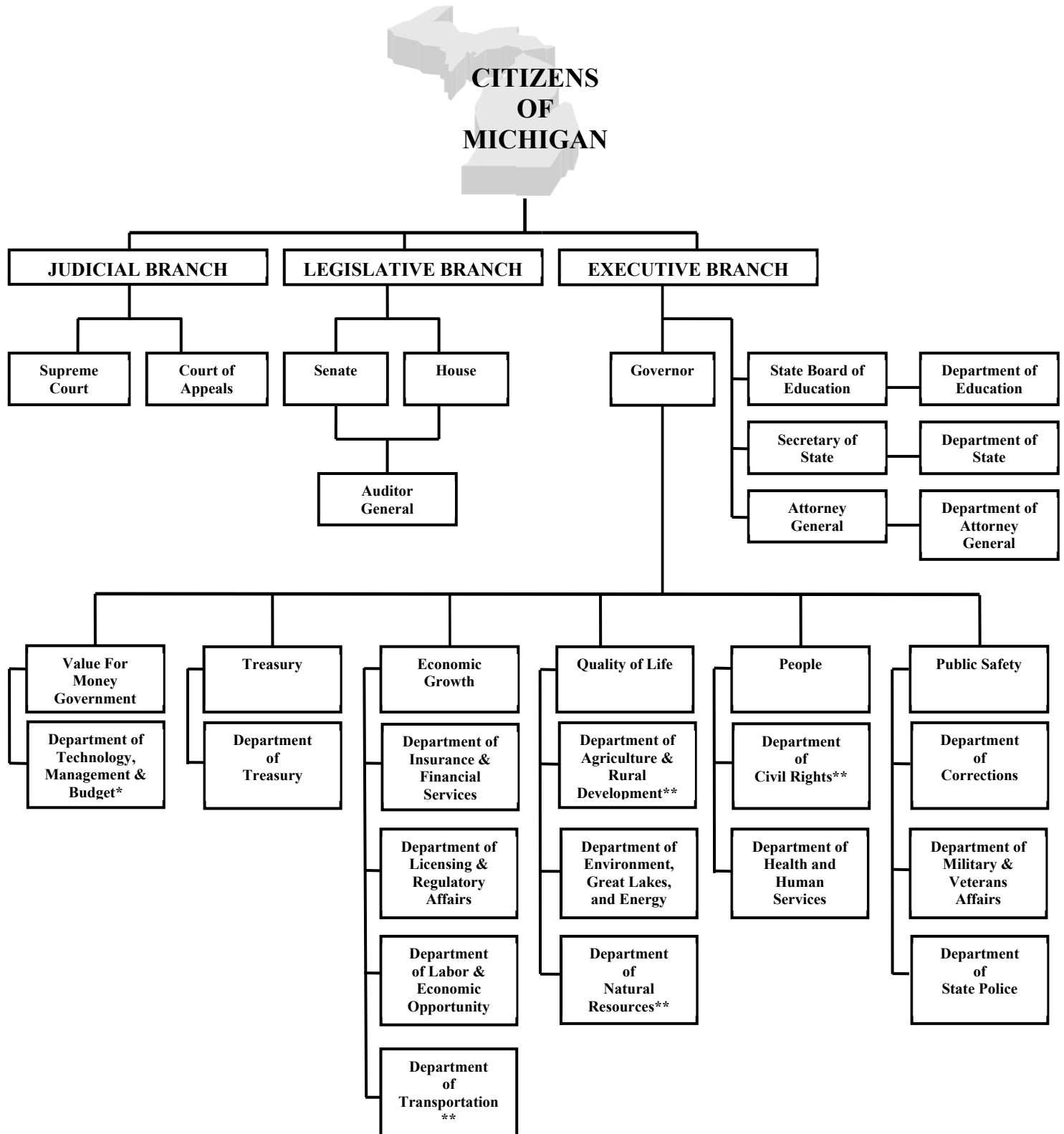
September 30, 2021

Christopher P. Morrell

Executive Director/CEO

STATE OF MICHIGAN ORGANIZATIONAL STRUCTURE

(As of March 29, 2023)



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

STATE OF MICHIGAN

PRINCIPAL STATE OFFICIALS

(As of March 29, 2023)

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

Andy Chae, Chair
Monica Wyant, Vice Chair
Juliette King-McAvoy, Secretary
David Williams
Felicia Wu

Dr. Timothy Boring, Director

Department of Agriculture & Rural Development

Civil Rights Commission

Portia L. Roberson, Chair
Zenna Faraj Elhasan, Vice Chair
Gloria E. Lara, Secretary
Richard Corriveau
Luke R. Londo
David Worthams
Vacant
Vacant

John E. Johnson Jr., Director

Department of Civil Rights

Civil Service Commission

Jase Bolger, Acting Chair
Nick Ciaramitaro
Jeff Steffel
Gail M. Wilson

John Gnodtke, State Personnel Director

Heidi E. Washington, Director

Department of Corrections

Daniel Eichinger, Acting 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

Orlene Hawks, Director

Department of Licensing and Regulatory Affairs

Major General Paul D. Rogers, Director

Department of Military and Veterans Affairs

Natural Resources Commission

Tom Baird, Chair
Mark Anthony
David Cozad
Leslie Love
David Nyberg
Carol Rose
John W. Walters

Shannon Lott, Acting Director

Department of Natural Resources

Colonel Joseph Gasper, Director

Department of State Police

Susan Corbin, Director

Department of Labor and Economic Opportunity

Michelle Lange, Director

Department of Technology, Management and Budget

Christopher M. Harkins, State Budget Director

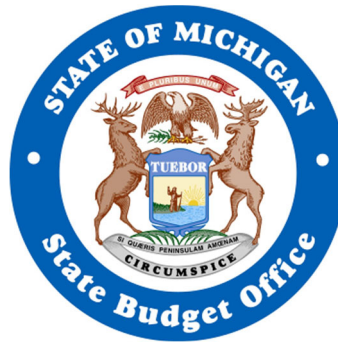
Transportation Commission

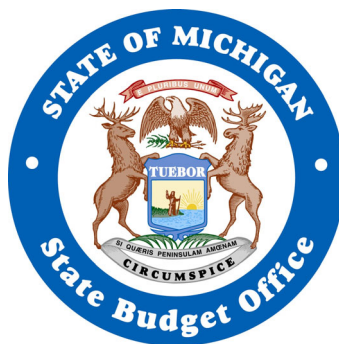
Todd Wyatt, Chair
Michael Hayes, Vice Chair
Stephen Adamini
Gregory Johnson
Heath Salisbury
Richard Turner

Brad Wieferich, Acting 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

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, 2022 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, 2022 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.



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Office of the Auditor General

Doug A. Ringler, CPA, CIA
Auditor General

The Honorable Gretchen Whitmer, Governor
Members of the Legislature
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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:

<u>Opinion Unit</u>	<u>Percent of Total Assets</u>	<u>Percent of Total Revenues/Additions</u>
Governmental activities	0.4%	0.3%
Business-type activities	97.5%	80.1%
Aggregate discretely presented component units	92.6%	74.6%
State Lottery Fund	100.0%	100.0%
Michigan Unemployment Compensation Funds	100.0%	100.0%
Aggregate remaining fund information	6.3%	8.5%

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 because 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 \$1.0 billion at September 30, 2022.

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

- Adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*.
- Restated beginning net position for governmental activities totaling \$18.9 million.
- Restated beginning fund balance for aggregate remaining funds totaling \$48.1 million.
- Restated beginning net position in business-type activities and the Michigan Unemployment Compensation Funds totaling (\$8.8) million.
- Restated beginning net position for aggregate discretely presented component units totaling \$0.9 million.
- Transferred the assets and liabilities comprising the Michigan Achieving a Better Life Experience (ABLE) Program to the National ABLE Alliance.

Our opinions are not modified with respect to these matters.

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



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Office of the Auditor General

Doug A. Ringler, CPA, CIA
Auditor General

The Honorable Gretchen Whitmer, Governor
Members of the Legislature
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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.

We are required to communicate to 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



OAG

Office of the Auditor General

Doug A. Ringler, CPA, CIA
Auditor General

The Honorable Gretchen Whitmer, Governor
Members of the Legislature
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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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue a report dated March 29, 2023 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.

Sincerely,

Doug Ringler
Auditor General
March 29, 2023

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, 2022. 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, 2022, the State's net position was \$32.1 billion. This means that total State assets and deferred outflows of resources exceeded total State liabilities and deferred inflows of resources by \$32.1 billion.
- The State's unrestricted net position was negative \$2.5 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 \$87.3 billion supported expenses of \$76.7 billion during fiscal year 2022. As a result, the State's total net position increased by \$10.6 billion (49.2 percent). The largest impact to the increase in net position relates to an increase in tax revenue of \$3.4 billion compared to the prior year, primarily due to increases in revenues from sales tax; flow-through entity tax; single business, Michigan business, and corporate income tax; and education, property, and real estate transfer tax.

Fund Level

- As of the close of the fiscal year, the State's governmental funds reported combined ending fund balances of \$24.0 billion. Governmental fund balances increased \$6.9 billion (40.6 percent) from the prior year.
- 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 \$18.7 billion, an increase of \$7.3 billion (63.3 percent) from the prior year. Of the total General Fund balance of \$13.1 billion, \$7.5 billion is unassigned and, therefore, available for appropriation in future years. The remaining \$5.6 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 \$1.5 billion. This represents an increase of \$681.1 million (87.5 percent) compared to the prior year-end balance. In fiscal year 2021, there was a decrease in net position of \$247.3 million. The increase in the change in net position is almost entirely due to the decrease in unemployment benefits paid from the Michigan Unemployment Compensation Funds as the State recovers from the COVID-19 pandemic.

Long-term Debt

- The State's total long-term bonded debt as of September 30, 2022 was \$6.4 billion, a decrease of \$252.8 million (3.8 percent) from the prior year. The decrease represents the net difference between new issuances, 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 22.

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 32 and 33) presents all of 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 34 and 35) 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 39 and 41) 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 63 of this report.

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

The fund financial statements begin on page 38 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 204 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 50. 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, 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 \$10.6 billion (49.2 percent) over the course of this fiscal year's operations. The net position of the governmental activities increased by \$10.0 billion (48.7 percent), and business-type activities had an increase of \$638.2 million (58.3 percent).

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other non-current assets	\$ 43,170.7	\$ 32,963.4	\$ 2,754.2	\$ 2,323.7	\$ 45,924.9	\$ 35,287.1
Capital assets	25,365.5	24,310.0	4.3	2.1	25,369.9	24,312.1
Total assets	<u>68,536.2</u>	<u>57,273.4</u>	<u>2,758.5</u>	<u>2,325.8</u>	<u>71,294.8</u>	<u>59,599.2</u>
Deferred outflows of resources	<u>2,817.6</u>	<u>3,491.7</u>	<u>19.4</u>	<u>21.7</u>	<u>2,837.1</u>	<u>3,513.4</u>
Liabilities:						
Current liabilities	14,189.7	11,751.1	775.2	960.5	14,964.9	12,711.7
Long-term liabilities	20,576.2	25,138.0	229.2	258.7	20,805.4	25,396.7
Total liabilities	<u>34,765.9</u>	<u>36,889.1</u>	<u>1,004.4</u>	<u>1,219.3</u>	<u>35,770.3</u>	<u>38,108.4</u>
Deferred inflows of resources	<u>6,183.9</u>	<u>3,525.1</u>	<u>40.6</u>	<u>25.0</u>	<u>6,224.6</u>	<u>3,550.1</u>
Net position:						
Net investment in capital assets	21,175.7	21,253.2	0.3	0.3	21,176.0	21,253.5
Restricted	11,667.8	8,099.7	1,821.3	1,173.2	13,489.1	9,272.9
Unrestricted	(2,439.5)	(9,002.1)	(88.6)	(70.2)	(2,528.1)	(9,072.3)
Total net position	<u>\$ 30,404.0</u>	<u>\$ 20,350.9</u>	<u>\$ 1,733.0</u>	<u>\$ 1,103.2</u>	<u>\$ 32,137.0</u>	<u>\$ 21,454.1</u>

The largest component of the State's net position, at \$21.2 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 \$13.5 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 \$2.5 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)

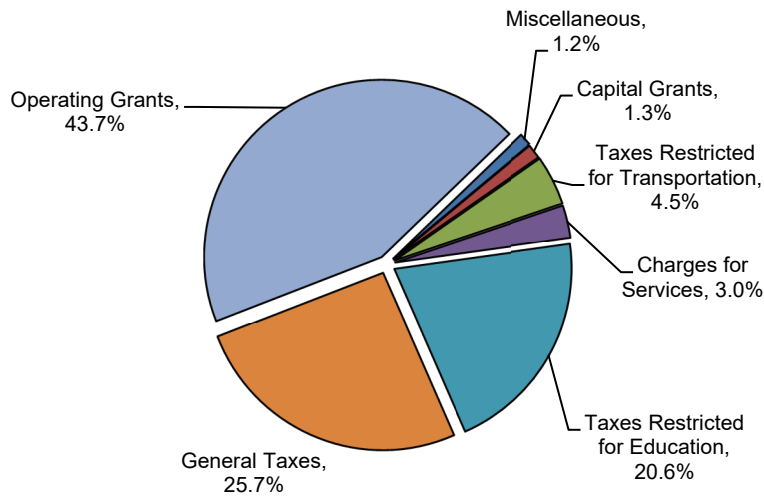
	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 2,359.7	\$ 1,897.0	\$ 7,979.0	\$ 20,652.7	\$ 10,338.7	\$ 22,549.7
Operating grants	34,644.4	29,864.9	0.8	14.2	34,645.1	29,879.0
Capital grants	1,068.2	981.7	-	-	1,068.2	981.7
General revenues						
General taxes	20,376.0	18,756.8	-	-	20,376.0	18,756.8
Taxes restricted for educational purposes	16,356.3	14,748.7	-	-	16,356.3	14,748.7
Taxes restricted for transportation purposes	3,588.9	3,464.8	-	-	3,588.9	3,464.8
Unrestricted investment and interest earnings	95.4	13.5	1.4	0.2	96.8	13.6
Miscellaneous	811.1	893.7	-	-	811.1	893.7
Total Revenues	<u>79,300.1</u>	<u>70,621.1</u>	<u>7,981.1</u>	<u>20,667.0</u>	<u>87,281.2</u>	<u>91,288.1</u>
Expenses						
General government	2,859.2	3,200.3	-	-	2,859.2	3,200.3
Education	22,137.4	18,754.3	-	-	22,137.4	18,754.3
Health and human services	31,437.1	29,794.5	-	-	31,437.1	29,794.5
Public safety and corrections	2,692.8	3,221.8	-	-	2,692.8	3,221.8
Conservation, environment, etc.	927.3	937.1	-	-	927.3	937.1
Labor, commerce, and regulatory	3,010.8	1,802.8	-	-	3,010.8	1,802.8
Transportation	5,029.6	4,908.2	-	-	5,029.6	4,908.2
Tax credits	908.8	884.6	-	-	908.8	884.6
Intergovernmental revenue sharing	1,607.9	1,451.3	-	-	1,607.9	1,451.3
Interest on long-term debt	265.8	255.2	-	-	265.8	255.2
Liquor Purchase Revolving Fund	-	-	1,260.3	1,274.1	1,260.3	1,274.1
State Lottery Fund	-	-	3,653.3	3,633.1	3,653.3	3,633.1
Attorney Discipline System	-	-	4.9	5.5	4.9	5.5
Michigan Unemployment Compensation Funds	-	-	908.1	14,440.5	908.1	14,440.5
Total Expenses	<u>70,876.6</u>	<u>65,210.1</u>	<u>5,826.6</u>	<u>19,353.3</u>	<u>76,703.2</u>	<u>84,563.4</u>
Excess (deficiency) Before Contributions and Transfers	8,423.4	5,410.9	2,154.5	1,313.8	10,577.9	6,724.7
Contributions to permanent fund principal	18.9	11.3	-	-	18.9	11.3
Special items	-	(11.7)	-	-	-	(11.7)
Transfers	1,516.3	1,640.2	(1,516.3)	(1,640.2)	-	-
Increase (decrease) in net position	<u>9,958.6</u>	<u>7,050.8</u>	<u>638.2</u>	<u>(326.4)</u>	<u>10,596.8</u>	<u>6,724.4</u>
Net position - beginning - restated	<u>20,445.4 *</u>	<u>13,300.1</u>	<u>1,094.7 *</u>	<u>1,429.6</u>	<u>21,540.2 *</u>	<u>14,729.7</u>
Net position - ending	<u>\$ 30,404.0</u>	<u>\$ 20,350.9</u>	<u>\$ 1,733.0</u>	<u>\$ 1,103.2</u>	<u>\$ 32,137.0</u>	<u>\$ 21,454.1</u>

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

Governmental Activities

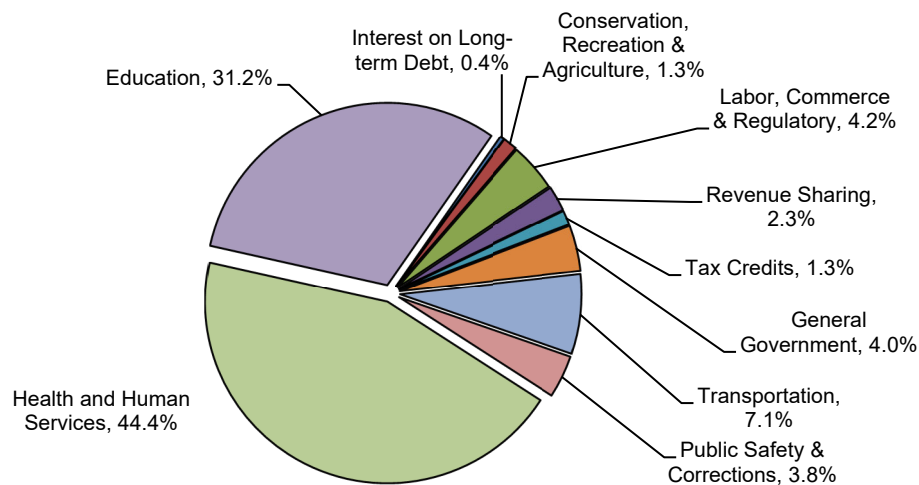
Revenues to fund governmental activities totaled \$79.3 billion for fiscal year 2022. As shown in the accompanying chart, 43.7 percent of the governmental activities' revenue came from operating grants, primarily from the federal government, and were earmarked for specific uses, such as highway construction and health and human services programs. In addition, the State Constitution and other statutory restrictions earmarked 25.2 percent for educational and transportation purposes. Only 25.7 percent of the revenues were available for general use.

**Revenues - Governmental Activities for
Fiscal Year Ending September 30, 2022**
(\$79.3 billion)



Expenses related to governmental activities totaled \$70.9 billion during fiscal year 2022. 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 75.6 percent of the spending.

**Expenses - Governmental Activities for
Fiscal Year Ending September 30, 2022**
(\$70.9 billion)



Business-type Activities

The business-type activities' net position increased \$638.2 million (58.3 percent) during the fiscal year. Factors contributing to these results included:

- The Michigan Unemployment Compensation Funds (MUCF) finished the fiscal year with an increase in net position of \$657.9 million (56.7 percent). In fiscal year 2021, there was a decrease in net position of \$319.5 million. The increase in the change in net position of these funds is primarily related to a reduction in operating loss due almost entirely to the decrease in unemployment benefits paid as the State recovers from the COVID-19 pandemic.
- The State Lottery Fund's net position decreased \$19.1 million (56.5 percent) from the fiscal year 2021 amount. The decrease in net position is primarily related to unrealized losses on investments that the Lottery holds to fund future payments due on annuitized Lottery prizes.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

As the State completed the year, its governmental funds reported fund balances of \$24.0 billion. Of this amount, \$7.5 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 \$10.5 billion of the governmental fund balances are restricted for specific purposes by enabling legislation, the majority of which is legally restricted for capital projects. Committed governmental fund balances totaled \$4.6 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 \$133.3 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 \$52.7 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 2022, the General Fund total fund balance was \$13.1 billion, of which \$7.5 billion was unassigned and, therefore, available for appropriation. The General Fund total fund balance of \$13.1 billion represents an increase of \$4.6 billion (53.9 percent) from the fiscal year 2021 ending total fund balance. The following revenues and expenditures contributed to most of the change in fund balance:

- General Fund revenues received from taxes increased \$2.2 billion (12.6 percent) from fiscal year 2021. The increase in revenue is primarily related to increased business profits leading to increased corporate income tax revenues, increases in sales tax revenue due to increased consumer spending, and the addition of the flow-through entity tax in fiscal year 2022.
- General Fund revenues received from federal agencies increased \$3.6 billion (13.7 percent) from fiscal year 2021. The increase in revenue is primarily related to increases in American Rescue Plan (ARP) Act funding for various child care programs, Supplemental Nutrition Assistance Program (SNAP), Medicaid, and funds received pursuant to the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- General Fund current expenditures for education increased \$1.0 billion (49.5 percent) from fiscal year 2021. The increase in expenditures is primarily related to ARP Act funding for various child care programs.
- General Fund current expenditures for labor, commerce, and regulatory increased \$1.5 billion (117.1 percent) from fiscal year 2021. The increase in expenditures is primarily related to Strategic Outreach and Attraction Reserve Fund spending as well as COVID-19 emergency rental assistance.

Included within the General Fund's committed fund balance is \$1.6 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 2022 general fund budget was \$45.6 billion. During the year, various positive and negative supplemental appropriations and other adjustments resulted in a final enacted budget of \$48.5 billion. The difference between the final enacted budget of \$48.5 billion and actual spending and encumbrances of \$47.8 billion resulted from spending authority net lapses of \$614.4 million and restricted revenue authorized, but not spent, totaling \$103.6 million. At fiscal year-end, excess restricted revenue of \$3.0 billion was carried forward into fiscal year 2023 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, 2022, totaled \$5.7 billion, an increase of \$2.7 billion (90.3 percent) from the prior year. Revenues and transfers to the fund totaled \$21.8 billion, up \$3.4 billion (18.4 percent) from the prior year. In fiscal year 2022, tax revenues

deposited in the fund increased \$1.8 billion (12.5 percent). Federal funds collected by the School Aid Fund were up \$1.5 billion (66.5 percent) over the prior year. Expenditures and transfers to other funds totaled \$19.1 billion, an increase of \$2.5 billion (14.7 percent) over the previous year. The School Aid Stabilization Fund ended the year with \$4.6 billion in restricted fund balance. The following revenues and expenditures contributed to most of the change in fund balance:

- School Aid Fund revenues received from taxes increased \$1.8 billion (12.5 percent) from fiscal year 2021. The increase in revenue is primarily related to increases in sales tax due to increased consumer spending, the addition of the flow-through entity tax in fiscal year 2022, and property tax driven by growing property values.
- School Aid Fund revenues from federal agencies increased \$1.5 billion (66.5 percent) from fiscal year 2021. School Aid Fund expenditures for education increased \$2.5 billion (14.8 percent) from fiscal year 2021. The increase in revenue and expenditures is primarily related to Elementary and Secondary School Emergency Relief (ESSER) II funding for local school districts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At the end of the fiscal year 2022, the State had invested \$25.4 billion, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation charges for this fiscal year totaled \$400.6 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021*	2022	2021*	2022	2021*
Land	\$ 3,681.3	\$ 3,664.0	\$ -	\$ -	\$ 3,681.3	\$ 3,664.0
Land improvements and other assets	158.2	156.0	-	-	158.2	156.0
Land rights	79.0	77.8	-	-	79.0	77.8
Buildings and improvements	1,451.8	1,270.3	0.1	0.1	1,451.9	1,270.4
Equipment	359.1	360.4	0.3	0.4	359.4	360.8
Computer software	368.7	439.9	-	-	368.7	439.9
Infrastructure	14,616.5	15,052.4	-	-	14,616.5	15,052.4
Right-to-use leased assets	662.1	733.2	4.0	4.3	666.1	737.5
Other	19.8	19.8	-	-	19.8	19.8
Subtotal	21,396.4	21,773.7	4.3	4.8	21,400.7	21,778.5
Construction in progress	3,969.1	3,076.0	-	-	3,969.1	3,076.0
Total	<u>\$ 25,365.5</u>	<u>\$ 24,849.7</u>	<u>\$ 4.3</u>	<u>\$ 4.8</u>	<u>\$ 25,369.9</u>	<u>\$ 24,854.6</u>

*Prior year columns have been restated. 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 resulted from partially completed road and bridge construction and repair projects which are reported within construction in progress as well as activity related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases.

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 27,147 lane miles of roads and 4,851 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 excellent condition. The most recent condition assessment, completed for calendar year 2021, indicated that 79.0 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 (2022) indicated that the condition of the bridges improved slightly from the prior year. For fiscal year 2022, 93.2 percent of the bridges were assessed as structurally fair or better.

The Legislature passed capital outlay appropriations of \$315.6 million for fiscal year 2022. 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 \$2.3 billion in fiscal year 2022. Of the total \$2.3 billion expended, \$1.4 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	
	2022	2021	2022	2021	2022	2021
General obligation bonds (backed by the State)	\$ 1,035.7	\$ 1,196.6	\$ -	\$ -	\$ 1,035.7	\$ 1,196.6
Revenue bonds and notes (backed by specific tax and fee revenue)	5,334.9	5,426.8	-	-	5,334.9	5,426.8
Total	<u>\$ 6,370.6</u>	<u>\$ 6,623.4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,370.6</u>	<u>\$ 6,623.4</u>

During the year, the State issued bonds and bond anticipation notes totaling \$146.5 million. The proceeds from the new bonds will provide funding for State and university-owned buildings.

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 2022, the State did not issue any general obligation short-term notes.

ECONOMIC CONDITIONS

The State of Michigan's fiscal year 2022 spanned the months from October 2021 through September 2022 (the final quarter of calendar year 2021 and the first three quarters of calendar year 2022).

Price inflation accelerated to 40-year highs in fiscal year 2022. Between October 2021 and June 2022, year-over-year increases in the U.S. consumer price index (CPI) accelerated from 6.2 percent to 9.1 percent – a 40-year high. Year-over-year CPI increases slowed slightly over the balance of the fiscal year – slowing to 8.2 percent in September 2022. The less volatile core U.S. CPI, which excludes food and energy, rose at historically rapid rates throughout the fiscal year. Year-over-year core CPI increases accelerated from 4.6 percent in October 2021 to 6.5 percent in March 2022 before slowing to 5.9 percent in June and July and then accelerating in September to 6.6 percent – a 40-year high. The personal consumption expenditure (PCE) deflator (the Federal Reserve's preferred inflation measure) also rose substantially in fiscal year 2022. Year-over-year increases in the PCE deflator accelerated between October 2021 and June 2022 from 5.2 percent to 7.0 percent – a 40-year high, before slowing to a still historically high 6.2 percent in August and September 2022.

Inflation's reach broadened in fiscal year 2022 – impacting a wider range of goods and services in fiscal year 2022 compared with fiscal year 2021. In February 2022, Russia launched a full-scale invasion of Ukraine. The Russia-Ukraine war sharply raised food

and energy prices as did actions made by the Organization of the Petroleum Exporting Countries (OPEC) to constrain oil production in support of high oil prices. The COVID-19 pandemic continued to hinder many world economies and curtail supply chains.

The Federal Reserve shifted to a significantly more contractionary policy regime in fiscal year 2022 compared to the previous year. In fiscal year 2021, the Federal Reserve had engaged in highly stimulative programs – purchasing \$120.0 billion in bonds each month and maintaining the federal funds rate near 0.0 percent. Faced with historically high rates of price inflation during 2022, the Federal Reserve first slowed the rate of increase in its bond purchases and then began decreasing the level of its bond holdings. The Federal Reserve also increased the federal funds rate at an historically rapid pace beginning in the second half of fiscal year 2022. Between March 2022 and September 2022, the Federal Reserve raised the federal funds rate by 3.0 percentage points.

In the final quarter of calendar year 2021, the U.S. economy reported very strong growth in real (inflation adjusted) gross domestic product (GDP) at a 7.0 percent annualized rate – boosted in large part by a sharp increase in inventories. However, high inflation combined with rising interest rates served to slow the U.S. economy. Real GDP declined slightly in both the first and second quarters of 2022 – falling at an annualized rate of 1.6 percent and 0.6 percent in the first and second quarter, respectively. In the third quarter, real GDP grew at a 2.6 percent annual rate. In the third quarter of 2022, a substantial increase in exports paired with a significant decrease in imports and modest increases in consumption and government spending outweighed the second straight quarter of substantial declines in investment. Real final sales, a measure of current domestic demand, which excludes inventory changes and exports but includes imports, grew at a modest 2.0 percent annual rate in the fourth quarter of 2021 before slowing to a 1.3 percent rate in the first quarter of 2022 and a 0.2 percent rate in the second quarter of 2022. In the third quarter of 2022, real final sales rose at a 0.5 percent annual rate.

However, employment increased at a substantial pace between October 2021 and September 2022 – gaining a total of 5.7 million jobs over fiscal year 2022. Job gains trended slower across the fiscal year. Monthly gains averaged 588,000 jobs over the first half of the year before slowing to 365,000 jobs over the fiscal year's second half. As of September 2022, U.S. employment was 0.5 million jobs above its pre-pandemic peak level.

The unemployment rate trended downward over the course of fiscal year 2022. Between September 2021 and September 2022, the rate fell from 4.7 percent to 3.5 percent – returning to a pre-pandemic 50-year low. The unemployment rates throughout fiscal year 2022 were down substantially from their peak 14.7 percent rate in April 2020 at the outset of the pandemic. While labor force participation rates rose slightly over fiscal year 2022, national labor supply was still down significantly from pre-pandemic levels. Increased early retirements resulting from the pandemic accounted for a substantial share of the reduction in the U.S. labor force. Lack of available/affordable childcare, and health concerns from COVID-19 also contributed to the reduction in labor supply.

Light vehicles sold at historically low levels through most of fiscal year 2022, as production and available inventories were substantially constrained by global semiconductor shortages. Light vehicles sold at a 13.0 million unit rate in the fourth quarter of 2021, a 14.1 million unit rate in the first quarter of 2022, a 13.3 million unit rate in the second quarter of 2022 and a 13.4 million unit rate in the third quarter of 2022.

Over the course of fiscal year 2022, Michigan reported modest employment growth with most of the growth occurring over the first half of the fiscal year. Michigan gained 65,900 jobs in the fourth quarter of 2021 and then gained 38,200 jobs during the first quarter of 2022. Michigan reported a slight 3,400 net jobs loss over the second quarter of 2022 before gaining 36,700 jobs in the third quarter of 2022. As a result, in fiscal year 2022, the Michigan economy gained on net, 137,400 jobs. Since the record 1.0 million job loss in April 2020, the Michigan labor market had gained on net, 961,100 jobs by September and thus stood 92,200 jobs below its February 2020 pre-pandemic level.

The Michigan unemployment rate is down substantially compared to its April 2020 peak rate of 22.7 percent. The Michigan unemployment rate trended downward in fiscal year 2022 with the rate falling from 5.7 percent in September 2021 to 4.1 percent in September 2022. Michigan's labor force participation rate trended upward slightly over the fiscal year but remained significantly below its pre-pandemic level.

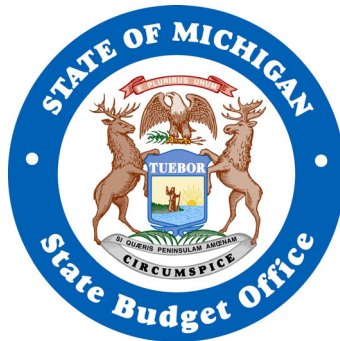
Michigan personal income was up 4.9 percent year-over-year in the fourth quarter of 2021. In the first quarter of 2022, Michigan personal income fell 6.7 percent from the first quarter of 2021, when enactment of the American Rescue Plan Act began. Michigan personal income then rose 0.8 percent year-over-year in the second quarter of 2022 compared with the second quarter of 2021 during which substantial transfer payments were made under the American Rescue Plan Act. However, excluding transfer payments, Michigan personal income was up 5.7 percent year-over-year in the second quarter of 2022. In comparison, U.S. personal income excluding transfer payments rose 7.3 percent year-over-year in the second quarter of 2022.

In the fourth quarter of 2021, Michigan real GDP rose 5.0 percent compared to a year earlier and was up 4.5 percent year-over-year in the first quarter of 2022. However, in the second quarter of 2022, Michigan real GDP rose just 0.7 percent compared to the prior year. In the second quarter of 2022, Michigan real GDP was up 4.3 percent from its pre-pandemic fourth quarter 2019 level.

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, 2022

(In Thousands)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
ASSETS				
Current Assets:				
Cash	\$ 213,915	\$ 78,332	\$ 292,247	\$ 1,689,127
Cash on deposit with fiscal agent	77,510	1,765,511	1,843,021	-
Equity in common cash (Note 5)	25,727,885	236,024	25,963,909	2,570,870
Taxes, interest, and penalties receivable (Note 6)	8,296,889	-	8,296,889	-
Internal balances	32,220	(32,220)	-	-
Amounts due from component units	5,892	1,714	7,606	31,018
Amounts due from primary government	-	-	-	243,085
Amounts due from federal government	2,937,419	45,266	2,982,684	60,689
Amounts due from local units	213,397	8,532	221,929	660,858
Inventories	119,095	27,473	146,567	12,166
Investments (Note 8)	-	17,107	17,107	2,738,035
Other current assets	2,346,125	457,378	2,803,503	491,689
Total Current Assets	39,970,346	2,605,117	42,575,463	8,497,535
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	-	-	-	229,148
Investments	-	-	-	1,012,293
Mortgages and loans receivable	-	-	-	11,224
Taxes, interest, and penalties receivable (Note 6)	569,339	-	569,339	-
Advances to primary government	-	-	-	767,000
Amounts due from federal government	41,178	-	41,178	-
Amounts due from local units	847,039	-	847,039	5,264,168
Mortgages and loans receivable	-	-	-	4,028,527
Investments (Note 8)	1,359,243	124,823	1,484,066	4,101,625
Land and property held for resale	-	-	-	4,867
Capital Assets (Note 9):				
Land and other non-depreciable assets	3,854,313	-	3,854,313	250,278
Buildings, equipment, and other depreciable assets	7,440,572	9,458	7,450,030	8,049,396
Less accumulated depreciation	(4,254,700)	(5,147)	(4,259,847)	(3,680,543)
Infrastructure	14,356,230	-	14,356,230	102,967
Construction in progress	3,969,131	-	3,969,131	278,657
Total capital assets	25,365,547	4,311	25,369,858	5,000,755
Interest in joint ventures (Note 7)	34,196	-	34,196	-
Other noncurrent assets	349,350	24,273	373,623	1,024,104
Total Noncurrent Assets	28,565,892	153,407	28,719,299	21,443,712
Total Assets	68,536,238	2,758,524	71,294,762	29,941,248
DEFERRED OUTFLOWS OF RESOURCES (Note 28)	2,817,633	19,429	2,837,062	303,532

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

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	\$ 5,224,777	\$ 752,294	\$ 5,977,071	\$ 682,473
Income tax refunds payable (Note 16)	2,104,678	-	2,104,678	-
Amounts due to component units	25,856	19	25,875	30,085
Amounts due to primary government	-	-	-	9,919
Bonds and notes payable (Notes 13 and 14)	455,125	-	455,125	1,023,606
Interest payable	165,260	4	165,264	121,422
Unearned revenue	5,448,956	1,126	5,450,082	264,787
Vendor financing obligations (Note 12)	120,339	338	120,677	3,399
Current portion of other long-term obligations (Note 15)	644,702	21,407	666,109	99,556
Total Current Liabilities	14,189,695	775,186	14,964,881	2,235,246
Noncurrent Liabilities:				
Advances from component units	743,487	-	743,487	-
Prize awards payable (Note 15)	-	126,619	126,619	-
Interest payable	23,767	-	23,767	-
Unearned revenue	249,856	-	249,856	27,745
Bonds and notes payable (Notes 13 and 14)	6,833,550	-	6,833,550	12,236,157
Vendor financing obligations (Note 12)	1,352,038	3,733	1,355,771	15,846
Noncurrent portion of other long-term obligations (Note 15)	11,373,516	98,817	11,472,334	2,304,293
Total Noncurrent Liabilities	20,576,214	229,169	20,805,383	14,584,040
Total Liabilities	34,765,909	1,004,355	35,770,264	16,819,286
DEFERRED INFLOWS OF RESOURCES (Note 28)	6,183,945	40,613	6,224,558	660,394
NET POSITION				
Net investment in capital assets	21,175,740	282	21,176,021	2,893,431
Restricted For (Note 23):				
Education	6,454,336	-	6,454,336	219,485
Construction and debt service	47,870	-	47,870	5,219,859
Public safety and corrections	70,986	-	70,986	-
Conservation, environment, recreation, and agriculture	1,081,073	-	1,081,073	-
Health and human services	514,014	-	514,014	-
Transportation	1,821,421	-	1,821,421	-
Unemployment compensation	-	1,817,298	1,817,298	-
Labor, commerce, and regulatory	328,714	-	328,714	-
Other purposes	192,042	4,019	196,061	2,474,720
Funds Held as Permanent Investments:				
Expendable	267,375	-	267,375	365,470
Nonexpendable	889,966	-	889,966	725,593
Unrestricted	(2,439,521)	(88,614)	(2,528,135)	866,541
Total Net Position	\$ 30,404,017	\$ 1,732,985	\$ 32,137,002	\$ 12,765,099

Michigan

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

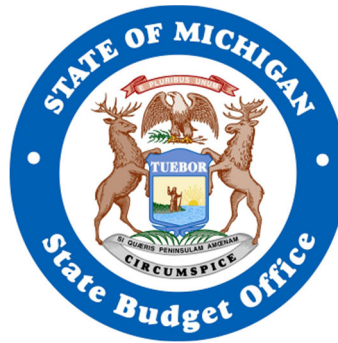
Functions/Programs	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General government	\$ 2,859,202	\$ 1,166,656	\$ 663,316	\$ 2,628
Education	22,137,374	9,349	5,384,213	-
Health and human services	31,437,130	162,627	24,762,799	-
Public safety and corrections	2,692,790	159,327	1,545,925	17,995
Conservation, environment, recreation, and agriculture	927,268	387,421	152,888	6,164
Labor, commerce, and regulatory	3,010,768	364,925	1,454,358	-
Transportation	5,029,633	109,432	680,881	1,041,442
Tax credits (Note 16)	908,800	-	-	-
Intergovernmental-revenue sharing	1,607,907	-	-	-
Interest on long-term debt	265,752	-	-	-
Total governmental activities	<u>70,876,624</u>	<u>2,359,737</u>	<u>34,644,381</u>	<u>1,068,229</u>
Business-type Activities:				
Liquor Purchase Revolving Fund	1,260,303	1,586,516	-	-
State Lottery Fund	3,653,269	4,911,450	(19,071)	-
Attorney Discipline System	4,923	5,311	(1,105)	-
Michigan Unemployment Compensation Funds	908,095	1,475,694	20,943	-
Total business-type activities	<u>5,826,589</u>	<u>7,978,971</u>	<u>768</u>	<u>-</u>
Total primary government	<u>\$ 76,703,213</u>	<u>\$ 10,338,708</u>	<u>\$ 34,645,149</u>	<u>\$ 1,068,229</u>
Total component units	<u>\$ 6,159,838</u>	<u>\$ 2,582,305</u>	<u>\$ 2,176,776</u>	<u>\$ 67,310</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
\$ (1,026,602)	\$ -	\$ (1,026,602)	\$ -
(16,743,812)	-	(16,743,812)	-
(6,511,704)	-	(6,511,704)	-
(969,543)	-	(969,543)	-
(380,796)	-	(380,796)	-
(1,191,484)	-	(1,191,484)	-
(3,197,878)	-	(3,197,878)	-
(908,800)	-	(908,800)	-
(1,607,907)	-	(1,607,907)	-
(265,752)	-	(265,752)	-
(32,804,276)	-	(32,804,276)	-
-	326,213	326,213	-
-	1,239,111	1,239,111	-
-	(717)	(717)	-
-	588,543	588,543	-
-	2,153,149	2,153,149	-
(32,804,276)	2,153,149	(30,651,127)	-
-	-	-	(1,333,448)
3,988,462	-	3,988,462	-
8,919,862	-	8,919,862	-
1,341,141	-	1,341,141	-
2,094,169	-	2,094,169	-
511,381	-	511,381	-
206,563	-	206,563	-
419,876	-	419,876	-
1,374,899	-	1,374,899	-
135,379	-	135,379	-
149,643	-	149,643	-
186,643	-	186,643	-
636,070	-	636,070	-
411,867	-	411,867	-
8,744,222	-	8,744,222	-
3,627,961	-	3,627,961	-
452,302	-	452,302	-
3,001,216	-	3,001,216	-
283,651	-	283,651	-
104,059	-	104,059	-
142,874	-	142,874	-
148,007	-	148,007	-
600,000	-	600,000	-
1,433,033	-	1,433,033	-
1,402,986	-	1,402,986	-
4,918	-	4,918	-
95,407	1,351	96,758	40,054
811,123	-	811,123	666,239
-	-	-	1,909,422
18,887	-	18,887	-
1,516,263	(1,516,263)	-	-
42,762,863	(1,514,911)	41,247,952	2,615,715
9,958,587	638,238	10,596,825	1,282,267
20,445,430	1,094,747	21,540,177	11,482,832
\$ 30,404,017	\$ 1,732,985	\$ 32,137,002	\$ 12,765,099



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, 2022
 (In Thousands)

	GENERAL FUND	SCHOOL AID FUND	NON-MAJOR FUNDS	TOTALS
ASSETS				
Current Assets:				
Cash	\$ 7,042	\$ 417	\$ 206,453	\$ 213,913
Equity in common cash (Note 5)	17,450,622	3,584,751	4,211,389	25,246,763
Cash on deposit with fiscal agent	77,510	-	-	77,510
Taxes, interest, and penalties receivable (Note 6)	5,349,539	2,809,442	137,907	8,296,889
Amounts due from other funds (Note 19)	32,149	38,552	129,871	200,572
Amounts due from component units	4,091	-	1,600	5,692
Amounts due from federal agencies	2,521,054	100,115	316,249	2,937,418
Amounts due from local units	64,429	44,905	104,063	213,397
Inventories	87,733	-	14,221	101,955
Other current assets	2,012,705	14,342	231,144	2,258,191
Total Current Assets	27,606,876	6,592,524	5,352,899	39,552,299
Noncurrent Assets:				
Taxes, interest, and penalties receivable (Note 6)	475,376	90,090	3,873	569,339
Amounts due from federal agencies	41,178	-	-	41,178
Amounts due from local units	767,000	15,610	64,429	847,039
Investments (Note 8)	11,715	-	1,347,528	1,359,243
Other noncurrent assets	296,861	-	13,789	310,650
Total Noncurrent Assets	1,592,130	105,700	1,429,619	3,127,449
Total Assets	\$ 29,199,006	\$ 6,698,224	\$ 6,782,518	\$ 42,679,748
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities (Note 24)	\$ 3,759,715	\$ 261,147	\$ 1,031,528	\$ 5,052,390
Income tax refunds payable (Note 16)	2,104,678	-	-	2,104,678
Amounts due to other funds (Note 19)	43,262	1	168,319	211,582
Amounts due to component units	2,344	-	-	2,344
Bonds and notes payable	-	-	77,000	77,000
Interest payable	-	-	156	156
Unearned revenue	5,355,266	31	15,299	5,370,596
Total Current Liabilities	11,265,265	261,179	1,292,302	12,818,746
Long-Term Liabilities:				
Advances from component units	743,487	-	-	743,487
Unearned revenue	4,953	-	12	4,965
Total Long-Term Liabilities	748,440	-	12	748,452
Total Liabilities	12,013,705	261,179	1,292,314	13,567,198
DEFERRED INFLOWS OF RESOURCES (Note 28)	4,130,006	783,300	194,143	5,107,448
FUND BALANCES				
Nonspendable	134,321	-	1,193,670	1,327,991
Restricted	1,054,434	5,653,745	3,822,311	10,530,489
Committed	4,269,717	-	332,821	4,602,538
Assigned	133,339	-	-	133,339
Unassigned (Note 22)	7,463,485	-	(52,740)	7,410,744
Total Fund Balances (Note 23)	13,055,296	5,653,745	5,296,061	24,005,101
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 29,199,006	\$ 6,698,224	\$ 6,782,518	\$ 42,679,748

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, 2022

(In Thousands)

Total fund balances for governmental funds		\$ 24,005,101
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 9)		
Land and other non-depreciable assets	3,796,881	
Buildings, equipment, and other depreciable assets	6,027,410	
Infrastructure	14,356,230	
Construction in progress	3,969,131	
Interest in joint ventures	34,196	
Accumulated depreciation	<u>(3,227,453)</u>	24,956,396
Certain tax revenues are earned but not available and therefore are reported as deferred inflows of resources in the funds.		4,493,954
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.		576,414
Amounts due to component units for long-term loans.		(23,513)
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.		(273,634)
Pension related assets are not available in the current period and therefore are not reported in the funds.		3,926
Deferred outflows of resources not reported in the funds:		
Refunding of debt		35,358
Pension related		832,346
OPEB related		1,825,974
Debt issuance costs are reported as current expenditures in the funds. However, certain debt issuance costs are amortized over the life of the bonds and are included in the governmental activities in the Statement of Net Position.		5
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	(1,435,066)	
Compensated absences	(415,486)	
Workers' compensation	(41,339)	
Net pension liability	(4,460,126)	
Net OPEB liability	(5,257,913)	
Pollution remediation	(176,521)	
Other long-term liabilities	<u>(1,076,674)</u>	(12,863,126)
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	(6,370,572)	
Unamortized premiums	(843,908)	
Unamortized discounts	2,804	
Accrued interest payable	<u>(103,186)</u>	(7,314,861)
Deferred inflows of resources not reported in the funds:		
Refunding of debt		(7,620)
Pension related		(1,954,550)
OPEB related		<u>(3,888,155)</u>
Net position of governmental activities		<u>\$ 30,404,017</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, 2022

(In Thousands)

	GENERAL FUND	SCHOOL AID FUND	NON-MAJOR FUNDS	TOTALS
REVENUES				
Taxes	\$ 20,040,354	\$ 16,315,743	\$ 3,744,858	\$ 40,100,955
From federal agencies	29,807,924	3,818,926	1,891,980	35,518,830
From local agencies	111,141	-	21,731	132,871
From services	344,591	-	8,863	353,454
From licenses and permits	412,424	-	271,989	684,413
Special Medicaid reimbursements	172,203	-	-	172,203
Miscellaneous	798,517	48,990	584,091	1,431,598
Total Revenues	51,687,153	20,183,658	6,523,513	78,394,324
EXPENDITURES				
Current:				
General government	2,796,212	1,478	143,675	2,941,366
Education	3,044,032	18,986,355	135,916	22,166,303
Health and human services	31,797,847	-	65,134	31,862,980
Public safety and corrections	3,178,578	-	2,993	3,181,570
Conservation, environment, recreation, and agriculture	709,954	-	334,141	1,044,094
Labor, commerce, and regulatory	2,767,244	-	294,039	3,061,283
Transportation	3,358	-	3,689,275	3,692,633
Tax credits (Note 16)	908,800	-	-	908,800
Capital outlay	90,464	-	2,182,865	2,273,329
Intergovernmental-revenue sharing	1,607,907	-	-	1,607,907
Debt service:				
Bond principal retirement	-	-	397,874	397,874
Bond interest and fiscal charges	-	-	265,772	265,772
Structured settlement payments	61,594	-	-	61,594
Vendor financing payments	93,195	-	4,628	97,823
Total Expenditures	47,059,185	18,987,833	7,516,311	73,563,328
Excess of Revenues over (under) Expenditures	4,627,968	1,195,825	(992,798)	4,830,996
OTHER FINANCING SOURCES (USES)				
Bonds and bond anticipation notes issued	-	-	146,530	146,530
Premium on bond issuance	-	-	15,093	15,093
Vendor financing acquisitions	13,496	-	248,608	262,104
Proceeds from sale of capital assets	6,866	-	2,476	9,342
Transfers from other funds (Note 21)	540,979	1,596,812	2,597,342	4,735,132
Transfers to other funds (Note 21)	(616,807)	(110,528)	(2,335,326)	(3,062,661)
Total Other Financing Sources (Uses)	(55,466)	1,486,284	674,722	2,105,540
Net changes in fund balances	4,572,502	2,682,109	(318,076)	6,936,536
Fund Balances - Beginning of fiscal year - restated	8,482,793	2,971,636	5,614,137	17,068,566
Fund Balances - End of fiscal year	\$ 13,055,296	\$ 5,653,745	\$ 5,296,061	\$ 24,005,101

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, 2022

(In Thousands)

Net change in fund balance - total governmental funds \$ 6,936,536

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	7,699	
Buildings, equipment, and other depreciable assets	174,100	
Infrastructure	(679,201)	
Construction in progress	1,333,498	
Disposal of capital assets	(13,211)	
Depreciation expense	(244,218)	578,667

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	220,229	
Other revenues	366,921	587,150

Increase (decrease) in equity interest in joint ventures (Note 7). 959

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. 42,833

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 repayments exceed proceeds. (Note 13)

Bond proceeds and premiums received	(161,623)	
Repayment of bond principal	397,874	
Accrued interest and amortization	54,306	290,557

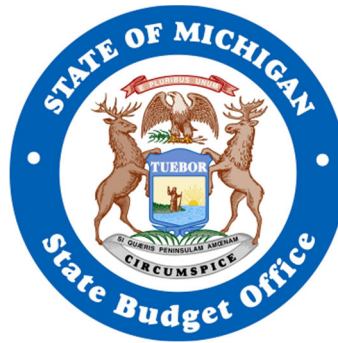
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds. Some expenditures reported in the funds either increase or decrease long-term obligations reported in the Statement of Net Position.

In the current year, these amounts related to:

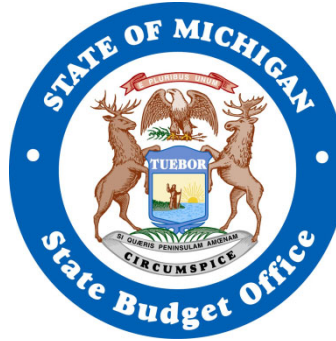
Pension costs, net	924,877	
OPEB costs, net	909,266	
Advances from component units	9,816	
Vendor financing payments	(207,310)	
Compensated absences payments	14,643	
Litigation recoveries, settlements and payments	(147,856)	
Pollution remediation obligations	16,278	
Workers' compensation	1,388	
Other	783	1,521,885

Change in net position of governmental activities \$ 9,958,587

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 258.

Individual fund statements for the Internal Service Funds, whose combined totals are presented on this statement, begin on page 262.

Michigan

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
 SEPTEMBER 30, 2022
 (In Thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				
	MAJOR				GOVERNMENTAL
	STATE	MICHIGAN			ACTIVITIES --
	LOTTERY	UNEMPLOYMENT			INTERNAL
	FUND	COMPENSATION	NON-MAJOR	TOTALS	SERVICE
		FUNDS			FUNDS
ASSETS					
Current Assets:					
Cash	\$ 2	\$ 77,794	\$ 536	\$ 78,332	\$ 2
Cash on deposit with fiscal agent	-	1,765,511	-	1,765,511	-
Equity in common cash (Note 5)	10,853	144,506	80,665	236,024	481,122
Amounts due from other funds (Note 19)	-	4,529	-	4,529	3
Amounts due from component units	-	1,714	-	1,714	201
Amounts due from federal agencies	-	45,266	-	45,266	1
Amounts due from local units	-	8,532	-	8,532	-
Inventories	24,275	-	3,198	27,473	17,140
Investments (Note 8)	13,775	-	3,332	17,107	-
Other current assets	203,860	231,431	22,087	457,378	87,168
Total Current Assets	252,764	2,279,282	109,819	2,641,865	585,636
Noncurrent Assets:					
Investments (Note 8)	119,980	-	4,843	124,823	-
Capital Assets (Note 9):					
Land and other non-depreciable assets	-	-	-	-	57,432
Buildings, equipment, and other depreciable assets	6,481	-	2,977	9,458	1,413,162
Allowance for depreciation	(4,778)	-	(369)	(5,147)	(1,027,247)
Total capital assets	1,703	-	2,608	4,311	443,347
Other noncurrent assets	1,457	22,800	16	24,273	34,769
Total Noncurrent Assets	123,140	22,800	7,467	153,407	478,116
Total Assets	375,904	2,302,082	117,286	2,795,272	1,063,752
DEFERRED OUTFLOWS OF RESOURCES					
	11,393	-	8,036	19,429	123,956
LIABILITIES					
Current Liabilities:					
Accounts payable and other liabilities (Note 24)	229,913	407,093	114,974	751,981	126,309
Amounts due to other funds (Note 19)	14,551	22,398	113	37,062	2,085
Amounts due to component units	-	19	-	19	-
Interest payable	2	-	2	4	2,328
Unearned revenue	-	-	1,126	1,126	78,361
Vendor financing obligations (Note 12)	134	-	204	338	34,434
Current portion of other long-term obligations (Note 15)	907	20,000	500	21,407	59,201
Total Current Liabilities	245,507	449,510	116,918	811,935	302,717
Long-Term Liabilities:					
Prize awards payable	126,619	-	-	126,619	-
Unearned revenue	-	-	-	-	244,891
Vendor financing obligations (Note 12)	1,303	-	2,430	3,733	67,566
Noncurrent portion of other long-term obligations (Note 15)	41,036	35,274	22,507	98,817	549,627
Total Long-Term Liabilities	168,957	35,274	24,937	229,169	862,084
Total Liabilities	414,464	484,784	141,856	1,041,104	1,164,801
DEFERRED INFLOWS OF RESOURCES					
	25,661	-	14,952	40,613	296,541
NET POSITION					
Net investment in capital assets	292	-	(11)	282	341,345
Restricted For:					
Unemployment compensation	-	1,817,298	-	1,817,298	-
Other purposes	-	-	4,019	4,019	8,589
Unrestricted	(53,120)	-	(35,494)	(88,614)	(623,569)
Total Net Position	\$ (52,827)	\$ 1,817,298	\$ (31,485)	\$ 1,732,985	\$ (273,634)

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, 2022

(In Thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	MAJOR			TOTALS	
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR		
OPERATING REVENUES					
Operating revenues	\$ 4,911,450	\$ 1,475,694	\$ 1,591,827	\$ 7,978,970	\$ 2,017,764
Total Operating Revenues	4,911,450	1,475,694	1,591,827	7,978,970	2,017,764
OPERATING EXPENSES					
Salaries, wages, and other administrative	550,560	24,635	108,265	683,460	888,107
Interest expense	2	-	-	2	-
Depreciation	402	-	257	659	155,754
Purchases for resale	-	-	1,155,155	1,155,155	76,931
Purchases for prison industries	-	-	-	-	9,292
Lottery prize awards	3,097,042	-	-	3,097,042	-
Premiums and claims	-	-	-	-	804,924
Unemployment benefits	-	629,744	-	629,744	-
Federal program claimants	-	253,716	-	253,716	-
Other operating expenses	7	-	1,416	1,423	36,767
Total Operating Expenses	3,648,014	908,095	1,265,093	5,821,202	1,971,775
Operating Income (Loss)	1,263,436	567,599	326,733	2,157,769	45,989
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	1,471	20,943	1,351	23,766	2,114
Investment revenue (expense) - net	(20,542)	-	(1,105)	(21,647)	-
Other nonoperating revenues	-	-	1	1	6,273
Amortization of prize award obligation discount	(5,232)	-	-	(5,232)	-
Interest expense	(23)	-	(24)	(47)	(2,830)
Other nonoperating expense	-	-	(109)	(109)	(4,544)
Total Nonoperating Revenues (Expenses)	(24,326)	20,943	114	(3,268)	1,013
Income (Loss) Before Transfers	1,239,111	588,543	326,847	2,154,501	47,002
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Transfers from other funds	-	104,279	-	104,279	-
Transfers To:					
School Aid Fund	(1,248,595)	-	-	(1,248,595)	-
Other funds	(9,591)	(34,925)	(327,431)	(371,946)	(4,169)
Total Capital Contributions and Transfers In (Out)	(1,258,186)	69,354	(327,431)	(1,516,263)	(4,169)
Change in net position	(19,075)	657,897	(584)	638,238	42,833
Total net position - Beginning of fiscal year - restated	(33,753)	1,159,401	(30,902)	1,094,747	(316,467)
Total net position - End of fiscal year	\$ (52,827)	\$ 1,817,298	\$ (31,485)	\$ 1,732,985	\$ (273,634)

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

Michigan

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

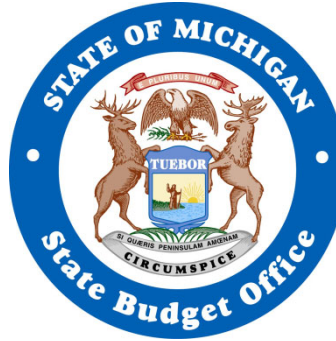
	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				
	MAJOR				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR	TOTALS	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from federal and local agencies	\$ -	\$ 543,869	\$ -	\$ 543,869	\$ -
Receipts from customers	4,899,934	1,297,157	1,580,488	7,777,580	1,992,803
Membership dues	-	-	5,294	5,294	-
Payments to employees	(24,743)	-	(17,131)	(41,874)	(279,406)
Payments to suppliers	(81,128)	-	(1,280,206)	(1,361,334)	(902,156)
Payments to prize winners	(3,094,958)	-	-	(3,094,958)	-
Payments for commissions to retailers	(450,167)	-	-	(450,167)	-
Claims paid	-	(1,082,191)	-	(1,082,192)	(803,659)
Other receipts	-	-	75	75	6,380
Other payments	-	(4,635)	(921)	(5,555)	(492)
Net cash provided (used) by operating activities	1,248,939	754,200	287,598	2,290,737	13,469
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	104,279	-	104,279	-
Transfers to other funds	(1,272,143)	(23,067)	(328,520)	(1,623,730)	(4,169)
Net cash provided (used) by noncapital financing activities	(1,272,143)	81,212	(328,520)	(1,519,451)	(4,169)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(14)	-	(55)	(69)	(7,398)
Vendor financing payments (including imputed interest expense)	(125)	-	(183)	(308)	(41,441)
Net cash provided (used) by capital and related financing activities	(140)	-	(237)	(377)	(48,840)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investment securities	15,256	-	-	15,256	-
Purchase of investment securities	(5,635)	-	(3,320)	(8,955)	-
Sale of investment securities	-	-	223	223	-
Interest and dividends on investments	1,471	20,943	1,225	23,639	2,114
Expenses from securities lending activities	(2)	-	-	(2)	-
Net cash provided (used) by investing activities	11,091	20,943	(1,873)	30,162	2,114
Net cash provided (used) - all activities	(12,253)	856,355	(43,032)	801,070	(37,425)
Cash and cash equivalents at beginning of year	23,107	1,131,456	124,234	1,278,797	518,549
Cash and cash equivalents at end of year	<u>\$ 10,854</u>	<u>\$ 1,987,811</u>	<u>\$ 81,202</u>	<u>\$ 2,079,867</u>	<u>\$ 481,124</u>

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

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				
	MAJOR				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR	TOTALS	
RECONCILIATION OF CASH AND CASH EQUIVALENTS					
Per Statement of Net Position Classifications:					
Cash	\$ 2	\$ 77,794	\$ 536	\$ 78,332	\$ 2
Cash on deposit with fiscal agent	-	1,765,511	-	1,765,511	-
Equity in common cash	10,853	144,506	80,665	236,024	481,122
Cash and cash equivalents at end of year	<u>\$ 10,854</u>	<u>\$ 1,987,811</u>	<u>\$ 81,202</u>	<u>\$ 2,079,867</u>	<u>\$ 481,124</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,263,436	\$ 567,599	\$ 326,733	\$ 2,157,769	\$ 45,989
Adjustments to Reconcile Operating Income to Net Cash Provided (Used)					
by Operating Activities:					
Depreciation expense	402	-	257	659	155,754
Pension expense	(639)	-	602	(37)	(8,505)
OPEB expense	(1,098)	-	(981)	(2,080)	(17,226)
Deferred outflows - contributions subsequent to measurement date	(5,545)	-	(3,120)	(8,665)	(61,747)
Amortization of prize award obligation discount	(5,232)	-	-	(5,232)	-
Other nonoperating revenues	-	-	1	1	6,273
Other nonoperating expenses	(21)	-	(109)	(130)	(59)
Other reconciling items	120	-	(219)	(99)	34
Net Changes in Assets and Liabilities:					
Inventories	(861)	-	1,433	572	(3,946)
Other assets (net)	(11,124)	358,029	(8,522)	338,383	(175,877)
Accounts payable and other liabilities	2,185	(171,428)	(28,538)	(197,781)	120,801
Prize awards payable	7,316	-	-	7,316	-
Unearned revenue	-	-	61	61	(48,023)
Net cash provided (used) by operating activities	<u>\$ 1,248,939</u>	<u>\$ 754,200</u>	<u>\$ 287,598</u>	<u>\$ 2,290,737</u>	<u>\$ 13,469</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Cost of capital assets acquired with vendor financing	\$ -	\$ -	\$ 87	\$ 87	\$ 10,662
Vendor financing obligations entered into during the year	(1,099)	-	(87)	(1,186)	(10,662)
Increase (decrease) in fair value of investments	(26,356)	-	-	(26,356)	-
Transfers to other funds (accrual)	(14,351)	(21,627)	-	(35,978)	-
Gain (loss) on disposal of capital assets	-	-	-	-	(698)
Total noncash investing, capital, and financing activities	<u>\$ (41,806)</u>	<u>\$ (21,627)</u>	<u>\$ -</u>	<u>\$ (63,433)</u>	<u>\$ (698)</u>



FIDUCIARY FUND FINANCIAL STATEMENTS



Individual fund financial statements begin on the following pages:
Pension (and Other Employee Benefit) Trust Funds, page 270.
Private-Purpose Trust Funds, page 278.
Custodial Funds, page 282.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 SEPTEMBER 30, 2022
 (In Thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE- PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
ASSETS			
Cash	\$ -	\$ 3,742	\$ 46,678
Equity in common cash (Note 5)	590,458	631	219,521
Receivables:			
From participants	180,435	-	-
From employers	534,829	-	-
Taxes, interest, and penalties	-	-	113,615
Other	362,336	670	153
Interest and dividends	1,162	-	-
Due from other funds (Note 19)	80	-	-
Due from component unit	748	-	-
Due from other governmental	25,582	-	-
Investments at Fair Value (Note 8):			
Short-term investments	743,264	-	-
Fixed income	8,399,088	-	-
Domestic equities	16,291,543	-	-
Real estate	9,852,546	-	-
Alternative investments	13,686	-	-
Private equity pools	22,960,780	-	-
International equities	11,105,011	-	-
Absolute return	9,204,626	-	-
Mutual funds	584,317	5,669,943	-
Pooled investment funds	7,372,217	-	-
Separate accounts	2,664,030	-	-
Real return	10,751,809	-	-
Guaranteed funding agreements	-	1,646,544	-
Securities lending collateral (Note 8)	3,233,363	-	-
Other assets	-	-	247,933
Total Assets	104,871,908	7,321,529	627,900
LIABILITIES			
Accounts payable and other liabilities	348,391	5,346	184,585
Amounts due to other funds (Note 19)	80	-	766
Obligations under security lending	3,233,363	-	-
Unearned revenue	21,069	-	3
Total Liabilities	3,602,902	5,346	185,354
NET POSITION			
Restricted For:			
Pension benefits	80,407,522	-	-
Postemployment health-care benefits	16,119,543	-	-
Deferred compensation participants	4,741,940	-	-
Individuals, organizations, and other governments	-	7,316,183	442,546
Total Net Position	\$ 101,269,006	\$ 7,316,183	\$ 442,546

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

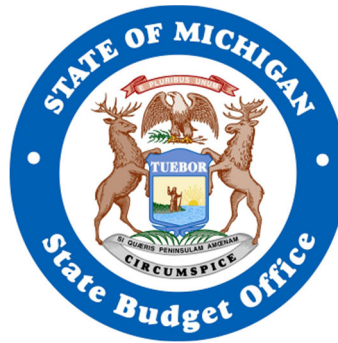
FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

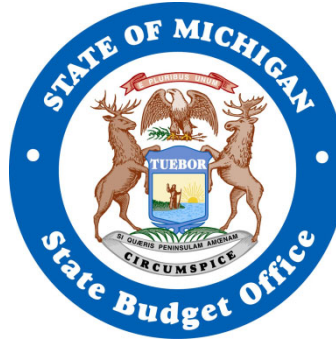
(In Thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE- PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
ADDITIONS			
Contributions:			
From participants	\$ 1,320,377	\$ 812,685	\$ -
From employers	6,449,067	-	-
From other governmental	379,527	-	-
From other systems	22,880	-	-
Total Contributions	8,171,851	812,685	-
Investment Income:			
Net increase (decrease) in the fair value of investments	(8,262,683)	(1,389,130)	-
Interest, dividends, and other	1,919,575	229,005	5,922
Securities lending income	39,417	-	-
Less Investment Expense:			
Investment activity expense	359,405	-	-
Securities lending expense	25,616	-	-
Net investment income (loss)	(6,688,711)	(1,160,125)	5,922
Other Additions:			
Child support receipts	-	-	1,330,087
City income tax collections	-	-	470,375
Collateral deposits and related additions	-	-	68,160
Escheated property	-	-	295,429
Prisoner deposits	-	-	59,408
Other additions and miscellaneous income	10,910	-	9,190
Total Other Additions	10,910	-	2,232,648
Total Additions	1,494,049	(347,439)	2,238,569
DEDUCTIONS			
Benefits paid to participants or beneficiaries	7,405,189	700,180	-
Medical, dental, and life insurance for retirants	1,114,991	-	-
Refunds and transfers to other systems	441,614	-	-
Child support distributions	-	-	1,330,087
City income tax distributions	-	-	470,515
Collateral disbursements and related deductions	-	-	78,215
Escheated property distributions	-	-	131,156
Prisoner disbursements	-	-	59,555
Miscellaneous deductions	-	-	6,631
Administrative and other expenses	257,606	11,214	-
Transfers to other funds	-	-	151,768
Total Deductions	9,219,400	711,394	2,227,927
Special Items	-	(32,746)	-
Change in net position	(7,725,351)	(1,091,579)	10,643
Net position - Beginning of fiscal year	108,994,357	8,407,762	431,904
Net position - End of fiscal year	\$ 101,269,006	\$ 7,316,183	\$ 442,546

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 11 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, and seven residents of the State 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 288.

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

STATEMENT OF NET POSITION

COMPONENT UNITS

SEPTEMBER 30, 2022

(In Thousands)

	AUTHORITIES			
	MICHIGAN FINANCE AUTHORITY	MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	MICHIGAN STRATEGIC FUND	NON-MAJOR
ASSETS				
Current Assets:				
Cash	\$ 187,702	\$ 508,056	\$ 161,159	\$ 205,194
Equity in common cash (Note 5)	1,385,941	-	1,012,243	172,686
Amounts due from component units	-	-	386	30,517
Amounts due from primary government	540	-	-	2,115
Amounts due from federal government	592	-	13,457	9,482
Amounts due from local units	653,107	-	-	-
Inventories	-	-	-	684
Investments (Note 8)	2,286,973	263,466	-	31,250
Other current assets	171,901	64,765	75,619	11,403
Total Current Assets	<u>4,686,754</u>	<u>836,287</u>	<u>1,262,863</u>	<u>463,330</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	-	-	55,253	720
Investments	-	-	-	5,925
Mortgages and loans receivable	-	-	-	-
Advances to primary government	767,000	-	-	-
Amounts due from local units	5,264,168	-	-	-
Mortgages and loans receivable	179,858	3,682,500	152,502	-
Investments (Note 8)	119,102	644,968	63,522	1,505,489
Land and property held for resale	-	-	-	4,867
Capital Assets (Note 9):				
Land and other non-depreciable assets	-	-	5,599	1,076
Buildings, equipment, and other depreciable assets	-	21,000	619	60,611
Less accumulated depreciation	-	(2,144)	-	(42,556)
Infrastructure	-	-	-	102,967
Construction in progress	-	-	5,566	129
Total capital assets	-	18,856	11,783	122,228
Other noncurrent assets	-	143,976	322,977	26,491
Total Noncurrent Assets	<u>6,330,127</u>	<u>4,490,300</u>	<u>606,038</u>	<u>1,665,720</u>
Total Assets	<u>11,016,881</u>	<u>5,326,587</u>	<u>1,868,900</u>	<u>2,129,050</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 28)	<u>33,318</u>	<u>36,867</u>	<u>5,784</u>	<u>81,734</u>

This statement continues on next page.

STATE UNIVERSITIES

WESTERN MICHIGAN UNIVERSITY	NON-MAJOR	TOTALS
\$ 206,790	\$ 420,225	\$ 1,689,127
-	-	2,570,870
-	115	31,018
21,329	219,101	243,085
8,717	28,441	60,689
-	7,751	660,858
1,797	9,684	12,166
17,895	138,452	2,738,035
38,478	129,524	491,689
<u>295,006</u>	<u>953,295</u>	<u>8,497,535</u>
-	173,175	229,148
568,031	438,337	1,012,293
-	11,224	11,224
-	-	767,000
-	-	5,264,168
2,251	11,416	4,028,527
211,399	1,557,145	4,101,625
-	-	4,867
16,638	226,966	250,278
1,588,213	6,378,953	8,049,396
(720,375)	(2,915,469)	(3,680,543)
-	-	102,967
122,813	150,149	278,657
<u>1,007,289</u>	<u>3,840,598</u>	<u>5,000,755</u>
<u>427,443</u>	<u>103,218</u>	<u>1,024,104</u>
<u>2,216,413</u>	<u>6,135,113</u>	<u>21,443,712</u>
<u>2,511,420</u>	<u>7,088,408</u>	<u>29,941,248</u>
<u>49,475</u>	<u>96,355</u>	<u>303,532</u>

STATEMENT OF NET POSITION
COMPONENT UNITS (Continued)

SEPTEMBER 30, 2022

(In Thousands)

	AUTHORITIES			
	MICHIGAN FINANCE AUTHORITY	MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	MICHIGAN STRATEGIC FUND	NON-MAJOR
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	\$ 86,245	\$ 50,835	\$ 56,384	\$ 37,544
Amounts due to component units	-	-	30,052	34
Amounts due to primary government	-	-	39	2,417
Bonds and notes payable (Note 14)	785,325	120,997	28,055	75
Interest payable	85,048	16,331	2,929	15
Unearned revenue	5,000	145,881	2,726	6,470
Vendor financing obligations (Note 12)	-	-	-	140
Current portion of other long-term obligations	-	-	871	68,501
Total Current Liabilities	<u>961,618</u>	<u>334,044</u>	<u>121,057</u>	<u>115,196</u>
Long-Term Liabilities:				
Unearned revenue	-	-	-	42
Bonds and notes payable (Note 14)	6,395,645	3,633,345	229,224	1,180
Vendor financing obligations (Note 12)	-	-	-	159
Noncurrent portion of other long-term obligations	11,977	529,811	16,408	785,613
Total Long-Term Liabilities	<u>6,407,622</u>	<u>4,163,156</u>	<u>245,632</u>	<u>786,994</u>
Total Liabilities	<u>7,369,241</u>	<u>4,497,200</u>	<u>366,688</u>	<u>902,190</u>
DEFERRED INFLOWS OF RESOURCES (Note 28)	<u>12,820</u>	<u>61,382</u>	<u>138,956</u>	<u>72,628</u>
NET POSITION				
Net investment in capital assets	-	18,856	11,783	120,790
Restricted For:				
Education	-	-	-	-
Construction and debt service	4,630,779	543,237	-	4,217
Other purposes	-	-	1,601,219	335,174
Funds Held as Permanent Investments:				
Expendable	-	-	-	-
Nonexpendable	-	-	-	-
Unrestricted	(962,640)	242,779	(243,963)	775,785
Total Net Position	<u>\$ 3,668,139</u>	<u>\$ 804,872</u>	<u>\$ 1,369,040</u>	<u>\$ 1,235,966</u>

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

STATE UNIVERSITIES

WESTERN MICHIGAN UNIVERSITY	NON-MAJOR	TOTALS
\$ 83,534	\$ 367,931	\$ 682,473
-	-	30,085
-	7,462	9,919
23,084	66,070	1,023,606
2,399	14,699	121,422
6,302	98,408	264,787
1,132	2,127	3,399
11,444	18,740	99,556
<u>127,894</u>	<u>575,437</u>	<u>2,235,246</u>
-	27,703	27,745
450,118	1,526,645	12,236,157
9,356	6,330	15,846
331,636	628,848	2,304,293
<u>791,110</u>	<u>2,189,527</u>	<u>14,584,040</u>
919,005	2,764,963	16,819,286
<u>104,795</u>	<u>269,813</u>	<u>660,394</u>
500,302	2,241,700	2,893,431
6,434	213,051	219,485
-	41,626	5,219,859
475,620	62,706	2,474,720
61,029	304,441	365,470
206,569	519,024	725,593
287,141	767,439	866,541
<u>\$ 1,537,094</u>	<u>\$ 4,149,987</u>	<u>\$ 12,765,099</u>

STATEMENT OF ACTIVITIES

COMPONENT UNITS

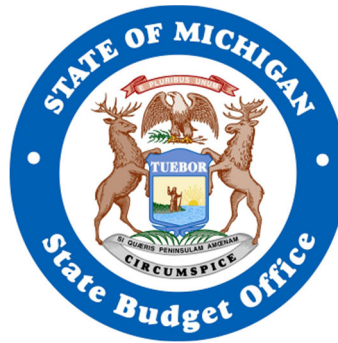
FISCAL YEAR ENDED SEPTEMBER 30, 2022

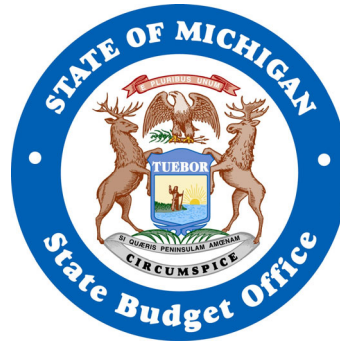
(In Thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			
		CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS	NET (EXPENSE) REVENUE
Authorities:					
Michigan Finance Authority	\$ 333,299	\$ 316,359	\$ 162,875	\$ -	\$ 145,934
Michigan State Housing Development Authority	1,548,296	245,023	1,346,736	-	43,463
Michigan Strategic Fund	573,786	1,361	127,385	2,020	(443,021)
Non-Major	496,762	51,982	339,295	48,201	(57,284)
State Universities:					
Western Michigan University	584,195	390,223	19,903	1,785	(172,284)
Non-Major	2,623,500	1,577,358	180,583	15,303	(850,256)
Total	<u>\$ 6,159,838</u>	<u>\$ 2,582,305</u>	<u>\$ 2,176,776</u>	<u>\$ 67,310</u>	<u>\$ (1,333,448)</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
\$ -	\$ -	\$ -	\$ 145,934	\$ 3,522,205	\$ 3,668,139
(22,147)	-	-	21,316	783,556	804,872
19,377	1,203,253	85,876	865,485	503,555	1,369,040
179,396	40,252	5,405	167,769	1,068,197	1,235,966
(29,559)	122,518	98,715	19,390	1,517,705	1,537,094
(107,013)	543,399	476,243	62,373	4,087,614	4,149,987
<u>\$ 40,054</u>	<u>\$ 1,909,422</u>	<u>\$ 666,239</u>	<u>\$ 1,282,267</u>	<u>\$ 11,482,832</u>	<u>\$ 12,765,099</u>





FINANCIAL SECTION

NOTES TO FINANCIAL STATEMENTS

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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 \$767.0 million 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 2022, the State awarded contracts totaling \$140.5 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 2022, the State awarded contracts totaling \$0.9 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 \$74.3 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 \$4.1 billion as of September 30, 2022. 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 leases 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, 2022, long-term prize awards of \$173.1 million were reported at a present value of \$126.6 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 \$199.9 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, 2022.

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, 2022.

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 2022, interest charges on general long-term liabilities totaling \$13.8 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. 38)
- School Aid Fund* (p. 38)

Proprietary:

- State Lottery Fund (p. 44)
- Michigan Unemployment Compensation Funds (p. 44)

Non-Major Funds:

Governmental:

Special Revenue Funds:

Transportation Related:

- Michigan Transportation Fund* (p. 204)
- Comprehensive Transportation Fund* (p. 204)

Regulatory and Administrative Related:

- Homeowner Construction Lien Recovery Fund* (p. 220)
- Michigan Employment Security Act – Administration Fund* (p. 220)
- Safety Education and Training Fund* (p. 220)
- Second Injury Fund (p. 220)
- Self-Insurers’ Security Fund (p. 220)
- Silicosis, Dust Disease, and Logging Industry Compensation Fund (p. 221)
- State Construction Code Fund* (p. 221)
- Utility Consumer Representation Fund (p. 221)
- Unemployment Obligation Trust Fund (p. 221)
- State Casino Gaming Fund* (p. 221)

Debt Service Funds:

- Combined State Trunkline Bond and Interest Redemption Fund (p. 238)
- Combined Comprehensive Transportation Bond and Interest Redemption Fund (p. 238)
- Recreation and Environmental Protection Bond Redemption Fund (p. 238)
- School Loan Bond Redemption Fund (p. 239)
- State Building Authority (p. 239)

Proprietary:

Enterprise Funds:

- Attorney Discipline System (p. 258)
- Liquor Purchase Revolving Fund (p. 258)

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:

- 21st Century Jobs Trust Fund* (p. 230)
- Michigan Merit Award Trust Fund* (p. 230)
- Children’s Trust Fund* (p. 230)
- Military Family Relief Fund* (p. 231)
- Community District Education Trust Fund* (p. 231)
- Miscellaneous Special Revenue Funds (p. 231)

Capital Projects Funds:

- State Trunkline Fund* (p. 244)
- State Aeronautics Fund* (p. 244)
- Combined State Trunkline Bond Proceeds Fund (p. 244)
- Combined Comprehensive Transportation Bond Proceeds Fund (p. 244)
- Transportation Related Trust Funds (p. 245)
- State Building Authority (p. 245)
- Advance Financing Funds (p. 245)

Permanent Funds:

- Children with Special Needs Fund* (p. 252)
- Michigan Natural Resources Trust Fund* (p. 252)
- Michigan State Parks Endowment Fund* (p. 252)
- Michigan Veterans’ Trust Fund* (p. 252)

Internal Service Funds:

- Correctional Industries Revolving Fund (p. 262)
- State Sponsored Group Insurance Fund (p. 262)
- Information Technology Fund (p. 262)
- Office Services Revolving Fund (p. 263)
- Motor Transport Fund (p. 263)
- Risk Management Fund (p. 263)

Fiduciary:

Pension (and Other Employee Benefit) Trust Funds:

State of Michigan 457 Plans (p. 270)
Legislative Pension Benefits Fund (p. 270)
Legislative Other Postemployment Benefits Fund (p. 270)
State Police Pension Benefits Fund (p. 270)
State Police Other Postemployment Benefits Fund (p. 271)
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- (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 2022 are not yet complete. For fiscal year 2021, 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 54.9 percent, reflecting payments that exceeded the minimum required by \$2.1 billion. The State expects that payments to local units of government will exceed the minimum requirement for fiscal year 2022.

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 2022 are not final. For fiscal year 2021, the most recent year for which final calculations are available, total State revenues subject to this limitation were beneath the constitutional limit by \$7.8 billion. The State expects that total State revenues subject to the limitation will not exceed the limit for fiscal year 2022.

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, 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. Funds can also be withdrawn when the State's unemployment rate exceeds 8.0 percent or upon appropriation to finance capital outlay or other projects, or for other purposes designated by the Legislature. 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	\$ 1,382.3
Interest income	9.1
Tobacco settlement proceeds	17.5
Deposits	180.0
Withdrawals	-
Ending committed fund balance	<u>\$ 1,588.9</u>

During fiscal year 2014, \$194.8 million was transferred to the Michigan Settlement Administration Authority to support the Detroit bankruptcy settlement. That withdrawal is being repaid to the fund in the amount of \$17.5 million annually from tobacco settlement funds, beginning in fiscal year 2015. The remaining balance due from the tobacco settlement funds as of September 30, 2022, is \$54.8 million.

School Aid Fund Budgetary Provisions

The School Aid Stabilization Fund is a separate account within the School Aid Fund created under Section 388.1611a of the Michigan Compiled Laws. 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 \$4.6 billion for fiscal year 2022.

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, RESTATEMENTS, AND SPECIAL ITEMS

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

During fiscal year 2022, changes in accounting principles and error corrections resulted in restatements to beginning fund balance and fund net position as follows (in millions):

	Governmental Funds		Proprietary Funds		
	Non-Major Funds	State Lottery Fund	Michigan Unemployment Compensation Funds	Non-Major Enterprise Funds	Internal Service Funds
September 30, 2021, as previously reported	\$ 5,565.9	\$ (33.8)	\$ 1,168.2	\$ (31.1)	\$ (317.6)
Implementation of GASB Statement No. 87	-	0.1	-	0.2	1.1
Correction of Prior Year Errors:					
Accounts payable	20.4	-	-	-	-
Deferred inflows of resources	29.2	-	-	-	-
Expenditures	(1.5)	-	-	-	-
Transfers to other funds	-	-	(8.8)	-	-
September 30, 2021, as restated	<u>\$ 5,614.1</u>	<u>\$ (33.8)</u>	<u>\$ 1,159.4</u>	<u>\$ (30.9)</u>	<u>\$ (316.5)</u>

During fiscal year 2022, changes in accounting principles and error corrections resulted in restatements to beginning government-wide net position as follows (in millions):

	Governmental Activities	Business- Type Activities	Total Primary Government	Discretely Presented Component Units
September 30, 2021, as previously reported	\$ 20,350.9	\$ 1,103.2	\$ 21,454.1	\$ 11,641.8
Implementation of GASB Statement No. 87	75.6	0.3	75.9	(159.8)
Correction of Prior Year Errors:				
Accounts payable	20.4	-	20.4	-
Expenditures	(1.5)	-	(1.5)	-
Transfers to other funds	-	(8.8)	(8.8)	-
Mackinac Island State Park Commission	-	-	-	0.1
Michigan Strategic Fund	-	-	-	5.2
Michigan Veterans' Facility Authority	-	-	-	1.5
State Land Bank Authority	-	-	-	(5.9)
September 30, 2021, as restated	<u>\$ 20,445.4</u>	<u>\$ 1,094.7</u>	<u>\$ 21,540.2</u>	<u>\$ 11,482.8</u>

Changes in Accounting Principles

Implementation of GASB Statement No. 87

Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires a lessee to recognize a lease liability and an intangible right-to-use asset and requires a lessor to recognize a lease receivable and a deferred inflow of resources. Due to the implementation of GASB Statement No. 87, lease assets and liabilities were remeasured for contracts previously classified as capital leases, and additional lease assets and liabilities were recognized for other contracts, including those previously classified as operating leases, that had been recognized as outflows of resources based on the payment provisions of the contract. Lease receivables and deferred inflows of resources were also recognized for contracts where the State is the lessor. The remeasurement of lease assets and liabilities for contracts where the State is the lessee resulted in the restatement of the State's financial statements.

Correction of Prior Year Errors

Accounts Payable

The Comprehensive Transportation Fund, a special revenue fund, increased its beginning fund balance by \$20.4 million to correct accounts payable balances that were overstated in a prior fiscal year.

Deferred Inflows of Resources

The Bottle Deposits Fund, a special revenue fund, increased its beginning fund balance by \$29.2 million to correct an error related to deferred inflows of resources balances that were overstated in a prior fiscal year.

Expenditures

The Advance Financing Funds, a capital projects fund, decreased its beginning fund balance by \$1.5 million to correct an error related to expenditures that were understated in a prior fiscal year.

Transfers to Other Funds

The Michigan Unemployment Compensation Funds, a proprietary fund, decreased its beginning net position by \$8.8 million to recognize the effect of an allocation error associated with a Coronavirus Aid, Relief, and Economic Security (CARES) Act administrative grant in the prior fiscal year. The error resulted in the understatement of transfers to the Michigan Employment Security Act – Administration Fund, a special revenue fund. Also, in the prior fiscal year, the Michigan Employment Security Act – Administration Fund recognized a receivable and revenue for the \$8.8 million related to the grant allocation. Instead of revenue, a transfer from the Michigan Unemployment Compensation Funds should have been recorded. This misclassification did not impact fund balance in the prior fiscal year and, therefore, did not require the restatement of beginning fund balance in the Michigan Employment Security Act – Administration Fund.

Mackinac Island State Park Commission

The Mackinac Island State Park Commission, a discretely presented component unit, increased its beginning net position by \$0.1 million to correct a prior fiscal year error related to capital assets.

Michigan Strategic Fund

The Michigan Strategic Fund, a discretely presented component unit, increased its beginning net position by \$5.2 million to correct errors related to various prior period adjustments.

Michigan Veterans' Facility Authority

The Michigan Veterans' Facility Authority, a discretely presented component unit, increased its beginning net position by \$1.5 million to correct an error related to expenses that were overstated in a prior fiscal year.

State Land Bank Authority

The State Land Bank Authority, a discretely presented component unit, decreased its beginning net position by \$5.9 million to reflect the reassignment of loans receivable that occurred in a prior fiscal year. The reassignment was to the Michigan State Housing Development Authority (MSHDA), a discretely presented component unit. The restatement of MSHDA's beginning net position was not necessary.

Special Item

On December 13, 2021, the State of Michigan transferred the assets and liabilities comprising its Michigan Achieving a Better Life Experience (ABLE) Program to the National ABLE Alliance, a partnership of states dedicated to providing those living with disabilities with an ABLE investment product. As a result of the transfer, the State recognized a special item of \$32.7 million in the Michigan Achieving a Better Life Experience Program private-purpose trust fund.

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

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the Treasurer. For the remaining “uncapped” funds, earnings on positive balances and charges on negative balances are allocated 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 2022.

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, 2022, 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 2022.

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 1.3 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):

Assets	
Demand deposits	\$ 854.3
Time deposits - regular	-
Prime commercial paper - at cost	28,160.9
Interest receivable	72.6
Emergency loans to local units - at cost	257.6
Total Assets	<u>\$ 29,345.4</u>
Equities	
Fund equities (net) in common cash:	
Governmental activities	\$ 25,727.9
Business-type activities	236.0
Fiduciary funds	810.6
Discretely presented component units	2,570.9
Net Fund Equities	<u>\$ 29,345.4</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, 2022, the carrying amount of deposits, including time and demand deposits, was \$854.3 million. The demand deposit carrying amount includes checks outstanding of \$152.9 million. The deposits were reflected in the accounts of the banks at \$1.0 billion. Of the bank balance, \$4.0 million was covered by federal depository insurance and \$1.0 billion was collateralized with securities held by the State's agent in the State's name. Compensating balances kept in demand deposit accounts to avoid service charges totaled \$1.7 billion at September 30, 2022.

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, 2022.

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, 2022, 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, 2022, 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, 2022, the fair value of cash equivalents was \$28.2 billion; the weighted average maturity was 71 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, 2022, 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.

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

<u>Tax</u>	General Fund	Other Governmental Funds	Total
Sales and use	\$ 537.3	\$ 968.5	\$ 1,505.8
Individual income	4,119.7	726.5	4,846.2
Flow-through entity	16.3	-	16.3
SBT/MBT/CIT	1,182.7	-	1,182.7
State education (property)	-	1,644.5	1,644.5
Telephone & telegraph	8.6	-	8.6
Motor fuel	-	163.6	163.6
Insurance - retaliatory	442.4	-	442.4
Tobacco products	50.2	25.5	75.7
Quality assurance assessment	338.4	-	338.4
Insurance provider assessment	160.5	-	160.5
Marihuana excise	49.2	-	49.2
Other	48.4	13.3	61.7
Penalties and interest	711.0	-	711.0
Gross taxes receivable	7,664.7	3,541.9	11,206.6
Less allowances for uncollectibles	(1,839.8)	(500.6)	(2,340.3)
Total taxes receivable (net)	<u>\$ 5,824.9</u>	<u>\$ 3,041.3</u>	<u>\$ 8,866.2</u>
<u>As reported on the Statement of Net Position</u>			
Current taxes, interest, and penalties receivable	\$ 5,349.5	\$ 2,947.3	\$ 8,296.9
Noncurrent taxes, interest, and penalties receivable	475.4	94.0	569.3
Total taxes, interest, and penalties receivable	<u>\$ 5,824.9</u>	<u>\$ 3,041.3</u>	<u>\$ 8,866.2</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, 2021 (SSMBA's most recently audited financial statements), its net position increased by approximately \$1.5 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 \$9.2 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 \$77.8 million. The bank balance of the deposits was \$84.3 million. Of the bank balance, \$0.8 million was covered by depository insurance and \$83.5 million was collateralized. Amounts reported as Cash on Deposit with Fiscal Agent, totaling \$1.8 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 \$343.3 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 \$474.6 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.

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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	\$ 1,443.8	\$ -	\$ -	\$ 1,443.8
Other short-term	755.4	-	3.3	758.7
Separate accounts	-	2,664.0	-	2,664.0
Absolute return	9,104.6	-	-	9,104.6
Fixed income	8,354.2	-	612.5	8,966.7
Mutual funds	51.4	500.9	5,942.3	6,494.6
Pooled investment funds	-	7,372.2	-	7,372.2
Equities	15,949.4	-	0.7	15,950.2
Funding agreements	-	-	1,651.4	1,651.4
International	10,560.6	-	128.6	10,689.2
Real estate	9,634.0	-	87.3	9,721.3
Private equity	22,820.8	-	391.6	23,212.4
Real return and opportunistic	10,704.6	-	-	10,704.6
Accrued income	47.1	-	-	47.1
Unsettled investments	(20.3)	-	-	(20.3)
Total	<u>\$ 89,405.8</u>	<u>\$ 10,537.2</u>	<u>\$ 8,817.7</u>	<u>\$ 108,760.6</u>

As reported on the Statement of Net Position

Current investments	\$ 17.1
Noncurrent investments	1,484.1
Total investments	<u>\$ 1,501.2</u>

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

	Current Investments	Noncurrent Investments	Total
Governmental activities	\$ -	\$ 1,359.2	\$ 1,359.2
Business-type activities	17.1	124.8	141.9
Fiduciary funds	743.3	106,516.1	107,259.4
Total investments	<u>\$ 760.4</u>	<u>\$ 108,000.2</u>	<u>\$ 108,760.6</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 2022, 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 is also authorized to invest a limited amount of pension (and other employee benefit) trust funds in derivative instruments to provide additional diversification. 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. 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, and option contracts.

The State of Michigan Investment Board entered into swap agreements with investment grade counterparties with maturity dates ranging from October 2022 to June 2023. 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 System will pay quarterly or at maturity over the term of the agreements, interest indexed to the three-month London Inter Bank Offer Rate (LIBOR) or the U.S. Federal Funds rate, adjusted for an interest rate spread, on the notional amount stated in the agreements. At maturity the trust funds will receive either 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. Domestic LIBOR based floating rate notes and other income earning investments are held to correspond with the notional amount of the swap agreements. The State of Michigan Investment Board maintains custody and control of these dedicated notes and other investments.

The value of these 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 notes and other investments. The current value represents the current value of the notes and other investments and the change in the value of the underlying indices from the inception of the swap agreements. Current value is used as a representation of the fair value based on the intention to hold all swap agreements until maturity. 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.

To reduce the risk in the fixed income and international equity portfolios, the State of Michigan Investment 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. U.S. Domestic LIBOR-based floating rate notes, U.S. Treasury securities, and portfolio cash are held to correspond with the notional amount of FX swap agreements within the fixed income portfolio. 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. Collateral securities in the amount of \$786.7 million were held on behalf of the system of counterparties.

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

In the equity portfolio, traded equity options on single securities and on indices are used by the State of Michigan Investment Board to enhance returns while limiting downside risk. 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. The Fixed Income portfolio and the International Equity portfolio Options 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.

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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%	\$ 71.0	\$ -	\$ (202.0)	\$ -	\$ -
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.	0.3	76,612.9	248.6	(420.7)	-	-
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.	1.3	2,726.4	1,191.0	(1,140.7)	(34.1)	24.2
Totals			<u>\$ 79,410.3</u>	<u>\$ 1,439.6</u>	<u>\$ (1,763.5)</u>	<u>\$ (34.1)</u>	<u>\$ 24.2</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 contributed 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, 2022, 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, 2022, 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, 2022, the system was in compliance with the policy in all material aspects. The primary government's debt investments as of September 30, 2022, are presented in the following table. Note that securities backed by the full faith and credit of the United States government are excluded.

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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	\$ 1,325.0	A-1	\$ 1,310.0	P-1
	118.9	A-2	118.9	P-2
	-	Unrated	14.9	Unrated
Money Market	253.5	AAA	253.5	Aaa
Government securities				
U.S. agencies - sponsored	1.0	AAA	657.8	Aaa
	656.7	AA	-	Aa
Corporate Bonds and Notes				
	146.2	AAA	341.7	Aaa
	223.3	AA	201.3	Aa
	397.1	A	469.2	A
	1,100.1	BBB	936.1	Baa
	308.9	BB	283.8	Ba
	128.7	B	187.3	B
	58.9	CCC	82.5	Caa
	54.7	CC	70.3	Ca
	-	C	12.1	C
	14.3	D	-	D
	1,949.0	Unrated	1,796.8	Unrated
Mutual Funds*				
	84.6	BBB	95.8	Baa
	105.7	BB	105.7	Ba
	24.9	B	13.6	B
	11.3	Unrated	11.3	Unrated
Total	<u>6,962.7</u>		<u>6,962.7</u>	
Deferred Compensation/Defined Contribution:				
Common trust funds				
	983.3	AA- to AA	983.3	Unavailable
	241.1	A-1 to A-1+	241.1	Unavailable
	40.4	B- to AAA	40.4	Unavailable
Stable Value funds	1,269.8	A to AAA	1,269.8	Unavailable
Mutual funds	<u>97.4</u>	D to AAA	<u>97.4</u>	Unavailable
Total	<u>2,632.0</u>		<u>2,632.0</u>	
Other Primary Government Funds:				
Government securities				
Municipal Bonds	18.7	AA	18.7	Aa
Corporate bonds & notes				
	1.1	AAA	34.4	Aaa
	1.1	AA	4.5	Aa
	46.1	A	68.6	A
	114.8	BBB	98.1	Baa
	2.0	BB	-	Ba
	88.6	Unrated	48.2	Unrated
Fixed Income Exchange Traded Funds	1.4	Unrated	1.4	Unrated
Mutual Funds*	<u>43.3</u>	Unrated	<u>43.3</u>	Unrated
Total	<u>317.2</u>		<u>317.2</u>	
Total Primary Government	<u>\$ 9,911.8</u>		<u>\$ 9,911.8</u>	

*Average rating

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, 2022, the fair value of short term investments was \$2.1 billion; the weighted average maturity was 48 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	\$ 2,205.4	10.7
U.S. agencies - backed	242.5	4.8
U.S. agencies - sponsored	657.8	5.2
Total Governmental	3,105.7	
Corporate bonds & notes	4,585.1	3.0
International - corporate bonds & notes *		
U.S. Treasury	1,521.1	1.4
Total International	1,521.1	
Mutual funds - fixed income	22.5	5.4
Total	9,234.4	
Deferred Compensation/Defined Contribution:		
Common trust funds		
SSgA U.S. Aggregate Bond Index Strategy Fund	983.3	8.7
BlackRock Government Short-Term Investment Fund	241.1	0.1
Prudential High Yield Fund	40.4	5.8
Total Common Trust Funds	1,264.8	
Stable value funds		
Synthetic guaranteed investment contracts	1,269.8	3.7
Total Stable Value Funds	1,269.8	
Mutual funds		
PIMCO Total Return Fund	97.4	7.9
Total Mutual Funds	97.4	
Total	2,632.0	
Total Pension (and Other Employee Benefit) Trust Funds	\$ 11,866.4	

* 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 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

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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, 2022. 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	\$ 8.3	\$ 8.3	\$ -	\$ -
Equity				
Depository Receipts	111.2	111.2	-	-
Common Stocks	14,769.6	14,769.4	-	0.2
Options on Equity	248.6	248.6	-	-
Swaps	(749.6)	771.1	(1,520.7)	-
Commingled Funds, Exchange Traded Funds, and Publicly Traded Partnerships	6,938.9	6,938.5	0.4	-
Real Estate Investment Trusts	668.5	668.5	-	-
Equity Total	21,987.2	23,507.3	(1,520.3)	0.2
Fixed Income				
Asset Backed	1,334.8	-	1,325.7	9.1
Corporate Bonds	1,619.4	-	1,598.6	20.8
Commercial Mortgage-backed	1,487.9	-	1,487.5	0.3
Government Issues	3,898.5	1,233.5	2,665.0	-
Swaps	10.1	-	10.1	-
U.S. Agency Issues	667.4	-	667.4	-
Commingled Funds, Exchange Traded Funds, and Publicly Traded Partnerships	621.0	621.0	-	-
Fixed Income Total	9,639.0	1,854.5	7,754.2	30.3
Total Investments Measured at Fair Value	31,634.4	\$ 25,370.0	\$ 6,233.9	\$ 30.5
Investments Measured at NAV:				
Absolute Return Total	9,104.6			
Real Return Total	10,704.6			
Private Equity Total	22,818.8			
Real Estate and Infrastructure Total	9,309.2			
Other Limited Partnerships Total	3,957.1			
Total Investments Measured at NAV	55,894.4			
Total Pension (and Other Employee Benefit) Trust Funds	\$ 87,528.8			

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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	\$ 5,990.9	\$ 5,990.9	-
Equity Total	5,990.9	5,990.9	-
Fixed Income			
Asset Backed	17.5	-	17.5
Corporate Bonds	162.5	-	162.5
Commercial Mortgage-backed	81.4	-	81.4
Government Issues	306.3	172.7	133.6
U.S. Agency Issues	0.1	-	0.1
Commingled Funds, Exchange Traded Funds, and Publicly Traded Partnerships	44.7	44.7	-
Fixed Income Total	612.5	217.4	395.1
Total Investments Measured at Fair Value	6,603.3	\$ 6,208.3	\$ 395.1
Investments Measured at NAV:			
Private Equity Total	223.4		
Real Estate Total	80.0		
Event Driven Hedge Funds	87.3		
Multi-Strategy Hedge Funds	88.2		
Defensive Equity Funds	69.0		
Total Investments Measured at NAV	547.9		
Total Other Primary Government Funds	\$ 7,151.2		

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 73 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, 2022, are \$9.1 billion and \$3.4 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, 2022, are \$10.7 billion and \$2.3 billion, respectively.

Private Equity Portfolio: This type of investment includes investments in approximately 276 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, 2022, are \$22.8 billion and \$7.9 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, 2022, a buyer for these investments has not been identified.

Real Estate and Infrastructure Portfolio: These funds include approximately 115 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, 2022, are \$9.3 billion and \$3.4 billion, respectively.

Other Limited Partnerships:

The balance of plan assets reported at fair value includes 16 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, 2022, are \$4.0 billion and \$368.7 million, respectively.

Other Primary Government Funds:

Private Equity Portfolio: This type of investment includes investments in 97 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, 2022, are \$223.4 million and \$189.5 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, 2022, are \$80.0 million and \$44.3 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.

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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, 2022, are \$87.3 million and \$0.4 million, 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, 2022 is \$88.2 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, 2022 is \$69.0 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	\$ 101.8	\$ 101.8	\$ -
Common Trust Funds	1,789.8	1,399.6	390.2
Tier III Investments*	45.3	-	45.3
Stable Value Fund	511.3	-	511.3
Voya Small Cap Growth Strategy Fund	21.6	-	21.6
Jennison Large Cap Growth Equity Fund	78.2	-	78.2
Artisan Mid Cap Fund	23.1	-	23.1
Dodge & Cox Stock Fund	120.2	-	120.2
Total Investments Measured at Fair Value	<u>\$ 2,691.3</u>	<u>\$ 1,501.4</u>	<u>\$ 1,189.9</u>

* Tier III investments exclude cash held in participant accounts totaling approximately \$8.8 million.

State of Michigan 401K Plans:

	Total	Level 1	Level 2
Investments by fair value level:			
Mutual Funds	\$ 399.1	\$ 399.1	\$ -
Common Trust Funds	5,582.4	3,800.9	1,781.6
Tier III Investments*	154.3	-	154.3
Stable Value Fund	758.5	-	758.5
Voya Small Cap Growth Strategy Fund	91.1	-	91.1
Jennison Large Cap Growth Equity Fund	291.6	-	291.6
Artisan Mid Cap Fund	89.2	-	89.2
Dodge & Cox Stock Fund	447.6	-	447.6
Total Investments Measured at Fair Value	<u>\$ 7,813.8</u>	<u>\$ 4,200.0</u>	<u>\$ 3,613.7</u>

* Tier III investments exclude cash held in participant accounts totaling approximately \$23.2 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, 2022, the fair value of SGIC's underlying investments was \$1.3 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:

Other Funds					
Debt Securities (In millions)					
Investment Type	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	\$ 287.6	\$ 10.9	\$ 127.8	\$ 83.0	\$ 65.9
Municipal bonds	18.7	2.9	6.4	9.5	-
U.S. bonds - backed	7.7	-	-	-	7.7
Corporate bonds	253.8	-	97.6	62.9	93.3
Mutual funds	2,169.4	7.9	224.7	1,881.8	54.9
Total	<u>\$ 2,737.1</u>	<u>\$ 21.7</u>	<u>\$ 456.5</u>	<u>\$ 2,037.1</u>	<u>\$ 221.8</u>

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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.

These limits are set forth in MCL Sections 38.1133 and 38.1140. The types of foreign securities include fixed income, equities, mutual funds, real estate, and limited partnerships. At September 30, 2022, total foreign investments were \$8.2 billion. As of September 30, 2022, 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	\$ 0.4	\$ 45.4	\$ 10.8	\$ 117.6
Peso	Mexico	0.8	5.2	0.8	26.8
Real	Brazil	-	1.4	-	16.8
Sol	Peru	-	0.8	-	-
Peso	Chile	-	1.7	-	-
Europe					
Euro	European Union	504.2	52.3	157.4	366.8
Franc	Switzerland	-	-	18.6	33.4
Krona	Sweden	-	3.6	11.1	108.0
Krone	Denmark	-	-	-	51.2
Sterling	United Kingdom	53.5	11.0	43.2	127.6
Forint	Hungary	-	2.5	-	-
Zloty	Poland	-	4.0	-	-
Koruna	Czech Republic	-	1.9	-	-
Asia/Pacific					
Dollar	Australia	-	9.0	2.4	94.5
Renminbi	China	-	-	4.8	15.1
Dollar	Hong Kong	-	-	9.3	109.7
Rupee	India	-	0.1	-	-
Yen	Japan	-	13.3	2.2	99.0
Dollar	New Zealand	-	-	-	10.7
Dollar	Singapore	-	10.3	1.8	-
Won	South Korea	-	25.8	-	17.7
Rupiah	Indonesia	-	-	2.6	-
Ringgit	Malaysia	-	4.8	-	-
New Dollar	Taiwan	-	-	-	30.4
Baht	Thailand	-	4.6	-	-
Yuan	China	-	(6.2)	-	1.3
Yuan Offshore	China	-	6.3	-	-
Middle East					
Shekel	Israel	-	3.2	5.6	-
Africa					
Rand	South Africa	-	1.4	1.7	-
Dollar	Liberia	-	-	2.7	-
Kwacha	Zambia	-	0.4	-	-
World-Wide					
Various	Various	13.7	-	32.0	5,935.9
Total		572.5	202.7	307.0	7,162.4
Deferred Compensation/Defined Contribution:					
Euro	European Union	-	-	5.1	-
Total		\$ 572.5	\$ 202.7	\$ 312.1	\$ 7,162.4

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, 2022, 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), MESF, and the Michigan Natural Resources Trust Fund.

SLF investments, \$133.8 million, are all in the form of zero coupon U.S. Treasury bonds and State of Michigan Municipal 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, 2022, the investment pool had an average duration of 3 days and an average weighted final maturity of 91 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, 2022, 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, 2022, was \$3.2 billion and \$3.1 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	\$ 297.0	A-1	\$ 367.0	P-1
Corporate	105.0	AA	724.3	Aa
	2,746.0	A	1,136.7	A
	90.0	Unrated	1,010.0	Unrated
Total	<u>\$ 3,238.0</u>		<u>\$ 3,238.0</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 \$1.2 billion. The deposits were reflected in the accounts of the banks at \$1.1 billion. Of the bank balance, \$760.6 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

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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 \$1.0 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	\$ 296.1	\$ 293.2	\$ 0.3	\$ -	\$ -	\$ 2.7	
Money market accounts	2,680.1	2,679.4	-	-	-	0.7	
Commercial paper	37.0	37.0	0.1	-	-	-	
Repurchase agreements	88.7	-	-	88.7	-	-	
Government securities	553.4	395.4	98.5	37.9	21.7	-	
Insured mortgage backed securities	1,194.0	718.0	20.3	2.1	453.6	-	
Government backed securities	614.8	68.9	315.2	24.3	206.4	-	
Corporate bonds and notes	278.8	11.1	111.8	68.9	86.9	-	
Equities	253.8	110.1	-	6.8	4.4	132.5	
Real estate	23.0	0.1	1.9	11.4	9.1	0.6	
Venture capital & leveraged buyouts	144.2	-	-	27.5	116.7	-	
Mutual bond/equity funds	1,809.3	45.6	243.8	257.9	517.7	744.3	
Pooled investment funds	62.8	1.5	61.3	-	-	-	
Other Investments	1,174.4	12.3	116.0	27.6	214.0	804.6	
Total Investments	<u>9,210.5</u>	<u>\$ 4,372.6</u>	<u>\$ 969.1</u>	<u>\$ 553.1</u>	<u>\$ 1,630.4</u>	<u>\$ 1,685.4</u>	
Less Investments Reported as "Cash" on Statement of Net Position	1,422.1						
Plus Noncurrent Investments - Michigan Strategic Fund*	63.5						
Total Investments	<u>\$ 7,852.0</u>						

As reported on the Statement of Net Position

Current investments	\$ 2,738.0
Noncurrent restricted investments	1,012.3
Noncurrent investments	4,101.6
Total Investments	\$ 7,852.0

*The investment maturities table does not include noncurrent investments of \$63.5 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.

Capitalization policies

All land and non-depreciable land improvements are capitalized, regardless of cost. Equipment is 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. 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 \$10.9 million and \$0.4 million for lease revenue and interest revenue, respectively, within the governmental activities during the fiscal year.

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 3,664.0	\$ 17.6	\$ (0.2)	\$ 3,681.3
Land improvements and other assets	16.8	-	-	16.8
Computer software projects in progress	136.9	40.0	(119.5)	57.4
Land rights	77.8	1.2	-	79.0
Mineral rights	19.8	-	-	19.8
Construction in progress (buildings)	259.2	52.5	(233.1)	78.6
Construction in progress (infrastructure)	2,816.9	1,354.8	(281.2)	3,890.6
Infrastructure	14,786.3	264.0	(694.1)	14,356.2
Total capital assets, not being depreciated	21,777.7	1,730.1	(1,328.1)	22,179.7
Capital assets, being depreciated:				
Land improvements and other assets	275.4	14.3	(2.5)	287.2
Equipment and vehicles	1,054.0	96.2	(57.4)	1,092.9
Computer software	1,131.8	119.9	-	1,251.7
Buildings	3,371.3	267.7	(1.2)	3,637.8
Infrastructure	418.6	6.1	(0.3)	424.4
Right-to-use leased buildings	666.0	11.4	(1.2)	676.2
Right-to-use leased equipment	66.1	3.3	-	69.4
Right-to-use leased land	1.1	-	-	1.1
Total capital assets, being depreciated	6,984.3	518.9	(62.6)	7,440.6
Less accumulated depreciation for:				
Land improvements and other assets	(136.2)	(9.6)	-	(145.8)
Equipment and vehicles	(693.6)	(94.9)	54.7	(733.8)
Computer software	(828.8)	(111.7)	-	(940.5)
Buildings	(2,101.0)	(87.7)	2.7	(2,185.9)
Infrastructure	(152.6)	(11.6)	-	(164.1)
Right-to-use leased buildings	-	(60.1)	0.1	(60.1)
Right-to-use leased equipment	-	(24.4)	-	(24.4)
Right-to-use leased land	-	(0.1)	-	(0.1)
Total accumulated depreciation	(3,912.2)	(400.0)	57.5	(4,254.7)
Total capital assets, being depreciated, net	3,072.1	118.9	(5.1)	3,185.9
Governmental activity capital assets, net	\$ 24,849.7	\$ 1,849.0	\$ (1,333.2)	\$ 25,365.5
	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets, being depreciated:				
Buildings	\$ 2.3	\$ -	\$ -	\$ 2.3
Computer software	0.1	-	-	0.1
Equipment and vehicles	2.7	0.1	-	2.8
Right-to-use leased buildings	4.1	-	-	4.1
Right-to-use leased equipment	0.1	0.1	-	0.2
Total capital assets, being depreciated	9.3	0.2	0.1	9.5
Less accumulated depreciation for:				
Buildings	(2.1)	(0.1)	-	(2.2)
Computer software	(0.1)	-	-	(0.1)
Equipment and vehicles	(2.3)	(0.2)	-	(2.5)
Right-to-use leased buildings	-	(0.3)	-	(0.3)
Right-to-use leased equipment	-	(0.1)	-	-
Total accumulated depreciation	(4.5)	(0.7)	-	(5.1)
Total capital assets, being depreciated, net	4.8	(0.5)	0.1	4.3
Business-type activity capital assets, net	\$ 4.8	\$ (0.5)	\$ 0.1	\$ 4.3

The beginning balance was restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. See Note 4 for additional information on this restatement.

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Notes to the Financial Statements

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

	Amount
Governmental Activities:	
General government	\$ 73.0
Education	1.4
Health and human services	49.0
Public safety and corrections	59.1
Conservation, environment, recreation, and agriculture	24.0
Labor, commerce, and regulatory	6.1
Transportation	31.7
Depreciation on capital assets held by the State's internal service funds charged to the various functions based on their use of the assets	155.8
Total Depreciation Expense - Governmental Activities	<u>\$ 400.0</u>
Business-type Activities:	
Enterprise	\$ 0.7
Total Depreciation Expense - Business-type Activities	<u>\$ 0.7</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	\$ 250.3
Buildings, equipment, and other depreciable assets	8,049.4
Infrastructure	103.0
Construction in progress	278.7
Total	<u>8,681.3</u>
Less accumulated depreciation	(3,680.5)
Capital Assets, Net - Discretely Presented Component Units	<u>\$ 5,000.8</u>

Service Concession Agreements

Northern Michigan University entered 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 being 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 revenue 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 will account for the Lease Agreement as a concession arrangement in accordance with GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements.

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 \$75.9 million as of June 30, 2022, and deferred inflows of resources in the amount of \$63.4 million as of June 30, 2022 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, 2022 at present value for trash removal and insurance in the amount of \$4.46 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 were \$48.4 million at June 30, 2022. The University reported the parking lots and structures as capital assets with a carrying value of \$11.8 million at June 30, 2022. 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 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) ⁽¹⁾	Cost sharing multiple employer	697
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 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, 2021, the measurement date, the following employees were covered by the benefit terms.

	SERS ⁽²⁾	LRS	SPRS	JRS	MRP
Inactive employees or beneficiaries currently receiving benefits ⁽³⁾	60,500	243	3,324	525	4,604
Inactive employees entitled to but not yet receiving benefits	2,206	5	18	-	1,110
Active employees	5,714	-	1,756	53	11,102
DROP program participants ⁽⁴⁾	-	-	257	-	-
Total	68,420	248	5,355	578	16,816

- (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 2021. 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 2022, the contribution rates for SERS were 24.0 to 27.9 percent of the defined benefit employee wages and 19.1 percent of the defined contribution employee wages. The contribution rates for SPRS were 66.4 percent and 68.0 percent of the defined benefit employee wages for non-command and command officers, respectively, and 54.1 percent of the hybrid defined benefit and defined contribution employee wages. The actuarially determined contribution was \$1.5 million for JRS, \$0.9 million for MRP, and \$9.4 million for LRS. The employer contribution to SERS, SPRS, JRS, MRP, and LRS for the fiscal year ending September 30, 2022, was \$766.8 million from the primary government and \$13.3 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020, 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.

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Notes to the Financial Statements

	LRS	SPRS	SERS	JRS	MRP
Latest actuarial valuation date	9/30/2020	9/30/2020	9/30/2020	9/30/2020	9/30/2020
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, 2020	10 years	18 years	16 years	16 years	18 years
Asset valuation method	Fair value	Fair value	Fair value	Fair value	Fair value
Actuarial assumption:					
Investment rate of return	3.1%	6.8% Non-hybrid 6.9% Hybrid	6.7%	6.3%	6.8%
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 max. annual increase \$500	3.0% annual non-compounded with max. 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.

The investment return assumption was lowered from 6.7 percent to 6.0 for SERS, 6.8 percent to 6.2 for SPRS Non-Hybrid plan, 6.9 percent to 6.2 for SPRS Hybrid plan, 6.8 percent to 6.0 for MRP, and 6.3 percent to 6.0 for JRS for use in the annual funding valuations from the September 30, 2020 valuation to the September 30, 2021 valuation; the investment return assumption remained at 7.0 percent for LRS. The September 30, 2021, funding valuation will establish the actuarially determined contribution amounts for fiscal year 2024 for SERS, SPRS, and MRP and fiscal year 2022 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, 2021, 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 %	5.4 %
Private Equity Pools	16.0	9.1
International Equity Pools	15.0	7.5
Fixed Income Pools	10.5	(0.7)
Real Estate & Infrastructure Pools	10.0	5.4
Absolute Return Pools	9.0	2.6
Real Return and Opportunistic Pools	12.5	6.1
Short Term Investment Pools	2.0	(1.3)
Total	100.0 %	

*Long-term Rate of Returns are net of administrative expenses and 2.0 percent inflation.

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Asset Allocation for LRS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return**
Large Cap Equity	26.0 %	3.0 %
Small Cap Equity	10.0	4.0
International Equity	20.0	4.0
Emerging Markets	9.0	6.5
Fixed Income	20.0	(0.8)
Hedge Fund	10.0	2.8
Real Assets	4.0	3.3
Cash	1.0	(1.7)
Total	100.0 %	

**Real rate of return is based on investment manager inflation assumption of 2.0 percent.

Rate of Return

For the year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 27.3 percent for SERS and SPRS, 26.6 percent for JRS, 23.6 percent for MRP, and 23.5 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 6.7 percent, for both the current and prior year, 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 6.7 percent. For SPRS, a discount rate of 6.8 percent, for both the current and prior year, was used to measure the total pension liability (6.9 percent for the Pension Plus Plan, for both the current and prior year). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.8 percent (6.9 percent for the Pension Plus Plan). For MRP, a discount rate of 6.8 percent, for both current and prior year, 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 6.8 percent. For JRS, a discount rate of 6.3 percent, for both the current and prior year, 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 6.3 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 3.1 percent, for both the current and prior year, 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 2.2 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 2032. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2032, and the municipal bond rate was applied to all benefit payments after 2032.

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

The following presents SERS's net pension liability, calculated using a discount rate of 6.7 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 5.7%	Current Discount 6.7%	1% Increase 7.7%
SERS Net Pension Liability/(Asset)	\$ 5,879,370.0	\$ 4,065,182.9	\$ 2,519,892.8

The following presents SPRS's net pension liability, calculated using a discount rate of 6.8 percent (6.9 percent for Pension Plus Plan), 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 5.8%/5.9%	Current Discount 6.8%/6.9%	1% Increase 7.8%/7.9%
SPRS Net Pension Liability/(Asset)	\$ 862,334.0	\$ 584,785.3	\$ 354,867.6

The following presents MRP's net pension liability, calculated using a discount rate of 6.8 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 5.8%	Current Discount 6.8%	1% Increase 7.8%
MRP Net Pension Liability/(Asset)	\$ (959.7)	\$ (7,845.0)	\$ (13,525.6)

The following presents JRS's net pension liability, calculated using a discount rate of 6.3 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 5.3%	Current Discount 6.3%	1% Increase 7.3%
JRS Net Pension Liability/(Asset)	\$ (15,108.2)	\$ (35,852.3)	\$ (53,765.0)

The following presents LRS's net pension liability, calculated using a discount rate of 3.1 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 2.1%	Current Discount 3.1%	1% Increase 4.1%
LRS Net Pension Liability/(Asset)	\$ 188,232.4	\$ 150,869.4	\$ 120,430.8

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Changes in the Net Pension Liability/Asset

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

	Primary Government			Primary Component Units		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability (Assets)	Liability	Net Position	Liability (Assets)
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at 9/30/2021	\$ 18,542.2	\$ 11,879.6	\$ 6,662.6	\$ 231.0	\$ 148.0	\$ 83.0
Changes for the year:						
Service cost	54.4	-	54.4	1.0	-	1.0
Interest	1,187.9	-	1,187.9	22.9	-	22.9
Differences between expected and actual experience	(31.8)	-	(31.8)	(0.6)	-	(0.6)
Contributions - employer	-	647.2	(647.2)	-	12.5	(12.5)
Contributions - member	-	23.4	(23.4)	-	0.5	(0.5)
Net investment income	-	3,131.5	(3,131.5)	-	60.3	(60.3)
Benefit payments, including refunds of member contributions	(1,432.6)	(1,432.6)	-	(27.6)	(27.6)	-
Administrative expenses	-	(5.8)	5.8	-	(0.1)	0.1
Other changes	(123.6)	(35.3)	(88.3)	123.6	80.1	43.5
Net changes	(345.7)	2,328.4	(2,674.1)	119.3	125.6	(6.3)
Balances at 9/30/2022	\$ 18,196.5	\$ 14,208.0	\$ 3,988.5	\$ 350.3	\$ 273.6	\$ 76.7

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

	Primary Government		
	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability (Assets)
	(a)	(b)	(a) - (b)
Balances at 9/30/2021	\$ 2,350.8	\$ 1,512.7	\$ 838.1
Changes for the year:			
Service cost	24.7	-	24.7
Interest	155.4	-	155.4
Differences between expected and actual experience	25.2	-	25.2
Changes of assumptions	26.6	-	26.6
Contributions - employer	-	69.2	(69.2)
Contributions - member	-	3.9	(3.9)
Net investment income	-	401.7	(401.7)
Benefit payments, including refunds of member contributions	(155.4)	(155.4)	-
Administrative and other expenses	-	(0.7)	0.7
Other Changes	-	11.2	(11.2)
Net changes	76.5	329.8	(253.3)
Balances at 9/30/2022	\$ 2,427.3	\$ 1,842.5	\$ 584.8

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

	Primary Government Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Assets) (a) - (b)
Balances at 9/30/2021	\$ 59.4	\$ 56.2	\$ 3.2
Changes for the year:			
Service cost	0.7	-	0.7
Interest	3.9	-	3.9
Differences between expected and actual experience	(0.2)	-	(0.2)
Contributions - employer	-	0.7	(0.7)
Net investment income	-	15.0	(15.0)
Benefit payments, including refunds of member contributions	(4.0)	(4.0)	-
Administrative and other expenses	-	(0.2)	0.2
Net changes	0.4	11.4	(11.0)
Balances at 9/30/2022	\$ 59.8	\$ 67.6	\$ (7.8)

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

	Primary Government Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Assets) (a) - (b)
Balances at 9/30/2021	\$ 284.1	\$ 113.9	\$ 170.2
Changes for the year:			
Interest	8.6	-	8.6
Differences between expected and actual experience	(1.7)	-	(1.7)
Changes of assumptions	(1.0)	-	(1.0)
Net investment income	-	25.6	(25.6)
Benefit payments, including refunds of member contributions	(14.6)	(14.6)	-
Administrative and other expenses	-	(0.4)	0.4
Net changes	(8.7)	10.6	(19.3)
Balances at 9/30/2022	\$ 275.4	\$ 124.5	\$ 150.9

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

	Primary Government Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Assets) (a) - (b)
Balances at 9/30/2021	\$ 271.8	\$ 254.7	\$ 17.1
Changes for the year:			
Service cost	1.7	-	1.7
Interest	16.3	-	16.3
Differences between expected and actual experience	(1.3)	-	(1.3)
Contributions - employer	-	2.8	(2.8)
Contributions - member	-	0.4	(0.4)
Net investment income	-	66.6	(66.6)
Benefit payments, including refunds of member contributions	(24.3)	(24.3)	-
Administrative and other expenses	-	(0.4)	0.4
Net changes	(7.7)	45.2	(52.9)
Balances at 9/30/2022	\$ 264.1	\$ 299.9	\$ (35.9)

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

For the year ended September 30, 2022, the State recognized pension expense related to the primary government and its component units of negative \$207.0 million and \$40.4 million, respectively. Pension expense by plan is listed in the table below (in millions):

Plan	Primary Government	Component Unit
SERS	\$ (247.0)	\$ 40.4
SPRS	56.1	-
MRP	0.4	-
LRS	(4.9)	-
JRS	(11.6)	-
Total	\$ (207.0)	\$ 40.4

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):

	Primary Government					Component Unit	
	SERS	SPRS	MRP	LRS	JRS	SERS Only	Total
Deferred Outflows of Resources:							
Difference between expected and actual experience	\$ -	\$ 39.9	\$ 1.4	\$ -	\$ -	\$ -	\$ 41.3
Changes of assumptions	-	60.6	-	-	-	-	60.7
Contributions subsequent to the measurement date	675.0	89.4	0.9	-	1.5	13.3	780.1
Total Deferred Outflows of Resources:	\$ 675.0	\$ 189.9	\$ 2.3	\$ -	\$ 1.5	\$ 13.3	\$ 882.1
Deferred Inflows of Resources:							
Difference between expected and actual experience	\$ -	\$ -	\$ 0.3	\$ -	\$ -	\$ -	\$ 0.3
Net difference between projected and actual earnings on pension plan investments	1,768.3	224.3	8.6	11.6	39.2	34.0	2,085.9
Total Deferred Inflows of Resources:	\$ 1,768.3	\$ 224.3	\$ 8.9	\$ 11.6	\$ 39.2	\$ 34.0	\$ 2,086.2

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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, 2023. 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	
2023	\$ (470.9)	\$ (14.1)	\$ (1.6)	\$ (2.3)	\$ (10.4)	\$ (9.1)	\$ (508.4)
2024	(389.8)	(21.4)	(1.7)	(2.3)	(8.8)	(7.5)	(431.5)
2025	(434.8)	(42.0)	(1.9)	(3.3)	(9.7)	(8.4)	(500.1)
2026	(472.7)	(49.3)	(2.3)	(3.6)	(10.3)	(9.1)	(547.3)
2027	N/A	3.2	N/A	N/A	N/A	N/A	3.2

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 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, 2022, the State recognized pension expense of \$247.3 million; forfeitures reduced the State's pension expense by \$10.0 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 \$120.3 million for the year ending June 30, 2022.

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, 2022.

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 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) ⁽¹⁾	Cost sharing multiple employer	697
Judges' Retirement System (JRS)	Single employer	1
Postemployment Life Insurance Benefit ⁽²⁾	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 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. The PELIB information is included in a separate section at the end of this note.

Pursuant to Michigan Compiled Laws (MCL) 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, 2021, the measurement date, the following employees were covered by the benefit terms:

	SERS ⁽³⁾	LRS	SPRS	JRS
Eligible participants ⁽⁴⁾	61,045	371	3,081	39
Participants receiving benefits:				
Health ⁽⁴⁾	51,888	345	2,942	39
Dental	53,815	-	2,947	-
Vision	53,607	-	2,947	-
Active members	48,240	2	1,756	35
Inactive vested members ⁽⁵⁾	6,570	-	275	24
Deferred participants	-	65	-	-

(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 114 defined contribution participants at September 30, 2021, who are receiving health care insurance through the System in accordance with State statute. At September 30, 2021, 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 2022, the contribution rate for SERS was 17.3 percent of the defined benefit employee wages and the defined contribution employee wages. The contribution rate for SPRS was 35.1 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 \$0.2 million for JRS and \$6.1 million for LRS. The employer contribution to SERS, SPRS, JRS, and LRS for the fiscal year ending September 30, 2022, was \$623.5 million from the primary government and \$12.1 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, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020, 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.

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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	9/30/2020	9/30/2020	9/30/2020	9/30/2020
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, 2020	20 years	18 years	16 years	16 years
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value
Actuarial assumption:				
Investment rate of return	7.0%	6.9%	6.9%	7.0%
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	7.5% Year 1 graded to 3.5% Year 15, and 3.0% Year 120	Pre-65: 7.5% & Post-65: 6.3% Year 1 graded to 3.5% Year 15, and 3.0% Year 120	Pre-65: 7.5% & Post-65: 6.3% Year 1 graded to 3.5% Year 15, and 3.0% Year 120

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.

The investment return assumption changed from 6.9 percent to 6.2 percent for SERS, from 6.9 percent to 6.3 percent for SPRS, from 7.0 percent to 6.0 percent for JRS, and remained 4.0 percent for LRS for use in the annual funding valuations from the September 30, 2020, valuation to the September 30, 2021, valuation. The September 30, 2021, funding valuation will establish the actuarially determined contribution amounts for fiscal year 2024 for SERS and SPRS and for the fiscal year 2022 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, 2021, 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%	5.4%
Private Equity Pools	16.0	9.1
International Equity Pools	15.0	7.5
Fixed Income Pools	10.5	(0.7)
Real Estate & Infrastructure Pools	10.0	5.4
Absolute Return Pools	9.0	2.6
Real Return and Opportunistic Pools	12.5	6.1
Short Term Investment Pools	2.0	(1.3)
Total	100.0%	

*Long-term Rate of Returns are net of administrative expenses and 2.0 percent inflation.

Asset Allocation for LRS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return**
Large Cap Equity	26.0%	3.0%
Small Cap Equity	10.0	4.0
International Equity	20.0	4.0
Emerging Markets	9.0	6.5
Fixed Income	20.0	(0.8)
Hedge Fund	10.0	2.8
Real Assets	4.0	3.3
Cash	1.0	(1.7)
Total	100.0%	

**The arithmetic rates of return were provided by the System's investment consultant along with a 2.0 percent price inflation assumption.

Rate of Return

For the year ended September 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 26.2 percent for SERS, 26.1 percent for SPRS, 16.9 percent for JRS, and 23.7 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 and SPRS, a discount rate of 6.9 percent was used to measure the total OPEB liability for both current and prior years. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.9 percent. For JRS, a discount rate of 7.0 percent was used to measure the total OPEB liability for both current and prior years. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 7.0 percent. For LRS, the single discount rate of 7.0 percent, compared to a prior year rate of 3.9 percent, was used to measure the total OPEB liability. 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 and SPRS's net OPEB liability, calculated using a discount rate of 6.9 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 5.9%	Current Discount 6.9%	1% Increase 7.9%
SERS Net OPEB Liability	\$ 4,823,806.1	\$ 3,815,371.4	\$ 2,965,363.5
SPRS Net OPEB Liability	463,384.2	376,874.8	304,661.8

The following presents JRS and LRS's net OPEB liability, 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%
JRS Net OPEB Liability	\$ (1,339.2)	\$ (2,171.7)	\$ (2,880.2)
LRS Net OPEB Liability	66,862.3	56,174.9	47,255.0

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

The following presents SERS, SPRS, JRS, and LRS's net OPEB liability, 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	\$ 2,918,537.6	\$ 3,815,371.4	\$ 4,848,216.8
SPRS Net OPEB Liability	301,026.2	376,874.8	465,329.9
JRS Net OPEB Liability	(2,934.6)	(2,171.7)	(1,302.6)
LRS Net OPEB Liability	46,558.9	56,174.9	67,555.4

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Changes in the Net OPEB Liability

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 9/30/2021	9,344.1	3,577.6	5,766.5	116.6	44.6	72.0
Changes for the year:						
Service cost	94.5	-	94.5	1.8	-	1.8
Interest	633.2	-	633.2	12.3	-	12.3
Differences between expected and actual experience	(758.2)	-	(758.2)	(14.7)	-	(14.7)
Changes of assumptions	(219.6)	-	(219.6)	(4.3)	-	(4.3)
Contributions – employer	-	759.7	(759.7)	-	14.7	(14.7)
Net investment income	-	956.9	(956.9)	-	18.6	(18.6)
Benefit payments, including refunds of member contributions	(302.2)	(302.2)	-	(5.9)	(5.9)	-
Administrative expenses	-	(1.2)	1.2	-	-	-
Other changes	(63.6)	(5.3)	(58.3)	63.6	24.7	38.9
Net changes	(616.0)	1,407.9	(2,023.9)	52.9	52.2	0.8
Balances at 9/30/2022	8,728.1	4,985.5	3,742.7	169.5	96.8	72.7

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

	Primary Government Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Assets)
	(a)	(b)	(a) – (b)
	\$	\$	\$
Balances at 9/30/2021	784.3	275.1	509.2
Changes for the year:			
Service cost	10.0	-	10.0
Interest	53.3	-	53.3
Differences between expected and actual experience	(59.4)	-	(59.4)
Changes of assumptions	(5.8)	-	(5.8)
Contributions – employer	-	48.8	(48.8)
Net investment income	-	74.0	(74.0)
Benefit payments, including refunds of member contributions	(32.7)	(32.7)	-
Administrative and other expenses	-	7.7	(7.7)
Net changes	(34.6)	97.8	(132.3)
Balances at 9/30/2022	749.8	372.9	376.9

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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 9/30/2021	\$ 143.8	\$ 31.4	\$ 112.4
Changes for the year:			
Service cost	0.2	-	0.2
Interest	5.5	-	5.5
Differences between expected and actual experience	(7.4)	-	(7.4)
Changes of assumptions	(41.7)	-	(41.7)
Contributions – employer	-	4.6	(4.6)
Net investment income	-	7.0	(7.0)
Benefit payments, including refunds of member contributions	(5.8)	(5.8)	-
Administrative and other expenses	-	1.1	(1.1)
Net changes	(49.3)	6.9	(56.2)
Balances at 9/30/2022	\$ 94.5	\$ 38.3	\$ 56.2

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 9/30/2021	\$ 10.3	\$ 9.3	\$ 1.0
Changes for the year:			
Service cost	0.2	-	0.2
Interest	0.7	-	0.7
Differences between expected and actual experience	(1.3)	-	(1.3)
Changes of assumptions	(0.3)	-	(0.3)
Contributions – employer	-	0.2	(0.2)
Contributions – member	-	0.1	(0.1)
Net investment income	-	2.3	(2.3)
Benefit payments, including refunds of member contributions	-	-	-
Administrative and other expenses	-	(0.1)	0.1
Net changes	(0.7)	2.5	(3.2)
Balances at 9/30/2022	\$ 9.6	\$ 11.8	\$ (2.2)

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

For the year ended September 30, 2022, the State recognized OPEB expense related to the primary government and its component units of \$(308.9) million and \$4.1 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	\$ (298.3)	\$ 1.9
SPRS	(6.1)	-
LRS	(47.6)	-
JRS	(0.1)	-
Total	<u>\$ (352.1)</u>	<u>\$ 1.9</u>

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:						
Difference between expected and actual experience	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	1,008.4	67.5	-	0.3	19.6	1,095.8
Changes in proportion and differences between employer contributions and proportionate share of contributions	32.6	-	-	-	48.8	81.4
Contributions subsequent to the measurement date	567.8	50.7	4.7	0.2	12.1	635.5
Total Deferred Outflows of Resources:	<u>\$ 1,608.8</u>	<u>\$ 118.2</u>	<u>\$ 4.7</u>	<u>\$ 0.5</u>	<u>\$ 80.5</u>	<u>\$ 1,812.7</u>
Deferred Inflows of Resources:						
Difference between expected and actual experience	\$ 2,950.8	\$ 161.4	\$ -	\$ 0.9	\$ 57.3	\$ 3,170.4
Changes of assumptions	180.0	4.8	-	0.2	3.5	188.5
Net difference between projected and actual earnings on OPEB plan investments	513.2	40.0	3.0	1.3	10.0	567.5
Changes in proportion and differences between employer contributions and proportionate share of contributions	86.0	-	-	-	12.4	98.5
Total Deferred Inflows of Resources:	<u>\$ 3,730.0</u>	<u>\$ 206.2</u>	<u>\$ 3.0</u>	<u>\$ 2.4</u>	<u>\$ 83.2</u>	<u>\$ 4,024.9</u>

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, 2023. 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):

	Primary Government OPEB Expense Amount				Component Units OPEB Expense Amount	
Year Ended September 30	SERS	SPRS	LRS	JRS	SERS Only	Total
2023	\$ (727.1)	\$ (39.7)	\$ (0.6)	\$ (0.6)	\$ (6.4)	\$ (774.3)
2024	(670.8)	(31.2)	(0.6)	(0.7)	(5.2)	(708.4)
2025	(661.6)	(30.8)	(0.9)	(0.4)	(4.7)	(698.5)
2026	(527.8)	(28.9)	(1.0)	(0.3)	(1.6)	(559.6)
2027	(101.8)	(8.1)	-	-	3.1	(106.7)

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 rates for fiscal year 2021 and fiscal year 2022 were 28.0 cents for each \$1,000 of coverage of active payroll. 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, 2022, was \$35.8 million from the primary government and \$0.7 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, 2021, 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):	2.2% 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, 1.2%; MRP, 2.3%; SPRS, 2.8%; 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 2.2 percent was used to measure the ending total OPEB liability for PELIB as of September 30, 2021. 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, 2020, was 2.4 percent. A decrease in the discount rate used affects the measurement of total OPEB liability for PELIB by increasing 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, 2020	\$ 1,406.0
Total OPEB Liability as of September 30, 2021	1,391.8
Total Covered Employee Payroll	3,227.1
Total Liability as a Percentage of Covered Employee Payroll	43.1%

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 2.2 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 1.2%	Current Discount 2.2%	1% Increase 3.2%
PELIB Total OPEB Liability	\$ 1,676,027.9	\$ 1,391,808.6	\$ 1,172,942.3

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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 9/30/2021	\$ 1,389.0	\$ 17.0
Changes for the year:		
Service cost	28.8	0.5
Interest	33.2	0.6
Differences between expected and actual experience	(94.9)	(1.8)
Changes of assumptions	56.4	1.1
Benefit payments, including refunds of member contributions	(37.4)	(0.7)
Other changes	(8.8)	8.8
Net changes	(22.8)	8.6
Balances at 9/30/2022	\$ 1,366.2	\$ 25.6

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Life Insurance OPEB

For the year ended September 30, 2022, the State recognized OPEB expense related to PELIB of \$43.2 million for the primary government and \$2.2 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:		
Difference between expected and actual experience	\$ 0.2	\$ -
Changes of assumptions	161.4	3.0
Changes in proportion and differences between employer contributions and proportionate share of contributions	3.2	8.7
Contributions subsequent to the measurement date	35.8	0.7
Total Deferred Outflows of Resources:	\$ 200.7	\$ 12.4
Deferred Inflows of Resources:		
Difference between expected and actual experience	\$ 143.6	\$ 2.7
Changes of assumptions	32.4	0.6
Changes in proportion and differences between employer contributions and proportionate share of contributions	10.0	1.9
Total Deferred Inflows of Resources:	\$ 186.0	\$ 5.2

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, 2023. 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
2023	\$ (17.0)	\$ 1.0
2024	(3.5)	1.3
2025	6.3	1.5
2026	0.1	1.4
2027	(7.2)	1.2

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.

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 agreements include renewal or purchase options. The effect of such options is included in the calculation of the lease term and the measurement of the lease 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.

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	\$ 588.0	\$ 14.7	\$ 60.0	\$ 542.6	\$ 58.4	\$ 484.2
Leases with component units	145.2	-	16.4	128.8	20.9	107.9
Financed purchases	567.9	280.4	47.3	800.9	41.0	759.9
Total Governmental Activities	<u>\$ 1,301.1</u>	<u>\$ 295.0</u>	<u>\$ 123.8</u>	<u>\$ 1,472.4</u>	<u>\$ 120.3</u>	<u>\$ 1,352.0</u>
Business-type Activities:						
Leases	\$ 4.3	\$ 0.1	\$ 0.3	\$ 4.1	\$ 0.3	\$ 3.7
Total Business-type Activities	<u>\$ 4.3</u>	<u>\$ 0.1</u>	<u>\$ 0.3</u>	<u>\$ 4.1</u>	<u>\$ 0.3</u>	<u>\$ 3.7</u>

Included in the table above are vendor financing obligations of internal service funds, which reported beginning balances, additions, reductions, and ending balances of \$101.2 million, \$32.9 million, \$40.7 million, and \$93.6 million, respectively.

Primary Government – Governmental Activities

Payments for lease principal and interest totaled \$75.8 million and \$16.6 million, respectively, during the fiscal year. Included in these amounts were payments to MSF for principal and interest totaling \$16.4 million and \$6.2 million, respectively.

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A summary of the lease commitments to maturity follows (in millions):

Year Ended September 30	Principal	Interest	Total
2023	\$ 79.3	\$ 16.4	\$ 95.7
2024	63.4	14.5	78.0
2025	61.3	13.5	74.8
2026	48.4	12.4	60.8
2027	46.8	11.6	58.4
2028-2032	164.1	46.9	211.0
2033-2037	83.8	36.1	120.0
2038-2042	61.2	26.1	87.3
2043-2047	43.8	22.4	66.2
Thereafter	19.2	2.0	21.2
Total	<u>\$ 671.4</u>	<u>\$ 201.9</u>	<u>\$ 873.4</u>

The above leases relate to governmental activities which include the General Fund, other governmental funds, and the internal service funds. A liability of \$671.4 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 \$128.8 million. The historical cost and accumulated amortization of the assets leased from MSF totaled \$145.2 million and \$10.6 million, respectively, as of September 30.

A summary of the financed purchase commitments to maturity follows (in millions):

Year Ended September 30	Principal	Interest	Total
2023	\$ 41.0	\$ 23.8	\$ 64.8
2024	34.2	25.0	59.2
2025	75.3	67.5	142.8
2026	72.2	61.5	133.7
2027	77.7	54.7	132.5
2028-2032	493.5	141.7	635.2
2033-2037	7.0	0.1	7.0
2038-2042	-	-	-
2043-2047	-	-	-
Thereafter	-	-	-
Total	<u>\$ 800.9</u>	<u>\$ 374.3</u>	<u>\$ 1,175.2</u>

Primary Government – Business-Type Activities

A summary of the lease commitments to maturity follows (in millions):

Year Ended September 30	Principal	Interest	Total
2023	\$ 0.3	\$ 0.1	\$ 0.4
2024	0.3	0.1	0.4
2025	0.3	0.1	0.4
2026	0.3	0.1	0.4
2027	0.3	-	0.4
2028-2032	1.3	0.2	1.4
2033-2037	0.5	0.1	0.6
2038-2042	0.2	0.1	0.2
2043-2047	0.2	-	0.2
Thereafter	0.3	-	0.3
Total	<u>\$ 4.1</u>	<u>\$ 0.7</u>	<u>\$ 4.7</u>

Discretely Presented Component Units

Total lease commitments to maturity were \$24.4 million and \$4.2 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 2022, 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	\$ 80.7	\$ 130.1	\$ 133.8	\$ 77.0

Note 14 provides disclosures regarding the bonds and notes payable of the discretely presented component units.

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	\$ 35.1	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	62.0	2017	2029	4.8
Series 2016 A (3)	82.2	55.9	2022	2025	5.0
Series 2016 B (Refunding)	60.0	49.1	2022	2026	4.8
Series 2017 A (1)(2)(3)	79.0	70.8	2022	2027	5.0
Series 2017 B (1)(2)(3)	40.6	14.2	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	16.1	2010	2030	5.6
Series 2011 A	150.0	12.7	2014	2023	3.7
Series 2011 B	30.1	30.1	2023	2023	3.7
Series 2012 A (Refunding)	225.0	78.1	2013	2026	2.3
Series 2013 A	200.0	200.0	2024	2033	3.3
Series 2016 A (Refunding)	129.1	24.1	2017	2023	1.7
Total General Obligation Bonded Debt	1,750.1	1,035.7			

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	Amounts Issued	Outstanding September 30	Fiscal Year Maturities		Average Interest Rate Percentage
			First Year	Last Year	
Revenue Dedicated Bonded Debt					
<u>State Park Related:</u>					
2002 – Gross Revenue Bonds	\$ 15.5	\$ 1.2	2004	2023	3.8 %
Total Revenue Dedicated Bonded Debt - State Park Related	<u>15.5</u>	<u>1.2</u>			
<u>Transportation Related:</u>					
Tax Dedicated Bonds:					
Comprehensive Transportation Fund Bonds:					
Series 2005 (Refunding)	62.2	1.0	2009	2023	5.3
Series 2013 (Refunding)	10.1	1.5	2014	2023	4.7
Series 2015 (Refunding)	29.4	22.5	2017	2031	4.9
Grant Anticipation Bonds:					
Series 2016 (Refunding)	607.1	483.2	2018	2027	5.0
State Trunkline Fund Bonds:					
Series 2015 (Refunding)	54.1	54.1	2023	2023	4.8
Series 2020 A (Refunding)	103.5	36.4	2021	2027	5.0
Series 2020 B	800.0	790.0	2021	2046	4.6
Series 2021 A	800.0	800.0	2023	2047	4.4
Series 2021 B (Refunding)	54.2	54.2	2023	2037	4.9
Total Revenue Dedicated Bonded Debt - Transportation Related	<u>2,520.5</u>	<u>2,242.9</u>			
<u>State Building Authority:</u>					
Series 2013 I A (Revenue and Refunding)	531.3	366.0	2015	2048	4.8
Series 2015 I (Revenue and Refunding)	989.3	833.0	2016	2051	3.9
Series 2016 I (Revenue and Refunding)	665.2	559.7	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	552.7	2021	2056	2.6
Series 2020 III Multi-modal (Refunding) (4)	32.8	32.8	2022	2043	2.5
Series 2021 I	206.3	200.7	2022	2057	2.7
Series 2022 I	146.5	146.5	2023	2058	4.2
Total State Building Authority Bonded Debt	<u>3,576.0</u>	<u>3,090.9</u>			
Total Revenue Dedicated Bonded Debt	<u>6,112.0</u>	<u>5,334.9</u>			
Total General Obligation and Revenue Dedicated Bonded Debt	<u>\$ 7,862.1</u>	<u>\$ 6,370.6</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, 2022, \$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, 2022.
- (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)	\$ 16.1	\$ 23.9	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.

The following table summarizes the defeased bonds outstanding at September 30 (in millions):

	Amounts Outstanding
State Building Authority:	
Series 2015 I (Revenue and Refunding)	\$ 20.0

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Debt Service Requirements

The following table summarizes debt service requirements for outstanding bonds (in millions):

Fiscal Years Ending	General Obligation		State Park and Transportation Related		State Building Authority		Total Principal and Interest
	Principal	Fixed Interest	Principal	Fixed Interest	Principal	Interest	
2023	\$ 155.5	\$ 37.8	\$ 126.3	\$ 100.2	\$ 96.3	\$ 125.1	\$ 641.1
2024	108.4	32.5	126.3	93.9	91.3	123.6	575.8
2025	110.3	28.4	133.6	87.4	98.3	119.7	577.7
2026	107.3	24.1	141.4	80.5	98.6	115.7	567.6
2027	83.5	20.2	134.7	73.6	102.6	111.8	526.4
2028-2032	314.2	60.6	305.6	313.7	606.2	476.7	2,077.1
2033-2037	116.3	17.5	388.9	228.2	729.2	327.7	1,807.8
2038-2042	47.8	3.3	462.1	134.0	517.8	203.5	1,368.4
2043-2047	-	-	425.3	44.8	349.5	121.1	940.8
2048-2052	-	-	-	-	265.8	52.7	318.5
2053-2057	-	-	-	-	133.3	12.8	146.2
2058-2062	-	-	-	-	2.1	0.1	2.1
Total	<u>\$ 1,043.4</u>	<u>\$ 224.4</u>	<u>\$ 2,244.0</u>	<u>\$ 1,156.3</u>	<u>\$ 3,090.9</u>	<u>\$ 1,790.4</u>	<u>\$ 9,549.5</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	\$ 1,196.6	\$ -	\$ (162.4)	\$ 1.5	\$ 1,035.7	\$ 155.5	\$ 880.1
Revenue bonds	2,396.0	-	(152.0)	-	2,244.0	126.3	2,117.7
State Building Authority	3,030.8	146.5	(86.4)	-	3,090.9	96.3	2,994.6
Unamortized Discounts:							
General obligation debt	(0.4)	-	0.1	-	(0.3)	-	(0.3)
State Building Authority	(2.6)	-	0.1	-	(2.5)	-	(2.5)
Unamortized Premiums:							
General obligation debt	72.7	-	(9.8)	-	62.9	-	62.9
Revenue dedicated debt	518.3	-	(36.2)	-	482.1	-	482.1
State Building Authority	293.9	15.1	(10.1)	-	298.9	-	298.9
Total bonds and notes payable	<u>\$ 7,505.3</u>	<u>\$ 161.6</u>	<u>\$ (456.7)</u>	<u>\$ 1.5</u>	<u>7,211.7</u>	<u>378.1</u>	<u>6,833.5</u>

Plus State Building Authority commercial paper notes reported as
"Current Liabilities: Bonds and Notes Payable" on the Statement
of Net Position

	77.0	77.0	-
As reported on the Statement of Net Position	<u>\$ 7,288.7</u>	<u>\$ 455.1</u>	<u>\$ 6,833.5</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
2023	\$ 812.2	\$ 453.9	\$ 633.2	\$ 423.8	\$ 179.0	\$ 30.1
2024	745.2	424.7	621.9	399.6	123.2	25.2
2025	649.1	397.3	570.3	375.5	78.8	21.8
2026	724.4	375.4	646.7	355.9	77.7	19.5
2027	545.1	348.9	466.9	331.9	78.2	16.9
Total five years	3,475.9	2,000.2	2,939.1	1,886.8	536.9	113.5
2028-2032	2,372.5	1,427.7	2,086.9	1,382.2	285.6	45.5
2033-2037	1,979.9	956.2	1,952.8	932.7	27.0	23.5
2038-2042	1,298.0	630.6	1,245.2	612.5	52.8	18.1
2043-2047	2,041.2	397.6	1,968.6	395.4	72.6	2.2
2048-2052	1,307.1	186.2	1,307.1	186.2	-	-
2053-2057	369.8	52.9	369.8	52.9	-	-
Thereafter	5,800.2	9.6	5,800.2	9.6	-	-
2028 - Thereafter	15,168.7	3,660.8	14,730.7	3,571.6	438.0	89.2
Total	18,644.7	\$ 5,661.1	\$ 17,669.7	\$ 5,458.4	\$ 974.9	\$ 202.7
Unamortized discount	(1.5)					
Unamortized premium	499.6					
Off market borrowings	23.2					
Unpaid accretion for capital appreciation bonds	(6,241.7)					
Total principal	\$ 12,924.2					

Included in the table above is \$1.1 billion of demand bonds comprised of \$720.9 million issued by MSHDA, \$300.0 million issued by the Michigan Finance Authority (MFA), and \$107.7 million issued by the State universities. Of the total \$1.1 billion of demand bonds, \$720.9 million and \$35.1 million are direct placement debt issued by MSHDA and issued by the State universities, respectively.

Notes Payable

As of September 30, 2022, MFA has short-term notes outstanding of \$191.5 million and long-term notes outstanding of \$117.7 million. Of the total \$309.2 million notes outstanding, \$21.4 million are direct placement notes.

As of June 30, 2022, State universities have short-term notes outstanding of \$1.3 million and long-term notes outstanding of \$13.6 million. Of the total \$14.9 million notes outstanding, \$13.1 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, 2022, MFA had such bonds outstanding of \$10.8 billion. Of this amount, \$830.5 million have been defeased in substance, leaving a remaining undefeased balance of \$10.0 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.

The Michigan Strategic Fund (MSF) issues taxable and tax-exempt private activity bonds, formerly known as industrial development revenue bonds, which are not recorded as liabilities. The total amount of private activity bonds issued by MSF and its predecessor entity for the period January 1, 1979, through September 30, 2022, was \$12.4 billion. The amount of tax-exempt bonds issued during fiscal year 2022 was \$5.5 million. In fiscal year 2022, no taxable bonds were issued by MSF under the Taxable Bond Program. These borrowings are, in substance, debts of other entities and financial transactions are handled by outside trustees.

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, 2022, limited obligation bonds had been issued totaling \$988.4 million, of which 89 issues totaling \$836.2 million had been retired. The aggregated principal of all MSHDA outstanding debt, including the limited obligation bonds, may not exceed \$5.0 billion.

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 \$512.9 million and \$315.6 million, respectively, as of June 30, 2022.

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, \$61.5 million at September 30, 2022, has been recorded at its discounted present value of \$41.3 million, using a discount rate of approximately 8.0 percent. The present value of the current portion of this liability is \$9.2 million. In fiscal year 2022, State agencies paid reimbursement for actual workers' compensation claims and administrative fees totaling \$24.7 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, 2022, is \$176.5 million (\$35.9 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.

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Superfund sites account for approximately \$99.4 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.

Remediation obligations related to underground storage tanks account for \$25.2 million of this total. As of September 30, 2022, there were 521 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 \$15.9 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, \$1.2 billion at September 30, 2022, 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 \$585.7 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
2023	\$ 32.7	\$ 18.7	\$ 51.3
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
2028-2032	95.3	73.0	168.3
2033-2037	111.9	56.4	168.3
2038-2042	131.4	36.8	168.3
Thereafter	145.0	13.9	159.0
Total	<u>\$ 585.7</u>	<u>\$ 267.5</u>	<u>\$ 853.2</u>

The liability recorded for other claims and judgments within business-type activities includes overpayments by employers to the Michigan Unemployment Compensation Funds totaling \$55.3 million.

Michigan
Notes to the Financial Statements

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
Governmental Activities						
Other Long-term Obligations:						
Compensated absences	\$ 456.3	\$ 375.5	\$ 391.5	\$ 440.3	\$ 209.0	\$ 231.4
Workers' compensation	42.7	8.1	9.5	41.3	9.2	32.1
Net pension liability	7,647.1	-	2,994.0	4,653.1	-	4,653.1
Net OPEB liability	7,731.5	0.1	2,226.3	5,505.3	-	5,505.3
Pollution remediation	192.8	26.4	42.7	176.5	35.9	140.6
Other claims and judgments	1,062.4	289.5	150.2	1,201.7	390.7	811.0
Total Governmental Activities	<u>\$ 17,132.8</u>	<u>\$ 699.6</u>	<u>\$ 5,814.2</u>	<u>\$ 12,018.2</u>	<u>\$ 644.7</u>	<u>\$ 11,373.5</u>
Business-type Activities						
Other Long-term Obligations:						
Lottery prize awards*	\$ 149.4	\$ 5.2	\$ 14.4	\$ 140.2	\$ 13.6	\$ 126.6
Compensated absences	3.4	2.3	2.6	3.1	1.4	1.7
Net pension liability	44.0	-	16.7	27.3	-	27.3
Net OPEB liability	46.7	0.1	12.2	34.5	-	34.5
29.625.755.33.42.33.1 Other claims	29.6	25.7	-	55.3	20.0	35.3
Total Business-type Activities	<u>\$ 273.1</u>	<u>\$ 33.3</u>	<u>\$ 46.0</u>	<u>\$ 260.5</u>	<u>\$ 35.0</u>	<u>\$ 225.4</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. 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 \$666.5 million for component units, which includes \$76.8 million related to authorities participating in the State Employees' Retirement System, \$561.9 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 \$115.9 million for component units, which includes \$98.2 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 \$42.9 million.

Component units reported unused lines of credit totaling \$21.5 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, 2022, shows the actuarial present value of future tuition obligations to be \$42.2 million, as compared to the actuarially determined market value of assets available of \$93.9 million. The actuarial assumptions used include: a projected tuition increase rate of 4.5 percent for all future years and a discount rate of 2.5 percent.

The actuarial report on the status of MET Plan D, as of September 30, 2022, shows the actuarial present value of future tuition obligations to be \$686.8 million, as compared to the actuarially determined market value of assets available of \$960.3 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.

On November 8, 1994, the U.S. Court of Appeals for the Sixth Circuit ruled that MET is an integral part of the State of Michigan and, thus, the investment income realized by MET is not currently subject to federal income tax. On August 20, 1996, the Small Business Job Protection Act of 1996 (the "1996 Tax Act") was signed into law which included a provision adding a new section to the Internal Revenue Code of 1986 defining "qualified state tuition programs." A qualified state tuition program is generally exempt from income tax, but is subject to unrelated business income tax. MET has no unrelated business income. Distributions made in excess of qualified higher education expenses (whether to the refund designee, beneficiary, or to a college on behalf of the beneficiary) are taxable income to the beneficiary or the refund designee. In May 1997, MET submitted a request for ruling to the Internal Revenue Service (IRS) for verification that MET is in compliance with the 1996 Tax Act. On December 23, 1997, the IRS issued a favorable ruling which confirms that MET is in compliance with the 1996 Tax Act.

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 over withholdings.

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.

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	\$ 434.1
Senior citizens	267.9
Blind and disabled	52.6
Farmland preservation	44.4
Veterans	0.3
Subtotal - property tax credits	799.3
Earned income tax credit	109.4
Home heating (excluding federal share)	0.1
Total tax credits	<u>\$ 908.8</u>

Income Tax Refunds Payable

The \$2.1 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 over withholding 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.

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Notes to the Financial Statements

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.
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 2022	This information is legally prohibited from being disclosed under MCL Section 205.28(1)(f).

Program Name	Brownfield Redevelopment Tax Increment Financing Program
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

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Notes to the Financial Statements

Program Name	Brownfield Redevelopment Tax Increment Financing Program
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 2022	\$13.2 million

Program Name	Farmland Preservation Credit - Corporate and Non-Corporate Program
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 land owner 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 2022	\$53.1 million (IIT) \$1.8 million (MBT)

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Program Name	Historic Preservation Credit Program
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.
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 2022	This information is legally prohibited from being disclosed under MCL Section 205.28(1)(f).

Program Name	MEGA Employment Credit Program
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.

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Program Name	MEGA Employment Credit Program
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"> • fails to meet the requirements for the credit • violates any conditions included in the agreement entered with MEGA • 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
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 2022	\$509.8 million

Program Name	Renaissance Zone Property Tax Exemption Program
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-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 2022	\$3.7 million

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Program Name	State Essential Services Assessment Exemption
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.
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 2022	\$9.2 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	Pension (and Other Employee Benefit) Trust Funds	
General Fund	\$ -	\$ -	\$ -	\$ 4.5	\$ 38.7	\$ 43.3
Non-Major Governmental Funds	31.1	24.2	107.8	-	5.3	168.3
State Lottery Fund	-	14.4	-	-	0.2	14.6
Unemployment Compensation Funds	0.3	-	22.1	-	-	22.4
Non-Major Enterprise Funds	-	-	-	-	0.1	0.1
Internal Service Funds	-	-	-	-	2.1	2.1
Pension (and Other Employee Benefit) Trust Funds	-	-	-	-	0.1	0.1
Custodial Funds	0.8	-	-	-	-	0.8
Total	<u>\$ 32.1</u>	<u>\$ 38.6</u>	<u>\$ 129.9</u>	<u>\$ 4.5</u>	<u>\$ 46.5</u>	<u>\$ 251.6</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.

Included in the table above as Due to Pension (and Other Employee Benefit) Trust Funds, but not included as Due from other funds on the Combining Statement of Fiduciary Net Position Pension (and Other Employee Benefit) Trust Funds, are receivables from the State of Michigan's governmental funds to the State Police Retirement System (SPRS) and State Employees' Retirement System (SERS) for participant and employer contributions. Because the State of Michigan is the employer for SPRS and SERS, these receivables of \$46.4 million have been appropriately included as From participants and From employer on the Combining Statement of Fiduciary Net Position Pension (and Other Employee Benefit) Trust Funds.

Not included in the table above is the accrued interest of \$2.2 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, 2022, MBA has repaid a total of \$17.6 million of the advance from the Michigan Transportation Fund, leaving a balance of \$45.4 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				Total
	General Fund	School Aid Fund	Non-Major Governmental Funds	Unemployment Compensation Funds	
General Fund	\$ -	\$ 87.3	\$ 425.3	\$ 104.3	\$ 616.8
School Aid Fund	-	-	110.5	-	110.5
Non-Major Governmental Funds	50.5	261.0	2,023.9	-	2,335.3
State Lottery Fund	6.8	1,248.6	2.8	-	1,258.2
Unemployment Compensation Funds	-	-	34.9	-	34.9
Non-Major Enterprise Funds	327.4	-	-	-	327.4
Internal Service Funds	4.2	-	-	-	4.2
Fiduciary Funds	152.0	-	-	-	152.0
Total	\$ 541.0	\$ 1,596.8	\$ 2,597.3	\$ 104.3	\$ 4,839.4

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 \$0.9 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 \$51.8 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	\$ 52.8
Liquor Purchase Revolving Fund	37.2
Internal Service funds:	
Information Technology Fund	471.2
Motor Transport Fund	7.1

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, 2022, with the exception of the Michigan Veterans' Facility Authority. The Michigan Veterans' Facility Authority's fund deficit of \$28.8 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
Non-Spendable							
Inventory and prepaids	\$ 92.6	\$ -	\$ -	\$ -	\$ 13.7	\$ -	\$ 106.4
Long term notes/receivables	41.2	-	-	-	-	-	41.2
Permanent principal	0.5	-	290.0	-	-	890.0	1,180.4
Restricted							
General government	164.9	-	13.8	-	-	-	178.6
Education	17.3	5,653.7	-	100.9	-	-	5,771.9
Public safety and corrections	68.3	-	2.7	-	-	14.2	85.2
Conservation, environment, recreation, and agriculture	447.9	-	463.7	1.7	-	249.2	1,162.6
Health and human services	113.6	-	2.8	-	-	3.9	120.3
Transportation	-	-	340.7	-	2,495.5	-	2,836.2
Labor, commerce, and regulatory	242.5	-	85.7	-	-	-	328.2
Other purposes	-	-	-	47.4	-	-	47.4
Committed							
General government	2,437.7 *	-	332.7	-	-	-	2,770.3
Education	65.4	-	0.2	-	-	-	65.6
Public safety and corrections	640.1	-	-	-	-	-	640.1
Conservation, environment, recreation, and agriculture	419.1	-	-	-	-	-	419.1
Health and human services	315.5	-	-	-	-	-	315.5
Transportation	117.7	-	-	-	-	-	117.7
Labor, commerce, and regulatory	274.3	-	-	-	-	-	274.3
Assigned							
General government	15.8	-	-	-	-	-	15.8
Education	2.4	-	-	-	-	-	2.4
Public safety and corrections	37.6	-	-	-	-	-	37.6
Conservation, environment, recreation, and agriculture	30.0	-	-	-	-	-	30.0
Health and human services	28.6	-	-	-	-	-	28.6
Labor, commerce, and regulatory	19.0	-	-	-	-	-	19.0
Unassigned	7,463.5	-	-	-	(52.7)	-	7,410.7
Total Fund Balances	<u>\$ 13,055.3</u>	<u>\$ 5,653.7</u>	<u>\$ 1,532.2</u>	<u>\$ 150.0</u>	<u>\$ 2,456.5</u>	<u>\$ 1,157.3</u>	<u>\$ 24,005.1</u>

* \$1.6 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	\$ 5.0	\$ 6,449.3	\$ 6,454.3
Construction and debt service	46.2	1.7	47.9
Public safety and corrections	64.5	6.5	71.0
Conservation, environment, recreation, and agriculture	602.9	478.2	1,081.1
Health and human services	22.0	492.0	514.0
Transportation	-	1,821.4	1,821.4
Labor, commerce, and regulatory	328.4	0.3	328.7
Other purposes	175.4	16.6	192.0
Funds Held as Permanent Investments:			
Expendable	-	267.4	267.4
Nonexpendable	-	890.0	890.0
Total Restricted Net Position - Governmental	<u>\$ 1,244.4</u>	<u>\$ 10,423.4</u>	<u>\$ 11,667.8</u>
Business-type Activities:			
Restricted For:			
Unemployment compensation	\$ 1,817.3	\$ -	\$ 1,817.3
Other purposes	-	4.0	4.0
Total Restricted Net Position - Business-type	<u>\$ 1,817.3</u>	<u>\$ 4.0</u>	<u>\$ 1,821.3</u>
Total Primary Government:			
Restricted For:			
Education	\$ 5.0	\$ 6,449.3	\$ 6,454.3
Construction and debt service	46.2	1.7	47.9
Public safety and corrections	64.5	6.5	71.0
Conservation, environment, recreation, and agriculture	602.9	478.2	1,081.1
Health and human services	22.0	492.0	514.0
Transportation	-	1,821.4	1,821.4
Unemployment compensation	1,817.3	-	1,817.3
Labor, commerce, and regulatory	328.4	0.3	328.7
Other purposes	175.4	20.6	196.1
Funds Held as Permanent Investments:			
Expendable	-	267.4	267.4
Nonexpendable	-	890.0	890.0
Total Restricted Net Position - Primary Government	<u>\$ 3,061.7</u>	<u>\$ 10,427.4</u>	<u>\$ 13,489.1</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	\$ 1,843.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,843.2
Non-Medicaid Health and Human Services Programs	651.7	-	0.2	-	-	-	-	651.9
Transportation Programs	-	-	892.8	-	-	-	-	892.8
School Aid Programs	-	247.8	-	-	-	-	-	247.8
Other State Programs	751.2	-	56.0	-	-	-	-	807.2
Merit Award Scholarships	-	-	1.3	-	-	-	-	1.3
Payroll and Withholdings	202.7	-	18.2	-	0.7	-	0.4	222.0
Tax Refunds other than Income Tax	250.3	13.3	4.7	-	-	-	-	268.3
Unearned Receipts	40.2	-	8.7	-	-	-	-	48.9
Amounts Held for Others	20.4	-	38.2	-	4.8	-	-	63.3
Capital Projects - Non-Transportation	-	-	11.3	-	-	-	-	11.3
Prize Awards	-	-	-	-	199.9	-	-	199.9
Liquor Purchase	-	-	-	-	-	-	114.0	114.0
Unemployment Payments	-	-	-	-	-	407.1	-	407.1
Internal Service Fund Liabilities	-	-	-	126.3	-	-	-	126.3
Due to Fiduciary Funds *	-	-	-	46.4	-	-	-	46.4
Miscellaneous	-	-	-	-	24.6	-	0.6	25.2
Total	<u>\$ 3,759.7</u>	<u>\$ 261.1</u>	<u>\$ 1,031.5</u>	<u>\$ 172.7</u>	<u>\$ 229.9</u>	<u>\$ 407.1</u>	<u>\$ 115.0</u>	<u>\$ 5,977.1</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 in the General Fund, School Aid Fund, Comprehensive Transportation Fund, and State Aeronautics Fund 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 the most recently processed tax returns, credit forwards for CIT, MBT, Sales, Use, and Withholding taxes were approximately \$1.0 billion.

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, 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, 2022, the State has expended approximately \$91.4 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. During fiscal year 2022, additional federal WIIN funds of approximately \$14.0 million were allocated for service line replacements; however, it is undeterminable whether the full allocation will be used.

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, 2022, the State has recognized a liability of \$84.0 million in the government-wide statements. In addition, the State had been notified of disallowances and identified potential disallowances totaling approximately \$257.2 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 Fund

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 overpayments that are not attributable to claimant error. Unlike other federal programs, this reimbursement must be made when the period of performance ends and the LWA program is closed. UIA estimates a potential liability of \$173.0 million that will need to be returned to FEMA during fiscal year 2023. 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 Fund (Compensation Fund). 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, 2022, UIA had over 531,000 open potential fraud investigation cases. Almost 83.0 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 Fund. During the fiscal year, the State of Michigan made a voluntary \$100.0 million deposit into the Trust Fund to mitigate the impact of fraudulent cases on the solvency of the Compensation Fund.

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, 2022, the gross accrued benefits payable to claimants

pending review was approximately \$130.0 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 \$32.0 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 Fund's 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, 2022, UIA paid approximately \$883.0 million in unemployment benefits to over 239,000 claimants. These benefits include approximately \$630.0 million in regular unemployment benefits and approximately \$253.0 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 will be ceased upon elimination of the backlog. 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 \$27.5 million is expected to be refunded back to claimants in 2023, which has been recorded as a liability in the fiscal year 2022 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.

In April 2022, the State of Michigan received an annual payment of \$320.1 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 2023, 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 recognized a receivable in the General Fund for \$299.8 million as of September 30, 2022, and expects to meet the incentive criteria for the remaining \$15.8 million in fiscal year 2026.

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 the next nine years; the State has recognized a receivable in the General Fund for \$71.8 million as of September 30, 2022, and expects to meet the incentive criteria for the remaining \$3.6 million in fiscal year 2026.

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 still pending. Michigan is a creditor and stands to recover under this bankruptcy.

Mallinckrodt 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, Mallinckrodt Pharmaceutical filed for Chapter 11 bankruptcy. A restructuring plan was reached and is now effective. Michigan is a creditor and stands to recover under the debtor's plan in 2023.

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.

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.

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.

Walgreens, Inc., a pharmacy, was sued by the State of Michigan in State court for their role in the ongoing opioid epidemic. Specifically, Walgreens was sued under negligence, public nuisance, and drug dealer liability theories. A national settlement has been reached but is still pending. Michigan's participation in that settlement is unknown currently.

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.

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 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, 2022, the principal amount of qualified bonds outstanding was \$14.2 billion. Total debt service requirements on these bonds including interest will be approximately \$1.6 billion in 2023. 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, 2022, is \$743.5 million. Interest due on these loans as of September 30, 2022, is \$23.5 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, 2022, an estimated \$4.0 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 \$524.1 million in fiscal year 2023; \$500.2 million in fiscal year 2024; \$506.0 million in fiscal year 2025; and the remainder in subsequent fiscal years. The State has recognized a liability of \$12.2 million in the government-wide statements. The liability represents certificated credits eligible to be claimed and not yet claimed as of December 1, 2022.

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, 2022, an estimated \$24.3 million in brownfield tax credits remained outstanding. The amount of brownfield tax credits expected to be redeemed is estimated at \$2.5 million in fiscal year 2023; \$9.0 million in fiscal year 2024; and the remainder in subsequent fiscal years. The State has recognized a liability of \$14.5 million in the government-wide statements. The liability represents certificated credits eligible to be claimed and not yet claimed as of December 1, 2022.

Michigan
Notes to the Financial Statements

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, 2022, these commitments equaled \$3.5 billion; a portion of this balance, \$244.0 million, has been encumbered.

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
Restricted				
Education	\$ 8.7	\$ 16.2	\$ -	\$ 24.9
Public safety and corrections	17.9	-	-	17.9
Conservation, environment, recreation, and agriculture	167.3	-	100.8	268.1
Health and human services	71.3	-	-	71.3
Transportation	-	-	851.9	851.9
Labor, commerce, and regulatory	60.1	-	6.9	67.0
General government	27.9	-	0.2	28.2
Committed				
Education	0.4	-	0.3	0.7
Public safety and corrections	60.2	-	-	60.2
Conservation, environment, recreation, and agriculture	98.9	-	-	98.9
Health and human services	9.7	-	-	9.7
Transportation	11.5	-	-	11.5
Labor, commerce, and regulatory	12.8	-	-	12.8
General government	93.6	-	24.8	118.4
Assigned				
Education	2.4	-	-	2.4
Public safety and corrections	37.7	-	-	37.7
Conservation, environment, recreation, and agriculture	35.3	-	-	35.3
Health and human services	29.7	-	-	29.7
Transportation	-	-	-	-
Labor, commerce, and regulatory	19.6	-	-	19.6
General government	17.0	-	-	17.0
Total Encumbrances	<u>\$ 781.8</u>	<u>\$ 16.2</u>	<u>\$ 984.9</u>	<u>\$ 1,782.9</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 below 5.0 percent for the fiscal year ended September 30, 2022. 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 \$142.1 million as of September 30, 2022. 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, 2022.

Multi-Family Mortgage Loans

As of June 30, 2022, the Michigan State Housing Development Authority (MSHDA) has commitments to issue multi-family mortgage loans in the amount of \$349.9 million and single-family mortgage loans in the amount of \$87.8 million.

MSHDA has committed up to approximately \$1.1 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 2022, expenditures for payments to former State employees (not including university employees) were \$3.4 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 \$5.6 million. This includes a long-term portion, which is recorded at \$4.3 million.

Changes in the Risk Management Fund's claims for automobile liability for the fiscal years ending September 30, 2022 and 2021 are as follows (in millions):

	2022	2021
Balance - beginning	\$ 8.0	\$ 6.9
Current year claims and changes in estimates	(0.4)	1.9
Claim payments	(2.1)	(0.8)
Balance - ending	<u>\$ 5.6</u>	<u>\$ 8.0</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 \$6.5 million in 2022 and \$9.0 million in 2021.

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, 2022 and 2021 are as follows (in millions):

	2022	2021
Balance - beginning	\$ 42.7	\$ 39.4
Current year claims and changes in estimates	8.1	12.1
Claim payments	(9.5)	(8.8)
Balance - ending	<u>\$ 41.3</u>	<u>\$ 42.7</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 \$137.2 million. This includes a long-term portion, which is recorded at a discounted present value of \$89.6 million. For all claims incurred prior to October 1, 2022, 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 \$45.5 million at September 30, 2022. Unrestricted net position totaled \$184.4 million at September 30, 2022.

Changes in the State Sponsored Group Insurance Fund's claims liability for employee benefit programs for the fiscal years ending September 30, 2022 and 2021 are as follows (in millions):

	2022	2021
Balance - beginning	\$ 125.2	\$ 127.3
Current year claims and changes in estimates	787.4	765.2
Claim payments	(775.4)	(767.4)
Balance - ending	<u>\$ 137.2</u>	<u>\$ 125.2</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, 2022, the State's pledged revenue to MFA was \$77.2 million. A total amount of \$76.9 million was received in MFA's tobacco settlement debt service fund to contribute to annual debt service requirements of \$77.7 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	\$ -	\$ -	\$ -	\$ 16.9
Refunding of debt	35.4	-	35.4	81.5
Pension Related:				
Differences between expected and actual experience	41.3	-	41.3	0.4
Changes of assumptions	60.7	-	60.7	5.7
Net difference between projected and actual earnings on pension plan investments	-	-	-	4.9
Contributions subsequent to the measurement date	762.3	4.5	766.8	45.0
Total Pension Related	864.3	4.5	868.8	56.0
Other Postemployment Benefits (OPEB) Related:				
Differences between expected and actual experience	0.2	-	0.2	8.2
Changes of assumptions	1,229.7	8.0	1,237.6	54.3
Changes in proportion and differences between contributions and proportionate share of contributions	33.0	2.8	35.8	57.5
Contributions subsequent to the measurement date	655.1	4.2	659.3	29.1
Total OPEB Related	1,918.0	15.0	1,932.9	149.1
Total Deferred Outflows of Resources	<u>\$ 2,817.6</u>	<u>\$ 19.4</u>	<u>\$ 2,837.1</u>	<u>\$ 303.5</u>
Deferred Inflows of Resources:				
Accumulated increase in fair value of hedging derivative	\$ -	\$ -	\$ -	\$ 2.2
Loan origination fees	-	-	-	23.4
Refunding of debt	7.6	-	7.6	9.7
Lease related	37.1	-	37.1	162.4
Irrevocable split-interest agreements	-	-	-	32.2
Service concession arrangements	-	-	-	111.8
Pension Related:				
Differences between expected and actual experience	0.3	-	0.3	0.6
Changes of assumptions	-	-	-	1.5
Net difference between projected and actual earnings on pension plan investments	2,039.8	12.1	2,051.9	109.7
Total Pension Related	2,040.1	12.1	2,052.2	111.7
OPEB Related:				
Differences between expected and actual experience	3,235.4	21.2	3,256.7	80.4
Changes of assumptions	216.0	1.4	217.4	77.7
Net difference between projected and actual earnings on pension plan investments	554.0	3.5	557.5	34.5
Changes in proportion and differences between contributions and proportionate share of contributions	93.7	2.3	96.1	14.3
Total OPEB Related	4,099.1	28.5	4,127.7	207.0
Total Deferred Inflows of Resources	<u>\$ 6,183.9</u>	<u>\$ 40.6</u>	<u>\$ 6,224.6</u>	<u>\$ 660.4</u>

Michigan
Notes to the Financial Statements

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	\$ 3,689.8	\$ 783.3	\$ 20.9	\$ 4,494.0
Tobacco settlement receivables	13.1	-	157.7	170.9
School loan revolving program	23.5	-	-	23.5
Opioid settlement receivables	374.2	-	-	374.2
Other	29.5	-	15.5	45.0
Total deferred inflows of resources	<u>\$ 4,130.0</u>	<u>\$ 783.3</u>	<u>\$ 194.1</u>	<u>\$ 5,107.4</u>

Service Concession Arrangements

This deferred inflow of resources is described in more detail in Note 9. The Service Concession Arrangements are related to Eastern Michigan University and Northern Michigan University.

NOTE 29 – SUBSEQUENT EVENTS

Short-Term Borrowing

On November 17, 2022, the State Building Authority (SBA) issued \$77.4 million of commercial paper notes bearing an interest rate of 2.6 percent. The notes matured on January 26, 2023.

On January 26, 2023, SBA issued \$106.8 million of commercial paper notes bearing an interest rate of 2.6 percent. The notes mature on March 16, 2023.

On March 16, 2023, SBA issued \$107.2 million of commercial paper notes bearing an interest rate of 3.4 percent. The notes mature on April 20, 2023.

Short-Term Borrowing – Discretely Presented Component Units

On February 22, 2023, the Michigan State Housing Development Authority (MSHDA) entered into a \$150.0 million short-term credit agreement, for the sole purpose of purchasing single-family mortgages and down payment assistance (DPAs) loans. This credit agreement will be repaid at the time of the issuance of the Single-Family Mortgage Revenue Bonds expected in April 2023.

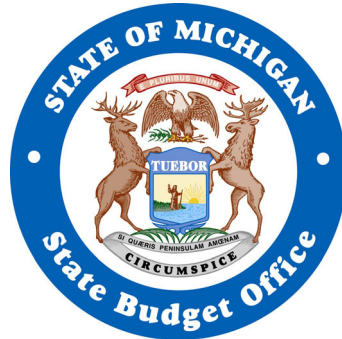
Subsequent to June 30, 2022, MSHDA drew \$100.0 million on its revolving line of credit. On March 13, 2023, MSHDA extended the \$100.0 million revolving line of credit for the purpose of purchasing single-family mortgages and DPAs loans until funding was available from additional bond issuances.

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	\$ 339.1
Michigan Technological University	28.2
Oakland University	44.8
Total	<u>\$ 412.1</u>





FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

MAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Beginning budgetary fund balance	\$ 8,178,297	\$ 8,178,297	\$ 8,178,297	\$ -
Resources (inflows):				
General Purpose Revenues:				
Taxes	11,290,000	14,035,910	14,035,910	-
Federal	10,000	9,227	9,227	-
Local	100	24	24	-
Licenses and permits	14,000	10,655	10,655	-
Services	7,000	1,123	1,123	-
Miscellaneous	94,500	179,890	179,890	-
Transfers in	257,600	472,262	472,262	-
Restricted Revenues:				
Taxes	4,282,476	6,004,445	6,004,445	-
Federal	26,277,530	29,798,698	29,798,698	-
Local	208,536	283,319	283,319	-
Licenses and permits	489,992	401,769	401,769	-
Services	361,594	343,468	343,468	-
Miscellaneous	1,363,381	618,627	618,627	-
Proceeds from sale of capital assets	-	6,866	6,866	-
Transfers in	37,850	68,716	68,716	-
Total Revenue Inflows	44,694,558	52,234,998	52,234,998	-
Amounts Available for Appropriation	52,872,855	60,413,295	60,413,295	-
Charges to Appropriations (outflows):				
Legislative Branch	280,111	209,914	206,394	3,520
Judicial Branch	321,014	276,700	276,527	174
Executive Branch:				
Agriculture and Rural Development	162,482	112,709	111,647	1,062
Attorney General	112,839	86,860	86,762	98
Civil Rights	18,427	15,703	15,625	78
Colleges and Universities Grants	1,446,619	1,421,479	1,415,185	6,294
Corrections	2,301,215	2,039,663	1,982,524	57,140
Education	2,221,240	1,706,566	1,697,831	8,735
Environment, Great Lakes, and Energy	704,720	554,429	551,244	3,185
Executive Office	7,319	7,319	7,115	204
Health and Human Services	31,659,883	32,299,812	32,053,621	246,190
Insurance and Financial Services	72,988	64,752	64,752	-
Labor and Economic Opportunity	1,200,529	3,570,197	3,329,403	240,794
Licensing and Regulatory Affairs	520,005	367,652	362,746	4,906
Military and Veterans Affairs	173,843	184,849	171,536	13,313
Natural Resources	167,593	119,954	119,183	770
State	257,418	242,061	237,956	4,105
State Police	852,850	1,151,746	1,148,044	3,702
Technology, Management and Budget	974,458	1,050,598	1,020,502	30,096
Transportation	11,100	6,412	6,408	4
Treasury	2,151,209	4,521,721	4,428,097	93,624
Intrafund expenditure reimbursements	-	(1,525,780)	(1,525,780)	-
Total Charges to Appropriations	45,617,861	48,485,318	47,767,323	717,994
Reconciling Items:				
Change in noncurrent assets	-	(9,540)	(9,540)	-
Net Reconciling Items	-	(9,540)	(9,540)	-
Ending budgetary fund balance	\$ 7,254,994	\$ 11,918,437	\$ 12,636,431	\$ 717,994

Michigan

SCHOOL AID FUND			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
\$ 2,949,478	\$ 2,949,478	\$ 2,949,478	\$ -
14,481,352	15,505,713	15,505,713	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	26,986	26,986	-
1,093,900	-	-	-
13,800	810,030	810,030	-
1,806,979	3,818,926	3,818,926	-
-	-	-	-
-	-	-	-
-	-	-	-
-	22,004	22,004	-
-	-	-	-
-	1,596,812	1,596,812	-
17,396,031	21,780,470	21,780,470	-
20,345,509	24,729,948	24,729,948	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
792,820	1,092,820	1,091,858	962
-	-	-	-
16,577,370	18,083,094	18,000,860	82,234
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	1,478	1,478	-
-	-	-	-
17,370,190	19,177,393	19,094,196	83,196
-	898	898	-
-	898	898	-
\$ 2,975,319	\$ 5,553,453	\$ 5,636,650	\$ 83,196

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

	GENERAL FUND	SCHOOL AID FUND
Sources/inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 60,413,295	\$ 24,729,948
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.	(8,178,297)	(2,949,478)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	(6,866)	-
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(540,979)	(1,596,812)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	<u>\$ 51,687,153</u>	<u>\$ 20,183,658</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 47,767,323	\$ 19,094,196
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.	(104,828)	4,164
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(616,807)	(110,528)
Vendor financing acquisitions are not outflows of budgetary resources but are recorded as capital outlay expenditures and other financing sources under GAAP.	13,496	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	<u>\$ 47,059,185</u>	<u>\$ 18,987,833</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 2022, 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, 2021, 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 contract 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 2021, the State is responsible for maintaining approximately 27,147 lane miles of roads and currently maintains 4,851 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	2021	2019	2018
Good	79.0%	74.0%	73.0%
Poor	21.0%	26.0%	27.0%

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
2022	6.8%
2021	6.9%
2020	6.8%

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 2022 is less than the total (4,851) 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
2023	\$ 1,564.8	\$ -
2022	1,509.2	1,261.2
2021	1,437.0	1,089.2
2020	1,073.1	1,193.9
2019	1,049.9	1,160.2
2018	919.4	1,071.9

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LEGISLATIVE RETIREMENT SYSTEM

LAST EIGHT FISCAL YEARS*

(In Thousands)

	2022	2021	2020
Total Pension Liability			
Service cost	\$ -	\$ -	\$ 39
Interest	8,580	9,614	11,051
Differences between expected and actual experience	(1,677)	1,780	480
Changes of assumptions	(1,011)	19,452	30,744
Benefit payments, including refunds of member contributions	(14,595)	(14,655)	(14,130)
Net Change in Total Pension Liability	(8,703)	16,191	28,183
Total Pension Liability - Beginning	284,062	267,871	239,688
Total Pension Liability - Ending	<u>\$ 275,360</u>	<u>\$ 284,062</u>	<u>\$ 267,871</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ -	\$ -	\$ 8,063
Contributions - member	1	1	2
Net investment income	25,588	6,636	3,320
Benefit payments, including refunds of member contributions	(14,595)	(14,655)	(14,130)
Pension plan administrative expense	(384)	(407)	(405)
Other	-	7	-
Net Changes in Plan Fiduciary Net Pension	10,610	(8,418)	(3,150)
Plan Fiduciary Net Position - Beginning	113,880	122,299	125,448
Plan Fiduciary Net Position - Ending	<u>\$ 124,491</u>	<u>\$ 113,880</u>	<u>\$ 122,299</u>
Net Pension Liability (Assets) - Ending	<u>\$ 150,869</u>	<u>\$ 170,182</u>	<u>\$ 145,572</u>
Plan fiduciary net position as a percentage of the total pension liability	45.2%	40.1%	45.7%
Covered payroll	\$ -	\$ -	\$ 18
Net pension liability as a percentage of covered payroll	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 \$ 239,688	265,662 \$ 246,565	247,646 \$ 265,662	229,755 \$ 247,646	207,404 \$ 229,755
\$ - 1 8,630	\$ - 4 15,841	\$ - 4 11,325	\$ - 3 (6,545)	\$ - 6 14,868
(14,521) (399) -	(14,282) (392) 7	(13,919) (405) -	(14,495) (362) -	(13,550) (430) -
(6,289)	1,177	(2,996)	(21,400)	893
131,738 \$ 125,448	130,560 \$ 131,738	133,557 \$ 130,560	154,957 \$ 133,557	154,063 \$ 154,957
\$ 114,239	\$ 114,828	\$ 135,102	\$ 114,090	\$ 74,799
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 FIVE FISCAL YEARS*

(In Thousands)

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 155	\$ 155	\$ 1,148	\$ 1,482	\$ 797
Interest	5,468	6,447	7,518	7,077	8,464
Differences between expected and actual experience	(7,429)	(26,458)	(25,629)	3,292	18
Changes of assumptions	(41,686)	(393)	4,386	(9,407)	66,226
Benefit payments, including refunds of member contributions	(5,816)	(5,836)	(6,164)	(6,695)	(6,343)
Net Change in Total OPEB Liability	(49,308)	(26,087)	(18,742)	(4,252)	69,162
Total OPEB Liability - Beginning	143,763	169,850	188,591	192,843	123,681
Total OPEB Liability - Ending	<u>\$ 94,455</u>	<u>\$ 143,763</u>	<u>\$ 169,850</u>	<u>\$ 188,591</u>	<u>\$ 192,843</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 4,612	\$ 4,638	\$ 9,091	\$ 4,657	\$ 4,572
Contributions - member	-	-	2	6	6
Net investment income	7,021	1,582	626	1,573	2,755
Benefit payments, including refunds of member contributions	(5,816)	(5,836)	(6,164)	(6,695)	(6,343)
OPEB plan administrative expense	(106)	(99)	(81)	(74)	(69)
Other	1,200	1,302	1,379	954	644
Net Changes in Plan Fiduciary Net Pension	6,911	1,586	4,854	421	1,565
Plan Fiduciary Net Position - Beginning	31,369	29,782	24,928	24,507	22,942
Plan Fiduciary Net Position - Ending	<u>\$ 38,280</u>	<u>\$ 31,369</u>	<u>\$ 29,782</u>	<u>\$ 24,928</u>	<u>\$ 24,507</u>
Net OPEB Liability (Assets) - Ending	<u>\$ 56,175</u>	<u>\$ 112,395</u>	<u>\$ 140,067</u>	<u>\$ 163,663</u>	<u>\$ 168,336</u>
Plan fiduciary net position as a percentage of the total OPEB liability	40.5%	21.8%	17.5%	13.2%	12.7%
Covered-employee payroll**	\$ 161	\$ 215	\$ 613	\$ 1,662	\$ 1,662
Net OPEB liability as a percentage of covered-employee payroll	34828.3%	52263.1%	22864.4%	9848.2%	10129.4%

* 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.



REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

STATE POLICE RETIREMENT SYSTEM

LAST EIGHT FISCAL YEARS*

(In Thousands)

	2022	2021	2020
Total Pension Liability			
Service cost	\$ 24,718	\$ 25,867	\$ 24,907
Interest	155,431	152,466	150,682
Differences between expected and actual experience	25,246	18,204	17,082
Changes of assumptions	26,560	-	58,026
Benefit payments, including refunds of member contributions	(155,429)	(149,418)	(144,193)
Net Change in Total Pension Liability	76,527	47,119	106,504
Total Pension Liability - Beginning	2,350,775	2,303,656	2,197,152
Total Pension Liability - Ending	<u>\$ 2,427,301</u>	<u>\$ 2,350,775</u>	<u>\$ 2,303,656</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 69,152	\$ 79,165	\$ 78,510
Contributions - member	3,850	4,100	3,693
Net investment income	401,735	75,047	74,725
Benefit payments, including refunds of member contributions	(155,429)	(149,418)	(144,193)
Pension plan administrative expense	(677)	(633)	(725)
Other	11,215	-	-
Net Changes in Plan Fiduciary Net Pension	329,846	8,262	12,010
Plan Fiduciary Net Position - Beginning	1,512,670	1,504,408	1,492,399
Plan Fiduciary Net Position - Ending	<u>\$ 1,842,516</u>	<u>\$ 1,512,670</u>	<u>\$ 1,504,408</u>
Net Pension Liability (Assets) - Ending	<u>\$ 584,785</u>	<u>\$ 838,104</u>	<u>\$ 799,248</u>
Plan fiduciary net position as a percentage of the total pension liability	75.9%	64.3%	65.3%
Covered payroll	\$ 131,332	\$ 142,102	\$ 139,660
Net pension liability as a percentage of covered payroll	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
\$ 24,094 149,156	\$ 20,908 147,193	\$ 19,774 143,436	\$ 19,952 140,575	\$ 21,142 134,317
7,959 106,681	18,289 94,280	8,440 -	(6,998) -	- 36,683
(137,367) 150,523	(130,208) 150,462	(119,094) 52,556	(115,469) 38,060	(110,551) 81,591
2,046,629 \$ 2,197,152	1,896,167 \$ 2,046,629	1,843,611 \$ 1,896,167	1,805,551 \$ 1,843,611	1,723,960 \$ 1,805,551
\$ 84,930 3,489 151,529	\$ 74,814 3,142 165,384	\$ 70,505 3,009 90,811	\$ 70,351 2,677 26,236	\$ 58,391 2,174 174,085
(137,367) (749) 4	(130,208) (666) 27	(119,094) (575) 10	(115,469) (561) 3	(110,551) (575) -
101,835	112,492	44,666	(16,762)	123,524
1,390,564 \$ 1,492,399	1,278,071 \$ 1,390,564	1,233,405 \$ 1,278,071	1,250,168 \$ 1,233,405	1,126,643 \$ 1,250,168
\$ 704,753	\$ 656,066	\$ 618,096	\$ 610,206	\$ 555,384
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 FIVE FISCAL YEARS*

(In Thousands)

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 10,031	\$ 10,064	\$ 8,706	\$ 9,173	\$ 9,855
Interest	53,337	54,744	53,114	57,650	55,607
Changes of benefit terms	-	-	-	25	-
Differences between expected and actual experience	(59,439)	(103,332)	(67,257)	(71,325)	(4,142)
Changes of assumptions	(5,789)	48,652	68,549	26,627	-
Benefit payments, including refunds of member contributions	(32,704)	(28,308)	(30,028)	(33,583)	(33,904)
Net Change in Total OPEB Liability	(34,564)	(18,180)	33,084	(11,432)	27,416
Total OPEB Liability - Beginning	784,340	802,520	769,435	780,868	753,452
Total OPEB Liability - Ending	<u>\$ 749,776</u>	<u>\$ 784,340</u>	<u>\$ 802,520</u>	<u>\$ 769,435</u>	<u>\$ 780,868</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 48,792	\$ 58,303	\$ 60,395	\$ 56,779	\$ 51,886
Net investment income	73,989	12,677	10,782	17,222	16,063
Benefit payments, including refunds of member contributions	(32,704)	(28,308)	(30,028)	(33,583)	(33,904)
OPEB plan administrative expense	(135)	(116)	(80)	(87)	(100)
Other	7,839	445	39	10	15
Net Change in Plan Fiduciary Net Position	97,782	43,001	41,108	40,340	33,961
Plan Fiduciary Net Position - Beginning	275,119	232,118	191,010	150,670	116,709
Plan Fiduciary Net Position - Ending	<u>\$ 372,901</u>	<u>\$ 275,119</u>	<u>\$ 232,118</u>	<u>\$ 191,010</u>	<u>\$ 150,670</u>
Net OPEB Liability (Assets) - Ending	<u>\$ 376,875</u>	<u>\$ 509,220</u>	<u>\$ 570,401</u>	<u>\$ 578,425</u>	<u>\$ 630,197</u>
Plan fiduciary net position as a percentage of the total OPEB liability	49.7%	35.1%	28.9%	24.8%	19.3%
Covered payroll	\$ 131,332	\$ 142,102	\$ 139,660	\$ 134,177	\$ 125,085
Net OPEB liability as a percentage of covered payroll	287.0%	358.3%	408.4%	431.1%	503.8%

* 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).



REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

STATE EMPLOYEES' RETIREMENT SYSTEM

LAST EIGHT FISCAL YEARS*

(In Thousands)

	2022	2021	2020
Total Pension Liability			
Service cost	\$ 55,445	\$ 62,891	\$ 64,690
Interest	1,210,743	1,220,112	1,244,463
Differences between expected and actual experience	(32,416)	27,308	25,071
Changes of assumptions	-	-	514,809
Benefit payments, including refunds of member contributions	(1,460,137)	(1,432,712)	(1,398,381)
Net Change in Total Pension Liability	(226,366)	(122,402)	450,651
Total Pension Liability - Beginning	18,773,136	18,895,538	18,444,887
Total Pension Liability - Ending	<u>\$ 18,546,771</u>	<u>\$ 18,773,136</u>	<u>\$ 18,895,538</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 659,639	\$ 613,729	\$ 600,083
Contributions - member	23,881	25,265	28,442
Net investment income	3,191,784	599,246	611,140
Benefit payments, including refunds of member contributions	(1,460,137)	(1,432,712)	(1,398,381)
Pension plan administrative expense	(5,925)	(5,956)	(6,988)
Other	44,809	73	(4,406)
Net Changes in Plan Fiduciary Net Pension	2,454,051	(200,356)	(170,109)
Plan Fiduciary Net Position - Beginning	12,027,536	12,227,892	12,398,002
Plan Fiduciary Net Position - Ending	<u>\$ 14,481,588</u>	<u>\$ 12,027,536</u>	<u>\$ 12,227,892</u>
Net Pension Liability (Assets) - Ending	<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	78.1%	64.1%	64.7%
Covered payroll**	\$ 3,348,115	\$ 3,380,365	\$ 3,220,895
Net pension liability as a percentage of covered payroll	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 FIVE FISCAL YEARS*

(In Thousands)

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 96,327	\$ 93,810	\$ 90,760	\$ 93,346	\$ 108,530
Interest	645,483	746,333	723,058	760,408	735,979
Differences between expected and actual experience	(772,919)	(2,570,285)	(941,588)	(1,055,687)	(71,816)
Changes of assumptions	(223,893)	569,841	975,792	809,101	-
Benefit payments, including refunds of member contributions	(308,060)	(297,051)	(427,977)	(402,543)	(476,200)
Net Change in Total OPEB Liability	(563,062)	(1,457,351)	420,045	204,625	296,493
Total OPEB Liability - Beginning	9,460,695	10,918,046	10,498,001	10,293,376	9,996,883
Total OPEB Liability - Ending	<u>\$ 8,897,633</u>	<u>\$ 9,460,695</u>	<u>\$ 10,918,046</u>	<u>\$ 10,498,001</u>	<u>\$ 10,293,376</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 774,406	\$ 703,567	\$ 765,235	\$ 688,884	\$ 703,330
Contributions - member	-	-	-	-	27
Net investment income	975,495	163,011	144,126	229,539	217,955
Benefit payments, including refunds of member contributions	(308,060)	(297,051)	(427,977)	(402,543)	(476,200)
OPEB plan administrative expense	(1,185)	(1,017)	(377)	(459)	(445)
Other	19,386	9,816	66	172	778
Net Changes in Plan Fiduciary Net Position	1,460,043	578,325	481,072	515,592	445,447
Plan Fiduciary Net Position - Beginning	3,622,219	3,043,893	2,562,821	2,047,229	1,601,782
Plan Fiduciary Net Position - Ending	<u>\$ 5,082,262</u>	<u>\$ 3,622,219</u>	<u>\$ 3,043,893</u>	<u>\$ 2,562,821</u>	<u>\$ 2,047,229</u>
Net OPEB Liability (Assets) - Ending	<u>\$ 3,815,371</u>	<u>\$ 5,838,476</u>	<u>\$ 7,874,153</u>	<u>\$ 7,935,180</u>	<u>\$ 8,246,147</u>
Plan fiduciary net position as a percentage of the total OPEB liability	57.1%	38.3%	27.9%	24.4%	19.9%
Covered payroll	\$ 3,348,115	\$ 3,380,365	\$ 3,220,895	\$ 3,115,261	\$ 3,050,238
Net OPEB liability as a percentage of covered payroll	114.0%	172.7%	244.5%	254.7%	270.3%

* 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).



REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
JUDGES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS***
(In Thousands)

	2022	2021	2020
Total Pension Liability			
Service cost	\$ 1,664	\$ 1,733	\$ 1,966
Interest	16,278	16,631	17,601
Differences between expected and actual experience	(1,331)	286	4
Changes of assumptions	-	-	10,077
Benefit payments, including refunds of member contributions	(24,281)	(24,251)	(24,111)
Net Change in Total Pension Liability	(7,670)	(5,601)	5,536
Total Pension Liability - Beginning	271,759	277,360	271,824
Total Pension Liability - Ending	<u>\$ 264,089</u>	<u>\$ 271,759</u>	<u>\$ 277,360</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 2,850	\$ 2,840	\$ 2,828
Contributions - member	415	500	566
Net investment income	66,635	12,933	13,036
Benefit payments, including refunds of member contributions	(24,281)	(24,251)	(24,111)
Pension plan administrative expense	(376)	(387)	(376)
Other	-	1	2
Net Changes in Plan Fiduciary Net Pension	45,243	(8,364)	(8,055)
Plan Fiduciary Net Position - Beginning	254,697	263,061	271,116
Plan Fiduciary Net Position - Ending	<u>\$ 299,941</u>	<u>\$ 254,697</u>	<u>\$ 263,061</u>
Net Pension Liability (Assets) - Ending	<u>\$ (35,852)</u>	<u>\$ 17,061</u>	<u>\$ 14,298</u>
Plan fiduciary net position as a percentage of the total pension liability	113.6%	93.7%	94.8%
Covered payroll	\$ 7,868	\$ 9,263	\$ 10,206
Net pension liability as a percentage of covered payroll	(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	\$ 1,862	\$ 2,036	\$ 2,439	\$ 2,747
19,100	19,688	19,743	19,771	19,569
(1,498)	(4,923)	(1,290)	924	-
26,653	-	2,423	-	3,246
(23,958)	(23,724)	(23,302)	(23,241)	(22,536)
21,884	(7,096)	(389)	(108)	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	\$ 1,020	\$ 2,180	\$ 2,634	\$ 3,164
653	697	805	902	1,025
28,280	32,258	18,425	5,840	37,166
(23,958)	(23,724)	(23,302)	(23,241)	(22,536)
(413)	(354)	(335)	(312)	(288)
1	10	15	3	-
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

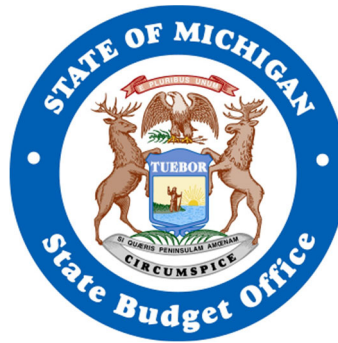
LAST FIVE FISCAL YEARS*

(In Thousands)

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 229	\$ 250	\$ 218	\$ 171	\$ 177
Interest	726	622	584	542	527
Differences between expected and actual experience	(1,294)	60	(164)	399	(32)
Changes of assumptions	(306)	632	257	1,080	-
Benefit payments, including refunds of member contributions	(17)	(99)	(651)	(638)	(334)
Net Change in Total OPEB Liability	(661)	1,465	245	1,554	339
Total OPEB Liability - Beginning	10,271	8,806	8,562	7,007	6,669
Total OPEB Liability - Ending	<u>\$ 9,611</u>	<u>\$ 10,271</u>	<u>\$ 8,806</u>	<u>\$ 8,562</u>	<u>\$ 7,007</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 216	\$ 398	\$ 7,557	\$ 539	\$ 189
Contributions - member	108	133	102	113	117
Net investment income	2,325	468	404	104	119
Benefit payments, including refunds of member contributions	(17)	(99)	(651)	(638)	(334)
OPEB plan administrative expense	(68)	(71)	(62)	(89)	(95)
Other	(33)	18	-	-	-
Net Changes in Plan Fiduciary Net Position	2,531	847	7,350	29	(4)
Plan Fiduciary Net Position - Beginning	9,252	8,405	1,055	1,026	1,030
Plan Fiduciary Net Position - Ending	<u>\$ 11,782</u>	<u>\$ 9,252</u>	<u>\$ 8,405</u>	<u>\$ 1,055</u>	<u>\$ 1,026</u>
Net OPEB Liability (Assets) - Ending	<u>\$ (2,172)</u>	<u>\$ 1,020</u>	<u>\$ 401</u>	<u>\$ 7,507</u>	<u>\$ 5,982</u>
Plan fiduciary net position as a percentage of the total OPEB liability	122.6%	90.1%	95.4%	12.3%	14.6%
Covered-employee payroll**	5,981	5,914	5,967	6,143	5,918
Net OPEB liability as a percentage of covered-employee payroll	(36.3%)	17.2%	6.7%	122.2%	101.1%

* 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 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.



REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

MILITARY RETIREMENT PROVISIONS

LAST SEVEN FISCAL YEARS*

(In Thousands)

	2022	2021	2020
Total Pension Liability			
Service cost	\$ 719	\$ 229	\$ 206
Interest	3,896	3,710	3,417
Changes of benefit terms	-	-	5,252
Differences between expected and actual experience	(156)	2,573	(610)
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(4,029)	(3,989)	(3,895)
Net Change in Total Pension Liability	429	2,523	4,370
Total Pension Liability - Beginning	59,367	56,844	52,474
Total Pension Liability - Ending	<u>\$ 59,796</u>	<u>\$ 59,367</u>	<u>\$ 56,844</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 657	\$ 1,000	\$ 41,045
Net investment income	15,012	2,805	2,711
Benefit payments, including refunds of member contributions	(4,029)	(3,989)	(3,895)
Pension plan administrative expense	(200)	(203)	(223)
Other	-	1	1
Net Changes in Plan Fiduciary Net Pension	11,440	(387)	39,638
Plan Fiduciary Net Position - Beginning	56,201	56,588	16,950
Plan Fiduciary Net Position - Ending	<u>\$ 67,641</u>	<u>\$ 56,201</u>	<u>\$ 56,588</u>
Net Pension Liability (Assets) - Ending	<u>\$ (7,845)</u>	<u>\$ 3,166</u>	<u>\$ 256</u>
Plan fiduciary net position as a percentage of the total pension liability	113.1%	94.7%	99.5%
Covered payroll	\$ 525	\$ 510	\$ 493
Net pension liability as a percentage of covered payroll	(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

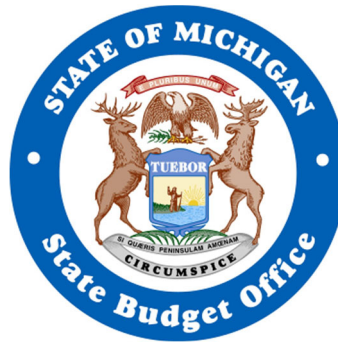
LAST FIVE FISCAL YEARS*

(In Thousands)

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 29,368	\$ 25,672	\$ 27,091	\$ 28,832	\$ 31,154
Interest	33,780	35,817	47,732	44,731	40,592
Changes of benefit terms	-	-	-	-	11,048
Differences between expected and actual experience	(96,597)	(7,488)	(153,728)	(7,636)	1,294
Changes of assumptions	57,492	78,697	87,597	(64,531)	(83,587)
Benefit payments, including refunds of member contributions	(38,126)	(32,554)	(33,310)	(31,263)	(30,244)
Net Change in Total OPEB Liability	(14,083)	100,144	(24,619)	(29,867)	(29,744)
Total OPEB Liability - Beginning	1,406,019	1,305,875	1,249,370	1,279,237	1,308,980
Total OPEB Liability - Ending	<u>\$ 1,391,936</u>	<u>\$ 1,406,019</u>	<u>\$ 1,224,751</u>	<u>\$ 1,249,370</u>	<u>\$ 1,279,237</u>
Covered-employee payroll	\$ 3,227,125	\$ 3,161,595	\$ 3,151,523	\$ 3,154,490	\$ 2,949,242
Total OPEB liability as a percentage of covered-employee payroll	43.1%	44.5%	38.9%	39.6%	43.4%

* 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.



REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR PENSIONS
LEGISLATIVE RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

(In Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 9,374	\$ 9,556	\$ 9,292	\$ 9,348
Contributions in relation to the actuarially determined contribution	-	-	-	8,063
Contribution deficiency (excess)	<u>\$ 9,374</u>	<u>\$ 9,556</u>	<u>\$ 9,292</u>	<u>\$ 1,285</u>
Covered payroll	\$ -	\$ -	\$ -	\$ 18
Contributions as a percentage of covered payroll	N/A	N/A	N/A	44993.7%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2021.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2022:

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 8,237	\$ 7,878	\$ 8,063	\$ 7,843	\$ 6,327	\$ 5,993
-	-	-	-	-	-
<u>\$ 8,237</u>	<u>\$ 7,878</u>	<u>\$ 8,063</u>	<u>\$ 7,843</u>	<u>\$ 6,327</u>	<u>\$ 5,993</u>
\$ 72	\$ 72	\$ 72	\$ 72	\$ 72	\$ 72
0.0%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 6,066	\$ 7,532	\$ 7,907	\$ 10,172
Contributions in relation to the actuarially determined contribution	4,661	4,612	4,638	9,091
Contribution deficiency (excess)	<u>\$ 1,405</u>	<u>\$ 2,920</u>	<u>\$ 3,270</u>	<u>\$ 1,081</u>
Covered-employee payroll*	\$ 143	\$ 161	\$ 215	\$ 613
Contributions as a percentage of covered-employee payroll	3,250.9%	2,859.2%	2,156.6%	1,484.1%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2021.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2022:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, closed
Remaining Amortization Period	19 years, as of October 1, 2021
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.
Excise Tax	No load was applied to the health care liabilities of current retirees or future retirees to approximate the cost for future excise tax.
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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 11,632	\$ 11,337	\$ 10,464	\$ 9,363	\$ 9,382	\$ 9,630
4,657	4,572	4,538	4,473	4,323	4,240
<u>\$ 6,975</u>	<u>\$ 6,765</u>	<u>\$ 5,926</u>	<u>\$ 4,889</u>	<u>\$ 5,058</u>	<u>\$ 5,390</u>
\$ 1,662	\$ 1,662	\$ 1,662	\$ 1,734	\$ 2,497	\$ 3,312
280.2%	275.1%	273.0%	258.0%	173.1%	128.0%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR PENSIONS
STATE POLICE RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

(In Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 88,349	\$ 81,078	\$ 78,929	\$ 77,400
Contributions in relation to the actuarially determined contribution	89,386	69,152	79,165	78,510
Contribution deficiency (excess)	<u>\$ (1,037)</u>	<u>\$ 11,926</u>	<u>\$ (235)</u>	<u>\$ (1,110)</u>
Covered payroll	\$ 146,298	\$ 131,332	\$ 142,102	\$ 139,660
Contributions as a percentage of covered payroll	61.1%	52.7%	55.7%	56.2%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2019.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2022:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	17 years, as of October 1, 2021
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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 78,531	\$ 72,632	\$ 70,858	\$ 63,271	\$ 61,401	\$ 57,668
84,930	74,814	70,505	70,351	58,391	49,004
<u>\$ (6,399)</u>	<u>\$ (2,182)</u>	<u>\$ 353</u>	<u>\$ (7,080)</u>	<u>\$ 3,010</u>	<u>\$ 8,663</u>
\$ 134,177	\$ 125,085	\$ 118,060	\$ 114,278	\$ 114,480	\$ 110,244
63.3%	59.8%	59.7%	61.6%	51.0%	44.5%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS
STATE POLICE RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(In Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 52,130	\$ 54,198	\$ 53,928	\$ 59,785
Contributions* in relation to the actuarially determined contribution	50,743	48,792	58,303	60,395
Contribution deficiency (excess)	<u>\$ 1,387</u>	<u>\$ 5,405</u>	<u>\$ (4,375)</u>	<u>\$ (610)</u>
Covered payroll	\$ 146,298	\$ 131,332	\$ 142,102	\$ 139,660
Contributions as a percentage of covered payroll	34.7%	37.2%	41.0%	43.2%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2019.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2022:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	17 years, as of October 1, 2021
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 2013 through fiscal year 2017, contributions included both employer contributions and other governmental contributions.

Michigan

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 58,368	\$ 52,301	\$ 50,857	\$ 47,674	\$ 43,383	\$ 46,803
56,779	51,886	47,348	47,722	48,373	45,659
<u>\$ 1,589</u>	<u>\$ 415</u>	<u>\$ 3,509</u>	<u>\$ (48)</u>	<u>\$ (4,990)</u>	<u>\$ 1,144</u>
\$ 134,177	\$ 125,085	\$ 118,060	\$ 114,278	\$ 114,480	\$ 110,244
42.3%	41.5%	40.1%	41.8%	42.3%	41.4%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR PENSIONS
STATE EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

(In Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 688,684	\$ 670,167	\$ 601,956	\$ 592,909
Contributions in relation to the actuarially determined contribution	688,301	659,639	613,729	600,083
Contribution deficiency (excess)	<u>\$ 382</u>	<u>\$ 10,528</u>	<u>\$ (11,773)</u>	<u>\$ (7,175)</u>
Covered payroll *	\$ 3,464,750	\$ 3,348,115	\$ 3,380,365	\$ 3,220,895
Contributions as a percentage of covered payroll	19.9%	19.7%	18.2%	18.6%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2019.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2022:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	15 years, as of October 1, 2021
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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 627,621	\$ 709,651	\$ 752,161	\$ 654,515	\$ 624,467	\$ 611,132
650,740	703,131	716,465	749,332	705,100	604,845
<u>\$ (23,118)</u>	<u>\$ 6,520</u>	<u>\$ 35,697</u>	<u>\$ (94,817)</u>	<u>\$ (80,633)</u>	<u>\$ 6,287</u>
\$ 3,115,261	\$ 3,050,238	\$ 872,358	\$ 946,977	\$ 1,006,633	\$ 1,104,669
20.9%	23.1%	82.1%	79.1%	70.0%	54.8%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS

STATE EMPLOYEES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

(In Thousands)

	2022	2021	2020	2019
Actuarially determined contribution	\$ 602,466	\$ 778,656	\$ 681,397	\$ 762,743
Contributions* in relation to the actuarially determined contribution	579,955	774,406	703,567	765,235
Contribution deficiency (excess)	<u>\$ 22,511</u>	<u>\$ 4,251</u>	<u>\$ (22,170)</u>	<u>\$ (2,492)</u>
Covered payroll	\$ 3,464,750	\$ 3,348,115	\$ 3,380,365	\$ 3,220,895
Contributions as a percentage of covered payroll	16.7%	23.1%	20.8%	23.8%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2019.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2022:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	15 years, as of October 1, 2021
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 2013 through fiscal year 2017, contributions included both employer contributions and other governmental contributions.

Michigan

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 744,210	\$ 676,227	\$ 659,698	\$ 645,412	\$ 619,512	\$ 678,650
688,884	703,330	686,652	713,661	755,883	729,863
<u>\$ 55,326</u>	<u>\$ (27,103)</u>	<u>\$ (26,954)</u>	<u>\$ (68,249)</u>	<u>\$ (136,371)</u>	<u>\$ (51,213)</u>
\$ 3,115,261	\$ 3,050,238	\$ 2,989,101	\$ 3,029,113	\$ 2,857,324	\$ 2,881,140
22.1%	23.1%	23.0%	23.6%	26.5%	25.3%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR PENSIONS

JUDGES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

(In Thousands)

	2022	2021	2020	2019
Actuarially determined contribution	\$ 1,517	\$ 2,850	\$ 2,840	\$ 2,828
Contributions in relation to the actuarially determined contribution	1,517	2,850	2,840	2,828
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,432	\$ 7,868	\$ 9,263	\$ 10,206
Contributions as a percentage of covered payroll	23.6%	36.2%	30.7%	27.7%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2021.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2022:

Actuarial Cost Method	Entry-Age Normal (Term Cost for death and disability)
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	15 years, as of October 1, 2021
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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,736	\$ 1,020	\$ 2,138	\$ 2,593	\$ 3,123	\$ 2,751
1,736	1,020	2,180	2,634	3,164	2,793
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41)</u>	<u>\$ (41)</u>	<u>\$ (41)</u>	<u>\$ (42)</u>
\$ 12,047	\$ 12,685	\$ 14,757	\$ 17,518	\$ 18,803	\$ 18,939
14.4%	8.0%	14.8%	15.0%	16.8%	14.7%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS

JUDGES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

(In Thousands)

	2022	2021	2020	2019
Actuarially determined contribution	\$ 242	\$ 207	\$ 398	\$ 818
Contributions* in relation to the actuarially determined contribution	242	216	398	7,557
Contribution deficiency (excess)	\$ -	\$ (9)	\$ -	\$ (6,739)
Covered-employee payroll**	\$ 5,960	\$ 5,981	\$ 5,914	\$ 5,967
Contributions as a percentage of covered-employee payroll	4.1%	3.6%	6.7%	126.7%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2021.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2022:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	15 years, as of October 1, 2021
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 2013 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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 559	\$ 487	\$ 712	\$ 663	\$ 659	\$ 699
539	189	247	275	69	55
<u>\$ 20</u>	<u>\$ 298</u>	<u>\$ 465</u>	<u>\$ 388</u>	<u>\$ 591</u>	<u>\$ 644</u>
\$ 6,143	\$ 5,918	\$ 5,889	\$ 5,926	\$ 6,080	\$ 6,203
8.8%	3.2%	4.2%	4.6%	1.1%	0.9%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR PENSIONS

MILITARY RETIREMENT PROVISIONS

LAST TEN FISCAL YEARS

(In Thousands)

	2022	2021	2020	2019
Actuarially determined contribution	\$ 874	\$ 657	\$ 3,542	\$ 4,422
Contributions in relation to the actuarially determined contribution	875	657	1,000	41,045
Contribution deficiency (excess)	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 2,542</u>	<u>\$ (36,623)</u>
Covered payroll *	\$ 543	\$ 525	\$ 510	\$ 493
Contributions as a percentage of covered payroll	161.1%	125.2%	196.3%	8325.4%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2019.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2022:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	17 years, as of October 1, 2021
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.

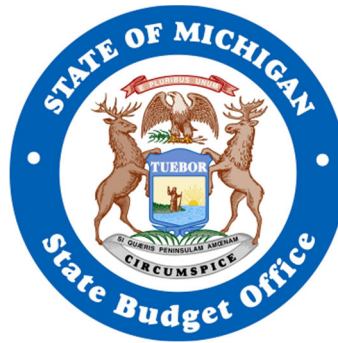
Mortality

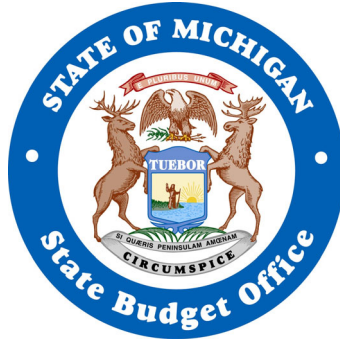
Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Table scaled by 93.0 percent for males and 99.0 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Mortality Table scaled by 100 percent for both males 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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 6,849	\$ 5,200	\$ 5,200	\$ 6,293	\$ 6,293	\$ 5,359
16,245	5,245	7,780	4,267	4,223	3,982
<u>\$ (9,396)</u>	<u>\$ (45)</u>	<u>\$ (2,580)</u>	<u>\$ 2,026</u>	<u>\$ 2,071</u>	<u>\$ 1,377</u>
\$ 527	\$ 466	\$ 469	\$ 484	Unavailable	\$ 457
3081.9%	1126.3%	1657.3%	880.9%		871.2%





FINANCIAL SECTION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES – NON-MAJOR FUNDS

BALANCE SHEET**NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**

SEPTEMBER 30, 2022

(In Thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTALS
ASSETS					
Current Assets:					
Cash	\$ 10,550	\$ 148,047	\$ 47,857	\$ -	\$ 206,453
Equity in common cash	1,554,918	1,684	2,569,215	85,573	4,211,389
Taxes, interest, and penalties receivable	137,391	-	517	-	137,907
Amounts due from other funds	71,052	-	58,819	-	129,871
Amounts due from component units	-	-	1,600	-	1,600
Amounts due from federal agencies	60,200	-	256,049	-	316,249
Amounts due from local units	776	-	103,288	-	104,063
Inventories	487	-	13,734	-	14,221
Other current assets	208,990	250	12,235	9,669	231,144
Total Current Assets	<u>2,044,363</u>	<u>149,982</u>	<u>3,063,313</u>	<u>95,242</u>	<u>5,352,899</u>
Noncurrent Assets:					
Taxes, interest, and penalties receivable	3,873	-	1	-	3,873
Amounts due from local units	15,430	-	49,000	-	64,429
Investments	268,358	-	-	1,079,170	1,347,528
Other noncurrent assets	3,062	-	10,726	-	13,789
Total Noncurrent Assets	<u>290,723</u>	<u>-</u>	<u>59,726</u>	<u>1,079,170</u>	<u>1,429,619</u>
Total Assets	<u>\$ 2,335,086</u>	<u>\$ 149,982</u>	<u>\$ 3,123,039</u>	<u>\$ 1,174,411</u>	<u>\$ 6,782,518</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and other liabilities	\$ 521,667	\$ 18	\$ 492,811	\$ 17,031	\$ 1,031,528
Amounts due to other funds	84,771	-	83,508	39	168,319
Bonds and notes payable	-	-	77,000	-	77,000
Interest payable	-	-	156	-	156
Unearned revenue	13,535	-	1,765	-	15,299
Total Current Liabilities	<u>619,974</u>	<u>18</u>	<u>655,240</u>	<u>17,070</u>	<u>1,292,302</u>
Long-Term Liabilities:					
Unearned revenue	1	-	11	-	12
Total Long-Term Liabilities	<u>1</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>12</u>
Total Liabilities	<u>619,975</u>	<u>18</u>	<u>655,251</u>	<u>17,070</u>	<u>1,292,314</u>
DEFERRED INFLOWS OF RESOURCES	<u>182,864</u>	<u>-</u>	<u>11,279</u>	<u>-</u>	<u>194,143</u>
FUND BALANCES					
Nonspendable	289,969	-	13,734	889,966	1,193,670
Restricted	909,457	149,963	2,495,515	267,375	3,822,311
Committed	332,821	-	-	-	332,821
Unassigned	-	-	(52,740)	-	(52,740)
Total Fund Balances	<u>1,532,248</u>	<u>149,963</u>	<u>2,456,509</u>	<u>1,157,341</u>	<u>5,296,061</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,335,086</u>	<u>\$ 149,982</u>	<u>\$ 3,123,039</u>	<u>\$ 1,174,411</u>	<u>\$ 6,782,518</u>

Michigan

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTALS
REVENUES					
Taxes	\$ 3,731,166	\$ -	\$ 13,692	\$ -	\$ 3,744,858
From federal agencies	317,086	-	1,574,893	-	1,891,980
From local agencies	-	-	21,731	-	21,731
From services	5,019	-	3,844	-	8,863
From licenses and permits	254,151	-	17,839	-	271,989
Miscellaneous	551,858	693	97,305	(65,765)	584,091
Total Revenues	4,859,281	693	1,729,304	(65,765)	6,523,513
EXPENDITURES					
Current:					
General government	140,023	75	-	3,577	143,675
Education	72,003	706	63,207	-	135,916
Health and human services	64,409	-	-	725	65,134
Public safety and corrections	160	-	-	2,833	2,993
Conservation, environment, recreation, and agriculture	294,651	-	-	39,489	334,141
Labor, commerce, and regulatory	294,039	-	-	-	294,039
Transportation	2,254,624	3	1,434,647	-	3,689,275
Capital outlay	29,503	-	2,143,029	10,333	2,182,865
Debt service:					
Bond principal retirement	-	397,874	-	-	397,874
Bond interest and fiscal charges	-	265,772	-	-	265,772
Vendor financing payments	1,917	-	2,706	5	4,628
Total Expenditures	3,151,328	664,431	3,643,589	56,962	7,516,311
Excess of Revenues over (under) Expenditures	1,707,952	(663,738)	(1,914,286)	(122,727)	(992,798)
OTHER FINANCING SOURCES (USES)					
Bonds and bond anticipation notes issued	-	-	146,530	-	146,530
Premium on bond issuance	-	-	15,093	-	15,093
Vendor financing acquisitions	-	-	248,608	-	248,608
Proceeds from sale of capital assets	142	-	2,095	240	2,476
Transfers from other funds	447,039	668,579	1,481,724	-	2,597,342
Transfers to other funds	(2,010,444)	-	(324,630)	(252)	(2,335,326)
Total Other Financing Sources (Uses)	(1,563,263)	668,579	1,569,419	(13)	674,722
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	144,689	4,841	(344,867)	(122,740)	(318,076)
Fund Balances - Beginning of fiscal year - restated	1,387,558	145,122	2,801,375	1,280,081	5,614,137
Fund Balances - End of fiscal year	\$ 1,532,248	\$ 149,963	\$ 2,456,509	\$ 1,157,341	\$ 5,296,061

Michigan

BALANCE SHEET
SPECIAL REVENUE FUNDS - BY CLASSIFICATION
 SEPTEMBER 30, 2022
 (In Thousands)

	TRANSPORTATION RELATED	CONSERVATION, ENVIRONMENT, AND RECREATION RELATED	REGULATORY AND ADMINISTRATIVE RELATED	OTHER STATE FUNDS	TOTALS
ASSETS					
Current Assets:					
Cash	\$ 3,817	\$ 6,727	\$ 6	\$ -	\$ 10,550
Equity in common cash	618,186	487,981	104,851	343,899	1,554,918
Taxes, interest, and penalties receivable	137,071	319	-	-	137,391
Amounts due from other funds	48,942	-	22,110	-	71,052
Amounts due from federal agencies	39,936	3,934	16,191	140	60,200
Amounts due from local units	49	76	650	-	776
Inventories	-	487	-	-	487
Other current assets	7,836	12,463	30,714	157,977	208,990
Total Current Assets	<u>855,838</u>	<u>511,988</u>	<u>174,522</u>	<u>502,015</u>	<u>2,044,363</u>
Noncurrent Assets:					
Taxes, interest, and penalties receivable	3,873	-	-	-	3,873
Amounts due from local units	-	15,430	-	-	15,430
Investments	-	243,746	-	24,612	268,358
Other noncurrent assets	-	2,669	-	394	3,062
Total Noncurrent Assets	<u>3,873</u>	<u>261,845</u>	<u>-</u>	<u>25,005</u>	<u>290,723</u>
Total Assets	<u>\$ 859,710</u>	<u>\$ 773,833</u>	<u>\$ 174,522</u>	<u>\$ 527,021</u>	<u>\$ 2,335,086</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and other liabilities	\$ 458,712	\$ 28,365	\$ 32,108	\$ 2,483	\$ 521,667
Amounts due to other funds	39,060	1,424	44,274	13	84,771
Unearned revenue	1	11,088	2,445	-	13,535
Total Current Liabilities	<u>497,773</u>	<u>40,878</u>	<u>78,828</u>	<u>2,495</u>	<u>619,974</u>
Long-Term Liabilities:					
Unearned revenue	1	-	-	-	1
Total Long-Term Liabilities	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total Liabilities	<u>497,774</u>	<u>40,878</u>	<u>78,828</u>	<u>2,495</u>	<u>619,975</u>
DEFERRED INFLOWS OF RESOURCES	<u>21,208</u>	<u>3,166</u>	<u>499</u>	<u>157,991</u>	<u>182,864</u>
FUND BALANCES					
Nonspendable	-	265,055	10	24,905	289,969
Restricted	340,728	464,734	94,831	9,164	909,457
Committed	-	-	355	332,466	332,821
Total Fund Balances	<u>340,728</u>	<u>729,789</u>	<u>95,196</u>	<u>366,535</u>	<u>1,532,248</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 859,710</u>	<u>\$ 773,833</u>	<u>\$ 174,522</u>	<u>\$ 527,021</u>	<u>\$ 2,335,086</u>

Michigan

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

SPECIAL REVENUE FUNDS - BY CLASSIFICATION

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

	TRANSPORTATION RELATED	CONSERVATION, ENVIRONMENT, AND RECREATION RELATED	REGULATORY AND ADMINISTRATIVE RELATED	OTHER STATE FUNDS	TOTALS
REVENUES					
Taxes	\$ 3,576,317	\$ 493	\$ 154,357	\$ -	\$ 3,731,166
From federal agencies	86,527	6,564	222,775	1,221	317,086
From services	4,958	2	59	-	5,019
From licenses and permits	36,159	195,565	22,427	-	254,151
Miscellaneous	9,561	134,778	173,234	234,284	551,858
Total Revenues	3,713,522	337,403	572,852	235,505	4,859,281
EXPENDITURES					
Current:					
General government	-	4,103	33,557	102,362	140,023
Education	-	-	-	72,003	72,003
Health and human services	-	-	-	64,409	64,409
Public safety and corrections	-	-	-	160	160
Conservation, environment, recreation, and agriculture	-	294,651	-	-	294,651
Labor, commerce, and regulatory	-	-	285,029	9,010	294,039
Transportation	2,254,624	-	-	-	2,254,624
Capital outlay	25	29,478	-	-	29,503
Debt service:					
Vendor financing payments	4	175	1,731	6	1,917
Total Expenditures	2,254,654	328,408	320,317	247,950	3,151,328
Excess of Revenues over (under) Expenditures	1,458,868	8,994	252,535	(12,445)	1,707,952
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	142	-	-	142
Transfers from other funds	327,638	39,634	39,117	40,650	447,039
Transfers to other funds	(1,708,058)	(20,489)	(281,867)	(31)	(2,010,444)
Total Other Financing Sources (Uses)	(1,380,419)	19,287	(242,750)	40,619	(1,563,263)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	78,449	28,281	9,785	28,174	144,689
Fund Balances - Beginning of fiscal year - restated	262,279	701,508	85,410	338,361	1,387,558
Fund Balances - End of fiscal year	\$ 340,728	\$ 729,789	\$ 95,196	\$ 366,535	\$ 1,532,248

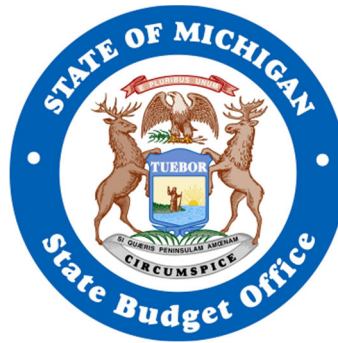
Michigan

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - BY CLASSIFICATION**
FISCAL YEAR ENDED SEPTEMBER 30, 2022
(In Thousands)

<u>Statutory/Budgetary Basis</u>	TRANSPORTATION RELATED			CONSERVATION, ENVIRONMENT, AND RECREATION RELATED		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
Taxes	\$ 3,576,317	\$ 3,576,317	\$ -	\$ 493	\$ 493	\$ -
From federal agencies	86,527	86,527	-	6,564	6,564	-
From services	4,958	4,958	-	2	2	-
From licenses and permits	36,159	36,159	-	195,565	195,565	-
Miscellaneous	9,561	9,561	-	146,539	146,539	-
Transfers in	327,638	327,638	-	39,634	39,634	-
Proceeds from sale of capital assets	-	-	-	142	142	-
Total Revenues and Other Sources	<u>4,041,160</u>	<u>4,041,160</u>	<u>-</u>	<u>388,939</u>	<u>388,939</u>	<u>-</u>
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Attorney General	-	-	-	-	-	-
Education	-	-	-	-	-	-
Environment, Great Lakes, and Energy	-	-	-	31,027	27,652	3,375
Health and Human Services	-	-	-	-	-	-
Labor and Economic Opportunity	-	-	-	-	-	-
Licensing and Regulatory Affairs	-	-	-	-	-	-
Military and Veterans Affairs	-	-	-	-	-	-
Natural Resources	-	-	-	343,183	335,105	8,078
State Police	-	-	-	-	-	-
Technology, Management and Budget	-	-	-	530	530	-
Transportation	4,150,402	4,142,698	7,704	-	-	-
Treasury	-	-	-	3,922	3,601	321
Total Expenditures, Transfers Out and Encumbrances	<u>4,150,402</u>	<u>4,142,698</u>	<u>7,704</u>	<u>378,663</u>	<u>366,888</u>	<u>11,774</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (109,242)</u>	<u>(101,538)</u>	<u>\$ 7,704</u>	<u>\$ 10,276</u>	<u>22,050</u>	<u>\$ 11,774</u>
Reconciling Items:						
Encumbrances at September 30		179,987			34,513	
Funds not annually budgeted		-			(28,282)	
Net Reconciling Items		<u>179,987</u>			<u>6,231</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>78,449</u>			<u>28,281</u>	
FUND BALANCES (GAAP BASIS)						
Beginning balances - restated		<u>262,279</u>			<u>701,508</u>	
Ending balances (GAAP Basis)		<u>\$ 340,728</u>			<u>\$ 729,789</u>	

Michigan

REGULATORY AND ADMINISTRATIVE RELATED			OTHER STATE FUNDS			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 154,357	\$ 154,357	\$ -	\$ -	\$ -	\$ -	\$ 3,731,166	\$ 3,731,166	\$ -
222,775	222,775	-	1,221	1,221	-	317,086	317,086	-
59	59	-	-	-	-	5,019	5,019	-
22,427	22,427	-	-	-	-	254,151	254,151	-
159,738	159,738	-	225,193	225,193	-	541,030	541,030	-
39,117	39,117	-	40,650	40,650	-	447,039	447,039	-
-	-	-	-	-	-	142	142	-
598,472	598,472	-	267,064	267,064	-	5,295,634	5,295,634	-
-	-	-	524	361	163	524	361	163
-	-	-	72,003	72,003	-	72,003	72,003	-
-	-	-	-	-	-	31,027	27,652	3,375
-	-	-	65,472	64,440	1,032	65,472	64,440	1,032
269,287	268,471	816	-	-	-	269,287	268,471	816
11,315	11,017	298	-	-	-	11,315	11,017	298
-	-	-	150	60	90	150	60	90
-	-	-	-	-	-	343,183	335,105	8,078
-	-	-	872	102	770	872	102	770
-	-	-	-	-	-	530	530	-
-	-	-	-	-	-	4,150,402	4,142,698	7,704
311,648	311,648	-	387,686	101,833	285,853	703,256	417,082	286,174
592,250	591,136	1,114	526,707	238,799	287,908	5,648,023	5,339,522	308,501
\$ 6,221	7,336	\$ 1,114	\$ (259,644)	28,265	\$ 287,908	\$ (352,389)	(43,888)	\$ 308,501
	37			24			214,560	
	2,413			(114)			(25,983)	
	2,449			(90)			188,577	
	9,785			28,174			144,689	
	85,410			338,361			1,387,558	
\$ 95,196			\$ 366,535			\$ 1,532,248		



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, 2022
 (In Thousands)

	MICHIGAN TRANSPORTATION FUND	COMPREHENSIVE TRANSPORTATION FUND	TOTALS
ASSETS			
Current Assets:			
Cash	\$ 3,817	\$ -	\$ 3,817
Equity in common cash	285,720	332,467	618,186
Taxes, interest, and penalties receivable	135,835	1,237	137,071
Amounts due from other funds	-	48,942	48,942
Amounts due from federal agencies	-	39,936	39,936
Amounts due from local units	-	49	49
Other current assets	6,426	1,411	7,836
Total Current Assets	<u>431,797</u>	<u>424,041</u>	<u>855,838</u>
Noncurrent Assets:			
Taxes, interest, and penalties receivable	3,873	-	3,873
Total Noncurrent Assets	<u>3,873</u>	<u>-</u>	<u>3,873</u>
Total Assets	<u>\$ 435,670</u>	<u>\$ 424,041</u>	<u>\$ 859,710</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	\$ 375,781	\$ 82,930	\$ 458,712
Amounts due to other funds	38,994	66	39,060
Unearned revenue	-	1	1
Total Current Liabilities	<u>414,775</u>	<u>82,998</u>	<u>497,773</u>
Long-Term Liabilities:			
Unearned revenue	-	1	1
Total Long-Term Liabilities	<u>-</u>	<u>1</u>	<u>1</u>
Total Liabilities	<u>414,775</u>	<u>82,999</u>	<u>497,774</u>
DEFERRED INFLOWS OF RESOURCES	<u>20,894</u>	<u>314</u>	<u>21,208</u>
FUND BALANCES			
Restricted	<u>-</u>	<u>340,728</u>	<u>340,728</u>
Total Fund Balances	<u>-</u>	<u>340,728</u>	<u>340,728</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 435,670</u>	<u>\$ 424,041</u>	<u>\$ 859,710</u>

Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2022
(In Thousands)

	MICHIGAN TRANSPORTATION FUND	COMPREHENSIVE TRANSPORTATION FUND	TOTALS
REVENUES			
Taxes	\$ 3,437,084	\$ 139,233	\$ 3,576,317
From federal agencies	-	86,527	86,527
From services	4,958	-	4,958
From licenses and permits	35,935	224	36,159
Miscellaneous	1,772	7,789	9,561
Total Revenues	<u>3,479,750</u>	<u>233,772</u>	<u>3,713,522</u>
EXPENDITURES			
Current:			
Transportation	1,852,673	401,952	2,254,624
Capital outlay	-	25	25
Debt Service:			
Vendor financing payments	-	4	4
Total Expenditures	<u>1,852,673</u>	<u>401,981</u>	<u>2,254,654</u>
Excess of Revenues over (under) Expenditures	<u>1,627,077</u>	<u>(168,209)</u>	<u>1,458,868</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	69,433	258,206	327,638
Transfers to other funds	(1,696,510)	(11,548)	(1,708,058)
Total Other Financing Sources (Uses)	<u>(1,627,077)</u>	<u>246,658</u>	<u>(1,380,419)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	78,449	78,449
Fund Balances - Beginning of fiscal year - restated	<u>-</u>	<u>262,279</u>	<u>262,279</u>
Fund Balances - End of fiscal year	<u>\$ -</u>	<u>\$ 340,728</u>	<u>\$ 340,728</u>

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED**
FISCAL YEAR ENDED SEPTEMBER 30, 2022
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>MICHIGAN TRANSPORTATION FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES AND OTHER SOURCES			
Taxes	\$ 3,437,084	\$ 3,437,084	\$ -
From federal agencies	-	-	-
From services	4,958	4,958	-
From licenses and permits	35,935	35,935	-
Miscellaneous	1,772	1,772	-
Transfers in	69,433	69,433	-
Total Revenues and Other Sources	<u>3,549,182</u>	<u>3,549,182</u>	<u>-</u>
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY			
Transportation	<u>3,551,868</u>	<u>3,549,182</u>	<u>2,685</u>
Total Expenditures, Transfers Out, and Encumbrances	<u>3,551,868</u>	<u>3,549,182</u>	<u>2,685</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (2,685)</u>	<u>-</u>	<u>\$ 2,685</u>
Reconciling Items:			
Encumbrances at September 30		<u>-</u>	
Net Reconciling Items		<u>-</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>-</u>	
FUND BALANCES (GAAP BASIS)			
Beginning balances - restated		<u>-</u>	
Ending balances (GAAP Basis)		<u>\$ -</u>	

Michigan

COMPREHENSIVE TRANSPORTATION FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 139,233	\$ 139,233	\$ -	\$ 3,576,317	\$ 3,576,317	\$ -
86,527	86,527	-	86,527	86,527	-
-	-	-	4,958	4,958	-
224	224	-	36,159	36,159	-
7,789	7,789	-	9,561	9,561	-
258,206	258,206	-	327,638	327,638	-
491,977	491,977	-	4,041,160	4,041,160	-
598,534	593,516	5,019	4,150,402	4,142,698	7,704
598,534	593,516	5,019	4,150,402	4,142,698	7,704
\$ (106,557)	(101,538)	\$ 5,019	\$ (109,242)	(101,538)	\$ 7,704
	179,987			179,987	
	179,987			179,987	
	78,449			78,449	
	262,279			262,279	
\$ 340,728			\$ 340,728		

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 DNR 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, 2022

(In Thousands)

	MICHIGAN CONSERVATION AND RECREATION LEGACY FUND	MICHIGAN GAME AND FISH PROTECTION TRUST FUND
ASSETS		
Current Assets:		
Cash	\$ 216	\$ -
Equity in common cash	191,783	9,861
Taxes, interest, and penalties receivable	319	-
Amounts due from federal agencies	3,563	-
Amounts due from local units	76	-
Inventories	487	-
Other current assets	7,124	2,097
Total Current Assets	<u>203,569</u>	<u>11,958</u>
Noncurrent Assets:		
Amounts due from local units	-	-
Investments	3,572	231,078
Other noncurrent assets	250	-
Total Noncurrent Assets	<u>3,822</u>	<u>231,078</u>
Total Assets	<u>\$ 207,392</u>	<u>\$ 243,036</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and other liabilities	\$ 22,159	\$ -
Amounts due to other funds	1,069	-
Unearned revenue	3,715	-
Total Current Liabilities	<u>26,944</u>	<u>-</u>
Total Liabilities	<u>26,944</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>257</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	202,331
Restricted	180,191	40,706
Total Fund Balances	<u>180,191</u>	<u>243,036</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 207,392</u>	<u>\$ 243,036</u>

Michigan

MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND	FOREST DEVELOPMENT FUND	BOTTLE DEPOSITS FUND	TOTALS
\$ -	\$ -	\$ 6,510	\$ 6,727
1,196	52,923	232,219	487,981
-	-	-	319
-	371	-	3,934
-	-	-	76
-	-	-	487
51	1,281	1,910	12,463
1,247	54,574	240,640	511,988
-	-	15,430	15,430
9,096	-	-	243,746
-	-	2,419	2,669
9,096	-	17,848	261,845
\$ 10,343	\$ 54,574	\$ 258,488	\$ 773,833
\$ 326	\$ 4,331	\$ 1,550	\$ 28,365
1	204	150	1,424
-	7,373	-	11,088
326	11,908	1,700	40,878
326	11,908	1,700	40,878
-	-	2,910	3,166
6,000	-	56,724	265,055
4,016	42,666	197,155	464,734
10,016	42,666	253,879	729,789
\$ 10,343	\$ 54,574	\$ 258,488	\$ 773,833

Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2022
(In Thousands)

	MICHIGAN CONSERVATION AND RECREATION LEGACY FUND	MICHIGAN GAME AND FISH PROTECTION TRUST FUND
REVENUES		
Taxes	\$ 493	\$ -
From federal agencies	6,048	-
From services	2	-
From licenses and permits	195,565	-
Miscellaneous	8,051	(11,761)
Total Revenues	<u>210,159</u>	<u>(11,761)</u>
EXPENDITURES		
Current:		
General government	3,351	222
Conservation, environment, recreation, and agriculture	219,147	296
Capital outlay	25,766	-
Debt service:		
Vendor financing payments	61	-
Total Expenditures	<u>248,325</u>	<u>518</u>
Excess of Revenues over (under) Expenditures	<u>(38,166)</u>	<u>(12,279)</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of capital assets	-	-
Transfers from other funds	39,634	-
Transfers to other funds	(3,432)	(16,003)
Total Other Financing Sources (Uses)	<u>36,202</u>	<u>(16,003)</u>
Excess Revenues and Other Sources over (under) Expenditures and Other Uses	(1,965)	(28,282)
Fund Balances - Beginning of fiscal year - restated	<u>182,156</u>	<u>271,318</u>
Fund Balances - End of fiscal year	<u><u>\$ 180,191</u></u>	<u><u>\$ 243,036</u></u>

Michigan

MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND	FOREST DEVELOPMENT FUND	BOTTLE DEPOSITS FUND	TOTALS
\$ -	\$ -	\$ -	\$ 493
-	516	-	6,564
-	-	-	2
-	-	-	195,565
(703)	51,918	87,273	134,778
(703)	52,434	87,273	337,403
-	-	530	4,103
434	47,552	27,223	294,651
-	3,712	-	29,478
-	12	102	175
434	51,276	27,855	328,408
(1,137)	1,158	59,418	8,994
-	-	142	142
-	-	-	39,634
(3)	(473)	(578)	(20,489)
(3)	(473)	(436)	19,287
(1,140)	685	58,982	28,281
11,156	41,981	194,897	701,508
\$ 10,016	\$ 42,666	\$ 253,879	\$ 729,789

Michigan

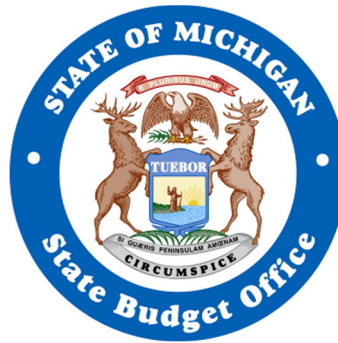
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED**
FISCAL YEAR ENDED SEPTEMBER 30, 2022
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>MICHIGAN CONSERVATION AND RECREATION LEGACY FUND</u>			<u>MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES AND OTHER SOURCES						
Taxes	\$ 493	\$ 493	\$ -	\$ -	\$ -	\$ -
From federal agencies	6,048	6,048	-	-	-	-
From services	2	2	-	-	-	-
From licenses and permits	195,565	195,565	-	-	-	-
Miscellaneous	8,051	8,051	-	(703)	(703)	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	39,634	39,634	-	-	-	-
Total Revenues and Other Sources	249,793	249,793	-	(703)	(703)	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Environment, Great Lakes, and Energy	-	-	-	-	-	-
Natural Resources	279,831	273,110	6,721	586	488	98
Technology, Management and Budget	-	-	-	-	-	-
Treasury	3,672	3,351	321	-	-	-
Total Expenditures, Transfers Out, and Encumbrances	283,503	276,461	7,042	586	488	98
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (33,710)	(26,668)	\$ 7,042	\$ (1,289)	(1,190)	\$ 98
Reconciling Items:						
Encumbrances at September 30		24,704			51	
Funds not annually budgeted		-			-	
Net Reconciling Items		24,704			51	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(1,965)			(1,140)	
FUND BALANCES (GAAP BASIS)						
Beginning balances - restated		182,156			11,156	
Ending balances (GAAP Basis)		\$ 180,191			\$ 10,016	

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**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, 2022
(In Thousands)

	FUND NOT ANNUALLY BUDGETED			
	MICHIGAN GAME AND FISH PROTECTION TRUST FUND		TOTALS	
<u>Statutory/Budgetary Basis</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES AND OTHER SOURCES				
Taxes	\$ -	\$ 493	\$ 493	\$ -
From federal agencies	-	6,564	6,564	-
From services	-	2	2	-
From licenses and permits	-	195,565	195,565	-
Miscellaneous	-	146,539	146,539	-
Proceeds from sale of capital assets	-	142	142	-
Transfers in	-	39,634	39,634	-
Total Revenues and Other Sources	-	388,939	388,939	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY				
Environment, Great Lakes, and Energy	-	31,027	27,652	3,375
Natural Resources	-	343,183	335,105	8,078
Technology, Management and Budget	-	530	530	-
Treasury	-	3,922	3,601	321
Total Expenditures, Transfers Out, and Encumbrances	-	378,663	366,888	11,774
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	-	\$ 10,276	22,050	\$ 11,774
Reconciling Items:				
Encumbrances at September 30	-		34,513	
Funds not annually budgeted	(28,282)		(28,282)	
Net Reconciling Items	(28,282)		6,231	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)	(28,282)		28,281	
FUND BALANCES (GAAP BASIS)				
Beginning balances - restated	271,318		701,508	
Ending balances (GAAP Basis)	\$ 243,036		\$ 729,789	



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.

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COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED

SEPTEMBER 30, 2022

(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
ASSETS					
Current Assets:					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in common cash	338	-	5,833	7,885	32,183
Amounts due from other funds	-	21,934	-	-	-
Amounts due from federal agencies	-	16,191	-	-	-
Amounts due from local units	-	650	-	-	-
Other current assets	-	3	3,736	346	1,006
Total Current Assets	<u>338</u>	<u>38,779</u>	<u>9,569</u>	<u>8,231</u>	<u>33,189</u>
Total Assets	<u>\$ 338</u>	<u>\$ 38,779</u>	<u>\$ 9,569</u>	<u>\$ 8,231</u>	<u>\$ 33,189</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and other liabilities	\$ -	\$ 18,991	\$ 396	\$ 845	\$ 10,744
Amounts due to other funds	-	19,787	57	8	5
Unearned revenue	-	-	-	1,803	408
Total Current Liabilities	<u>-</u>	<u>38,779</u>	<u>453</u>	<u>2,657</u>	<u>11,156</u>
Total Liabilities	<u>-</u>	<u>38,779</u>	<u>453</u>	<u>2,657</u>	<u>11,156</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	5	4
Restricted	338	-	9,116	5,569	22,028
Committed	-	-	-	-	-
Total Fund Balances	<u>338</u>	<u>-</u>	<u>9,116</u>	<u>5,574</u>	<u>22,032</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 338</u>	<u>\$ 38,779</u>	<u>\$ 9,569</u>	<u>\$ 8,231</u>	<u>\$ 33,189</u>

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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
1,505	33,529	3,161	10,453	9,964	104,851
-	-	-	176	-	22,110
-	-	-	-	-	16,191
-	-	-	-	-	650
144	11	-	976	24,492	30,714
1,649	33,541	3,161	11,605	34,462	174,522
<u>\$ 1,649</u>	<u>\$ 33,541</u>	<u>\$ 3,161</u>	<u>\$ 11,605</u>	<u>\$ 34,462</u>	<u>\$ 174,522</u>
\$ 134	\$ 282	\$ 84	\$ -	\$ 632	\$ 32,108
1	61	4	-	24,350	44,274
223	-	-	-	11	2,445
359	343	88	-	24,993	78,828
359	343	88	-	24,993	78,828
-	-	-	499	-	499
-	-	-	-	-	10
1,290	33,198	3,072	11,107	9,114	94,831
-	-	-	-	355	355
1,290	33,198	3,072	11,107	9,469	95,196
<u>\$ 1,649</u>	<u>\$ 33,541</u>	<u>\$ 3,161</u>	<u>\$ 11,605</u>	<u>\$ 34,462</u>	<u>\$ 174,522</u>

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2022
(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
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
From federal agencies	-	222,775	-	-	-
From services	-	-	47	-	-
From licenses and permits	-	-	-	-	-
Miscellaneous	5	11	9,017	6,739	1,779
Total Revenues	5	222,786	9,064	6,739	1,779
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Labor, commerce, and regulatory	-	253,682	10,583	6,723	1,728
Debt service:					
Vendor financing payments	-	1,562	46	44	25
Total Expenditures	-	255,244	10,629	6,767	1,753
Excess of Revenues over (under) Expenditures	5	(32,457)	(1,565)	(28)	26
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	34,925	-	-	-
Transfers to other funds	-	(2,467)	(131)	(22)	(12)
Total Other Financing Sources (Uses)	-	32,457	(131)	(22)	(12)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	5	-	(1,696)	(50)	14
Fund Balances - Beginning of fiscal year	332	-	10,812	5,625	22,019
Fund Balances - End of fiscal year	\$ 338	\$ -	\$ 9,116	\$ 5,574	\$ 22,032

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
\$ -	\$ -	\$ -	\$ -	\$ 154,357	\$ 154,357
-	-	-	-	-	222,775
-	11	-	-	-	59
-	19,092	-	-	3,335	22,427
990	205	1,738	2,252	150,499	173,234
990	19,309	1,738	2,252	308,191	572,852
-	-	1,023	-	32,534	33,557
718	10,827	768	1	-	285,029
11	7	-	-	36	1,731
729	10,834	1,791	1	32,570	320,317
261	8,475	(53)	2,251	275,621	252,535
-	-	-	-	4,192	39,117
(5)	(147)	(5)	-	(279,078)	(281,867)
(5)	(147)	(5)	-	(274,886)	(242,750)
257	8,328	(58)	2,251	735	9,785
1,034	24,869	3,131	8,856	8,733	85,410
\$ 1,290	\$ 33,198	\$ 3,072	\$ 11,107	\$ 9,469	\$ 95,196

**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, 2022
(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>
REVENUES AND OTHER SOURCES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From federal agencies	-	-	-	222,775	222,775	-
From services	-	-	-	-	-	-
From licenses and permits	-	-	-	-	-	-
Miscellaneous	5	5	-	11	11	-
Transfers in	-	-	-	34,925	34,925	-
Total Revenues and Other Sources	5	5	-	257,711	257,711	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Labor and Economic Opportunity	-	-	-	257,711	257,711	-
Licensing and Regulatory Affairs	-	-	-	-	-	-
Treasury	-	-	-	-	-	-
Total Expenditures, Transfers Out, and Encumbrances	-	-	-	257,711	257,711	-
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ 5</u>	<u>5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciling Items:						
Encumbrances at September 30		-			-	
Funds not annually budgeted		-			-	
Net Reconciling Items		-			-	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		5			-	
FUND BALANCES (GAAP BASIS)						
Beginning balances		332			-	
Ending balances (GAAP Basis)		<u>\$ 338</u>			<u>\$ -</u>	

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SAFETY EDUCATION AND TRAINING FUND			STATE CONSTRUCTION CODE FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
47	47	-	11	11	-
-	-	-	19,092	19,092	-
9,017	9,017	-	205	205	-
-	-	-	-	-	-
9,064	9,064	-	19,309	19,309	-
11,576	10,760	816	-	-	-
-	-	-	11,315	11,017	298
-	-	-	-	-	-
11,576	10,760	816	11,315	11,017	298
<u>\$ (2,513)</u>	<u>(1,696)</u>	<u>\$ 816</u>	<u>\$ 7,993</u>	<u>8,291</u>	<u>\$ 298</u>
	-			37	
	-			-	
	-			37	
	(1,696)			8,328	
	10,812			24,869	
<u>\$ 9,116</u>			<u>\$ 33,198</u>		

This schedule continued on next page.

Michigan

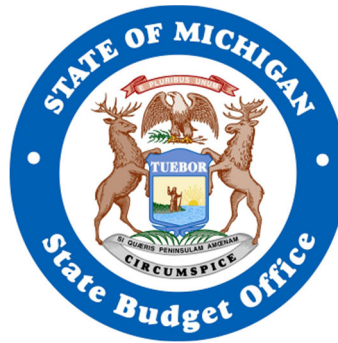
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED (Continued)**
FISCAL YEAR ENDED SEPTEMBER 30, 2022
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>STATE CASINO GAMING FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES AND OTHER SOURCES			
Taxes	\$ 154,357	\$ 154,357	\$ -
From federal agencies	-	-	-
From services	-	-	-
From licenses and permits	3,335	3,335	-
Miscellaneous	150,499	150,499	-
Transfers in	4,192	4,192	-
Total Revenues and Other Sources	<u>312,383</u>	<u>312,383</u>	<u>-</u>
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY			
Labor and Economic Opportunity	-	-	-
Licensing and Regulatory Affairs	-	-	-
Treasury	311,648	311,648	-
Total Expenditures, Transfers Out, and Encumbrances	<u>311,648</u>	<u>311,648</u>	<u>-</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ 735</u>	<u>735</u>	<u>\$ -</u>
Reconciling Items:			
Encumbrances at September 30		-	
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>735</u>	
FUND BALANCES (GAAP BASIS)			
Beginning balances		<u>8,733</u>	
Ending balances (GAAP Basis)		<u>\$ 9,469</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,357	\$ 154,357	\$ -
-	-	-	-	-	222,775	222,775	-
-	-	-	-	-	59	59	-
-	-	-	-	-	22,427	22,427	-
-	-	-	-	-	159,738	159,738	-
-	-	-	-	-	39,117	39,117	-
-	-	-	-	-	598,472	598,472	-
-	-	-	-	-	269,287	268,471	816
-	-	-	-	-	11,315	11,017	298
-	-	-	-	-	311,648	311,648	-
-	-	-	-	-	592,250	591,136	1,114
-	-	-	-	-	\$ 6,221	7,336	\$ 1,114
-	-	-	-	-		37	
(50)	14	257	(58)	2,251		2,413	
(50)	14	257	(58)	2,251		2,449	
(50)	14	257	(58)	2,251		9,785	
5,625	22,019	1,034	3,131	8,856		85,410	
\$ 5,574	\$ 22,032	\$ 1,290	\$ 3,072	\$ 11,107		\$ 95,196	



SPECIAL REVENUE FUNDS – OTHER STATE FUNDS

21st CENTURY JOBS TRUST FUND

Michigan Compiled Laws Section 12.257 created the 21st 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 2023, 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, 2022
 (In Thousands)

	21ST CENTURY JOBS TRUST FUND	MICHIGAN MERIT AWARD TRUST FUND	CHILDREN'S TRUST FUND
ASSETS			
Current Assets:			
Equity in common cash	\$ 285,638	\$ 48,022	\$ 2,663
Amounts due from federal agencies	-	-	140
Other current assets	56,250	47,528	161
Total Current Assets	<u>341,888</u>	<u>95,550</u>	<u>2,964</u>
Noncurrent Assets:			
Investments	-	-	24,325
Other noncurrent assets	-	124	-
Total Noncurrent Assets	<u>-</u>	<u>124</u>	<u>24,325</u>
Total Assets	<u>\$ 341,888</u>	<u>\$ 95,674</u>	<u>\$ 27,289</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	\$ -	\$ 1,376	\$ 1,106
Amounts due to other funds	-	9	3
Total Current Liabilities	<u>-</u>	<u>1,386</u>	<u>1,109</u>
Total Liabilities	<u>-</u>	<u>1,386</u>	<u>1,109</u>
DEFERRED INFLOWS OF RESOURCES	<u>56,250</u>	<u>47,612</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	23,475
Restricted	-	-	2,705
Committed	<u>285,638</u>	<u>46,676</u>	<u>-</u>
Total Fund Balances	<u>285,638</u>	<u>46,676</u>	<u>26,180</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 341,888</u>	<u>\$ 95,674</u>	<u>\$ 27,289</u>

Michigan

MILITARY FAMILY RELIEF FUND	COMMUNITY DISTRICT EDUCATION TRUST FUND	MISCELLANEOUS SPECIAL REVENUE FUNDS	TOTALS
\$ 2,703	\$ 152	\$ 4,720	\$ 343,899
-	-	-	140
-	54,000	38	157,977
2,703	54,152	4,758	502,015
-	-	287	24,612
-	-	270	394
-	-	556	25,005
\$ 2,703	\$ 54,152	\$ 5,315	\$ 527,021
\$ -	\$ -	\$ 1	\$ 2,483
-	-	-	13
-	-	1	2,495
-	-	1	2,495
-	54,000	128	157,991
-	-	1,430	24,905
2,703	-	3,755	9,164
-	152	-	332,466
2,703	152	5,186	366,535
\$ 2,703	\$ 54,152	\$ 5,315	\$ 527,021

Michigan

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

SPECIAL REVENUE FUNDS - OTHER STATE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

	21ST CENTURY JOBS TRUST FUND	MICHIGAN MERIT AWARD TRUST FUND	CHILDREN'S TRUST FUND
REVENUES			
From federal agencies	\$ -	\$ -	\$ 1,221
Miscellaneous	75,000	78,689	(573)
Total Revenues	75,000	78,689	648
EXPENDITURES			
Current:			
General government	100,811	1,346	21
Education	-	-	-
Health and human services	-	61,111	3,294
Public safety and corrections	-	100	-
Labor, commerce, and regulatory	-	-	-
Debt service:			
Vendor financing payments	-	1	5
Total Expenditures	100,811	62,558	3,320
Excess of Revenues over (under)			
Expenditures	(25,811)	16,130	(2,672)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	40,650	-	-
Transfers to other funds	-	(18)	(5)
Total Other Financing Sources (Uses)	40,650	(18)	(5)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	14,839	16,112	(2,677)
Fund Balances - Beginning of fiscal year	270,799	30,563	28,857
Fund Balances - End of fiscal year	\$ 285,638	\$ 46,676	\$ 26,180

Michigan

MILITARY FAMILY RELIEF FUND	COMMUNITY DISTRICT EDUCATION TRUST FUND	MISCELLANEOUS SPECIAL REVENUE FUNDS	TOTALS
\$ -	\$ -	\$ -	\$ 1,221
107	71,970	9,091	234,284
107	71,970	9,091	235,505
-	-	185	102,362
-	72,003	-	72,003
-	-	3	64,409
60	-	-	160
-	-	9,010	9,010
-	-	-	6
60	72,003	9,198	247,950
47	(33)	(107)	(12,445)
-	-	-	40,650
-	-	(8)	(31)
-	-	(8)	40,619
47	(33)	(114)	28,174
2,656	185	5,300	338,361
\$ 2,703	\$ 152	\$ 5,186	\$ 366,535

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(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>
REVENUES AND OTHER SOURCES						
From federal agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	75,000	75,000	-	78,689	78,689	-
Transfers in	40,650	40,650	-	-	-	-
Total Revenues and Other Sources	115,650	115,650	-	78,689	78,689	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Attorney General	-	-	-	524	361	163
Education	-	-	-	-	-	-
Health and Human Services	-	-	-	61,272	61,111	160
Military and Veterans Affairs	-	-	-	-	-	-
State Police	-	-	-	872	102	770
Treasury	386,449	100,811	285,638	1,216	1,001	215
Total Expenditures, Transfers Out, and Encumbrances	386,449	100,811	285,638	63,884	62,576	1,308
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (270,799)</u>	<u>14,839</u>	<u>\$ 285,638</u>	<u>\$ 14,804</u>	<u>16,112</u>	<u>\$ 1,308</u>
Reconciling Items:						
Encumbrances at September 30		-			-	
Funds not annually budgeted		-			-	
Net Reconciling Items		-			-	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>14,839</u>			<u>16,112</u>	
FUND BALANCES (GAAP BASIS)						
Beginning balances		<u>270,799</u>			<u>30,563</u>	
Ending balances (GAAP Basis)		<u>\$ 285,638</u>			<u>\$ 46,676</u>	

Michigan

CHILDREN'S TRUST FUND			MILITARY FAMILY RELIEF FUND			COMMUNITY DISTRICT EDUCATION TRUST FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 1,221	\$ 1,221	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(573)	(573)	-	107	107	-	71,970	71,970	-
-	-	-	-	-	-	-	-	-
648	648	-	107	107	-	71,970	71,970	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	72,003	72,003	-
4,201	3,329	872	-	-	-	-	-	-
-	-	-	150	60	90	-	-	-
-	-	-	-	-	-	-	-	-
21	21	-	-	-	-	-	-	-
4,221	3,349	872	150	60	90	72,003	72,003	-
\$ (3,573)	(2,701)	\$ 872	\$ (43)	47	\$ 90	\$ (33)	(33)	\$ -
	24			-			-	
	-			-			-	
	24			-			-	
	(2,677)			47			(33)	
	28,857			2,656			185	
\$ 26,180			\$ 2,703			\$ 152		

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, 2022

(In Thousands)

	FUNDS NOT ANNUALLY BUDGETED		MISCELLANEOUS SPECIAL REVENUE FUNDS	
			TOTALS	
Statutory/Budgetary Basis	ACTUAL	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES				
From federal agencies	\$ -	\$ 1,221	\$ 1,221	\$ -
Miscellaneous	-	225,193	225,193	-
Transfers in	-	40,650	40,650	-
Total Revenues and Other Sources	-	267,064	267,064	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY				
Attorney General	-	524	361	163
Education	-	72,003	72,003	-
Health and Human Services	-	65,472	64,440	1,032
Military and Veterans Affairs	-	150	60	90
State Police	-	872	102	770
Treasury	-	387,686	101,833	285,853
Total Expenditures, Transfers Out, and Encumbrances	-	526,707	238,799	287,908
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	-	\$ (259,644)	28,265	\$ 287,908
Reconciling Items:				
Encumbrances at September 30	-		24	
Funds not annually budgeted	(114)		(114)	
Net Reconciling Items	(114)		(90)	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)	(114)		28,174	
FUND BALANCES (GAAP BASIS)				
Beginning balances	5,300		338,361	
Ending balances (GAAP Basis)	\$ 5,186		\$ 366,535	

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.

Included in the restricted fund balance on the balance sheet is a \$300 thousand reserve account required by the State Park Gross Revenue Bonds document for additional security to pay bond principal and interest.

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, 2022
 (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
ASSETS			
Current Assets:			
Cash	\$ -	\$ -	\$ -
Equity in common cash	2	-	1,683
Other current assets	-	-	9
Total Current Assets	<u>2</u>	<u>-</u>	<u>1,692</u>
Total Assets	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 1,692</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	\$ 2	\$ -	\$ -
Total Current Liabilities	<u>2</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	-	-	1,692
Total Fund Balances	<u>-</u>	<u>-</u>	<u>1,692</u>
Total Liabilities and Fund Balances	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 1,692</u>

SCHOOL LOAN BOND REDEMPTION FUND	STATE BUILDING AUTHORITY	TOTALS
\$ -	\$ 148,047	\$ 148,047
-	-	1,684
-	242	250
-	148,288	149,982
<u>\$ -</u>	<u>\$ 148,288</u>	<u>\$ 149,982</u>
\$ -	\$ 17	\$ 18
-	17	18
-	17	18
-	148,272	149,963
-	148,272	149,963
<u>\$ -</u>	<u>\$ 148,288</u>	<u>\$ 149,982</u>

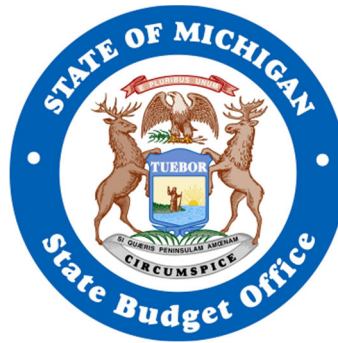
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**DEBT SERVICE FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(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
REVENUES			
Miscellaneous	\$ 3	\$ -	\$ 83
Total Revenues	3	-	83
EXPENDITURES			
Current:			
General government	-	-	75
Education	-	-	-
Transportation	3	-	-
Debt service:			
Bond principal retirement	138,310	12,555	66,750
Bond interest and fiscal charges	95,191	1,783	30,196
Total Expenditures	233,504	14,339	97,022
Excess of Revenues over (under) Expenditures	(233,501)	(14,338)	(96,938)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	233,471	14,338	96,972
Total Other Financing Sources (Uses)	233,471	14,338	96,972
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(30)	-	34
Fund Balances - Beginning of fiscal year	30	-	1,658
Fund Balances - End of fiscal year	\$ -	\$ -	\$ 1,692

SCHOOL LOAN BOND REDEMPTION FUND	STATE BUILDING AUTHORITY	TOTALS
\$ -	\$ 607	\$ 693
-	607	693
-	-	75
-	706	706
-	-	3
93,829	86,430	397,874
16,699	121,902	265,772
110,528	209,038	664,431
(110,528)	(208,432)	(663,738)
110,528	213,270	668,579
110,528	213,270	668,579
-	4,838	4,841
-	143,434	145,122
\$ -	\$ 148,272	\$ 149,963



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, 2022
 (In Thousands)

	STATE TRUNKLINE FUND	STATE AERONAUTICS FUND	COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND
ASSETS				
Current Assets:				
Cash	\$ 55	\$ -	\$ -	\$ -
Equity in common cash	1,446,188	12,324	1,106,467	4,221
Taxes, interest, and penalties receivable	-	517	-	-
Amounts due from other funds	36,373	-	-	-
Amounts due from component units	1,598	-	-	-
Amounts due from federal agencies	111,705	84,666	-	-
Amounts due from local units	23,178	183	-	30
Inventories	13,734	-	-	-
Other current assets	12,069	86	-	-
Total Current Assets	<u>1,644,900</u>	<u>97,777</u>	<u>1,106,467</u>	<u>4,251</u>
Noncurrent Assets:				
Taxes, interest, and penalties receivable	-	1	-	-
Amounts due from local units	48,676	113	-	210
Other noncurrent assets	10,726	-	-	-
Total Noncurrent Assets	<u>59,403</u>	<u>114</u>	<u>-</u>	<u>210</u>
Total Assets	<u>\$ 1,704,302</u>	<u>\$ 97,890</u>	<u>\$ 1,106,467</u>	<u>\$ 4,461</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	\$ 254,372	\$ 77,214	\$ 56,680	\$ -
Amounts due to other funds	2,511	40	-	-
Bonds and notes payable	-	-	-	-
Interest payable	-	-	-	-
Unearned revenue	1,765	-	-	-
Total Current Liabilities	<u>258,648</u>	<u>77,253</u>	<u>56,680</u>	<u>-</u>
Long-Term Liabilities:				
Unearned revenue	11	-	-	-
Total Long-Term Liabilities	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>258,659</u>	<u>77,253</u>	<u>56,680</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>11,278</u>	<u>1</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	13,734	-	-	-
Restricted	1,420,631	20,636	1,049,787	4,461
Unassigned	-	-	-	-
Total Fund Balances	<u>1,434,365</u>	<u>20,636</u>	<u>1,049,787</u>	<u>4,461</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,704,302</u>	<u>\$ 97,890</u>	<u>\$ 1,106,467</u>	<u>\$ 4,461</u>

Michigan

TRANSPORTATION RELATED TRUST FUNDS	STATE BUILDING AUTHORITY	ADVANCE FINANCING FUNDS	TOTALS
\$ -	\$ 47,801	\$ -	\$ 47,857
-	15	-	2,569,215
-	-	-	517
-	-	22,446	58,819
-	2	-	1,600
59,613	-	64	256,049
79,896	-	-	103,288
-	-	-	13,734
-	80	-	12,235
<u>139,509</u>	<u>47,899</u>	<u>22,511</u>	<u>3,063,313</u>
-	-	-	1
-	-	-	49,000
-	-	-	10,726
-	-	-	59,726
<u>\$ 139,509</u>	<u>\$ 47,899</u>	<u>\$ 22,511</u>	<u>\$ 3,123,039</u>
\$ 93,189	\$ 90	\$ 11,266	\$ 492,811
46,320	22,449	12,188	83,508
-	77,000	-	77,000
-	156	-	156
-	-	-	1,765
<u>139,509</u>	<u>99,696</u>	<u>23,454</u>	<u>655,240</u>
-	-	-	11
-	-	-	11
<u>139,509</u>	<u>99,696</u>	<u>23,454</u>	<u>655,251</u>
-	-	-	11,279
-	-	-	13,734
-	-	-	2,495,515
-	(51,797)	(943)	(52,740)
-	(51,797)	(943)	2,456,509
<u>\$ 139,509</u>	<u>\$ 47,899</u>	<u>\$ 22,511</u>	<u>\$ 3,123,039</u>

Michigan

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

CAPITAL PROJECTS FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

	STATE TRUNKLINE FUND	STATE AERONAUTICS FUND	COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND
REVENUES				
Taxes	\$ -	\$ 13,692	\$ -	\$ -
From federal agencies	1,056,415	178,511	-	-
From local agencies	21,725	6	-	-
From services	3,564	280	-	-
From licenses and permits	17,367	471	-	-
Miscellaneous	81,418	3,877	9,473	27
Total Revenues	1,180,489	196,837	9,473	27
EXPENDITURES				
Current:				
Education	-	-	-	-
Transportation	898,569	196,009	1,022	300
Capital outlay	1,425,721	161	653,022	-
Debt service:				
Vendor financing payments	2,704	2	-	-
Total Expenditures	2,326,994	196,171	654,044	300
Excess of Revenues over (under) Expenditures	(1,146,505)	666	(644,570)	(273)
OTHER FINANCING SOURCES (USES)				
Bonds and bond anticipation notes issued	-	-	-	-
Premium on bond issuance	-	-	-	-
Vendor financing acquisitions	248,608	-	-	-
Proceeds from sale of capital assets	2,095	-	-	-
Transfers from other funds	1,445,150	6,000	-	476
Transfers to other funds	(239,238)	(3,544)	(50,249)	-
Total Other Financing Sources (Uses)	1,456,614	2,456	(50,249)	476
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	310,109	3,121	(694,819)	203
Fund Balances - Beginning of fiscal year - restated	1,124,256	17,515	1,744,606	4,258
Fund Balances - End of fiscal year	\$ 1,434,365	\$ 20,636	\$ 1,049,787	\$ 4,461

Michigan

TRANSPORTATION RELATED TRUST FUNDS	STATE BUILDING AUTHORITY	ADVANCE FINANCING FUNDS	TOTALS
\$ -	\$ -	\$ -	\$ 13,692
337,770	-	2,198	1,574,893
-	-	-	21,731
-	-	-	3,844
-	-	-	17,839
978	842	690	97,305
<u>338,748</u>	<u>842</u>	<u>2,888</u>	<u>1,729,304</u>
-	62,699	508	63,207
338,748	-	-	1,434,647
-	63,188	938	2,143,029
-	-	-	2,706
<u>338,748</u>	<u>125,886</u>	<u>1,446</u>	<u>3,643,589</u>
-	(125,044)	1,442	(1,914,286)
-	146,530	-	146,530
-	15,093	-	15,093
-	-	-	248,608
-	-	-	2,095
-	-	30,097	1,481,724
-	(31,598)	-	(324,630)
<u>-</u>	<u>130,024</u>	<u>30,097</u>	<u>1,569,419</u>
-	4,980	31,539	(344,867)
-	(56,777)	(32,482)	2,801,375
<u>\$ -</u>	<u>\$ (51,797)</u>	<u>\$ (943)</u>	<u>\$ 2,456,509</u>

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

Statutory/Budgetary Basis	STATE TRUNKLINE FUND			STATE AERONAUTICS FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
Taxes	\$ -	\$ -	\$ -	\$ 13,692	\$ 13,692	\$ -
From federal agencies	1,056,415	1,056,415	-	178,511	178,511	-
From local agencies	21,725	21,725	-	6	6	-
From services	3,564	3,564	-	280	280	-
From licenses and permits	17,367	17,367	-	471	471	-
Miscellaneous	81,418	81,418	-	3,877	3,877	-
Proceeds from sale of capital assets	2,095	2,095	-	-	-	-
Transfers in	1,445,150	1,445,150	-	6,000	6,000	-
Total Revenues and Other Sources	2,627,734	2,627,734	-	202,837	202,837	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Transportation	2,634,988	2,566,103	68,885	201,501	200,314	1,186
Total Expenditures, Transfers Out, and Encumbrances	2,634,988	2,566,103	68,885	201,501	200,314	1,186
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (7,254)	61,631	\$ 68,885	\$ 1,336	2,522	\$ 1,186
Reconciling Items:						
Encumbrances at September 30		248,478			599	
Funds not annually budgeted		-			-	
Net Reconciling Items		248,478			599	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		310,109			3,121	
FUND BALANCES (GAAP BASIS)						
Beginning balances - restated		1,124,256			17,515	
Ending balances (GAAP Basis)		\$ 1,434,365			\$ 20,636	

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, 2022
(In Thousands)

<u>Statutory/Budgetary Basis</u>	TOTALS		
	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES			
Taxes	\$ 13,692	\$ 13,692	\$ -
From federal agencies	1,234,926	1,234,926	-
From local agencies	21,731	21,731	-
From services	3,844	3,844	-
From licenses and permits	17,839	17,839	-
Miscellaneous	85,295	85,295	-
Proceeds from sale of capital assets	2,095	2,095	-
Transfers in	1,451,150	1,451,150	-
Total Revenues and Other Sources	2,830,571	2,830,571	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY			
Transportation	2,836,488	2,766,417	70,071
Total Expenditures, Transfers Out, and Encumbrances	2,836,488	2,766,417	70,071
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (5,918)	64,153	\$ 70,071
Reconciling Items:			
Encumbrances at September 30		249,077	
Funds not annually budgeted		(658,097)	
Net Reconciling Items		(409,020)	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(344,867)	
FUND BALANCES (GAAP BASIS)			
Beginning balances - restated		2,801,375	
Ending balances (GAAP Basis)		\$ 2,456,509	

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, 2022

(In Thousands)

	CHILDREN WITH SPECIAL NEEDS FUND	MICHIGAN NATURAL RESOURCES TRUST FUND	MICHIGAN STATE PARKS ENDOWMENT FUND	MICHIGAN VETERANS' TRUST FUND	TOTALS
ASSETS					
Current Assets:					
Equity in common cash	\$ 1,522	\$ 50,274	\$ 30,310	\$ 3,467	\$ 85,573
Other current assets	63	1,282	8,237	86	9,669
Total Current Assets	1,585	51,556	38,547	3,553	95,242
Noncurrent Assets:					
Investments	20,497	665,525	331,440	61,709	1,079,170
Total Noncurrent Assets	20,497	665,525	331,440	61,709	1,079,170
Total Assets	\$ 22,082	\$ 717,081	\$ 369,987	\$ 65,262	\$ 1,174,411
LIABILITIES					
Current Liabilities:					
Accounts payable and other liabilities	\$ 133	\$ 14,010	\$ 1,865	\$ 1,023	\$ 17,031
Amounts due to other funds	1	7	27	6	39
Total Current Liabilities	134	14,016	1,892	1,028	17,070
Total Liabilities	134	14,016	1,892	1,028	17,070
FUND BALANCES					
Nonspendable	18,000	500,000	321,966	50,000	889,966
Restricted	3,948	203,064	46,129	14,233	267,375
Total Fund Balances	21,948	703,064	368,095	64,233	1,157,341
Total Liabilities and Fund Balances	\$ 22,082	\$ 717,081	\$ 369,987	\$ 65,262	\$ 1,174,411

Michigan

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

PERMANENT FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

	CHILDREN WITH SPECIAL NEEDS FUND	MICHIGAN NATURAL RESOURCES TRUST FUND	MICHIGAN STATE PARKS ENDOWMENT FUND	MICHIGAN VETERANS' TRUST FUND	TOTALS
REVENUES					
Miscellaneous	\$ (2,356)	\$ (64,173)	\$ 6,393	\$ (5,630)	\$ (65,765)
Total Revenues	(2,356)	(64,173)	6,393	(5,630)	(65,765)
EXPENDITURES					
Current:					
General government	20	3,145	341	71	3,577
Health and human services	725	-	-	-	725
Public safety and corrections	-	-	-	2,833	2,833
Conservation, environment, recreation, and agriculture	-	22,700	16,790	-	39,489
Capital outlay	-	3,803	6,530	-	10,333
Debt service:					
Vendor financing payments	-	-	5	-	5
Total Expenditures	745	29,648	23,665	2,904	56,962
Excess of Revenues over (under) Expenditures	(3,101)	(93,821)	(17,272)	(8,533)	(122,727)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	240	-	-	240
Transfers to other funds	(2)	(24)	(214)	(12)	(252)
Total Other Financing Sources (Uses)	(2)	216	(214)	(12)	(13)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(3,103)	(93,605)	(17,486)	(8,545)	(122,740)
Fund Balances - Beginning of fiscal year	25,051	796,670	385,582	72,779	1,280,081
Fund Balances - End of fiscal year	\$ 21,948	\$ 703,064	\$ 368,095	\$ 64,233	\$ 1,157,341

Michigan

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PERMANENT FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

Statutory/Budgetary Basis	CHILDREN WITH SPECIAL NEEDS FUND			MICHIGAN NATURAL RESOURCES TRUST FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
Miscellaneous	\$ (2,356)	\$ (2,356)	\$ -	\$ (64,173)	\$ (64,173)	\$ -
Proceeds from sale of capital assets	-	-	-	240	240	-
Total Revenues and Other Sources	(2,356)	(2,356)	-	(63,933)	(63,933)	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Health and Human Services	727	727	-	-	-	-
Military and Veterans Affairs	-	-	-	-	-	-
Natural Resources	-	-	-	68,519	62,832	5,687
Treasury	20	20	-	3,299	3,145	153
Total Expenditures, Transfers Out, and Encumbrances	747	747	-	71,818	65,978	5,840
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (3,103)</u>	<u>(3,103)</u>	<u>\$ -</u>	<u>\$ (135,751)</u>	<u>(129,911)</u>	<u>\$ 5,840</u>
Reconciling Items:						
Encumbrances at September 30		-			36,305	
Net Reconciling Items		-			36,305	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(3,103)			(93,605)	
FUND BALANCES (GAAP BASIS)						
Beginning balances		25,051			796,670	
Ending balances (GAAP Basis)		<u>\$ 21,948</u>			<u>\$ 703,064</u>	

Michigan

MICHIGAN STATE PARKS ENDOWMENT FUND			MICHIGAN VETERANS' TRUST FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 6,393	\$ 6,393	\$ -	\$ (5,630)	\$ (5,630)	\$ -	\$ (65,765)	\$ (65,765)	\$ -
-	-	-	-	-	-	240	240	-
6,393	6,393	-	(5,630)	(5,630)	-	(65,525)	(65,525)	-
-	-	-	-	-	-	727	727	-
-	-	-	3,643	2,847	796	3,643	2,847	796
29,253	28,592	660	-	-	-	97,771	91,425	6,347
341	341	-	71	71	-	3,730	3,577	153
29,593	28,933	660	3,714	2,918	796	105,871	98,575	7,296
\$ (23,200)	(22,540)	\$ 660	\$ (9,343)	(8,547)	\$ 796	\$ (171,397)	(164,101)	\$ 7,296
	5,053			2			41,361	
	5,053			2			41,361	
	(17,486)			(8,545)			(122,740)	
	385,582			72,779			1,280,081	
\$ 368,095			\$ 64,233			\$ 1,157,341		



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, 2022
 (In Thousands)

	ATTORNEY DISCIPLINE SYSTEM	LIQUOR PURCHASE REVOLVING FUND	TOTALS
ASSETS			
Current Assets:			
Cash	\$ 536	\$ -	\$ 536
Equity in common cash	-	80,665	80,665
Inventories	-	3,198	3,198
Investments	3,332	-	3,332
Other current assets	206	21,881	22,087
Total Current Assets	4,074	105,745	109,819
Noncurrent Assets:			
Investments	4,843	-	4,843
Capital Assets:			
Buildings, equipment, and other depreciable assets	2,056	921	2,977
Allowance for depreciation	(332)	(38)	(369)
Total capital assets	1,725	883	2,608
Other noncurrent assets	16	-	16
Total Noncurrent Assets	6,584	883	7,467
Total Assets	10,658	106,628	117,286
DEFERRED OUTFLOWS OF RESOURCES	414	7,622	8,036
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	571	114,403	114,974
Amounts due to other funds	-	113	113
Interest payable	-	2	2
Unearned revenue	1,126	-	1,126
Vendor financing obligations	182	23	204
Current portion of other long-term obligations	-	500	500
Total Current Liabilities	1,878	115,040	116,918
Long-Term Liabilities:			
Vendor financing obligations	1,551	879	2,430
Noncurrent portion of other long-term obligations	1,099	21,409	22,507
Total Long-Term Liabilities	2,650	22,288	24,937
Total Liabilities	4,528	137,327	141,856
DEFERRED INFLOWS OF RESOURCES	849	14,103	14,952
NET POSITION			
Net investment in capital assets	7	(18)	(11)
Restricted for other purposes	4,019	-	4,019
Unrestricted	1,668	(37,162)	(35,494)
Total Net Position	\$ 5,695	\$ (37,180)	\$ (31,485)

Michigan

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION ENTERPRISE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

	ATTORNEY DISCIPLINE SYSTEM	LIQUOR PURCHASE REVOLVING FUND	TOTALS
OPERATING REVENUES			
Operating revenues	\$ 5,311	\$ 1,586,515	\$ 1,591,827
Total Operating Revenues	5,311	1,586,515	1,591,827
OPERATING EXPENSES			
Salaries, wages, and other administrative	4,101	104,164	108,265
Depreciation	219	38	257
Purchases for resale	-	1,155,155	1,155,155
Other operating expenses	602	814	1,416
Total Operating Expenses	4,923	1,260,171	1,265,093
Operating Income (Loss)	388	326,345	326,733
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	133	1,218	1,351
Investment revenue (expense) - net	(1,105)	-	(1,105)
Other nonoperating revenues	-	1	1
Interest expense	-	(24)	(24)
Other nonoperating expenses	-	(109)	(109)
Total Nonoperating Revenues (Expenses)	(972)	1,086	114
Income (Loss) Before Transfers	(584)	327,431	326,847
TRANSFERS			
Transfers to other funds	-	(327,431)	(327,431)
Total Transfers In (Out)	-	(327,431)	(327,431)
Change in net position	(584)	-	(584)
Total net position - Beginning of fiscal year - restated	6,279	(37,180)	(30,902)
Total net position - End of fiscal year	\$ 5,695	\$ (37,180)	\$ (31,485)

**COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

	ATTORNEY DISCIPLINE SYSTEM	LIQUOR PURCHASE REVOLVING FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ -	\$ 1,580,488	\$ 1,580,488
Membership dues	5,294	-	5,294
Payments to employees	(4,613)	(12,518)	(17,131)
Payments to suppliers	(675)	(1,279,531)	(1,280,206)
Other receipts	75	-	75
Other payments	-	(921)	(921)
Net cash provided (used) by operating activities	80	287,518	287,598
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	(328,520)	(328,520)
Net cash provided (used) by noncapital financing activities	-	(328,520)	(328,520)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(55)	-	(55)
Vendor financing payments (including imputed interest expense)	(148)	(35)	(183)
Net cash provided (used) by capital and related financing activities	(203)	(35)	(237)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(3,320)	-	(3,320)
Sale of investment securities	223	-	223
Interest and dividends on investments	6	1,218	1,225
Net cash provided (used) by investing activities	(3,091)	1,218	(1,873)
Net cash provided (used) - all activities	(3,214)	(39,819)	(43,032)
Cash and cash equivalents at beginning of year	3,750	120,485	124,234
Cash and cash equivalents at end of year	\$ 536	\$ 80,666	\$ 81,202
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Per Statement of Net Position Classifications:			
Cash	\$ 536	\$ -	\$ 536
Equity in common cash	-	80,665	80,665
Cash and cash equivalents at end of year	\$ 536	\$ 80,666	\$ 81,202
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 388	\$ 326,345	\$ 326,733
Adjustments to Reconcile Operating Income to Net Cash Provided (Used)			
by Operating Activities:			
Depreciation expense	219	38	257
Pension expense	(283)	885	602
OPEB expense	(40)	(941)	(981)
Deferred outflows - contributions subsequent to measurement date	(161)	(2,959)	(3,120)
Other nonoperating revenues	-	1	1
Other nonoperating expenses	-	(109)	(109)
Other reconciling items	(47)	(172)	(219)
Net Changes in Assets and Liabilities:			
Inventories	-	1,433	1,433
Other assets (net)	(27)	(8,495)	(8,522)
Accounts payable and other liabilities	(31)	(28,507)	(28,538)
Unearned revenue	61	-	61
Net cash provided (used) by operating activities	\$ 80	\$ 287,518	\$ 287,598
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Cost of capital assets acquired with vendor financing	\$ 87	\$ -	\$ 87
Vendor financing obligations entered into during the year	(87)	-	(87)
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. The plans' funding methods range from those where the State is fully self-insured to those where an outside carrier assumes partial risk on a contracted basis. 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, microfilm and 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, 2022
 (In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	STATE SPONSORED GROUP INSURANCE FUND	INFORMATION TECHNOLOGY FUND
ASSETS			
Current Assets:			
Cash	\$ -	\$ -	\$ -
Equity in common cash	3,851	334,078	100,730
Amounts due from other funds	-	3	-
Amounts due from component units	-	-	201
Amounts due from federal agencies	-	-	-
Inventories	7,044	-	615
Other current assets	20	12,837	62,280
Total Current Assets	10,915	346,918	163,826
Noncurrent Assets:			
Capital Assets:			
Land and other non-depreciable assets	-	-	57,432
Buildings, equipment, and other depreciable assets	24,455	-	1,066,690
Allowance for depreciation	(16,759)	-	(780,496)
Total capital assets	7,696	-	343,626
Other noncurrent assets	-	1,700	32,019
Total Noncurrent Assets	7,696	1,700	375,645
Total Assets	18,611	348,618	539,471
DEFERRED OUTFLOWS OF RESOURCES	2,242	-	112,942
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	822	26,925	83,839
Amounts due to other funds	40	-	1,919
Interest payable	2,150	-	34
Unearned revenue	-	125	78,211
Vendor financing obligations	-	-	2,028
Current portion of other long-term obligations	289	47,531	9,430
Total Current Liabilities	3,302	74,580	175,462
Long-Term Liabilities:			
Unearned revenue	-	-	244,891
Vendor financing obligations	10	-	12,805
Noncurrent portion of other long-term obligations	8,252	89,638	418,495
Total Long-Term Liabilities	8,262	89,638	676,191
Total Liabilities	11,564	164,218	851,653
DEFERRED INFLOWS OF RESOURCES	5,914	-	271,941
NET POSITION			
Net investment in capital assets	7,683	-	328,793
Restricted for other purposes	-	-	-
Unrestricted	(4,309)	184,399	(799,973)
Total Net Position	\$ 3,375	\$ 184,399	\$ (471,181)

Michigan

OFFICE SERVICES REVOLVING FUND	MOTOR TRANSPORT FUND	RISK MANAGEMENT FUND	TOTALS
\$ 2	\$ -	\$ -	\$ 2
29,258	1,827	11,377	481,122
-	-	-	3
-	-	-	201
-	-	1	1
9,219	261	-	17,140
9,679	1,148	1,204	87,168
48,158	3,236	12,583	585,636
-	-	-	57,432
14,470	306,498	1,049	1,413,162
(11,082)	(218,769)	(140)	(1,027,247)
3,388	87,729	908	443,347
-	-	1,050	34,769
3,388	87,729	1,958	478,116
51,547	90,965	14,541	1,063,752
5,811	2,027	934	123,956
11,452	2,740	531	126,309
91	29	6	2,085
-	143	-	2,328
24	-	-	78,361
-	32,264	141	34,434
441	141	1,369	59,201
12,009	35,316	2,047	302,717
-	-	-	244,891
-	53,961	790	67,566
20,120	6,319	6,803	549,627
20,120	60,280	7,593	862,084
32,130	95,596	9,640	1,164,801
13,251	4,457	977	296,541
3,388	1,504	(22)	341,345
8,589	-	-	8,589
-	(8,566)	4,880	(623,569)
\$ 11,977	\$ (7,062)	\$ 4,858	\$ (273,634)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**INTERNAL SERVICE FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	STATE SPONSORED GROUP INSURANCE FUND	INFORMATION TECHNOLOGY FUND
OPERATING REVENUES			
Operating revenues	\$ 18,210	\$ 756,485	\$ 1,042,699
Total Operating Revenues	18,210	756,485	1,042,699
OPERATING EXPENSES			
Salaries, wages, and other administrative	5,730	22,206	819,989
Depreciation	491	-	117,330
Purchases for resale	-	-	-
Purchases for prison industries	9,292	-	-
Premiums and claims	-	802,963	-
Other operating expenses:			
Leased vehicles expense	-	-	-
Vehicle maintenance expense	-	-	-
Total other operating expenses	-	-	-
Total Operating Expenses	15,512	825,169	937,319
Operating Income (Loss)	2,698	(68,684)	105,380
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	-	2,114	-
Other nonoperating revenues	9	563	1,488
Interest expense	-	-	(318)
Other nonoperating expenses	(54)	-	(4,264)
Total Nonoperating Revenues (Expenses)	(46)	2,677	(3,093)
Income (Loss) Before Transfers	2,652	(66,008)	102,287
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Transfers to other funds	(97)	-	(3,763)
Total Capital Contributions and Transfers In (Out)	(97)	-	(3,763)
Change in net position	2,555	(66,008)	98,524
Total net position - Beginning of fiscal year - restated	820	250,407	(569,705)
Total net position - End of fiscal year	\$ 3,375	\$ 184,399	\$ (471,181)

Michigan

OFFICE SERVICES REVOLVING FUND	MOTOR TRANSPORT FUND	RISK MANAGEMENT FUND	TOTALS
\$ 112,712	\$ 83,600	\$ 4,057	\$ 2,017,764
112,712	83,600	4,057	2,017,764
30,954	6,468	2,760	888,107
891	36,902	140	155,754
76,931	-	-	76,931
-	-	-	9,292
-	2,309	(349)	804,924
338	12	-	350
-	36,418	-	36,418
338	36,429	-	36,767
109,115	82,108	2,551	1,971,775
3,597	1,492	1,506	45,989
-	-	-	2,114
29	3,958	227	6,273
-	(2,499)	(14)	(2,830)
(5)	(221)	-	(4,544)
24	1,238	213	1,013
3,621	2,730	1,719	47,002
(220)	(77)	(12)	(4,169)
(220)	(77)	(12)	(4,169)
3,401	2,654	1,707	42,833
8,576	(9,716)	3,151	(316,467)
\$ 11,977	\$ (7,062)	\$ 4,858	\$ (273,634)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	STATE SPONSORED GROUP INSURANCE FUND	INFORMATION TECHNOLOGY FUND
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 18,244	\$ 754,653	\$ 994,915
Payments to employees	(5,549)	-	(255,515)
Payments to suppliers	(11,966)	(40,143)	(706,112)
Claims paid	-	(776,852)	-
Other receipts	9	606	1,488
Other payments	(266)	-	-
Net cash provided (used) by operating activities	472	(61,735)	34,776
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(97)	-	(3,763)
Net cash provided (used) by noncapital financing activities	(97)	-	(3,763)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(157)	-	(4,818)
Vendor financing payments (including imputed interest expense)	-	-	(2,303)
Net cash provided (used) by capital and related financing activities	(157)	-	(7,121)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	-	2,114	-
Net cash provided (used) by investing activities	-	2,114	-
Net cash provided (used) - all activities	218	(59,621)	23,893
Cash and cash equivalents at beginning of year	3,633	393,699	76,837
Cash and cash equivalents at end of year	\$ 3,851	\$ 334,078	\$ 100,730
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Per Statement of Net Position Classifications:			
Cash	\$ -	\$ -	\$ -
Equity in common cash	3,851	334,078	100,730
Cash and cash equivalents at end of year	<u>\$ 3,851</u>	<u>\$ 334,078</u>	<u>\$ 100,730</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 2,698	\$ (68,684)	\$ 105,380
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	491	-	117,330
Pension expense	(285)	-	(6,860)
OPEB expense	(500)	-	(15,579)
Deferred outflows - contributions subsequent to measurement date	(1,116)	-	(56,765)
Other nonoperating revenues	9	563	1,488
Other nonoperating expenses	(54)	-	-
Other reconciling items	-	-	18
Net Changes in Assets and Liabilities:			
Inventories	(809)	-	255
Other assets (net)	33	(4,079)	(78,712)
Accounts payable and other liabilities	5	10,455	16,254
Unearned revenue	-	11	(48,031)
Net cash provided (used) by operating activities	<u>\$ 472</u>	<u>\$ (61,735)</u>	<u>\$ 34,776</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	-	-	-
Gain (loss) on disposal of capital assets	-	-	(4,264)
Total noncash investing, capital, and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,264)</u>

Michigan

OFFICE SERVICES REVOLVING FUND	MOTOR TRANSPORT FUND	RISK MANAGEMENT FUND	TOTALS
\$ 111,600	\$ 83,533	\$ 29,859	\$ 1,992,803
(13,346)	(3,795)	(1,202)	(279,406)
(98,252)	(40,363)	(5,321)	(902,156)
-	(2,309)	(24,498)	(803,659)
29	4,022	226	6,380
(5)	(221)	-	(492)
26	40,867	(936)	13,469
(220)	(77)	(12)	(4,169)
(220)	(77)	(12)	(4,169)
(2,424)	-	-	(7,398)
(1)	(39,002)	(136)	(41,441)
(2,425)	(39,002)	(136)	(48,840)
-	-	-	2,114
-	-	-	2,114
(2,619)	1,788	(1,084)	(37,425)
31,879	39	12,461	518,549
\$ 29,260	\$ 1,827	\$ 11,377	\$ 481,124
\$ 2	\$ -	\$ -	\$ 2
29,258	1,827	11,377	481,122
\$ 29,260	\$ 1,827	\$ 11,377	\$ 481,124
\$ 3,597	\$ 1,492	\$ 1,506	\$ 45,989
891	36,902	140	155,754
(412)	(880)	(68)	(8,505)
(1,107)	(146)	108	(17,226)
(2,808)	(834)	(225)	(61,747)
29	3,958	227	6,273
(5)	-	-	(59)
16	-	-	34
(3,346)	(46)	-	(3,946)
(794)	(91,155)	(1,169)	(175,877)
3,946	91,597	(1,455)	120,801
18	(21)	-	(48,023)
\$ 26	\$ 40,867	\$ (936)	\$ 13,469
\$ -	\$ 10,662	\$ -	\$ 10,662
-	(10,662)	-	(10,662)
-	3,565	-	(698)
\$ -	\$ 3,565	\$ -	\$ (698)

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 the 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 Legislative Retirement System (LRS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.1001. LRS's pension plan provides benefits for members of the Legislature, the presiding officers, and their surviving spouses or children. Participants in the system have a deduction from each salary payment to partially finance the fund. Legislative appropriations, interest on fund investments, and court fees complete the financing.

MCL Section 38.1018 amended LRS'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 Legislative Retirement System (LRS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.1001. LRS's OPEB plan provides its members 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.

Pursuant to MCL Section 38.1075, the LRS 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 under the direction of a chairperson elected from the membership. MSPRS's pension plan provides retirement, survivor and disability benefits to Michigan State Police officers. Financing is provided by investment income and by an annual legislative appropriation.

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 Plan's Personal Healthcare subfund.

STATE EMPLOYEES' PENSION BENEFITS FUND

This fund was established to account for pension benefits of the State Employees' Retirement System (SERS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.2, which is administered by a nine-member board under the direction of an Executive Secretary. SERS's pension plan provides retirement, survivor and disability benefits to State employees.

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 State Employees' Retirement System (SERS), a fiduciary component unit, created by Michigan Compiled Laws Section 38.2. SERS's OPEB plan provides retirees hired before January 1, 2012, with the option of receiving health, dental, and vision coverage. Employees hired on or after January 1, 2012, are accounted for within the State of Michigan 401k Plan's Personal Healthcare subfund.

PUBLIC SCHOOL EMPLOYEES' PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Michigan Public School Employees' Retirement System (MPERS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.1321. An eight-member board governs administrative policy. MPERS's pension plan provides retirement, survivor and disability benefits to the public school employees.

Employer contributions and investment earnings provide financing for the fund. Under MCL Section 38.1343a, employees may contribute additional amounts into a "member investment plan."

MCLs 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 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 (MPERS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.1321. MPERS's OPEB plan provides all retirees with the option of receiving health, dental, and vision coverage.

Effective July 1, 2010, MCL Section 38.1343e requires employees to contribute a percentage of their compensation into a funding account established under the Public Employee Retirement Health Care Funding Act.

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. MJRS's pension plan provides retirement, survivor and disability benefits to judges in the judicial branch of State government. Financing comes from member contributions, court filing fees as provided under law, investment earnings, and legislative appropriations.

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.

MILITARY PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Military Retirement Provisions (MRP), a fiduciary component unit, created by Public Act 150 of 1967 being Michigan Compiled Laws Section 32.706 and 32.801. MRP's pension plan provides retirement and survivor benefits to State of Michigan military officers and former members of the Michigan National Guard. Financing comes from 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.

Qualified 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.

Qualified 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 the 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, 2022

(In Thousands)

	STATE OF MICHIGAN 457 PLANS	LEGISLATIVE PENSION BENEFITS FUND	LEGISLATIVE OTHER POSTEMPLOYMENT BENEFITS FUND	STATE POLICE PENSION BENEFITS FUND
ASSETS				
Equity in common cash	\$ 4,348	\$ 1,446	\$ 306	\$ 8,219
Receivables:				
From participants	30,815	-	-	173
From employer	-	-	-	15,486
Other	350	-	-	-
Interest and dividends	-	24	-	22
Due from other funds	80	-	-	-
Due from component unit	-	-	-	-
Due from other governmental	-	-	206	-
Investments at Fair Value:				
Short-term investments	-	-	-	12,941
Fixed income	-	-	-	157,555
Domestic equities	-	15,081	5,476	305,081
Real estate	-	-	-	184,687
Alternative investments	-	10,041	3,646	-
Private equity pools	-	-	-	430,372
International equities	-	35	13	208,243
Absolute return	-	-	-	172,617
Mutual funds	101,782	61,191	22,217	-
Pooled investment funds	1,789,778	-	-	-
Separate accounts	808,610	-	-	-
Real return	-	-	-	201,572
Securities lending collateral	-	-	-	60,355
Total Assets	<u>2,735,764</u>	<u>87,817</u>	<u>31,863</u>	<u>1,757,322</u>
LIABILITIES				
Accounts payable and other liabilities	5,666	62	-	79
Amounts due to other funds	-	-	-	-
Obligations under security lending	-	-	-	60,355
Unearned revenue	<u>2,221</u>	<u>-</u>	<u>26</u>	<u>-</u>
Total Liabilities	<u>7,887</u>	<u>62</u>	<u>26</u>	<u>60,434</u>
NET POSITION				
Restricted for:				
Pension benefits	-	87,755	-	1,696,887
Postemployment health-care benefits	-	-	31,837	-
Deferred compensation participants	<u>2,727,876</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 2,727,876</u>	<u>\$ 87,755</u>	<u>\$ 31,837</u>	<u>\$ 1,696,887</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
\$ 14,427	\$ 46,964	\$ 254,569	\$ 206,201	\$ 42,108	\$ 2,407
-	750	-	532	-	2
8,869	78,719	66,245	229,966	75,212	22
1,767	-	35,507	-	324,172	-
5	165	61	749	132	3
-	-	-	-	-	-
-	429	319	-	-	-
1,202	-	24,153	-	-	-
1,203	115,374	22,397	490,200	97,243	3,205
32,954	1,216,456	450,404	5,529,843	981,233	24,433
64,379	2,356,171	875,212	10,709,752	1,900,148	47,641
38,759	1,427,074	528,916	6,486,403	1,150,645	28,677
-	-	-	-	-	-
91,105	3,325,275	1,235,440	15,113,203	2,679,987	67,376
43,758	1,608,715	596,456	7,310,056	1,296,940	32,384
36,173	1,333,570	493,465	6,060,062	1,075,097	26,773
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
42,291	1,557,310	577,145	7,078,411	1,255,655	31,307
12,011	468,622	161,794	2,136,790	381,664	9,624
388,902	13,535,595	5,322,083	61,352,169	11,260,235	273,856
4,077	2,281	74,887	1,460	259,152	2
-	-	-	-	-	-
12,011	468,622	161,794	2,136,790	381,664	9,624
-	-	799	17,364	653	-
16,088	470,904	237,480	2,155,614	641,469	9,626
-	13,064,691	-	59,196,555	-	264,229
372,814	-	5,084,603	-	10,618,766	-
-	-	-	-	-	-
\$ 372,814	\$ 13,064,691	\$ 5,084,603	\$ 59,196,555	\$ 10,618,766	\$ 264,229

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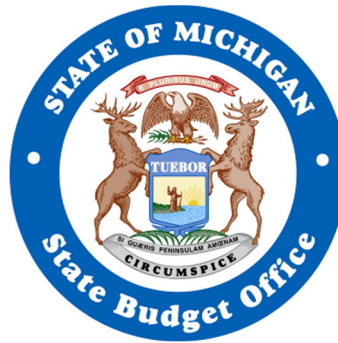
Michigan

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS (Continued)

SEPTEMBER 30, 2022

(In Thousands)

	JUDGES' OTHER POSTEMPLOYMENT BENEFITS FUND	MILITARY PENSION BENEFITS FUND	STATE OF MICHIGAN 401K PLANS	TOTALS
ASSETS				
Equity in common cash	\$ 3,319	\$ 1,183	\$ 4,959	\$ 590,458
Receivables:				
From participants	-	-	148,164	180,435
From employer	5	-	60,307	534,829
Other	31	-	509	362,336
Interest and dividends	-	1	-	1,162
Due from other funds	-	-	-	80
Due from component unit	-	-	-	748
Due from other governmental	21	-	-	25,582
Investments at Fair Value:				
Short-term investments	84	615	-	743,264
Fixed income	626	5,585	-	8,399,088
Domestic equities	1,618	10,985	-	16,291,543
Real estate	807	6,577	-	9,852,546
Alternative investments	-	-	-	13,686
Private equity pools	2,451	15,571	-	22,960,780
International equities	971	7,440	-	11,105,011
Absolute return	736	6,133	-	9,204,626
Mutual funds	-	-	399,127	584,317
Pooled investment funds	-	-	5,582,440	7,372,217
Separate accounts	-	-	1,855,420	2,664,030
Real return	922	7,196	-	10,751,809
Securities lending collateral	310	2,191	-	3,233,363
Total Assets	11,901	63,477	8,050,925	104,871,908
LIABILITIES				
Accounts payable and other liabilities	62	4	658	348,391
Amounts due to other funds	-	-	80	80
Obligations under security lending	310	2,191	-	3,233,363
Unearned revenue	6	-	-	21,069
Total Liabilities	378	2,195	738	3,602,902
NET POSITION				
Restricted for:				
Pension benefits	-	61,282	6,036,123	80,407,522
Postemployment health-care benefits	11,523	-	-	16,119,543
Deferred compensation participants	-	-	2,014,064	4,741,940
Total Net Position	\$ 11,523	\$ 61,282	\$ 8,050,187	\$ 101,269,006



Michigan

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

	STATE OF MICHIGAN 457 PLANS	LEGISLATIVE PENSION BENEFITS FUND	LEGISLATIVE OTHER POSTEMPLOYMENT BENEFITS FUND	STATE POLICE PENSION BENEFITS FUND
ADDITIONS				
Contributions:				
From participants	\$ 310,537	\$ 1	\$ -	\$ 4,383
From employers	161	-	4,661	89,386
From other governmental	-	-	282	-
From other systems	2,363	-	-	-
Total Contributions	313,060	1	4,942	93,769
Investment Income:				
Net increase (decrease) in the fair value of investments	(533,270)	(25,547)	(7,896)	(111,647)
Interest, dividends, and other	13,776	3,950	1,215	35,331
Securities lending income	-	-	-	736
Less Investment Expense:				
Investment activity expense	-	251	77	6,819
Securities lending expense	-	-	-	478
Net investment income (loss)	(519,494)	(21,848)	(6,759)	(82,877)
Miscellaneous income	2,171	278	900	-
Total Additions	(204,263)	(21,569)	(917)	10,892
DEDUCTIONS				
Benefits paid to participants or beneficiaries	89,994	14,355	-	155,375
Medical, dental, and life insurance for retirants	-	398	5,408	-
Refunds and transfers to other systems	91,737	102	-	419
Administrative and other expenses	7,619	384	118	726
Total Deductions	189,350	15,238	5,526	156,521
Change in net position	(393,613)	(36,807)	(6,443)	(145,629)
Net position - Beginning of fiscal year	3,121,489	124,562	38,280	1,842,516
Net position - End of fiscal year	\$ 2,727,876	\$ 87,755	\$ 31,837	\$ 1,696,887

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
\$ -	\$ 18,752	\$ -	\$ 434,411	\$ 205,596	\$ 359
50,743	688,301	579,955	3,843,216	771,571	1,517
5,733	-	121,782	-	251,589	-
-	-	-	-	-	-
<u>56,476</u>	<u>707,053</u>	<u>701,737</u>	<u>4,277,628</u>	<u>1,228,756</u>	<u>1,876</u>
(24,026)	(859,443)	(328,040)	(3,932,652)	(709,698)	(17,465)
7,306	276,094	99,518	1,227,981	211,128	5,624
149	5,682	1,998	26,099	4,604	118
1,403	53,020	19,035	236,527	40,859	1,100
96	3,711	1,292	16,921	3,021	76
<u>(18,070)</u>	<u>(634,398)</u>	<u>(246,852)</u>	<u>(2,932,020)</u>	<u>(537,847)</u>	<u>(12,900)</u>
178	4	3,481	89	79	38
<u>38,584</u>	<u>72,658</u>	<u>458,366</u>	<u>1,345,697</u>	<u>690,988</u>	<u>(10,986)</u>
-	1,483,368	-	5,424,331	-	24,392
37,603	-	428,309	-	643,218	-
-	185	2,786	33,182	148	-
1,068	6,003	24,929	23,784	171,053	333
<u>38,671</u>	<u>1,489,555</u>	<u>456,024</u>	<u>5,481,298</u>	<u>814,420</u>	<u>24,725</u>
(87)	(1,416,897)	2,341	(4,135,601)	(123,432)	(35,711)
<u>372,901</u>	<u>14,481,588</u>	<u>5,082,262</u>	<u>63,332,155</u>	<u>10,742,198</u>	<u>299,940</u>
<u>\$ 372,814</u>	<u>\$ 13,064,691</u>	<u>\$ 5,084,603</u>	<u>\$ 59,196,555</u>	<u>\$ 10,618,766</u>	<u>\$ 264,229</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, 2022

(In Thousands)

	JUDGES' OTHER POSTEMPLOYMENT BENEFITS FUND	MILITARY PENSION BENEFITS FUND	STATE OF MICHIGAN 401K PLANS	TOTALS
ADDITIONS				
Contributions:				
From participants	\$ 125	\$ -	\$ 346,213	\$ 1,320,377
From employers	242	875	418,440	6,449,067
From other governmental	141	-	-	379,527
From other systems	-	-	20,517	22,880
Total Contributions	508	875	785,170	8,171,851
Investment Income:				
Net increase (decrease) in the fair value of investments	(798)	(4,080)	(1,708,120)	(8,262,683)
Interest, dividends, and other	227	1,302	36,123	1,919,575
Securities lending income	4	27	-	39,417
Less Investment Expense:				
Investment activity expense	45	268	-	359,405
Securities lending expense	2	17	-	25,616
Net investment income (loss)	(614)	(3,036)	(1,671,997)	(6,688,711)
Miscellaneous income	3	-	3,689	10,910
Total Additions	(103)	(2,161)	(883,138)	1,494,049
DEDUCTIONS				
Benefits paid to participants or beneficiaries	-	3,954	209,420	7,405,189
Medical, dental, and life insurance for retirants	56	-	-	1,114,991
Refunds and transfers to other systems	8	-	313,046	441,614
Administrative and other expenses	92	242	21,253	257,606
Total Deductions	156	4,197	543,719	9,219,400
Change in net position	(259)	(6,358)	(1,426,857)	(7,725,351)
Net position - Beginning of fiscal year	11,782	67,641	9,477,044	108,994,357
Net position - End of fiscal year	\$ 11,523	\$ 61,282	\$ 8,050,187	\$ 101,269,006

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.

MICHIGAN ACHIEVING A BETTER LIFE EXPERIENCE PROGRAM

Michigan Compiled Laws Section 206.983 established the Michigan Achieving a Better Life Experience (MiABLE) Program. On December 13, 2021, the State of Michigan transferred the assets and liabilities comprising the MiABLE program to the National ABLE Alliance, a partnership of states dedicated to providing those living with disabilities with an ABLE investment product.

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, 2022

(In Thousands)

	MICHIGAN EDUCATION SAVINGS PROGRAM	MICHIGAN ACHIEVING A BETTER LIFE EXPERIENCE PROGRAM	OTHER PRIVATE- PURPOSE TRUST FUNDS	TOTALS
ASSETS				
Cash	\$ 3,742	\$ -	\$ -	\$ 3,742
Equity in common cash	-	-	631	631
Receivables	295	-	375	670
Investments at Fair Value:				
Mutual funds	5,669,943	-	-	5,669,943
Guaranteed funding agreements	1,646,544	-	-	1,646,544
Total Assets	7,320,524	-	1,006	7,321,529
LIABILITIES				
Accounts payable and other liabilities	5,346	-	-	5,346
Total Liabilities	5,346	-	-	5,346
NET POSITION				
Restricted for individuals, organizations, and other governments	\$ 7,315,177	\$ -	\$ 1,006	\$ 7,316,183

Michigan

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

PRIVATE-PURPOSE TRUST FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

	MICHIGAN EDUCATION SAVINGS PROGRAM	MICHIGAN ACHIEVING A BETTER LIFE EXPERIENCE PROGRAM	OTHER PRIVATE- PURPOSE TRUST FUNDS	TOTALS
ADDITIONS				
Contributions:				
From participants	\$ 810,181	\$ 2,504	\$ -	\$ 812,685
Total Contributions	810,181	2,504	-	812,685
Investment Income:				
Net increase (decrease) in the fair value of investments	(1,389,219)	89	-	(1,389,130)
Interest, dividends, and other	228,945	56	4	229,005
Net investment income (loss)	(1,160,274)	145	4	(1,160,125)
Total Additions	(350,093)	2,649	4	(347,439)
DEDUCTIONS				
Benefits paid to participants or beneficiaries	699,201	979	-	700,180
Administrative expense	11,111	103	-	11,214
Total Deductions	710,312	1,082	-	711,394
Special Items (Note 4)	-	(32,746)	-	(32,746)
Change in net position	(1,060,404)	(31,179)	4	(1,091,579)
Net position - Beginning of fiscal year	8,375,582	31,179	1,002	8,407,762
Net position - End of fiscal year	\$ 7,315,177	\$ -	\$ 1,006	\$ 7,316,183



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, 2022

(In Thousands)

	INSURANCE CARRIER DEPOSITS FUND	CITY INCOME TAX - TRUST FUND	CHILD SUPPORT COLLECTION FUND
ASSETS			
Cash	\$ -	\$ -	\$ 46,670
Equity in common cash	2,574	9,555	-
Receivables:			
Taxes, interest, and penalties	-	113,615	-
Other	-	-	-
Other assets	246,367	-	-
Total Assets	248,940	123,170	46,670
LIABILITIES			
Accounts payable and other liabilities	2,574	123,170	45,904
Amounts due to other funds	-	-	766
Unearned revenue	-	-	-
Total Liabilities	2,574	123,170	46,670
NET POSITION			
Restricted for individuals, organizations, and other governments	\$ 246,367	\$ -	\$ -

ESCHEATS FUND	PRISONER ACCOUNTS FUND	OTHER CUSTODIAL FUNDS	TOTALS
\$ -	\$ -	\$ 8	\$ 46,678
190,331	12,996	4,065	219,521
-	-	-	113,615
-	87	65	153
1,566	-	-	247,933
191,898	13,083	4,139	627,900
9,073	2,361	1,502	184,585
-	-	-	766
-	3	-	3
9,073	2,364	1,502	185,354
<u>\$ 182,824</u>	<u>\$ 10,719</u>	<u>\$ 2,636</u>	<u>\$ 442,546</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

	INSURANCE CARRIER DEPOSITS FUND	CITY INCOME TAX - TRUST FUND	CHILD SUPPORT COLLECTION FUND
ADDITIONS			
Investment Income:			
Interest, dividends and other	\$ 5,763	\$ 140	\$ -
Net investment income (loss)	5,763	140	-
Other Additions:			
Child support receipts	-	-	1,330,087
City income tax collections	-	470,375	-
Collateral deposits and related additions	68,160	-	-
Escheated property	-	-	-
Prisoner deposits	-	-	-
Other additions and miscellaneous income	-	-	-
Total Other Additions	68,160	470,375	1,330,087
Total Additions	73,923	470,515	1,330,087
DEDUCTIONS			
Child support distributions	-	-	1,330,087
City income tax distributions	-	470,515	-
Collateral disbursements and related deductions	78,215	-	-
Escheated property distributions	-	-	-
Prisoner disbursements	-	-	-
Miscellaneous deductions	-	-	-
Transfers to other funds	-	-	-
Total Deductions	78,215	470,515	1,330,087
Change in net position	(4,292)	-	-
Net position - Beginning of fiscal year	250,659	-	-
Net position - End of fiscal year	\$ 246,367	\$ -	\$ -

Michigan

ESCHEATS FUND	PRISONER ACCOUNTS FUND	OTHER CUSTODIAL FUNDS	TOTALS
\$ -	\$ -	\$ 18	\$ 5,922
-	-	18	5,922
-	-	-	1,330,087
-	-	-	470,375
-	-	-	68,160
295,429	-	-	295,429
-	59,408	-	59,408
523	-	8,667	9,190
295,952	59,408	8,667	2,232,648
295,952	59,408	8,685	2,238,569
-	-	-	1,330,087
-	-	-	470,515
-	-	-	78,215
131,156	-	-	131,156
-	59,555	-	59,555
-	-	6,631	6,631
148,642	-	3,126	151,768
279,798	59,555	9,757	2,227,927
16,154	(148)	(1,072)	10,643
166,670	10,867	3,708	431,904
\$ 182,824	\$ 10,719	\$ 2,636	\$ 442,546

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, grain, 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 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, 2022

(In Thousands)

	FARM PRODUCE INSURANCE AUTHORITY	MACKINAC BRIDGE AUTHORITY	MACKINAC ISLAND STATE PARK COMMISSION	MICHIGAN EARLY CHILDHOOD INVESTMENT CORPORATION
ASSETS				
Current Assets:				
Cash	\$ 728	\$ 6,004	\$ 5,426	\$ 3,294
Equity in common cash	-	-	-	-
Amounts due from component units	-	-	-	-
Amounts due from primary government	-	-	147	1,084
Amounts due from federal government	-	-	-	-
Inventories	-	-	684	-
Investments	2,484	12,077	330	-
Other current assets	218	609	335	16
Total Current Assets	3,430	18,691	6,922	4,395
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	-	-	720	-
Investments	-	-	2,383	-
Investments	7,633	115,760	-	-
Land and property held for resale	-	-	-	-
Capital Assets:				
Land and other non-depreciable assets	-	125	361	-
Buildings, equipment, and other depreciable assets	-	14,771	16,985	1,698
Less accumulated depreciation	-	(8,822)	(13,310)	(723)
Infrastructure	-	102,967	-	-
Construction in progress	-	-	129	-
Total capital assets	-	109,041	4,166	974
Other noncurrent assets	-	844	2,682	-
Total Noncurrent Assets	7,633	225,644	9,951	974
Total Assets	11,064	244,336	16,872	5,369
DEFERRED OUTFLOWS OF RESOURCES	-	3,346	841	-
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	1,241	1,000	133	547
Amounts due to component units	-	-	-	-
Amounts due to primary government	-	951	-	-
Bonds and notes payable	-	-	75	-
Interest payable	-	-	15	-
Unearned revenue	-	2,134	-	-
Vendor financing obligations	-	-	-	85
Current portion of other long-term obligations	-	99	-	34
Total Current Liabilities	1,241	4,183	223	665
Long-Term Liabilities:				
Unearned revenue	-	-	42	-
Bonds and notes payable	-	-	1,180	-
Vendor financing obligations	-	-	-	90
Noncurrent portion of other long-term obligations	-	12,068	3,082	-
Total Long-Term Liabilities	-	12,068	4,304	90
Total Liabilities	1,241	16,251	4,527	755
DEFERRED INFLOWS OF RESOURCES	-	9,794	5,196	-
NET POSITION				
Net investment in capital assets	-	109,041	2,911	800
Restricted For:				
Construction and debt service	-	-	4,217	-
Other purposes	-	-	1,024	1,690
Unrestricted	9,822	112,595	(160)	2,124
Total Net Position	\$ 9,822	\$ 221,636	\$ 7,991	\$ 4,614

Michigan

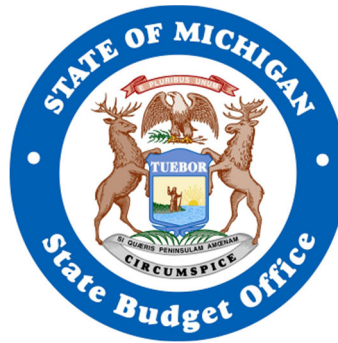
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION	MICHIGAN EDUCATION TRUST	MICHIGAN VETERANS' FACILITY AUTHORITY	STATE BAR OF MICHIGAN	STATE LAND BANK AUTHORITY	VENTURE MICHIGAN FUND	TOTALS
\$ 38,488	\$ 79,903	\$ 871	\$ 2,662	\$ -	\$ 67,818	\$ 205,194
154,431	-	2,266	-	15,989	-	172,686
30,517	-	-	-	-	-	30,517
8	876	-	-	-	-	2,115
155	-	9,326	-	-	-	9,482
-	-	-	-	-	-	684
6,323	-	-	10,035	-	-	31,250
473	7,546	1,211	464	531	-	11,403
<u>230,394</u>	<u>88,325</u>	<u>13,674</u>	<u>13,160</u>	<u>16,521</u>	<u>67,818</u>	<u>463,330</u>
-	-	-	-	-	-	720
-	-	-	3,541	-	-	5,925
59,698	953,855	-	-	-	368,543	1,505,489
-	-	-	-	4,867	-	4,867
100	-	-	490	-	-	1,076
13,971	-	1,576	11,600	10	-	60,611
(9,745)	-	(1,057)	(8,897)	(1)	-	(42,556)
-	-	-	-	-	-	102,967
-	-	-	-	-	-	129
<u>4,326</u>	<u>-</u>	<u>519</u>	<u>3,193</u>	<u>9</u>	<u>-</u>	<u>122,228</u>
<u>5,152</u>	<u>17,782</u>	<u>-</u>	<u>31</u>	<u>-</u>	<u>-</u>	<u>26,491</u>
<u>69,176</u>	<u>971,637</u>	<u>519</u>	<u>6,766</u>	<u>4,876</u>	<u>368,543</u>	<u>1,665,720</u>
<u>299,570</u>	<u>1,059,962</u>	<u>14,193</u>	<u>19,926</u>	<u>21,397</u>	<u>436,362</u>	<u>2,129,050</u>
<u>7,703</u>	<u>1,194</u>	<u>66,403</u>	<u>654</u>	<u>1,593</u>	<u>-</u>	<u>81,734</u>
28,814	-	4,430	1,026	113	240	37,544
34	-	-	-	-	-	34
112	-	1,344	-	11	-	2,417
-	-	-	-	-	-	75
-	-	-	-	-	-	15
-	-	431	2,383	1,523	-	6,470
-	-	54	-	1	-	140
<u>1,437</u>	<u>65,557</u>	<u>1,340</u>	<u>-</u>	<u>34</u>	<u>-</u>	<u>68,501</u>
<u>30,396</u>	<u>65,557</u>	<u>7,600</u>	<u>3,409</u>	<u>1,682</u>	<u>240</u>	<u>115,196</u>
-	-	-	-	-	-	42
-	-	-	-	-	-	1,180
-	-	61	-	8	-	159
<u>18,192</u>	<u>667,933</u>	<u>63,484</u>	<u>1,105</u>	<u>2,539</u>	<u>17,209</u>	<u>785,613</u>
<u>18,192</u>	<u>667,933</u>	<u>63,545</u>	<u>1,105</u>	<u>2,548</u>	<u>17,209</u>	<u>786,994</u>
<u>48,588</u>	<u>733,490</u>	<u>71,145</u>	<u>4,514</u>	<u>4,230</u>	<u>17,448</u>	<u>902,190</u>
<u>14,032</u>	<u>2,476</u>	<u>38,207</u>	<u>1,055</u>	<u>1,867</u>	<u>-</u>	<u>72,628</u>
4,326	-	519	3,193	-	-	120,790
-	-	-	-	-	-	4,217
-	325,189	4,897	2,374	-	-	335,174
<u>240,326</u>	<u>-</u>	<u>(34,172)</u>	<u>9,444</u>	<u>16,894</u>	<u>418,913</u>	<u>775,785</u>
<u>\$ 244,652</u>	<u>\$ 325,189</u>	<u>\$ (28,756)</u>	<u>\$ 15,011</u>	<u>\$ 16,894</u>	<u>\$ 418,913</u>	<u>\$ 1,235,966</u>

Michigan

COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
 FISCAL YEAR ENDED SEPTEMBER 30, 2022
 (In Thousands)

		PROGRAM REVENUES			
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS	NET (EXPENSE) REVENUE
Farm Produce Insurance Authority	\$ 1,729	\$ 400	\$ -	\$ -	\$ (1,329)
Mackinac Bridge Authority	10,756	23,638	-	-	12,881
Mackinac Island State Park Commission	3,987	5,626	42	200	1,880
Michigan Early Childhood Investment Corporation	7,290	399	8,523	-	1,632
Michigan Economic Development Corporation	262,389	-	375,936	-	113,547
Michigan Education Trust	34,373	4,265	(80,789)	-	(110,897)
Michigan Veterans' Facility Authority	129,029	6,068	35,584	21	(87,357)
State Bar of Michigan	12,024	11,586	-	-	(438)
State Land Bank Authority	2,815	-	-	-	(2,815)
Venture Michigan Fund	32,369	-	-	47,980	15,611
Total	\$ 496,762	\$ 51,982	\$ 339,295	\$ 48,201	\$ (57,284)

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
\$ 80	\$ -	\$ -	\$ (1,249)	\$ 11,071	\$ 9,822
(14,582)	(250)	1,900	(51)	221,687	221,636
(160)	-	90	1,811	6,181	7,991
8	-	-	1,641	2,973	4,614
(7,421)	800	3,085	110,011	134,641	244,652
-	-	-	(110,897)	436,086	325,189
15	39,654	-	(47,687)	18,931	(28,756)
(1,142)	-	-	(1,580)	16,591	15,011
120	48	330	(2,317)	19,211	16,894
202,477	-	-	218,088	200,826	418,913
<u>\$ 179,396</u>	<u>\$ 40,252</u>	<u>\$ 5,405</u>	<u>\$ 167,769</u>	<u>\$ 1,068,197</u>	<u>\$ 1,235,966</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, 2022. 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, 2022

(In Thousands)

	CENTRAL MICHIGAN UNIVERSITY	EASTERN MICHIGAN UNIVERSITY	FERRIS STATE UNIVERSITY	GRAND VALLEY STATE UNIVERSITY
ASSETS				
Current Assets:				
Cash	\$ 40,957	\$ 39,520	\$ 8,025	\$ 97,737
Amounts due from component units	-	-	-	-
Amounts due from primary government	59,824	19,231	11,577	75,370
Amounts due from federal government	2,092	1,515	242	15,216
Amounts due from local units	-	-	-	-
Inventories	2,319	250	983	1,757
Investments	3,488	-	68,537	61,696
Other current assets	29,577	21,673	12,392	21,582
Total Current Assets	138,257	82,189	101,756	273,358
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	14,677	-	54,352	2,800
Investments	-	92,966	62,215	17,394
Mortgages and loans receivable	-	-	9,210	-
Mortgages and loans receivable	-	2,716	-	2,116
Investments	447,289	39,221	59,117	382,326
Capital Assets:				
Land and other non-depreciable assets	15,164	14,035	6,597	80,037
Buildings, equipment, and other depreciable assets	1,068,210	1,020,396	553,238	1,172,051
Less accumulated depreciation	(540,825)	(414,107)	(250,777)	(474,549)
Construction in progress	11,400	12,132	27,183	5,765
Total capital assets	553,950	632,457	336,241	783,305
Other noncurrent assets	23,930	5,289	104	16,274
Total Noncurrent Assets	1,039,845	772,649	521,239	1,204,216
Total Assets	1,178,102	854,838	622,995	1,477,573
DEFERRED OUTFLOWS OF RESOURCES	16,081	22,197	7,543	22,637
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	74,703	42,684	32,919	97,454
Amounts due to primary government	5,263	63	-	109
Bonds and notes payable	7,348	4,159	7,042	15,104
Interest payable	1,219	5,178	1,173	828
Unearned revenue	18,714	16,631	7,936	18,512
Vendor financing obligations	1,244	-	-	330
Current portion of other long-term obligations	362	946	-	7,436
Total Current Liabilities	108,853	69,661	49,070	139,774
Long-Term Liabilities:				
Unearned revenue	-	12,844	484	2,208
Bonds and notes payable	154,827	335,058	109,492	236,255
Vendor financing obligations	5,045	-	-	790
Noncurrent portion of other long-term obligations	152,471	127,514	97,904	51,272
Total Long-Term Liabilities	312,343	475,417	207,880	290,524
Total Liabilities	421,197	545,078	256,950	430,298
DEFERRED INFLOWS OF RESOURCES	39,610	72,500	16,333	17,942
NET POSITION				
Net investment in capital assets	381,392	268,161	233,795	538,312
Restricted For:				
Education	29,372	-	13,814	49,066
Construction and debt service	21,422	-	-	2,154
Other purposes	-	56,758	-	-
Funds Held as Permanent Investments:				
Expendable	56,315	10,331	30,995	70,915
Nonexpendable	71,644	62,066	62,215	87,414
Unrestricted	173,231	(137,859)	16,437	304,108
Total Net Position	\$ 733,376	\$ 259,458	\$ 357,255	\$ 1,051,970

Michigan

LAKE SUPERIOR STATE UNIVERSITY	MICHIGAN TECHNOLOGICAL UNIVERSITY	NORTHERN MICHIGAN UNIVERSITY	OAKLAND UNIVERSITY	SAGINAW VALLEY STATE UNIVERSITY	TOTALS
\$ 14,817	\$ 32,109	\$ 43,128	\$ 79,417	\$ 64,516	\$ 420,225
-	-	115	-	-	115
4,149	10,707	9,325	9,825	19,093	219,101
615	4,744	312	2,889	816	28,441
-	-	7,542	209	-	7,751
433	1,138	841	1,866	99	9,684
4,357	-	374	-	-	138,452
2,231	8,430	8,670	19,502	5,468	129,524
26,602	57,127	70,306	113,707	89,993	953,295
-	20,777	28,688	46,403	5,478	173,175
-	171,980	-	93,782	-	438,337
1,362	-	-	652	-	11,224
-	4,678	1,906	-	-	11,416
32,477	56,221	151,300	221,973	167,220	1,557,145
3,911	17,311	83,210	4,625	2,077	226,966
207,887	442,775	473,062	946,363	494,971	6,378,953
(130,739)	(248,803)	(236,711)	(397,151)	(221,809)	(2,915,469)
-	10,152	10,914	67,475	5,127	150,149
81,059	221,435	330,475	621,312	280,365	3,840,598
830	32,455	9,306	8,467	6,562	103,218
115,729	507,546	521,675	992,589	459,626	6,135,113
142,331	564,673	591,981	1,106,296	549,618	7,088,408
3,470	5,252	4,279	11,631	3,265	96,355
2,696	20,077	25,012	46,305	26,081	367,931
77	574	551	824	-	7,462
1,391	2,554	6,093	15,608	6,772	66,070
546	861	-	4,894	-	14,699
826	4,799	6,774	19,192	5,024	98,408
191	-	271	-	90	2,127
195	6,583	334	2,784	100	18,740
5,922	35,449	39,034	89,607	38,066	575,437
-	-	-	5,973	6,194	27,703
37,228	92,662	105,285	379,091	76,748	1,526,645
260	-	-	-	235	6,330
16,392	71,424	63,819	43,074	4,978	628,848
53,880	164,086	169,103	428,138	88,156	2,189,527
59,802	199,534	208,138	517,744	126,222	2,764,963
4,105	23,738	74,281	19,922	1,383	269,813
45,719	135,834	180,366	258,728	199,393	2,241,700
19,285	49,333	3,469	39,838	8,875	213,051
3,076	14,421	-	428	126	41,626
2,155	-	-	-	3,793	62,706
3,551	44,261	44,434	19,948	23,692	304,441
13,960	112,022	3,583	48,189	57,930	519,024
(5,852)	(9,218)	81,989	213,132	131,471	767,439
\$ 81,894	\$ 346,653	\$ 313,841	\$ 580,261	\$ 425,279	\$ 4,149,987

Michigan

COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - STATE UNIVERSITIES
 FISCAL YEAR ENDED JUNE 30, 2022
 (In Thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			
		CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS	NET (EXPENSE) REVENUE
Central Michigan University	490,195	304,292	18,286	2,942	(164,676)
Eastern Michigan University	354,624	207,264	21,738	1,020	(124,602)
Ferris State University	232,678	136,570	3,628	-	(92,480)
Grand Valley State University	505,969	328,036	26,466	1,205	(150,262)
Lake Superior State University	51,571	23,758	1,468	653	(25,691)
Michigan Technological University	265,049	136,252	72,062	6,992	(49,743)
Northern Michigan University	177,877	110,861	14,341	-	(52,675)
Oakland University	393,443	248,641	13,395	170	(131,237)
Saginaw Valley State University	152,094	81,683	9,199	2,321	(58,890)
Total	<u>\$ 2,623,500</u>	<u>\$ 1,577,358</u>	<u>\$ 180,583</u>	<u>\$ 15,303</u>	<u>\$ (850,256)</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
(26,610)	97,752	60,248	(33,285)	766,662	733,376
5,022	86,019	66,772	33,211	226,247	259,458
(11,817)	61,361	68,440	25,504	331,751	357,255
(12,233)	80,865	132,099	50,468	1,001,502	1,051,970
(410)	22,978	7,455	4,332	77,563	81,894
(4,529)	53,337	17,562	16,626	330,026	346,653
(19,263)	52,746	22,670	3,478	310,363	313,841
(21,276)	56,098	68,755	(27,660)	607,921	580,261
(15,897)	32,243	32,243	(10,301)	435,580	425,279
<u>\$ (107,013)</u>	<u>\$ 543,399</u>	<u>\$ 476,243</u>	<u>\$ 62,373</u>	<u>\$ 4,087,614</u>	<u>\$ 4,149,987</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.

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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.

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(In Thousands)

(Accrual Basis of Accounting)

	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 19,649,694	\$ 20,279,584	\$ 20,578,869	\$ 21,162,152
Restricted	3,773,962	3,824,871	3,647,713	3,772,413
Unrestricted	(5,192,624)	(5,876,457)	(9,942,038)	(11,298,822)
Total governmental activities net position	<u>\$ 18,231,031</u>	<u>\$ 18,227,998</u>	<u>\$ 14,284,544</u>	<u>\$ 13,635,744</u>
Business-type activities				
Net investment in capital assets	\$ 813	\$ 606	\$ 1,557	\$ 1,257
Restricted	1,843,965	2,442,471	2,989,561	3,526,823
Unrestricted	5,538	5,834	(11,862)	(19,126)
Total business-type activities net position	<u>\$ 1,850,316</u>	<u>\$ 2,448,910</u>	<u>\$ 2,979,255</u>	<u>\$ 3,508,953</u>
Primary government				
Net investment in capital assets	\$ 19,650,507	\$ 20,280,190	\$ 20,580,426	\$ 21,163,409
Restricted	5,617,926	6,267,342	6,637,274	7,299,236
Unrestricted	(5,187,086)	(5,870,623)	(9,953,900)	(11,317,949)
Total primary government net position	<u>\$ 20,081,347</u>	<u>\$ 20,676,909</u>	<u>\$ 17,263,800</u>	<u>\$ 17,144,696</u>
Reconciliation of net position				
Beginning net position	\$ 17,525,883	\$ 20,081,347	\$ 20,676,909	\$ 17,263,800
Restatement of beginning net position	6,459	(36,068)	(4,780,332)	(1,712,198)
Beginning net position - restated	17,532,342	20,045,279	15,896,577	15,551,601
Statement of Activities - changes in net position	2,549,005	631,629	1,367,223	1,593,095
Ending net position	<u>\$ 20,081,347</u>	<u>\$ 20,676,909</u>	<u>\$ 17,263,800</u>	<u>\$ 17,144,696</u>

Michigan

2017	2018	2019	2020	2021	2022
\$ 21,736,440	\$ 21,014,252	\$ 21,599,362	\$ 21,305,928	\$ 21,253,248	\$ 21,175,740
4,152,864	4,218,412	4,267,930	5,651,877	8,099,736	11,667,798
(9,848,197)	(14,946,883)	(14,621,279)	(13,636,896)	(9,002,099)	(2,439,521)
<u>\$ 16,041,107</u>	<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>
\$ 1,183	\$ 969	\$ 1,058	\$ 646	\$ 263	\$ 282
3,994,553	4,525,760	5,006,011	1,491,560	1,173,186	1,821,317
(21,180)	(80,469)	(70,076)	(62,509)	(70,236)	(88,614)
<u>\$ 3,974,556</u>	<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>
\$ 21,737,623	\$ 21,015,221	\$ 21,600,419	\$ 21,306,575	\$ 21,253,511	\$ 21,176,021
8,147,417	8,744,173	9,273,941	7,143,436	9,272,922	13,489,116
(9,869,376)	(15,027,352)	(14,691,355)	(13,699,405)	(9,072,335)	(2,528,135)
<u>\$ 20,015,664</u>	<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>
\$ 17,144,696	\$ 20,015,664	\$ 14,732,042	\$ 16,183,005	\$ 14,750,607	\$ 21,454,098
-	(6,999,392)	(24,796)	305,808	(20,866)	86,079
17,144,696	13,016,272	14,707,246	16,488,813	14,729,740	21,540,177
2,870,968	1,715,770	1,475,759	(1,738,206)	6,724,358	10,596,825
<u>\$ 20,015,664</u>	<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>

Michigan

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(In Thousands)

(Accrual Basis of Accounting)

	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$ 2,093,352	\$ 2,455,999	\$ 3,240,918	\$ 3,044,493
Education	14,617,662	14,941,366	15,452,338	15,831,480
Health and human services	19,784,847	20,544,300	23,190,878	23,441,412
Public safety and corrections	2,663,440	2,638,272	2,685,500	2,664,726
Conservation, environment, recreation, and agriculture	593,446	714,019	609,306	753,361
Labor, commerce, and regulatory	965,696	956,256	953,030	746,550
Transportation	2,914,884	3,309,442	3,325,519	3,377,660
Tax credits (Note 16)	689,900	676,500	662,400	672,400
Intergovernmental-revenue sharing	1,077,514	1,120,593	1,210,557	1,213,432
Interest on long-term debt	178,561	174,522	162,859	415,468
Total governmental activities	45,579,303	47,531,269	51,493,305	52,160,983
Business-type activities:				
Liquor Purchase Revolving Fund	742,611	779,276	825,796	872,902
State Lottery Fund	1,758,718	1,868,607	1,990,582	2,229,995
Attorney Discipline System	4,846	4,798	4,710	5,019
Michigan Unemployment Compensation Funds	2,188,132	1,246,507	952,773	914,081
Total business-type activities	4,694,307	3,899,188	3,773,861	4,021,996
Total primary government expenses	<u>\$ 50,273,610</u>	<u>\$ 51,430,457</u>	<u>\$ 55,267,166</u>	<u>\$ 56,182,979</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 678,845	\$ 688,044	\$ 666,648	\$ 658,741
Education	7,206	9,388	(3,752)	6,947
Health and human services	107,657	152,511	162,768	155,276
Public safety and corrections	164,019	161,447	163,821	169,789
Conservation, environment, recreation, and agriculture	271,119	299,073	301,529	296,694
Labor, commerce, and regulatory	750,517	754,054	749,576	788,169
Transportation	96,842	96,727	100,403	105,108
Operating grants and contributions	17,194,905	17,981,852	20,431,030	20,660,821
Capital grants and contributions	867,155	850,174	926,670	878,642
Total governmental activities program revenues	<u>\$ 20,138,265</u>	<u>\$ 20,993,270</u>	<u>\$ 23,498,693</u>	<u>\$ 23,720,187</u>
Business-type activities:				
Charges for services:				
Liquor Purchase Revolving Fund	\$ 912,112	\$ 957,054	\$ 1,021,890	\$ 1,082,256
State Lottery Fund	2,491,131	2,608,920	2,785,133	3,118,137
Attorney Discipline System	4,887	4,867	4,024	4,045
Michigan Unemployment Compensation Funds	2,776,790	1,809,854	1,461,988	1,383,410
Operating grants and contributions	21,710	59,881	67,628	78,660
Total business-type activities program revenues	<u>6,206,631</u>	<u>5,440,576</u>	<u>5,340,663</u>	<u>5,666,507</u>
Total primary government program revenues	<u>\$ 26,344,896</u>	<u>\$ 26,433,845</u>	<u>\$ 28,839,356</u>	<u>\$ 29,386,694</u>
Net (Expenses)/Revenues				
Governmental activities	\$ (25,441,038)	\$ (26,538,000)	\$ (27,994,612)	\$ (28,440,795)
Business-type activities	<u>1,512,324</u>	<u>1,541,388</u>	<u>1,566,801</u>	<u>1,644,511</u>
Total primary government net expenses	<u>\$ (23,928,714)</u>	<u>\$ (24,996,612)</u>	<u>\$ (26,427,810)</u>	<u>\$ (26,796,285)</u>

Michigan

2017	2018	2019	2020	2021	2022
\$ 2,595,165	\$ 3,334,891	\$ 3,210,082	\$ 2,882,398	\$ 3,200,292	\$ 2,859,202
16,114,081	16,727,675	17,059,677	17,831,607	18,754,267	22,137,374
23,020,839	24,071,364	25,613,513	26,420,104	29,794,548	31,437,130
2,686,252	2,899,797	3,269,546	3,078,647	3,221,781	2,692,790
783,971	932,250	990,650	1,575,468	937,084	927,268
890,781	821,050	951,297	980,383	1,802,776	3,010,768
3,483,622	3,891,092	4,460,862	5,204,891	4,908,241	5,029,633
696,500	696,100	895,100	936,500	884,600	908,800
1,259,005	1,289,064	1,327,717	1,241,267	1,451,332	1,607,907
272,742	287,506	259,781	224,617	255,201	265,752
51,802,959	54,950,789	58,038,224	60,375,882	65,210,122	70,876,624
903,150	953,854	1,007,701	1,180,694	1,274,106	1,260,303
2,424,850	2,654,651	2,833,493	3,082,442	3,633,130	3,653,269
4,898	5,077	5,307	5,534	5,507	4,923
859,638	793,535	785,553	25,367,742	14,440,513	908,095
4,192,536	4,407,117	4,632,053	29,636,413	19,353,255	5,826,589
<u>\$ 55,995,495</u>	<u>\$ 59,357,906</u>	<u>\$ 62,670,277</u>	<u>\$ 90,012,294</u>	<u>\$ 84,563,377</u>	<u>\$ 76,703,213</u>
\$ 694,819	\$ 627,297	\$ 683,878	\$ 632,904	\$ 691,916	\$ 1,166,656
5,662	24,025	11,462	6,312	6,034	9,349
159,544	174,607	166,326	176,825	168,279	162,627
170,323	168,028	167,635	153,967	185,258	159,327
318,319	360,981	328,642	330,842	391,044	387,421
794,170	789,277	784,214	390,859	349,349	364,925
94,683	134,043	100,933	88,316	105,114	109,432
20,244,084	20,636,711	21,581,071	25,735,099	29,864,862	34,644,381
953,635	863,854	1,014,734	1,187,137	981,719	1,068,229
<u>\$ 23,435,239</u>	<u>\$ 23,778,822</u>	<u>\$ 24,838,895</u>	<u>\$ 28,702,263</u>	<u>\$ 32,743,575</u>	<u>\$ 38,072,347</u>
\$ 1,123,654	\$ 1,181,472	\$ 1,252,065	\$ 1,459,240	\$ 1,587,738	\$ 1,586,516
3,347,126	3,591,929	3,897,405	4,256,618	5,057,975	4,911,450
4,082	4,699	5,334	5,336	5,365	5,311
1,291,128	1,276,504	1,207,485	21,748,077	14,001,625	1,475,694
74,694	90,410	132,247	137,422	14,159	768
5,840,685	6,145,014	6,494,536	27,606,694	20,666,862	7,979,738
<u>\$ 29,275,924</u>	<u>\$ 29,923,836</u>	<u>\$ 31,333,430</u>	<u>\$ 56,308,956</u>	<u>\$ 53,410,437</u>	<u>\$ 46,052,086</u>
\$ (28,367,720)	\$ (31,171,967)	\$ (33,199,329)	\$ (31,673,619)	\$ (32,466,547)	\$ (32,804,276)
1,648,149	1,737,897	1,862,482	(2,029,719)	1,313,606	2,153,149
<u>\$ (26,719,571)</u>	<u>\$ (29,434,070)</u>	<u>\$ (31,336,847)</u>	<u>\$ (33,703,338)</u>	<u>\$ (31,152,941)</u>	<u>\$ (30,651,127)</u>

Michigan

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (Continued)

(In Thousands)

(Accrual Basis of Accounting)

	2013	2014	2015	2016
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
General:				
Sales and use	\$ 2,620,176	\$ 2,993,426	\$ 3,250,886	\$ 3,281,008
Personal income	6,946,947	6,078,008	7,260,820	7,332,173
Flow-through entity	-	-	-	-
Single business, Michigan business, and corporate income	859,612	562,739	892,039	760,979
Tobacco products	587,598	578,154	586,133	590,507
Beer, wine, and liquor	139,728	143,105	144,449	157,421
Insurance company	302,015	362,287	322,988	329,871
Quality assurance assessment	974,563	971,377	1,017,823	1,135,257
Essential services assessment	-	-	-	-
Penalties and interest	172,049	117,734	131,601	120,116
Marihuana excise	-	-	-	-
Insurance provider assessment	-	-	-	-
Other	503,413	514,504	433,640	495,183
Restricted For Educational Purposes:				
Sales and use	5,668,592	5,872,729	5,905,831	6,023,300
Personal income	2,479,897	2,276,581	2,557,141	2,647,832
Flow-through entity	-	-	-	-
Education, property, and real estate transfers	1,908,481	2,033,711	2,110,325	2,174,946
Tobacco products	373,296	357,389	360,645	360,017
Beer, wine, and liquor	44,069	45,722	48,706	52,247
Casino gaming wagering	110,667	106,903	110,785	112,868
Other	56,503	65,172	61,643	58,943
Restricted For Transportation Purposes:				
Sales and use	212,970	102,026	90,806	84,499
Personal income	-	-	-	-
Gasoline and diesel fuel	953,108	958,745	1,003,958	1,005,121
Motor vehicle registration	906,633	940,637	977,958	1,018,280
Other	5,034	5,052	6,383	6,133
Unrestricted investment and interest earnings	1,204	990	1,187	4,403
Miscellaneous	628,204	517,297	500,891	621,777
Contributions to permanent fund principal	22,847	23,865	18,261	16,075
Special items	-	-	-	-
Transfers	945,115	942,883	999,812	1,118,001
Total governmental activities	27,422,722	26,571,035	28,794,710	29,506,957
Business-type activities:				
Investment earnings	112	87	133	423
Miscellaneous	-	3	1	-
Transfers	(945,115)	(942,883)	(999,812)	(1,118,001)
Total business-type activities	(945,003)	(942,793)	(999,677)	(1,117,577)
Total primary government	\$ 26,477,719	\$ 25,628,241	\$ 27,795,033	\$ 28,389,380
Changes in Net Position				
Governmental activities	\$ 1,981,683	\$ 33,035	\$ 800,098	\$ 1,066,162
Business-type activities	567,322	598,595	567,124	526,933
Total primary government	\$ 2,549,005	\$ 631,630	\$ 1,367,223	\$ 1,593,095

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

	2017	2018	2019	2020	2021	2022
\$	2,733,120	\$ 2,899,347	\$ 2,898,982	\$ 2,891,029	\$ 3,759,702	\$ 3,988,462
	7,435,551	8,109,910	8,526,451	7,891,855	9,266,721	8,919,862
	-	-	-	-	-	1,341,141
	1,427,291	942,942	1,409,618	979,259	1,900,058	2,094,169
	589,959	567,634	563,157	567,482	576,296	511,381
	160,271	164,204	172,133	193,699	211,291	206,563
	371,233	393,357	327,420	467,761	390,843	419,876
	1,128,006	1,250,422	1,410,904	1,264,403	1,347,956	1,374,899
	-	99,290	111,214	121,991	125,783	135,379
	104,375	194,309	128,295	96,894	130,608	149,643
	-	-	-	-	120,472	186,643
	-	-	602,602	603,781	639,422	636,070
	592,077	554,313	229,796	214,254	287,685	411,867
	6,209,309	6,455,104	6,616,765	6,604,996	7,785,684	8,744,222
	2,723,883	2,948,984	2,907,833	3,123,542	3,642,034	3,627,961
	-	-	-	-	-	452,302
	2,278,142	2,339,504	2,466,383	2,524,085	2,756,169	3,001,216
	357,202	339,070	328,327	328,318	327,852	283,651
	54,048	56,405	60,254	70,174	-	-
	113,219	115,423	117,257	67,011	90,572	104,059
	63,633	61,328	65,456	67,867	146,342	142,874
	95,229	103,275	107,728	99,672	97,438	148,007
	-	-	264,000	468,000	600,000	600,000
	1,362,260	1,469,228	1,462,292	1,319,661	1,363,609	1,433,033
	1,210,628	1,295,268	1,353,613	1,344,763	1,399,595	1,402,986
	4,855	4,535	4,702	4,327	4,193	4,918
	11,021	25,327	40,019	20,726	13,465	95,407
	545,398	740,953	614,858	619,530	893,687	811,123
	19,468	19,675	18,759	9,019	11,316	18,887
	-	-	-	-	(11,651)	-
	1,182,908	1,222,917	1,375,539	1,478,612	1,640,198	1,516,263
	<u>30,773,084</u>	<u>32,372,724</u>	<u>34,184,356</u>	<u>33,442,709</u>	<u>39,517,338</u>	<u>42,762,863</u>
	331	(25)	3,789	1,015	159	1,351
	31	57	-	20	-	-
	<u>(1,182,908)</u>	<u>(1,222,917)</u>	<u>(1,375,539)</u>	<u>(1,478,612)</u>	<u>(1,640,198)</u>	<u>(1,516,263)</u>
	<u>(1,182,545)</u>	<u>(1,222,884)</u>	<u>(1,371,750)</u>	<u>(1,477,577)</u>	<u>(1,640,039)</u>	<u>(1,514,911)</u>
\$	<u>29,590,539</u>	<u>31,149,840</u>	<u>32,812,606</u>	<u>31,965,132</u>	<u>37,877,299</u>	<u>41,247,952</u>
\$	2,405,364	\$ 1,200,757	\$ 985,026	\$ 1,769,090	\$ 7,050,791	\$ 9,958,587
	465,604	515,013	490,733	(3,507,296)	(326,433)	638,238
\$	<u>2,870,968</u>	<u>1,715,770</u>	<u>1,475,759</u>	<u>(1,738,206)</u>	<u>6,724,358</u>	<u>10,596,825</u>

Michigan

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(In Thousands)

(Modified Accrual Basis of Accounting)

	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 221,614	\$ 189,095	\$ 115,937	\$ 76,746
Restricted	376,977	383,025	395,945	467,486
Committed	933,666	998,674	1,108,240	1,378,378
Assigned	137,947	206,875	176,405	151,555
Unassigned	1,186,647	306,382	694,734	604,388
Total general fund	<u>\$ 2,856,852</u>	<u>\$ 2,084,052</u>	<u>\$ 2,491,262</u>	<u>\$ 2,678,554</u>
All Other Governmental Funds				
Nonspendable	\$ 968,433	\$ 992,581	\$ 1,016,322	\$ 1,030,282
Restricted	2,200,564	2,250,773	1,989,423	2,048,762
Committed	322,056	547,466	352,699	289,534
Unassigned	(13,216)	(106,128)	(56,951)	(62,012)
Total all other governmental funds	<u>\$ 3,477,837</u>	<u>\$ 3,684,691</u>	<u>\$ 3,301,493</u>	<u>\$ 3,306,566</u>
Reconciliation of governmental fund balances				
Beginning fund balances	\$ 5,546,150	\$ 6,334,689	\$ 5,768,743	\$ 5,792,755
Restatement of beginning fund balances	-	-	-	24,182
Beginning fund balances - restated	<u>5,546,150</u>	<u>6,334,689</u>	<u>5,768,743</u>	<u>5,816,936</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>788,538</u>	<u>(565,945)</u>	<u>24,011</u>	<u>168,184</u>
Ending fund balances	<u>\$ 6,334,689</u>	<u>\$ 5,768,743</u>	<u>\$ 5,792,755</u>	<u>\$ 5,985,120</u>

Michigan

2017	2018	2019	2020	2021	2022
\$ 63,135	\$ 17,813	\$ 22,306	\$ 249,010	\$ 218,787	\$ 134,321
598,414	591,065	653,888	782,072	830,075	1,054,434
1,482,000	2,128,981	2,425,716	2,041,315	2,939,874	4,269,717
176,986	176,480	135,304	99,794	131,292	133,339
622,538	788,321	916,168	2,363,049	4,362,765	7,463,485
<u>\$ 2,943,074</u>	<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>
\$ 1,047,393	\$ 1,063,885	\$ 1,087,207	\$ 1,108,636	\$ 1,163,468	\$ 1,193,670
2,378,356	2,453,833	2,388,941	4,397,613	7,160,039	9,476,056
312,162	363,400	305,419	261,081	301,835	332,821
6,918	(63,301)	(104,507)	(149,561)	(87,808)	(52,740)
<u>\$ 3,744,829</u>	<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>
\$ 5,985,120	\$ 6,687,903	\$ 7,520,477	\$ 7,830,442	\$ 11,153,008	\$ 17,020,328
-	-	-	-	(6,645)	48,238
<u>5,985,120</u>	<u>6,687,903</u>	<u>7,520,477</u>	<u>7,830,442</u>	<u>11,146,363</u>	<u>17,068,566</u>
702,783	832,574	309,965	3,322,566	5,873,965	6,936,536
<u>\$ 6,687,903</u>	<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>

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(In Thousands)

(Modified Accrual Basis of Accounting)

	2013	2014	2015	2016
Revenues				
Taxes	\$ 25,239,420	\$ 25,335,788	\$ 27,176,341	\$ 27,804,517
From federal agencies	17,800,913	18,524,648	21,096,200	21,198,341
From local agencies	109,771	100,372	105,270	114,454
From services	322,553	326,560	330,508	339,877
From licenses and permits	501,581	511,416	527,500	570,150
Special Medicaid reimbursements	134,353	133,909	120,904	115,621
Miscellaneous	1,721,838	1,714,576	1,734,331	2,038,138
Total revenues	<u>45,830,430</u>	<u>46,647,268</u>	<u>51,091,052</u>	<u>52,181,098</u>
Expenditures				
General government	1,870,041	2,066,169	2,741,135	2,931,623
Education	14,652,527	14,973,104	15,493,658	15,831,979
Health and human services	19,787,851	20,600,683	23,287,158	23,516,873
Public safety and corrections	2,604,520	2,669,883	2,707,199	2,670,637
Conservation, environment, recreation, and agriculture	571,371	681,072	615,656	753,725
Labor, commerce, and regulatory	961,279	961,934	978,003	1,230,828
Transportation	2,362,335	2,611,213	2,604,129	2,650,069
Tax credits	689,900	676,500	662,400	672,400
Capital outlay	1,013,461	1,113,770	1,160,142	1,106,163
Intergovernmental - revenue sharing	1,077,514	1,120,593	1,210,557	1,213,432
Debt service:				
Bond principal retirement	404,396	452,631	468,085	452,695
Bond interest and fiscal charges	339,908	317,873	305,687	276,369
Structured settlement principal payments (2)	-	-	-	-
Structured settlement interest payments (2)	-	-	-	-
Vendor financing principal payments (2)	58,990	63,028	66,939	68,982
Vendor financing interest payments (2)	-	-	-	-
Total expenditures	<u>46,394,092</u>	<u>48,308,452</u>	<u>52,300,750</u>	<u>53,375,775</u>
Excess of revenues over (under) expenditures	(563,662)	(1,661,184)	(1,209,697)	(1,194,677)
Other Financing Sources (Uses)				
Bonds and bond anticipation notes issued	-	-	177,965	172,195
Bonds and notes issued	377,326	85,295	-	-
Refunding bonds issued	508,109	295,085	969,870	1,425,395
Premium on bond issuance	38,495	47,579	156,548	294,178
Discount on bond issuance	(14)	-	(298)	(2,773)
Payment to refunded bond escrow agent	(537,743)	(299,121)	(1,107,996)	(1,674,399)
Vendor financing acquisitions	18,285	18,846	25,373	19,322
Proceeds from sale of capital assets	4,148	3,466	5,250	3,111
Transfers from other funds	3,115,335	3,354,150	3,024,769	3,184,970
Transfers to other funds	(2,171,741)	(2,410,062)	(2,017,772)	(2,059,139)
Total other financing sources (uses)	<u>1,352,200</u>	<u>1,095,238</u>	<u>1,233,709</u>	<u>1,362,860</u>
Special items	-	-	-	-
Net change in fund balances	<u>\$ 788,538</u>	<u>\$ (565,945)</u>	<u>\$ 24,011</u>	<u>\$ 168,184</u>
Debt service as a percentage of noncapital expenditures (1)	1.8%	1.7%	1.6%	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

2017	2018	2019	2020	2021	2022
\$ 28,530,168	\$ 30,359,702	\$ 31,519,313	\$ 31,401,952	\$ 35,845,853	\$ 40,100,955
20,717,668	21,004,796	22,064,601	26,475,081	30,375,140	35,518,830
103,722	108,513	117,086	144,259	147,946	132,871
358,373	364,475	364,935	351,341	360,439	353,454
577,757	585,765	619,452	622,910	691,007	684,413
188,933	149,350	175,942	153,051	159,986	172,203
1,982,759	2,111,796	2,013,900	1,459,166	1,556,679	1,431,598
52,459,380	54,684,397	56,875,229	60,607,760	69,137,049	78,394,324
2,555,020	2,764,946	2,755,260	2,923,223	3,167,215	2,941,366
16,117,415	16,707,956	17,059,690	17,827,446	18,761,439	22,166,303
23,070,385	23,925,010	25,269,773	26,301,845	30,009,386	31,862,980
2,694,120	2,725,056	2,800,651	2,963,209	3,286,293	3,181,570
787,112	895,072	892,066	915,403	1,009,593	1,044,094
1,270,025	1,259,349	1,343,644	1,071,869	1,718,878	3,061,283
2,753,765	2,934,340	3,311,343	3,429,999	3,569,828	3,692,633
696,500	696,100	895,100	936,500	884,600	908,800
1,223,968	1,297,519	1,619,894	1,992,422	1,894,460	2,273,329
1,259,005	1,289,064	1,327,717	1,241,267	1,451,332	1,607,907
423,751	415,853	432,071	431,330	393,175	397,874
288,859	281,758	259,750	246,455	231,810	265,772
-	-	-	-	15,000	61,075
-	-	-	-	-	519
69,414	72,168	74,334	106,972	88,876	79,206
-	-	-	-	-	18,617
53,209,340	55,264,192	58,041,294	60,387,940	66,481,886	73,563,328
(749,959)	(579,795)	(1,166,065)	219,820	2,655,164	4,830,996
228,560	149,200	67,478	1,051,090	1,006,270	146,530
-	-	-	-	-	-
-	-	168,102	807,065	54,150	-
18,999	4,108	29,111	286,681	247,857	15,093
-	-	-	-	-	-
-	-	(185,167)	(827,914)	(68,958)	-
14,480	23,383	10,788	300,768	234,812	262,104
3,764	8,454	5,724	1,967	5,682	9,342
3,586,039	3,515,528	3,814,588	4,308,350	4,526,382	4,735,132
(2,399,099)	(2,288,305)	(2,434,594)	(2,825,261)	(2,775,970)	(3,062,661)
1,452,742	1,412,368	1,476,030	3,102,746	3,230,226	2,105,540
-	-	-	-	(11,424)	-
\$ 702,783	\$ 832,574	\$ 309,965	\$ 3,322,566	\$ 5,873,965	\$ 6,936,536
1.5%	1.4%	1.3%	1.3%	1.1%	1.1%

Michigan

PERSONAL INCOME BY INDUSTRY

LAST TEN FISCAL YEARS

(In Millions)

	2012	2013	2014	2015
Farm earnings	\$ 1,880	\$ 2,170	\$ 1,515	\$ 1,144
Forestry, fishing, and related activities	345	346	415	458
Mining	1,220	1,121	1,261	937
Utilities	2,710	2,753	2,928	2,991
Construction	11,586	12,839	14,049	15,087
Manufacturing	42,205	43,657	44,437	46,950
Wholesale trade	13,717	14,284	14,723	15,611
Retail trade	15,430	15,683	16,111	17,048
Transportation and warehousing	7,312	7,602	8,015	8,489
Information	4,531	4,786	5,070	5,260
Finance and insurance	12,378	12,874	12,912	13,484
Real estate and rental and leasing	5,776	6,542	6,826	7,423
Professional, scientific, and technical services	26,399	27,778	29,183	31,114
Management of companies and enterprises	6,498	7,000	7,445	7,911
Administrative and waste services	12,433	12,674	13,031	13,366
Educational services	3,220	3,270	3,452	3,462
Health care and social assistance	33,671	34,081	34,645	35,885
Arts, entertainment, and recreation	2,077	2,204	2,332	2,312
Accommodation and food services	7,176	7,574	7,895	8,467
Other services, except public administration	10,193	10,190	10,455	10,919
Government and government enterprises	40,420	40,738	40,330	42,047
Total earnings by place of work	261,177	270,168	277,033	290,364
Total earnings by place of work	261,177	270,168	277,033	290,364
less: Contributions for government social insurance	27,419	31,177	32,943	34,327
plus: Adjustment for residence	1,856	1,920	2,034	2,120
Net earnings by place of residence	235,614	240,911	246,123	258,157
Net earnings by place of residence	235,614	240,911	246,123	258,157
plus: Dividends, interest, and rent	66,868	70,341	73,827	80,025
plus: Personal current transfer receipts	82,085	83,073	85,395	90,363
Total Personal Income	\$ 384,567	\$ 394,325	\$ 405,346	\$ 428,545
Statutory Tax Rate (blended rate)	4.4%	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 2021 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

2016	2017	2018	2019	2020	2021
\$ 1,040	\$ 1,012	\$ 907	\$ 929	\$ 1,487	\$ 2,257
504	509	501	470	521	514
611	592	737	812	637	663
3,180	3,387	3,586	3,849	3,933	4,169
15,906	17,346	18,362	18,375	18,126	19,813
49,256	51,847	54,291	55,545	52,256	54,256
15,803	16,380	17,015	17,304	17,318	18,203
17,641	18,322	18,941	19,340	19,728	21,769
8,780	9,311	10,193	11,240	11,580	12,169
5,274	5,160	5,372	5,591	5,569	6,177
14,451	15,422	15,832	16,211	17,701	19,443
7,708	7,555	7,468	8,093	10,868	12,686
32,668	33,928	35,333	36,045	35,636	38,477
8,276	9,392	10,791	10,509	10,667	11,664
13,426	13,953	14,590	14,734	14,084	15,584
3,611	3,582	3,588	3,633	3,577	3,751
37,607	38,694	40,163	41,131	41,544	43,631
2,437	2,593	2,736	3,126	2,802	2,920
9,071	9,557	10,100	10,335	8,543	9,450
11,099	11,370	11,807	11,997	11,692	12,135
42,207	43,193	44,160	44,833	45,799	46,434
300,556	313,106	326,473	334,102	334,069	356,165
300,556	313,106	326,473	334,102	334,069	356,165
35,449	36,686	38,710	39,587	39,592	41,381
2,230	2,302	2,476	2,625	2,629	3,104
267,337	278,722	290,239	297,139	297,105	317,889
267,337	278,722	290,239	297,139	297,105	317,889
82,800	83,253	86,742	91,261	92,105	93,251
93,269	93,671	96,682	102,645	141,394	150,156
\$ 443,407	\$ 455,646	\$ 473,663	\$ 491,044	\$ 530,604	\$ 561,295
4.3%	4.3%	4.3%	4.3%	4.3%	4.3%

Michigan

TAXABLE SALES BY INDUSTRY

LAST TEN FISCAL YEARS

(In Millions)

	2012	2013	2014	2015
Farming	\$ 61.7	\$ 69.4	\$ 79.2	\$ 32.6
Agricultural	238.1	254.3	349.8	330.0
Mining	156.1	136.2	152.1	139.2
Construction	601.6	617.9	665.3	1,064.1
Manufacturing	3,131.6	3,514.0	3,435.2	5,593.7
Transportation and utilities	12,412.4	12,763.8	11,567.7	11,447.0
Wholesale trade	2,727.9	2,652.0	2,574.0	5,136.3
Retail trade	90,639.0	94,582.1	93,964.6	79,923.2
Finance, insurance, and real estate	263.4	355.8	386.7	1,901.3
Services	6,092.7	6,223.3	6,412.5	16,925.4
State and local government	178.5	187.3	187.6	323.6
Other classifications	1,290.4	1,255.7	1,433.4	1,677.0
Total	<u>\$ 117,793.5</u>	<u>\$ 122,611.9</u>	<u>\$ 121,208.3</u>	<u>\$ 124,493.4</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 2021 is the most recent year for which data is available.

SOURCE: Michigan Department of Treasury.

Michigan

2016	2017	2018	2019	2020	2021
\$ 148.1	\$ 152.8	\$ 134.9	\$ 148.8	\$ 168.3	\$ 246.5
65.4	69.9	81.7	83.8	90.0	111.2
112.9	109.2	173.0	187.9	209.6	214.4
1,375.4	1,493.0	1,609.8	1,590.4	1,615.7	1,903.1
4,998.2	5,264.1	5,571.0	5,591.2	5,490.2	6,730.7
10,541.2	10,749.4	11,553.2	11,510.3	11,696.0	13,472.6
6,861.6	7,507.8	11,094.2	11,273.9	11,559.9	13,492.4
73,330.2	75,988.5	78,650.3	78,696.5	80,541.2	98,170.4
2,813.5	2,787.3	2,451.9	3,299.1	2,745.1	3,258.3
23,323.8	23,615.8	24,107.3	24,687.5	22,460.1	24,833.6
243.3	252.2	201.8	194.2	188.2	203.0
2,078.5	2,348.8	685.6	2,322.7	1,331.4	1,644.5
<u>\$ 125,892.1</u>	<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>
6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

Michigan

PERSONAL INCOME TAX FILERS AND LIABILITY BY INCOME LEVEL

TAX YEARS 2011 AND 2020

Adjusted Gross Income (AGI) Group	Tax Year 2011				Tax Year 2020			
	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	2,930,097	65.2%	\$ 113	2.0%	2,898,274	58.5%	\$ 649	6.9%
\$50,001 - \$100,000	986,486	22.0%	1,891	33.8%	1,135,278	22.9%	2,307	24.5%
\$100,001 - \$250,000	496,222	11.0%	2,239	40.0%	766,367	15.5%	3,592	38.1%
\$250,001 - \$1,000,000	69,534	1.5%	945	16.9%	134,569	2.7%	1,826	19.4%
\$1,000,001 and higher	9,402	0.2%	408	7.3%	18,310	0.4%	1,051	11.2%
Total	4,491,741	100.0%	\$ 5,595	100.0%	4,952,798	100.0%	\$ 9,425	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 2011 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 (EITC), Farmland Preservation, Adoption, Stillbirth, and Energy Efficient Home Improvement credits.

Tax year 2020 personal income tax amount refers to tax amount net of nonrefundable credits, and net of HHC, HPTC, EITC, Farmland Preservation, and Historic Preservation Credits.

Tax year 2020 is the most recent year for which data is available.

SOURCE: Michigan Department of Treasury.

Michigan

SALES TAX PAYERS BY INDUSTRY

FISCAL YEARS 2012 AND 2021

	2012				2021			
	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	559	0.6%	\$ 3.7	0.1%	803	0.7%	\$ 14.8	0.2%
Agricultural	1,291	1.4%	14.3	0.2%	460	0.4%	6.7	0.1%
Mining	232	0.3%	9.4	0.1%	219	0.2%	12.9	0.1%
Construction	2,164	2.3%	36.1	0.5%	3,562	3.0%	114.2	1.2%
Manufacturing	5,909	6.4%	187.9	2.7%	12,042	10.2%	403.8	4.2%
Transportation and utilities	1,128	1.2%	592.3	8.6%	979	0.8%	628.4	6.5%
Wholesale trade	1,852	2.0%	163.7	2.4%	7,025	6.0%	809.5	8.4%
Retail trade	53,276	57.5%	5,438.3	78.6%	40,321	34.3%	5,890.2	60.9%
Finance, insurance, and real estate	418	0.5%	15.8	0.2%	3,138	2.7%	195.5	2.0%
Services	24,115	26.0%	365.6	5.3%	44,097	37.5%	1,490.0	15.4%
State and local government	331	0.4%	10.7	0.2%	293	0.3%	12.2	0.1%
Other classifications	1,401	1.5%	77.4	1.1%	4,609	3.9%	98.7	1.0%
Total	92,676	100.0%	\$ 6,915.2	100.0%	117,548	100.0%	\$ 9,676.9	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 2021 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	STRUCTURED SETTLEMENTS
2013	\$ 2,034.3	\$ 2,188.8	\$ 3,251.1	\$ 407.3	\$ -	\$ -
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	639.3
2022	1,098.2	2,726.2	3,387.3	671.4	800.9	585.7

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.

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.

BUSINESS- TYPE ACTIVITIES			
LEASES	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
\$ -	\$ 7,881.4	2.0%	\$ 795
-	7,613.2	1.9%	767
-	7,432.5	1.7%	748
-	7,352.7	1.6%	739
0.6	7,127.0	1.6%	714
0.8	6,803.0	1.4%	681
1.3	6,358.0	1.3%	637
1.2	7,383.0	1.4%	733
1.9	9,017.3	1.6%	897
4.1	9,273.8	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
2013	\$ 2,034.3	\$ 1.5	\$ 2,032.8	0.5%	\$ 204
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	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)

	2013	2014	2015	2016
Constitutionally Restricted				
Transportation Fund Revenues:				
Motor Fuel Taxes	\$ 950.9	\$ 958.8	\$ 1,003.8	\$ 1,011.0
Registration Taxes	906.5	940.6	978.1	1,018.3
Miscellaneous Fees	36.1	37.4	38.8	40.6
Total	1,893.5	1,936.8	2,020.7	2,069.9
Less Deductions	133.2	135.3	143.5	144.7
Remaining Balance	1,760.4	1,801.5	1,877.2	1,925.2
Portion of Balance Credited to Comprehensive Transportation Fund (excluding interest)	161.4	165.5	172.5	176.9
Motor Vehicle Related Sales Tax Revenues	\$ 1,476.3	\$ 1,462.7	\$ 1,301.9	\$ 1,211.5
Allocation to Comprehensive Transportation Fund	103.0	102.0	90.8	84.5
Constitutionally Restricted Revenues Credited to Comprehensive Transportation Fund	\$ 264.4	\$ 267.5	\$ 263.3	\$ 261.4
Plus Other Revenues (primarily interest)	1.1	1.1	1.5	6.4
Money Available for Debt Service	\$ 265.4	\$ 268.6	\$ 264.8	\$ 267.9
Debt Service:				
Principal	\$ 13.9	\$ 14.5	\$ 15.9	\$ 16.5
Interest	8.6	7.9	7.3	6.2
Actual Annual Debt Service (1)	22.4	22.4	23.2	22.7
Debt Service Coverage	11.8 x	12.0 x	11.4 x	11.8 x

NOTE: (1) The table above does not include debt service on refunded bonds.

SOURCE: Michigan Department of Transportation.

Michigan

2017	2018	2019	2020	2021	2022
\$ 1,359.5	\$ 1,467.9	\$ 1,460.1	\$ 1,318.4	\$ 1,354.1	\$ 1,434.2
1,210.0	1,294.9	1,354.2	1,345.1	1,400.0	1,402.9
44.8	42.0	41.3	35.4	42.2	40.9
2,614.3	2,804.8	2,855.6	2,698.9	2,796.3	2,878.0
161.6	161.6	163.1	158.6	162.2	164.4
2,452.6	2,643.1	2,692.5	2,540.3	2,634.1	2,713.6
229.8	248.7	254.0	240.4	249.1	256.9
\$ 1,255.1	\$ 1,378.0	\$ 1,388.5	\$ 1,291.3	\$ 1,326.9	\$ 1,996.2
87.5	96.1	96.9	90.1	92.5	139.2
\$ 317.4	\$ 344.9	\$ 350.9	\$ 330.5	\$ 341.7	\$ 396.1
1.1	2.6	4.9	5.3	4.7	24.4
\$ 318.5	\$ 347.4	\$ 355.8	\$ 335.8	\$ 346.3	\$ 420.5
\$ 17.2	\$ 18.1	\$ 18.9	\$ 11.3	\$ 11.9	\$ 12.6
5.7	4.8	3.9	3.0	2.4	1.8
22.9	22.9	22.8	14.3	14.3	14.3
13.9 x	15.2 x	15.6 x	23.4 x	24.2 x	29.3 x

DEBT SERVICE COVERAGE
STATE TRUNKLINE FUND RELATED BONDS
 LAST TEN FISCAL YEARS
 (In Millions)

	2013	2014	2015	2016
Constitutionally Restricted				
Transportation Fund Revenues:				
Motor Fuel Taxes	\$ 950.9	\$ 958.8	\$ 1,003.8	\$ 1,011.0
Registration Taxes	906.5	940.6	978.1	1,018.3
Miscellaneous Fees	36.1	37.4	38.8	40.6
Total	1,893.5	1,936.8	2,020.7	2,069.9
Less Deductions:				
Local Bridge Debt Service	3.0	2.4	2.3	2.4
Legally Dedicated State Trunkline Fund Debt Service	43.0	43.0	43.0	43.0
Collection Costs	43.9	46.4	53.2	53.1
Recreation Improvement Fund	16.4	16.5	17.2	17.6
Comprehensive Transportation Fund (excluding interest)	161.4	165.5	172.5	176.9
Local Program Fund	33.0	33.0	33.0	33.0
Movable Bridge Fund	-	-	-	5.0
Local Agency Wetlands Mitigation Fund	-	-	-	2.0
Local Bridge Fund	26.8	26.9	27.8	28.5
Economic Development Fund	40.3	40.3	40.3	40.3
Miscellaneous	-	-	-	-
Total Deductions	367.8	374.1	389.3	401.9
Constitutionally Restricted Revenues				
Available for Distribution	1,525.7	1,562.8	1,631.5	1,668.0
Plus Income Tax Redirection	-	-	-	-
Plus Marihuana Excise Tax	-	-	-	-
Plus Other Revenues (primarily interest)	1.1	1.1	1.4	2.4
Total Money Available for Distribution	1,526.8	1,563.8	1,632.9	1,670.4
Distributions to:				
Cities and Villages	334.2	342.3	357.2	365.9
County Road Commissions	584.5	598.9	625.4	639.6
State Trunkline Fund	607.7	622.6	650.3	664.9
Money Available for Debt Service:				
State Trunkline Fund	607.7	622.6	650.3	664.9
Legally Dedicated State Trunkline Fund Debt Service	43.0	43.0	43.0	43.0
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	3.0	2.4	2.3	2.4
Miscellaneous	133.0	35.7	26.4	31.8
Total Available for Debt Service	860.1	777.0	795.4	815.4
Debt Service:				
Principal	\$ 88.5	\$ 106.5	\$ 111.4	\$ 116.4
Interest	73.2	59.2	48.7	45.8
Actual Annual Debt Service (1)	161.8	165.7	160.1	162.2
Debt Service Coverage	5.3 x	4.7 x	5.0 x	5.0 x

NOTE: (1) The table above excludes amounts related to refunded bonds and federally funded debt.

SOURCE: Michigan Department of Transportation.

Michigan

2017	2018	2019	2020	2021	2022
\$ 1,359.5	\$ 1,467.9	\$ 1,460.1	\$ 1,318.4	\$ 1,354.1	\$ 1,434.2
1,210.0	1,294.9	1,354.2	1,345.1	1,400.0	1,402.9
44.8	42.0	41.3	35.4	42.2	40.9
2,614.3	2,804.8	2,855.6	2,698.9	2,796.3	2,878.0
2.4	2.3	2.3	2.4	2.3	2.3
50.0	50.0	50.0	50.0	50.0	50.0
58.4	56.4	58.2	58.8	61.2	61.9
22.5	24.4	24.3	21.7	22.4	23.4
229.8	248.7	254.0	240.4	249.1	256.9
33.0	33.0	33.0	33.0	33.0	33.0
5.0	5.1	5.2	5.3	5.4	5.6
2.0	1.0	2.0	2.0	2.0	2.0
28.3	28.5	28.3	25.7	26.3	26.8
40.3	40.3	40.3	40.3	40.3	40.3
-	0.4	-	-	-	-
471.8	490.1	497.6	479.6	492.0	502.1
2,142.5	2,314.7	2,357.9	2,219.3	2,304.3	2,375.9
-	-	264.0	468.0	600.0	600.0
-	-	-	-	49.3	69.4
3.4	3.5	5.2	2.9	0.5	1.8
2,145.9	2,318.1	2,627.1	2,690.2	2,954.1	3,047.1
470.2	509.9	578.2	593.5	651.3	672.7
825.1	891.3	1,011.8	1,037.0	1,139.7	1,175.2
850.5	917.0	1,037.1	1,059.7	1,163.1	1,199.3
850.5	917.0	1,037.1	1,059.7	1,163.1	1,199.3
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
2.4	2.3	2.3	2.4	2.3	2.3
38.5	62.1	38.8	24.7	20.4	35.3
1,014.7	1,104.6	1,201.4	1,210.0	1,309.1	1,360.1
\$ 121.8	\$ 127.2	\$ 133.9	\$ 97.5	\$ 102.4	\$ 108.0
39.9	33.6	26.8	20.9	41.6	70.3
161.8	160.8	160.7	118.4	144.0	178.3
6.3 x	6.9 x	7.5 x	10.2 x	9.1 x	7.6 x

Michigan

DEBT SERVICE COVERAGE
STATE BUILDING AUTHORITY
 LAST TEN FISCAL YEARS
 (In Millions)

	2013	2014	2015	2016
Revenue - Lease and Rental Payments	\$ 234.4	\$ 231.0	\$ 230.9	\$ 224.4
Less: Operating Expenses	<u>1.3</u>	<u>1.1</u>	<u>1.0</u>	<u>0.8</u>
Net Available Revenue	<u><u>233.1</u></u>	<u><u>229.9</u></u>	<u><u>229.9</u></u>	<u><u>223.6</u></u>
Debt Service:				
Principal	\$ 126.6	\$ 102.2	\$ 139.5	\$ 108.8
Interest	<u>124.8</u>	<u>118.5</u>	<u>121.7</u>	<u>117.3</u>
Actual Annual Debt Service (1)	<u>251.4</u>	<u>220.6</u>	<u>261.2</u>	<u>226.1</u>
Debt Service Coverage	0.9 x	1.0 x	0.9 x	1.0 x

NOTE: (1) The table above excludes amounts related to refunded bonds.

Michigan

2017	2018	2019	2020	2021	2022
\$ 216.7	\$ 225.1	\$ 224.2	\$ 219.6	\$ 204.4	\$ 211.8
1.0	1.6	1.5	1.5	0.6	0.7
<u>215.7</u>	<u>223.5</u>	<u>222.7</u>	<u>218.1</u>	<u>203.8</u>	<u>211.1</u>
\$ 87.1	\$ 95.8	\$ 99.7	\$ 115.5	\$ 89.3	\$ 86.4
133.2	141.6	140.5	141.7	111.8	121.9
<u>220.2</u>	<u>237.4</u>	<u>240.2</u>	<u>257.2</u>	<u>201.1</u>	<u>208.3</u>
1.0 x	0.9 x	0.9 x	0.8 x	1.0 x	1.0 x

Michigan

DEMOGRAPHIC AND ECONOMIC INDICATORS

LAST TEN CALENDAR YEARS

	2012	2013	2014	2015
Population (a)				
(in thousands)				
Michigan	9,898	9,915	9,932	9,934
United States	313,878	316,060	318,386	320,739
Total Personal Income (b)				
(in billions)				
Michigan	\$ 389.5	\$ 393.6	\$ 411.0	\$ 433.7
United States	\$ 14,003.3	\$ 14,189.2	\$ 14,969.5	\$ 15,681.2
Per Capita Income (b)				
Michigan	\$ 39,266	\$ 39,566	\$ 41,207	\$ 43,425
United States	\$ 44,548	\$ 44,798	\$ 46,887	\$ 48,725
Unemployment Rate (c)				
Michigan	9.0%	8.7%	7.2%	5.4%
United States	8.1%	7.4%	6.2%	5.3%
Michigan estimated wage and salary employees (c)				
(in thousands)				
Goods Producing:				
Mining and Logging	7.8	8.0	8.3	7.7
Construction	128.2	133.5	141.8	148.3
Manufacturing	530.5	548.7	574.7	591.7
Total Goods Producing	666.5	690.2	724.8	747.7
Service-Providing:				
Private Service-Providing				
Trade, Transportation, and Utilities:				
Wholesale Trade	159.5	163.5	166.8	168.2
Retail Trade	449.3	455.4	461.4	467.6
Transportation, Warehousing and Utilities	120.9	124.7	129.6	134.5
Information	53.3	55.3	57.5	56.6
Financial Activities:				
Finance and Insurance	148.6	153.9	154.3	156.8
Real Estate and Rental and Leasing	48.2	49.4	50.6	51.3
Professional and Business Services:				
Professional, Scientific, and Technical Services	253.6	263.3	271.7	277.8
Management of Companies and Enterprises	54.4	56.9	58.5	61.1
Administrative, Support Services, and Waste Management	280.9	291.6	294.5	298.0
Educational and Health Services:				
Educational Services	73.1	73.4	72.4	72.3
Health Care and Social Assistance	563.4	569.9	573.0	581.7
Leisure and Hospitality:				
Accommodation and Food Services	341.9	350.3	357.5	363.5
Other	46.9	47.9	49.0	50.2
Other Services	169.3	170.5	169.5	167.3
Total Private Service-Providing	2,763.4	2,825.9	2,866.1	2,906.8
Government	608.5	598.5	595.8	594.2
Total Service-Providing	3,371.9	3,424.4	3,461.8	3,500.9
Total Wage and Salary Employment	4,038.3	4,114.6	4,186.6	4,248.6

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 2021 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 figures are from December 2021 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
9,954	9,977	9,987	9,985	10,077	10,051
323,072	325,122	326,838	328,330	331,449	331,894
\$ 446.0	\$ 459.4	\$ 477.9	\$ 495.3	\$ 537.5	\$ 567.8
\$ 16,092.7	\$ 16,837.3	\$ 17,671.1	\$ 18,575.5	\$ 19,812.2	\$ 21,288.7
\$ 44,527	\$ 45,716	\$ 47,457	\$ 49,142	\$ 53,388	\$ 56,494
\$ 49,613	\$ 51,550	\$ 53,786	\$ 56,250	\$ 59,765	\$ 64,143
5.0%	4.6%	4.2%	4.1%	10.0%	5.9%
4.9%	4.4%	3.9%	3.7%	8.1%	5.3%
7.2	7.1	7.3	7.3	6.5	6.8
155.1	162.2	169.1	173.6	164.6	176.3
605.7	616.1	628.6	626.3	556.8	583.7
768.0	785.4	805.0	807.2	727.9	766.8
169.5	171.6	172.8	173.2	162.5	164.4
473.2	473.3	470.0	464.3	428.9	448.5
137.7	141.5	148.1	157.4	154.0	164.4
57.3	56.5	56.0	55.4	50.5	51.7
161.6	165.0	165.9	169.0	172.8	179.1
52.8	54.2	54.9	56.1	51.3	53.6
285.8	294.1	298.5	299.4	289.3	301.6
63.8	66.6	68.8	70.5	69.7	70.8
296.4	289.2	292.1	284.7	241.9	258.0
72.0	72.6	74.5	73.7	66.3	69.5
596.1	605.7	611.3	615.4	574.7	580.7
373.5	379.1	380.2	381.9	288.5	315.0
51.7	53.1	53.4	53.6	35.8	42.6
167.7	165.7	166.0	166.6	144.1	153.3
2,959.1	2,988.0	3,012.5	3,021.3	2,730.4	2,853.2
599.4	603.7	608.5	614.3	581.0	573.5
3,558.5	3,591.7	3,621.1	3,635.6	3,311.4	3,426.7
4,326.5	4,377.2	4,426.1	4,442.8	4,039.3	4,193.5

Michigan

CLASSIFIED EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

	2013	2014	2015	2016
General government	7,273	7,377	6,888	7,016
Education	518	518	515	507
Health and human services	14,885	14,516	14,046	13,858
Public safety and corrections	16,561	16,154	16,019	16,125
Conservation, environment, recreation, and agriculture	3,033	3,050	3,119	3,185
Labor, commerce, and regulatory	2,899	2,817	3,431	3,402
Transportation	2,570	2,573	2,570	2,600
Total	47,739	47,003	46,588	46,692

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

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
7,090	7,155	7,181	7,194	6,991	6,993
504	505	503	498	494	493
14,083	14,273	14,406	14,241	14,067	14,017
15,916	15,716	15,743	15,558	14,918	14,347
3,247	3,305	3,370	3,363	3,333	3,463
3,390	3,405	3,537	4,094	4,451	4,522
<u>2,594</u>	<u>2,597</u>	<u>2,583</u>	<u>2,574</u>	<u>2,566</u>	<u>2,597</u>
46,825	46,956	47,324	47,522	46,819	46,432

Michigan

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

	2013	2014	2015	2016
General government				
Tax forms processed	8,360,575	8,432,444	8,253,892	8,843,031
Passenger, commercial, and recreational vehicle registrations	8,496,407	8,543,342	8,604,852	8,726,870
Driver licenses issued	1,956,686	1,811,237	1,907,776	1,995,736
Education				
K-12 students	1,533,722	1,522,119	1,506,953	1,494,001
Public university students	263,817	262,537	261,989	260,817
Community college students	154,118	143,829	133,895	125,388
Human services				
Food assistance program recipients (1)	1,775,646	1,680,721	1,571,403	1,473,614
Family independence program recipients (1)	129,185	89,957	71,156	55,379
Day care recipients (1)	43,246	35,501	29,624	30,941
Children in foster care	13,902	13,209	13,246	13,145
State disability assistance recipients (1)	7,845	6,723	5,600	4,664
Finalized adoptions (yearly total) (2)	2,361	2,185	1,815	2,109
Juvenile justice youth served	790	729	668	639
Open child support cases with support orders established	771,108	760,284	683,193	694,706
Public safety and corrections				
Inmates, parolees, and probationers (as of 9/30)	108,738	106,966	104,345	101,853
State police patrol miles driven	18,852,703	21,249,946	22,731,503	22,532,597
Criminal offender DNA samples entered into federal indexing database (calendar year)	21,283	14,776	20,930	37,856
National Guard members (as of 9/30)	10,901	10,537	10,001	10,242
Veteran homes average daily census	665	649	610	589
Conservation, environment, recreation and agriculture				
Hunting and/or fishing license holders (3)	1,919,692	1,947,508	1,838,505	1,836,298
Camping nights in State parks	1,021,712	939,105	1,022,791	1,034,109
Population impacted by water purification projects	691,102	677,175	821,323	1,181,115
Underground storage tank releases closed	285	488	427	344
Scrap tires collected (passenger tire equivalent)	522,869	183,359	369,305	212,528
Labor, commerce, and regulatory				
Processed applications for new and renewal occupational licenses	135,734	341,132	128,071	148,606
Building related permits issued	17,783	17,066	18,051	16,718
Building related safety inspections conducted	58,223	56,098	52,578	55,731
Occupational safety and health enforcement inspections conducted	5,276	4,764	4,352	4,662
Alleged occupational safety and health violations identified	12,915	10,419	8,170	9,326
Financial and insurance service providers chartered	225,927	255,121	277,147	298,370
Health services				
Medicaid recipients (1)	1,854,880	1,842,957	1,706,468	1,710,770
Healthy Michigan Plan recipients	-	286,311 (10)	544,377	597,225
Women, Infants, and Children Food and Nutrition Program recipients (1)	254,126	251,713	244,829	234,546
Children's special health care services recipients (1)	31,083	33,550	33,512	33,206
Mentally ill/developmental disability service recipients (1)	251,019	241,329	236,291	228,444
Substance abuse service recipients	70,664	71,248	70,173	72,306

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 2022 are for the licensing year ending March 31, 2022.

(4) Amount estimated.

SOURCES: Various State departments.

Michigan

2017	2018	2019	2020	2021	2022
8,957,609	9,517,077	9,316,186	9,283,382	9,544,308	9,647,116
8,828,958	8,778,306	9,402,232	9,319,373	9,979,637	9,776,897
1,998,160	1,877,592	1,985,920	1,894,352	2,221,625	1,954,211
1,489,357	1,481,205	1,467,416	1,458,064	1,403,957	1,402,614.00
259,711	257,535	256,090	255,155	247,444	239,126.00
124,868	120,724	116,340	108,318	102,319	99,394.00
1,375,434	1,281,862	1,180,070	1,254,475	1,270,920	1,328,029.00
48,120	41,914	36,584	46,341	29,522	28,248.00
32,217	34,218	35,225	33,151	25,377	27,211.00
13,329	14,149	13,830	12,875	11,807	10,896.00
3,991	3,339	3,032	3,677	1,941	1,627.00
1,998	2,002	2,191	1,887	1,701	1,612.00 (4)
640	617	560	495	434	379.00
685,058	674,643	642,177	621,773	607,000	593,513.00
98,666	96,579	92,954	83,637	74,325	73,606.00
22,762,373	23,622,792	24,531,668	25,813,004	23,766,986	23,595,632.00
33,421	32,121	27,414	22,702	21,662	19,582.00 (4)
10,451	10,532	10,640	10,824	10,945	10,525.00
499	453	384	364	276	292.00
1,827,091	1,815,201	1,763,571	1,725,335	1,699,891	1,851,926.00
1,155,052	1,163,997	1,151,830	1,010,580	1,432,298	1,345,575.00 (4)
806,760	76,472	4,018,604	4,916,705	3,775,442	4,989,412.00
249	218	166	165	157	124.00
203,162	277,578	342,947	427,940	451,024	194,206.00 (4)
167,118	169,267	206,962	217,085	286,525	332,539.00
17,747	18,346	19,372	19,745	22,092	23,511.00
41,649	35,930	35,159	32,380	31,338	31,054.00
4,547	4,375	4,479	3,186	3,350	3,619.00
9,311	8,309	9,551	7,328	8,594	8,402.00
310,436	336,604	338,972	358,138	389,173	437,200.00
1,775,073	1,769,624	1,742,904	1,772,810	1,919,493	2,033,916.00
650,000	671,601	662,818	699,225	887,942	988,277.00
224,106	213,964	205,434	213,881	207,317	200,225.00
33,622	35,835	39,163	41,504	41,665	41,359.00
231,307	240,434	232,945	237,702	244,442	Unavailable
72,627	75,875	76,947	66,844	67,447	63,731.00 (4)

Michigan

OPERATING INDICATORS BY FUNCTION (Continued)

LAST TEN FISCAL YEARS

	2013	2014	2015	2016
Transportation				
Annual vehicle miles of travel on				
State Trunkline roads (8)	49,400,000,000	50,000,000,000	51,100,000,000	51,400,000,000
Miles of intercity bus travel receiving State funding	1,110,733	1,109,738	1,112,920	1,056,684
Miles of local bus travel receiving State funding	101,203,565	100,071,938	101,441,015	102,988,003
Railroad crossing maintenance/safety inspections	1,970	1,624	1,787	3,256
Tax credits				
Taxpayers claiming refundable credits (5) (7)	1,840,900	1,802,100	1,757,100	1,783,300
Intergovernmental-revenue sharing				
Township grants	1,240	1,240	1,240	1,240
City grants	277	277	279	280
Village grants	256	256	254	253
County grants (6)	62	63	74	76
Liquor Purchase Revolving Fund				
Annual retail liquor licenses issued (9)	16,026	15,989	15,940	15,921
Liquor sales volume (cases)	7,532,846	7,709,480	8,043,595	8,370,191
Beer sales volume (barrels)	6,206,452	6,221,433	6,302,160	6,221,883
Wine sales volume (liters)	88,096,394	92,044,380	92,562,421	95,465,899
Pre-mixed spirit drink sales volume (liters)	1,058,511	1,074,364	1,142,527	1,385,629
State Lottery Fund				
Retailers	10,848	10,684	10,654	10,650
Winners greater than \$600	52,365	56,735	68,359	74,352
Millionaire prizewinners	36	39	42	46
Michigan Unemployment Compensation Funds				
Individuals receiving benefits (calendar year)	449,388	370,980	306,158	286,449

- NOTES: (5) Tax credits are reported based on the tax year. Credits claimed during tax year 2021, for example, are reported above in fiscal year 2021.
- (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

2017	2018	2019	2020	2021	2022
52,900,000,000	54,300,000,000	54,200,000,000	53,900,000,000	44,500,000,000	50,300,000,000
972,876	960,280	946,945	506,270	846,766	953,861
108,598,150	115,451,020	113,284,035	90,541,252	87,762,780	93,517,116 (4)
2,250	2,379	2,191	2,155	2,690	2,964
1,733,200	1,856,300	1,907,300	1,766,600	1,995,300	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	78	81	81	81	82
25,727	26,351	29,495	29,403	29,570	29,800
8,549,809	8,898,383	9,046,819	10,552,801	10,911,821	10,739,146
6,064,592	6,024,082	5,917,199	6,001,106	5,924,098	5,746,043
96,255,115	97,473,694	98,009,016	102,679,536	103,006,225	98,328,515
1,553,193	1,726,361	2,436,149	4,428,526	8,059,177	12,831,547
10,645	10,792	10,508	10,492	10,423	10,419
82,435	91,984	94,046	115,829	139,050	130,113
38	39	42	42	70	53
272,373	241,828	253,518	2,361,468	1,180,796	239,892 (4)

Michigan

CAPITAL ASSETS BY FUNCTION LAST TEN FISCAL YEARS

	2013	2014	2015	2016
General government				
Buildings (2)	240	240	241	240
Vehicles	927	974	972	988
Education				
Buildings (2)	27	28	28	28
Vehicles	27	29	32	35
Health and Human services				
Buildings (2)	459	443	439	441
Vehicles	1,546	1,682	1,708	1,698
Public safety and corrections				
Buildings (2)	1,254	1,254	1,253	1,261
Vehicles	3,547	3,700	3,705	3,924
Conservation, environment, recreation, and agriculture				
Buildings (2)	325	327	330	327
Vehicles	3,985	4,053	4,159	4,275
Environmental quality air-monitoring instruments	231	229	229	248
Environmental quality lab/analyzing equipment	159	143	147	156
Natural resources acres of land (1)	4,595,866	4,592,910	4,597,121	4,590,035
Harbors	19	19	19	19
Hatcheries	6	6	6	6
State park & recreation areas	101	102	102	103
Labor, commerce, and regulatory				
Buildings (2)	45	45	70	69
Vehicles	484	495	493	574
Transportation				
Buildings (2)	373	373	372	373
Vehicles	1,692	1,682	1,674	1,682
Highway lane miles (calendar year)	27,424	27,459	27,488	27,452
Heavy equipment owned	2,150	2,156	2,185	2,222

NOTES: (1) Acres of land are on a tax year basis rather than a fiscal year basis.

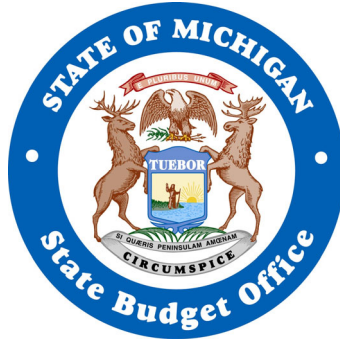
(2) Beginning in fiscal year 2019, amounts only include buildings where costs exceed the \$100.0 thousand threshold for capitalization.

SOURCES: Michigan Departments of Technology, Management and Budget; Natural Resources; Environmental Quality; and Transportation.

Michigan

2017	2018	2019	2020	2021	2022
243	241	171	168	178	182
990	1,059	1,011	992	884	878
28	28	2	2	2	2
33	35	35	37	37	37
442	439	136	98	96	102
1,729	1,746	1,791	1,688	1,690	1,670
1,259	1,254	635	630	592	603
3,977	4,057	4,082	4,044	4,101	4,052
326	326	327	324	326	321
4,528	4,005	4,027	3,623	3,591	4,882
278	294	283	332	341	350
166	217	229	234	239	247
4,594,015	4,594,482	4,590,515	4,594,121	4,593,468	4,593,468
19	19	19	19	19	19
6	6	6	6	6	6
103	102	102	102	103	103
66	65	20	35	36	40
601	636	696	796	784	787
373	374	239	249	249	245
1,691	1,729	1,758	1,780	1,772	1,791
29,702	29,748	29,711	29,386	29,386	27,147
2,258	2,343	2,425	2,506	2,549	2,663





OTHER INFORMATION

Michigan

COMBINED SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES

GENERAL AND SPECIAL REVENUE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>
TAXES			
Sales	\$ 10,777,766	\$ 2,773,422	\$ 8,004,344
Personal income	13,050,671	8,843,265	4,207,407
Flow-through entity	1,793,444	1,341,141	452,302
Single business, Michigan business, and corporate income	2,022,763	2,022,763	-
Use	2,054,953	1,195,509	859,444
State education (property)	2,453,335	-	2,453,335
Real estate transfer	546,618	-	546,618
Tobacco products	797,601	512,882	284,719
Beer and wine	49,239	49,239	-
Liquor	233,017	156,820	76,198
Casino gaming wagering	104,059	-	104,059
Telephone and telegraph company	34,997	34,997	-
Commercial mobile radio service	42,779	42,779	-
Insurance company	419,875	419,875	-
Motor vehicle registration	1,406,501	3,587	1,402,914
Gasoline	1,177,551	-	1,177,551
Diesel fuel	255,169	-	255,169
Gas and oil severance	43,411	43,411	-
Industrial facilities	41,387	-	41,387
Convention hotel accommodation	23,396	23,396	-
Airport parking	31,295	31,295	-
Quality assurance assessment	1,364,188	1,364,188	-
Essential services assessment	135,379	135,379	-
Penalties and interest	144,045	144,045	-
Marihuana excise	186,610	186,610	-
Insurance provider assessment	638,599	638,599	-
Environmental protection regulatory fee	61,607	61,607	-
Michigan State Housing Development Authority payment in lieu of taxes	15,703	-	15,703
Internet gaming - commercial	148,092	3,664	144,428
Other	33,214	11,882	21,332
	<u>40,087,263</u>	<u>20,040,354</u>	<u>20,046,909</u>
FROM FEDERAL AGENCIES			
Department of Health and Human Services	20,886,177	20,884,956	1,221
Department of Education	3,136,379	191,472	2,944,907
Department of Agriculture	5,920,525	5,046,007	874,519
Department of the Treasury	2,486,681	2,486,681	-
Department of Labor	393,396	170,621	222,775
Department of Housing and Urban Development	14,906	14,906	-
Department of Energy	20,293	20,293	-
Department of Transportation	121,419	34,892	86,527
Department of Interior	40,615	35,020	5,594
Department of Defense	78,458	78,458	-
Department of Justice	95,200	95,200	-
Department of Homeland Security	429,755	429,423	332
Social Security Administration	108,075	108,075	-
Environmental Protection Agency	180,894	180,842	52
Other	31,162	31,076	86
	<u>33,943,937</u>	<u>29,807,924</u>	<u>4,136,012</u>
FROM LOCAL AGENCIES			
Counties	79,212	79,212	-
Cities, villages, and townships	9,806	9,806	-
School districts	2,124	2,124	-
Other	19,999	19,999	-
	<u>111,141</u>	<u>111,141</u>	<u>-</u>

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>
SPECIAL MEDICAID REIMBURSEMENTS	\$ 172,203	\$ 172,203	\$ -
FROM SERVICES			
Charges for providing vehicle and driver services	160,488	155,529	4,958
Revenues for patient, ward, and inmate care	28,926	28,926	-
Other	160,196	160,135	61
	<u>349,610</u>	<u>344,591</u>	<u>5,019</u>
FROM LICENSES AND PERMITS			
Liquor retailer, manufacturer, and wholesaler licenses	22,165	22,165	-
Motor vehicle operator and chauffeur licenses	53,995	53,772	224
Examination fees - financial institutions and insurance industry	40,659	40,659	-
Motor vehicle related	37,708	2,607	35,101
Hunting, fishing, and trapping licenses	63,621	-	63,621
Public utilities assessment fees	32,993	32,993	-
Regulatory licenses and permits	186,903	167,811	19,092
Corporation franchise fees	23,865	23,865	-
Recreation user fees and permits	130,838	1,756	129,082
Other	73,826	66,796	7,031
	<u>666,575</u>	<u>412,424</u>	<u>254,151</u>
MISCELLANEOUS			
Income from investments	105,205	104,952	253
Tobacco settlement proceeds	242,986	17,508	225,478
Various fines, fees, and assessments	108,671	69,875	38,796
Court fines, fees, and assessments	120,891	110,774	10,117
Oil and gas royalties, fees, assignments, and rentals	9,842	7,112	2,729
Sale of forest products on tax reverted land	60,129	-	60,129
Child support	27,880	27,880	-
Unclaimed bottle deposits	77,443	-	77,443
Unemployment obligation assessment	2,190	-	2,190
Low-income energy efficiency program	48,579	48,579	-
School bond loan repayment interest	23,382	23,382	-
Internet gaming payments - tribal	107,235	-	107,235
Other	464,931	388,455	76,476
	<u>1,399,364</u>	<u>798,517</u>	<u>600,847</u>
Total Revenues	<u>76,730,092</u>	<u>51,687,153</u>	<u>25,042,939</u>
OTHER FINANCING SOURCES			
Vendor financing acquisitions	13,496	13,496	-
Proceeds from sale of capital assets	7,007	6,866	142
Transfers From Other Funds:			
From Liquor Purchase Revolving Fund	327,431	327,431	-
From State Lottery Fund	1,258,186	6,813	1,251,373
From other funds	999,213	206,735	792,478
Total Other Financing Sources	<u>2,605,334</u>	<u>561,341</u>	<u>2,043,992</u>
Total Revenue and Other Financing Sources (GAAP Basis)	<u>\$ 79,335,426</u>	<u>\$ 52,248,494</u>	<u>\$ 27,086,932</u>

Michigan

SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL PURPOSE</u>	<u>RESTRICTED REVENUES</u>
TAXES			
Sales	\$ 2,773,422	\$ 1,192,262	\$ 1,581,160
Personal income	8,843,265	7,720,460	1,122,804
Flow-through entity	1,341,141	1,341,141	-
Single business, Michigan business, and corporate income	2,022,763	1,530,635	492,128
Use	1,195,509	1,194,868	641
Tobacco products	512,882	158,791	354,091
Beer and wine	49,239	49,239	-
Liquor	156,820	65,245	91,575
Telephone and telegraph company	34,997	34,997	-
Commercial mobile radio service	42,779	-	42,779
Insurance company	419,875	419,858	17
Motor vehicle registration	3,587	-	3,587
Gas and oil severance	43,411	42,161	1,250
Convention hotel accommodation	23,396	-	23,396
Airport parking	31,295	-	31,295
Quality assurance assessment	1,364,188	11,960	1,352,228
Essential services assessment	135,379	135,379	-
Penalties and interest	144,045	135,563	8,482
Marihuana excise	186,610	873	185,736
Insurance provider assessment	638,599	-	638,599
Environmental protection regulatory fee	61,607	-	61,607
Internet gaming - commercial	3,664	-	3,664
Other	11,882	2,478	9,404
	<u>20,040,354</u>	<u>14,035,910</u>	<u>6,004,445</u>
FROM FEDERAL AGENCIES			
Department of Health and Human Services	20,884,956	4,649	20,880,307
Department of Education	191,472	638	190,834
Department of Agriculture	5,046,007	-	5,046,007
Department of the Treasury	2,486,681	-	2,486,681
Department of Labor	170,621	1,184	169,437
Department of Housing and Urban Development	14,906	59	14,847
Department of Energy	20,293	-	20,293
Department of Transportation	34,892	834	34,059
Department of Interior	35,020	5	35,015
Department of Defense	78,458	-	78,458
Department of Justice	95,200	174	95,026
Department of Homeland Security	429,423	459	428,965
Social Security Administration	108,075	-	108,075
Environmental Protection Agency	180,842	-	180,842
Other	31,076	1,224	29,852
	<u>29,807,924</u>	<u>9,227</u>	<u>29,798,698</u>
FROM LOCAL AGENCIES			
Counties	79,212	24	79,188
Cities, villages, and townships	9,806	-	9,806
School districts	2,124	1	2,123
Other	19,999	-	19,999
	<u>111,141</u>	<u>24</u>	<u>111,117</u>

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL PURPOSE</u>	<u>RESTRICTED REVENUES</u>
SPECIAL MEDICAID REIMBURSEMENTS	\$ 172,203	\$ -	\$ 172,203
FROM SERVICES			
Charges for providing vehicle and driver services	155,529	275	155,254
Revenues for patient, ward, and inmate care	28,926	-	28,926
Other	160,135	848	159,287
	344,591	1,123	343,468
FROM LICENSES AND PERMITS			
Liquor retailer, manufacturer, and wholesaler licenses	22,165	2,057	20,108
Motor vehicle operator and chauffeur licenses	53,772	1,022	52,749
Examination fees - financial institutions and insurance industry	40,659	-	40,659
Motor vehicle related	2,607	12	2,595
Public utilities assessment fees	32,993	-	32,993
Regulatory licenses and permits	167,811	7,016	160,795
Corporation franchise fees	23,865	-	23,865
Recreation user fees and permits	1,756	383	1,373
Other	66,796	165	66,631
	412,424	10,655	401,769
MISCELLANEOUS			
Income from investments	104,952	76,386	28,566
Tobacco settlement proceeds	17,508	-	17,508
Various fines, fees, and assessments	69,875	572	69,303
Court fines, fees, and assessments	110,774	6,405	104,370
Oil and gas royalties, fees, assignments, and rentals	7,112	-	7,112
Child support	27,880	-	27,880
Low-income energy efficiency program	48,579	-	48,579
School bond loan repayment interest	23,382	-	23,382
Other	388,455	96,527	291,928
	798,517	179,890	618,627
Total Revenues	51,687,153	14,236,828	37,450,325
OTHER FINANCING SOURCES			
Vendor financing acquisitions	13,496	-	13,496
Proceeds from sale of capital assets	6,866	-	6,866
Transfers From Other Funds:			
From Liquor Purchase Revolving Fund	327,431	327,226	205
From State Lottery Fund	6,813	5,372	1,441
From other funds	206,735	139,665	67,070
Total Other Financing Sources	561,341	472,262	89,079
Total Revenue and Other Financing Sources (GAAP Basis)	52,248,494	14,709,091	37,539,404
BUDGETARY BASIS ADJUSTMENTS			
Vendor financing acquisitions	(13,496)	-	(13,496)
Total Revenue and Other Financing Sources (Budgetary Basis)	\$ 52,234,998	\$ 14,709,091	\$ 37,525,907

Michigan

SOURCE AND DISPOSITION OF GENERAL FUND AUTHORIZATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(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	\$ 202,334	\$ -	\$ 539	\$ 69,773	\$ 14,358	\$ (2,903)
Judicial Branch	209,336	-	-	40,502	70,146	(38,825)
Executive Branch:						
Agriculture and Rural Development	97,367	-	109	74,619	55,408	(63,061)
Attorney General	47,126	-	-	27,311	29,458	(4,786)
Civil Rights	15,107	-	-	702	1,703	-
Colleges and Universities Grants	1,317,822	-	-	271	103,390	-
Corrections	1,065,369	-	-	316,936	987,536	(5,089)
Education	260,128	-	-	26,713	1,499,662	(62,754)
Environment, Great Lakes, and Energy	292,945	-	662	518,437	427,451	(415,739)
Executive Office	7,319	-	-	65	-	-
Health and Human Services	4,754,274	-	-	324,764	27,665,970	(139,576)
Insurance and Financial Services	-	-	-	57,291	34,283	(26,823)
Labor and Economic Opportunity	1,630,616	-	-	80,214	2,013,469	(42,644)
Licensing and Regulatory Affairs	209,696	-	-	236,767	272,283	(231,416)
Marshall Plan for Talent	-	-	-	3,267	168	(3,435)
Military and Veterans Affairs	82,410	-	-	20,004	91,938	(4,752)
Natural Resources	49,458	-	1	56,415	71,619	(29,229)
State	13,036	-	-	52,809	246,142	(65,096)
State Police	632,689	-	-	150,213	709,052	(155,881)
Technology, Management and Budget	713,545	-	13	1,654,297	612,003	(1,632,517)
Transportation	100,100	-	1,120	29,417	3	(96)
Treasury	607,811	-	-	161,822	4,145,645	(79,297)
Intrafund expenditure reimbursements	-	-	-	-	-	-
Total	<u>\$ 12,308,488</u>	<u>\$ -</u>	<u>\$ 2,444</u>	<u>\$ 3,902,609</u>	<u>\$ 39,051,687</u>	<u>\$ (3,003,920)</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
\$ 284,100	\$ (73,870)	\$ 210,231	\$ 205,413	\$ 1,298	\$ 73	\$ 3,447	\$ -
281,159	(1,425)	279,734	276,572	2,989	-	174	-
164,442	(37,786)	126,656	111,740	13,854	-	1,062	-
99,109	(12,052)	87,057	86,902	57	-	98	-
17,512	(1,700)	15,812	15,517	216	-	78	-
1,421,482	(3)	1,421,479	1,415,185	-	-	6,294	-
2,364,752	(278,904)	2,085,848	1,952,303	76,405	19,001	38,139	-
1,723,748	(16,205)	1,707,542	1,696,005	2,803	-	8,735	-
823,757	(218,765)	604,992	515,207	86,599	2,938	247	-
7,383	-	7,383	7,117	62	-	204	-
32,605,432	(263,804)	32,341,628	32,058,120	37,317	-	246,190	-
64,752	-	64,752	64,752	-	-	-	-
3,681,656	(92,629)	3,589,027	3,323,918	24,315	20	240,774	-
487,330	(114,727)	372,603	364,850	2,847	391	4,515	-
-	-	-	-	-	-	-	-
189,600	(2,839)	186,761	171,375	2,074	12,901	411	-
148,265	(8,535)	139,730	117,926	21,034	12	758	-
246,890	(4,761)	242,129	237,731	293	91	4,014	-
1,336,073	(172,890)	1,163,183	1,143,791	15,690	377	3,325	-
1,347,340	(265,538)	1,081,802	1,001,985	49,721	8,903	21,193	-
130,544	(106,168)	24,376	12,954	11,417	-	4	-
4,835,981	(304,751)	4,531,230	4,408,913	28,693	58,842	34,782	-
-	-	(1,525,780)	(1,525,780)	-	-	-	-
<u>\$ 52,261,308</u>	<u>\$ (1,977,352)</u>	<u>\$ 48,758,176</u>	<u>\$ 47,662,495</u>	<u>\$ 377,686</u>	<u>\$ 103,550</u>	<u>\$ 614,444</u>	<u>\$ -</u>
Prior Year encumbrances		(272,858)	(272,858)				
Amount reported on Budgetary Comparison Schedule		<u>\$ 48,485,318</u>	<u>\$ 47,389,637</u>	<u>\$ 377,686</u>	<u>\$ 103,550</u>	<u>\$ 614,444</u>	<u>\$ -</u>

Michigan

SOURCE AND DISPOSITION OF GENERAL FUND/GENERAL PURPOSE AUTHORIZATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2022

(In Thousands)

BRANCH AND DEPARTMENT	CURRENT LEGISLATIVE APPROPRIATION*	BUDGETARY TRANSFERS IN/OUT	BUDGETARY ADJUSTMENT	UNEXPENDED FROM PRIOR YEAR
Legislative Branch	\$ 202,334	\$ -	\$ 539	\$ 66,665
Judicial Branch	209,336	-	-	3,585
Executive Branch:				
Agriculture and Rural Development	97,367	-	109	20,869
Attorney General	47,126	-	-	6,188
Civil Rights	15,107	-	-	702
Colleges and Universities Grants	1,317,822	-	-	271
Corrections	1,065,369	-	-	291,627
Education	260,128	-	-	7,288
Environment, Great Lakes, and Energy	292,945	-	662	125,147
Executive Office	7,319	-	-	65
Health and Human Services	4,754,274	-	-	115,207
Labor and Economic Opportunity	1,630,616	-	-	18,829
Licensing and Regulatory Affairs	209,696	-	-	40,797
Military and Veterans Affairs	82,410	-	-	3,245
Natural Resources	49,458	-	1	35,269
State	13,036	-	-	5,321
State Police	632,689	-	-	35,701
Technology, Management and Budget	713,545	-	13	233,884
Transportation	100,100	-	1,120	29,064
Treasury	607,811	-	-	62,096
Total	<u>\$ 12,308,488</u>	<u>\$ -</u>	<u>\$ 2,444</u>	<u>\$ 1,101,822</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 narrative "boilerplate" language in the budget bills. "Boilerplate" appropriations include interfund borrowing, interest on general obligation notes and bonds, and certain interfund transfers.

"Boilerplate" appropriations accounted for \$204.5 million of the "Current Legislative Appropriation."

Michigan

GROSS SPENDING AUTHORITY	"ACTUAL"			"VARIANCES"	
	EXPENDED/ TRANSFERRED	ENCUMBERED BALANCES FORWARD	MULTI-YEAR PROJECT BALANCES FORWARD	LAPSES	OVEREXPENDED
\$ 269,538	\$ 190,924	\$ 1,298	\$ 73,870	\$ 3,447	\$ -
212,921	208,333	2,989	1,425	174	-
118,345	65,643	13,854	37,786	1,062	-
53,314	41,107	57	12,052	98	-
15,809	13,815	216	1,700	78	-
1,318,092	1,311,795	-	3	6,294	-
1,356,996	963,548	76,405	278,904	38,139	-
267,416	239,673	2,803	16,205	8,735	-
418,754	113,142	86,599	218,765	247	-
7,383	7,117	62	-	204	-
4,869,482	4,322,170	37,317	263,804	246,190	-
1,649,445	1,291,727	24,315	92,629	240,774	-
250,493	128,404	2,847	114,727	4,515	-
85,656	80,332	2,074	2,839	411	-
84,728	54,401	21,034	8,535	758	-
18,357	9,289	293	4,761	4,014	-
668,391	476,486	15,690	172,890	3,325	-
947,442	610,990	49,721	265,538	21,193	-
130,284	12,694	11,417	106,168	4	-
669,908	301,682	28,693	304,751	34,782	-
<u>\$ 13,412,754</u>	<u>\$ 10,443,272</u>	<u>\$ 377,686</u>	<u>\$ 1,977,352</u>	<u>\$ 614,444</u>	<u>\$ -</u>

Michigan

REVENUE, BOND PROCEEDS, AND VENDOR FINANCING ACQUISITIONS GENERAL AND SPECIAL REVENUE FUNDS

LAST TEN YEARS

SEPTEMBER 30, 2022

(In Thousands)

<u>SOURCE</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
TAXES				
Sales	\$ 7,050,204	\$ 7,362,620	\$ 7,246,989	\$ 7,299,628
Personal Income (net of tax credits)	8,271,838	8,020,054	8,987,939	9,372,028
Amount reported as tax credits	689,900	676,500	662,400	672,400
Flow-Through Entity	-	-	-	-
Single Business, Michigan Business, and Corporate Income	721,602	419,554	891,594	763,498
Use	1,300,590	1,639,442	2,062,838	2,056,124
State Education (Property)	1,771,083	1,804,238	1,857,684	1,897,292
Real Estate Transfer	202,323	233,416	258,398	289,314
Tobacco Products	957,485	940,337	954,481	946,651
Beer, Wine, and Liquor	182,878	189,792	194,692	208,689
Casino Gaming Wagering	110,667	106,903	110,785	112,868
Insurance Company	301,883	362,397	322,999	329,806
Health Insurance Claims Assessment	270,489	271,861	225,888	228,475
Motor Vehicle and Fuel	1,860,582	1,902,612	1,985,186	2,032,947
Quality Assurance Assessment	969,767	975,786	1,007,464	1,138,810
Penalties and Interest	171,092	115,439	128,723	124,391
Marihuana Excise	-	-	-	-
Insurance Provider Assessment	-	-	-	-
Other	292,011	309,781	271,896	325,461
Total Taxes	25,124,393	25,330,732	27,169,955	27,798,384
FEDERAL AGENCIES	16,598,202	17,259,668	19,800,600	20,027,958
LOCAL AGENCIES	87,578	89,644	90,672	93,888
SPECIAL MEDICAID REIMBURSEMENTS	134,353	133,909	120,904	115,621
SERVICES	318,403	322,271	326,488	335,812
LICENSES AND PERMITS	484,059	494,595	510,359	551,984
MISCELLANEOUS	1,594,097	1,558,174	1,629,833	1,847,842
Total Revenue	44,341,085	45,188,992	49,648,811	50,771,488
PROCEEDS FROM BOND ISSUES AND BOND ANTICIPATION NOTES	200,000	97,651	-	100,215
VENDOR FINANCING ACQUISITIONS	17,224	18,371	25,373	18,423
PROCEEDS FROM SALE OF CAPITAL ASSETS	3,064	1,626	3,008	2,543
Total Revenue, Bond Proceeds, Vendor Financing Acquisitions, and Proceeds from Sale of Capital Assets	\$ 44,561,373	\$ 45,306,640	\$ 49,677,192	\$ 50,892,669

- 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

2017	2018	2019	2020	2021	2022
\$ 7,791,774	\$ 8,074,032	\$ 8,243,168	\$ 8,299,005	\$ 9,410,565	\$ 10,777,766
9,454,968	10,162,211	10,432,233	10,501,800	11,859,977	12,141,871
696,500	696,100	895,100	936,500	884,600	908,800
-	-	-	-	-	1,793,444
900,848	1,036,594	1,199,866	1,019,636	1,675,992	2,022,763
1,266,699	1,486,178	1,358,473	1,368,751	2,135,698	2,054,953
1,964,780	1,989,481	2,114,632	2,189,928	2,265,956	2,453,335
317,056	350,281	350,113	335,402	490,330	546,618
946,048	917,994	889,591	904,170	890,145	797,601
214,028	222,938	231,999	266,476	285,845	282,257
113,219	115,423	117,257	67,011	90,572	104,059
371,279	393,367	327,439	467,757	390,848	419,875
300,111	331,920	1,113	1,794	396	-
2,573,013	2,766,327	2,816,068	2,665,684	2,755,935	2,839,221
1,136,099	1,245,149	1,392,069	1,261,031	1,344,793	1,364,188
115,911	178,622	128,905	93,545	137,791	144,045
-	-	-	-	120,472	186,610
-	-	602,602	608,376	619,816	638,599
355,297	381,389	403,107	401,153	477,040	611,257
28,517,631	30,348,004	31,503,734	31,388,019	35,836,770	40,087,263
19,508,727	19,957,136	20,827,638	24,795,182	28,937,122	33,943,937
90,457	91,962	99,633	123,397	113,869	111,141
188,933	149,350	175,942	153,051	159,986	172,203
354,324	360,831	361,118	347,899	356,782	349,610
567,595	568,448	601,648	615,590	683,186	666,575
1,711,460	1,831,961	1,732,463	1,270,446	1,327,418	1,399,364
50,939,127	53,307,693	55,302,176	58,693,584	67,415,131	76,730,092
138,395	151,484	-	182,230	-	-
14,473	22,994	10,275	94,866	30,009	13,496
2,656	6,236	5,053	1,751	3,243	7,007
<u>\$ 51,094,652</u>	<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>

**SCHEDULE OF EXPENDITURES BY FUNCTION
GENERAL AND SPECIAL REVENUE FUNDS - STATE FUNDS**

LAST TEN YEARS

SEPTEMBER 30, 2022

(In Thousands)

	2013	2014	2015	2016
Current:				
General government	\$ 1,868,138	\$ 2,064,016	\$ 2,738,104	\$ 2,927,185
Education	14,604,622	14,909,901	15,366,390	15,726,589
Health and human services	19,787,851	20,600,683	23,287,158	23,516,873
Public safety and corrections	2,601,307	2,666,541	2,704,901	2,668,747
Conservation, environment, recreation, and agriculture	545,565	656,061	586,028	721,772
Labor, commerce, and regulatory	961,279	961,934	978,003	1,230,828
Transportation	1,395,444	1,532,228	1,527,057	1,617,799
Tax credits	689,900	676,500	662,400	672,400
Capital outlay	35,676	70,695	237,442	212,705
Intergovernmental - revenue sharing	1,077,514	1,120,593	1,210,557	1,213,432
Debt service:				
Structured settlement payments	-	-	-	-
Vendor financing payments	58,357	62,237	66,295	68,377
Total Expenditures	<u>\$ 43,625,653</u>	<u>\$ 45,321,388</u>	<u>\$ 49,364,335</u>	<u>\$ 50,576,708</u>

Michigan

2017	2018	2019	2020	2021	2022
\$ 2,551,534	\$ 2,761,629	\$ 2,751,034	\$ 2,919,734	\$ 3,163,760	\$ 2,937,713
16,078,445	16,673,594	16,995,495	17,745,565	18,649,260	22,102,390
23,070,385	23,925,010	25,269,773	26,301,845	30,008,812	31,862,256
2,692,527	2,723,546	2,798,756	2,961,431	3,283,746	3,178,737
748,228	842,420	831,194	877,975	971,053	1,004,605
1,270,025	1,259,349	1,343,644	1,071,869	1,718,878	3,061,283
1,703,525	1,854,936	2,203,682	2,046,341	2,211,480	2,257,983
696,500	696,100	895,100	936,500	884,600	908,800
55,534	122,461	194,591	254,005	111,686	119,967
1,259,005	1,289,064	1,327,717	1,241,267	1,451,332	1,607,907
-	-	-	-	15,000	61,594
68,826	71,700	73,740	85,307	87,279	95,112
<u>\$ 50,194,535</u>	<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>

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The *State of Michigan Annual Comprehensive Financial Report* is prepared by the Office of Financial Management, Accounting and Financial Reporting Divisions. Staff of the divisions for the fiscal year 2022 report included:

Management:

Shawna M. Hessling, Director
Daniel T. Jaroche, CPA, Director
Aaron M. Abood, CPA, Manager
Derek R. Childs, CPA, Manager
Michael J. Foerster, Manager
Robin E. Garity, CISA, CPA, Assistant Administrator
Anna C. Lewis, Assistant Administrator
Brandon M. McAndrew, CPA, Manager
Scott J. Simon, CPA, Assistant Administrator
Rachel M. Spohn, CPA, Manager
Anthony J. Thelen, Manager

Staff:

Kaitlin E. Brennan, CPA
Tony J. Bush
Matthew J. Clark
LaCoria N. Daramola
Matthew L. Engels
Chelsea W. Holmberg
Yulanda S. Kowalk
Jennifer C. Lehman
Dara M. Marshall, Ph.D.
Angela K. McNulty
John P. Miller-Purrenhage, Ph.D.
Jennifer L. Murawa
Kathleen R. Pietila
Laura E. Potts
Jennifer J. Reum, CPA
Susan K. Ruff
Myrica V. Simmons

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