Michigan Education Trust

(A Discretely Presented Component Unit of the State of Michigan)

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2023

RACHAEL EUBANKS
Chairperson of Board

DIANE BREWER
Executive Director

Michigan Education Trust

(A Discretely Presented Component Unit of the State of Michigan)

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 9, 2024

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

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

INTRODUCTION TO THE REPORT

Responsibility: The Department of Treasury, Office of Postsecondary Financial Planning, Michigan Education Trust prepares the ACFR 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 ACFR is accurate in all material respects and reported in a manner that fairly presents the financial position and results of operations of the primary government. All disclosures necessary to enable the reader to gain a reasonable understanding of the Trust'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 ACFR in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (GASB). The Trust 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.

Internal Control Structure: The Michigan Education Trust is responsible for the overall operation of the Trust's central accounting system and for establishing and maintaining the Trust's internal control structure. The objective of the internal control structure is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The cost of the Trust's internal control structure was designed to not exceed the benefits derived from maintaining such controls.

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.

Internal Auditors: Pursuant to Executive Order 2007-31, the Office of Internal Audit Services (OIAS) provides internal audit services to 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 management's 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: Plante & Moran, PLLC is the principal auditor of the ACFR. The purpose of Plante Moran's audit is to provide reasonable assurance that the Basic Financial Statements for the fiscal year ended September 30, 2023 are free of material misstatements. Plante Moran concluded that the Basic Financial Statements for the fiscal year ended September 30, 2023 are fairly presented in accordance with GAAP and issued unmodified opinions.

Legislative Auditors: The Office of the Auditor General (OAG) has the responsibility, as stated in Article 4, Section 53 of the State Constitution, to conduct post financial and performance audits of State government operations. In addition, certain sections of the Michigan Compiled Laws contain specific audit requirements in conformance with the constitutional mandate. 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.

Actuarial Soundness Review: The Michigan Education Trust Plans B, C and D are required, by Section 1433, Public Act 316 of 1986, to have an annual actuarial soundness review performed by a nationally recognized actuary. The firm Gabriel, Roeder, Smith & Company performed the review as of September 30, 2023. The report is available for public distribution.

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

The Trust is a discretely presented component unit of the State of Michigan that operates under the State of Michigan Public Act 316 of 1986.

Purpose: The purpose of the Trust is to provide advance tuition payment contracts that provides individuals the opportunity to prepay future college tuition and mandatory fees at Michigan public and private colleges and universities.

Reporting Entity: The financial reporting entity of the Michigan Education Trust Plans B and C and Michigan Education Trust Plan D includes all the plans of the Trust. The transmittal letter, MD&A, and the financial statements focus on the primary government and its activities.

Budgetary Reporting and Control: All administrative functions of the Trust, including budgeting, procurement, personnel, and management functions, are under the direction and supervision of the State Treasurer. The Trust is governed by its own Board of Directors, composed of nine members, consisting of the State Treasurer as chair and eight appointees of the Governor with the advice and consent of the State Senate. The Board provides overall governing direction for the Trust. The Trust completes an annual appropriation process for its three educational plans as part of the overall budgetary process of the primary government. Revenues and expenditures are projected including calculated fund balances for budgetary purposes in accordance with GAAP. Public Act 316 prohibits the Trust from budgeting an ending fund balance deficit. 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 Authority to also implement such changes in the budgetary process.

Revenues of the Michigan Education Trust are recognized primary from the present value of prepaid tuition contracts and from investment earnings. Expenses of the Michigan Education Trust are for tuition contract benefits and for general and administrative operating activities.

Compliance with the final updated budget for the Trust's operating funds is demonstrated through the publication of the Statewide Authorization and Dispositions report that provides line-item appropriation details and the legal level of budgetary control for the Authority's appropriated funds.

Long -Term Planning:
The Trust's long-term planning is tied to the Trust's mission to provide State of Michigan residents with a college savings plan that enables individuals to prepay for future college tuition. The Trust continues to perform outreach to Michigan residents to inform them of the benefits of a Michigan Education Trust college savings plan contract. The actuarially determined tuition and fee increase assumption for four-year public colleges and community colleges, as of September 30, 2023, was 4.50%. The weighted average tuition and fees, as of September 30, 2023, for a four-year public college and community college was $16,121 and $4,967, respectively.

MAJOR INITIATIVES

The Michigan Education Trust assisted residents of the State of Michigan with a 529 prepaid tuition savings program in fiscal year 2023 by issuing 748 new contracts and receiving $22,665,731 in pre-paid tuition for all open contracts. New contracts opened are divided into three categories based on the collection of pre-paid tuition.

Lump Sum:
Lump Sum contracts are sold in 15 credit semester increments, and the entire contract is purchased in a single payment. For fiscal year 2023, 260 new Lump Sum contracts were opened and received $7,423,244 in pre-paid tuition during the fiscal year.

Monthly Purchase:
Monthly Purchase contracts are purchased as a percentage of educational benefits with every monthly scheduled payment. The percentage that each payment purchases depends on the number of years over which the Purchaser elects to make payments. For fiscal year 2023, 91 new Monthly Purchase contracts were opened and received $6,037,613 in pre-paid tuition during the fiscal year.

Pay As You Go:

Pay As You Go contracts allow purchasers to accumulate credit hours over time by making additional payments after the initial purchase, but the payments are not made on a required monthly schedule. For fiscal year 2023, 397 new Pay As You Go contracts were opened and received $9,204,874 in pre-paid tuition during the fiscal year.

AWARDS AND ACKNOWLEDGEMENTS

Acknowledgements: The preparation of this report requires the collective efforts of the management and staff of the Michigan Education Trust, as well as the management and staff of the Trust's independent auditors, Plante Moran. We sincerely appreciate the dedicated efforts of all of these individuals that have allowed MET to establish its position as a leader in quality and efficiency for financial reporting.

Sincerely,

Diane Brewer

Diane Brewer
Executive Director, Michigan Education Trust

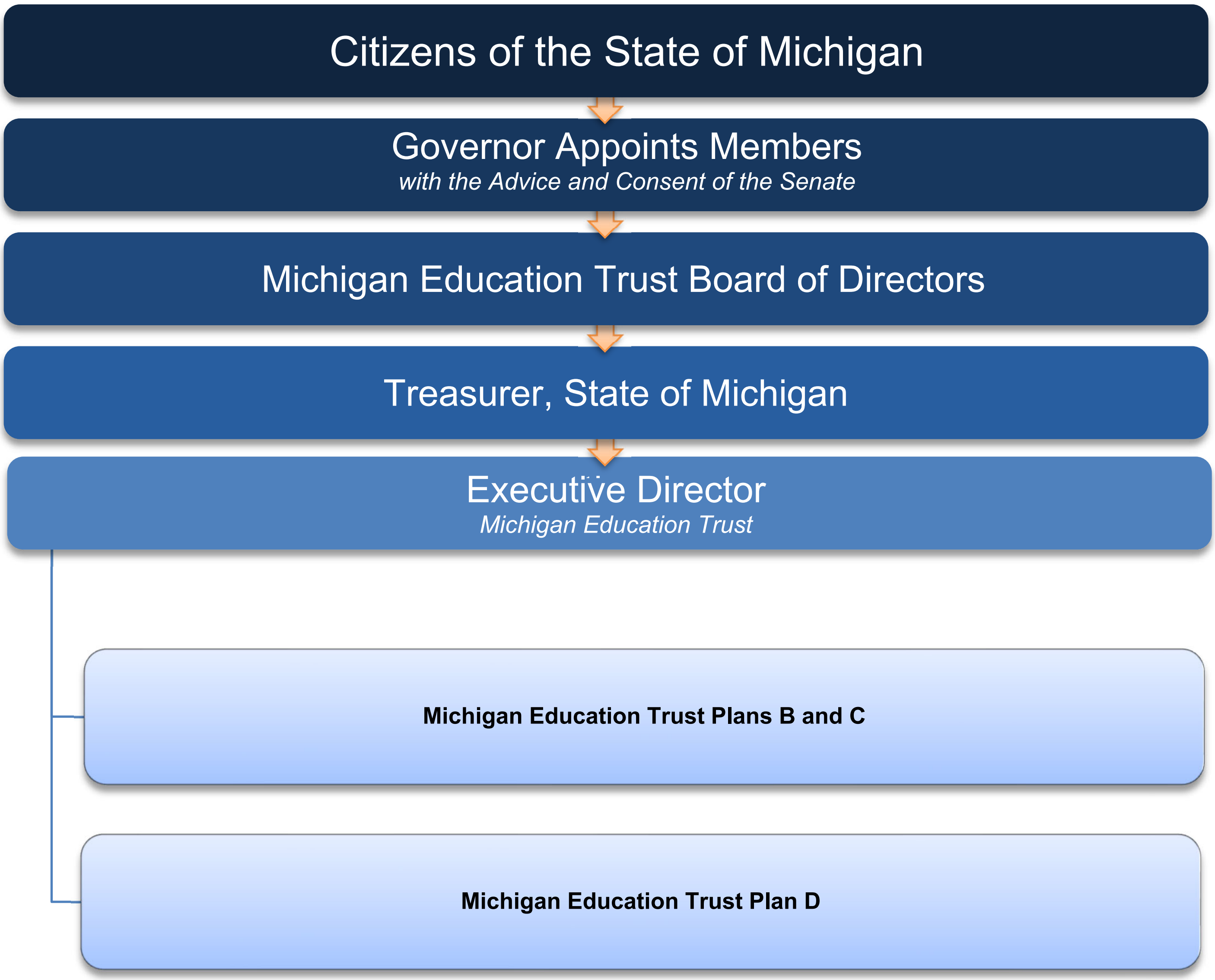
Chief Deputy Treasurer, Jeffrey Guilfoyle,
signing on behalf of Treasurer Eubanks

Rachael Eubanks
State Treasurer

Michigan Education Trust

(A Component Unit of the State of Michigan)

Organizational Structure



Principal Officials

Michigan Education Trust Board of Directors

(As of September 30, 2023)

Rachael Eubanks
State Treasurer
Chair of Board, Michigan Finance Authority

Ann Good
Deputy State Treasurer
Michigan Education Trust

Diane Brewer
Executive Director, Michigan Education Trust

Board Members

Robert A. Bowman
President & CEO
MLB Advanced Media L.P.
Term expires: At the pleasure of the Governor

Ronald Wiser
Chairman
The Wiser Group
Term expires: 12/31/2017

Stacy H. Young
President
Montcalm Community College
Term expires:12/31/2024

Richard Pappas
President
Davenport University
Term expires: 12/1/2023

Madelene Day
Case Commons & Consultant
Maddy Day, LLC
Term expires: At the pleasure of the Governor

Philomena V. Mantella
President
Grand Valley State University
Term expires: 12/31/2024

Michael Flynn
Treasurer
Township of Shelby
Term expires: 12/31/2020

Marlin Williams
Assistant Vice President of Economic
Wayne State University
Term expires: 12/31/2025

plante moran

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Independent Auditor's Report

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA
Auditor General, State of Michigan
Michigan Education Trust

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Plans B and C and Plan D of the Michigan Education Trust (MET), a discretely presented component unit of the State of Michigan, as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise MET's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Michigan Education Trust Plans B and C and Michigan Education Trust Plan D as of September 30, 2023 and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 MET 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 described in Note 1 to the financial statements, the financial statements present only Michigan Education Trust Plans B and C and Michigan Education Trust Plan D. Accordingly, these financial statements do not purport to, and do not, present fairly the financial position and changes in financial position and cash flows of the State of Michigan as of and for the year ended September 30, 2023 in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As explained in Note 3 to the financial statements, Michigan Education Trust Plan D holds investments valued at approximately $398.4 million (49 percent of total investments) at September 30, 2023, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by the fund managers of the limited partnerships. Our opinion is not modified with respect to this matter.

As discussed in Note 10 to the financial statements, in 2023, MET adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA
Auditor General, State of Michigan
Michigan Education Trust

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 MET's ability to continue as a going concern for 12 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 MET'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 MET's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections 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.

To the Board of Directors and
Mr. Doug A. Ringler, CPA, CIA
Auditor General, State of Michigan
Michigan Education Trust

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 whether 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 have also issued our report dated January 9, 2024 on our consideration of Michigan Education Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Michigan Education Trust'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 Michigan Education Trust's internal control over financial reporting and compliance.

Plante & Moran, PLLC

January 9, 2024

Management's Discussion and Analysis

The following is management's discussion and analysis of the Michigan Education Trust's (collectively MET or the Trust's) financial performance, providing an overview of the activities for the fiscal year ended September 30, 2023. Please read it with the Trust's financial statements, which follow this section.

HIGHLIGHTS

- The Michigan Education Trust (MET) is an Internal Revenue Code Section 529 qualified tuition program and is a discretely presented component unit of the State of Michigan, administratively located within the Department of Treasury. MET is made up of Plans B, C and D. MET Plans B and C (Plans B and C) were closed to new contract purchases after 1990. All new contracts purchased are with MET Plan D (Plan D). The financial statements for Plans B and C and Plan D are presented separately within this report. The funds for Plans B and C are separate from Plan D.

- Plan D received 748 new contracts and $11.5 million in prepaid tuition amounts related to new contracts during fiscal year 2023, a decrease of 327 new contracts and $6,922 thousand from the prior year.

Using the Financial Report

This financial report includes the report of independent auditors, management's discussion and analysis, the basic financial statements, and notes to the financial.

Generally accepted accounting principles applicable to governments require a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. These financial statements are interrelated and represent the financial status of MET Plan B and C and Plan D.

The statement of net position includes the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the fiscal year. The statement of revenues, expenses, and changes in net position presents the revenues earned expenses incurred during the fiscal year. The statement of cash flows presents information related to cash inflows and outflows summarized by operating and investing activities.

Financial Analysis of MET Plans As A Whole

The MET Board of Directors approves an annual budget and the investment portfolio allocation. The Bureau of Investments, Department of Treasury, under the direction of the MET Board of Directors, is responsible for short-term and long-term investment of MET funds. The MET portfolio for Plans B and C are mainly invested in fixed income investments. The MET portfolio for Plan D may be invested up to 75% in equities with the remainder invested in short term investments, U.S. government securities and corporate bonds.

MET funds are invested to coincide with the student's expected years of high school graduation. Once students activate their contracts, colleges and universities submit invoices to MET every semester for tuition and mandatory fees. In 2006, the MET Board of Directors approved an amendment allowing students 15 years from the expected year of high school graduation to completely use MET contract benefits. Before that change, students had 9 years to use MET contract benefits.

Annually, the actuary determines the actuarial soundness of each MET plan. Key factors used in the soundness analysis are tuition increases (short-term and long-term), investment performance, and college selection by students and purchasers.

The following statement of net position presents the Trust's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of September 30, 2023 and September 30, 2022:

Statement of Net Position

As of September 30

(In Thousands)

	MET Plans B and C Activities		MET Plan D Activities	
	2023	2022	2023	2022
Total current assets	$ 2,563	$ 12,373	$ 151,236	$ 78,035
Total non-current assets	92,190	84,194	845,865	887,443
Total assets	$ 94,753	$ 96,567	$ 997,101	$ 965,478
Deferred outflows of resources	$ 98	$ 85	$ 1,358	$ 1,108
Total current liabilities	$ 2,130	$ 4,053	$ 62,360	$ 63,587
Total non-current liabilities	34,757	40,677	599,435	627,246
Total liabilities	$ 36,887	$ 44,730	$ 661,795	$ 690,833
Deferred inflows of resources	$ 160	$ 198	$ 1,544	$ 2,287
Total net position- Restricted	$ 57,804	$ 51,725	$ 335,120	$ 273,466

The MET Plan B and C total current assets decreased by $9.8 million and $202,766 in fiscal years 2023 and 2022, respectively. The decrease in MET Plans B and C current assets resulted from a change in investment strategy from short term to long term investments.

The MET Plan D total current assets increased by $73.2 million in fiscal year 2023 and decreased by $70.4 million in fiscal year 2022. The increase and decrease in MET Plan D current assets resulted from a change in investment performance.

The MET Plans B and C total noncurrent assets increased by $7.9 million in fiscal year 2023 and decreased by $14.7 million in fiscal year 2022. The increase and decrease in MET Plans B and C current assets resulted from a change in investment performance.

The MET Plan D total noncurrent assets decreased by $41.6 million and $50.1 million in fiscal years 2023 and 2022, respectively. The decrease in MET Plan D noncurrent assets resulted from a change in investment performance.

The MET Plans B and C total current liabilities decreased by $1.9 million in fiscal year 2023 and increased by $1.1 million in fiscal year 2022. The decrease in fiscal year 2023 is due to a decrease in the amounts due to MET Plan D liability ending balance. The increase in fiscal year 2022 resulted from an increase in the amounts due to MET Plan D liability ending balance as a result from the fiscal year 2022 MET Giveaway promotion.

The MET Plan D total current liabilities decreased by $1.2 million in fiscal year 2023 and increased by $486,420 in fiscal year 2022. The decrease in MET Plan D current liabilities resulted from a greater number of existing contracts closing versus new contracts being opened in fiscal year 2023. The increase in fiscal year 2022 resulted from a lessor number of existing contracts closing versus new contracts opened.

The MET Plans B and C total noncurrent liabilities decreased by $5.9 million in fiscal year 2023 and decreased in $8.6 million in fiscal year 2022. The decrease in both fiscal years resulted from a change in assumptions.

The MET Plan D total noncurrent liabilities decreased by $27.8 million and $18.7 million in fiscal year 2023 and 2022, respectively. The decrease in both fiscal years resulted from a greater number of existing contracts closing versus new contracts being opened.

The MET Plans B and C restricted net position increased by $6.1 million in fiscal year 2023 and decreased by $7.5 million in fiscal year 2022. The decrease in 2022 in the MET Plans B and C restricted net position resulted from a decrease in the tuition benefits payable as a result of the fiscal year 2022 tuition benefit present value and unfavorable investment returns. The increase 2023 in the MET Plans B and C resulted in favorable investment returns and lower than expected tuition increases.

The MET Plan D restricted net position increased by $61.7 million in fiscal year 2023 and decreased by $103.4 million in fiscal year 2022. The decrease and increase in the MET Plan D restricted net position resulted from a change in investment returns and lower than expected tuition increases.

The following condensed financial information from the statement of revenues, expenses, and changes in net position during the fiscal year for MET:

FROM THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Fiscal Years Ended September 30

(In Thousands)

	MET Plans B and C Activities 2023	MET Plans B and C Activities 2022	MET Plan D Activities 2023	MET Plan D Activities 2022
Operating Revenues:				
Interest and Dividend Income	$ 3,652	$ 2,442	$ 34,970	$ 24,633
Net increase (decrease) in fair value of investments	(1,429)	(15,130)	59,715	(92,734)
Other miscellaneous income	3	-	3,551	4,265
Total Revenues	$ 2,226	$ (12,688)	$ 98,236	$ (63,836)
Operating Expenses:				
Salaries and other administrative expenses	$ 348	$ 1,552	$ 8,107	$ 6,647
Net increase (decrease) in the present value of tuition benefit payable	(4,201)	(6,743)	28,475	32,915
Total Expenses	$ (3,853)	$ (5,191)	$ 36,582	$ 39,562
Change in Net Position	$ 6,079	$ (7,497)	$ 61,654	$ (103,398)
Net position- Beginning of year	51,725	59,222	273,466	376,864
Net position- End of year	$ 57,804	$ 51,725	$ 335,120	$ 273,466

The MET Plans B and C total revenue increased by $14.9 million in fiscal year 2023 and decreased by $13.8 million in fiscal year 2022. The increase and decrease resulted from a change in fair value of investments at the end of each fiscal year.

The MET Plan D total revenue increased by $162.1 million in fiscal year 2023 and decreased by $208.1 million in fiscal year 2022. The increase and decrease in both fiscal years resulted from a change in investment performance and fluctuations in fair value.

The MET Plans B and C present value of future tuition payments decreased by $2.5 million in fiscal year 2023 and $11.5 million in fiscal year 2022. The decrease resulted from the change in actuarial assumptions.

The MET Plan D present value of future tuition payments decreased by $4.4 million in fiscal year 2023 and increased by $7.7 million in fiscal year 2022. The decrease in 2023 resulted from the change in actuarial assumptions and the increase in 2022 related to changes in actuarial assumptions and contract promotions.

The MET Plans B and C total expenses increased by $1.3 million in fiscal year 2023 and decreased by $10.4 million in fiscal year 2022. The increase and decrease in each fiscal year is related to the change in present value of future tuition payments.

The MET Plan D total expenses decreased by $3.0 million in fiscal year 2023 and increased by $10.9 million in fiscal year 2022. The decrease and increase is due to the change in present value of future tuition payments and contract purchaser contributions made throughout the year.

Changes in the Statement of Cash Flows

For the Fiscal Years Ended September 30
(In Thousands)

	MET Plans B and C Activities		MET Plan D Activities	
	2023	2022	2023	2022
Net cash provided (used) by:				
Operating activities	$ (4,020)	$ (2,227)	$ (77,007)	$ (43,962)
Investing activities	(5,882)	2,460	14,115	(19,401)
Net cash provided (used) – All activities	$ (9,902)	$ 233	$ (62,892)	$ (63,363)
Cash and cash equivalents- Beginning of fiscal year	11,815	11,582	68,089	131,451
Cash and cash equivalents- End of year	$ 1,913	$ 11,815	$ 5,197	$ 68,089

The MET Plans B and C net cash used by operating activities decreased by $1.8 million in fiscal year 2023 and increased by $1.7 million in fiscal year 2022. The change in cash used by operating activities in both fiscal years were primarily the result of changes in tuition contract payments to colleges and refund designees.

The MET Plan D net cash used by operating activities decreased by $33.0 million in fiscal year 2023 and increased by $6.5 million in fiscal year 2022. The change in cashed used by operating activities in both fiscal years were primarily the result of changes in tuition contract payments to colleges and refund designees.

The MET Plans B and C net cash provided by investing activities decreased by $8.3 million in fiscal year 2023 and by $4.1 million in fiscal year 2022. The decrease in cash provided by investing activities in both fiscal years was the result of investments maturing and the proceeds being invested into new investment securities.

The MET Plan D net cash provided by investing activities increased by $33.5 million in fiscal year 2023 and decreased by $149.6 million in fiscal year 2022. The increase in fiscal year 2023 was a result of an increase in investment returns including the sale of investments. The decrease in in cash provided by investing activities in fiscal year 2022 was the result of a decrease in investment returns including the purchase and sale of investments.

The MET Plans B and C cash and cash equivalents at the end of the fiscal year decreased by $9.9 million in fiscal year 2023 and increased by $232,798 in fiscal year 2022.

The MET Plan D cash and cash equivalents at the end of the fiscal year decreased by $62.9 million in fiscal year 2023 and decreased by $63.4 million in fiscal year 2022.

Factors Impacting Future Periods

MET Plans B and C reached the peak matriculation period during fiscal year 2005-06. During the fiscal year 2022-23, 1,142 students were eligible to begin using MET contracts to attend college along with 424 students currently in the process of using MET contracts. After fiscal year 2023, the number of students expected to enroll in college under MET Plans B and C will continue to decrease significantly because MET has fulfilled its contractual obligations for the majority of these contract holders and has not offered additional enrollments in these plans since 1990.

For MET Plan D, prepaid tuition receipts translate into an increase in the tuition liability; however, the actuarial soundness of MET is based, in part, on new contracts being purchased, market performance of investments, and factors affecting estimates of future tuition benefits. As of September 30, 2023, MET Plan D is 151.0% funded and is expected to pay all contracted benefits. The MET Plan D actuary's cash flow report expects tuition payments to students activating their contracts to be:

Fiscal Year Ending	Expected Gross Tuition Payments	Expected Number of Contracts
2024-2026	$196,090,835	5,436
2027-2029	$197,176,458	3,936
2030-2032	$174,496,933	2,729
2033-2035	$143,840,078	2,041
2037-2039	$113,997,988	1,053
2040-2042	$84,291,757	316
After 2042	$96,070,607	N/A

The enrollment period for 2023 was from December 1, 2022 through September 30, 2023. New enrollment contract prices are adjusted annually to reflect estimated changes in tuition costs and investment earnings and will increase cash, future tuition benefits payable, and the asset base of MET Plan D.

The MET Board of Directors reviews asset allocation and investment performance on a quarterly basis to balance investment risk and maximize rates of return. At the beginning of fiscal year 2007-08, the MET Board of Directors changed the long-term investment portfolio strategy to address the unfunded liability issue. The MET Plan D target portfolio for investment is 75% in equities (mutual funds and alternative investments) and 25% in fixed income securities (short-term investments, U.S. government securities, and corporate bonds).

Contacting the Michigan Education Trust

Financial information can be obtained on the MET website at www.SETwithMET.com or by mail at Michigan Education Trust, P.O. Box 30198, Lansing, Michigan 48909, phone 517-335-4767.

Statement of Net Position

September 30, 2023

	Michigan Education Trust Plans B and C	Michigan Education Trust Plan D	Total
Assets			
Current assets:			
Cash and cash equivalents (Note 2)	$ 1,912,773	$ 5,196,529	$ 7,109,302
Receivables:			
Tuition contracts receivable - Current portion (Note 4)	-	4,776,458	4,776,458
Amounts due from others	-	378,338	378,338
Amounts due from MET Programs (Plan D)	100	-	100
Amounts due from MET Programs (Plans B and C)	-	467,941	467,941
Interest and dividends receivable	649,971	1,998,788	2,648,759
Amounts due from State of Michigan	-	18,572,587	18,572,587
Investments (Notes 2 and 3)	-	119,845,651	119,845,651
Total current assets	2,562,844	151,236,292	153,799,136
Noncurrent assets:			
Subscription asset (Note 10)	-	92,480	92,480
Investments (Notes 2 and 3)	92,190,053	829,634,197	921,824,250
Amounts due from State of Michigan - Net of current portion	-	612,512	612,512
Tuition contracts receivable - Net of current portion (Note 4)	-	15,525,989	15,525,989
Total noncurrent assets	92,190,053	845,865,178	938,055,231
Total assets	94,752,897	997,101,470	1,091,854,367
Deferred Outflows of Resources			
Deferred outflows related to pensions (Note 8)	34,859	259,509	294,368
Deferred outflows related to OPEB - Life insurance (Note 9)	7,930	91,137	99,067
Deferred outflows related to OPEB - Health insurance (Note 9)	55,275	1,006,987	1,062,262
Total deferred outflows of resources	98,064	1,357,633	1,455,697
Liabilities			
Current liabilities:			
Amounts due to MET Program (Plan D)	467,941	-	467,941
Tuition benefits payable - Current portion (Note 6)	1,662,080	62,193,831	63,855,911
Scholarship benefits payable - Current portion	-	166,455	166,455
Amount due to MET Programs (Plans B and C)	-	100	100
Total current liabilities	2,130,021	62,360,386	64,490,407
Noncurrent liabilities:			
Compensated absences	-	296,317	296,317
Subscription liability - Net of current portion (Note 10)	-	92,480	92,480
Scholarship benefits payable - Net of current portion	-	612,512	612,512
Net pension liability (Note 8)	326,912	2,353,372	2,680,284
Net OPEB liability - Life insurance (Note 9)	43,261	327,129	370,390
Net OPEB liability - Health insurance (Note 9)	178,666	1,394,096	1,572,762
Tuition benefits payable - Net of current portion (Note 6)	34,208,823	594,359,562	628,568,385
Total noncurrent liabilities	34,757,662	599,435,468	634,193,130
Total liabilities	36,887,683	661,795,854	698,683,537
Deferred Inflows of Resources			
Deferred inflows related to pensions (Note 8)	3,959	20,758	24,717
Deferred inflows related to OPEB - Life insurance (Note 9)	14,205	195,855	210,060
Deferred inflows related to OPEB - Health insurance (Note 9)	141,598	1,327,000	1,468,598
Total deferred inflows of resources	159,762	1,543,613	1,703,375
Net Position - Restricted for prepaid tuition contractual obligations	**$ 57,803,516**	**$ 335,119,636**	**$ 392,923,152**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended September 30, 2023

	Michigan Education Trust Plans B and C	Michigan Education Trust Plan D	Total
Operating Revenue			
Interest and dividends	$ 3,652,447	$ 34,969,501	$ 38,621,948
Net (decrease) increase in the fair value of investments	(1,428,658)	59,714,785	58,286,127
Other miscellaneous income	2,645	3,551,235	3,553,880
Total operating revenue	2,226,434	98,235,521	100,461,955
Operating Expenses			
Salaries and other administrative expenses	348,409	8,106,675	8,455,084
Net (decrease) increase in the present value of tuition benefits payable	(4,200,985)	28,475,638	24,274,653
Total operating expenses	(3,852,576)	36,582,313	32,729,737
Change in Net Position	6,079,010	61,653,208	67,732,218
Net Position - Beginning of year	51,724,506	273,466,428	325,190,934
Net Position - End of year	**$ 57,803,516**	**$ 335,119,636**	**$ 392,923,152**

See notes to financial statements.

Statement of Cash Flows

Year Ended September 30, 2023

	Michigan Education Trust Plans B and C	Michigan Education Trust Plan D	Total
Cash Flows from Operating Activities			
Contract receipts	$ -	$ 22,609,626	$ 22,609,626
Benefits paid	(2,092,637)	(90,035,915)	(92,128,552)
Administrative and other expenses paid	(2,026,285)	(16,769,332)	(18,795,617)
Application and other fees collected	98,503	7,188,194	7,286,697
Net cash and cash equivalents used in operating activities	(4,020,419)	(77,007,427)	(81,027,846)
Cash Flows from Investing Activities			
Purchase of investment securities	(67,240,726)	(769,431,211)	(836,671,937)
Interest and dividends received	3,542,970	29,387,977	32,930,947
Proceeds from sale and maturities of investment securities	57,816,106	754,158,574	811,974,680
Net cash and cash equivalents (used in) provided by investing activities	(5,881,650)	14,115,340	8,233,690
Net Decrease in Cash and Cash Equivalents	(9,902,069)	(62,892,087)	(72,794,156)
Cash and Cash Equivalents - Beginning of year	11,814,842	68,088,616	79,903,458
Cash and Cash Equivalents - End of year	**$ 1,912,773**	**$ 5,196,529**	**$ 7,109,302**
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	$ 6,079,010	$ 61,653,208	$ 67,732,218
Adjustments to reconcile operating income to net cash from operating activities:			
Unrealized and realized losses (gains)	1,428,659	(59,714,783)	(58,286,124)
Investment income	(3,726,120)	(35,321,521)	(39,047,641)
Changes in assets and liabilities:			
Amounts due (to) from MET Programs (Plans B and C)	-	1,615,142	1,615,142
Amounts due (to) from MET Programs (Plan D)	(1,615,142)	-	(1,615,142)
Amounts due from State of Michigan	-	(17,696,699)	(17,696,699)
Amount due from others	-	(203,958)	(203,958)
Amount due from contract purchaser	-	181,396	181,396
Interest and dividends receivable	91,575	551,137	642,712
Tuition contracts receivable	-	1,989,717	1,989,717
Scholarship benefits receivable	-	(61,034)	(61,034)
Pension liability and related deferrals	22,323	433,245	455,568
OPEB liability and related deferrals - Life insurance	(655)	(12,726)	(13,381)
OPEB liability and related deferrals - Health insurance	(13,703)	(265,951)	(279,654)
Tuition benefit payable	(6,286,366)	(30,240,702)	(36,527,068)
Other accrued liabilities	-	25,068	25,068
Scholarship benefits payable	-	61,034	61,034
Total adjustments	(10,099,429)	(138,660,635)	(148,760,064)
Net cash and cash equivalents used in operating activities	**$ (4,020,419)**	**$ (77,007,427)**	**$ (81,027,846)**

See notes to financial statements.

Note 1 - Significant Accounting Policies

Reporting Entity

Michigan Education Trust (MET or the "Trust"), was created under Act 316, P.A. 1986 (Sections 390.1421 – 390.1444 of Michigan Compiled Laws) to operate a prepaid college tuition program. The Trust is governed by a nine-member board of directors that consists of one ex officio member (the state treasurer, acting as chair) and eight public members who are appointed by the governor with the advice and consent of the Senate. The Trust is administratively located within the Department of Treasury. The state treasurer, as the Trust's agent, may not commingle funds and must maintain a separate bank account for the Trust. The Trust is a proprietary component unit of the State of Michigan (the "State") and is reported as such in the State of Michigan's Annual Comprehensive Financial Report. The accompanying financial statements present MET Plans B and C (Plans B and C) and MET Plan D (Plan D) separately, as they are separate plans. Accordingly, they do not purport to, and do not, present fairly the financial position and changes in financial position and cash flows of the State of Michigan or its component units in accordance with accounting principles generally accepted in the United States of America applicable to governmental units.

Act 316, P.A. 1986 (the "Act"), as amended, empowers the Trust, on behalf of itself and the State of Michigan, to enter into a contract with a purchaser that provides that, in return for a specified actuarially determined payment, the Trust will provide a Michigan child's undergraduate tuition at any Michigan public university or community college. The purchase amount is based on several factors, including tuition costs, anticipated investment earnings, anticipated tuition rate increases, and the type of contract purchased.

The Trust offers a full benefits contract, a limited benefits contract, and a community college contract. The Trust's property, income, and operations have been statutorily exempted from all taxation by the State and its political subdivisions. The Act and the contracts specifically provide that the State is not liable if the Trust becomes actuarially unsound. In that event, the contracts provide for refunds to participants based on a proportion of the remaining assets. In May 1997, the Trust submitted a request for ruling to the Internal Act of 1996 (known as the 1996 Tax Act). On December 23, 1997, the IRS issued a favorable ruling, which confirms that the Trust meets the requirements for exemption from federal income tax as a state-qualified tuition program described in Section 529 of the Internal Revenue Code.

As of September 30, 2023, there have been 30 enrollment periods over 34 years for the Trust. The 1988, 1989, and 1990 enrollments are known as Plans B and C. The 1995, 1997, 1998, 1999, 2000, 2002, 2003, 2004, 2005, 2006, 2007 (two enrollment periods), 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023 enrollments are known as Plan D. The Plan D enrollments are accounted for and reported separately from the Plans B and C enrollments.

Accounting and Reporting Principles

The Trust follows the accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB).

Basis of Accounting

The Trust uses the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents

Cash and cash equivalents include cash and balances with financial institutions and short-term investments with original maturities that are generally less than three months used for cash management rather than investing activities.

Note 1 - Significant Accounting Policies (Continued)

Investments

The Trust's deposits and investments are held in a fiduciary capacity by the state treasurer. Act 316, P.A. 1986, as amended, authorizes the Trust's board of directors to invest the Trust's assets in any instrument, obligation, security, or property that it considers to be appropriate. The Act also authorizes the pooling of the Trust's investments with investments of the State, such as the pension funds, for investment purposes. Investments are carried at fair value, except for commercial paper and money market funds that are reported at amortized cost (see Note 3). 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 net asset value reported in the financial statements of the respective investment entity. Net asset value is determined in accordance with governing documents of the investment entity and is subject to an independent annual audit.

Interest Receivable

Interest receivable represents the interest income earned but not yet received at year end.

Receivable from State of Michigan

The receivable recorded in Plan D is restricted to the payment of tuition invoices received for contract beneficiaries and the awarding of scholarship contracts to eligible recipients. The scholarships will be awarded annually through fiscal year 2027. By fiscal year 2027, 454 contracts will be awarded totaling $840,000. The remaining receivable relates to the transfer of funds to cover tuition expenses subsequent to year end.

Subscriptions

The Trust obtains the right to use vendors' information technology software through various long-term contracts. The Trust recognizes a subscription liability and an intangible right-of-use subscription asset (the "subscription asset") in Plan D. The Trust recognizes subscription assets and liabilities with an initial value of $0 or more.

At the commencement of a subscription, the Trust initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made before the subscription commencement date, plus initial implementation costs. Subsequently, the subscription asset is depreciated on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the Trust determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term.

- The Trust uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Trust generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancelable period of the subscription.

The Trust monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Tuition Contracts Receivable

The present value of the future monthly purchase contract payments for Plan D is recorded as a current and noncurrent asset. Plans B and C are closed to new contracts purchased after 1990, and a present value of future contract payments is not recorded. For the year ended September 30, 2023, the discount rate applied to expected future cash flows to determine present value was 5.50 percent.

Note 1 - Significant Accounting Policies (Continued)

Tuition Benefits Liabilities

The actuarial present value of the future tuition benefits obligation is recorded as a current and noncurrent liability of the Trust (see Note 6).

Scholarship Benefits Liabilities

The scholarship benefits liability was established to record future scholarship contracts to be awarded to eligible recipients through fiscal year 2027. Each fiscal year, the liability will be reduced by the amount of scholarship contracts awarded.

Pension and Other Postemployment Benefits Other Than Pension (OPEB)

For the purpose of measuring the net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the State Employees' Retirement System (SERS) or the postemployment life insurance benefits plan have been determined on the same basis as they are reported by SERS or the postemployment life insurance benefits plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

Compensated absences are accrued employee vacation, banked leave time, and sick leave time. The Trust is allocated a percentage of assigned employees of the Department of Treasury. The Trust allocates employees payroll costs to Plan D.

Net Position

The Trust's net position represents the investment appreciation and the investment revenue in excess of the actuarial present value of the future tuition benefits obligation and expenses (see Note 6). Net position is restricted because of the contractual obligations to which the Trust must adhere on behalf of the purchasers and beneficiaries for which prepaid tuition was collected and invested. Section 17 of Act 316, P.A. 1986, as amended, indicates that the assets of the Trust shall be preserved, invested, and expended solely pursuant to and for the purposes set forth in the Act and shall not be loaned or otherwise transferred or used by the State for any purpose other than the purposes of the Act.

Operating Revenue

The principal operating revenue of the Trust is from income from interest and dividends, increases/decreases in the fair value of investments, and other miscellaneous income.

Operating Expenses

Operating expenses of the Trust include salaries and administrative expenses and changes in the present value of tuition benefits payable.

Adoption of New Accounting Pronouncement

During the current year, the Trust adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. As a result, the statement of net position of Plan D now includes a liability for the present value of payments expected to be made and subscription assets. The subscription liabilities and assets have been added to Note 10, along with further information on the subscription activity.

Note 2 - Deposits and Investments

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the Trust's cash and investments are subject to several types of risk, which are examined in more detail below:

Authorized Investments

State statute and board resolutions authorize allowable investments for Plans B and C and Plan D. Assets of the Trust may be invested in any instrument, obligation, security, or property considered appropriate by the board per Public Act 316 of 1986 Section 390.1429.

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of the depository financial institution, the Trust will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. The Trust does not have a policy for custodial credit risk.

As of September 30, 2023, the Trust's deposits for Plans B and C and the amounts reflected in the accounts of the banks were $1,912,773. Of these amounts, $250,000 was covered by Federal Deposit Insurance Corporation (FDIC) insurance.

As of September 30, 2023, the Trust's deposits for Plan D and the amounts reflected in the accounts of the banks were $5,196,529. Of these amounts, $250,000 was covered by Federal Deposit Insurance Corporation (FDIC) insurance, and the Trust's deposits as a whole (Plans B and C and Plan D) were further covered by $10,000,000 of collateral held in trust in the Trust's name at September 30, 2023.

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, the Trust will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Trust's investments are registered in its name and, therefore, are not subject to custodial credit risk. The Trust does not have an investment policy for custodial credit risk. At September 30, 2023, there was no exposure to custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Trust does not have a policy to restrict interest rate risk for long-term investments. The Trust's objective is the preservation of capital while managing the cash flow requirements for paying tuition invoices for eligible contract beneficiaries as required.

Investment timing for managing cash flow requirements is relative to the rates in securities at the time each investment decision is required to be made. The Trust has authorized the Department of Treasury's Bureau of Investments to assist in the management of cash flow requirements. The Trust and Bureau of Investments make investments in accordance with applicable statutory provisions.

Note 2 - Deposits and Investments (Continued)

At September 30, 2023, Plans B and C had the following investments and maturities:

Plans B and C	2023 Fair Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money market	$ 8,076,893	$ 8,076,893	$ -	$ -	$ -
U.S. Treasury securities	16,125,130	-	1,807,480	1,389,609	12,928,041
U.S. agencies - Backed securities	1,340,947	-	-	-	1,340,947
Corporate bonds and notes	58,066,277	-	16,610,854	12,858,591	28,596,832
Total investments subject to interest rate risk	$ 83,609,247	$ 8,076,893	$ 18,418,334	$ 14,248,200	$ 42,865,820
Plus other investments not subject to interest rate risk disclosure - Alternative investments	8,580,806				
Total investments	$ 92,190,053				

Alternative investments have no fixed income or duration and, therefore, are not segmented for time.

At September 30, 2023, Plan D had the following investments and maturities:

Plan D	2023 Fair Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Commercial paper	$ 119,845,651	$ 119,845,651	$ -	$ -	$ -
Money market	15,139,330	15,139,330	-	-	-
U.S. Treasury securities	50,693,607	-	9,671,914	7,573,785	33,447,908
U.S. agencies - Backed securities	3,643,981	-	-	879,623	2,764,358
Corporate bonds and notes	126,978,625	3,005,921	31,260,132	37,653,550	55,059,022
Total investments subject to interest rate risk	$ 316,301,194	$ 137,990,902	$ 40,932,046	$ 46,106,958	$ 91,271,288
Plus investments not subject to interest rate risk:					
Mutual funds	234,825,196				
Alternative investments	398,353,458				
Total investments	949,479,848				
Less investments reported as short term on statement of net position	119,845,651				
Total long-term investments	$ 829,634,197				

Mutual funds and alternative investments have no fixed income or duration and, therefore, are not segmented for time.

Note 2 - Deposits and Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Trust limits investments in commercial paper, at the time of purchase, to the top two ratings issued by two national rating services: ratings of A-1 and A-2 from Standard & Poor's (S&P) and ratings of P-1 and P-2 from Moody's Investors Service (Moody's). The Trust's policy also limits investments in corporate bonds, at the time of purchase, to the top four ratings of the two rating services: ratings AAA, AA, A, and BBB from Standard & Poor's and ratings of Aaa, Aa, A and Baa from Moody's Investors Service.

As of September 30, 2023, U.S. government securities, money market, and corporate bond holdings by Moody's and Standard & Poor's rating agencies are as follows for Plans B and C:

	Moody's	Fair Value	S&P	Fair Value
Corporate bonds				
	A1	$ 3,300,104	A	$ -
	A3	3,731,201	A-	4,238,883
	Aa2	3,692,836	A+	-
	Aaa	15,252,947	AAA	4,178,371
	Baa1	4,384,467	BBB	9,804,094
	Baa2	6,513,579	BBB-	5,338,546
	Baa3	6,968,283	BBB+	7,027,979
	Not rated	14,222,860	Not rated	27,478,404
Total corporate bonds		58,066,277		58,066,277
Money market	Aaa	8,076,893	AAA	8,076,893
U.S. government	N/A	17,466,077	N/A	17,466,077
Total debt securities		$ 83,609,247		$ 83,609,247

As of September 30, 2023, U.S. government securities, corporate bond holdings, money market, and commercial paper by Moody's and Standard & Poor's rating agencies are as follows for Plan D:

	Moody's	Fair Value	S&P	Fair Value
Corporate bonds				
	A1	$ 22,217,386	A	$ 1,564,631
	A2	4,562,666	A-	18,424,047
	A3	6,011,547	A+	1,556,746
	Aa2	6,641,722	AA	2,308,858
	Aa3	2,501,213	AA-	4,215,969
	Aaa	24,445,166	AAA	6,596,375
	Baa1	21,967,106	BBB	15,795,690
	Baa2	9,335,568	BBB-	8,323,144
	Baa3	7,060,317	BBB+	23,637,860
	Not rated	22,235,934	Not rated	44,555,305
Total corporate bonds		126,978,625		126,978,625
Commercial paper	P-1	114,847,947	A-1	114,847,947
Commercial paper	P-2	4,997,704	A-2	4,997,704
Money market	Aaa	15,139,330	AAA	15,139,465
U.S. government	N/A	54,337,588	N/A	54,337,588
Total debt securities		$ 316,301,194		$ 316,301,329

Note 2 - Deposits and Investments (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Trust's investments with a single issuer. The Trust places no limit on the amount it may invest in any one issuer.

As of September 30, 2023, Plans B and C held no investments that represented 5.00 percent or more of total investments.

As of September 30, 2023, Plan D held the following investments that represented 5.00 percent or more of total investments:

Dodge & Cox	$ 88,801,212
Tahquamenon LP-DCT	66,894,862
The Vanguard Group	146,023,985

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. As of September 30, 2023, the Trust had no foreign investments.

Note 3 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Trust's assets measured at fair value on a recurring basis at September 30, 2023 and the valuation techniques used by MET to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that MET has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

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. The Trust's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 3 - Fair Value Measurements (Continued)

The following tables summarize the fair value measurements of investments as of September 30, 2023:

	Plans B and C Assets Measured at Fair Value on a Recurring Basis at September 30, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Measured at NAV	Balance at September 30, 2023
Debt securities:				
U.S. Treasury securities	$ 16,125,130	$ -	$ -	$ 16,125,130
Corporate bonds and notes	-	58,066,277	-	58,066,277
U.S. agencies - Backed securities	-	1,340,947	-	1,340,947
Investments measured at net asset value (NAV):				
Private equity funds	-	-	5,668,314	5,668,314
Real estate funds	-	-	2,912,492	2,912,492
Total investments measured at net asset value	-	-	8,580,806	8,580,806
Total investments	$ 16,125,130	$ 59,407,224	$ 8,580,806	$ 84,113,160

	Plan D Assets Measured at Fair Value on a Recurring Basis at September 30, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Measured at NAV	Balance at September 30, 2023
Debt securities:				
U.S. Treasury securities	$ 50,693,607	$ -	$ -	$ 50,693,607
U.S. agencies - Sponsored securities	-	879,623	-	879,623
Corporate bonds and notes	-	126,978,625	-	126,978,625
U.S. agencies - Backed securities	-	2,764,358	-	2,764,358
Equity securities - Mutual funds	234,825,196	-	-	234,825,196
Investments measured at net asset value:				
Private equity funds	-	-	166,268,500	166,268,500
Real estate funds	-	-	81,182,655	81,182,655
Multistrategy hedge funds	-	-	66,984,862	66,984,862
Event-driven hedge fund	-	-	65,581,067	65,581,067
Defensive equity funds	-	-	18,336,374	18,336,374
Total investments measured at net asset value	-	-	398,353,458	398,353,458
Total investments	$ 285,518,803	$ 130,622,606	$ 398,353,458	$ 814,494,867

Debt and equity securities classified as Level 1 in the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 in the fair value hierarchy are valued using a matrix pricing technique.

There are no limitations or restrictions on participant withdrawals for the money market funds reported at amortized cost.

Note 3 - Fair Value Measurements (Continued)

Additional disclosures for fair value measurements of investments in certain entities that calculate net asset value per share are as follows:

Private Equity Funds

This type of investment includes 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. It is probable that all of the investments in this type will be sold at an amount different from NAV per share of the plan's ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been determined using the Trust's equity contributions, less any distributions or dividends received, adjusted for any gains or losses in the investment allocated to the Trust.

Plans B and C include investments in 5 partnerships as of September 30, 2023. The total market value and unfunded commitments of these investments as of September 30, 2023 are approximately $5.7 million and $3.7 million, respectively.

Plan D includes investments in 19 partnerships as of September 30, 2023. The total market value and unfunded commitments of these investments as of September 30, 2023 are approximately $166.3 million and $116.5 million, respectively.

Real Estate

This type of investment invests primarily in multifamily preferred equity structure in the United States. 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. It is probable that all of the investments in this type will be sold at an amount different from NAV per share of the plan's ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been determined using the Trust's equity contributions, less any distributions or dividends received, adjusted for any gains or losses in the investment allocated to the Trust.

Plans B and C include 2 partnerships as of September 30, 2023. The total market value and unfunded commitment of this investment as of September 30, 2023 are approximately $2.9 million and $0.9 million, respectively.

Plan D includes 8 partnerships as of September 30, 2023. The total market value and unfunded commitment of this investment as of September 30, 2023 are approximately $81.1 million and $18.0 million, respectively.

Multistrategy Hedge Funds

This type of investment pursues multiple strategies to diversify risks and reduce volatility. The fund is organized for the primary purpose of developing and actively managing an investment portfolio of nontraditional 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 0 to 96 months.

One fund offers limited partnership Class A interests, as well as strategic interests. Generally, the limited partner may withdraw all or any portion of its Class A and strategic interests capital account at any time upon no 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.

Note 3 - Fair Value Measurements (Continued)

The fair value of investments in limited partnerships and investment funds and affiliated limited partnerships and investment funds (the "investee funds") is generally determined using the reported net asset value per share of the investee fund as a practical expedient for fair value.

Plans B and C do not hold investments classified as multistrategy hedge funds.

Plan D includes investments in one fund as of September 30, 2023. The total market value of these investments as of September 30, 2023 is approximately $67.0 million. There are no unfunded commitments associated with these funds as of September 30, 2023. Due to the inherent uncertainty of these estimates, these values may differ from the values that would have been used had a ready market for these investments existed, and the differences could be material.

Event-driven Hedge Funds

This type of investment typically applies a fundamental value discipline to identify undervalued companies that have one or more specific catalysts to unlock 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 partner commitment and may be called again for contribution to the partnership by the general partner. It is expected that the underlying assets of the fund will be liquidated over a period of three to six years.

Plans B and C do not hold investments classified as event-driven hedge funds.

Plan D includes two investments as of September 30, 2023. The total market value and unfunded commitments of these investments as of September 30, 2023 are approximately $65.6 million and $1,959, respectively. Market price observability is impacted by a number of factors, including the type of investment and characteristics specific to the investment.

Defensive Equity Funds

This type includes an investment in a private defensive equity fund that invests in collateralized put and call options composed 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 NAV per share (or its equivalent) of the investee funds.

Plans B and C do not hold investments classified as defensive equity funds.

The fair value of this investment has been determined NAV per share (or its equivalent) of the investee funds. Plan D's total market value and unfunded commitment of this investment as of September 30, 2023 are $18.3 million and $0, respectively. The fair value of this investment has been determined using NAV per share (or its equivalent) of the investee funds.

Note 4 - Tuition Contracts Receivable

The future monthly purchase contract receipts for Plan D are actuarially calculated based on the present value of future receipts and projected investment performance. Plans B and C were closed to new contract purchasers after 1990. The following table summarizes tuition contracts receivable for monthly purchase contracts for Plan D as of September 30, 2023:

Long-term tuition contracts receivable	$ 15,525,989
Current tuition contracts receivable	4,776,458
Total tuition contracts receivable	$ 20,302,447

Note 5 - Receivable from State of Michigan

The receivable from the State of Michigan recorded in Plan D is restricted to the payment of tuition invoices received for contract beneficiaries, administrative expenses, and the awarding of scholarship contracts to eligible recipients. The scholarships will be awarded annually through fiscal year 2027. By fiscal year 2027, 454 contracts will be awarded totaling $840,000. The remaining receivable relates to the transfer of funds to cover tuition expenses subsequent to year end.

Note 6 - Tuition Benefits Payable and Net Position

The standardized measurement of the total tuition benefits obligation of the Trust is the actuarial present value of the future tuition benefits obligation that will be paid in future years. The tuition benefits obligation is actuarially calculated by projecting the weighted-average tuition cost, including mandatory fees, at the assumed annual rate of increase and then calculating the expected present value of the future distributions from the Trust based on the investment income, discount rate assumptions, and outstanding contracts.

The following table shows the approximate net value of total assets and deferred outflows of resources, less nontuition liabilities and deferred inflows of resources, the present value of total tuition benefits obligation, and the net position of Plans B and C as of September 30:

	Michigan Education Trust Plans B and C
Net value of total assets and deferred outflows of resources - Less nontuition liabilities and deferred inflows of resources	$ 93,674,419
Present value of total tuition benefits obligation	(35,870,903)
Total net position	$ 57,803,516

The value of assets for Plans B and C as a percentage of total actuarial liabilities (present value of tuition payments, fees, and administrative expenses) (i.e., the funded ratio) was 261.1 percent at September 30, 2023.

Note 6 - Tuition Benefits Payable and Net Position (Continued)

The following table shows the approximate net value of assets and deferred outflows of resources, less nontuition liabilities and deferred inflows of resources, the present value of total tuition benefits obligation, and the net position of Plan D as of September 30:

	Michigan Education Trust Plan D
Net value of total assets and deferred outflows of resources - Less nontuition liabilities and deferred inflows of resources	$ 991,673,029
Present value of total tuition benefits obligation	(656,553,393)
Total	$ 335,119,636

The value of assets for Plan D as a percentage of total actuarial liabilities (present value of tuition payments, fees, and administrative expenses) (i.e., the funded ratio) was 151.0 percent at September 30, 2023.

The surpluses in net assets for the year ended September 30, 2023 are the direct result of the value of assets exceeding the future tuition benefits obligation. Differences between future assumptions related to actual investment returns and actual tuition increases will affect the net assets or unfunded tuition liability.

The most important assumptions used in the actuarial valuations include the following:

(1) For Plans B and C and Plan D, the investment yield that is applied to expected future cash flows to determine present value was 3.65 percent and 5.50 percent, respectively, as of September 30, 2023. The investment yield assumption is based on the earnings of MET's investment portfolio together with estimates of the yields that will be available on reinvestment of income.

(2) For the year ended September 30, 2023, the Trust's board of directors considered the relationship of tuition increases to the Consumer Price Index in determining the tuition increase assumption of 4.50 percent for all future years for Plans B and C and Plan D.

(3) There was no tax effect from federal income tax.

(4) All trust plans will pay 105 percent of the MET weighted-average tuition in benefits and refunds.

The key tuition increase assumptions used in the actuarial valuations for Plans B and C and Plan D are as follows for the year ended September 30, 2023:

	Plans B and C	Plan D
Year 1 and beyond	4.50 %	4.50 %
Present value discount rate	3.65	5.50

The following summarizes the approximate tuition benefits payable as of and for the year ended September 30, 2023:

	Michigan Education Trust Plans B and C	Michigan Education Trust Plan D
Balance - Beginning of year	$ 42,157,269	$ 686,794,094
Tuition benefit expense (recovery) provision	(4,200,985)	49,299,422
Payments	(2,085,381)	(79,540,123)
Total benefits payable	$ 35,870,903	$ 656,553,393

Note 6 - Tuition Benefits Payable and Net Position (Continued)

The amounts due within one year for tuition benefits payable for the year ended September 30, 2023 for Plans B and C and Plan D are $1,662,080 and $62,193,831, respectively. The actuarial assumptions described in this note have a significant impact on the tuition benefit liability. Actual results may differ from the assumptions utilized.

Note 7 - Risk Management

The Trust participates in the State of Michigan's (primary government) risk management program. The State is self-insured for most general liability and property losses; portions of its employee insurance benefit and bonding programs; and automobile liability, workers' compensation, and unemployment claims. The State Sponsored Group Insurance Fund and Risk Management Fund (internal service funds) have been established by the State to account for these self-insured risk management programs. As a participant, the Trust recognizes expenses for payments made to the State in a manner similar to purchasing commercial insurance. Charges to finance the self-insured programs are based on estimates of amounts needed to pay prior and current year claims, as determined annually by the Department of Technology, Management, and Budget. There were no settlements exceeding coverage provided through the Trust's risk management program during the past three fiscal years.

Note 8 - General Information on Employee Pension Plans

Plan Description

The Michigan State Employee’s Retirement System (the "System") is a single-employer, statewide, defined benefit public employee retirement plan governed by the State of Michigan (State) and created under Public Act 240 of 1943, as amended. Section 2 of this act establishes the board’s authority to promulgate or amend the provisions of the System. Executive Order 2015-13 signed by the Governor on October 27, 2015, established the State of Michigan Retirement Board. The executive order establishes the board’s authority to promulgate or amend the provision of the System. The board consists of nine members:

- The attorney general
- The state treasurer
- The legislative auditor general
- The state personnel director
- One member or retirant of the State Employees' Retirement System appointed by the governor
- One member of the Judges Retirement System appointed by the governor
- One current or former officer or enlisted person in the Michigan Military Establishment who is a member or retirant under the Military Retirement Provisions appointed by the governor
- One retirant member of the State Employees' Retirement System appointed by the governor
- One member of the general public appointed by the governor

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to the State's government employees.

The System is accounted for in a separate pension trust and issues a publicly available financial report that includes financial statements and required supplemental information. That report is available on the web or by calling the Office of Retirement Services (ORS) at (517) 322-5103 or (800) 381-5111.

Note 8 - General Information on Employee Pension Plans (Continued)

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan are established by state statute, which may be amended. Public Act 240 of 1943, State Employees' Retirement Act, as amended, establishes eligibility and benefit provisions for the defined benefit plan. Retirement benefits are determined by final average compensation and years of service. Members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides duty disability, nonduty disability, and survivor benefits.

A member who has separated from employment may request a refund of his or her member contribution account. A refund may cancel a former member's rights to future benefits. However, former members who return to employment and who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Effective March 31, 1997, Public Act 487 of 1996 (the "Public Act") closed the plan to new entrants. All new employees become members of the defined contribution plan. The Public Act 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.

Pension Reform of 2012

On December 15, 2011, the governor signed Public Act 264 of 2011 into law. The legislation granted members a choice regarding their future retirement plan. They had the following options:

- Option 1: DB Classified. Members voluntarily elected to remain in to DB plan for future service and contribute 4 percent of their annual compensation to the pension fund until they terminate state employment. The 4 percent contribution began on April 1, 2012.
- Option 2: DB 30. Members voluntarily elected to remain in the DB plan for future service and contribute 4 percent of pay until they reach 30 years of service. When they reach 30 years of service, they will switch to the State's DC plan. The 4 percent contribution began on April 1, 2012 and continues until they switch to the DC plan or terminate employment, whichever comes first
- Option 3: DB/DC Blend. Members voluntarily elected not to pay the 4 percent and, therefore, became participants in the DC plan for future service beginning on April 1, 2012. As DC plan participants, they receive a 4 percent employer contribution to their 401(k) account and are eligible for an additional dollar-for-dollar employer match of up to 3 percent of pay to the plan.

Deferred members of the DB plan (with 10 or more years of service) who are reemployed by the State on or after January 1, 2012 become participants in the DC plan. Their pension calculation is determined by their final average compensation (FAC) and years of service as of March 31, 2012. They retain their eligibility for the retiree health insurance premium subsidy offered by the State.

Former nonvested members of the DB plan (with less than 10 years of service) who are reemployed by the State on or after January 1, 2012 and before January 1, 2014 become participants in the DC plan. When they have earned sufficient service credit for vesting (10 years), they would be eligible for a pension based on their FAC and years of service in the DB plan as of March 31, 2012. They retain their eligibility for the retiree health insurance premium subsidy offered by the State.

Note 8 - General Information on Employee Pension Plans (Continued)

Former nonvested members (with less than 10 years of service) of the DB plan who are reemployed by the State on or after January 1, 2014 become members of the DC plan. Any service credit previously earned would count towards vesting for the DC plan. They will not be eligible for any pension or retiree health insurance coverage premium but will become participants in the Personal Healthcare Fund where they will contribute up to 2 percent of their compensation to a 401(k) or 457 account, earning a matching 2 percent employer contribution. They will also receive a credit into a health reimbursement account (HRA) at termination if they terminate employment with at least 10 years of service. The credit will be $2,000 for participants who are at least 60 years old or $1,000 for participants who are less than 60 years old at termination.

Regular Retirement

The retirement benefit is based on a member's years of credited service (employment) and FAC. The normal benefit equals 1.5 percent of a member's FAC multiplied by the years and partial year of credited service and is payable monthly over the member's lifetime.

Under PA 264 of 2011, FAC is initially determined as the annual average of the highest three years of compensation (including overtime paid before January 1, 2012 but excluding overtime paid after December 31, 2011). If the end date for the initial FAC calculation is between January 1, 2012 and January 1, 2015, then a prorated amount of post-2008 average overtime will be added to the initial FAC average of overtime - for the six-year period ending on the FAC calculation date - will be added to that initial FAC calculation to get the final FAC number.

For members who switch to the DC plan for future service, the pension calculation FAC times 1.5 percent times years of service will be determined as of the point the member switches to the DC plan. If the FAC period includes the date of the switch to the DC plan, then the FAC will include up to 240 hours of accrued annual leave multiplied by the rate of pay as of the date of the switch. The hours will be paid at separation. A member may retire and receive a monthly benefit after attaining:

1. Age 60 with 10 or more years of credited service
2. Age 55 with 30 or more years of credited service
3. Age 55 with at least 15 but less than 30 years of credited service. The benefit allowance is permanently reduced by 0.5 percent for each month from the member's age on the effective date of retirement to the date the member will attain age 60.

Employees in covered positions are eligible for supplemental benefits and may retire after attaining the following:

1. Age 51 with 25 or more years in a covered position
2. Age 56 with 10 or more years in a covered position

In either case, the three years immediately preceding retirement must have been in a covered position.

Deferred Retirement

Any member with 10 or more years of credited service who terminates employment but has not reached the age of retirement is a deferred member and is entitled to receive a monthly pension upon reaching 60, provided the member's accumulated contributions have not been refunded. Deferred retirement is available after 5 years of service for state employees occupying unclassified positions in the executive and legislative branches and certain Department of Health and Human Services employees subject to reduction in force layoffs by reason of deinstitutionalization.

Note 8 - General Information on Employee Pension Plans (Continued)

Nonduty Disability Benefit

A member with 10 or more years of credited service who becomes totally and permanently disabled not due to performing duties as a state employee is eligible for a nonduty disability pension. The nonduty disability benefit is computed in the same manner as an age and service allowance based upon service and salary at the time of disability.

Duty Disability Benefit

A member who becomes totally and permanently disabled form performing duties as a state employee as a direct result of state employment and who has not met the age and service requirement for a regular pension is eligible for a duty disability pension. Public Act 109 of 2004 amended the State Employees' Retirement Act to change the calculation of the pension benefit and increase the minimum annual payment. If the member is under age 60, the duty disability allowance is now a minimum of $6,000 payable annually. At age 60, the benefit is recomputed under service retirement.

Survivor Benefit

Upon the death of a member who was vested, the surviving spouse shall receive a benefit calculated as if the member had retired the day before the date of death and selected a survivor pension. Certain designated beneficiaries can be named to receive a survivor benefit. Public Act 109 of 2004 amended the State Employees' Retirement Act to change the calculation of duty death benefits and redefined eligibility for deceased members' survivors. The new minimum duty-related death benefit has been increased to $6,000.

Pension Payment Options

When applying for retirement, an employee may name a person other than his or her spouse as a beneficiary if the spouse waives this right. If a beneficiary is named, the employee must choose whether the beneficiary will receive 100 percent, 75 percent, or 50 percent of the retiree's pension benefit after the retiree's death. The decision is irrevocable. A description of the options is as follows:

- Regular Pension - The pension benefit is computed with no beneficiary rights. If the retiree made contributions while as employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to beneficiaries.

- 100 Percent Survivor Pension - Under this option, after the retiree's death, the beneficiary will receive 100 percent of the pension for the remainder of the beneficiary's lifetime. If this option is elected, the normal retirement benefit is reduced by a factor based upon the ages of the retiree and of the beneficiary. If the beneficiary predeceases the retiree, the pension "pops up" to the regular pension amount; another beneficiary cannot be named.

- 75 Percent Survivor Pension - Under this option, after the retiree's death, the beneficiary will receive 75 percent of the pension for the remainder of the beneficiary's lifetime. If this option is elected, the normal retirement benefit is reduced by a factor based upon the ages of the retiree and of the beneficiary. The reduction factor is lower than the factor used in the 100 percent option previously described. If the beneficiary predeceases the retiree, the pension "pops up" to the regular pension amount; another beneficiary cannot be named.

Note 8 - General Information on Employee Pension Plans (Continued)

- 50 Percent Survivor Pension - Under this option, after the retiree's death, the beneficiary will receive 50 percent of the pension for the remainder of the beneficiary's lifetime. If this option is elected, the normal retirement benefit is reduced by a factor based upon the ages of the retiree and of the beneficiary. The reduction factor is lower than the factor used in the 100 percent or 75 percent options previously described. If the beneficiary predeceases the retiree, the pension "pop ups" to the regular pension amount; another beneficiary cannot be named.
- Equated Pension - An equated pension may be chosen by any member under age except a disability retiree and an early supplemental retiree. Equated pensions provide an additional amount until age 65 and may be combined with the regular, 100 percent, 75 percent, or 50 percent option. At age 65, the monthly amount is permanently reduced. The initial and reduced amounts are based on an estimate of Social Security benefits at age 65, provided by the Social Security Administration Office. In order to calculate this benefit, members choosing this option must provide the Office of Retirement Services (ORS) with an estimate from the Social Security Administration Office. The actual amount received from Social Security may vary from the estimate.

Postretirement Adjustments

One-time upward benefit adjustments were made in 1972, 1974, 1976, 1977, and 1987. Beginning on October 1, 1988, a 3 percent noncompounding increase, up to a maximum of $25 monthly, is paid each October to recipients who have been retired 12 full months. Beginning in 1983, eligible benefit recipients share in a distribution of investment income earned in excess of 8 percent annually. This distribution is known as the supplemental payment. The supplemental payment is offset by one year's cumulative increases received after the implementation of the annual 3 percent increase in benefits. These adjustment payments were not issued during fiscal years 1991 through 1994. Members who retired on or after October 1, 1987 are not eligible for the supplemental payment.

Contributions

Member Contributions

Under Public Act 264 of 2011, members who voluntarily elected to remain in the DB plan contribute 4 percent of compensation to the retirement system. In addition, members may voluntarily contribute to the System for the purchase of creditable service, such as military service or maternity leave, or a universal buy-in. If a member terminates employment before a retirement benefit is payable, the member's contribution and interest on deposit may be refunded. If the member dies before being vested, the member's contribution and interest are refunded to the designated beneficiaries.

Employer 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 and are based upon level-dollar value funding principles, so the contribution rates do not have to increase over time.

For fiscal year 2023, Plans B and C's contribution rate was 23.11 percent of the defined benefit employee wages and 18.54 percent of the defined contribution wages. Plans B and C's contribution to SERS for the fiscal year ended September 30, 2023 was $34,859.

For fiscal year 2023, Plan D's contribution rate was 23.11 percent of the defined benefit employee wages and 18.54 percent of the defined contribution wages. Plan D's contribution to SERS for the fiscal year ended September 30, 2023 was $259,509.

Note 8 - General Information on Employee Pension Plans (Continued)

Net Pension Liability

At September 30, 2023, Plans B and C reported a liability of $326,912 for its proportionate share of the System's net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021 and rolled forward using generally accepted actuarial procedures. Plans B and C's proportion of the net pension liability was based on Plans B and C's required pension contributions received by the System during the measurement period from October 1, 2021 through September 30, 2022, relative to the total required employer contributions from all of System's participating employers. Plans B and C's proportionate share of the pension liability for the year ended September 30, 2023 was 0.002 percent.

At September 30, 2023, Plan D reported a liability of $2,353,372 for its proportionate share of the System's net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021 and rolled forward using generally accepted actuarial procedures. Plan D's proportion of the net pension liability was based on Plan D's required pension contributions received by the System during the measurement period from October 1, 2021 through September 30, 2022, relative to the total required employer contributions from all of the System's participating employers. Plan D's proportionate share of the pension liability for the year ended September 30, 2023 was 0.04 percent.

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

Plans B and C

For the year ended September 30, 2023, Plans B and C recognized pension expense of $91,546. At September 30, 2023, Plans B and C reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Plans B and C	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ -	$ 3,959
Plans B and C's contributions to the plan subsequent to the measurement date	34,859	-
Total	$ 34,859	$ 3,959

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

Years Ending	Amount
2024	$ (5,421)
2025	(8,466)
2026	(11,032)
2027	20,960
Total	$ (3,959)

Note 8 - General Information on Employee Pension Plans (Continued)

Plan D

For the year ended September 30, 2023, Plan D recognized pension expense of $659,022. At September 30, 2023, Plan D reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Plan D	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ -	$ 20,758
Contributions to the plan subsequent to the measurement date	259,509	-
Total	$ 259,509	$ 20,758

Amounts reported as deferred outflows of resources related to pensions resulting from the Plan D's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2024	$ (28,448)
2025	(44,440)
2026	(57,912)
2027	110,042
Total	$ (20,758)

Actuarial Assumptions

Plans B and C and Plan D's net pension liability for the year ended September 30, 2023 was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021 and rolled forward using generally accepted actuarial procedures. The total pension liability was determined using the following actuarial assumptions at the valuation date:

Wage inflation rate	2.75 percent
Projected salary increase	2.75 - 11.75 percent
Investment rate of return	6.00 percent
Cost of living pension adjustment	3 percent annual noncompounded with maximum annual increases of $300 for those eligible
Mortality basis	RP-2014 Male and Female Employee Annuitant Mortality Table, adjusted for mortality improvements using the projection scale MP-2017 from 2006

The actuarial assumptions used in the valuations at September 30, 2021 were based upon the results of an experience study covering the period from October 1, 2012 through September 30, 2017.

Discount Rate

A discount rate of 6.0 percent was used to measure the total pension liability as of September 30, 2022. This discount rate was based on the long-term expected rate of return on pension plan investments of 6.0 percent as of September 30, 2022. 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.

Note 8 - General Information on Employee Pension Plans (Continued)

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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.10 %
Private equity pools	16.00	8.70
International equity pools	15.00	6.70
Fixed-income pools	13.00	(0.20)
Real estate and infrastructure pools	10.00	5.30
Absolute return pools	9.00	2.70
Real return and opportunistic pools	10.00	5.80
Short-term investment pools	2.00	(0.50)

Long-term rates of return are net of administrative expenses and 2.20 percent inflation.

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

The following presents Plans B and C and Plan D's proportionate share of the net pension liability calculated using the discount rate, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	Plans B and C		
	1 Percentage Point Decrease (5.0%)	Current Discount Rate (6.0%)	1 Percentage Point Increase (7.0%)
Net pension liability of Plans B and C	$ 426,990	$ 326,912	$ 241,835

	Plan D		
	1 Percentage Point Decrease (5.0%)	Current Discount Rate (6.0%)	1 Percentage Point Increase (7.0%)
Net pension liability of Plan D	$ 3,073,812	$ 2,353,372	$ 1,740,923

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the System's Annual Comprehensive Financial Report, which may be obtained by visiting www.michigan.gov/ors.

Note 8 - General Information on Employee Pension Plans (Continued)

Defined Contribution Plan

The Trust participates in the State of Michigan's defined contribution plan system. The Trust is required to contribute to the defined contribution plan 4.0 percent of payroll with an additional match of up to 3.0 percent. The contribution requirements of plan members and MET are established and may be amended by the state Legislature. The state Legislature establishes the extent to which the employer and employees are required to make contributions and establishes the benefit provisions for the plan. The Trust's contributions to the plan were as follows and are recorded in salaries and benefits expense:

Plans B and C	$ 14,425
Plan D	279,943
Total	$ 294,368

Note 9 - Other Postemployment Benefit Plan

Defined Benefit OPEB Plan - Health Care

Plan Description

The Michigan State Employees' Retirement System is a single-employer, statewide, defined benefit public employee retirement plan governed by the State of Michigan and created under Public Act 240 of 1943, as amended. Section 2 of this act established the board's authority to promulgate or amend the provisions of the System. Executive Order 2015-13, signed by the governor on October 27, 2016, established the State of Michigan Retirement Board. The board consists of nine members - five appointed by the governor (which consist of two members of the State Employees' Retirement System, at least one of whom is a retiree; one member of the Judges Retirement System; one current or former office or enlisted person in the Michigan Military Establishment who is a member or retiree under the Military Retirement Provisions; and one member of the general public); the attorney general; the state treasurer; the legislative auditor general; and the state personnel director, who serves as an ex officio member. The System's OPEB plan provides all retirees with the option of receiving health, dental, and vision coverage under the Michigan State Employees' Retirement Act.

The Michigan State Employees' Retirement System is accounted for in a separate OPEB trust fund and issues a publicly available financial report that includes financial statements and required supplemental information. That report is available on the web or by calling the Office of Retirement Services (ORS) at (517) 322-5103 or (800) 381-5111.

Note 9 - Other Postemployment Benefit Plan (Continued)

Benefits Provided

Benefit provisions of the other postemployment benefit (OPEB) plan are established by state statute, which may be amended. Public Act 240 of 1943, as amended, establishes eligibility and benefit provisions for the OPEB plan. Defined benefit (Tier 1) members are eligible to receive health, prescription drug, dental, and vision coverage on the first day they start receiving pension benefits. Defined contribution (Tier 2) participants who elected to retain the graded premium subsidy benefit under the reform elections of Public Act 264 of 2011 are also eligible to receive subsidized health prescription drug, dental, and vision coverage after terminating employment, if they meet eligibility requirements. Retirees with the premium subsidy benefit contribute 20 percent of the monthly premium amount for the health (including prescription coverage), dental, and vision coverage. Retirees with a graded premium subsidy benefit accrue credit towards insurance premiums in retirement, earning a 30 percent subsidy with 10 years of service with an additional 3 percent subsidy for each year of service thereafter, not to exceed the maximum allowed by statute or 80 percent. There is no provision for ad hoc or automatic increases. The State Employees' Retirement Act requires join authorization by DTMB and the Civil Service Commission to make changes to retiree medical benefit plans. Defined contribution (Tier 2) participants who elected the Personal Healthcare Fund under Public Act 264 of 2011 and those hired on or after January 1, 2012 are not eligible for any subsidized health, prescription drug, dental, or vision coverage in retirement but may purchase it at their own expense (certain conditions apply).

Former nonvested members of the DB plan who are reemployed by the State on or after January 1, 2014 are not eligible for retiree health insurance coverage premium subsidy but will become participants in the Personal Healthcare Fund.

This plan is closed to new hires.

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 and are based upon level percent of payroll value funding principals, so the contribution rates do not have to increase over time. For fiscal year 2023, the Plans B and C and Plan D's contribution rate was 14.09 percent of the defined benefit employee wages and 14.09 percent of the defined contribution employee wages.

Plans B and C's contribution to the System for the fiscal year ended September 30, 2023 was $11,142.

Plan D's contribution to the System for the fiscal year ended September 30, 2023 was $202,979.

Net OPEB Liability

The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021 and rolled forward using generally accepted actuarial procedures. The Trust's proportion of the net OPEB liability was based on the Trust's required pension contributions received by the System during the measurement period from October 1, 2021 through September 30, 2022, relative to the total required employer contributions from all of the System's participating employers.

Plans B and C reported liability, as of September 30, 2023, of $178,666 for its proportionate share of the System's net OPEB liability. The proportionate share of the health care OPEB liability for the year ended September 30, 2023 was 0.002 percent.

Plan D reported liability, as of September 30, 2023, of $1,394,096 for its proportionate share of the System's net OPEB liability. The proportionate share of the health care OPEB liability for the year ended September 30, 2023 was 0.038.

Note 9 - Other Postemployment Benefit Plan (Continued)

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

Plans B and C

For the year ended September 30, 2023, Plans B and C recognized OPEB recovery of ($3,242). At September 30, 2023, Plans B and C reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Plans B and C	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 112,752
Changes in assumptions	25,889	5,577
Net difference between projected and actual earnings on OPEB plan investments	1,988	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	16,256	23,269
Employer contributions to the plan subsequent to the measurement date	11,142	-
Total	$ 55,275	$ 141,598

Amounts reported as deferred outflows of resources related to OPEB resulting from Plans B and C's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending September 30	Plans B and C Amount
2024	$ (32,805)
2025	(40,172)
2026	(30,575)
2027	3,913
2028	2,174
Total	$ (97,465)

Note 9 - Other Postemployment Benefit Plan (Continued)

Plan D

For the year ended September 30, 2023, Plan D recognized OPEB recovery of $(62,923). At September 30, 2023, Plan D reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 1,056,662
Changes in assumptions	471,639	52,266
Net difference between projected and actual earnings on OPEB plan investments	36,225	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	296,144	218,072
Employer contributions to the plan subsequent to the measurement date	202,979	-
Total	$ 1,006,987	$ 1,327,000

Amounts reported as deferred outflows of resources related to OPEB resulting from the Plans D's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources to pensions will be recognized in OPEB expense as follows:

Years Ending	Amount
2024	$ (176,008)
2025	(215,536)
2026	(164,044)
2027	20,993
2028	11,603
Total	$ (522,992)

Actuarial Assumptions

Plans B and C and Plan D's net OPEB liability for the year ended September 30, 2023 was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021 and rolled forward using generally accepted actuarial procedures. The total OPEB liability was determined using the following actuarial assumptions at the valuation date:

	September 30, 2021
Wage inflation rate	2.75 percent
Projected salary increase	2.75 - 11.75 percent
Investment rate of return	6.20 percent
Health care cost trend rate	7.50 percent in year 1 graded to 3.50 percent in year 15; 3.00 percent in year 120
Mortality basis	RP-2014 Combined Healthy Life Mortality Table, adjusted for mortality improvements using the projection scale MP-2017 from 2006. For active members, 100 percent of the male table rates were used. For women, 100 percent of the female table rates were used.

The actuarial assumptions used in the valuations at September 30, 2021 were based upon the results of an experience study covering the period from October 1, 2012 through September 30, 2017.

Note 9 - Other Postemployment Benefit Plan (Continued)

Discount Rate

A single discount rate of 6.20 percent was used to measure the total OPEB liability as of September 30, 2022. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.2 percent as of September 30, 2022. The projection of cash flows used to determine this single discount rate assumed that, in the future, 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 (retiree) rate. Based on these assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return

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 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 OPEB plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.10 %
Private equity pools	16.00	8.70
International equity pools	15.00	6.70
Fixed-income pools	13.00	(0.20)
Real estate and infrastructure pools	10.00	5.30
Absolute return pools	9.00	2.70
Real return and opportunistic pools	10.00	5.80
Short-term investment pools	2.00	(0.50)

Long-term rates or return are net of administrative expenses and 2.20 percent inflation.

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

The following presents the Plans B and C and Plan D's proportionate share of the net OPEB liability calculated using the discount rate, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	Plans B and C		
	1 Percentage Point Decrease (5.2%)	Current Discount Rate (6.2%)	1 Percentage Point Increase (7.2%)
Net OPEB liability of Plans B and C	$ 226,837	$ 178,666	$ 138,217

	Plan D		
	1 Percentage Point Decrease (5.2%)	Current Discount Rate (6.2%)	1 Percentage Point Increase (7.2%)
Net OPEB liability of Plan D	$ 1,769,962	$ 1,394,096	$ 1,078,481

Note 9 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the Plans B and C and Plan D's proportionate share of the net OPEB liability calculated using the assumed trend rate, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current trend rate:

	Plans B and C		
	1 Percentage Point Decrease (6.50% to 2.0%)	Current Health Care Cost Trend Rate (7.50% to 3.0%)	1 Percentage Point Increase (8.50% to 4.0%)
Net OPEB liability of Plans B and C	$ 136,459	$ 178,666	$ 227,221

	Plan D		
	1 Percentage Point Decrease (6.50% to 2.5%)	Current Health Care Cost Trend Rate (7.50% to 3.5%)	1 Percentage Point Increase (8.50% to 4.5%)
Net OPEB liability of Plan D	$ 1,064,767	$ 1,394,096	$ 1,772,963

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the System's Annual Comprehensive Financial Report, which may be obtained by visiting www.michigan.gov/ors.

Postemployment Life Insurance Benefits

Plan Description

The State of Michigan provides postemployment life insurance benefits (the "Plan") to eligible individuals upon retirement from state employment. Members of the State Employees' Retirement System, the State Police Retirement System (SPRS), the Judges Retirement System (JRS), and certain members of the Military Retirement Provisions (MMRP) may receive a life insurance benefit if they meet the benefit eligibility requirements. The Plan is a single-employer, statewide, defined benefit other postemployment benefit plan. The State contracts with Minnesota Life to administer the payout of life insurance benefits. The Plan is administered by the Michigan CivilService Commission under Article XI, Section 5 of the Michigan Constitution of 1963 and Michigan Civil Service Commission Rule 5-11.

Activity of the Plan is accounted for in the State Sponsored Group Insurance Fund (the "Fund"), and internal service fund in the State of Michigan Annual Comprehensive Financial Report (SOMACFR). 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.

The Plan is not a trust and has no assets.

Note 9 - Other Postemployment Benefit Plan (Continued)

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 excludes employees with noncareer appointments and those working less than 40 percent of full time; any active official or active unclassified employee of the State who has been approved for coverage by the Michigan 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, Michigan 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 percent of the active life insurance coverage (whose amount is rounded to the next higher $100 provided the retiree retired after July 1, 1974), $1,000 for spouse, and $1,000 for each dependent under age 23.

The active life insurance amount is either (a) two times the employee's basic annual salary, the result rounded to the next higher $1,000 if not already a multiple thereof, with a minimum of $10,000 and a maximum of $200,000 or (b) one times the employee's basic annual salary, the result rounded to the next higher $1,000 if not already a multiple thereof, with a minimum of $10,000 and a maximum of $50,000.

Contributions

The State contributes 100 percent of the premiums for employee and retiree life insurance coverage. The premium rate for fiscal year 2023 was $0.32 for each $1,000 of coverage. 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 the premiums paid. The Michigan Civil Service Commission is responsible for establishing and amending funding policies.

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

Actuarial Valuations and Assumptions

Plans B and C and Plan D's total OPEB liability for the year ended September 30, 2023 was measured as of September 30, 2022 and is based on an actuarial valuation performed as of September 30, 2021 and rolled forward using generally accepted actuarial procedures.

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 the point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities consistent with the long-term perspective of the calculations.

The normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an individual entry age actuarial cost method with these characteristics: (a) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement is sufficient to accumulate the value of the member's benefit at the time of retirement and (b) each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

Note 9 - Other Postemployment Benefit Plan (Continued)

The total OPEB liability was measured using the following actuarial assumptions:

Investment rate of return (discount rate)	4.40 percent per year
Mortality	Healthy Life and Disable Life Mortality, with 110 percent of the Male and Female rates used in the pension valuations for SERS plan members

IBNR: A liability equal to 25 percent of expected first year cash flow was held for postemployment life insurance benefits claims incurred but not reported (IBNR).

Spouse Benefits for Future Retirees: The liabilities for active members were loaded to account for potential postemployment life insurance benefits payable to spouses of future retirees at 1.75 percent for SERS retirees.

Spouse Benefits for Current Retirees: Data regarding postemployment life insurance benefits coverage for spouses of current retirees was not available. Liabilities for retired members were loaded to account for postemployment life insurance benefits payable to the spouses of current retirees at 2 percent for SERS retirees.

Discount Rate

A discount rate of 4.40 percent was used to measure the ending total OPEB liability for postemployment life insurance benefits as of September 30, 2022. This discount rate was based on the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date since the Plan has no assets. The municipal bond rate of 2.19 percent was used for determining the beginning total OPEB liability for Postemployment Life Insurance Benefits as of September 30, 2021.

Total OPEB Liability for Postemployment Life Insurance Benefits

For the fiscal year ended September 30, 2023, the total OPEB liability was measured as of September 30, 2022 based on an actuarial valuation as of September 30, 2021 and rolled forward using generally accepted actuarial procedures.

For the fiscal year ended September 30, 2023, Plans B and C and Plan D’s proportion of the total OPEB liability was determined by dividing Plans B and C and Plan D’s actual contributions to the Plan during the measurement period from October 1, 2021 through September 30, 2022 by the percentage of OPEB actual contributions received from all applicable employers.

Plans B and C, as of September 30, 2023, reported a liability of $43,261 for its proportionate share of the State’s postemployment life insurance benefit’s total OPEB liability. The proportionate share of the life insurance OPEB liability for the year ended September 30, 2023 was 0.002 percent.

Plan D, as of September 30, 2023, reported a liability of $327,129 for its proportionate share of the State’s postemployment life insurance benefit’s total OPEB liability. The proportionate share of the life insurance OPEB liability for the year ended September 30, 2023 was 0.038 percent.

Note 9 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Total OPEB Liability for Postemployment Life Insurance

The following presents the Plans B and C and Plan D's proportionate share of the total OPEB liability calculated using the discount rate, as well as what the proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	Plans B and C		
	1 Percentage Point Decrease (3.40%)	Current Discount Rate (4.40%)	1 Percentage Point Increase (5.40%)
Plans B and C's proportionate share of the net OPEB liability	$ 50,376	$ 43,261	$ 37,586

	Plan D		
	1 Percentage Point Decrease (3.40%)	Current Discount Rate (4.40%)	1 Percentage Point Increase (5.40%)
Plan D's proportionate share of the net OPEB liability	$ 380,929	$ 327,129	$ 284,219

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

Plans B and C

For the year ended September 30, 2023, Plans B and C recognized OPEB recovery of $(57). At September 30, 2023, Plans B and C reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Plans B and C	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,693
Changes of assumptions	5,209	9,123
Plans B and C's contributions subsequent to the measurement date	683	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	2,038	2,389
Total	$ 7,930	$ 14,205

Note 9 - Other Postemployment Benefit Plan (Continued)

Plan D

For the year ended September 30, 2023, Plan D recognized OPEB recovery of $(1,112). At September 30, 2023, Plan D reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

	Plan D	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 37,138
Changes of assumptions	38,314	125,779
Plan D's contributions subsequent to the measurement date	13,259	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	39,564	32,938
Total	$ 91,137	$ 195,855

Amounts reported as deferred outflows of resources related to OPEB resulting from Plans B and C and Plan D’s contributions subsequent to the measurement date will be recognized as reduction of the total OPEB liability in the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending	Plans B and C Amount
2024	$ (990)
2025	(1,327)
2026	(1,493)
2027	(1,337)
2028	(1,811)
Total	$ (6,958)

Years Ending	Plan D Amount
2024	$ (19,216)
2025	(25,758)
2026	(28,981)
2027	(25,951)
2028	(18,071)
Total	$ (117,977)

Defined Contribution OPEB Plan

Employees hired on or after January 1, 2012 will not be eligible for any retiree health insurance coverage but will become participants in the Personal Healthcare Fund wherein they will contribute up to 2 percent of their compensation into 401(k) or 457 accounts, earning a matching 2 percent employer contribution. Also, the employee will receive a credit into a health reimbursement at termination of employment if they have at least 10 years of service at termination. The credit will be $2,000 for participants who are at least 60 years old or $1,000 for participants who are less than 60 years old at termination.

Note 10 - Subscription-Based Information Technology Arrangements

In accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, Plan D has disclosed arrangements that provide Plan D with access to vendor IT software and associated tangible capital assets.

As of September 30, 2023, Plan D held one vendor IT software contract that provided control of the right to use an IT asset for a specified period of time in an exchange transaction.

- On July 21, 2022, Plan D entered into a contract with Carahsoft Technology Corporation. Carahsoft Technology Corporation provides Plan D with IT hardware, software, and consulting services. The initial contract expiration date is July 21, 2026, with no available option years. The subscription asset is a fixed asset with an initial total contract value of $154,134 and accumulated amortization of $61,654. For fiscal year 2023, Plan D recorded an annual payment of $32,787. The contract value as of September 30, 2023 is $92,480.

Future principal requirements related to the Trust's subscription liability at September 30, 2023 are as follows:

Years Ending September 30	Principal
2024	$ 30,827
2025	30,827
2026	30,826
Total	$ 92,480

Required Supplementary Information

Required Supplementary Information
Schedule of Plans B and C's Proportionate Share of the Net Pension Liability
State Employees' Retirement System

Last Nine Fiscal Years

Plan Years Ended September 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plans B and C's proportion of the net pension liability	0.00200 %	0.00200 %	0.00100 %	0.00521 %	0.00416 %	0.00368 %	0.00555 %	0.00505 %	0.00049 %
Plans B and C's proportionate share of the net pension liability	$ 326,912	$ 271,485	$ 336,372	$ 347,629	$ 315,499	$ 268,339	$ 273,426	$ 277,938	$ 254,013
Plans B and C's covered payroll	$ 72,914	$ 73,931	$ 139,752	$ 130,190	$ 117,273	$ 165,108	$ 144,702	$ 214,791	$ -
Plans B and C's proportionate share of the net pension liability as a percentage of its covered payroll	448.35 %	367.21 %	240.69 %	248.75 %	269.03 %	228.82 %	165.60 %	192.08 %	118.26 %
Plan B and C's fiduciary net position as a percentage of total pension liability	66.92 %	78.08 %	64.07 %	64.71 %	67.22 %	67.22 %	67.48 %	66.10 %	68.07 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Plans B and C present information for those years for which information is available.

Required Supplementary Information
Schedule of Plan D's Proportionate Share of Net Pension Liability
State Employees' Retirement System

Last Nine Fiscal Years

Plan Years Ended September 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan D's proportion of the net pension liability	0.04000 %	0.03609 %	0.04000 %	0.03915 %	0.03741 %	0.03675 %	0.03147 %	0.03128 %	0.03022 %
Plan D's proportionate share of the net pension liability	$ 2,353,372	$ 1,277,644	$ 2,437,046	$ 2,610,324	$ 2,197,730	$ 1,640,061	$ 1,685,545	$ 1,721,115	$ 1,555,317
Plan D's covered payroll	$ 1,302,822	$ 1,138,047	$ 1,049,389	$ 1,171,708	$ 1,055,453	$ 935,614	$ 896,058	$ 1,319,430	$ -
Plan D's proportionate share of the net pension liability as a percentage of its covered payroll	180.64 %	112.27 %	232.23 %	248.75 %	208.23 %	155.39 %	180.15 %	192.08 %	117.88 %
Plan D's fiduciary net position as a percentage of total pension liability	66.92 %	78.08 %	64.07 %	64.71 %	67.22 %	69.45 %	67.48 %	66.10 %	68.07 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Plan D presents information for those years for which information is available.

See note to required supplementary information.

Required Supplementary Information
Schedule of Plans B and C's Pension Contributions
State Employees' Retirement System

Last Nine Fiscal Years

Years Ended September 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 34,859	$ 34,197	$ 32,583	$ 32,629	$ 32,393	$ 39,062	$ 39,682	$ 35,003	$ 69,578
Contributions in relation to the statutorily required contribution	34,859	34,197	32,583	32,629	32,393	39,062	39,682	34,975	69,578
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 28**	**$ -**
Plans B and C's Covered Payroll	$ 71,908	$ 72,914	$ 73,931	$ 139,752	$ 130,190	$ 117,273	$ 165,108	$ 144,702	$ 214,791
Contributions as a Percentage of Covered Payroll	48.48 %	46.90 %	44.07 %	23.35 %	24.88 %	33.31 %	24.03 %	24.17 %	32.39 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Plans B and C present information for those years for which information is available.

See note to required supplementary information.

Required Supplementary Information
Schedule of Plan D's Pension Contributions
State Employees' Retirement System

Last Nine Fiscal Years

Years Ended September 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 259,509	$ 262,159	$ 226,131	$ 220,475	$ 222,543	$ 221,349	$ 224,863	$ 216,757	$ 427,405
Contributions in relation to the statutorily required contribution	259,509	262,159	226,131	220,475	222,543	221,349	224,863	216,578	427,405
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 179**	**$ -**
Plan D's Covered Payroll	$ 1,395,606	$ 1,302,822	$ 1,138,047	$ 1,049,389	$ 1,171,708	$ 1,055,453	$ 935,614	$ 896,058	$ 1,319,430
Contributions as a Percentage of Covered Payroll	18.59 %	20.12 %	19.87 %	21.01 %	18.99 %	20.97 %	24.03 %	24.17 %	32.39 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Plan D presents information for those years for which information is available.

See note to required supplementary information.

Pension Information

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution amounts are calculated as of September 30 each year. The September 30, 2020 valuation determined the contribution rate for the State of Michigan's fiscal year ended September 30, 2023.

Methods and assumptions used to determine contribution rates for fiscal year 2023:

Actuarial cost method	Entry age, normal
Amortization method	Level dollar, closed
Remaining amortization period	14 years, closed ending September 30, 2036
Asset valuation method	5-year smoothed market
Inflation	2.25 percent
Salary increase	2.75 to 11.75 percent, including wage inflation at 2.75 percent
Investment rate of return	6.70 percent per year, net of pension plan investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Combined Healthy Mortality Table adjusted for mortality improvements using projection scale MP-2017 from 2006. For active members, 100 percent of the table rates were used for males and females.

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the pension and other postemployment benefit obligations as a factor.

The schedule of MET's contributions is presented to show the responsibility of the employer in meeting the actuarial requirements to maintain the System on a sound financial basis.

The schedule of the proportionate share of the net pension liability and schedule of MET's contributions are schedules that are required in implementing GASB Statement No. 68. The schedule of the proportionate share of the net pension liability represents, in actuarial terms, the accrued liability less the market value of assets. The schedule of MET's contributions is a comparison of the employer's contributions to the actuarially determined contributions.

The information presented in the schedule of MET's contributions was used in the actuarial valuation for the purpose of determining the actuarially determined contribution rates.

Required Supplementary Information
Schedule of Plans B and C's Proportionate Share of the Net OPEB Liability
Health Care
State Employees' Retirement System

Last Six Fiscal Years

Plan Years Ended September 30

	2023	2022	2021	2020	2019	2018
Plans B and C's proportion of the net OPEB liability	0.00200 %	0.00190 %	0.00200 %	0.00357 %	0.00395 %	0.00533 %
Plans B and C's proportionate share of the net OPEB liability	$ 178,666	$ 169,515	$ 213,794	$ 281,018	$ 265,177	$ 285,639
Plans B and C's covered payroll	$ 72,914	$ 73,931	$ 139,752	$ 130,190	$ 117,273	$ 165,108
Plans B and C's proportionate share of the net OPEB liability as a percentage of its covered payroll	245.04 %	229.29 %	152.98 %	215.85 %	226.12 %	243.57 %
Plans B and C's fiduciary net position as a percentage of total OPEB liability	56.64 %	57.12 %	38.29 %	27.88 %	24.41 %	19.89 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Plans B and C present information for those years for which information is available.

Required Supplementary Information
Schedule of Plan D's Proportionate Share of the Net OPEB Liability
Health Care
State Employees' Retirement System

Last Six Fiscal Years

Plan Years Ended September 30

	2023	2022	2021	2020	2019	2018
Plan D's proportion of the net OPEB liability	0.03800 %	0.03440 %	0.03600 %	0.03864 %	0.03556 %	0.02837 %
Plan D's proportionate share of the net OPEB liability	$1,394,096	$1,216,491	$2,007,664	$3,042,475	$2,870,421	$2,647,154
Plan D's covered payroll	$1,302,822	$1,138,047	$1,049,389	$1,171,708	$1,055,453	$ 935,614
Plan D's proportionate share of the net OPEB liability as a percentage of its covered payroll	107.01 %	106.89 %	191.32 %	259.66 %	271.96 %	250.81 %
Plan D's fiduciary net position as a percentage of total OPEB liability	56.64 %	57.12 %	38.29 %	27.88 %	24.41 %	19.89 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Plan D presents information for those years for which information is available.

Required Supplementary Information
Schedule of Plans B and C's OPEB Contributions
Health Care
State Employees' Retirement System

Last Six Fiscal Years

Years Ended September 30

	2023	2022	2021	2020	2019	2018
Statutorily determined contribution	$ 11,142	$ 12,784	$ 23,618	$ 37,893	$ 27,363	$ 22,877
Contributions in relation to the statutorily determined contribution	11,142	12,784	23,618	37,893	27,363	22,877
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Plans B and C Covered Payroll	$ 71,908	$ 72,914	$ 73,931	$ 139,752	$ 130,190	$ 117,273
Contributions as a Percentage of Covered Payroll	15.49 %	17.53 %	31.95 %	27.11 %	21.02 %	19.51 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Plans B and C present information for those years for which information is available.

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarial determined contribution amounts are calculated as of September 30 each year. The September 30, 2020 valuation determined the contribution rate for the State of Michigan's fiscal year ended September 30, 2023.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age, normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	15 years, closed ending September 30, 2036
Asset valuation method	5-year smoothed value
Inflation	2.25 percent
Healthcare cost trend rates	7.50 percent in year 1 graded to 3.50 percent in year 15 and 3.00 percent in year 120
Salary increase	2.75 percent to 11.75 percent, including wage inflation of 2.75 percent
Investment rate of return	6.90 percent - Net of OPEB plan investment expenses
Mortality	RP-2014 Combined Healthy Mortality Table, adjusted for mortality improvements using projection scale MP-2017 from 2006

Required Supplementary Information
Schedule of Plan D's OPEB Contributions
Health Care
State Employees' Retirement System

Last Six Fiscal Years

Years Ended September 30

	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 202,979	$ 228,431	$ 254,921	$ 284,533	$ 282,038	$ 205,890
Contributions in relation to the statutorily required contribution	202,979	228,431	254,921	284,533	282,038	205,890
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Plan D Covered Payroll	$1,395,606	$1,302,822	$1,138,047	$1,049,389	$1,171,708	$1,055,453
Contributions as a Percentage of Covered Payroll	14.54 %	22.99 %	22.99 %	27.11 %	24.07 %	19.51 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarial determined contribution amounts are calculated as of September 30 each year. The September 30, 2020 valuation determined the contribution rate for the State of Michigan's fiscal year ended September 30, 2023.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age, normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	15 years, closed ending September 30, 2036
Asset valuation method	5-year smoothed value
Inflation	2.25 percent
Health care cost trend rates	7.50 percent in year 1 graded to 3.50 percent in year 15 and 3.00 percent in year 120
Salary increase	2.75 percent to 11.75 percent, including wage inflation of 2.75 percent
Investment rate of return	6.90 percent, net of OPEB plan investment expense
Mortality	RP-2014 Combined Healthy Mortality Table, adjusted for mortality improvements using projection scale MP-2017 from 2006

Required Supplementary Information
Schedule of Plans B and C's Proportionate Share of the Total OPEB Liability
Postemployment Life Insurance Benefit

Last Six Fiscal Years

Plan Years Ended September 30

	2023	2022	2021	2020	2019	2018
Plans B and C's proportion of the net OPEB liability	0.00200 %	0.00188 %	0.00200 %	0.00400 %	0.00379 %	0.00501 %
Plans B and C's proportionate share of the net OPEB liability	$ 43,261	$ 48,726	$ 50,544	$ 49,131	$ 47,831	$ 43,825
Plans B and C's covered-employee payroll	$ 71,908	$ 68,437	$ 70,832	$ 139,752	$ 117,273	$ 165,108
Plans B and C's proportionate share of the total OPEB liability as a percentage of its covered-employee payroll	60.16 %	71.20 %	71.36 %	35.16 %	40.79 %	26.54 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Plans B and C present information for those years for which information is available.

The Plan is not a trust and has no assets.

Required Supplementary Information
Schedule of Plan D's Proportionate Share of the Total OPEB Liability
Postemployment Life Insurance Benefit

Last Six Fiscal Years

Plan Years Ended September 30

	2023	2022	2021	2020	2019	2018
Plan D's proportion of the total OPEB liability	0.03800 %	0.03350 %	0.03500 %	0.03625 %	0.03411 %	0.03338 %
Plan D's proportionate share of the total OPEB liability	$ 327,129	$ 433,190	$ 465,678	$ 443,925	$ 425,656	$ 383,266
Plan D's covered-employee payroll	$1,395,606	$1,222,831	$1,090,355	$1,049,389	$1,171,708	$1,055,453
Plan D's proportionate share of the total OPEB liability as a percentage of its covered-employee payroll	23.44 %	35.43 %	42.71 %	42.30 %	36.33 %	36.31 %

The amounts presented for each fiscal year were determined as of the measurement date of September 30 of the previous year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Plan D presents information for those years for which information is available.

The Plan is not a trust and has no assets.

Statistical Section

INDEX TO STATISTICAL SECTION

This part of the Michigan Education Trust'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 Trust's overall financial health.

CONTENTS Page

Financial Trends

These schedules contain trend information to help the reader understand how the Michigan Education Trust's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Michigan Education Trust's most significant revenue sources: interest revenue and investment income.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Trust's financial activities take place.

Operating Information

These schedules contain information about the Authority's operations and resources to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

SOURCES

Unless otherwise noted, the information in these schedules is derived from the financial statements presented in the annual financial reports or from the Authority's internal records for the relevant year.

	As of September 30,			
	2014	2015	2016	2017
Michigan Education Plans B and C				
Net investment in capital assets				
Restricted	$ 25,537,144	$ 29,309,177	$ 34,478,246	$ 41,848,342
Unrestricted	-	-	-	-
Total Michigan Education Plans B and C	$ 25,537,144	$ 29,309,177	$ 34,478,246	$ 41,848,342
Reconciliation of net position- MET Plans B and C				
Beginning net position	$ 17,357,619	$ 25,537,144	$ 29,309,177	$ 34,478,246
Restatement of beginning net position		(247,498)		
Beginning net position restated	17,357,619	25,289,646	29,309,177	34,478,246
Statement of Activities – changes in net position	8,179,525	4,019,531	5,169,069	7,370,096
Change in reporting entity				
Ending net position	$ 25,537,144	$ 29,309,177	$ 34,478,246	$ 41,848,342

	2014	2015	2016	2017
Michigan Education Plan D				
Net investment in capital assets				
Restricted	$ 27,943,920	$ 5,178,476	$ 58,889,615	$ 136,604,614
Unrestricted				
Total Michigan Education Plan D	$ 27,943,920	$ 5,178,476	$ 58,889,615	$ 136,604,614
Reconciliation of net position- MET Plans D				
Beginning net position	$ (43,993,604)	$ 27,943,920	$ 5,178,476	$ 58,889,615
Restatement of beginning net position	-	(1,517,179)	-	-
Beginning net position restated	(43,993,604)	26,426,741	5,178,476	58,889,615
Statement of Activities – changes in net position	71,937,524	(21,248,265)	53,711,139	77,714,999
Change in reporting entity				
Ending net position	$ 27,943,920	$ 5,178,476	$ 58,889,615	$ 136,604,614

As of September 30,					
2018	2019	2020	2021	2022	2023
$ 49,474,352	$ 57,846,265	$ 63,304,395	$ 59,221,857	$ 51,724,506	$ 57,803,516
-	-	-	-	-	-
$ 49,474,352	$ 57,846,265	$ 63,304,395	$ 59,221,857	$ 51,724,506	$ 57,803,516
$ 41,848,342	$ 49,474,352	$ 57,846,265	$ 63,304,395	$ 59,221,857	$ 51,724,506
(309,565)	-	-	-	-	-
41,538,777	49,474,352	57,846,265	63,304,395	59,221,857	51,724,506
7,935,575	8,371,913	5,458,130	(4,082,538)	(7,497,351)	6,079,010
$ 49,474,352	$ 57,846,265	$ 63,304,395	$ 59,221,857	$ 51,724,506	$ 57,803,516
$ 194,965,419	$ 221,384,998	$ 261,236,906	$ 376,864,196	$ 273,466,428	$ 335,119,636
$ 194,965,419	$ 221,384,998	$ 261,236,906	$ 376,864,196	$ 273,466,428	$ 335,119,636
$ 136,604,614	$ 194,965,419	$ 221,384,998	$ 261,236,906	$ 376,864,196	$ 273,466,428
(2,873,118)	-	-	-	-	-
133,731,496	194,965,419	221,384,998	261,236,906	376,864,196	273,466,428
61,233,923	26,419,579	39,851,908	115,627,290	(103,397,768)	61,653,208
$ 194,965,419	$ 221,384,998	$ 261,236,906	$ 376,864,196	$ 273,466,428	$ 335,119,636

	As of September 30,			
	2014	2015	2016	2017
Expenses				
Michigan Education Plans B and C				
Salaries and Other Administrative Expenses	$ 558,352	$ 484,705	$ 557,522	$ 335,073
Net Increase (decrease) in Present Value of Tuition Benefits Payable	(7,399,649)	(2,414,090)	(1,194,658)	(5,895,207)
Total Michigan Education Plans B and C	$ (6,841,297)	$ (1,929,385)	$ (637,136)	$ (5,560,134)
Michigan Education Plan D				
Salaries and Other Administrative Expenses	$ 2,982,923	$ 2,417,534	$ 3,903,297	$ 3,313,992
Net Increase (decrease) in Present Value of Tuition Benefits Payable	13,058,945	19,317,794	26,484,123	19,211,680
Total Michigan Education Plan D	$ 16,041,868	$ 21,735,328	$ 30,387,420	$ 22,525,672
Program Revenues				
Michigan Education Plans B and C				
Interest and Dividends	$ 2,544,075	$ 2,480,036	$ 2,515,104	$ 3,021,845
Net (decrease) increase in Fair Value of Investments	(1,236,698)	(415,440)	1,980,054	(1,239,928)
Miscellaneous Income	30,850	25,549	36,775	28,045
Total Michigan Education Plans B and C	$ 1,338,227	$ 2,090,145	$ 4,531,933	$ 1,809,962
Michigan Education Plan D				
Interest and Dividends	$ 22,110,380	$ 23,334,440	$ 28,127,140	$ 31,015,871
Net (decrease) increase in Fair Value of Investments	64,131,812	(24,471,759)	55,373,915	68,607,297
Miscellaneous Income	1,737,200	1,624,382	597,503	617,503
Total Michigan Education Plan D	$ 87,979,392	$ 487,063	$ 84,098,558	$ 100,240,671
Net (Expenses)/Revenues				
Michigan Education Plans B and C activities	$ 8,179,524	$ 4,019,530	$ 5,169,069	$ 7,370,096
Michigan Education Plan D activities	71,937,524	(21,248,265)	53,711,138	77,714,999
Changes in Net Position				
Michigan Education Plans B and C activities	$ 8,179,524	$ 4,019,530	$ 5,169,069	$ 7,370,096
Michigan Education Plan D activities	71,937,524	(21,248,265)	53,711,138	77,714,999

As of September 30,					
2018	2019	2020	2021	2022	2023
$ 464,948	$ 495,688	$ 370,589	$ 484,199	$ 1,550,797	$ 348,409
(9,096,038)	1,768,609	(1,766,285)	4,735,545	(6,741,696)	(4,200,985)
$ (8,631,090)	$ 2,264,297	$ (1,395,696)	$ 5,219,744	$ (5,190,899)	$ (3,852,576)
$ 3,593,587	$ 4,347,854	$ 4,208,856	$ 3,443,330	$ 6,647,110	$ 8,106,675
(8,695,085)	15,028,971	(3,405,441)	25,240,209	32,914,767	28,475,638
$ (5,101,498)	$ 19,376,825	$ 803,415	$ 28,683,539	$ 39,561,877	$ 36,582,313
$ 3,515,233	$ 3,564,353	$ 2,815,231	$ 3,035,198	$ 2,441,606	$ 3,652,447
(4,230,448)	7,053,178	1,236,356	(1,905,942)	(15,129,856)	(1,428,658)
19,700	18,679	10,846	7,950	0	2,645
$ (695,515)	$ 10,636,210	$ 4,062,433	$ 1,137,206	$ (12,688,250)	$ 2,226,434
$ 28,924,804	$ 32,986,878	$ 29,148,031	$ 25,269,877	$ 24,632,970	$ 34,969,501
26,730,074	12,428,622	11,073,241	117,498,385	(92,734,092)	59,714,785
477,547	380,904	434,051	1,542,567	4,265,231	3,551,235
$ 56,132,425	$ 45,796,404	$ 40,655,323	$ 144,310,829	$ (63,835,891)	$ 98,235,521
$ 7,935,575	$ 8,371,913	$ 5,458,129	$ (4,082,538)	$ (7,497,351)	$ 6,079,010
61,233,923	26,419,579	39,851,908	115,627,290	(103,397,768)	61,653,208
$ 7,935,575	$ 8,371,913	$ 5,458,129	$ (4,082,538)	$ (7,497,351)	$ 6,079,010
61,233,923	26,419,579	39,851,908	115,627,290	(103,397,768)	61,653,208

	As of September 30,			
	2014	2015	2016	2017
Participant Contributions	$ -	$ -	$ -	$ -
Michigan Education Plan B and C Fee Income	30,850	27,375	39,650	30,750
Total Contributions and Fee Income	$ 30,850	$ 27,375	$ 39,650	$ 30,750
Investments				
Commercial paper	$ 25,000,000	$ 30,000,000	$ 22,997,667	$ 6,999,261
Money Market	-	-	-	-
U.S. Treasury securities	-	-	5,494,467	5,265,203
U.S. agencies- Backed securities	-	5,300,000	-	-
U.S. agencies- Sponsored securities	-	-	-	-
Corporate bonds	102,200,000	83,800,000	90,770,867	101,526,453
Alternative investments	-	-	-	-
Total Investments	$ 127,200,000	$ 119,100,000	$ 119,263,001	$ 113,790,917
Investment Revenue	1,307,377	2,064,596	4,495,158	1,781,917
Average rate of return (%)	2%	2%	4%	2%

Notes: Purchasers are able to make contributions to MET contracts for 15 years after the date of purchase. The last MET Plan B and C contracts to be opened were in 1990. No contributions were accepted for MET Plan B and C after 2005 as the 15 year timeframe had been met.

Average rate of return for investment revenue is calculated as total fiscal year investment revenue divided by fiscal-year average investments.

As of September 30,

	2018	2019	2020	2021	2022	2023
	$ -	$ -	$ -	$ -	$ -	$ -
	22,625	23,300	13,975	7,950	-	2,645
	$ 22,625	$ 23,300	$ 13,975	$ 7,950	$ -	$ 2,645
	$ 7,998,667	$ 11,934,453	$ -	$ -	$ -	$ -
	-	-	-	-	-	$ 8,076,893
	5,051,223	9,111,902	37,624,095	9,898,680	8,311,945	16,125,130
	-	5,143,116	-	2,445,545	1,464,883	1,340,947
	4,419,439	4,644,979	4,009,095	-	-	-
	92,079,291	69,472,218	63,182,366	85,617,173	68,770,026	58,066,277
	-	5,333,662	-	944,950	5,647,238	8,580,806
	$ 109,548,620	$ 105,640,330	$ 104,815,556	$ 98,906,348	$ 84,194,092	$ 92,190,053
	(715,215)	10,617,531	4,051,587	1,129,256	(12,688,250)	2,205,885
	-1%	10%	4%	1%	-14%	3%

	As of September 30,			
	2014	2015	2016	2017
Participant Contributions	$ 30,368,868	$ 28,416,410	$ 31,943,174	$ 27,498,313
Michigan Education Plan B and C Fee Income	90,128	69,585	56,653	48,343
Total Contributions and Fee Income	$ 30,458,996	$ 28,485,995	$ 31,999,827	$ 27,546,656
Investments				
Commercial paper	$ 25,000,000	$ 68,000,000	$ 34,995,979	$ 65,970,122
Money Market	-	-	-	-
U.S. Treasury securities	-	-	36,784,770	46,920,665
U.S. agencies- Backed securities	36,400,000	44,500,000	4,031,094	3,387,188
U.S. agencies- Sponsored securities	5,300,000	4,700,000	4,217,833	3,555,754
Corporate bonds	185,100,000	170,600,000	143,647,787	129,443,412
Mutual Funds	559,800,000	430,300,000	493,857,938	324,928,921
Alternative investments	25,100,000	94,800,000	147,143,305	355,532,526
Total Investments	$ 836,700,000	$ 812,900,000	$ 864,678,706	$ 929,738,588
Investment Revenue	$ 86,242,192	$ (1,137,319)	$ 83,501,055	$ 99,623,168
Average rate of return (%)	19%	0%	10%	11%

Note: Average rate of return for investment revenue is calculated as total fiscal year investment revenue divided by fiscal-year average investments.

As of September 30,					
2018	2019	2020	2021	2022	2023
$ 22,520,128	$ 19,226,735	$ 15,422,624	$ 18,941,266	$ 31,897,652	$ 22,665,731
56,141	48,572	35,045	48,503	47,650	3,551,236
$ 22,576,269	$ 19,275,307	$ 15,457,669	$ 18,989,769	$ 31,945,302	$ 26,216,967
$ 29,983,122	$ 31,013,336	$ -	$ 49,576,064	$ 36,956,628	$ 119,845,651
-	-	-	-	41,249,859	15,139,330
37,985,547	52,887,578	124,815,722	49,446,227	42,687,157	50,693,607
2,910,467	11,531,930	9,720,158	5,935,808	3,467,008	3,643,981
11,298,517	8,860,425	2,232,723	1,689,775	1,118,519	-
132,803,901	110,648,582	84,837,512	109,996,853	138,166,420	126,978,625
296,887,181	232,932,908	340,970,766	337,077,004	253,880,046	234,825,196
422,650,640	481,369,380	343,746,501	413,818,052	389,092,148	398,353,458
$ 934,519,375	$ 929,244,139	$ 906,323,382	$ 967,539,783	$ 906,617,785	$ 949,479,848
$ 55,654,878	$ 45,415,500	$ 40,221,272	$ 142,768,262	$ (68,101,122)	$ 94,485,168
6%	5%	4%	15%	-7%	10%

	As of September 30,			
	2014	2015	2016	2017
Michigan Education Trust Plans B and C				
Value of Assets	$ 141,977,693	$ 132,608,692	$ 127,124,597	$ 120,210,109
Present Value of future tuition payments, fees and expenses	116,440,549	103,299,515	92,646,352	78,361,766
Acturial reserve/(deficit)	$ 25,537,144	$ 29,309,177	$ 34,478,245	$ 41,848,343
Actuarial funded ratio	121.9%	128.4%	137.2%	153.4%
Michigan Education Trust Plans D				
Value of Assets	$ 912,671,063	$ 883,583,213	$ 934,410,686	$ 1,001,048,960
Present Value of future tuition payments, fees and expenses	884,727,143	878,404,736	874,521,071	864,444,345
Acturial reserve/(deficit)	$ 27,943,920	$ 5,178,477	$ 58,889,615	$ 136,604,615
Actuarial funded ratio	103.2%	100.6%	106.7%	115.8%

As of September 30,					
2018	2019	2020	2021	2022	2023
$ 111,201,811	$ 114,905,093	$ 113,127,417	$ 110,207,451	$ 93,880,948	$ 93,673,593
61,727,461	57,058,828	49,826,440	50,984,636	42,157,269	35,870,903
$ 49,474,350	$ 57,846,265	$ 63,300,977	$ 59,222,815	$ 51,723,679	$ 57,802,690
180.1%	201.4%	227.0%	216.2%	222.7%	261.1%
$ 1,008,528,407	$ 1,004,415,400	$ 988,589,182	$ 1,081,015,478	$ 960,352,274	$ 991,318,572
813,562,987	783,030,397	727,394,896	704,151,281	686,820,436	656,553,392
$ 194,965,420	$ 221,385,003	$ 261,194,286	$ 376,864,197	$ 273,531,838	$ 334,765,180
124.0%	128.3%	135.9%	153.5%	139.8%	151.0%

Demographic and Economic Indicators
Last Ten Calendar Years

	As of September 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Population[1] *(in thousands)*	9,913	9,930	9,932	9,951	9,973	9,984	9,987	10,077	10,051	10,034
Total Personal Income[2] *(in billions)*	$393.6	$411.0	$433.7	$446.0	$458.8	$476.5	$492.0	$530.8	$567.8	$572.3
Per Capita Income[2]	$39,696	$41,383	$43,655	$44,809	$45,983	$47,708	$49,277	$53,259	$56,494	$57,038
Unemployment Rate[3]	8.7%	7.2%	5.4%	5.0%	4.6%	4.2%	4.1%	9.9%	5.9%	4.2%

Note: Most recent calendar year for which data is available: 2022

Source: [1] U.S. Census Bureau, Population Division.
2013-2022 figures are December 2022 release.

[2] U.S. Department of Commerce, Bureau of Economic Analysis.

[3] Michigan Department of Technology, Management and Budget, Bureau of Labor Market Information and Strategic Initiatives; and U.S. Department of Labor,

Full-time Equivalent Classified Employees

Last Ten Years

	As of September 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employees by Function										
Administators	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	4.0	5.0
Marketing	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	4.0	3.0
Accounting	2.0	2.0	1.0	2.0	2.0	3.0	3.0	2.0	2.0	1.0
Specialist/Anaylsts	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	6.0	7.0
Administrative Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
Total Full-Time Equivalent Employees	14.0	14.0	13.0	14.0	14.0	16.0	16.0	15.0	17.0	18.0

Notes: This report reflects average employee counts of individuals who are full-time in primary positions as of September 30 of stated fiscal year, except student assistants.
All Michigan Education Trust employees work on MET Plans B, C and D

Source: Michigan Department of Treasury

	As of September 30,			
	2014	2015	2016	2017
Michigan Education Trust Plans B and C				
Lump Sum				
Full Benefits	6,443	5,618	4,914	4,215
Limited Benefits	36	30	24	21
Community College	191	168	146	114
Monthly Purchase				
Full Benefits	328	289	248	225
Limited Benefits	-	-	-	-
Community College	11	8	7	6
Total Michigan Education Trust Plans B and C	7,009	6,113	5,339	4,581
Michigan Education Trust Plan D				
Lump Sum				
Full Benefits	19,261	19,081	18,732	18,263
Limited Benefits	5,226	5,219	5,197	5,095
Community College	2,184	2,169	2,166	2,120
Monthly Purchase				
Full Benefits	7,070	6,882	6,630	6,371
Limited Benefits	2,356	2,327	2,274	2,176
Community College	1,697	1,737	1,711	1,697
Pay As You Go				
Full Benefits	-	-	323	815
Limited Benefits	-	-	187	414
Community College	-	-	38	101
Total Michigan Education Trust Plan D	37,794	37,415	37,258	37,052

Note: MET Plans B and C- Pay As You Go contracts were not available to purchasers under these Plans
MET Plan D began offering Pay As You Go contracts in Fiscal Year 2016

Source: GRS Actuarial Soundness Valuation Report

Active Prepaid Tuition Plan Contracts By Type

Last Ten Years

As of September 30,					
2018	2019	2020	2021	2022	2023
3,605	3,013	2,444	1,969	1,648	1,450
16	16	13	13	13	10
102	88	73	61	47	45
198	169	147	124	91	60
-	-	-	-	-	-
6	6	5	2	1	1
3,927	3,292	2,682	2,169	1,800	1,566
17,654	16,990	16,216	15,401	14,549	13,578
4,929	4,777	4,547	4,298	4,033	3,707
2,047	1,930	1,837	1,739	1,672	1,641
6,063	5,735	5,425	5,081	4,778	4,426
2,092	1,936	1,793	1,669	1,538	1,424
1,672	1,616	1,563	1,506	1,442	1,359
1,174	1,545	1,813	2,032	2,392	2,693
617	887	1,030	1,162	1,238	1,316
139	206	245	291	315	324
36,387	35,622	34,469	33,179	31,957	30,468

	As of September 30,			
	2014	2015	2016	2017
Michigan Education Plans B and C				
Michigan Public 4 year College	2,614	2,323	2,067	1,740
Michigan Community College	886	748	594	485
Terminations in Progress	841	723	632	547
Inactive Students	892	682	487	308
Not Yet in Payment Status	1,538	1,431	1,382	1,360
Total Michigan Education Trust Plans B and C	6,771	5,907	5,162	4,440
Michigan Education Plan D				
Michigan Public 4 year College	4,980	5,114	5,127	5,198
Michigan Community College	328	327	341	349
Terminations in Progress	1,222	1,321	1,358	1,378
Inactive Students	79	75	65	54
Not Yet in Payment Status	19,722	19,126	18,793	18,470
Total Michigan Education Trust Plan D	26,331	25,963	25,684	25,449

Source: GRS Actuarial Soundness Valuation Report

Distribution of Prepaid Tuition Plans

Last Ten Years

As of September 30,					
2018	2019	2020	2021	2022	2023
1,464	1,192	933	637	417	273
385	299	209	135	110	79
431	335	232	154	102	72
208	95	14	5	3	-
1,315	1,261	1,203	1,162	1,168	1,142
3,803	3,182	2,591	2,093	1,800	1,566
5,254	5,405	5,386	5,358	5,294	6,361
354	357	345	320	300	918
1,416	1,389	1,408	1,438	1,398	1,385
38	29	13	9	8	7
17,823	17,090	16,302	15,389	14,719	21,797
24,885	24,270	23,454	22,514	21,719	30,468

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management; the Board of Directors; and
Mr. Doug A. Ringler, CPA, CIA
Auditor General, State of Michigan
Michigan Education Trust

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Plans B and C and Plan D of the Michigan Education Trust (MET), a discretely presented component unit of the State or Michigan, as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise MET's basic financial statements, and have issued our report thereon dated January 9, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MET's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MET's internal control. Accordingly, we do not express an opinion on the effectiveness of MET's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of MET's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as Finding 2023-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MET's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management; the Board of Directors; and
Mr. Doug A. Ringler, CPA, CIA
Auditor General, State of Michigan
Michigan Education Trust

MET's Response to the Finding

Government Auditing Standards require the auditor to perform limited procedures on MET's response to the finding identified in our audit and described in the accompanying schedule of findings. MET's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MET's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MET's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

January 9, 2024

Section II - Financial Statement Audit Findings

Reference Number	Finding
2023-001	**Finding Type** - Significant deficiency

Criteria - Strong internal controls include ensuring that all tuition contract data records are appropriately reflected in the census data and reflected in the actuarial valuation.

Condition - Certain contract accounts were not appropriately reflected as unused tuition credits in the census data used by the actuary.

Context - The contract accounts were altered during the fiscal year under audit by a third party in order to do the annual refund check disbursement; however, they were not subsequently updated to reflect the unused tuition credits at September 30, 2023, resulting in the unused credits not being included in the actuarial valuations for the applicable MET plan.

Cause - A mechanism was not in place to ensure these altered contracts were in the data used by the actuary to estimate the tuition payable at September 30, 2023.

Effect - As a result, the tuition payable calculation performed by the actuary was understated by these particular accounts, which was not material to the financial statements.

Recommendation - Management should implement a mechanism to ensure that all tuition contract data records are included within the actuarial data used to calculated the tuition benefit payable.

Views of Responsible Officials and Planned Corrective Actions - Treasury agrees that processes should be implemented to ensure that all tuition contract data records are included within the census data and reflected in the actuarial data. MET will be reviewing and revising its procedures related to the annual refund check disbursement process, allowing MET to include the altered contracts in the calculation of tuition benefit payable.