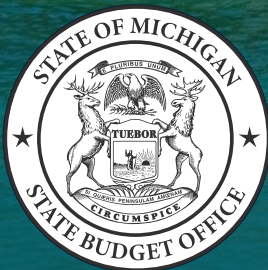


State of Michigan

Annual Comprehensive Financial Report



Fiscal Year Ended September 30, 2025
Governor Gretchen Whitmer
Prepared by the State Budget Office



State of Michigan
Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2025

GRETCHEN WHITMER
Governor

JENNIFER L. FLOOD
State Budget Director

HEATHER BOYD, CPA
Director
Office of Financial Management

TABLE OF CONTENTS

	<u>Page</u>
Title page	1
Table of Contents	2

INTRODUCTORY SECTION

Letter of Transmittal	6
State Organizational Structure	12
Principal State Officials	13

FINANCIAL SECTION

Independent Auditor's Report	16
Management's Discussion and Analysis	22
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	34
Statement of Activities	36
Governmental Fund Financial Statements	
Balance Sheet	40
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	41
Statement of Revenues, Expenditures, and Changes in Fund Balances	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	43
Proprietary Fund Financial Statements	
Statement of Net Position	46
Statement of Revenues, Expenses, and Changes in Fund Net Position	47
Statement of Cash Flows	48
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	52
Statement of Changes in Fiduciary Net Position	53
Component Unit Financial Statements	
Statement of Net Position	56
Statement of Activities	60
Index for Notes to Financial Statements	64
Notes to Financial Statements	65
Required Supplementary Information Other Than Management's Discussion and Analysis	
Budgetary Comparison Schedule - Major Governmental Funds	154
Budgetary Comparison Schedule - Budget-to-GAAP Reconciliation	156
Notes to Required Supplementary Information - Budgetary Reporting	157
Information About Infrastructure Assets Reported Using the Modified Approach	158
Schedule of Changes in Net Pension Liability and Related Ratios Legislative Retirement System	160
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios Legislative Retirement System	162
Schedule of Changes in Net Pension Liability and Related Ratios State Police Retirement System	164
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios State Police Retirement System	166
Schedule of Changes in Net Pension Liability and Related Ratios State Employees' Retirement System	168
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios State Employees' Retirement System	170
Schedule of Changes in Net Pension Liability and Related Ratios Judges' Retirement System	172
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios Judges' Retirement System	174
Schedule of Changes in Net Pension Liability and Related Ratios Military Retirement Provisions	176

Michigan

	<u>Page</u>
Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratios Post Employment Life Insurance Benefits	178
Schedule of Contributions for Pensions Legislative Retirement System	180
Schedule of Contributions for Other Postemployment Benefits Legislative Retirement System	182
Schedule of Contributions for Pensions State Police Retirement System	184
Schedule of Contributions for Other Postemployment Benefits State Police Retirement System	186
Schedule of Contributions for Pensions State Employees' Retirement System	188
Schedule of Contributions for Other Postemployment Benefits State Employees' Retirement System	190
Schedule of Contributions for Pensions Judges' Retirement System	192
Schedule of Contributions for Other Postemployment Benefits Judges' Retirement System	194
Schedule of Contributions for Pensions Military Retirement Provisions	196
 Combining and Individual Fund Statements and Schedules - Non-Major Funds	
Governmental Funds	
Balance Sheet - By Fund Type	200
Statement of Revenues, Expenditures, and Changes in Fund Balances - By Fund Type	201
Special Revenue Funds - By Classification	
Balance Sheet	204
Statement of Revenues, Expenditures, and Changes in Fund Balances	205
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	206
Special Revenue Funds - Transportation Related	
Combining Balance Sheet	210
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	211
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	212
Special Revenue Funds - Conservation, Environment, and Recreation Related	
Combining Balance Sheet	216
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	218
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	220
Special Revenue Funds - Regulatory and Administrative Related	
Combining Balance Sheet	226
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	228
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	230
Special Revenue Funds - Other State Funds	
Combining Balance Sheet	236
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	238
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	240
Debt Service Funds	
Combining Balance Sheet	244
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	246
Capital Projects Funds	
Combining Balance Sheet	250
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	252
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	254
Permanent Funds	
Combining Balance Sheet	258
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	259
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	260
Proprietary Funds	
Enterprise Funds	
Combining Statement of Net Position	264
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	265
Combining Statement of Cash Flows	266
Internal Service Funds	
Combining Statement of Net Position	268
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	270
Combining Statement of Cash Flows	272

	<u>Page</u>
Fiduciary Funds	
Pension (and Other Employee Benefit) Trust Funds	
Combining Statement of Fiduciary Net Position.....	278
Combining Statement of Changes in Fiduciary Net Position	282
Private-Purpose Trust Funds	
Combining Statement of Fiduciary Net Position.....	286
Combining Statement of Changes in Fiduciary Net Position	287
Custodial Funds	
Combining Statement of Fiduciary Net Position.....	290
Combining Statement of Changes in Fiduciary Net Position	292
Component Units	
Authorities	
Combining Statement of Net Position	298
Combining Statement of Activities	300
State Universities	
Combining Statement of Net Position	304
Combining Statement of Activities	306

STATISTICAL SECTION

Index to Statistical Section	309
Net Position by Component	310
Changes in Net Position	312
Fund Balances, Governmental Funds	316
Changes in Fund Balances, Governmental Funds	318
Personal Income by Industry	320
Taxable Sales by Industry	322
Personal Income Tax Filers and Liability by Income Level	324
Sales Tax Payers by Industry	325
Ratios of Outstanding Debt by Type.....	326
Ratios of Net General Obligation Bonded Debt Outstanding.....	328
Debt Service Coverage - Comprehensive Transportation Fund Related Bonds.....	330
Debt Service Coverage - State Trunkline Fund Related Bonds.....	332
Debt Service Coverage - State Building Authority	334
Demographic and Economic Indicators	336
Classified Employees by Function.....	338
Operating Indicators by Function.....	340
Capital Assets by Function	344

OTHER INFORMATION

Combined Schedule of Revenue and Other Financing Sources - General and Special Revenue Funds.....	348
Schedule of Revenue and Other Financing Sources - General Fund.....	350
Source and Disposition of General Fund Authorizations	352
Source and Disposition of General Fund/General Purpose Authorizations	354
Revenue, Bond Proceeds, and Vendor Financing	
Acquisitions - General and Special Revenue Funds	356
Schedule of Expenditures by Function - General and Special Revenue Funds - State Funds	358
Index of Funds and Component Units	360





STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

GRETCHEN WHITMER
GOVERNOR

JENNIFER L. FLOOD
DIRECTOR

April 3, 2026

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

As required by Article 9, Section 21, of the State Constitution and Section 494, Public Act 431 of 1984, as amended, we are pleased to submit the *State of Michigan Annual Comprehensive Financial Report* (SOMACFR) for the fiscal year ended September 30, 2025.

INTRODUCTION TO THE REPORT

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

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

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

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

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

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

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

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

Independent Auditors: The Office of the Auditor General (OAG) is the principal auditor of the SOMACFR. The OAG also relies on the opinions of outside public accounting firms, particularly for component unit financial statements (such as the Michigan State Housing Development Authority and ten of the State's universities) and the Unemployment Compensation Funds. The purpose of the OAG's audit is to provide reasonable assurance that the Basic Financial Statements for the fiscal year ended September 30, 2025, are free of material misstatements. The OAG's opinion is that except for the accounting treatment of corporate income tax credit forwards which resulted in qualified opinions for the General Fund and Governmental Activities opinion units, the Basic Financial Statements for the fiscal year ended September 30, 2025, are fairly presented in accordance with GAAP.

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

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

PROFILE OF THE GOVERNMENT

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

Executive Branch: As of April 3, 2026, the Executive Branch consisted of 18 principal departments. Fifteen principal departments are headed by commissions and/or directors appointed by the elected governor. Elected officials head two principal departments, Attorney General and State, and one, Education, is headed by an elected board.

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

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

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

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

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

MAJOR INITIATIVES AND FUTURE PROJECTS

Saving Michiganders Money: A priority in the fiscal year 2027 Executive Budget Recommendation is lowering costs and putting money back in people's pockets through the Saving Michiganders Money Plan. Toward this goal, the budget continues the Working Families Tax Credit; rolls back the retirement tax completely; continues tax exemptions on tips, overtime, and Social Security; continues providing universal pre-K through the Great Start Readiness Program; and includes \$200 million to continue offering free school meals to all 1.4 million Michigan public school students. The budget recommendation also includes a proposal to provide property tax relief to seniors across Michigan, saving households an average of \$345 a year through an expanded tax credit that refunds approximately 10% of their property taxes. The Governor's budget also includes a measure to help families save money as they shop for school supplies, clothes, and certain electronics, by proposing a "back to school" sales tax holiday.

Every Kid Eats, Reads, and Succeeds: The budget recommendation continues historic public education investments. To focus on literacy, the budget recommendation includes \$625 million to support student literacy and achievement. The budget includes \$325 million to increase base per-pupil funding to \$10,300, which equates to an additional \$250 per student; \$123 million to continue expanded support for special education students – a 7.3% increase in the state allocation; and \$90 million to provide a 6% increase in funding to support academically at-risk students, English language learners, and students in rural school districts. The fiscal year 2027 Executive Budget Recommendation includes a total of \$300 million to support the mental and emotional well-being of students through continuation of mental health and safety grants to districts. The proposal includes \$125 million to reimburse districts with exorbitant transportation costs, allowing them to devote more resources to the classroom. To help advance the Governor's goal of 60% of Michigan's working adults earning a degree or skills certificate by 2030, the proposed budget includes \$2.2 billion to sustain university and community college operations. A total of \$67 million is included in the recommendation to expand Michigan Reconnect to adult learners ages 21 and older, providing adult learners with a tuition-free pathway to earn an associate degree or skilled trades certificate. Additionally, the recommended budget includes \$532 million in funding for the Michigan Achievement Scholarship.

Protecting Medicaid: The budget recommendation funds initiatives that will protect access to coverage and help ensure the future sustainability of Medicaid. The proposal includes \$780.4 million to stabilize Medicaid funding, protecting access to health care for eligible Michiganders through revenue generated from a mix of funding mechanisms. The Governor's budget also includes funding to help the state prepare to meet new federal requirements, including \$94.3 million in increased Supplemental Nutrition Assistance Program (SNAP) administrative cost-sharing; \$60.3 million for staffing, administration, and implementation oversight efforts to comply with new federal requirements and support beneficiaries; a total of \$30 million to help Michiganders maintain access to health care and SNAP (\$25 million directed to support workforce training and \$5 million to expand registered apprenticeship opportunities); and \$2 million to create a data-sharing platform to meet new federal requirements for Medicaid and SNAP. A total of \$20 million in ongoing Temporary Assistance for Needy Families program funding is included to continue support for Rx Kids, which helps ensure families have the care and stability they need during the critical early stages of life. Additionally, the executive budget recommends \$72.2 million to expand behavioral health care and capacity through the new state psychiatric hospital, which is anticipated to open in October.

Fixing Michigan's Roads: Powered by the biggest roads deal in State history, the Governor's budget recommendation proposes investments to continue fixing Michigan's roads. The proposal includes \$1.6 billion in new sustainable funding for state and local roads, and transit services, which will grow to \$2 billion annually by fiscal year 2030 when fully implemented. In total, the budget dedicates \$5.8 billion for roads, aimed at reducing vehicle repair costs and saving drivers time. Additionally, the budget recommendation funds a \$130.8 million increase in state and federal support for transit and rail programs, including a \$43.4 million increase in Local Bus Operating assistance for local transit agencies.

Creating Jobs and Growing the Economy: The budget proposes investments to create good-paying jobs, continue growing and diversifying Michigan's economy, and build stronger, more vibrant communities. A total of \$150 million is invested to improve public infrastructure and prepare sites for future development or redevelopment, creating a statewide inventory of development-ready sites to attract investment and create jobs. A total of \$59.4 million is recommended to continue business attraction and community reutilization programs to incentivize job creation and revitalize blighted properties. The executive budget proposes \$16 million in continued support for the Pure Michigan campaign to fuel tourism, support local businesses, and strengthen Michigan's economy. The budget recommendation invests \$5 million to support the Office of Future Mobility and Electrification, advancing aviation and drone initiatives that drive innovation, economic growth, and workforce development. Additionally, the budget includes \$50 million for the Michigan Housing and Community Development Fund to continue supporting the affordable housing needs of low-income households and revitalization of neighborhoods and downtowns.

Keeping Communities Safe: The budget recommendation funds a variety of initiatives to keep families and communities safe, improve veteran services, and protect and preserve Michigan's air, water, and land. The proposal includes \$1.7 billion to sustain revenue sharing to help counties, cities, villages, and townships ensure public safety and improve the quality of life for residents. The budget also includes \$50 million to fund public safety revenue sharing grants to counties, cities, villages, and townships to enhance public safety and prevent violent crime. A total of \$20.4 million is included to support trial court programs that aim to address the underlying substance or mental health issues that contribute to criminal behavior by focusing on treatment and supervision as an alternative to incarceration. To support in-service training for law enforcement officers, the recommendation includes \$13.3 million. A total of \$109.3 million is included to operate Michigan's veteran homes, which provide comprehensive care for veterans and eligible family members. The proposed budget directs \$11.2 million to the Michigan National Guard Member Benefit Fund, which expands existing resources for the National Guard Tuition Assistance Program to include support for the new childcare and health care programs supporting National Guard members. To safeguard public health, \$42.4 million is recommended for drinking water and environmental health programs. Additionally, the recommendation includes \$80 million to clean up contaminated sites and deposit funds in the Renew Michigan Fund, bringing Michigan in line with other Midwest states when it comes to out-of-state trash haulers.

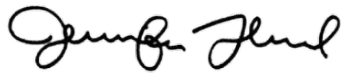
Effective and Efficient State Government: To ensure government efficiently and effectively serves all residents, the budget recommendation calls for investments to modernize state government, including a \$35 million investment in the Information Technology Investment Fund to update state systems and improve

service delivery. A total of \$43.2 million is included to strengthen the Election Equipment Reserve Fund, enabling local election administration and lifecycle maintenance of election equipment. Additionally, a total of \$17.3 million is included to fund the statewide judicial case management system, including a \$2 million increase, as trial courts continue to join the system, bringing greater efficiency to court operations.

ACKNOWLEDGMENTS

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

Sincerely,



Jennifer L. Flood
State Budget Director

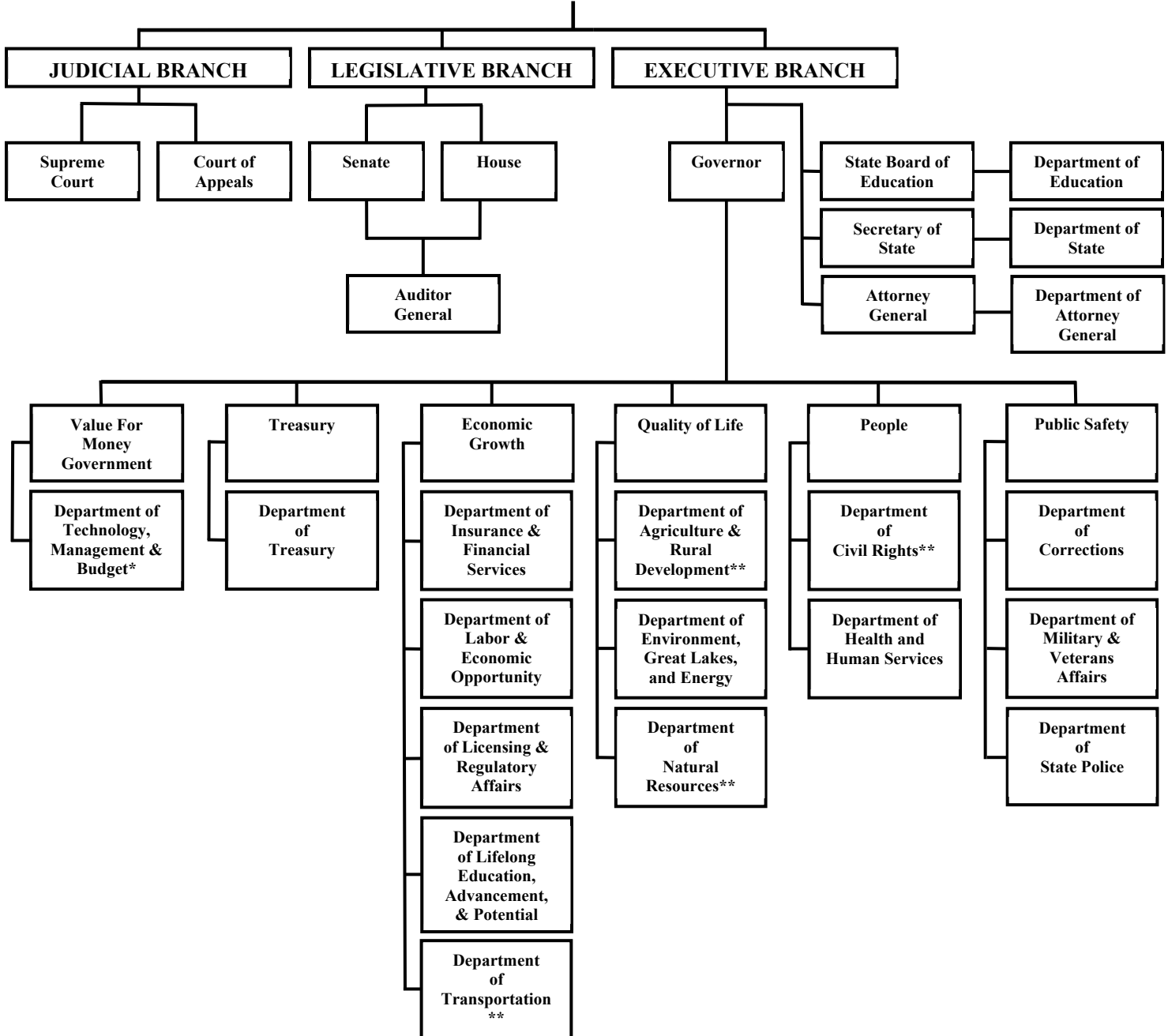


Heather Boyd, CPA
Director, Office of Financial Management



STATE OF MICHIGAN ORGANIZATIONAL STRUCTURE

(As of April 3, 2026)



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

STATE OF MICHIGAN

PRINCIPAL STATE OFFICIALS

(As of April 3, 2026)

JUDICIAL BRANCH

Supreme Court Justices
Honorable Megan K. Cavanagh, Chief Justice
Honorable Richard Bernstein, Justice
Honorable Kyra H. Bolden, Justice
Honorable Noah P. Hood, Justice
Honorable Kimberly A. Thomas, Justice
Honorable Elizabeth M. Welch, Justice
Honorable Brian K. Zahra, Justice

LEGISLATIVE BRANCH

Honorable Winnie Brinks
Majority Leader of the Senate

Honorable Matt Hall
Speaker of the House of Representatives

Doug Ringler, C.P.A., C.I.A.
Legislative Auditor General

EXECUTIVE BRANCH

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

State Board of Education

Pamela Pugh, President
Ellen Cogen Lipton, Co-Vice President
Tiffany Tilley, Co-Vice President
Judith Pritchett, Secretary
Marshall Bullock II, Treasurer
Tom McMillin
Mitchell Robinson
Nikki Snyder

Liz Evans, State Board Executive
Honorable Gretchen Whitmer (Ex Officio)
Glenn Maleyko, Superintendent of Public Instruction

Michigan Commission of Agriculture & Rural Development

Kathy Garthe, Chair
David Williams, Vice Chair
Monica Wyant, Secretary
Andy Chae
Felicia Wu

Timothy Boring, Director
Department of Agriculture & Rural Development

Civil Rights Commission

Luke R. Londo, Chair
Gloria E. Lara, Vice Chair
Richard R. White III, Secretary
Rosann L. Barker
Zenna Faraj Elhasan
Regina Marie Gasco
Portia L. Roberson
Skot Welch

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

Civil Service Commission

Gail M. Wilson, Chair
David A. Berridge
Nick Ciaramitaro
Jeff Steffel

John Gnodtke, State Personnel Director

Heidi E. Washington, Director
Department of Corrections

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

Elizabeth Hertel, Director
Department of Health and Human Services

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

Susan Corbin, Director
Department of Labor and Economic Opportunity

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

Beverly Walker-Griffea, Director
Department of Lifelong Education, Advancement, and Potential

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

Natural Resources Commission

Becky Humphries, Chair
Pete Eardley
Mark Eyster
Brandon Fewins
James LaPorte
David Nyberg
John W. Walters

M. Scott Bowen, Director
Department of Natural Resources

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

Kyle Guerrant, Acting Director
Department of Technology, Management and Budget

Jennifer L. Flood, State Budget Director

Transportation Commission

Heath E. Salisbury, Chair
Rita Brown
Glenn Bukoski
John Peracchio
Suzanne Schulz
Richard W. Turner

Brad Wieferich, Director
Department of Transportation

Rachael Eubanks, State Treasurer





FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT MANAGEMENT'S DISCUSSION AND ANALYSIS



OAG

Office of the Auditor General

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

Doug A. Ringler, CPA, CIA
Auditor General

Independent Auditor's Report

The Honorable Gretchen Whitmer, Governor
Members of the Legislature

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Michigan principally as of and for the fiscal year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental activities	Qualified
Business-type activities	Unmodified
Aggregate discretely presented component units	Unmodified
General Fund	Qualified
School Aid Fund	Unmodified
State Lottery Fund	Unmodified
Michigan Unemployment Compensation Funds	Unmodified
Aggregate remaining fund information	Unmodified

Qualified Opinions on Governmental Activities and the General Fund

In our opinion, based on our audit and the reports of other auditors, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the State of Michigan as of September 30, 2025 and the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each of the Other Opinion Units

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund except for the General Fund, and the aggregate remaining fund information of the State of Michigan as of September 30, 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.



OAG

Office of the Auditor General

Doug A. Ringler, CPA, CIA
Auditor General

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

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

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

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those funds and component units, are based solely on the reports of the other auditors. Those statements represent total assets and total revenues or additions to the governmental activities, the business-type activities, the aggregate discretely presented component units, the listed major funds, and the aggregate remaining fund information as follows:

Opinion Unit	Percent of Total Assets	Percent of Total Revenues/Additions
Governmental activities	0.2%	0.2%
Business-type activities	97.1%	79.2%
Aggregate discretely presented component units	90.7%	82.3%
State Lottery Fund	100.0%	100.0%
Michigan Unemployment Compensation Funds	100.0%	100.0%
Aggregate remaining fund information	6.7%	5.3%

Basis for Qualified and Unmodified Opinions

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

Matter Giving Rise to Qualified Opinions on Governmental Activities and the General Fund

As discussed in Note 24 to the financial statements, the State has not recognized a liability and adjusted revenue for corporate income tax credit forward amounts under the premise the amounts are not measurable. Credit forward amounts constitute an amount owed to the taxpayer until such time as the next annual return is



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

filed. Accounting principles generally accepted in the United States of America require the governmental activities opinion unit to recognize derived tax revenues net of estimated refunds and estimated uncollectible amounts in the same period the assets are recognized, provided the underlying exchange transaction has occurred. General Fund revenues are to be accounted for on the modified accrual basis and should be recognized in the period when the underlying exchange has occurred and the resources are available. For both opinion units, resources received in advance should be reported as liabilities until the period of the exchange. Credit forward balances identified from the most recently finalized annual corporate income tax returns totaled approximately \$1.0 billion, of which we estimated \$716.5 million represents a liability the State did not record for the fiscal year ended September 30, 2025.

Emphasis of Matters

As discussed in Note 3 to the financial statements, the Michigan Department of Health and Human Services incurred budgetary line-item overexpenditures during fiscal year 2025 for the General Fund totaling \$561.6 million.

As discussed in Note 29 to the financial statements, the Michigan House of Representatives filed a lawsuit against multiple State departments on January 9, 2026 related to the disapproval of appropriation work project designations. Unencumbered amounts associated with the disapproved work projects were not lapsed to the fund from which they were appropriated and are reported as restricted and committed fund balance in the governmental funds balance sheet, including \$293.1 million for the General Fund, and as restricted and unrestricted net position in the government-wide statement of net position for the fiscal year ended September 30, 2025.

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

- Adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the fiscal year ended September 30, 2025 resulting in a reduction to beginning net position for governmental activities, business-type activities, various discretely presented component units, and various proprietary funds.
- Restated beginning fiduciary net position for pension (and other employee benefits) trust funds, reducing it by \$154.1 million due to correction of a prior period error.

Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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Doug A. Ringler, CPA, CIA
Auditor General

The Honorable Gretchen Whitmer, Governor
Members of the Legislature
Page 4

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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



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Office of the Auditor General

Doug A. Ringler, CPA, CIA
Auditor General

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue a report dated April 3, 2026 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads 'Doug Ringler'.

Doug Ringler
Auditor General
April 3, 2026



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the State of Michigan's (the State's) financial performance, providing an overview of the activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections, prior year financial information presented in this Management's Discussion and Analysis has been restated to reflect accounting error corrections, which are further detailed in Note 4. As a result, the comparative numbers for the prior year may differ from those previously published in the prior year's financial statements.

HIGHLIGHTS

Government-wide

- At September 30, 2025, the State's net position was \$38.2 billion. This means that total State assets and deferred outflows of resources exceeded total State liabilities and deferred inflows of resources by \$38.2 billion.
- The State's unrestricted net position was negative \$519.7 million as of the close of the fiscal year. A positive balance in unrestricted net position represents excess assets available to meet ongoing obligations. A negative balance means that it would be necessary to convert restricted assets (e.g., capital assets) to unrestricted assets if all ongoing obligations were immediately due and payable.
- Revenues of \$89.9 billion supported expenses of \$87.1 billion during fiscal year 2025. As a result, the State's total net position increased by \$2.8 billion (8.1 percent). Governmental activities accounted for \$2.6 billion of this increase in government-wide net position.

Fund Level

- As of the close of the fiscal year, the State's governmental funds reported combined ending fund balances of \$21.0 billion. Governmental fund balances decreased \$2.1 billion (8.9 percent) from the prior year.
- The State's two major governmental funds, the General Fund and the School Aid Fund, closed the fiscal year with a combined fund balance of \$15.0 billion, a decrease of \$2.1 billion (12.4 percent) from the prior year. Of the total General Fund balance of \$11.0 billion, \$240.6 million is unassigned and, therefore, available for appropriation in future years. The remaining \$10.8 billion is either non-spendable (e.g., consists of assets not easily converted to cash, such as inventories); restricted for specific purposes by enabling legislation; committed to specific programs or projects by legislative action; or assigned to fulfill contractual obligations. In the School Aid Fund, the entire fund balance of \$4.0 billion is restricted for education purposes.
- The State's proprietary funds reported net position at year-end of \$2.7 billion. This represents an increase of \$240.5 million (9.7 percent) compared to the prior year-end balance. The Michigan Unemployment Compensation Funds accounted for \$202.8 million of the increase in proprietary fund balances.

Long-term Debt

- The State's total long-term bonded debt as of September 30, 2025, was \$6.5 billion, a decrease of \$382.4 million (5.5 percent) from the prior year. The decrease was primarily due to payment of bond principal and payment to refunded bond escrow agent in excess of bond proceeds and premiums received.

More detailed information regarding the government-wide, fund level, and long-term debt activities can be found beginning on page 25.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Both statements report three activities:

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

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

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

Michigan

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

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

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

The fund financial statements begin on page 40 and provide detailed information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, page 210 begins the individual fund data for the non-major funds. The State's funds are divided into three categories – governmental, proprietary, and fiduciary – and use different accounting approaches.

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

Additional Required Supplementary Information

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

Other Supplementary Information

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

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

The State's combined net position increased \$2.8 billion (8.1 percent) over the course of this fiscal year's operations. The net position of the governmental activities increased by \$2.6 billion (8.1 percent), and business-type activities increased \$211.4 million (7.8 percent).

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025*	2024	2025*	2024	2025*	2024
Assets:						
Current and other noncurrent assets	\$ 39,990.4	\$ 42,023.7	\$ 3,877.9	\$ 3,659.9	\$ 43,868.3	\$ 45,683.6
Capital assets	29,352.3	27,794.1	5.0	3.4	29,357.3	27,797.5
Total assets	<u>69,342.8</u>	<u>69,817.7</u>	<u>3,882.8</u>	<u>3,663.4</u>	<u>73,225.6</u>	<u>73,481.1</u>
Deferred outflows of resources	<u>2,153.4</u>	<u>2,494.1</u>	<u>15.6</u>	<u>18.6</u>	<u>2,169.0</u>	<u>2,512.7</u>
Liabilities:						
Current liabilities	13,038.9	13,693.6	747.9	719.9	13,786.8	14,413.5
Noncurrent liabilities	18,380.8	21,317.5	190.6	213.3	18,571.4	21,530.8
Total liabilities	<u>31,419.8</u>	<u>35,011.1</u>	<u>938.5</u>	<u>933.2</u>	<u>32,358.3</u>	<u>35,944.3</u>
Deferred inflows of resources	<u>4,821.9</u>	<u>4,272.0</u>	<u>32.7</u>	<u>30.0</u>	<u>4,854.6</u>	<u>4,302.0</u>
Net position:						
Net investment in capital assets	23,098.2	21,831.2	-	0.3	23,098.2	21,831.5
Restricted	12,603.6	12,380.6	2,999.8	2,796.2	15,603.3	15,176.8
Unrestricted	(447.3)	(1,183.1)	(72.4)	(77.7)	(519.7)	(1,260.8)
Total net position	<u>\$ 35,254.4</u>	<u>\$ 33,028.7</u>	<u>\$ 2,927.3</u>	<u>\$ 2,718.8</u>	<u>\$ 38,181.8</u>	<u>\$ 35,747.5</u>

*Due to the implementation of GASB Statement No. 101, beginning balances in the 2025 columns have been restated and are not consistent with prior-period information. More detailed information regarding these restatements is presented in Note 4 to the financial statements.

The largest component of the State's net position, at \$23.1 billion, reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure, and others), less any related debt outstanding that was needed to acquire or construct the assets. Restricted net position is the next largest component, comprising \$15.6 billion of the total. This represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation limiting how they can be used. The State's unrestricted net position was negative \$519.7 million as of the close of the year. A positive balance in unrestricted net position represents excess assets available to meet ongoing obligations. A negative balance means that it would be necessary to convert restricted assets to unrestricted assets if all ongoing obligations were immediately due and payable.

Michigan

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

Change in Net Position						
For Fiscal Year Ending September 30						
(In Millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2025*	2024	2025*	2024	2025*	2024
Revenues						
Program revenues						
Charges for services	\$ 2,345.4	\$ 2,439.1	\$ 7,284.8	\$ 7,623.8	\$ 9,630.2	\$ 10,062.9
Operating grants	33,864.8	33,653.3	104.9	109.4	33,969.8	33,762.6
Capital grants	1,826.0	1,371.8	-	-	1,826.0	1,371.8
General revenues						
General taxes	21,592.7	21,284.2	-	-	21,592.7	21,284.2
Taxes restricted for educational purposes	17,101.2	16,469.7	-	-	17,101.2	16,469.7
Taxes restricted for transportation purposes	3,953.8	3,794.2	-	-	3,953.8	3,794.2
Unrestricted investment and interest earnings	554.6	718.4	6.0	8.6	560.6	726.9
Miscellaneous**	1,266.0	1,024.2	-	-	1,266.0	1,024.2
Total Revenues	<u>82,504.6</u>	<u>80,754.8</u>	<u>7,395.6</u>	<u>7,741.7</u>	<u>89,900.3</u>	<u>88,496.6</u>
Expenses						
General government	3,252.2	3,448.6	-	-	3,252.2	3,448.6
Education**	24,563.9	25,456.2	-	-	24,563.9	25,456.2
Health and human services	36,997.0	35,570.6	-	-	36,997.0	35,570.6
Public safety and corrections	3,193.6	2,818.9	-	-	3,193.6	2,818.9
Conservation, environment, etc.	1,842.7	1,428.9	-	-	1,842.7	1,428.9
Labor, commerce, and regulatory	2,534.6	2,881.4	-	-	2,534.6	2,881.4
Transportation	5,343.0	5,525.4	-	-	5,343.0	5,525.4
Tax credits	1,588.0	1,460.0	-	-	1,588.0	1,460.0
Intergovernmental revenue sharing	1,724.4	1,678.0	-	-	1,724.4	1,678.0
Interest on long-term debt	328.1	337.0	-	-	328.1	337.0
Liquor Purchase Revolving Fund	-	-	1,264.9	1,279.8	1,264.9	1,279.8
State Lottery Fund	-	-	3,413.9	3,534.3	3,413.9	3,534.3
Attorney Discipline System	-	-	6.2	5.9	6.2	5.9
Michigan Unemployment Compensation Funds	-	-	1,007.6	841.0	1,007.6	841.0
Total Expenses	<u>81,367.6</u>	<u>80,604.8</u>	<u>5,692.7</u>	<u>5,661.1</u>	<u>87,060.2</u>	<u>86,265.9</u>
Excess (deficiency) Before Contributions and Transfers	1,137.1	150.0	1,703.0	2,080.7	2,840.0	2,230.7
Contributions to permanent fund principal	8.2	8.1	-	-	8.2	8.1
Transfers	1,491.6	1,668.4	(1,491.6)	(1,668.4)	-	-
Increase (decrease) in net position	<u>2,636.8</u>	<u>1,826.5</u>	<u>211.4</u>	<u>412.3</u>	<u>2,848.2</u>	<u>2,238.7</u>
Net position – beginning	33,028.7	31,202.2	2,718.8	2,306.5	35,747.5	33,508.8
Adjustments and restatements	(411.1)	-	(2.8)	-	(413.9)	-
Net position – ending	<u>\$ 35,254.4</u>	<u>\$ 33,028.7</u>	<u>\$ 2,927.3</u>	<u>\$ 2,718.8</u>	<u>\$ 38,181.8</u>	<u>\$ 35,747.5</u>

*Due to the implementation of GASB Statement No. 101, expense and net position information in the 2025 columns are not consistent with prior-period information. More detailed information regarding this change in accounting principle is presented in Note 4 to the financial statements.

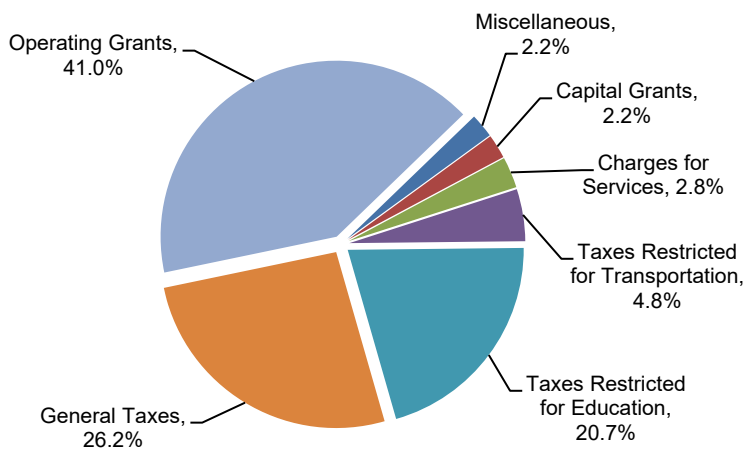
**The 2024 column for governmental activities has been restated to decrease miscellaneous revenues and education expenses to account for an error correction related to a misclassification of transfers between the general fund and school aid fund. More detailed information regarding the restatement is presented in Note 4 to the financial statements.

Governmental Activities

Governmental activities net position increased \$2.6 billion (8.1 percent) during the fiscal year. In fiscal year 2024, net position for governmental activities increased \$1.8 billion (5.9 percent). The largest contributor to the increase in the change in net position was an increase in personal income tax revenues of \$1.1 billion (8.1 percent). The factors for the increase in personal income tax revenues are noted in the School Aid Fund section below.

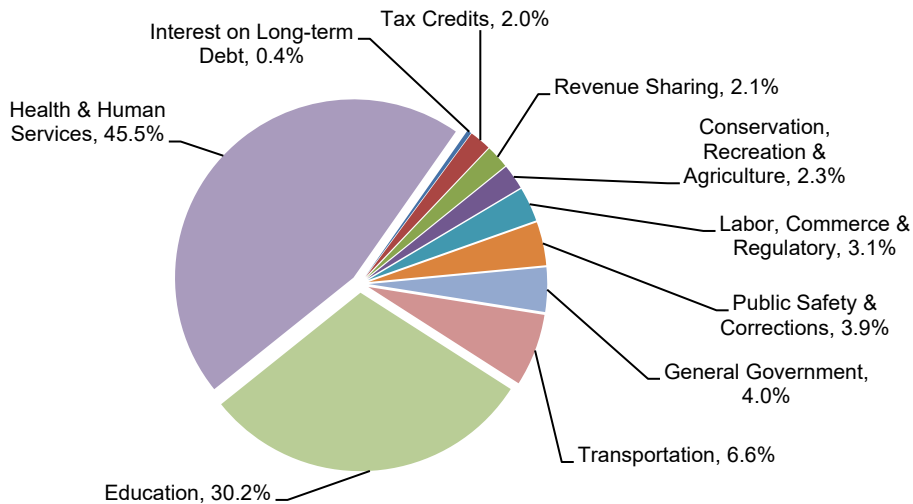
Revenues to fund governmental activities totaled \$82.5 billion for fiscal year 2025. As shown in the accompanying chart, 41.0 percent of the governmental activities' revenue came from operating grants, primarily from the federal government, and were earmarked for specific uses, such as highway construction and health and human services programs. In addition, the State Constitution and other statutory restrictions earmarked 25.5 percent for educational and transportation purposes. Only 26.2 percent of the revenues were available for general use.

Revenues - Governmental Activities for Fiscal Year Ending September 30, 2025
(\$82.5 billion)



Expenses related to governmental activities totaled \$81.4 billion during fiscal year 2025. The expenses include spending appropriated in prior years, such as capital outlay and work project authorization. As evidenced by the accompanying chart, education and health and human services represent the governmental activities' largest spending categories, accounting for 75.7 percent of the spending.

Expenses - Governmental Activities for Fiscal Year Ending September 30, 2025
(\$81.4 billion)



Business-type Activities

The business-type activities' net position increased \$211.4 million (7.8 percent) during the fiscal year. The \$211.4 million increase in net position for business-type activities was primarily due to the increase in net position for the Michigan Unemployment Compensation Funds of \$202.8 million (7.3 percent). In fiscal year 2024, there was an increase in net position of \$397.6 million (16.6 percent) for the Michigan Unemployment Compensation Funds. The net position continued to increase because unemployment contributions from employers exceeded the unemployment benefits that were paid.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

As the State completed the year, its governmental funds reported fund balances of \$21.0 billion. Of this amount, \$240.6 million constitutes unassigned fund balance in the General Fund, which is available to appropriate in future years. Of the total governmental fund balances, \$1.4 billion is in non-spendable form made up of amounts legally or contractually required to be maintained intact, including permanent fund endowments and assets that will not be converted to cash in the short-term, including consumable inventories. Another \$10.0 billion of the governmental fund balances are restricted for specific purposes by enabling legislation and external restriction, a majority of which includes the School Aid Fund and funds legally restricted for capital projects. Committed governmental fund balances totaled \$9.0 billion as of the end of the fiscal year representing funding set aside for multi-year projects and earmarked revenue carried forward with legislative authority for specific ongoing programs. Another \$404.0 million of the governmental fund balances are assigned for encumbered services and goods to be received after the end of the fiscal year. Two capital projects funds reported a negative unassigned fund balance totaling \$14.3 million due to expenditures incurred in advance of bonding proceeds which will be received after the end of the fiscal year.

The ending fund balance of \$21.0 billion for governmental funds was a decrease of \$2.1 billion (8.9 percent) from the prior year. The \$2.1 billion decrease in the ending fund balance was primarily due to decreases in fund balance in the General Fund and the School Aid Fund of \$1.7 billion (13.1 percent) and \$457.3 million (10.3 percent), respectively. The changes in fund balance for the General Fund and School Aid Fund are further discussed below.

General Fund

The General Fund is the chief operating fund of the State. At the end of fiscal year 2025, the General Fund total fund balance was \$11.0 billion, of which \$240.6 million was unassigned and, therefore, available for appropriation. The General Fund total fund balance of \$11.0 billion represents a decrease of \$1.7 billion (13.1 percent) from the fiscal year 2024 ending total fund balance. In fiscal year 2024, the General Fund total fund balance increased \$131.2 million (1.0 percent) from the fiscal year 2023 ending total fund balance. The \$1.8 billion decrease in the change in fund balance was primarily due to an increase in expenditures of \$3.3 billion (6.3 percent), which exceeded the increase in revenue of \$1.4 billion (2.7 percent). The following factors primarily contributed to the changes in revenue and expenditures:

- General Fund current expenditures for health and human services increased \$1.7 billion (4.7 percent) from fiscal year 2024 due to increased investment in health and human services programs, including Medicaid which had changes in managed care rates and enrollment levels.
- General Fund current expenditures for conservation, environment, recreation, and agriculture increased by \$474.3 million (38.7 percent) and capital outlay expenditures increased by \$378.9 million (92.8 percent) primarily due to an increase in spending of State and Local Fiscal Recovery Funds of \$518.9 million (53.5 percent) and an increase in spending of Infrastructure Investment and Jobs Act funding of \$182.9 million (249.1 percent). State and Local Fiscal Recovery Funds is a federal program that was authorized by the American Rescue Plan Act. The Infrastructure Investment and Jobs Act was passed by congress in 2021 for investment in infrastructure.
- General Fund current expenditures for public safety and corrections increased by \$525.5 million (16.5 percent) primarily due to increased investment in projects authorized by the Federal Emergency Management Agency.
- Federal revenues increased by \$2.0 billion (6.9 percent) from fiscal year 2024. The increases in expenditures noted above also contributed to the increase in federal revenue including increases related to health and human services programs of \$922.8 million (3.6 percent), public safety and corrections programs of \$362.0 million (129.8 percent), State and Local Fiscal Recovery Funds of \$520.0 million (54.0 percent), and Infrastructure Investment and Jobs Act funding of \$182.9 million (249.0 percent).

Included within the General Fund's committed fund balance is \$2.2 billion in the Counter-Cyclical Budget and Economic Stabilization Fund. This fund, also referred to as the Rainy Day Fund, is used to stabilize government programs in times of economic downturn.

General Fund Budgetary Highlights:

The original enacted fiscal year 2025 General Fund budget was \$55.7 billion. During the year, various positive and negative supplemental appropriations and other adjustments resulted in a final enacted budget of \$56.3 billion. Included in the difference between the final enacted budget of \$56.3 billion and actual spending and encumbrances of \$56.4 billion were spending authority lapses of \$306.6 million and restricted revenue authorized, but not spent, totaling \$144.8 million. In addition, there were line-item

overexpenditures in the General Fund of \$561.6 million. More detailed information regarding the State's budgetary overexpenditures is presented in Note 3 to the financial statements. At fiscal year-end, excess restricted revenue of \$6.2 billion was carried forward into fiscal year 2026 and is available for appropriation.

School Aid Fund

Fund balance at September 30, 2025, totaled \$4.0 billion, a decrease of \$457.3 million (10.3 percent) from the prior year. In fiscal year 2024, the School Aid Fund total fund balance decreased \$1.3 billion (22.1 percent) from the fiscal year 2023 ending total fund balance. The \$808.8 million increase in the change in fund balance was primarily due to a decrease in expenditures of \$1.3 billion (5.6 percent), which exceeded the decrease in revenue of \$597.3 million (3.0 percent). The following factors primarily contributed to the changes in revenue and expenditures:

- Revenue from taxes for the School Aid Fund increased \$609.4 million (3.7 percent) including increases of \$262.8 million (7.1 percent) for personal income tax revenue, \$173.0 million (2.2 percent) for sales tax revenue, and \$163.5 million (5.9 percent) for State education property tax revenue. The increase in revenue from taxes was attributable to many economic factors, including growth of personal income and increases in taxable values for property.
- School Aid Fund current expenditures for education decreased \$1.2 billion (5.2 percent) and revenue from federal agencies decreased \$1.2 billion (33.3 percent). Expenditures and federal revenue related to the Elementary and Secondary School Emergency Relief Fund decreased \$1.2 billion (81.3 percent) in fiscal year 2025 because the funding was fully used. The Elementary and Secondary School Emergency Relief Fund provided federal grants to address the impact of the coronavirus pandemic.

The restricted fund balance in the School Aid Fund includes balances related to two stabilization funds. The balances for the School Aid Stabilization Fund and the School Aid Countercyclical Budget and Foundation Stabilization Fund were \$1.7 billion and \$524.4 million, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At the end of the fiscal year 2025, the State had invested \$29.4 billion, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation charges for this fiscal year totaled \$485.4 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land*	\$ 4,186.9	\$ 4,099.7	\$ -	\$ -	\$ 4,186.9	\$ 4,099.7
Land improvements and other assets	138.9	145.4	-	-	138.9	145.4
Land rights	118.7	80.2	-	-	118.7	80.2
Buildings and improvements	1,439.6	1,463.9	-	-	1,439.6	1,463.9
Equipment	435.8	426.7	0.4	0.5	436.1	427.2
Computer software	308.2	241.1	-	-	308.2	241.1
Infrastructure	16,344.6	15,648.8	-	-	16,344.6	15,648.8
Right-to-use assets	1,162.0	1,094.2	4.6	2.9	1,166.6	1,097.2
Mineral rights	19.8	19.8	-	-	19.8	19.8
Subtotal	24,154.6	23,219.9	5.0	3.4	24,159.5	23,223.3
Construction in progress*	5,197.8	4,574.2	-	-	5,197.8	4,574.2
Total	<u>\$ 29,352.3</u>	<u>\$ 27,794.1</u>	<u>\$ 5.0</u>	<u>\$ 3.4</u>	<u>\$ 29,357.3</u>	<u>\$ 27,797.5</u>

*The prior year column for governmental activities has been restated to increase land and decrease construction in progress to account for an error correction related a misclassification of capital assets. More detailed information regarding the restatement is presented in Note 4 to the financial statements.

The most significant impact on capital assets during the year were additions of \$1.6 billion to construction in progress primarily from partially completed road and bridge construction and repair projects (detailed further in Note 9 to the financial statements).

As allowed by GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, as amended, the State has adopted an alternative process for recording depreciation expense on selected

infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include the State's network of public transportation roads and bridges, including ancillary assets, such as guard rails, signs, lighting, culverts, fencing, and the like. The State is responsible for maintaining approximately 28,756 lane miles of roads and 4,849 bridges (spans in excess of 20 feet).

The State assesses the condition of the trunkline system of paved roads, and the State's goal is to have more than 70.0 percent of roads in fair to good condition. The most recent condition assessment indicated that 76.5 percent of roads were considered fair or better, an increase from the previous assessment of 75.8 percent.

The State's bridges have assessed conditions that are better than the established benchmark that no more than 35.0 percent of bridges shall be rated as structurally deficient. The most recent assessment (2025) indicated that the condition of the bridges improved slightly from the prior year. For fiscal year 2025, 93.8 percent of the bridges were assessed as structurally fair or better.

The Legislature passed capital outlay appropriations of \$3.0 billion for fiscal year 2025. Under Michigan Compiled Laws Section 18.1248, capital outlay appropriations do not lapse at the end of the fiscal year they are appropriated in. The appropriations typically continue until the purposes for which the sums were appropriated are completed. Planning authorization for projects that have not been authorized for final design and construction are terminated 24 months after the last day of the fiscal year in which the authorization was originally made unless the project is specifically reauthorized in a budget act. Appropriations made for final design and construction for each project where construction has not commenced are terminated 36 months after the last day of the fiscal year in which the authorization was originally made unless the project is specifically reauthorized in a budget act. A capital outlay project may be continued beyond these limitations if additional conditions are met.

Capital outlay expenditures in the governmental funds totaled \$2.8 billion in fiscal year 2025. Of the total \$2.8 billion expended, \$1.5 billion was spent by the State Trunkline Fund, a capital projects fund, for highway maintenance and construction.

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

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

	Outstanding Bonded Debt as of September 30 (In Millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
General obligation bonds (backed by the State)	\$ 600.6	\$ 691.2	\$ -	\$ -	\$ 600.6	\$ 691.2
Revenue bonds and notes (backed by specific tax and fee revenue)	5,941.8	6,233.7	-	-	5,941.8	6,233.7
Total	<u>\$ 6,542.4</u>	<u>\$ 6,924.8</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,542.4</u>	<u>\$ 6,924.8</u>

During the year, the State issued bonds and bond anticipation notes totaling \$29.4 million and refunding bonds totaling \$716.4 million. The proceeds from the new bonds will provide funding for a university-owned building.

BOND RATINGS

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

Limitations on Debt

The State Constitution authorizes general obligation long-term borrowing, with approval of the Legislature and a majority of the voters, and general obligation short-term notes, of which the principal may not exceed 15.0 percent of undedicated revenues received in the preceding year. In fiscal year 2025, the State did not issue any general obligation short-term notes.

ECONOMIC CONDITIONS

The State of Michigan's fiscal year 2025 spanned the months from October 2024 through September 2025. This includes the final quarter of calendar year 2024 and the first three quarters of calendar year 2025. Due to the 2025 federal government shutdown, some data for September 2025 could not be collected and, thus, was not released.

The U.S. economy posted modest growth through fiscal year 2025. Real (inflation-adjusted) gross domestic product (GDP) grew at a 1.9 percent annualized rate in the fourth quarter of 2024, led by notable gains in consumption, before falling by 0.6 percent in the first quarter of 2025. The first quarter downturn was driven primarily by the sharp increase in imports, which are subtracted in the GDP calculation. This surge in imports was widely attributed to businesses accelerating their purchases ahead of the anticipated trade restrictions. Consequently, this was the first quarterly decrease in real GDP since the first quarter of 2022. Real GDP then rebounded by 3.8 percent during the second quarter of 2025, due mainly to a decrease in imports and an increase in consumer spending. In the last quarter of fiscal year 2025, U.S. real GDP rose 4.3 percent, its largest quarterly increase since the third quarter of 2023, due mainly to strong readings in consumption and exports. Real final sales to domestic purchasers, a more stable measure of underlying economic conditions, posted modest growth throughout fiscal year 2025. Growth rates ranged from a 1.4 percent annualized rate during the first quarter of 2025 to a high of 2.9 percent in the third quarter of 2025.

Inflationary concerns persisted throughout fiscal year 2025, despite price inflation declining substantially from its previous record highs during the summer of 2022. Between June 2022 and June 2025, year-over-year increases to the U.S. consumer price index (CPI) decelerated from 9.1 percent to 2.7 percent. During the first portion of fiscal year 2025, however, the CPI posted three consecutive months of increases, rising from 2.6 percent in October 2024 to 3.0 in January 2025. The next three inflation readings recorded declines, slowing to 2.3 percent year-over-year by April 2025. Since April 2025, inflation has risen four of the past five months, advancing to 3.0 percent year-over-year as of September 2025.

The less volatile core U.S. CPI, which excludes food and energy, also continued its slowdown since the middle of fiscal year 2022. After peaking at 6.6 percent in September 2022, the year-over-year core CPI decelerated to 3.0 percent, as of September 2025. During fiscal year 2025, year-over-year core CPI remained essentially flat during the final quarter of 2024 before decelerating to 2.8 percent by March 2025. Core CPI readings then gradually advanced to 3.0 percent year-over-year over the final half of fiscal year 2025.

The personal consumption expenditure (PCE) deflator, the Federal Reserve's preferred inflation measure, also recorded substantial declines from its recent high during fiscal year 2022. After reaching its recent peak of 7.2 percent in June 2022, the year-over-year increase in the PCE deflator slowed considerably to 2.8 percent in September 2025. Changes to the year-over-year PCE deflator in fiscal year 2025 were modest, hovering between 2.3 to 2.8 percent.

The Federal Reserve continued to shift to a more accommodative policy regime at the end of fiscal year 2025. After raising the federal funds rate 3.00 percentage points in fiscal year 2022, the Federal Reserve increased the rate an additional 2.25 percentage points in fiscal year 2023, which was the highest target range in more than two decades, at 5.25-5.50 percent. After six consecutive meetings with no change, the Committee decided to lower the target range for the federal funds rate by 0.25 percentage points, to a range of 4.00-4.25 percent, during its mid-September 2025 meeting. An additional 0.25 percentage point cut was announced during their October and December 2025 meetings, moving the federal funds target range to 3.50-3.75 percent.

Interest rates continued to have a noteworthy effect on the U.S. economy during fiscal year 2025. Mortgage rates reached a 23-year high in the beginning of fiscal year 2024, rising to 7.79 percent by the end of October 2023. Rates then declined by more than one and a half percentage points, to 6.08 percent, by the end of fiscal year 2024. During fiscal year 2025, mortgage rate averages reached their peak by mid-January 2025, rising to 7.04 percent. By the end of September 2025, rates were recorded at 6.30 percent. For the 11 months of data available for fiscal year 2025, annualized monthly housing starts averaged 1.38 million units, down slightly from 1.39 million units in fiscal year 2024 and 1.40 million units in fiscal year 2023.

U.S. nonfarm payroll job growth slowed moderately during fiscal year 2025, averaging 107,000 jobs per month. Average monthly employment growth was notably less than the last two fiscal years, which averaged 165,000 jobs per month in fiscal year 2024 and 235,000 jobs per month during fiscal year 2023. Monthly job gains trended downward in the second half of the fiscal year, averaging only 53,000 jobs per month compared to 160,000 per month during the first half of fiscal year 2025. As of September 2025, U.S. nonfarm employment recorded 7.3 million (4.8 percent) jobs above its February 2020 pre-pandemic level.

The national unemployment rate remained at low levels and stayed between 4.0 percent and 4.4 percent during fiscal year 2025. In the prior four months, the jobless rate rose from 4.1 percent in June 2025 to 4.4 percent in September 2025. The U.S. September rate was up 0.9 percentage points against its February 2020 pre-pandemic level. The national labor force participation rate ranged from 62.2 to 62.6 percent during fiscal year 2025, averaging 62.4 percent. This was lower than both fiscal year 2024 (62.7 percent) and fiscal year 2023 (62.5 percent) average participation rates. During fiscal year 2025, national employment grew by 2.19 million, or 1.4 percent, between October 2024 and September 2025, and surpassed its February 2020 pre-pandemic employment level by 4.9 million, or 3.1 percent.

U.S. light vehicle sales continued to rise from the historically low levels recorded during fiscal year 2022, which was mainly due to the global semiconductor shortage. Monthly light vehicle sales ranged from 15.5 to 17.9 million units on the national level, averaging

16.4 million units during fiscal year 2025. Fiscal year 2024 averaged 15.6 million units and fiscal year 2023 averaged 15.1 million units.

During fiscal year 2025, Michigan reported faster payroll employment growth compared to fiscal year 2024 but was considerably slower than both fiscal year 2023 and 2022. After advancing by 164,100 jobs in fiscal year 2022, Michigan nonfarm employment rose by 91,100 jobs in fiscal year 2023 but only 17,400 during fiscal year 2024. Notably, every quarter during fiscal year 2025 recorded job gains. By the end of fiscal year 2025, statewide total nonfarm payroll jobs were up 42,000 or 0.9 percent, compared to their October 2024 level. As of September 2025, payroll jobs were up 84,900 or 1.9 percent, above their February 2020 pre-pandemic job level.

The Michigan unemployment rate declined 0.1 percentage points from the fiscal year's start in October 2024 to September 2025, ending the year at 5.1 percent. However, throughout the fiscal year, the statewide jobless rate ranged from 5.1 percent to 5.5 percent. During the first half of the fiscal year, the rate advanced from 5.2 percent to 5.5 percent but trended downward in the second half, falling by 0.4 percentage points to 5.1 percent. Michigan's September 2025 unemployment rate was 1.3 percentage points higher than its February 2020 pre-pandemic rate.

Michigan's labor force participation rate varied during fiscal year 2025, ranging from its current September 2025 reading of 61.3 percent to its fiscal year high of 62.0 percent. Michigan's participation rate recorded four consecutive months of 62.0 percent, from January to April 2025, before trending downward in the second portion of the fiscal year. As of September 2025, Michigan's labor force participation rate matched its February 2020 pre-pandemic rate.

Michigan personal income remained steady over the last three quarters, rising by 5.0 percent in both the fourth quarter of 2024 and the first quarter of 2025, on an annualized basis. Statewide personal income advanced 5.1 percent during the second quarter of 2025, the largest annualized quarterly change since the second quarter of 2024. In five of the past six quarters, Michigan recorded 5.0 percent or greater annualized growth in its quarterly personal income levels.

CONTACTING THE STATE'S OFFICE OF FINANCIAL MANAGEMENT

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

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



FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

Michigan

STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

(In Thousands)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
ASSETS				
Current Assets:				
Cash	\$ 171,162	\$ 99,554	\$ 270,716	\$ 2,253,507
Cash on deposit with fiscal agent	54,522	3,005,136	3,059,657	-
Equity in common cash (Note 5)	20,225,738	163,004	20,388,742	2,645,874
Taxes, interest, and penalties receivable (Note 6)	9,191,378	-	9,191,378	-
Internal balances	27,875	(27,875)	-	-
Amounts due from component units	7,773	248	8,021	4,834
Amounts due from primary government	-	-	-	324,375
Amounts due from federal government	3,386,422	78,161	3,464,583	58,533
Amounts due from local units	366,428	16,843	383,271	405,796
Inventories	45,927	30,386	76,313	11,223
Investments (Note 8)	-	15,067	15,067	2,519,832
Other current assets	2,245,186	371,482	2,616,668	484,796
Total Current Assets	<u>35,722,411</u>	<u>3,752,006</u>	<u>39,474,416</u>	<u>8,708,769</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	-	-	-	156,179
Investments	-	-	-	1,576,388
Mortgages and loans receivable	-	-	-	7,606
Taxes, interest, and penalties receivable (Note 6)	681,498	-	681,498	-
Advances to primary government	-	-	-	1,192,852
Amounts due from local units	1,277,321	-	1,277,321	3,939,864
Mortgages and loans receivable	-	-	-	6,141,332
Investments (Note 8)	1,702,727	107,621	1,810,348	4,441,365
Land and property held for resale	-	-	-	4,748
Capital Assets (Note 9):				
Land and other non-depreciable assets	4,439,369	-	4,439,369	265,051
Buildings, equipment, and other depreciable assets	9,157,660	11,293	9,168,953	8,984,931
Less accumulated depreciation	(5,321,683)	(6,331)	(5,328,014)	(4,147,338)
Infrastructure	15,879,207	-	15,879,207	102,967
Construction in progress	5,197,755	-	5,197,755	353,416
Total capital assets	<u>29,352,308</u>	<u>4,963</u>	<u>29,357,270</u>	<u>5,559,027</u>
Interest in joint ventures (Note 7)	34,892	-	34,892	-
Other noncurrent assets	571,596	18,261	589,857	1,021,753
Total Noncurrent Assets	<u>33,620,343</u>	<u>130,844</u>	<u>33,751,187</u>	<u>24,041,114</u>
Total Assets	<u>69,342,753</u>	<u>3,882,849</u>	<u>73,225,603</u>	<u>32,749,883</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 28)	<u>2,153,405</u>	<u>15,636</u>	<u>2,169,041</u>	<u>163,718</u>

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

Michigan

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	\$ 7,965,555	\$ 744,074	\$ 8,709,629	\$ 696,096
Income tax refunds payable (Note 16)	1,890,372	-	1,890,372	-
Amounts due to component units	124,858	6	124,864	3,865
Amounts due to primary government	-	-	-	6,197
Bonds and notes payable (Notes 13 and 14)	327,455	-	327,455	738,944
Interest payable	136,659	6	136,665	105,476
Unearned revenue	1,739,799	1,087	1,740,886	444,588
Vendor financing obligations (Note 12)	229,709	438	230,148	27,190
Current portion of other long-term obligations (Note 15)	624,539	2,286	626,826	88,246
Total Current Liabilities	<u>13,038,947</u>	<u>747,897</u>	<u>13,786,844</u>	<u>2,110,603</u>
Noncurrent Liabilities:				
Advances from component units	1,079,610	-	1,079,610	-
Prize awards payable (Note 15)	-	110,544	110,544	-
Unearned revenue	257,475	-	257,475	144,757
Bonds and notes payable (Notes 13 and 14)	6,999,386	-	6,999,386	11,460,416
Vendor financing obligations (Note 12)	1,873,801	4,553	1,878,355	47,082
Noncurrent portion of other long-term obligations (Note 15)	8,170,567	75,478	8,246,045	1,511,462
Total Noncurrent Liabilities	<u>18,380,840</u>	<u>190,575</u>	<u>18,571,415</u>	<u>13,163,716</u>
Total Liabilities	<u>31,419,787</u>	<u>938,472</u>	<u>32,358,259</u>	<u>15,274,319</u>
DEFERRED INFLOWS OF RESOURCES (Note 28)	<u>4,821,922</u>	<u>32,671</u>	<u>4,854,593</u>	<u>777,358</u>
NET POSITION				
Net investment in capital assets	23,098,191	(13)	23,098,178	3,329,966
Restricted For (Note 23):				
Education	5,221,315	-	5,221,315	215,185
Construction and debt service	44,201	-	44,201	6,589,366
Public safety and corrections	90,284	-	90,284	-
Conservation, environment, recreation, and agriculture	1,392,764	-	1,392,764	-
Health and human services	1,049,804	-	1,049,804	-
Transportation	2,604,080	-	2,604,080	-
Unemployment compensation	-	2,993,136	2,993,136	-
Labor, commerce, and regulatory	408,265	-	408,265	-
Other purposes	328,509	6,617	335,126	3,091,821
Funds Held as Permanent Investments:				
Expendable	546,408	-	546,408	595,126
Nonexpendable	917,965	-	917,965	1,084,665
Unrestricted	(447,336)	(72,397)	(519,733)	1,955,794
Total Net Position	<u>\$ 35,254,450</u>	<u>\$ 2,927,342</u>	<u>\$ 38,181,792</u>	<u>\$ 16,861,924</u>

Michigan

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

Functions/Programs	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General government	\$ 3,252,190	\$ 1,059,677	\$ 413,377	\$ 317,189
Education	24,563,920	13,190	3,214,651	-
Health and human services	36,997,033	125,455	26,522,774	-
Public safety and corrections	3,193,587	131,592	651,250	26,385
Conservation, environment, recreation, and agriculture	1,842,709	396,308	1,238,446	106,215
Labor, commerce, and regulatory	2,534,635	498,888	951,052	-
Transportation	5,342,976	120,325	873,288	1,376,247
Tax credits (Note 16)	1,588,000	-	-	-
Intergovernmental-revenue sharing	1,724,436	-	-	-
Interest on long-term debt	328,079	-	-	-
Total governmental activities	<u>81,367,565</u>	<u>2,345,434</u>	<u>33,864,839</u>	<u>1,826,036</u>
Business-type Activities:				
Liquor Purchase Revolving Fund	1,264,935	1,535,382	-	-
State Lottery Fund	3,413,908	4,587,158	7,076	-
Attorney Discipline System	6,181	6,089	662	-
Michigan Unemployment Compensation Funds	1,007,642	1,156,123	97,178	-
Total business-type activities	<u>5,692,665</u>	<u>7,284,752</u>	<u>104,916</u>	<u>-</u>
Total primary government	<u>\$ 87,060,231</u>	<u>\$ 9,630,186</u>	<u>\$ 33,969,755</u>	<u>\$ 1,826,036</u>
Total component units	<u>\$ 6,799,764</u>	<u>\$ 2,726,767</u>	<u>\$ 2,796,454</u>	<u>\$ 92,784</u>
General Revenues:				
Taxes:				
General:				
Sales and use				
Personal income				
Flow-through entity				
Single business, Michigan business, and corporate income				
Tobacco products				
Beer, wine, and liquor				
Insurance company				
Quality assurance assessment				
Essential services assessment				
Penalties and interest				
Marihuana excise				
Insurance provider assessment				
Other				
Restricted For Educational Purposes:				
Sales and use				
Personal income				
Flow-through entity				
Education, property, and real estate transfers				
Tobacco products				
Casino gaming wagering				
Other				
Restricted For Transportation Purposes:				
Sales and use				
Personal income				
Gasoline and diesel fuel				
Motor vehicle registration				
Other				
Unrestricted investment and interest earnings				
Miscellaneous				
Payments from State of Michigan				
Contributions to permanent fund principal				
Extraordinary items				
Transfers				
Total general and other revenue, payments, and transfers				
Change in net position				
Net position-beginning				
Adjustments and restatements (Note 4)				
Net position-ending				

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

Michigan

NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION

PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	COMPONENT UNITS
\$ (1,461,948)	\$ -	\$ (1,461,948)	\$ -
(21,336,079)	-	(21,336,079)	-
(10,348,804)	-	(10,348,804)	-
(2,384,361)	-	(2,384,361)	-
(101,740)	-	(101,740)	-
(1,084,695)	-	(1,084,695)	-
(2,973,115)	-	(2,973,115)	-
(1,588,000)	-	(1,588,000)	-
(1,724,436)	-	(1,724,436)	-
(328,079)	-	(328,079)	-
<u>(43,331,257)</u>	<u>-</u>	<u>(43,331,257)</u>	<u>-</u>
-	270,447	270,447	-
-	1,180,326	1,180,326	-
-	570	570	-
-	245,659	245,659	-
-	1,697,002	1,697,002	-
<u>(43,331,257)</u>	<u>1,697,002</u>	<u>(41,634,254)</u>	<u>-</u>
-	-	-	(1,183,759)
3,997,125	-	3,997,125	-
9,727,762	-	9,727,762	-
709,626	-	709,626	-
1,738,474	-	1,738,474	-
404,365	-	404,365	-
201,786	-	201,786	-
520,055	-	520,055	-
2,395,784	-	2,395,784	-
156,253	-	156,253	-
221,141	-	221,141	-
305,243	-	305,243	-
642,306	-	642,306	-
572,772	-	572,772	-
8,886,993	-	8,886,993	-
4,051,374	-	4,051,374	-
290,584	-	290,584	-
3,396,402	-	3,396,402	-
213,238	-	213,238	-
103,182	-	103,182	-
159,388	-	159,388	-
131,863	-	131,863	-
600,000	-	600,000	-
1,632,786	-	1,632,786	-
1,581,060	-	1,581,060	-
8,093	-	8,093	-
554,633	5,962	560,595	280,853
1,266,021	4	1,266,024	378,768
-	-	-	1,468,619
8,166	-	8,166	-
-	-	-	1,358
1,491,605	(1,491,605)	-	-
<u>45,968,080</u>	<u>(1,485,640)</u>	<u>44,482,441</u>	<u>2,129,597</u>
2,636,824	211,363	2,848,187	945,838
33,028,691	2,718,820	35,747,511	15,921,127
(411,065)	(2,841)	(413,906)	(5,041)
<u>\$ 35,254,450</u>	<u>\$ 2,927,342</u>	<u>\$ 38,181,792</u>	<u>\$ 16,861,924</u>



GOVERNMENTAL FUND FINANCIAL STATEMENTS



Major Funds

GENERAL FUND

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

SCHOOL AID FUND

An amendment to the 1908 State Constitution created this fund in 1955. The 1963 State Constitution provided for the fund's continued existence. Its purpose is to aid in the support of the public schools, intermediate school districts, higher education, and school employees' retirement systems of the State. School aid payments to school districts are based on a statutory formula. Michigan Compiled Laws (MCL) Section 388.1611a, effective October 1, 2003, created the School Aid Stabilization Fund as a separate account within the School Aid Fund. MCL Section 388.1611z, effective July 21, 2023, created the School Aid Countercyclical Budget and Foundation Stabilization Fund as a separate account within the School Aid Fund.

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

Non-Major Funds

Non-major governmental funds are presented, by fund type, beginning on page 200.

Michigan

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

(In Thousands)

	GENERAL FUND	SCHOOL AID FUND	NON-MAJOR FUNDS	TOTALS
ASSETS				
Current Assets:				
Cash	\$ 22,888	\$ 354	\$ 147,855	\$ 171,097
Cash on deposit with fiscal agent	54,522	-	-	54,522
Equity in common cash (Note 5)	13,629,632	1,946,718	4,364,586	19,940,937
Taxes, interest, and penalties receivable (Note 6)	5,412,454	3,609,774	169,150	9,191,378
Amounts due from other funds (Note 19)	4,356	102,587	139,257	246,200
Amounts due from component units	5,169	-	2,424	7,593
Amounts due from federal agencies	2,869,990	132,229	383,881	3,386,100
Amounts due from local units	159,094	36,132	171,203	366,428
Inventories	11,852	-	15,436	27,287
Other current assets	1,875,669	23,829	220,471	2,119,969
Total Current Assets	<u>24,045,626</u>	<u>5,851,623</u>	<u>5,614,263</u>	<u>35,511,512</u>
Noncurrent Assets:				
Taxes, interest, and penalties receivable (Note 6)	542,962	134,910	3,626	681,498
Amounts due from local units	1,192,852	11,820	72,649	1,277,321
Investments (Note 8)	14,724	-	1,688,003	1,702,727
Other noncurrent assets	510,243	2,934	11,220	524,397
Total Noncurrent Assets	<u>2,260,781</u>	<u>149,664</u>	<u>1,775,498</u>	<u>4,185,943</u>
Total Assets	<u>\$ 26,306,407</u>	<u>\$ 6,001,288</u>	<u>\$ 7,389,761</u>	<u>\$ 39,697,455</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities (Note 24)	\$ 5,923,522	\$ 809,517	\$ 1,019,811	\$ 7,752,850
Income tax refunds payable (Note 16)	1,890,372	-	-	1,890,372
Amounts due to other funds (Note 19)	118,446	2	197,733	316,181
Amounts due to component units	11,526	91	-	11,617
Bonds and notes payable	-	-	15,200	15,200
Interest payable	-	-	84	84
Unearned revenue	1,644,275	98	24,961	1,669,335
Total Current Liabilities	<u>9,588,141</u>	<u>809,708</u>	<u>1,257,790</u>	<u>11,655,639</u>
Long-Term Liabilities:				
Advances from component units	1,079,610	-	-	1,079,610
Unearned revenue	5,031	-	52	5,082
Total Long-Term Liabilities	<u>1,084,641</u>	<u>-</u>	<u>52</u>	<u>1,084,693</u>
Total Liabilities	<u>10,672,782</u>	<u>809,708</u>	<u>1,257,841</u>	<u>12,740,332</u>
DEFERRED INFLOWS OF RESOURCES (Note 28)	<u>4,641,650</u>	<u>1,189,417</u>	<u>149,509</u>	<u>5,980,576</u>
FUND BALANCES				
Nonspendable	84,959	-	1,294,169	1,379,128
Restricted	1,592,010	4,002,162	4,403,205	9,997,376
Committed	8,670,344	-	299,372	8,969,716
Assigned	404,024	-	-	404,024
Unassigned (Note 22)	240,638	-	(14,334)	226,304
Total Fund Balances (Note 23)	<u>10,991,975</u>	<u>4,002,162</u>	<u>5,982,410</u>	<u>20,976,547</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,306,407</u>	<u>\$ 6,001,288</u>	<u>\$ 7,389,761</u>	<u>\$ 39,697,455</u>

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

Michigan

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

SEPTEMBER 30, 2025

(In Thousands)

Total fund balances for governmental funds		\$ 20,976,547
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities (Note 9) and equity interest in joint ventures (Note 7) are not financial resources and therefore are not reported in the funds.		
Land and other non-depreciable assets	4,344,340	
Buildings, equipment, and other depreciable assets	6,568,278	
Infrastructure	15,879,207	
Construction in progress	5,197,755	
Interest in joint ventures	34,892	
Accumulated depreciation	<u>(3,795,356)</u>	28,229,116
Certain tax revenues are earned but not available and therefore are reported as deferred inflows of resources in the funds.		
		5,149,565
Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds.		
		815,686
Amounts due to component units for long-term loans.		
		(113,242)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
		(206,427)
Pension related assets are not available in the current period and therefore are not reported in the funds.		
		31,543
OPEB related assets are not available in the current period and therefore are not reported in the funds.		
		6,860
Deferred outflows of resources not reported in the funds:		
Refunding of debt		17,093
Lease related		21,950
Pension related		995,340
OPEB related		1,032,510
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 15)		
Vendor financing obligations	(1,364,348)	
Compensated absences	(884,539)	
Workers' compensation	(47,846)	
Net pension liability	(4,607,943)	
Net OPEB liability	(1,668,329)	
Pollution remediation	(305,571)	
Other long-term liabilities	<u>(819,713)</u>	(9,698,289)
Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. Unamortized premiums, unamortized discounts, and accrued interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Position. This is the net effect of these balances on the statement. (Note 13)		
Bonds and notes payable	(6,542,378)	
Unamortized premiums	(771,324)	
Unamortized discounts	2,061	
Accrued interest payable	<u>(103,607)</u>	(7,415,248)
Deferred inflows of resources not reported in the funds:		
Refunding of debt		(113,117)
Pension related		(1,097,761)
OPEB related		<u>(3,377,680)</u>
Net position of governmental activities		<u>\$ 35,254,450</u>

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

Michigan

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

	GENERAL FUND	SCHOOL AID FUND	NON-MAJOR FUNDS	TOTALS
REVENUES				
Taxes	\$ 20,777,496	\$ 16,945,520	\$ 4,247,414	\$ 41,970,429
From federal agencies	30,259,635	2,319,990	2,094,343	34,673,967
From local agencies	101,727	-	37,765	139,492
From services	367,846	-	13,294	381,140
From licenses and permits	486,094	-	287,201	773,295
Special Medicaid reimbursements	213,406	-	-	213,406
Miscellaneous	1,582,407	234,480	1,195,094	3,011,981
	53,788,610	19,499,990	7,875,111	81,163,710
Total Revenues				
EXPENDITURES				
Current:				
General government	2,989,037	1,308	215,764	3,206,109
Education	2,832,452	21,699,488	60,993	24,592,933
Health and human services	37,516,243	-	63,253	37,579,497
Public safety and corrections	3,703,500	-	4,201	3,707,701
Conservation, environment, recreation, and agriculture	1,699,297	-	380,238	2,079,536
Labor, commerce, and regulatory	2,496,421	-	218,601	2,715,022
Transportation	60,818	-	4,111,835	4,172,653
Tax credits (Note 16)	1,588,000	-	-	1,588,000
Capital outlay	787,237	-	2,037,911	2,825,148
Intergovernmental-revenue sharing	1,724,436	-	-	1,724,436
Debt service:				
Bond principal retirement	-	-	362,667	362,667
Bond interest and fiscal charges	-	-	308,438	308,438
Structured settlement payments	116,936	-	-	116,936
Vendor financing payments	77,669	-	55,569	133,238
	55,592,047	21,700,796	7,819,470	85,112,313
Total Expenditures				
Excess of Revenues over (under) Expenditures	(1,803,437)	(2,200,807)	55,640	(3,948,603)
OTHER FINANCING SOURCES (USES)				
Bonds and bond anticipation notes issued	-	-	29,391	29,391
Refunding bonds issued	-	-	716,424	716,424
Premium on bond issuance	-	-	58,904	58,904
Payment to refunded bond escrow agent	-	-	(760,833)	(760,833)
Vendor financing acquisitions	13,181	-	889	14,070
Proceeds from sale of capital assets	4,789	-	1,569	6,358
Transfers from other funds (Note 21)	821,469	1,905,324	2,745,046	5,471,839
Transfers to other funds (Note 21)	(699,653)	(161,824)	(2,776,692)	(3,638,168)
	139,786	1,743,500	14,698	1,897,984
Total Other Financing Sources (Uses)				
Net changes in fund balances	(1,663,652)	(457,306)	70,339	(2,050,619)
Fund Balances - Beginning of fiscal year	12,655,627	4,459,468	5,912,071	23,027,166
Fund Balances - End of fiscal year	\$ 10,991,975	\$ 4,002,162	\$ 5,982,410	\$ 20,976,547

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

Michigan

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)

Net change in fund balance - total governmental funds \$ (2,050,619)

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

Capital outlay:		
Land and other non-depreciable assets	37,205	
Buildings, equipment, and other depreciable assets	85,726	
Infrastructure	(162,998)	
Construction in progress	1,642,087	
Disposal of capital assets	(10,385)	
Depreciation expense	<u>(235,144)</u>	1,356,491

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

Tax revenues	677,226	
Other revenues	<u>(34,802)</u>	642,424

Increase (decrease) in equity interest in joint ventures (Note 7). (351)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 29,131

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

Bond proceeds and premiums received	(804,719)	
Payment of bond principal	354,256	
Payment to refunded bond escrow agent	769,244	
Accrued interest and amortization	70,026	
Gain (loss) on debt extinguishment	<u>5,694</u>	394,501

Some revenues and expenses reported in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenues or expenditures in the funds. Some expenditures reported in the funds either increase or decrease long-term obligations reported in the Statement of Net Position. In the current year, these amounts related to:

Pension costs, net	778,319	
OPEB costs, net	1,223,765	
Advances from component units	(29,414)	
Vendor financing payments	72,112	
Compensated absences payments	(58,378)	
Litigation recoveries, settlements and payments	248,567	
Pollution remediation obligations	33,399	
Workers' compensation	(3,436)	
Other	<u>313</u>	<u>2,265,247</u>

Change in net position of governmental activities \$ 2,636,824

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



PROPRIETARY FUND FINANCIAL STATEMENTS



Major Funds

STATE LOTTERY FUND

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

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

MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS

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

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

Non-Major Funds

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

Individual fund statements for the Internal Service Funds, whose combined totals are presented on this statement, begin on page 268.

Michigan

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025
(In Thousands)**

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	MAJOR			TOTALS	
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR		
ASSETS					
Current Assets:					
Cash	\$ 2	\$ 99,204	\$ 348	\$ 99,554	\$ 65
Cash on deposit with fiscal agent	-	3,005,136	-	3,005,136	-
Equity in common cash (Note 5)	17,607	24,265	121,132	163,004	284,801
Amounts due from other funds (Note 19)	-	395	-	395	4,973
Amounts due from component units	-	248	-	248	180
Amounts due from federal agencies	-	78,161	-	78,161	321
Amounts due from local units	-	16,843	-	16,843	-
Inventories	26,982	-	3,404	30,386	18,640
Investments (Note 8)	11,777	-	3,291	15,067	-
Other current assets	231,349	124,613	15,519	371,482	125,100
Total Current Assets	<u>287,716</u>	<u>3,348,864</u>	<u>143,695</u>	<u>3,780,275</u>	<u>434,080</u>
Noncurrent Assets:					
Investments (Note 8)	99,489	-	8,132	107,621	-
Capital Assets (Note 9):					
Land and other non-depreciable assets	-	-	-	-	95,030
Buildings, equipment, and other depreciable assets	6,104	-	5,189	11,293	2,589,382
Allowance for depreciation	(4,763)	-	(1,568)	(6,331)	(1,526,328)
Total capital assets	<u>1,342</u>	<u>-</u>	<u>3,621</u>	<u>4,963</u>	<u>1,158,084</u>
Other noncurrent assets	12,844	5,400	16	18,261	8,797
Total Noncurrent Assets	<u>113,675</u>	<u>5,400</u>	<u>11,769</u>	<u>130,844</u>	<u>1,166,880</u>
Total Assets	<u>401,391</u>	<u>3,354,264</u>	<u>155,464</u>	<u>3,911,119</u>	<u>1,600,960</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>9,067</u>	<u>-</u>	<u>6,569</u>	<u>15,636</u>	<u>86,510</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and other liabilities (Note 24)	259,361	327,212	157,099	743,673	115,221
Amounts due to other funds (Note 19)	27,904	652	114	28,670	3,064
Amounts due to component units	-	6	-	6	-
Interest payable	2	-	5	6	8,425
Unearned revenue	-	-	1,087	1,087	70,463
Vendor financing obligations (Note 12)	110	-	328	438	150,622
Current portion of other long-term obligations (Note 15)	1,612	-	674	2,286	83,163
Total Current Liabilities	<u>288,989</u>	<u>327,870</u>	<u>159,308</u>	<u>776,167</u>	<u>430,958</u>
Long-Term Liabilities:					
Prize awards payable	110,544	-	-	110,544	-
Unearned revenue	-	-	-	-	252,393
Vendor financing obligations (Note 12)	940	-	3,613	4,553	597,585
Noncurrent portion of other long-term obligations (Note 15)	27,709	33,259	14,511	75,478	394,922
Total Long-Term Liabilities	<u>139,193</u>	<u>33,259</u>	<u>18,124</u>	<u>190,575</u>	<u>1,244,900</u>
Total Liabilities	<u>428,181</u>	<u>361,128</u>	<u>177,432</u>	<u>966,742</u>	<u>1,675,858</u>
DEFERRED INFLOWS OF RESOURCES	<u>20,543</u>	<u>-</u>	<u>12,127</u>	<u>32,671</u>	<u>218,040</u>
NET POSITION					
Net investment in capital assets	291	-	(305)	(13)	409,877
Restricted For:					
Public safety and corrections	-	-	-	-	4,994
Unemployment compensation	-	2,993,136	-	2,993,136	-
Other purposes	-	-	6,617	6,617	31,691
Unrestricted	<u>(38,558)</u>	<u>-</u>	<u>(33,839)</u>	<u>(72,397)</u>	<u>(652,988)</u>
Total Net Position	<u>\$ (38,267)</u>	<u>\$ 2,993,136</u>	<u>\$ (27,526)</u>	<u>\$ 2,927,342</u>	<u>\$ (206,427)</u>

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

Michigan

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

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	MAJOR			TOTALS	
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR		
OPERATING REVENUES					
Operating revenues	\$ 4,587,158	\$ 1,156,123	\$ 1,541,256	\$ 7,284,537	\$ 2,306,889
Total Operating Revenues	<u>4,587,158</u>	<u>1,156,123</u>	<u>1,541,256</u>	<u>7,284,537</u>	<u>2,306,889</u>
OPERATING EXPENSES					
Salaries, wages, and other administrative	544,707	4,635	146,523	695,866	875,596
Interest expense	67	-	-	67	-
Depreciation	249	-	381	630	249,652
Purchases for resale	-	-	1,122,600	1,122,600	81,932
Purchases for prison industries	-	-	-	-	9,960
Lottery prize awards	2,864,503	-	-	2,864,503	-
Premiums and claims	-	-	2	2	1,005,479
Unemployment benefits	-	989,403	-	989,403	-
Federal program claimants	-	13,604	-	13,604	-
Other operating expenses	5	-	1,250	1,255	39,083
Total Operating Expenses	<u>3,409,532</u>	<u>1,007,642</u>	<u>1,270,756</u>	<u>5,687,930</u>	<u>2,261,702</u>
Operating Income (Loss)	<u>1,177,626</u>	<u>148,481</u>	<u>270,500</u>	<u>1,596,608</u>	<u>45,187</u>
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	4,208	97,178	5,962	107,348	6,195
Investment revenue (expense) - net	2,868	-	662	3,530	-
Other nonoperating revenues	4	-	215	218	8,625
Amortization of prize award obligation discount	(4,356)	-	-	(4,356)	-
Interest expense	(20)	-	(57)	(77)	(23,109)
Other nonoperating expenses	-	-	(303)	(303)	(3,287)
Total Nonoperating Revenues (Expenses)	<u>2,703</u>	<u>97,178</u>	<u>6,480</u>	<u>106,361</u>	<u>(11,576)</u>
Income (Loss) Before Transfers	<u>1,180,330</u>	<u>245,659</u>	<u>276,979</u>	<u>1,702,968</u>	<u>33,611</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Transfers from other funds	17	-	8	25	151
Transfers To:					
School Aid Fund	(1,163,848)	-	-	(1,163,848)	-
Other funds	(9,513)	(42,863)	(275,406)	(327,782)	(4,632)
Total Capital Contributions and Transfers In (Out)	<u>(1,173,344)</u>	<u>(42,863)</u>	<u>(275,399)</u>	<u>(1,491,605)</u>	<u>(4,481)</u>
Change in net position	<u>6,986</u>	<u>202,796</u>	<u>1,581</u>	<u>211,363</u>	<u>29,131</u>
Total net position - Beginning of fiscal year	(43,198)	2,790,340	(28,322)	2,718,820	(211,295)
Adjustments and restatements (Note 4)	(2,055)	-	(785)	(2,841)	(24,263)
Total net position - End of fiscal year	<u><u>\$ (38,267)</u></u>	<u><u>\$ 2,993,136</u></u>	<u><u>\$ (27,526)</u></u>	<u><u>\$ 2,927,342</u></u>	<u><u>\$ (206,427)</u></u>

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

Michigan

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)**

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	MAJOR			TOTALS	
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from federal and local agencies	\$ -	\$ 24,162	\$ -	\$ 24,162	\$ -
Receipts from customers	4,565,508	1,118,020	1,537,733	7,221,261	2,402,660
Membership dues	-	-	5,894	5,894	-
Payments to employees	(29,250)	-	(18,796)	(48,046)	(311,609)
Payments to suppliers	(88,636)	-	(1,223,757)	(1,312,393)	(788,491)
Payments to prize winners	(2,858,893)	-	-	(2,858,893)	-
Payments for commissions to retailers	(422,043)	-	-	(422,043)	-
Claims paid	-	(1,025,203)	(2)	(1,025,205)	(1,054,815)
Other receipts	-	27,141	103	27,244	9,037
Other payments	-	(4,635)	(540)	(5,175)	(897)
Net cash provided (used) by operating activities	<u>1,166,686</u>	<u>139,485</u>	<u>300,635</u>	<u>1,606,806</u>	<u>255,885</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	-	8	8	151
Transfers to other funds	(1,179,333)	(42,863)	(275,035)	(1,497,230)	(4,632)
Net cash provided (used) by noncapital financing activities	<u>(1,179,333)</u>	<u>(42,863)</u>	<u>(275,027)</u>	<u>(1,497,223)</u>	<u>(4,481)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	-	-	-	-	(182,685)
Interest paid	-	-	-	-	(108)
Vendor financing payments (including imputed interest expense)	(109)	-	(390)	(499)	(191,417)
Net cash provided (used) by capital and related financing activities	<u>(109)</u>	<u>-</u>	<u>(390)</u>	<u>(499)</u>	<u>(374,209)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investment securities	11,636	-	-	11,636	-
Sale of investment securities	-	-	389	389	-
Interest and dividends on investments	4,208	97,178	5,729	107,114	6,195
Expenses from securities lending activities	(1)	-	-	(1)	-
Net cash provided (used) by investing activities	<u>15,843</u>	<u>97,178</u>	<u>6,118</u>	<u>119,139</u>	<u>6,195</u>
Net cash provided (used) - all activities	3,088	193,800	31,336	228,223	(116,610)
Cash and cash equivalents at beginning of year	<u>14,521</u>	<u>2,934,805</u>	<u>90,145</u>	<u>3,039,471</u>	<u>401,476</u>
Cash and cash equivalents at end of year	<u>\$ 17,608</u>	<u>\$ 3,128,604</u>	<u>\$ 121,481</u>	<u>\$ 3,267,694</u>	<u>\$ 284,866</u>

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

Michigan

BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS

	MAJOR			TOTALS	GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR		
RECONCILIATION OF CASH AND CASH EQUIVALENTS					
Per Statement of Net Position Classifications:					
Cash	\$ 2	\$ 99,204	\$ 348	\$ 99,554	\$ 65
Cash on deposit with fiscal agent	-	3,005,136	-	3,005,136	-
Equity in common cash	17,607	24,265	121,132	163,004	284,801
Cash and cash equivalents at end of year	<u>\$ 17,608</u>	<u>\$ 3,128,604</u>	<u>\$ 121,481</u>	<u>\$ 3,267,694</u>	<u>\$ 284,866</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,177,626	\$ 148,481	\$ 270,500	\$ 1,596,608	\$ 45,187
Adjustments to Reconcile Operating Income to Net Cash Provided (Used)					
by Operating Activities:					
Depreciation expense	249	-	381	630	249,652
Pension expense	(128)	-	440	312	(4,582)
OPEB expense	(4,289)	-	(1,865)	(6,154)	(51,716)
Deferred outflows - contributions subsequent to measurement date	(4,744)	-	(2,557)	(7,301)	(50,448)
Amortization of prize award obligation discount	(4,356)	-	-	(4,356)	-
Other nonoperating revenues	4	-	215	218	8,625
Other nonoperating expenses	(19)	-	(301)	(320)	(134)
Other reconciling items	821	-	12	832	(118)
Net Changes in Assets and Liabilities:					
Inventories	4,770	-	198	4,967	1,988
Other assets (net)	-	22,341	2,762	25,103	(18,386)
Accounts payable and other liabilities	5,770	(31,337)	30,938	5,371	3,381
Prize awards payable	9,966	-	-	9,966	-
Unearned revenue	(18,984)	-	(86)	(19,071)	72,437
Net cash provided (used) by operating activities	<u>\$ 1,166,686</u>	<u>\$ 139,485</u>	<u>\$ 300,635</u>	<u>\$ 1,606,806</u>	<u>\$ 255,885</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Cost of capital assets acquired with vendor financing	\$ -	\$ -	\$ 2,587	\$ 2,587	\$ 289,308
Vendor financing obligations entered into during the year	-	-	(2,587)	(2,587)	(289,308)
Increase (decrease) in fair value of investments	(2,170)	-	-	(2,170)	-
Transfers to other funds (accrual)	-	(119)	-	(119)	-
Gain (loss) on disposal of capital assets	(27,588)	-	-	(27,588)	1,208
Total noncash investing, capital, and financing activities	<u>\$ (29,758)</u>	<u>\$ (119)</u>	<u>\$ -</u>	<u>\$ (29,877)</u>	<u>\$ 1,208</u>



FIDUCIARY FUND FINANCIAL STATEMENTS



INDIVIDUAL FUND FINANCIAL STATEMENTS BEGIN ON THE FOLLOWING PAGES:

- Pension (and Other Employee Benefit) Trust Funds, page 278.
- Private-Purpose Trust Funds, page 286.
- Custodial Funds, page 290.

Michigan

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2025

(In Thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE- PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ -	\$ 5,813	\$ 41,186
Equity in common cash (Note 5)	654,880	807	237,218
Receivables:			
From participants	245,939	-	-
From employers	242,578	-	-
Taxes, interest, and penalties	-	-	75,867
Other	348,210	1,313	331
Interest and dividends	758	-	-
Due from other funds (Note 19)	97,886	-	-
Due from component unit	1,114	-	-
Due from other governmental	91,125	-	-
Investments at Fair Value (Note 8):			
Short-term investments	4,606,254	-	-
Fixed income	13,983,066	-	-
Domestic equities	25,781,119	-	-
Real estate	9,732,039	-	-
Alternative investments	13,722	-	-
Private equity pools	24,497,949	-	-
International equities	17,873,134	-	-
Absolute return	11,617,318	-	-
Mutual funds	1,164,763	8,883,070	-
Pooled investment funds	14,685,960	-	-
Separate accounts	2,883,203	-	-
Real return	10,745,312	-	-
Guaranteed funding agreements	-	1,876,353	-
Securities lending collateral (Note 8)	3,333,415	-	-
Other assets	-	-	255,188
	<u>142,599,741</u>	<u>10,767,356</u>	<u>609,789</u>
LIABILITIES			
Accounts payable and other liabilities	332,026	8,900	147,616
Amounts due to other funds (Note 19)	2	-	1,537
Obligations under security lending	3,333,415	-	-
Unearned revenue	11,647	-	-
	<u>3,677,091</u>	<u>8,900</u>	<u>149,153</u>
NET POSITION			
Restricted For:			
Pension benefits	108,140,449	-	-
Postemployment health-care benefits	23,588,448	-	-
Deferred compensation participants	7,193,753	-	-
Individuals, organizations, and other governments	-	10,758,456	460,636
	<u>138,922,650</u>	<u>10,758,456</u>	<u>460,636</u>

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

Michigan

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE- PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Contributions:			
From participants	\$ 1,675,147	\$ 917,032	\$ -
From employers	6,296,829	-	-
From other governmental	2,376,064	-	-
From other systems	35,010	-	-
Total Contributions	<u>10,383,049</u>	<u>917,032</u>	<u>-</u>
Investment Income:			
Net increase (decrease) in the fair value of investments	11,024,038	700,417	-
Interest, dividends, and other	2,142,240	305,614	8,575
Securities lending income	163,347	-	-
Less Investment Expense:			
Investment activity expense	424,572	-	-
Securities lending expense	152,397	-	-
Net investment income (loss)	<u>12,752,656</u>	<u>1,006,030</u>	<u>8,575</u>
Other Additions:			
Child support receipts	-	-	1,305,011
City income tax collections	-	-	402,691
Collateral deposits and related additions	-	-	67,423
Escheated property	-	-	495,874
Prisoner deposits	-	-	46,255
Transfers from other funds	-	-	20
Other additions and miscellaneous income	12,748	-	9,113
Total Other Additions	<u>12,748</u>	<u>-</u>	<u>2,326,388</u>
Total Additions	<u>23,148,452</u>	<u>1,923,063</u>	<u>2,334,963</u>
DEDUCTIONS			
Benefits paid to participants or beneficiaries	7,953,700	894,795	-
Medical, dental, and life insurance for retirants	3,049,297	-	-
Refunds and transfers to other systems	660,469	-	-
Child support distributions	-	-	1,305,011
City income tax distributions	-	-	403,464
Collateral disbursements and related deductions	-	-	75,529
Escheated property distributions	-	-	161,619
Prisoner disbursements	-	-	46,762
Miscellaneous deductions	-	-	6,388
Administrative and other expenses	268,528	11,729	7
Transfers to other funds	-	-	337,615
Total Deductions	<u>11,931,994</u>	<u>906,524</u>	<u>2,336,394</u>
Change in net position	11,216,458	1,016,538	(1,432)
Net position - Beginning of fiscal year	127,860,249	9,741,917	462,068
Adjustments and restatements (Note 4)	<u>(154,057)</u>	<u>-</u>	<u>-</u>
Net position - End of fiscal year	<u>\$ 138,922,650</u>	<u>\$ 10,758,456</u>	<u>\$ 460,636</u>

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



COMPONENT UNIT FINANCIAL STATEMENTS



Major Component Units

MICHIGAN FINANCE AUTHORITY

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

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

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

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

MICHIGAN STRATEGIC FUND

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

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

WESTERN MICHIGAN UNIVERSITY

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

Non-Major Component Units

The non-major component unit - authorities are presented beginning on page 298.

The non-major component unit - State universities are presented beginning on page 304.

Michigan

STATEMENT OF NET POSITION

COMPONENT UNITS

SEPTEMBER 30, 2025

(In Thousands)

	AUTHORITIES			
	MICHIGAN FINANCE AUTHORITY	MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	MICHIGAN STRATEGIC FUND	NON-MAJOR
ASSETS				
Current Assets:				
Cash	\$ 157,138	\$ 1,197,118	\$ 112,098	\$ 249,495
Equity in common cash (Note 5)	628,585	-	1,324,521	692,768
Amounts due from component units	-	-	24	4,658
Amounts due from primary government	2,494	8,325	-	11,598
Amounts due from federal government	517	-	13,370	9,666
Amounts due from local units	405,650	-	-	48
Inventories	-	-	-	847
Investments (Note 8)	2,272,083	7,484	-	122,188
Other current assets	100,514	87,786	61,387	11,672
Total Current Assets	<u>3,566,981</u>	<u>1,300,713</u>	<u>1,511,400</u>	<u>1,102,941</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	-	-	111,280	574
Investments	-	-	-	7,096
Mortgages and loans receivable	-	-	-	-
Advances to primary government	1,192,852	-	-	-
Amounts due from local units	3,939,864	-	-	-
Mortgages and loans receivable	98,512	5,880,158	159,676	-
Investments (Note 8)	17,581	719,981	51,021	1,420,688
Land and property held for resale	-	-	-	4,748
Capital Assets (Note 9):				
Land and other non-depreciable assets	-	-	5,969	9,566
Buildings, equipment, and other depreciable assets	-	21,000	9,527	65,284
Less accumulated depreciation	-	(3,719)	-	(47,314)
Infrastructure	-	-	-	102,967
Construction in progress	-	-	-	143
Total capital assets	-	17,281	15,496	130,646
Other noncurrent assets	35	109,631	337,057	19,467
Total Noncurrent Assets	<u>5,248,844</u>	<u>6,727,052</u>	<u>674,530</u>	<u>1,583,219</u>
Total Assets	<u>8,815,825</u>	<u>8,027,765</u>	<u>2,185,930</u>	<u>2,686,160</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 28)	<u>18,265</u>	<u>27,242</u>	<u>2,423</u>	<u>41,917</u>

This statement continues on next page.

STATE UNIVERSITIES

WESTERN MICHIGAN UNIVERSITY	NON-MAJOR	TOTALS
\$ 190,781	\$ 346,876	\$ 2,253,507
-	-	2,645,874
-	151	4,834
25,555	276,404	324,375
6,755	28,223	58,533
6	91	405,796
1,896	8,480	11,223
9,929	108,149	2,519,832
40,586	182,851	484,796
<u>275,508</u>	<u>951,226</u>	<u>8,708,769</u>
-	44,325	156,179
854,730	714,562	1,576,388
-	7,606	7,606
-	-	1,192,852
-	-	3,939,864
330	2,656	6,141,332
358,261	1,873,832	4,441,365
-	-	4,748
16,920	232,596	265,051
1,782,804	7,106,315	8,984,931
(776,380)	(3,319,925)	(4,147,338)
-	-	102,967
82,385	270,888	353,416
<u>1,105,729</u>	<u>4,289,874</u>	<u>5,559,027</u>
<u>283,679</u>	<u>271,884</u>	<u>1,021,753</u>
<u>2,602,729</u>	<u>7,204,739</u>	<u>24,041,114</u>
<u>2,878,237</u>	<u>8,155,965</u>	<u>32,749,883</u>
<u>28,287</u>	<u>45,584</u>	<u>163,718</u>

Michigan

STATEMENT OF NET POSITION
COMPONENT UNITS (Continued)
 SEPTEMBER 30, 2025
 (In Thousands)

	AUTHORITIES			
	MICHIGAN FINANCE AUTHORITY	MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	MICHIGAN STRATEGIC FUND	NON-MAJOR
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	\$ 28,348	\$ 40,809	\$ 83,989	\$ 55,343
Amounts due to component units	-	-	3,539	327
Amounts due to primary government	-	-	1,034	2,809
Bonds and notes payable (Note 14)	455,933	172,088	20,805	80
Interest payable	53,165	33,705	1,775	13
Unearned revenue	67,325	195,809	22,789	6,186
Vendor financing obligations (Note 12)	-	-	-	622
Current portion of other long-term obligations	280	-	1,652	59,799
Total Current Liabilities	605,051	442,410	135,583	125,177
Long-Term Liabilities:				
Unearned revenue	-	-	-	-
Bonds and notes payable (Note 14)	3,692,009	5,700,617	153,661	945
Vendor financing obligations (Note 12)	-	-	-	730
Noncurrent portion of other long-term obligations	12,491	542,680	12,919	616,647
Total Long-Term Liabilities	3,704,500	6,243,297	166,579	618,323
Total Liabilities	4,309,551	6,685,707	302,163	743,500
DEFERRED INFLOWS OF RESOURCES (Note 28)	10,526	77,250	118,602	57,406
NET POSITION				
Net investment in capital assets	-	17,281	15,496	129,106
Restricted For:				
Education	-	-	-	-
Construction and debt service	5,438,629	1,107,249	-	2,482
Other purposes	-	-	1,909,983	608,945
Funds Held as Permanent Investments:				
Expendable	-	-	-	-
Nonexpendable	-	-	-	-
Unrestricted	(924,617)	167,520	(157,890)	1,186,638
Total Net Position	\$ 4,514,012	\$ 1,292,050	\$ 1,767,590	\$ 1,927,172

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

STATE UNIVERSITIES

WESTERN MICHIGAN UNIVERSITY	NON-MAJOR	TOTALS
\$ 99,659	\$ 387,948	\$ 696,096
-	-	3,865
-	2,354	6,197
19,101	70,938	738,944
1,358	15,461	105,476
7,164	145,315	444,588
4,644	21,924	27,190
6,328	20,187	88,246
<u>138,254</u>	<u>664,128</u>	<u>2,110,603</u>
-	144,757	144,757
465,238	1,447,945	11,460,416
5,254	41,097	47,082
164,425	162,301	1,511,462
<u>634,917</u>	<u>1,796,101</u>	<u>13,163,716</u>
<u>773,171</u>	<u>2,460,229</u>	<u>15,274,319</u>
<u>79,479</u>	<u>434,095</u>	<u>777,358</u>
639,865	2,528,218	3,329,966
15,310	199,875	215,185
-	41,005	6,589,366
356,701	216,193	3,091,821
111,011	484,115	595,126
412,778	671,887	1,084,665
518,211	1,165,933	1,955,794
<u>\$ 2,053,875</u>	<u>\$ 5,307,226</u>	<u>\$ 16,861,924</u>

Michigan

STATEMENT OF ACTIVITIES

COMPONENT UNITS

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES				NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS		
Authorities:						
Michigan Finance Authority	\$ 312,989	\$ 233,159	\$ 433,647	\$ -	\$ 353,817	
Michigan State Housing Development Authority	1,355,437	352,869	1,082,630	-	80,062	
Michigan Strategic Fund	880,006	2,866	221,082	-	(656,058)	
Non-Major	722,952	55,590	496,319	4,647	(166,396)	
State Universities:						
Western Michigan University	655,913	400,094	166,361	16,181	(73,277)	
Non-Major	2,872,467	1,682,189	396,416	71,956	(721,907)	
Total	<u>\$ 6,799,764</u>	<u>\$ 2,726,767</u>	<u>\$ 2,796,454</u>	<u>\$ 92,784</u>	<u>\$ (1,183,759)</u>	

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

Michigan

GENERAL REVENUES

INTEREST AND INVESTMENT EARNINGS (LOSS)	PAYMENTS FROM STATE OF MICHIGAN	OTHER	EXTRAORDINARY ITEMS	CHANGE IN NET POSITION	NET POSITION BEGINNING OF YEAR	ADJUSTMENTS AND RESTATEMENTS (NOTE 4)	NET POSITION END OF YEAR
\$ -	\$ -	\$ -	\$ -	\$ 353,817	\$ 4,160,196	\$ -	\$ 4,514,012
50,996	-	-	-	131,058	1,160,992	-	1,292,050
28,575	662,060	91,443	-	126,020	1,642,232	(663)	1,767,590
20,384	74,490	5,215	-	(66,306)	1,997,565	(4,087)	1,927,172
35,011	126,804	46,898	-	135,436	1,918,439	-	2,053,875
145,887	605,265	235,211	1,358	265,814	5,041,703	(292)	5,307,226
<u>\$ 280,853</u>	<u>\$ 1,468,619</u>	<u>\$ 378,768</u>	<u>\$ 1,358</u>	<u>\$ 945,838</u>	<u>\$ 15,921,127</u>	<u>\$ (5,041)</u>	<u>\$ 16,861,924</u>





FINANCIAL SECTION

NOTES TO FINANCIAL STATEMENTS

Michigan
Notes to the Financial Statements

INDEX

	<u>Page</u>
NOTE 1 - Summary of Significant Accounting Policies.....	65
NOTE 2 - Funds and Component Units by Classification	73
NOTE 3 - Budgeting, Budgetary Control, and Legal Compliance	75
NOTE 4 - Accounting Changes, Restatements, and Extraordinary Items.....	76
NOTE 5 - Treasurer's Common Cash.....	78
NOTE 6 - Taxes Receivable	80
NOTE 7 - Joint Ventures.....	81
NOTE 8 - Deposits and Investments	82
NOTE 9 - Capital Assets.....	96
NOTE 10 - Pension Benefits.....	100
NOTE 11 - Other Postemployment Benefits	109
NOTE 12 - Vendor Financing	120
NOTE 13 - Bonds and Notes Payable - Primary Government.....	122
NOTE 14 - Bonds and Notes Payable - Discretely Presented Component Units	126
NOTE 15 - Other Long-Term Obligations	127
NOTE 16 - Income Tax Credits and Refunds	130
NOTE 17 - Tax Abatements	130
NOTE 18 - Deferred Compensation Plans.....	137
NOTE 19 - Interfund Receivables and Payables	137
NOTE 20 - Interfund Commitments	138
NOTE 21 - Transfers	138
NOTE 22 - Fund Deficits.....	138
NOTE 23 - Fund Balances and Net Position	140
NOTE 24 - Disaggregation of Payables.....	142
NOTE 25 - Contingencies and Commitments.....	143
NOTE 26 - Risk Management.....	146
NOTE 27 - Pledged Revenues	148
NOTE 28 - Deferred Outflows of Resources and Deferred Inflows of Resources.....	149
NOTE 29 - Subsequent Events	150

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

Blended Component Units

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

Discretely Presented Component Units

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

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

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

The Michigan State Housing Development Authority (MSHDA) issues notes and bonds to finance housing for sale or rental to families with low or moderate incomes and to finance home improvements.

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

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

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

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

The Michigan Early Childhood Investment Corporation participates with intermediate school districts to administer activities for early childhood development activities.

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

Michigan
Notes to the Financial Statements

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

The Michigan Strategic Fund provides for economic development through the administration of financial support for business development, community development, and state marketing activities.

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

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

The Michigan Veterans' Facility Authority provides general oversight and governance of Michigan veteran homes and veterans' facilities.

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

The State Bar of Michigan aids in promoting improvements in the administration of justice and advancements in jurisprudence, improving relations between the legal profession and the public, and promoting the interests of the legal profession in the State.

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

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

Fiduciary Component Units

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

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

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

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

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

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

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

Significant Transactions

The State had significant transactions with its major discretely presented component units, which included appropriations to fund the operations of the Michigan Strategic Fund and Western Michigan University. The financial statements also reflect a \$1.2 billion liability related to loans to school districts that have been assigned to Michigan Finance Authority.

Availability of Financial Statements

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

Related Organizations

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

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

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

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

Joint Ventures

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

Jointly Governed Organizations

The State, the University of Michigan, Michigan State University, and Wayne State University appoint members of the board of the Michigan Public Health Institute (MPHI), a nonprofit corporation. MPHI was established to plan, promote, and coordinate health services research with a public university or a consortium of public universities in the State. The State does not appoint a majority of the board, has no rights to the assets, and is not responsible for debts of MPHI. Therefore, the State's accountability for MPHI does not extend beyond making the appointments. During fiscal year 2025, the State awarded contracts totaling \$235.1 million to MPHI.

The City of Detroit, Charter County of Wayne, and the State appoint members of the board of Authority Health, a public agency. Authority Health was established to plan, promote, and coordinate health services for at-risk population in the City of Detroit and Wayne County. The State does not appoint a majority of the board, has no right to the assets, and is not responsible for debts of Authority Health. Therefore, the State's accountability for Authority Health does not extend beyond making the appointments. During fiscal year 2025, the State awarded contracts totaling \$6.6 million to Authority Health.

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

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

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

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

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

Fund Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement Focus and Basis of Accounting

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

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

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

Financial Statement Presentation

The State reports the following major governmental funds:

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

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

The State reports the following major enterprise funds:

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

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

Additionally, the State reports the following fund types:

Governmental Fund Types:

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

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

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

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

Proprietary Fund Types:

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

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

Fiduciary Fund Types:

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

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

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

Fiscal Year-Ends

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

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

Cash and Cash Equivalents

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

Cash

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

Cash on Deposit with Fiscal Agent

Cash on deposit with fiscal agent reported on the Statement of Net Position of proprietary funds consists of highly liquid investments and functions as both a cash management pool and demand deposit account.

Equity in Common Cash

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

Taxes Receivable

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

Amounts Due From Federal Agencies

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

Inventories

Inventories are valued at cost, primarily using the first-in, first-out flow method. Expenditures (governmental funds) and expenses (proprietary funds) are recognized using the consumption method (i.e., when used or sold).

Investments

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

Securities Lending Collateral

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

Other Assets

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

The receivable for child support in arrears that is due to the Child Support Collection Fund, a custodial fiduciary fund, has not been recorded in the fund. All child support payments are processed by the Michigan State Disbursement Unit (MiSDU), a division of the Michigan Department of Health and Human Services, using the Michigan Child Support Enforcement System (MiCSES). The child support in arrears due to the fund was \$3.7 billion as of September 30, 2025. However, industry experience and studies indicate that most child support in arrears is not collectible and that income of the noncustodial parent and age of the arrears are key, among other factors, to determining the amounts that are collectible. MiCSES was designed as a case management system and, as a result, financial information to estimate the collectible portion of the child support in arrears for the financial statement date is not available. MiSDU is unable to use MiCSES data to age the child support in arrears balances that exist in the aggregate and does not have income data for the debtor. As a result, the collectible amount of child support in arrears due to the Child Support Collection Fund cannot be estimated and has not been recorded.

Mortgages and Loans Receivable

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

Capital Assets

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

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

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

Deferred Outflows of Resources

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

Income Tax Refunds Payable

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

Prize Awards Payable

The State Lottery Fund makes long-term prize awards for certain games, most notable the lotto games. At September 30, 2025, long-term prize awards of \$146.6 million were reported at a present value of \$110.5 million, using discount rates ranging from 1.7 to 6.5 percent.

Non-installment prize awards and the portion of long-term awards payable during the next fiscal year, totaling \$223.1 million, are included with "Accounts payable and other liabilities" on the Statement of Net Position.

Unearned Revenue

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

Long-Term Liabilities

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

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

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

Compensated Absences

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

Employees generally accumulate annual leave (vacation) balances to maximum amounts ranging from 296 to 356 hours. The maximum accumulation that may be paid off is 40 hours less than the total hours that may be accumulated, calculated at the employee's final rate of pay. The liability for annual leave is recorded at the maximum accumulation amounts in accordance with GAAP, as it is more likely than not that the leave will be used for time off or otherwise paid off at separation. The liability for annual leave is valued at 100 percent of the balance.

The State instituted a banked leave time program in fiscal year 2004 whereby eligible employees work a regular schedule but receive pay for a reduced number of hours. The banked leave time program was utilized in fiscal years 2005, 2006, and 2010, where the unpaid hours worked during those fiscal years accrued to a banked leave time account. Upon an employee's separation from State service, unused banked leave time hours shall be contributed by the State to the employee's account within the State of Michigan 401K Plans and, if applicable, to the State of Michigan 457 Plans. The liability for banked leave is valued at 100 percent of the balance.

Employees approved to accrue compensatory time can accumulate hours worked over 80 hours in a pay period. Employees receive a payment upon separation based, generally, at the employee's regular rate of pay. The liability for compensatory time is recorded at the maximum accumulation amounts in accordance with GAAP, as it is more likely than not that the leave will be used for time off or otherwise paid off at separation. The liability for compensatory time is valued at 100 percent of the balance.

Employee sick leave balances accumulate without limit. The liability for sick leave is valued at an estimate of the balance that is more likely than not to be used for time off prior to separation from State service.

Liabilities for compensated absences are valued using the first-in, first-out method and the pay rates in effect as of the end of the State fiscal year, including the State's share of Social Security and Medicare payroll taxes and salary related payments to defined contribution pensions. In the governmental fund financial statements, these liabilities are accrued when they are considered "due and payable" and recorded in the fund only for separations or transfers that occur before year-end.

Deferred Inflows of Resources

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

Net Position/Fund Balance

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

Fund Balance Classifications

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

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

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

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

Assigned fund balance includes amounts that are constrained by the State's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance are created by the executive branch when criteria established by the State Budget Office are met. In governmental funds other than the General Fund, assigned fund balance also represents the remaining amount that is not restricted or committed.

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

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

Revenues and Expenditures/Expenses

Government-wide Financial Statements

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

Interest on Long-Term Debt

Interest charges on the State's general long-term liabilities do not qualify as a direct expense of a function and are reported on this line unless the borrowing is essential to the creation or continuing existence of a program. During fiscal year 2025, interest charges on general long-term liabilities totaling \$5.9 million were reported as functional expenses.

Fund Financial Statements

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

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

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

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

Other Financing Sources

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

Reimbursements

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

Interfund Services Provided and Used

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

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

Other Financing Uses

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

Interfund Activity and Balances

Interfund Activity

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

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

Interfund Balances

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

NOTE 2 – FUNDS AND COMPONENT UNITS BY CLASSIFICATION

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

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

Major Funds:

Governmental:

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

Proprietary:

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

Non-Major Funds:

Governmental:

Special Revenue Funds:

Transportation Related:

- Michigan Transportation Fund* (p. 210)
- Comprehensive Transportation Fund* (p. 210)

Regulatory and Administrative Related:

- Homeowner Construction Lien Recovery Fund* (p. 226)
- Michigan Employment Security Act – Administration Fund* (p. 226)
- Safety Education and Training Fund* (p. 226)
- Second Injury Fund (p. 226)
- Self-Insurers’ Security Fund (p. 226)
- Silicosis, Dust Disease, and Logging Industry Compensation Fund (p. 227)
- State Construction Code Fund* (p. 227)
- Utility Consumer Representation Fund (p. 227)
- Unemployment Obligation Trust Fund (p. 227)
- State Casino Gaming Fund* (p. 227)

Conservation, Environment, and Recreation Related:

- Michigan Conservation and Recreation Legacy Fund* (p. 216)
- Michigan Game and Fish Protection Trust Fund (p. 216)
- Michigan Nongame Fish and Wildlife Trust Fund* (p. 217)
- Forest Development Fund* (p. 217)
- Bottle Deposits Fund* (p. 217)

Other State Funds:

- 21st Century Jobs Trust Fund* (p. 236)
- Michigan Merit Award Trust Fund* (p. 236)
- Children’s Trust Fund* (p. 236)
- Military Family Relief Fund* (p. 237)
- Community District Education Trust Fund* (p. 237)
- Miscellaneous Special Revenue Funds (p. 237)

Debt Service Funds:

- Combined State Trunkline Bond and Interest Redemption Fund (p. 244)
- Combined Comprehensive Transportation Bond and Interest Redemption Fund (p. 244)
- Recreation and Environmental Protection Bond Redemption Fund (p. 244)
- School Loan Bond Redemption Fund (p. 245)
- State Building Authority (p. 245)

Capital Projects Funds:

- State Trunkline Fund* (p. 250)
- State Aeronautics Fund* (p. 250)
- Combined State Trunkline Bond Proceeds Fund (p. 250)
- Combined Comprehensive Transportation Bond Proceeds Fund (p. 250)
- Transportation Related Trust Funds (p. 251)
- State Building Authority (p. 251)
- Advance Financing Funds (p. 251)

Permanent Funds:

Children with Special Needs Fund* (p. 258)
Michigan Natural Resources Trust Fund* (p. 258)
Michigan State Parks Endowment Fund* (p. 258)
Michigan Veterans' Trust Fund* (p. 258)

Proprietary:

Enterprise Funds:

Attorney Discipline System (p. 264)
Liquor Purchase Revolving Fund (p. 264)

Internal Service Funds:

Correctional Industries Revolving Fund (p. 268)
State Sponsored Group Insurance Fund (p. 268)
Information Technology Fund (p. 268)
Office Services Revolving Fund (p. 269)
Motor Transport Fund (p. 269)
Risk Management Fund (p. 269)

Fiduciary:

Pension (and Other Employee Benefit) Trust Funds:

State of Michigan 457 Plans (p. 278)
Legislative Pension Benefits Fund (p. 278)
Legislative Other Postemployment Benefits Fund (p. 278)
State Police Pension Benefits Fund (p. 278)
State Police Other Postemployment Benefits Fund (p. 279)
State Employees' Pension Benefits Fund (p. 279)
State Employees' Other Postemployment Benefits Fund (p. 279)
Public School Employees' Pension Benefits Fund (p. 279)
Public School Employees' Other Postemployment Benefits Fund (p. 279)
Judges' Pension Benefits Fund (p. 279)
Judges' Other Postemployment Benefits Fund (p. 280)
Military Pension Benefits Fund (p. 280)
State of Michigan 401K Plans (p. 280)

Private-Purpose Trust Funds:

Michigan Education Savings Program (p. 286)
Other Private-Purpose Trust Funds (p. 286)

Custodial Funds:

Insurance Carrier Deposits Fund (p. 290)
City Income Tax – Trust Fund (p. 290)
Child Support Collection Fund (p. 290)
Escheats Fund (p. 291)
Prisoner Accounts Fund (p. 291)
Other Custodial Funds (p. 291)

Discretely Presented Component Units:

Authorities:

Major Component Units:

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

Non-Major Component Units:

Farm Produce Insurance Authority (p. 298)
Mackinac Bridge Authority (p. 298)
Mackinac Island State Park Commission (p. 298)
Michigan Early Childhood Investment Corporation (p. 298)
Michigan Economic Development Corporation (p. 299)
Michigan Education Trust (p. 299)
Michigan Veterans' Facility Authority (p. 299)
State Bar of Michigan (p. 299)
State Land Bank Authority (p. 299)
Venture Michigan Fund (p. 299)

State Universities (1):

Major Component Units:

Western Michigan University (p. 57)

Non-Major Component Units:

Central Michigan University (p. 304)
Eastern Michigan University (p. 304)
Ferris State University (p. 304)
Grand Valley State University (p. 304)
Lake Superior State University (p. 305)
Michigan Technological University (p. 305)
Northern Michigan University (p. 305)
Oakland University (p. 305)
Saginaw Valley State University (p. 305)

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

NOTE 3 – BUDGETING, BUDGETARY CONTROL, AND LEGAL COMPLIANCE

Major Constitutional and Statutory Provisions

Balanced Budget Requirements

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

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

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

Local Spending Requirements

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

Final calculations establishing the State's compliance with this constitutional provision for fiscal year 2025 are not yet complete. For fiscal year 2024, the most recent year for which final calculations are available, the proportion of total State spending paid to local units of government was determined to be 52.9 percent, reflecting payments that exceeded the minimum required by \$1.9 billion. The State expects that payments to local units of government will exceed the minimum requirement for fiscal year 2025.

Revenue Limits

Article 9, Section 26, of the State Constitution restricts State revenues to a ceiling that is based upon revenues as a proportion of total personal income for the State. The base year ratio, determined in fiscal year 1979, in relation to calendar year 1977 personal income, is 9.49 percent. Both the constitutional language and implementing statutes provide for other adjustments to the revenue and personal income calculations. If revenues exceed the limit by 1.0 percent or more, the amount in excess must be refunded to personal income taxpayers and payers of the State's Corporate Income Tax. If the limit is exceeded by an amount less than 1.0 percent, the excess may be deposited into the State's Budget Stabilization Fund. The calculations determining the State's compliance with this constitutional provision for fiscal year 2025 are not final. For fiscal year 2024, the most recent year for which final calculations are available, total State revenues subject to this limitation were beneath the constitutional limit by \$8.2 billion. The State expects that total State revenues subject to the limitation will not exceed the limit for fiscal year 2025.

Budget Stabilization Fund

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

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

Beginning committed fund balance	\$ 1,996.5
Interest income	93.3
Tobacco settlement proceeds	17.5
Deposits	50.0
Withdrawals	-
Ending committed fund balance	<u>\$ 2,157.4</u>

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

School Aid Fund Budgetary Provisions

The School Aid Countercyclical Budget and Foundation Stabilization Fund was created in 2023 as a separate account within the School Aid Fund to support the long-term financial stability of the State's public education system. The fund currently operates under MCL Section 388.1611z. The law allows funds to be deposited into the School Aid Fund from the fund to avoid or reduce prorated school aid payment reductions under MCL Section 388.1896 or to avoid a year-over-year reduction in School Aid Fund revenue. In addition, amounts in the fund may be expended with a specific appropriation.

Michigan
Notes to the Financial Statements

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

Beginning restricted fund balance	\$ 476.9
Interest income	22.5
Deposits	25.0
Withdrawals	-
Ending restricted fund balance	<u>\$ 524.4</u>

The School Aid Stabilization Fund is a separate account within the School Aid Fund created under MCL Section 388.1611a. Any unexpended or unencumbered State School Aid Fund revenue is deposited into this fund at the end of each fiscal year. The amounts accumulated in this fund are carried forward and shall be expended only for purposes for which State school aid money may be expended. The School Aid Stabilization Fund ending restricted fund balance is \$1.7 billion for fiscal year 2025.

Budgetary Overexpenditures

In the event expenditures exceed authorization during a year, the State department must request a supplemental appropriation for the amount overspent. Supplemental appropriation requests have been submitted to the Legislature to address the General Fund overexpenditures but have not been passed by the Legislature. There were no net overexpenditures during the year. The Department of Health and Human Services incurred line-item overexpenditures during fiscal year 2025 totaling \$561.6 million in the General Fund, which represent noncompliance with State budget laws.

NOTE 4 – ACCOUNTING CHANGES, RESTATEMENTS, AND EXTRAORDINARY ITEMS

Restatements of Net Position, Fund Net Position, and Fund Balance

During fiscal year 2025, accounting changes and error corrections resulted in restatements to beginning net position, fund net position, and fund balance as follows (in millions):

Government-wide	Governmental Activities	Business-type Activities			
September 30, 2024, as previously reported	\$ 33,028.7	\$ 2,718.8			
Implementation of GASB Statement No. 101	(411.1)	(2.8)			
September 30, 2024, as restated	<u>\$ 32,617.6</u>	<u>\$ 2,716.0</u>			

Funds	State Lottery Fund	Non-Major Enterprise Funds	Internal Service Funds	Pension (and Other Employee Benefit) Trust Funds
September 30, 2024, as previously reported	\$ (43.2)	\$ (28.3)	\$ (211.3)	\$ 127,860.2
Implementation of GASB Statement No. 101	(2.1)	(0.8)	(24.3)	-
Error Corrections:				
Receivables from employers	-	-	-	(154.1)
September 30, 2024, as restated	<u>\$ (45.3)</u>	<u>\$ (29.1)</u>	<u>\$ (235.6)</u>	<u>\$ 127,706.2</u>

Discretely Presented Component Units	Michigan Strategic Fund	Non-Major Authorities	Non-Major State Universities
September 30, 2024, as previously reported	\$ 1,642.2	\$ 1,997.6	\$ 5,041.7
Implementation of GASB Statement No. 101	(0.7)	(4.1)	(0.3)
September 30, 2024, as restated	<u>\$ 1,641.6</u>	<u>\$ 1,993.5</u>	<u>\$ 5,041.4</u>

Changes in Accounting Principles

Implementation of GASB Statement No. 101

Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, aligns the recognition and measurement guidance for compensated absences under a unified model and amends certain previously required disclosures. The general measurement provisions of the Statement require the recognition of a liability for leave for which employees may receive cash payments or settlements if the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for paid time off or otherwise paid or settled. Due to the implementation of GASB Statement No. 101, liabilities for compensated absences were remeasured to include an estimate of sick leave that is more likely than not to be used for paid time off. Prior to implementation of the Statement, sick leave was only recognized for employees that were eligible to receive termination payments, and recognition was limited to the portion of sick leave balances for which payment was probable. The remeasurement of liabilities for compensated absences resulted in the restatement of the State's financial statements,

which included increases in the beginning balances of the current portion of other long-term obligations and the noncurrent portion of other long-term obligations on the government-wide statement of net position and the proprietary fund statement of net position.

Changes in Accounting Estimates

Health Plan Services

The Department of Health and Human Services (DHHS) changed the measurement methodology that is used to determine the estimate of amounts due from federal agencies and accounts payable for Health Plan Services. DHHS utilized in their calculation for fiscal year 2025, year-to-date paid or averages of two to three prior year accrued amounts. Previously, the measurement methodology estimated the six months outstanding for the current accrual year for prior year eligible months. This change provides a more accurate and reliable estimate of the payables and receivables for Health Plan Services.

Error Corrections

Transfers

The General Fund and School Aid Fund, major governmental funds, had a misclassification of revenue, expenditures, and interfund transfers in fiscal years 2016 through 2024. Amounts that were classified as revenue in the General Fund and as expenditures in the School Aid Fund should have been classified as transfers from other funds and transfers to other funds, respectively. In the government-wide financial statements, education expenses and miscellaneous revenue were overstated in those fiscal years. The reclassification did not affect beginning net position or beginning fund balance in either fund. A summary of the misclassified amounts in previously issued financial statements follows (in millions):

Year Ended September 30	Amount
2016	\$ 10.7
2017	10.7
2018	11.2
2019	16.2
2020	19.7
2021	23.1
2022	29.0
2023	54.0
2024	99.0

Capital Assets Classification

Capital asset balances for governmental activities in the government-wide financial statements were misclassified in fiscal year 2024 between land and other non-depreciable assets and construction in progress. This error resulted in reporting \$387.6 million in capital assets as construction in progress in fiscal year 2024 which have been reclassified to land and other non-depreciable assets in fiscal year 2025. The reclassification did not affect total net position.

Receivables from Employers

The Pension (and Other Employee Benefits) Trust Funds had overreported contributions from employers in fiscal year 2024, resulting in an overstatement of receivables from employers, contributions from employers, and fiduciary net position. The fiscal year 2025 beginning fiduciary net position for the Pension (and Other Employee Benefits) Trust funds was restated from \$127.9 billion to \$127.7 billion to reflect this error correction.

Eastern Michigan University

Eastern Michigan University, a discretely presented component unit, reclassified its beginning net position by \$33.8 million to reflect a change in the classification of balances associated with the net investment in capital assets. The error resulted from the misclassification of approximately \$33.8 million reducing net investment in capital assets that should have been a reduction of unrestricted net position as of June 30, 2024. As a result, the beginning net investment in capital assets as of July 1, 2024, has been restated to \$288.1 million from the original amount of \$254.3 million and unrestricted net position has been restated from negative \$89.1 million to negative \$122.9 million. This correction does not affect total net position but ensures accurate presentation of the components of net position in accordance with GASB standards.

Extraordinary Item

Lake Superior State University

Lake Superior State University, a discretely presented component unit, received \$481.8 thousand of insurance proceeds during fiscal year 2025, and had an outstanding receivable related to insurance proceeds of \$955.9 thousand as of June 30, 2025. These proceeds were received as a result of a fire which occurred in the University's Center for Applied Science and Engineering Technology building in September 2023. As an additional result of the fire, the University incurred expenses of \$1.4 million during fiscal year 2025 in efforts to repair the damaged portion of the building, of which \$1.4 million was capitalized.

NOTE 5 – TREASURER’S COMMON CASH

General Accounting Policies

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

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

Statute or administrative policy determines whether a fund receives or pays interest on its balances in the pool. If a fund does not receive or pay interest, the General Fund receives or absorbs such amounts. Earnings on positive balances and charges on negative balances are allocated quarterly based upon the average daily balances of the various funds and the average investment earnings rate for the quarter. Accrued earnings of the pool are recorded as assets, with the accrual allocated to the various funds’ equity in the pool.

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

Investments and Deposits

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

The Treasurer invests excess cash in short-term investments or cash equivalents. The law does not prohibit the Treasurer from entering into repurchase agreements; however, the Treasurer did not use these agreements in managing the pool in fiscal year 2025.

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

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

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

In fiscal year 2000, the Local Emergency Financial Assistance Loan Board was authorized to approve the lending of up to \$159.9 million to Wayne County (County) to finance the payment of certain obligations to the State. The outstanding balance at September 30, 2025, was \$53.1 million. The interest rate is reset July 1 of each year in accordance with the loan agreement. Effective November 1, 2009, the Wayne County emergency loan was reclassified from an interest-bearing loan to a zero percent loan.

The change in interest terms for the loan will be in effect until the debt obligations for the Detroit Regional Convention Facility Authority are retired, or 2039, whichever comes first. Loan repayments by the County are supported by provisions of the loan agreement and legislation that pledge the County’s share of a portion of the State taxes collected on cigarette sales. No principal repayments were made on the loan in fiscal year 2025.

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

Michigan
Notes to the Financial Statements

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

Assets:	
Demand deposits	\$ 506.6
Investments - at cost	23,275.0
Interest receivable	74.5
Emergency loans to local units - at cost	71.4
Total Assets	<u>\$ 23,927.5</u>
Equities:	
Fund equities (net) in common cash:	
Governmental activities	\$ 20,225.7
Business-type activities	163.0
Fiduciary funds	892.9
Discretely presented component units	2,645.9
Net Fund Equities	<u>\$ 23,927.5</u>

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

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

Common Cash Deposits

Custodial Credit Risk

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

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

Uncollateralized

Collateralized with securities held by the pledging financial institution, or

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

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

At September 30, 2025, the carrying amount of deposits, including time and demand deposits, was \$506.6 million. The deposits were reflected in the accounts of the banks at \$736.5 million with checks outstanding of \$227.9 million. Of the bank balance, \$4.4 million was covered by federal depository insurance, and \$732.0 million was collateralized with securities held by the State's agent in the State's name. Of the \$736.5 million bank balance, compensating balances kept in demand deposit accounts to avoid or offset service charges were \$705.5 million at September 30, 2025.

Foreign Currency Risk

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

MCL Section 487.714 requires State deposits be held in a financial institution which maintains a principal office or branch office located in the State. The State had no Common Cash deposits subject to foreign currency risk at September 30, 2025.

Common Cash Investments

Types of Investments

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

Risk

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

Custodial Credit Risk

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

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

The counterparty, or

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

The Treasurer does not have an investment policy for managing custodial credit risk. At September 30, 2025, Common Cash investments were not exposed to custodial credit risk.

Credit Risk

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

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

Emergency municipal loans are evidenced by unrated notes held by the State in the State's name. At September 30, 2025, prime commercial paper investments were rated at A-1, P-1, A-2, or P-2.

Interest Rate Risk

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

The Treasurer's policy states that cash equivalents are invested in short-term fixed income securities with an average weighted maturity of less than one year to provide liquidity and safety of principal from capital market and default risk. At September 30, 2025, the fair value of cash equivalents was \$23.3 billion; the weighted average maturity was 33 days.

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

NOTE 6 – TAXES RECEIVABLE

Taxes receivable represent amounts due to the State at September 30, 2025, for revenues earned during the fiscal year that will be collected sometime in the future. Amounts expected to be collected in the next fiscal year are classified as "current" and amounts expected to be collected beyond the next fiscal year are classified as "noncurrent." The receivables have been recorded net of allowances for uncollectibles.

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

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

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

Michigan
Notes to the Financial Statements

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

Effective January 1, 2021, the Michigan Flow-Through Entity (FTE) Tax is levied on certain electing entities with business activity in Michigan. FTE tax is elected and levied on the Michigan portion of the positive business income tax base of an FTE and allows that entity to pay tax on certain income at the individual income tax rate. If this election is made and the tax is paid by the entity, members of the entity are eligible to receive a refundable income tax credit. Effective January 1, 2023, the Heavy Equipment Owners Excise Tax is levied on each transaction of a qualified renter for renting eligible personal property. An excise tax is imposed on each qualified renter at the rate of 2.0 percent of the rental price directly on the customer that rents qualified heavy equipment. Because these are new taxes, historical data is not available to accurately estimate a potential tax receivable beyond the 60-day period. Therefore, the accrual and related revenue expected to be collected beyond the 60-day period is not measurable and has not been recorded in this fiscal year.

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

Tax	General Fund	Other Governmental Funds	Total
Sales and use	\$ 769.1	\$ 1,502.5	\$ 2,271.5
Individual income	3,727.5	640.3	4,367.8
Flow-through entity	19.2	4.6	23.8
SBT/MBT/CIT	999.4	-	999.4
State education (property)	-	2,094.3	2,094.3
Telephone & telegraph	22.9	-	22.9
Motor fuel	-	262.4	262.4
Insurance – retaliatory	279.2	-	279.2
Tobacco products	40.6	20.1	60.8
Quality assurance assessment	531.6	-	531.6
Insurance provider assessment	483.3	-	483.3
Marihuana excise	102.3	7.7	109.9
Other	58.2	18.4	76.5
Penalties and interest	906.1	-	906.1
Gross taxes receivable	7,939.3	4,550.1	12,489.4
Less allowances for uncollectibles	(1,983.9)	(632.6)	(2,616.5)
Total taxes receivable (net)	<u>\$ 5,955.4</u>	<u>\$ 3,917.5</u>	<u>\$ 9,872.9</u>

As reported on the Statement of Net Position

Current taxes, interest, and penalties receivable	\$ 5,412.5	\$ 3,778.9	\$ 9,191.4
Noncurrent taxes, interest, and penalties receivable	543.0	138.5	681.5
Total taxes, interest, and penalties receivable	<u>\$ 5,955.4</u>	<u>\$ 3,917.5</u>	<u>\$ 9,872.9</u>

NOTE 7 – JOINT VENTURES

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

Great Lakes Protection Fund

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

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

The governor of each of the seven member states appoints two representatives to GLPF's board of directors. Directors control the investment of the endowment, finance and budgeting operations (within the requirements of the Articles of Incorporation),

and they determine how to use net earnings to support GLPF's mission. Two-thirds of the net earnings of the endowment (after operating expenses) are available for grants. One-third of the net earnings is returned to the seven member states, proportional to their original contributions, to support local projects. The State's equity interest in GLPF of \$25.0 million is reflected as an asset in the government-wide financial statements.

Sault Ste. Marie Bridge Authority

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

For the period ending December 31, 2024 (SSMBA's most recently audited financial statements), its net position increased by approximately \$616.9 thousand. The Bridge and one-half of the ancillary assets on Michigan's side of the Bridge, one-half of the joint funds not required to pay liabilities, and all funds reserved for capital projects on the Michigan half of the Bridge represent the State's equity interest. The State is obligated to pay one-half of any claims incurred by SSMBA that are not covered by insurance or existing resources. The State's equity interest of \$9.9 million is reflected as an asset in the government-wide financial statements.

NOTE 8 – DEPOSITS AND INVESTMENTS

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

Deposits – Primary Government

Custodial Credit Risk

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

The Unemployment Insurance Agency administers, under the auspices of the federal government, the deposits of the MUCF. Tax collections are deposited in a clearing account as required by the Michigan Employment Security Act. Refunds are paid from that account; after the clearance of vouchers for refunds, all other money remaining in the fund, less amounts needed for refunds and judgments, must be deposited with the Secretary of the Treasury of the United States of America to the credit of the State in the Unemployment Trust Fund, established and maintained pursuant to Section 904 of the Social Security Act, 42 USC 1104. These deposits are maintained in the Federal Reserve Bank. At year-end, the carrying amount of these deposits, reported as cash in the Statement of Net Position, was \$99.2 million. The bank balance of the deposits was \$113.0 million. Of the bank balance, \$750.0 thousand was covered by depository insurance and \$112.3 million was collateralized. Amounts reported as Cash on Deposit with Fiscal Agent, totaling \$3.0 billion, represent MUCF's interest in a U.S. Treasury trust fund managed by the Secretary of the Treasury pursuant to Title IX of the Social Security Act, which includes deposits from the unemployment compensation funds of various states. MUCF is credited quarterly with trust fund investment earnings, as computed on a daily basis.

The bank deposits of the ADS were \$555.0 thousand; these deposits were covered by Federal Deposit Insurance Corporation insurance or were collateralized. ADS has no policy to address custodial credit risk. It assesses financial institutions' risk levels; only those with acceptable levels of risk are used as depositories.

The deposits of the MESP were reflected in bank accounts at \$491.5 thousand. These deposits were covered up to applicable limits of depository insurance. Deposits in excess of depository insurance limits are not collateralized or subject to supplemental insurance. The level of risk for each financial institution is evaluated and assessed; only those with an acceptable estimated risk level are used as depositories. MESP has no other policy for controlling this risk.

Michigan
Notes to the Financial Statements

Investments – Primary Government

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

Primary Government Total Investments (In millions)				
Investment Types	Retirement Systems	Deferred Compensation/ Defined Contribution Funds	Other Funds	Total
Commercial paper	\$ 7,077.7	\$ -	\$ -	\$ 7,077.7
Money market funds	-	-	143.2	143.2
Other short-term	68.8	-	3.3	72.1
Separate accounts	-	2,883.2	-	2,883.2
Absolute return	11,617.3	-	-	11,617.3
Fixed income	13,800.5	-	642.0	14,442.4
Mutual funds	84.5	1,051.0	9,229.0	10,364.5
Pooled investment funds	-	14,686.0	-	14,686.0
Equities	24,217.1	-	2.4	24,219.5
Funding agreements	-	-	1,884.5	1,884.5
International	17,080.5	-	184.2	17,264.7
Real estate	9,732.0	-	126.7	9,858.7
Private equity	24,487.4	-	512.8	25,000.2
Real return and opportunistic	10,745.3	-	-	10,745.3
Accrued income	83.2	-	-	83.2
Unsettled investments	(30.8)	-	-	(30.8)
Total	\$ 118,963.7	\$ 18,620.2	\$ 12,728.1	\$ 150,311.9
Less investments reported as “Cash” on Statement of Net Position				143.2
Total investments				\$ 150,168.7

As reported on the Statement of Net Position

Current investments	\$ 15.1
Noncurrent investments	1,810.3
Total investments	\$ 1,825.4

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

	Current Investments	Noncurrent Investments	Total
Governmental activities	\$ -	\$ 1,702.7	\$ 1,702.7
Business-type activities	15.1	107.6	122.7
Fiduciary funds	4,606.3	143,737.0	148,343.3
Total investments	\$ 4,621.3	\$ 145,547.4	\$ 150,168.7

Authority

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

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

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

The deferred compensation plans are invested in mutual funds, U.S. Treasury strips, money market funds, and pooled investment funds. During fiscal year 2025, the deferred compensation plans' investment activities were managed by a private investment firm, which invests as directed by members of the plan.

Derivative Instruments

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

Derivative instruments are used in managing the trust fund portfolios but uses do not include speculation or leverage of investments. State investment statutes limit total derivative instrument exposure to 15.0 percent of a fund's total asset value and restrict uses to replication of returns and hedging of assets. Swap agreements represent the largest category of derivative instrument investments subject to this limitation. Option and future contracts traded daily on an exchange and settling in cash daily or having a limited and fully defined risk profile at an identified, fixed cost are not subject to the derivative instrument exposure limitation. Less than 15.0 percent of the total trust funds' portfolio has been invested from time to time in future contracts, swap agreements, structured notes, option contracts and forward contracts. The derivative instrument fair values are reported on the Statement of Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position as of September 30, 2025, in their respective investment pools' fair value. Derivative instrument net increase and decrease are reported on the Statement of Changes in Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position for fiscal year ended September 30, 2025, under "Investment income (loss)," in "Net increase (decrease) in fair value of investments." Bond interest, swap payments, and dividends are reported under "Investment income (loss)," in "Interest, dividends, and other."

To diversify the trust funds' portfolio, the Board will enter into international swap agreements with investment grade counterparties, which are tied to stock market indices in approximately 46 foreign countries. Generally, the notional amount of equity swaps tied to foreign stock market indices is executed via a net total return U.S. Dollar (USD) index. The swap agreements provide the retirement systems will pay quarterly or at maturity over the term of the swap agreements, interest indexed to the Secured Overnight Financing Rate (SOFR) or the U.S. Federal Funds Rate, adjusted for an interest rate spread, on the notional amount stated in the agreements. International equity swap agreement maturity dates range from October 2025 to January 2026. U.S. Treasury Bonds, U.S. Corporate Bonds, and other public market fixed income securities, as well as private market and other investments are held in the collateral portfolio to correspond with the notional amount of the international swap agreements. The value of the international synthetic equity structures is a combination of the value of the swap agreements and the value of the notes and other investments in the collateral portfolio. The book value represents the cost of the bonds, notes, and other investments. The current value represents the current value of the bonds, notes, and other investments and the change in value of the underlying indices from the inception of the swap agreements. The current value is used as a representation of the fair value based on the intention to hold all swap agreements until maturity. At the maturity of the swap agreements, the trust funds will either receive the increase in the value of the equity indices from the level at the inception of the agreements or pay the decrease in the value of the indices. U.S. Treasuries, cash, publicly traded fixed income investments, and private market investments are held in the collateral portfolio to correspond with the notional amount of the swap agreements. The combined swap structure generally realizes gains and losses on a rolling basis.

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

Counterparty credit risk is the maximum loss amount that would be incurred if the counterparties to the derivative instrument failed to perform according to the terms of the contract, without respect to any collateral or other security, or netting arrangement. For the Over-The-Counter (OTC) derivative instrument investments, the retirement systems held collateral of \$303.3 million in cash deposits and \$112.5 million in securities on behalf of counterparties. There were no collateral securities held on behalf of the system by counterparties.

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

To enhance returns while limiting downside risk, the Board traded equity options in single securities and on indices in the Large Cap Core and All Cap Growth at a Reasonable Price (GARP) funds. Attractively priced equity options were used for the purpose of stock replacement in order to drive excess returns over the S&P 500, as well as to provide added exposure to strong equity markets while limiting principal at risk. Put options are used to protect against large negative moves in the market indices. Options traded by the Board in the Fixed Income and International Equity pools are used to manage interest rate and volatility exposures. Written options generate income in expected interest rate scenarios and may generate capital losses if unexpected

Michigan
Notes to the Financial Statements

interest rate environments are realized. Both written and purchased options will become worthless at expiration if the underlying instrument does not reach the strike price of the option. However, purchased options are often sold well before expiration in order to lock in profits at prices well below listed strike prices and thereby generate consistent returns.

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

Pension (and Other Employee Benefit) Trust Funds Derivative Instrument Investments (In millions)							
Investment & Investment Type	Objective	% of Fair Value	Notional Value	Investments At Fair Value*	Net Increase (Decrease) In Fair Value**	Investment Income Gain (Loss)	Fair Value Subject to Credit Risk
Future contracts - fixed income and international	Enhance management flexibility, manage duration, yield curve, and credit exposure.	0.0%	\$ (13.2)	\$ (0.1)	\$ (6.1)	\$ -	\$ -
Options - equity, international and fixed income	Use on single securities to provide downside protection, enhance current income, and to manage interest rate and volatility exposures.	1.1	24,305.2	1,310.3	428.6	-	-
Swap agreements - international equity investments and fixed income	Diversify the trust funds' portfolio by entering into swap agreements that are tied to stock market indices.	1.8	<u>2,406.9</u>	<u>2,148.9</u>	<u>691.7</u>	<u>(237.5)</u>	<u>93.6</u>
Totals			<u>\$ 26,698.9</u>	<u>\$ 3,459.1</u>	<u>\$ 1,114.3</u>	<u>\$ (237.5)</u>	<u>\$ 93.6</u>

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

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

Investment Pools

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

Repurchase Agreements

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

Risk

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

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either the counterparty, or the counterparty's trust department or agent, but not in the government's name. The State Treasurer does not have a policy for limiting custodial credit risk. As of September 30, 2025, there were no securities exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Short-term investments for the pension funds are in prime commercial paper and follow the same policy described in Note 5 for this type of investment. The ratings at September 30, 2025, are included in the debt investments table.

Investment grade and noninvestment grade securities may be acquired in compliance with parameters set forth in MCL Sections 38.1132 – 38.1141 and the State Treasurer's investment policy. Law defines investment grade as investments in the top four major grades, rated by two national rating services, S&P (AAA, AA, A, BBB) and Moody's (Aaa, Aa, A, Baa). At September 30, 2025, the system was in compliance with the policy in all material aspects. The primary government's debt investments as of

Michigan
Notes to the Financial Statements

September 30, 2025, are presented in the following table. Note that securities backed by the full faith and credit of the United States government are excluded.

Debt Investments (In millions)				
Investment Type	Fair Value	Rating S & P	Fair Value	Rating Moody's
Pension (and Other Employee Benefit) Trust Funds:				
Retirement Systems:				
Commercial paper	\$ 6,807.7	A-1	\$ 5,895.2	P-1
	144.8	A-2	144.8	P-2
	-	Unrated	912.5	Unrated
Money Market	125.2	AAA	125.2	Aaa
Government securities:				
U.S. agencies - sponsored	3,177.3	AA	3,178.1	Aa
	0.8	A	-	A
Corporate bonds & notes	344.4	AAA	648.2	Aaa
	192.2	AA	154.2	Aa
	793.3	A	865.3	A
	1,368.7	BBB	1,215.4	Baa
	589.1	BB	584.9	Ba
	286.1	B	358.3	B
	80.4	CCC	157.1	Caa
	4.7	CC	8.4	Ca
	-	C	0.7	C
	12.4	D	-	D
	3,130.1	Unrated	2,808.9	Unrated
Fixed Income Exchange-Traded Funds	299.2	Unrated	299.2	Unrated
Mutual Funds*	14.2	A	14.2	A
	3.5	BB	-	Ba
	188.2	Unrated	191.7	Unrated
Total	<u>17,562.4</u>		<u>17,562.4</u>	
Deferred Compensation/Defined Contribution:				
Common trust funds	1,463.6	Unavailable	1,463.6	Baa to Aaa
	350.9	A-1 to A-1+	350.9	Unavailable
	57.1	Below B to AAA	57.1	Unavailable
	174.3	CCC to AAA	174.3	Unavailable
Stable Value funds	999.4	A to AAA	999.4	Unavailable
Total	<u>3,045.2</u>		<u>3,045.2</u>	

Michigan
Notes to the Financial Statements

Investment Type	Fair Value	Rating S & P	Fair Value	Ratings Moody's
Other Primary Government Funds:				
Government securities:				
U.S. agencies - sponsored	118.7	AA	118.7	Aa
Municipal Bonds	14.3	AA	14.3	Aa
Corporate bonds & notes	4.1	AAA	45.6	Aaa
	5.8	AA	-	Aa
	70.9	A	72.7	A
	67.3	BBB	37.8	Baa
	-	BB	10.6	Ba
	69.8	Unrated	51.2	Unrated
Fixed Income Exchange-Traded Funds	7.5	Unrated	7.5	Unrated
Total	358.4		358.4	
Total Primary Government	<u>\$ 20,966.1</u>		<u>\$ 20,966.1</u>	

*Average rating

Interest Rate Risk

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

The State Treasurer's policy states that cash equivalents are invested in short-term fixed income securities with an average weighted maturity of less than one year to provide liquidity and safety of principal from capital market and default risk. At September 30, 2025, the fair value of short term investments was \$7.1 billion; the weighted average maturity was 31 days.

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

Michigan
Notes to the Financial Statements

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

Pension (and Other Employee Benefit) Trust Funds Debt Securities (In millions)		
	Fair Value	Duration In Years
Retirement Systems:		
Government securities:		
U.S. Treasury bonds	\$ 2,723.7	13.0
U.S. agencies - backed	1,085.6	5.2
U.S. agencies - sponsored	3,178.1	5.1
Total Governmental	6,987.4	
Corporate bonds & notes	7,284.0	3.1
International - corporate bonds & notes:*		
U.S. Treasury	1,380.6	0.9
Total International	1,380.6	
Mutual funds - fixed income	28.5	5.8
Total	15,680.5	
Deferred Compensation/Defined Contribution:		
Common trust funds:		
State Street U.S. Bond Index Non-Lending Series Fund Class A	1,463.6	8.2
BlackRock Government Short-Term Investment Fund	350.9	0.1
PIMCO Total Return Fund	174.3	11.5
Prudential High Yield Fund	57.1	3.7
Total Common Trust Funds	2,045.9	
Stable value funds:		
Synthetic guaranteed investment contracts	999.4	3.0
Total Stable Value Funds	999.4	
Total	3,045.2	
Total Pension (and Other Employee Benefit) Trust Funds	\$ 18,725.7	

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

Fair Value of Investments

The State of Michigan (SOM) categorizes their fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Not all investments held by SOM are recorded at fair value. GASB Statement No. 72, Fair Value of Measurement and Application, as amended, allows for certain investments to be recorded at cost (or amortized cost or any other valuation method), and therefore, they are not presented in the fair value hierarchy table. Equity and fixed income securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Equity swaps and fixed income securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique and other significant observable inputs. Equity and fixed income securities classified as Level 3 of the fair value hierarchy are valued using third party data and reports that are unobservable. Securities reported at Net Asset Value (NAV) are valued using the most recent third party statements adjusted for cash flows as of September 30, 2025. Investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

Michigan
Notes to the Financial Statements

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

	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	\$ 6.6	\$ 6.6	\$ -	\$ -
Equity:				
Depository Receipts	287.3	287.3	-	-
Warrants	9.0	-	9.0	-
Common Stocks	23,707.2	23,706.3	-	1.0
Preferred Stocks	13.0	13.0	-	-
Options on Equity	1,292.5	1,292.5	-	-
Swaps	471.9	-	471.9	-
Commingled Funds, Exchange Traded Funds, and Publicly Traded Partnerships	5,254.1	5,254.1	-	-
Real Estate Investment Trusts	920.3	920.3	-	-
Convertible Bonds	52.8	-	52.8	-
Equity Total	<u>32,008.1</u>	<u>31,473.4</u>	<u>533.7</u>	<u>1.0</u>
Fixed Income:				
Asset Backed	1,670.5	-	1,670.5	-
Corporate Bonds	2,691.4	-	2,675.4	16.0
Commercial Mortgage-backed	2,435.8	-	2,435.2	0.6
Government Issues	4,648.0	4,079.9	568.1	-
Swaps	7.0	-	7.0	-
U.S. Agency Issues	3,674.6	-	3,674.6	-
Commingled Funds, Exchange Traded Funds, and Publicly Traded Partnerships	543.1	543.1	-	-
Options on Fixed Income	17.8	-	17.8	-
Fixed Income Total	<u>15,688.2</u>	<u>4,622.9</u>	<u>11,048.6</u>	<u>16.6</u>
Total Investments Measured at Fair Value	<u>47,702.9</u>	<u>\$ 36,103.0</u>	<u>\$ 11,582.3</u>	<u>\$ 17.6</u>
Investments Measured at NAV:				
Absolute Return Total	11,577.6			
Real Return Total	10,659.9			
Private Equity Total	24,320.9			
Real Estate and Infrastructure Total	9,063.5			
Other Limited Partnerships Total	8,194.6			
Total Investments Measured at NAV	<u>63,816.5</u>			
Total Pension (and Other Employee Benefit) Trust Funds	<u>\$ 111,519.4</u>			

Michigan
Notes to the Financial Statements

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

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Equity:			
Commingled Funds, Exchange Traded Funds, and Publicly Traded Partnerships	\$ 9,390.3	\$ 9,390.3	\$ -
Equity Total	<u>9,390.3</u>	<u>9,390.3</u>	<u>-</u>
Fixed Income:			
Asset Backed	53.4	-	53.4
Corporate Bonds	123.4	-	123.4
Commercial Mortgage-backed	72.3	-	72.3
Government Issues	242.3	131.1	111.3
U.S. Agency Issues	125.4	-	125.4
Commingled Funds, Exchange Traded Funds, and Publicly Traded Partnerships	7.5	7.5	-
Fixed Income Total	<u>624.4</u>	<u>138.6</u>	<u>485.8</u>
Total Investments Measured at Fair Value	<u>10,014.7</u>	<u>\$ 9,528.9</u>	<u>\$ 485.8</u>
Investments Measured at NAV:			
Private Equity Total	329.3		
Real Estate Total	126.7		
Event Driven Hedge Funds	84.1		
Multi-Strategy Hedge Funds	99.5		
Defensive Equity Funds	10.6		
Broad Market High Yield Bond Funds	17.6		
Total Investments Measured at NAV	<u>667.7</u>		
Total Other Primary Government Funds	<u>\$ 10,682.4</u>		

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

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

Pension (and Other Postemployment Benefit) Trust Funds:

Absolute Return Portfolio: This type includes approximately 4 investments that invest in hedge funds and approximately 49 investments in private credit strategies. These investments seek to diversify risk and reduce volatility. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Most of the investments are redeemable or have a final fund term that is 10 years or less.

The total fair value and unfunded commitments of these investments as of September 30, 2025, are \$11.6 billion and \$3.1 billion, respectively.

Real Return and Opportunistic Portfolio: This type includes 38 funds that invest in private credit, tangible and intangible real assets, or other real return and opportunistic strategies. The fair values of the investments in this portfolio have been determined using the NAV per share (or its equivalent) of the plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 5 to 10 years.

The total fair value and unfunded commitments of these investments as of September 30, 2025, are \$10.7 billion and \$3.7 billion, respectively.

Private Equity Portfolio: This type of investment includes investments in approximately 301 partnerships that invest in leveraged buyouts, venture capital, mezzanine debt, distressed debt, secondary funds, and other investments. These types of investments can never be redeemed with the funds, but distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund are liquidated over a period of 5 to 8 years.

The total fair value and unfunded commitments of these investments as of September 30, 2025, are \$24.3 billion and \$7.3 billion, respectively. However, it is probable that all of the investments in this group will be sold at an amount different from the NAV per share (or its equivalent). Therefore, the fair values of the investments in this type have been determined using recent

observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. As of September 30, 2025, a buyer for these investments has not been identified.

Real Estate and Infrastructure Portfolio: These funds include approximately 114 accounts (limited partnerships, limited liability companies, etc.) that invest in real estate or infrastructure related assets. The fair value has been determined in accordance with GAAP using the NAV per share (or its equivalent) of the plan's ownership interest in partners' capital. These types of investments cannot be redeemed with the funds. Distributions from these funds will be received as the underlying investments are sold and liquidated over time. It is expected that the underlying assets will be sold over the next 5 to 15 years. However, buyers have not been determined so the fair value has been determined using the NAV per share (or its equivalent) of the plan's ownership interest in partners' capital.

The total fair value and unfunded commitments of these investments as of September 30, 2025, are \$9.1 billion and \$2.6 billion, respectively.

Other Limited Partnerships:

The balance of plan assets reported at fair value includes 15 investments:

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

The total fair value and unfunded commitments of these investments as of September 30, 2025, are \$8.2 billion and \$650.3 million, respectively.

Other Primary Government Funds:

Private Equity Portfolio: This type of investment includes investments in 106 partnerships that invest in various credit strategies, real assets, and other investments. These types of investments can never be redeemed with the funds, but distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund are liquidated over a period of 5 to 8 years.

The total fair value and unfunded commitments of these investments as of September 30, 2025, are \$329.3 million and \$211.2 million, respectively. However, it is probable that all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the plan's ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

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

The total fair value and unfunded commitments of these investments as of September 30, 2025, are \$126.7 million and \$7.8 million, respectively. However, it is probable that all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the plan's ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

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

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

Michigan
Notes to the Financial Statements

It is expected that the underlying assets of the fund are liquidated over a period of 3 to 6 years. The total fair value and unfunded commitments of these investments as of September 30, 2025, are \$84.1 million and \$334.8 thousand, respectively. Market price observability is impacted by a number of factors, including the type of investment and characteristics specific to the investment.

Multi-Strategy Hedge Funds: This type includes investments in six funds that pursue multiple strategies to diversify risks and reduce volatility. It is organized for the primary purpose of developing and actively managing an investment portfolio of non-traditional portfolio managers. This is an open-ended fund that invests in equities, credit-driven, global macro, relative value, interest rate-driven, commodities, managed-futures, and event-driven, with redemption restriction terms ranging from 0 to 96 months.

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

The fair value of investments in limited partnerships and investment funds and affiliated limited partnerships and investment funds ("investee funds") is generally determined using the reported net asset value per share of the investee fund, or its equivalent, as a practical expedient for fair value. The total fair value of these investments as of September 30, 2025, is \$99.6 million.

Defensive Equity Funds: This type includes two investments in a private defensive equity fund that invests in collateralized put and call options comprised of 50.0 percent U.S. equities and 50.0 percent U.S. Treasury bills that is expected to produce the strongest relative performance when the S&P 500 index is experiencing modest or negative returns. Withdrawals in whole or in part of the investee funds are allowed on the last day of the month and require five business days prior notice to the managing member. Payment of the withdrawal proceeds will be made promptly after the managing member receives withdrawal proceeds from such investments.

The fair value of this investment has been determined using the NAV per share (or its equivalent) of the investee funds. The total fair value of this investment as of September 30, 2025, is \$10.6 million.

Broad Market High Yield Bond Funds: This type includes five investments in an open-end vehicle that invests in a diversified portfolio consisting primarily of high yield bonds that are originated in the U.S. corporate bond markets. These high yield bonds will largely be a mix of fixed and floating rate instruments that are liquid securities with pricing available through a swath of third-party vendors. At times, the strategy may hold a nominal amount of assets in investment grade U.S. corporate debt or crossover debt if the general partner believes the return potential and risk characteristics of these bonds are similar to those of high yield bonds. Some of these issues may have been recently upgraded from BB to investment grade quality, and the investment grade market may not have yet fully priced in their inherent value. Other eligible investments include, but are not limited to, U.S. Treasury and agency securities, asset-backed securities, and bank loan obligations. Per the investment guidelines, the fund will hold a minimum of 80.0% in below BBB- rated securities.

While many of the underlying assets are classified as level two, the fund offers investors daily liquidity as each investor owns units of the overall fund, which strikes a daily unit value. The total fair value of this investment as of September 30, 2025, is \$17.6 million.

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

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

State of Michigan 457 Plans:

	Total	Level 1	Level 2
Investments by fair value level:			
Mutual Funds	\$ 213.3	\$ 213.3	\$ -
Common Trust Funds	3,973.8	3,378.0	595.8
Tier III Investments*	144.4	144.4	-
Stable Value Fund	381.2	-	381.2
Voya Small Cap Growth Strategy Fund	31.7	-	31.7
Jennison Large Cap Growth Equity Fund	155.0	155.0	-
Artisan Mid-Cap Fund	31.6	-	31.6
T. Rowe Price Mid-Cap Value Fund	34.4	-	34.4
Ceredex Small Cap Value Strategy Fund	13.8	-	13.8
Total Investments Measured at Fair Value	<u>\$ 4,979.3</u>	<u>\$ 3,890.7</u>	<u>\$ 1,088.6</u>

*Tier III investments exclude cash held in participant accounts totaling approximately \$8.3 million.

Michigan
Notes to the Financial Statements

State of Michigan 401K Plans:

	Total	Level 1	Level 2
Investments by fair value level:			
Mutual Funds	\$ 837.8	\$ 837.8	\$ -
Common Trust Funds	10,712.1	7,813.4	2,898.8
Tier III Investments*	382.3	-	382.3
Stable Value Fund	618.1	-	618.1
Voya Small Cap Growth Strategy Fund	136.0	-	136.0
Jennison Large Cap Growth Equity Fund	588.6	588.6	-
Artisan Mid-Cap Fund	123.3	-	123.3
T. Rowe Price Mid-Cap Value Fund	147.2	-	147.2
Ceredex Small Cap Value Strategy Fund	56.7	-	56.7
Total Investments Measured at Fair Value	<u>\$ 13,602.1</u>	<u>\$ 9,239.7</u>	<u>\$ 4,362.4</u>

*Tier III investments exclude cash held in participant accounts totaling approximately \$30.5 million.

Synthetic Guaranteed Investment Contract (SGIC)

SGIC investment derivative instruments within the Stable Value Fund contain a portfolio of underlying securities and a benefit responsive wrap contract. The wrap contract produces a floating rate of return that is adjusted periodically, but not below zero, to reflect the underlying investment portfolio and generally provide for participant withdrawals at contract value (principal plus accrued interest). As of September 30, 2025, the fair value of SGIC's underlying investments was \$999.5 million. The wrap contract did not have a value because the fair value of SGIC's underlying investments was higher than SGIC's contract value.

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

Investment Type	Fair Value	Other Funds Debt Securities (In millions)			
		Investment Maturities (In years)			
		Less Than or Equal To 1	Greater Than 1 To 5	Greater Than 5 To 10	More Than 10
U.S. Treasury bonds	\$ 228.0	\$ 11.7	\$ 57.3	\$ 44.5	\$ 114.5
Municipal bonds	14.3	1.5	12.8	-	-
U.S. bonds – backed	153.2	-	-	-	153.2
U.S. agency bonds - sponsored	3.4	-	-	-	3.4
Corporate bonds	217.9	-	66.8	50.1	101.0
Mutual funds	3,023.0	6.9	663.9	2,338.0	14.2
Total	<u>\$ 3,639.9</u>	<u>\$ 20.1</u>	<u>\$ 800.7</u>	<u>\$ 2,432.7</u>	<u>\$ 386.4</u>

Foreign Currency Risk

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

Michigan
Notes to the Financial Statements

These limits are set forth in MCL Sections 38.1133 and 38.1140k. The types of foreign securities include fixed income, equities, mutual funds, real estate, and limited partnerships. At September 30, 2025, total foreign investments were \$10.8 billion. As of September 30, 2025, the State held the following investments subject to foreign currency risk:

		Pension (and Other Employee Benefit) Trust Funds Foreign Currency Risk (In millions)			
		Fair Value (In U.S. Dollars)			
Currency	Country	Private Equity, Real Estate, and Infrastructure	Fixed Income	Equity	International and Absolute Return Instruments
Retirement Systems:					
Americas:					
Dollar	Canada	\$ 7.4	\$ (5.5)	\$ 17.8	\$ 122.4
Peso	Mexico	-	12.2	5.0	44.2
Real	Brazil	-	4.7	-	39.6
Sol	Peru	-	9.1	-	-
Peso	Colombia	-	19.2	-	-
Peso	Chile	-	2.8	-	4.0
Europe:					
Euro	European Union	784.1	198.3	161.7	752.5
Franc	Switzerland	-	-	5.6	72.7
Krona	Sweden	-	3.0	8.3	133.6
Krone	Denmark	-	-	4.1	56.2
Krone	Norway	30.7	-	-	3.5
Pound Sterling	United Kingdom	59.5	45.2	7.8	265.7
Forint	Hungary	-	10.6	-	3.5
Zloty	Poland	-	(0.2)	-	30.8
Lira	Turkey	-	-	-	3.5
Koruna	Czech Republic	-	5.5	-	-
Asia/Pacific:					
Dollar	Australia	-	3.7	4.5	72.9
Renminbi	China	-	-	13.7	45.9
Dollar	Hong Kong	-	-	-	237.6
Rupee	India	-	15.2	-	53.8
Yen	Japan	3.9	14.7	5.2	295.4
Dollar	New Zealand	-	9.5	-	9.8
Peso	Philippines	-	-	-	0.8
Dollar	Singapore	-	6.5	2.4	23.5
Won	South Korea	-	41.0	-	97.1
Rupiah	Indonesia	-	13.9	-	8.4
Ringgit	Malaysia	-	39.4	-	2.8
New Dollar	Taiwan	-	-	-	64.3
Baht	Thailand	-	10.2	16.1	70.5
Yuan	China	-	(5.1)	4.2	6.5
Yuan Offshore	China	-	5.2	-	4.1
Dirham	United Arab Emirates	-	-	0.4	2.4
Middle East:					
New Shekel	Israel	-	-	-	2.6
Riyal	Saudi Arabia	-	-	-	0.4
Africa:					
Franc	Benin	-	3.5	-	-
Rand	South Africa	-	10.9	-	9.3
Dollar	Liberia	-	-	22.3	-
Naira	Nigeria	-	3.6	-	-
World-Wide:					
Various	Various	13.7	-	-	6,653.7
Total		899.3	477.0	279.1	9,194.1
Deferred Compensation/Defined Contribution:					
Dollar	Canada	-	-	1.4	-
Euro	European Union	-	-	6.4	-
Total		\$ 899.3	\$ 477.0	\$ 286.8	\$ 9,194.1

Concentration of Credit Risk

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

At September 30, 2025, there were no investments in any single issuer that accounted for more than 5.0 percent of the system’s assets.

Pension trust fund investments represent 91.6 percent of the total investments of the primary government. Other large holders of investments were the State Lottery Fund (SLF), MESP, and the Michigan Natural Resources Trust Fund.

SLF investments, \$111.3 million, are all in the form of zero coupon U.S. Treasury bonds and State of Michigan General Obligation Capital Appreciation bonds. These investments are held to provide funding for deferred prize awards.

Securities Lending Transactions

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

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

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

During the fiscal year, the State and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. As of September 30, 2025, the investment pool had an average duration of 7 days and an average weighted final maturity of 89 days for USD. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On September 30, 2025, the State had no credit risk exposure to borrowers. The fair value of collateral held and the fair value (USD) of securities on loan for the State as of September 30, 2025, was \$3.3 billion and \$3.3 billion, respectively.

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

Debt Investments (In millions)				
Investment Type	Fair Value	Rating S & P	Fair Value	Rating Moody's
Securities Lending Collateral:				
Short-term	\$ 155.6	A-1	\$ 243.6	P-1
Fixed Income	510.0	AA	621.0	Aa
	2,599.9	A	1,212.9	A
	70.0	Unrated	1,258.0	Unrated
Total	\$ 3,335.5		\$ 3,335.5	

Deposits and Investments – Discretely Presented Component Units

Deposits

At year-end, the carrying amount of discretely presented component unit deposits, excluding those classified as investments, was \$1.5 billion. The deposits were reflected in the accounts of the banks at \$1.3 billion. Of the bank balance, \$803.5 million was uninsured and uncollateralized and therefore exposed to custodial credit risk.

Investments

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

Michigan
Notes to the Financial Statements

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

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

Restricted Assets

Restricted investments on the government-wide Statement of Net Position, totaling \$1.6 billion, represent amounts that are pledged toward the payment of outstanding bonds and notes.

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

	Fair Value	Investment Maturities (In years)				N/A
		Less Than or Equal to 1	Greater Than 1 To 5	Greater Than 5 To 10	More Than 10	
Time deposits	\$ 130.8	\$ 128.6	\$ 2.2	\$ -	\$ -	\$ -
Money market accounts	4,034.0	4,031.1	1.9	-	-	1.0
Commercial paper	44.6	44.6	-	-	-	-
Repurchase agreements	17.6	-	17.6	-	-	-
Government securities	375.7	89.2	172.3	19.3	94.9	-
Insured mortgage-backed securities	521.8	-	4.8	6.6	510.3	-
Government backed securities	486.0	2.3	32.1	20.8	430.8	-
Corporate bonds and notes	374.1	47.5	190.0	56.1	80.5	-
Equities	379.8	117.8	-	-	74.3	187.6
Real estate	18.8	-	1.3	10.7	6.9	-
Venture capital & leveraged buyouts	223.0	-	-	42.2	180.8	-
Mutual bond/equity funds	2,306.6	43.2	328.3	460.1	753.8	721.2
Pooled investment funds	93.4	1.8	91.6	-	-	-
Other investments	1,092.2	8.6	125.6	88.6	294.9	574.5
Total investments	10,098.2	\$ 4,514.7	\$ 967.6	\$ 704.5	\$ 2,427.1	\$ 1,484.3
Less investments reported as "Cash" on Statement of Net Position	1,611.7					
Plus noncurrent investments - Michigan Strategic Fund*	51.0					
Total investments	\$ 8,537.6					

As reported on the Statement of Net Position

Current investments	\$ 2,519.8
Noncurrent restricted investments	1,576.4
Noncurrent investments	4,441.4
Total investments	\$ 8,537.6

*The investment maturities table does not include noncurrent investments of \$51.0 million reported by component units of the Michigan Strategic Fund.

NOTE 9 – CAPITAL ASSETS

Primary Government

Summary of Significant Accounting Policies

Methods used to value capital assets

Capital assets, which include property, plant, equipment, intangible items (e.g., mineral rights, land rights, and computer software), and infrastructure items (e.g., roads, bridges, ramps, and similar items), are reported in the applicable governmental or business-type activity columns of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. See Note 12 for additional information on the valuation and description of the State's right to use leased capital assets and subscription-based information technology arrangements.

Capitalization policies

All land and non-depreciable land improvements are capitalized, regardless of cost. Computer software is capitalized when the cost exceeds \$5.0 million. Equipment and biological assets are capitalized when the cost exceeds \$10.0 thousand (\$5.0 thousand for acquisitions prior to fiscal year 2025) unless equipment is acquired under a federal award with a lower equipment threshold. Right-to-use assets are capitalized when annual payments are \$5,000 or more. All other assets are capitalized when the cost of individual items or projects exceeds \$100.0 thousand.

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

Items not capitalized and depreciated

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

Depreciation and useful lives

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

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

Modified approach for infrastructure

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

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

Leases where the State is the lessor

The State is the lessor in various leasing arrangements where capital assets of the State, such as buildings and land, are leased. Additionally, the State is the transferor in a few public-private partnerships that are reported together with leases because the amounts are immaterial and the accounting treatment is similar. The State recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. Inflows of resources related to leasing arrangements where the State is the lessor were \$2.1 million and \$0.3 million for lease revenue and interest revenue, respectively, within the governmental activities during the fiscal year.

Michigan
Notes to the Financial Statements

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land*	\$ 4,099.7	\$ 87.6	\$ (0.3)	\$ 4,186.9
Land improvements and other assets	16.8	2.1	-	18.9
Computer software (includes projects in progress)	29.3	93.6	(34.6)	88.2
Land rights	80.2	38.6	-	118.7
Mineral rights	19.8	-	-	19.8
Construction in progress (buildings)	119.9	366.2	(49.5)	436.6
Construction in progress (infrastructure)*	4,454.3	1,235.3	(928.4)	4,761.2
Infrastructure	15,278.9	829.7	(229.4)	15,879.2
Right-to-use subscription projects in progress	2.0	11.0	(6.3)	6.8
Total capital assets, not being depreciated	<u>24,100.9</u>	<u>2,664.1</u>	<u>(1,248.6)</u>	<u>25,516.3</u>
Capital assets, being depreciated:				
Land improvements and other assets	293.3	0.8	(1.5)	292.6
Equipment and vehicles	1,227.7	141.9	(42.0)	1,327.6
Computer software	1,337.2	70.0	-	1,407.2
Buildings	3,795.5	66.4	(49.9)	3,811.9
Infrastructure	560.8	114.2	-	674.9
Right-to-use leased buildings	670.1	14.6	(6.4)	678.2
Right-to-use leased equipment	51.2	0.3	(51.4)	0.1
Right-to-use leased land	0.9	-	-	0.9
Right-to-use subscriptions	770.5	267.8	(74.1)	964.1
Total capital assets, being depreciated	<u>8,707.0</u>	<u>675.9</u>	<u>(225.2)</u>	<u>9,157.7</u>
Less accumulated depreciation for:				
Land improvements and other assets	(164.6)	(9.4)	1.4	(172.6)
Equipment and vehicles	(801.1)	(161.2)	70.3	(891.9)
Computer software	(1,125.3)	(62.0)	-	(1,187.3)
Buildings	(2,331.5)	(83.8)	43.0	(2,372.3)
Infrastructure	(190.9)	(18.6)	-	(209.5)
Right-to-use leased buildings	(157.3)	(52.9)	4.7	(205.5)
Right-to-use leased equipment	(41.6)	(4.6)	46.1	(0.1)
Right-to-use leased land	(0.1)	-	-	(0.2)
Right-to-use subscriptions	(201.4)	(138.9)	57.9	(282.3)
Total accumulated depreciation	<u>(5,013.8)</u>	<u>(531.4)</u>	<u>223.5</u>	<u>(5,321.7)</u>
Total capital assets, being depreciated, net	<u>3,693.2</u>	<u>144.5</u>	<u>(1.7)</u>	<u>3,836.0</u>
Governmental activity capital assets, net	<u>\$ 27,794.1</u>	<u>\$ 2,808.6</u>	<u>\$ (1,250.4)</u>	<u>\$ 29,352.3</u>

*The beginning balances of land and construction in progress (infrastructure) above are restated due to an error correction to reclassify land previously reported as construction in progress. More detailed information regarding the restatement is presented in Note 4 to the financial statements.

Michigan
Notes to the Financial Statements

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities:				
Capital assets, being depreciated:				
Buildings	\$ 2.3	\$ -	\$ -	\$ 2.3
Computer software	0.1	-	(0.1)	-
Equipment and vehicles	3.0	-	(0.5)	2.5
Right-to-use leased buildings	3.9	2.6	-	6.4
Right-to-use leased equipment	0.1	-	-	0.1
Total capital assets, being depreciated	<u>9.3</u>	<u>2.6</u>	<u>(0.6)</u>	<u>11.3</u>
Less accumulated depreciation for:				
Buildings	(2.3)	-	-	(2.3)
Computer software	(0.1)	-	0.1	-
Equipment and vehicles	(2.5)	(0.1)	0.5	(2.1)
Right-to-use leased buildings	(1.0)	(0.9)	-	(1.9)
Right-to-use leased equipment	-	-	-	(0.1)
Total accumulated depreciation	<u>(5.9)</u>	<u>(1.1)</u>	<u>0.6</u>	<u>(6.3)</u>
Total capital assets, being depreciated, net	<u>3.4</u>	<u>1.5</u>	<u>-</u>	<u>5.0</u>
Business-type activity capital assets, net	<u>\$ 3.4</u>	<u>\$ 1.5</u>	<u>\$ -</u>	<u>\$ 5.0</u>

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

	Amount
Governmental Activities:	
General government	\$ 56.3
Education	1.6
Health and human services	40.4
Public safety and corrections	58.0
Conservation, environment, recreation, and agriculture	34.0
Labor, commerce, and regulatory	5.5
Transportation	39.3
Depreciation on capital assets held by the State's internal service funds charged to the various functions based on their use of the assets	249.7
Total Depreciation Expense - Governmental Activities	<u>\$ 484.8</u>
Business-type Activities:	
Enterprise	\$ 0.6
Total Depreciation Expense - Business-type Activities	<u>\$ 0.6</u>

Discretely Presented Component Units

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

	Amount
State Universities and Authorities:	
Land and other non-depreciable assets	\$ 265.1
Buildings, equipment, and other depreciable assets	8,984.9
Infrastructure non-depreciable	103.0
Construction in progress	353.4
Total	<u>9,706.4</u>
Less accumulated depreciation	<u>(4,147.3)</u>
Capital Assets, Net - Discretely Presented Component Units	<u>\$ 5,559.0</u>

Public-Private and Public-Public Partnerships

Northern Michigan University entered into an agreement on July 22, 2016, with a third party developer, Education Realty Trust (EdR), to construct and manage the premises of six resident living-learning community buildings with connectors, housing 1,229 beds, multipurpose meeting spaces, tutoring center, and classrooms. On September 20, 2018, EdR was acquired by Greystar. The project, known as the Woods, has a cost of \$79.6 million and is built on land owned by the University and leased to Greystar for a 75-year term. Under the terms of the Lease Agreement and the Operating Agreement, Greystar will control, manage, maintain, and

operate the project and will receive the Gross Revenue of the project, which consists of substantially all of the revenues and other income received from the operation of the project. Greystar is currently making rental payments to the University for the duration of the lease term based on a percentage of the Gross Revenue of the project. The University accounts for the Lease Agreement as a concession arrangement in accordance with GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, as amended. As a result, the University will begin depreciating the building at the end of the lease term.

Under the phase-in approach, Phase I consisted of two buildings that opened in August 2017 and two buildings that opened in January 2018. Phase II consisted of two buildings that opened in August 2018. The residence halls are reported as a capital asset with a carrying value of \$75.7 million as of June 30, 2025, and deferred inflows of resources in the amount of \$60.7 million as of June 30, 2025, pursuant to the service concession agreement. The University is responsible for the trash removal and insurance coverage for the term of the contract. As such, the University recorded a liability at June 30, 2025, at present value for trash removal and insurance in the amount of \$4.4 million. The 75-year term lease with Greystar includes maintenance standards for the facilities and parameters for the room rental rates for the contract duration. The University will receive a percentage of the total revenues and a share of the net income after Greystar achieves a minimum internal rate of return. The amount of deferred inflows of resources is included in Note 28.

On January 4, 2018, Eastern Michigan University entered into a 35-year lease and concession agreement with Provident Resources. Operations of the agreement began on April 23, 2018. ParkEMU operates the University's parking concession on the concessionaire's behalf. Under the agreement, ParkEMU operates, maintains, and retains parking revenues from the University's parking lots and structures. This agreement also regulates the parking rates that may be charged and future increases in these rates. The University received a lump sum payment of \$55.0 million from this agreement and will use the proceeds for University reserves and operations, as necessary. The University reported the parking lots and structures as capital assets with a carrying value of \$10.5 million at June 30, 2025.

On November 17, 2022, the University entered into a 35-year lease, development, and concession agreement with EMU Campus Living. Operations of the agreement began on November 17, 2022. EMU Campus Living operates the University's housing concession on the concessionaire's behalf. Under the agreement, EMU Campus Living operates, maintains, and retains tenant revenues from the University's housing and structures. This agreement also regulates the housing rates that may be charged and future increases in these rates. The concession will also lead to the renovation and construction of new housing facilities around campus which will be received and recognized by the University upon completion. The current amount of completed projects was \$159.2 million as of June 30, 2025.

The lump-sum payment and capital improvements under these service concession agreements are reported as deferred inflows of resources and are being amortized to operating revenue over the life of the agreements. Deferred inflows related to the lump sum payment and capital improvements were \$199.1 million at June 30, 2025. The amount of deferred inflows of resources is included in Note 28.

NOTE 10 – PENSION BENEFITS

Defined Benefit Pension Plans

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

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

Plan Description

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

Name	Type of Plan	Participating Employers
Legislative Retirement System (LRS)	Single Employer	1
State Police Retirement System (SPRS)	Single Employer	1
State Employees' Retirement System (SERS)	Single Employer	1
Public School Employees' Retirement System (PSERS) ⁽¹⁾	Cost sharing multiple employer	690
Judges' Retirement System (JRS)	Single Employer	1
Military Retirement Provisions (MRP)	Single Employer	1

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

Michigan
Notes to the Financial Statements

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

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

At September 30, 2024, the measurement date, the following employees were covered by the benefit terms.

	SERS ⁽²⁾	LRS	SPRS	JRS	MRP
Inactive employees or beneficiaries currently receiving benefits ⁽³⁾	58,928	228	3,448	506	4,642
Inactive employees entitled to but not yet receiving benefits	1,419	2	23	-	3,061
Active employees	3,469	-	1,616	26	9,646
DROP program participants ⁽⁴⁾	-	-	308	-	-
Total	<u>63,816</u>	<u>230</u>	<u>5,395</u>	<u>532</u>	<u>17,349</u>

- (2) The component unit employee membership is included within the SERS pension plan. A breakout of the component unit employee membership is unavailable.
- (3) LRS employee count includes nine domestic relations orders (DRO) alternate payees for 2024. Sometimes a retiree must share their pension benefit when they retire because of a DRO or the DRO could still receive benefits after the retiree associated with the DRO dies, so the DRO is accounted for as a separate employee.
- (4) SPRS employee count includes Deferred Retirement Option Plan (DROP) employees. Michigan Compiled Laws (MCL) Section 38.1624a amended the State Police Retirement Act to create a DROP for SPRS members with 25 years of service. This benefit program allows state police who are eligible to retire to defer their retirement and keep working for up to six years.

Basis of Accounting

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

Benefit Payments

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

Valuation of Plan Investments

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

Contributions

The statute requires the employer to contribute to finance the benefits of plan members. These employer contributions are determined annually by the System's actuary. For fiscal year 2025, the contribution rates for SERS were 23.7 to 27.6 percent of the defined benefit employee wages and 17.6 percent of the defined contribution employee wages. The contribution rates for SPRS were 83.8 percent and 85.4 percent of the defined benefit employee wages for non-command and command officers, respectively, and 69.6 percent of the hybrid defined benefit and defined contribution employee wages. The actuarially determined contribution was \$899.4 thousand for JRS, \$2.8 million for MRP, and \$13.8 million for LRS. The employer contribution to SERS, SPRS, JRS, MRP, and LRS for the fiscal year ending September 30, 2025, was \$869.9 million from the primary government and \$15.1 million from its component units (SERS only).

Michigan
Notes to the Financial Statements

Net Pension Liability

The net pension liability for SERS, SPRS, JRS, MRP, and LRS was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023, and rolled forward using generally accepted actuarial procedures.

Actuarial Valuations and Assumptions

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

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

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

	LRS	SPRS	SERS	JRS	MRP
Latest actuarial valuation date	9/30/2023	9/30/2023	9/30/2023	9/30/2023	9/30/2023
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level dollar open	Level percent of payroll closed	Level dollar closed	Level dollar closed	Level dollar closed
Remaining amortization period as of October 1, 2023	10 years	15 years	13 years	13 years	15 years
Asset valuation method	Fair value	Fair value	Fair value	Fair value	Fair value
Actuarial assumption:					
Investment rate of return	4.2%	6.2%	6.0%	6.0%	6.0%
Projected salary increases	4.0%	3.3-82.8%	2.8-11.8%	3.3%	2.8%
Includes wage inflation at	4.0%	2.8%	2.8%	2.8%	2.8%
Cost-of-living adjustments	4.0% annual compounded (non-compounded for legislators who first became members after 1/1/1995)	2.0% annual non-compounded maximum annual increase \$500 for those eligible	3.0% annual non-compounded with maximum annual increase \$300 for those eligible	Assumed 3.3% compounded for those eligible	Assumed 2.8% compounded for those eligible

For retirees, SERS, JRS, and LRS use the PubG-2010 Male and Female Retiree Mortality Tables. For SERS retirees, values are scaled by 104 percent for males and 115 percent for females; for JRS and LRS retirees, values are scaled by 100 percent for males and females. For active employees, SERS, JRS, and LRS use the PubG-2010 Male and Female Employee Mortality Tables, scaled by 100 percent for males and females. For retirees, SPRS and MRP use the PubS-2010 Male and Female Retiree Mortality Tables, scaled by 89 percent for males and 99 percent for females. For active employees, SPRS and MRP use the PubS-2010 Male and Female Employee Mortality Tables, scaled by 100 percent for males and females. For all plans, values are adjusted for mortality improvements using projection scale MP-2021 from 2010.

Actuarial Assumptions Changes

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted for use in the annual pension valuations beginning with the September 30, 2023, valuations for SERS, SPRS, LRS and JRS. Assumption changes as a result of an experience study for the period 2017 through 2020 have been adopted for use in the annual pension valuations beginning with the September 30, 2023, valuation for MRP.

The investment return assumption remained at 6.0 percent for SERS, 6.0 percent for MRP, 6.0 percent for JRS, and 7.0 percent for LRS, and was lowered from 6.2 percent to 6.0 percent for SPRS Non-Hybrid plan and SPRS Hybrid plan for use in the annual

Michigan
Notes to the Financial Statements

funding valuations from the September 30, 2023, valuation to the September 30, 2024, valuation. The September 30, 2024, funding valuation will establish the actuarially determined contribution amounts for fiscal year 2027 for SERS, SPRS, and MRP and fiscal year 2025 for JRS and LRS.

There were no other changes in actuarial assumptions from the September 30, 2023, valuation to the September 30, 2024, valuation.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024, are summarized in the following tables:

Asset Allocation for SERS, SPRS, JRS, and MRP

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.3%
Private Equity Pools	16.0	9.0
International Equity Pools	15.0	6.5
Fixed Income Pools	13.0	2.2
Real Estate & Infrastructure Pools	10.0	7.1
Absolute Return Pools	9.0	5.2
Real Return and Opportunistic Pools	10.0	6.9
Short-Term Investment Pools	2.0	1.4
Total	<u>100.0%</u>	

*Long-term Rate of Returns are net of administrative expenses and 2.3 percent inflation.

Asset Allocation for LRS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return**
Large Cap Equity	24.5%	3.5 %
Small Cap Equity	9.0	4.3
International Equity	18.5	4.7
Emerging Markets	7.0	5.3
Fixed Income	23.0	2.6
Hedge Fund	10.0	3.1
Real Assets	7.0	4.3
Cash	1.0	0.8
Total	<u>100.0%</u>	

**Real rate of return is based on investment manager inflation assumption of 2.8 percent.

Rate of Return

For the year ended September 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.5 percent for SERS, 15.5 percent for SPRS, 15.4 percent for JRS, 15.2 percent for MRP, and 23.9 percent for LRS. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

For SERS, a discount rate of 6.0 percent, for both the current and prior year, was used to measure the total pension liability. This discount rate was based on the long-term expected rate of return on pension plan investments of 6.0 percent. For SPRS, a discount rate of 6.2 percent, for both the current and prior year, was used to measure the total pension liability (6.2 percent for the Pension Plus Plan, for both the current and prior year). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.2 percent. For MRP, a discount rate of 6.0 percent, for both current and prior year, was used to measure the total pension liability. This discount rate was based on the long-term expected rate of return on pension

Michigan
Notes to the Financial Statements

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

For LRS, the single discount rate of 4.2 percent, compared to the prior year's 4.9 percent, was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.0 percent and a municipal bond rate of 3.8 percent (the municipal bond rate is based on an index of twenty-year general obligation bonds with average AA credit ratings, which is published by the Federal Reserve). The projection of cash flows used to determine this single discount rate assumes that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2031. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2031, and the municipal bond rate was applied to all benefit payments after that date.

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

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

	1% Decrease 5.0%	Current Discount 6.0%	1% Increase 7.0%
SERS Net Pension Liability/(Asset):			
Primary Government	\$ 5,724,598.8	\$ 3,988,383.0	\$ 2,501,108.3
Component Units	118,468.4	82,538.0	51,759.5
Total	<u>\$ 5,843,067.1</u>	<u>\$ 4,070,921.1</u>	<u>\$ 2,552,867.8</u>

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

	1% Decrease 5.2%	Current Discount 6.2%	1% Increase 7.2%
SPRS Net Pension Liability/(Asset)	\$ 1,018,103.9	\$ 690,375.0	\$ 420,052.8

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

	1% Decrease 5.0%	Current Discount 6.0%	1% Increase 7.0%
MRP Net Pension Liability/(Asset)	\$ 18,246.8	\$ 8,735.1	\$ 942.3

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

	1% Decrease 5.0%	Current Discount 6.0%	1% Increase 7.0%
JRS Net Pension Liability/(Asset)	\$ (10,620.5)	\$ (29,392.2)	\$ (45,769.4)

The following presents LRS's net pension liability (asset), calculated using a discount rate of 4.2 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 3.2%	Current Discount 4.2%	1% Increase 5.2%
LRS Net Pension Liability/(Asset)	\$ 169,070.1	\$ 142,407.9	\$ 120,155.6

Michigan
Notes to the Financial Statements

Changes in the Net Pension Liability/Asset

For the year ended September 30, 2025, the State recognized a net pension liability of \$4.9 billion for SERS, SPRS, LRS, and MRP, and a net pension asset of \$29.4 million for JRS.

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

	Primary Government Increase (Decrease)			Component Units Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at 9/30/2024	\$ 18,612.4	\$ 13,072.5	\$ 5,539.9	\$ 386.8	\$ 271.6	\$ 115.1
Changes for the year:						
Service cost	51.1	-	51.1	1.1	-	1.1
Interest	1,074.1	-	1,074.1	22.2	-	22.2
Differences between expected and actual experience	(4.5)	-	(4.5)	(0.1)	-	(0.1)
Changes of assumptions	-	-	-	-	-	-
Contributions - employer	-	708.4	(708.4)	-	14.7	(14.7)
Contributions - member	-	14.2	(14.2)	-	0.3	(0.3)
Net investment income	-	1,962.4	(1,962.4)	-	40.6	(40.6)
Benefit payments, including refunds of member contributions	(1,476.4)	(1,476.4)	-	(30.6)	(30.6)	-
Administrative expenses	-	(6.1)	6.1	-	(0.1)	0.1
Other expenses	1.5	(5.2)	6.7	(1.5)	(1.2)	(0.3)
Net changes	(354.2)	1,197.3	(1,551.5)	(8.9)	23.7	(32.6)
Balances at 9/30/2025	\$ 18,258.2	\$ 14,269.8	\$ 3,988.4	\$ 377.8	\$ 295.3	\$ 82.5

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

	Primary Government Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 9/30/2024	\$ 2,729.4	\$ 1,870.9	\$ 858.5
Changes for the year:			
Service cost	30.2	-	30.2
Interest	163.4	-	163.4
Differences between expected and actual experience	26.3	-	26.3
Changes of assumptions	-	-	-
Contributions - employer	-	101.7	(101.7)
Contributions - member	-	4.6	(4.6)
Net investment income	-	282.5	(282.5)
Benefit payments, including refunds of member contributions	(173.9)	(173.9)	-
Administrative and other expenses	-	(0.8)	0.8
Net changes	46.1	214.2	(168.1)
Balances at 9/30/2025	\$ 2,775.5	\$ 2,085.1	\$ 690.4

Michigan
Notes to the Financial Statements

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

	Primary Government Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 9/30/2024	\$ 78.2	\$ 63.4	\$ 14.8
Changes for the year:			
Service cost	0.8	-	0.8
Interest	4.6	-	4.6
Differences between expected and actual experience	(0.7)	-	(0.7)
Changes of assumptions	-	-	-
Contributions - employer	-	1.4	(1.4)
Net investment income	-	9.7	(9.7)
Benefit payments, including refunds of member contributions	(4.1)	(4.1)	-
Administrative and other expenses	-	(0.2)	0.2
Net changes	0.6	6.7	(6.1)
Balances at 9/30/2025	<u>\$ 78.8</u>	<u>\$ 70.1</u>	<u>\$ 8.7</u>

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

	Primary Government Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 9/30/2024	\$ 215.4	\$ 84.8	\$ 130.6
Changes for the year:			
Interest	10.2	-	10.2
Differences between expected and actual experience	2.0	-	2.0
Changes of assumptions	19.3	-	19.3
Contributions - employer	-	0.9	(0.9)
Net investment income	-	19.1	(19.1)
Benefit payments, including refunds of member contributions	(14.8)	(14.8)	-
Administrative and other expenses	-	(0.4)	0.4
Net changes	16.6	4.8	11.8
Balances at 9/30/2025	<u>\$ 232.0</u>	<u>\$ 89.6</u>	<u>\$ 142.4</u>

Michigan
Notes to the Financial Statements

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

	Primary Government Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 9/30/2024	\$ 252.3	\$ 261.8	\$ (9.5)
Changes for the year:			
Service cost	0.8	-	0.8
Interest	14.4	-	14.4
Differences between expected and actual experience	4.7	-	4.7
Changes of assumptions	-	-	-
Contributions - employer	-	1.0	(1.0)
Contributions - member	-	0.2	(0.2)
Net investment income	-	38.9	(38.9)
Benefit payments, including refunds of member contributions	(25.9)	(25.9)	-
Administrative and other expenses	-	(0.3)	0.3
Net changes	(6.0)	13.9	(19.9)
Balances at 9/30/2025	<u>\$ 246.3</u>	<u>\$ 275.7</u>	<u>\$ (29.4)</u>

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

For the year ended September 30, 2025, the State recognized pension expense related to the primary government and its component units of \$40.8 million and negative \$1.9 million, respectively. Pension expense by plan is listed in the table below (in millions):

Plan	Primary Government	Component Unit
SERS	\$ (69.7)	\$ (1.9)
SPRS	85.7	-
MRP	4.1	-
LRS	25.0	-
JRS	(4.4)	-
Total	<u>\$ 40.8</u>	<u>\$ (1.9)</u>

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

	Primary Government					Component Unit	Total
	SERS	SPRS	MRP	LRS	JRS	SERS Only	
Deferred Outflows of Resources:							
Difference between expected and actual experience	\$ -	\$ 56.3	\$ 6.4	\$ -	\$ -	\$ -	\$ 62.7
Changes of assumptions	-	102.2	1.8	-	-	-	104.0
Contributions subsequent to the measurement date	742.4	123.8	2.8	-	0.9	15.1	884.9
Total Deferred Outflows of Resources:	<u>\$ 742.4</u>	<u>\$ 282.4</u>	<u>\$ 10.9</u>	<u>\$ -</u>	<u>\$ 0.9</u>	<u>\$ 15.1</u>	<u>\$ 1,051.7</u>
Deferred Inflows of Resources:							
Difference between expected and actual experience	\$ -	\$ -	\$ 0.9	\$ -	\$ -	\$ -	\$ 0.9
Net difference between projected and actual earnings on pension plan investments	986.4	133.4	4.8	6.4	20.7	20.4	1,172.2
Total Deferred Inflows of Resources:	<u>\$ 986.4</u>	<u>\$ 133.4</u>	<u>\$ 5.7</u>	<u>\$ 6.4</u>	<u>\$ 20.7</u>	<u>\$ 20.4</u>	<u>\$ 1,173.2</u>

Michigan
Notes to the Financial Statements

Amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows (amounts in millions):

Year Ended September 30	Primary Government Pension Expense Amount					Component Unit Pension Expense Amount	Total
	SERS	SPRS	MRP	LRS	JRS	SERS Only	
2026	\$ (460.3)	\$ 1.6	\$ 1.8	\$ (1.6)	\$ (10.1)	\$ (9.5)	\$ (478.2)
2027	11.7	54.1	3.5	2.0	0.2	0.2	71.7
2028	(297.6)	(7.4)	(1.6)	(4.0)	(6.0)	(6.2)	(322.8)
2029	(240.2)	(24.1)	(1.2)	(2.7)	(4.8)	(5.0)	(278.0)
2030	N/A	0.9	N/A	N/A	N/A	N/A	0.9

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

Defined Contribution Pension Plans

State of Michigan Defined Contribution Retirement Plan

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

The State is required to contribute 4.0 percent of annual covered payroll. The State is also required to match employee contributions up to 3.0 percent of annual covered payroll. The Plan provides for eligible public school reporting units and the Michigan State Police to make a mandatory contribution of 50.0 percent of participants' voluntary contributions up to 1.0 percent of compensation. The Plan also provides for the EAA to make a mandatory contribution of 100 percent of participants' voluntary contributions up to 7.5 percent of compensation. The EAA was dissolved effective June 30, 2017, and the plan no longer receives new EAA contributions; however, the plan will remain open as long as former EAA employee balances remain in the plan. The Plan also provides for the Public School Reporting Units to make a matching contribution of 100 percent of defined contribution participants' voluntary contributions up to 3.0 percent of compensation. In addition, the Plan provides a Personal Healthcare Fund for State of Michigan employees hired on or after January 1, 2012, Michigan State Police officers hired on or after June 10, 2012, and Public School employees hired on or after September 4, 2012, with an employer match of up to 2.0 percent of compensation. State of Michigan employees hired prior to January 1, 2012, who elected to transfer to this plan received an employer match up to 2.0 percent of future compensation plus a monetized amount for existing years of service distributed on termination. Plan provisions and contribution requirements are established and may be amended by the Legislature. The reports may be obtained by visiting www.michigan.gov/ors or by calling (517) 284-4400.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in the State contributions and earnings on State contributions after completion of 48 months of credited service with the State. Nonvested contributions are forfeited upon termination of employment. Forfeitures are used to offset future State contributions and pay administrative expenses of the Plan. For the year ended September 30, 2025, the State recognized pension expense of \$324.7 million; forfeitures reduced the State's pension expense by \$12.1 million.

Component Units

In addition to the PSERS, the State university component units participate in a defined contribution multiple-employer pension plan primarily administered by the Teachers' Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) and also, in some cases, Fidelity Investments. The State university component units are required to contribute between 4.0 percent and 16.0 percent of annual covered payroll, as determined by each institution's employment agreements. The total contribution to the TIAA-CREF and Fidelity Investments for all State university component units was \$134.0 million for the year ending June 30, 2025.

Michigan
Notes to the Financial Statements

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

Effective January 1, 2004, the State Bar of Michigan assumed responsibility for the retirement plans of State Bar employees who participated in the Plan. All monies held in the Plan on behalf of participating State Bar employees were subsequently transferred to the newly established State Bar 401(a) retirement plan and the 457(b) retirement plan. The State Bar of Michigan is required to make minimum contributions and may establish other benefit provisions for their retirement plans. The State Bar of Michigan's contribution to the new plans was \$427.6 thousand for the year ending September 30, 2025.

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

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

Other Postemployment Benefit Plans

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

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

Plan Description

The State of Michigan administers the following OPEB plans:

Name	Type of Plan	Participating Employers
Legislative Retirement System (LRS)	Single employer	1
State Police Retirement System (SPRS)	Single employer	1
State Employees' Retirement System (SERS)	Single employer	1
Public School Employees' Retirement System (PSERS) ⁽¹⁾	Cost sharing multiple employer	690
Judges' Retirement System (JRS)	Single employer	1
Postemployment Life Insurance Benefit (PELIB) ⁽²⁾	Single employer	1

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

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

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

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

At September 30, 2024, the measurement date, the following employees were covered by the benefit terms:

	SERS ⁽³⁾	LRS	SPRS	JRS
Eligible participants ⁽⁴⁾	60,067	363	3,179	43
Participants receiving benefits:				
Health ⁽⁴⁾	50,048	333	3,030	43
Dental	52,639	-	3,044	-
Vision	52,413	-	3,040	-
Active members	50,066	1	1,616	37
Inactive vested members ⁽⁵⁾	5,358	-	331	24
Deferred participants	-	57	-	-

- (3) The component unit employee membership is included within the SERS OPEB plan. A breakout of the component unit employee membership is unavailable.
- (4) SERS, SPRS, and JRS eligible participants count represents eligible retirees and survivors. LRS employee count includes 117 defined contribution participants at September 30, 2024, who are receiving health care insurance through the System in accordance with State statute. At September 30, 2024, the number of defined contribution participants who were eligible for health care insurance but declined to receive the benefits was 28.
- (5) SPRS employee count includes Deferred Retirement Option Plan (DROP) employees. MCL 38.1624a amended the State Police Retirement Act to create a DROP for SPRS members with 25 years of service. This benefit program allows State Police who are eligible to retire to defer their retirement and keep working for up to six years.

Basis of Accounting

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

Benefit Payments

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

Valuation of Plan Investments

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

Contributions

The statute requires the employer to contribute to finance the benefits of plan members. These employer contributions are determined annually by the System's actuary. For fiscal year 2025, the contribution rate for SERS was 6.2 percent of the defined benefit employee wages and the defined contribution employee wages. The contribution rate for SPRS was 26.3 percent of wages for defined benefit non-command and command officers and hybrid defined benefit non-command and command officers. The actuarially determined contribution was \$0 for JRS and \$8.0 million for LRS. The employer contribution to SERS, SPRS, JRS, and LRS for the fiscal year ending September 30, 2025, was \$306.4 million from the primary government and \$5.0 million from its component units (SERS only).

Net OPEB Liability

The net OPEB liability for SERS, SPRS, JRS, and LRS was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2023, and rolled forward using generally accepted actuarial procedures.

Actuarial Valuations and Assumptions

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

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

Michigan
Notes to the Financial Statements

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

	LRS	SPRS	SERS	JRS
Latest actuarial valuation date	9/30/2023	9/30/2023	9/30/2023	9/30/2023
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level dollar closed	Level percent of payroll closed	Level percent of payroll closed	Level percent of payroll open
Remaining amortization period as of October 1, 2023	17 years	15 years	13 years	20 years
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value
Actuarial assumption:				
Investment rate of return	7.0%	6.3%	6.2%	6.0%
Projected salary increases	4.0%	3.3 – 82.8%	2.8 – 11.8%	3.3%
Includes wage inflation at	4.0%	2.8%	2.8%	2.8%
Healthcare cost trend rate:				
Medical/Prescription	Pre-65: 7.3% & Post-65: 6.5% Year 1 graded to 3.5% Year 15	Pre-65: 7.3% & Post-65: 6.5% Year 1 graded to 3.5% Year 15	Pre-65: 7.3% & Post-65: 6.5% Year 1 graded to 3.5% Year 15	Pre-65: 7.3% & Post-65: 6.5% Year 1 graded to 3.5% Year 15
Dental/Vision	3.5% all years	3.5% all years	3.5% all years	N/A

For retirees, SERS, JRS, and LRS use the PubG-2010 Male and Female Retiree Mortality Tables. For SERS retirees, values are scaled by 104 percent for males and 115 percent for females; for JRS and LRS retirees, values are scaled by 100 percent for males and females. For active employees, SERS, JRS, and LRS use the PubG-2010 Male and Female Employee Mortality Tables, scaled by 100 percent for males and females. For retirees, SPRS uses the PubS-2010 Male and Female Retiree Mortality Tables, scaled by 89 percent for males and 99 percent for females. For active employees, SPRS uses the PubS-2010 Male and Female Employee Mortality Tables, scaled by 100 percent for males and females. For all plans, values are adjusted for mortality improvements using projection scale MP-2021 from 2010.

Actuarial Assumptions Changes

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted for use in the annual OPEB valuations beginning with the September 30, 2023, valuations for SERS, SPRS, LRS, and JRS. The healthcare cost trend rate, which is used to determine how much per capita costs are expected to increase from one year to the next, changed for SERS, SPRS, and JRS from the September 30, 2023, valuation to the September 30, 2024, valuation.

The investment return assumption changed from 6.2 percent to 6.0 percent for SERS, and from 6.3 percent to 6.1 percent for SPRS, and remained 6.0 percent for JRS and 4.0 percent for LRS for use in the annual funding valuations from the September 30, 2023, valuation to the September 30, 2024, valuation. The September 30, 2024, funding valuation will establish the actuarially determined contribution amounts for fiscal year 2027 for SERS and SPRS and for fiscal year 2025 for JRS and LRS.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2024, are summarized in the following tables:

Asset Allocation for SERS, SPRS, and JRS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.3 %
Private Equity Pools	16.0	9.0
International Equity Pools	15.0	6.5
Fixed Income Pools	13.0	2.2
Real Estate & Infrastructure Pools	10.0	7.1
Absolute Return Pools	9.0	5.2
Real Return and Opportunistic Pools	10.0	6.9
Short-Term Investment Pools	2.0	1.4
Total	<u>100.0%</u>	

*Long-term Rate of Returns are net of administrative expenses and 2.3 percent inflation.

Asset Allocation for LRS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return**
Large Cap Equity	24.5%	3.5 %
Small Cap Equity	9.0	4.3
International Equity	18.5	4.7
Emerging Markets	7.0	5.3
Fixed Income	23.0	2.6
Hedge Fund	10.0	3.1
Real Assets	7.0	4.3
Cash	1.0	0.8
Total	<u>100.0%</u>	

**Real rate of return is based on investment manager inflation assumption of 2.8 percent.

Rate of Return

For the year ended September 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 15.2 percent for SERS, 15.1 percent for SPRS, 11.5 percent for JRS, and 18.7 percent for LRS. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

Michigan
Notes to the Financial Statements

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

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

	1% Decrease 5.2%	Current Discount 6.2%	1% Increase 7.2%
SERS Net OPEB Liability/(Asset):			
Primary Government	\$ 1,095,965.2	\$ 332,257.9	\$ (317,092.6)
Component Units	23,096.7	7,002.1	(6,682.5)
Total	\$ 1,119,061.9	\$ 339,260.0	\$ (323,775.1)

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

	1% Decrease 5.3%	Current Discount 6.3%	1% Increase 7.3%
SPRS Net OPEB Liability/(Asset)	\$ 357,769.2	\$ 277,338.0	\$ 209,540.9

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

	1% Decrease 5.0%	Current Discount 6.0%	1% Increase 7.0%
JRS Net OPEB Liability/(Asset)	\$ (6,065.1)	\$ (6,860.2)	\$ (7,536.8)

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

	1% Decrease 6.0%	Current Discount 7.0%	1% Increase 8.0%
LRS Net OPEB Liability/(Asset)	\$ 64,341.8	\$ 53,856.8	\$ 45,049.9

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

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
SERS Net OPEB Liability/(Asset):			
Primary Government	\$ (347,949.1)	\$ 332,257.9	\$ 1,105,737.3
Component Units	(7,332.8)	7,002.1	23,302.7
Total	\$ (355,281.9)	\$ 339,260.0	\$ 1,129,040.0

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
SPRS Net OPEB Liability/(Asset)	\$ 206,469.0	\$ 277,338.0	\$ 358,934.9
JRS Net OPEB Liability/(Asset)	(7,564.8)	(6,860.2)	(6,058.0)
LRS Net OPEB Liability/(Asset)	44,371.1	53,856.8	65,006.1

Michigan
Notes to the Financial Statements

Changes in the Net OPEB Liability/Asset

For the year ended September 30, 2025, the State recognized a net OPEB liability of \$670.5 million for SERS, SPRS, and LRS, and a net OPEB asset of \$6.9 million for JRS.

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

	Primary Government Increase (Decrease)			Component Units Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) – (b)	(a)	(b)	(a) – (b)
Balances at 9/30/2024	\$ 7,268.2	\$ 5,622.4	\$ 1,645.8	\$ 153.5	\$ 118.7	\$ 34.8
Changes for the year:						
Service cost	76.6	-	76.6	1.6	-	1.6
Interest	444.3	-	444.3	9.4	-	9.4
Differences between expected and actual experience	(705.8)	-	(705.8)	(14.9)	-	(14.9)
Changes of assumptions	165.8	-	165.8	3.5	-	3.5
Contributions – employer	-	444.0	(444.0)	-	9.4	(9.4)
Net investment income	-	857.9	(857.9)	-	18.1	(18.1)
Benefit payments, including refunds of member contributions	(282.7)	(282.7)	-	(6.0)	(6.0)	-
Administrative expenses	-	(1.6)	1.6	-	-	-
Other changes	0.3	(5.6)	5.9	(0.3)	(0.4)	0.1
Net changes	(301.5)	1,012.0	(1,313.5)	(6.7)	21.1	(27.8)
Balances at 9/30/2025	\$ 6,966.7	\$ 6,634.4	\$ 332.3	\$ 146.8	\$ 139.8	\$ 7.0

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

	Primary Government Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) – (b)
Balances at 9/30/2024	\$ 748.3	\$ 414.1	\$ 334.2
Changes for the year:			
Service cost	9.4	-	9.4
Interest	45.9	-	45.9
Differences between expected and actual experience	(16.1)	-	(16.1)
Changes of assumptions	13.0	-	13.0
Contributions – employer	-	45.6	(45.6)
Net investment income	-	63.5	(63.5)
Benefit payments, including refunds of member contributions	(38.1)	(38.1)	-
Administrative and other expenses	-	(0.1)	0.1
Net changes	14.1	71.0	(56.9)
Balances at 9/30/2025	\$ 762.4	\$ 485.1	\$ 277.3

Michigan
Notes to the Financial Statements

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

	Primary Government Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) – (b)
Balances at 9/30/2024	\$ 77.0	\$ 36.2	\$ 40.7
Changes for the year:			
Interest	5.2	-	5.2
Differences between expected and actual experience	13.3	-	13.3
Changes of assumptions	6.5	-	6.5
Contributions – employer	-	5.1	(5.1)
Net investment income	-	6.3	(6.3)
Benefit payments, including refunds of member contributions	(5.6)	(5.6)	-
Administrative and other expenses	-	0.4	(0.4)
Net changes	19.4	6.3	13.1
Balances at 9/30/2025	\$ 96.4	\$ 42.5	\$ 53.9

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

	Primary Government Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) – (b)
Balances at 9/30/2024	\$ 7.1	\$ 12.5	\$ (5.3)
Changes for the year:			
Service cost	0.2	-	0.2
Interest	0.4	-	0.4
Differences between expected and actual experience	(0.5)	-	(0.5)
Changes of assumptions	0.2	-	0.2
Contributions – employer	-	-	-
Contributions – member	-	0.1	(0.1)
Net investment income	-	1.8	(1.8)
Benefit payments, including refunds of member contributions	(0.1)	(0.1)	-
Administrative and other expenses	-	-	-
Net changes	0.3	1.8	(1.5)
Balances at 9/30/2025	\$ 7.4	\$ 14.3	\$ (6.9)

Michigan
Notes to the Financial Statements

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

For the year ended September 30, 2025, the State recognized OPEB expense related to the primary government and its component units of negative \$950.0 million and negative \$8.5 million, respectively. The portion of OPEB expense for PELIB can be found in the Postemployment Life Insurance Benefit section of this note. The portion of OPEB expense for SERS, SPRS, LRS, and JRS is listed by plan in the table below (in millions):

Plan	Primary Government	Component Units
SERS	\$ (961.4)	\$ (10.3)
SPRS	(11.2)	-
LRS	22.0	-
JRS	(1.8)	-
Total	<u>\$ (952.4)</u>	<u>\$ (10.3)</u>

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

	Primary Government				Component Units	
	SERS	SPRS	LRS	JRS	SERS Only	Total
Deferred Outflows of Resources:						
Changes of assumptions	\$ 536.4	\$ 62.1	\$ -	\$ 0.3	\$ 11.3	\$ 610.2
Changes in proportion and differences between employer contributions and proportionate share of contributions	20.4	-	-	-	24.1	44.5
Contributions subsequent to the measurement date	256.2	44.7	5.4	-	5.0	311.4
Total Deferred Outflows of Resources:	<u>\$ 813.1</u>	<u>\$ 106.8</u>	<u>\$ 5.4</u>	<u>\$ 0.3</u>	<u>\$ 40.4</u>	<u>\$ 966.1</u>
Deferred Inflows of Resources:						
Difference between expected and actual experience	\$ 2,662.4	\$ 127.2	\$ -	\$ 1.5	\$ 56.1	\$ 2,847.3
Changes of assumptions	90.2	1.7	-	-	1.9	93.9
Net difference between projected and actual earnings on OPEB plan investments	356.5	26.8	1.1	0.7	7.5	392.7
Changes in proportion and differences between employer contributions and proportionate share of contributions	29.7	-	-	-	5.5	35.2
Total Deferred Inflows of Resources:	<u>\$ 3,138.9</u>	<u>\$ 155.8</u>	<u>\$ 1.1</u>	<u>\$ 2.2</u>	<u>\$ 71.0</u>	<u>\$ 3,369.0</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB for SERS, SPRS, LRS, and JRS will be recognized in OPEB expense as follows (amounts in millions):

Year Ended September 30	Primary Government OPEB Expense Amount				Component Units OPEB Expense Amount	
	SERS	SPRS	LRS	JRS	SERS Only	Total
2026	\$ (1,002.7)	\$ (38.5)	\$ (0.1)	\$ (1.1)	\$ (10.6)	\$ (1,053.0)
2027	(577.4)	(17.6)	0.8	(0.3)	(5.2)	(599.7)
2028	(569.1)	(18.8)	(1.1)	(0.3)	(10.9)	(600.1)
2029	(365.7)	(18.4)	(0.8)	(0.2)	(7.5)	(392.5)
2030	(67.2)	(0.3)	-	-	(1.4)	(69.0)

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

Postemployment Life Insurance Benefit

Plan Description

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

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

Benefits Provided

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

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

Contributions

The State contributes 100 percent of the premiums for employee and retiree life insurance coverage. The premium rate for fiscal year 2025 was 32.0 cents for each \$1,000 of coverage of active payroll from October 1, 2024, through September 30, 2025. The employee contributes 100 percent of the premiums for dependent life coverage, and an employee must have been enrolled in dependent life insurance to maintain eligibility for dependent coverage as a retiree. The State is liable for benefit payments that exceed premiums paid. The Michigan Civil Service Commission is responsible for establishing and amending funding policies. The employer contribution to PELIB for retirees and their eligible dependents for the fiscal year ending September 30, 2025, was \$39.4 million from the primary government and \$859.2 thousand from its component units.

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

Total OPEB Liability

The total OPEB liability for PELIB as of the September 30, 2024, measurement date is based on the result of an actuarial valuation date of September 30, 2023.

Actuarial Valuations and Assumptions

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

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

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2023
Actuarial Cost Method:	Individual Entry-Age
Wage Inflation Rate:	2.8%
Investment Rate of Return (discount rate):	3.8% per year

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

Michigan
Notes to the Financial Statements

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

Spouse Benefits for Future Retirees: The following loads were applied to active member liabilities to account for potential postemployment life insurance benefits for the spouses of future retirees: JRS, 1.0 percent; MRP, 1.5 percent; SPRS, 2.3 percent; SERS, 1.0 percent.

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

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

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

Discount Rate

A discount rate of 3.8 percent was used to measure the ending total OPEB liability for PELIB as of September 30, 2024. This discount rate was based on the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date since PELIB has no assets. The discount rate used to measure the total OPEB liability as of September 30, 2023, was 4.6 percent. An increase in the discount rate used affects the measurement of total OPEB liability for PELIB by decreasing its total OPEB liability.

Total OPEB Liability for Postemployment Life Insurance Benefits

PELIB total liability is measured as the total liability, less the amount of the PELIB net position. In actuarial terms, this is the accrued liability less the market value of assets. PELIB has no assets (amounts below are in millions).

Total OPEB Liability as of September 30, 2023	\$	965.9
Total OPEB Liability as of September 30, 2024		1,104.5
Total Covered Employee Payroll		3,734.6
Total Liability as a Percentage of Covered Employee Payroll		29.6%

Sensitivity of the Total OPEB Liability for Postemployment Life Insurance

The following table presents total OPEB liability for PELIB, calculated using a Single Discount Rate of 3.8 percent, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher (in millions):

	1% Decrease 2.8%	Current Discount 3.8%	1% Increase 4.8%
PELIB Total OPEB Liability:			
Primary Government	\$ 1,260.9	\$ 1,082.6	\$ 940.0
Component Units	25.4	21.8	19.0
Total	\$ 1,286.4	\$ 1,104.5	\$ 958.9

Michigan
Notes to the Financial Statements

Changes in the Total OPEB Liability

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

	Primary Government Increase (Decrease) Total OPEB Liability	Component Units Increase (Decrease) Total OPEB Liability
Balances at 9/30/2024	\$ 946.6	\$ 19.2
Changes for the year:		
Service cost	12.6	0.3
Interest	43.3	0.9
Differences between expected and actual experience	(2.2)	-
Changes of assumptions	119.2	2.4
Benefit payments, including refunds of member contributions	(37.0)	(0.7)
Other changes	0.1	(0.1)
Net changes	136.0	2.6
Balances at 9/30/2025	\$ 1,082.6	\$ 21.8

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

For the year ended September 30, 2025, the State recognized OPEB expense related to PELIB of \$2.4 million for the primary government and \$1.8 million for the component units. The deferred outflows of resources and deferred inflows of resources related to PELIB are included in Note 28 and in the table below (in millions):

	Primary Government	Component Units
Deferred Outflows of Resources:		
Changes of assumptions	\$ 126.4	\$ 2.5
Changes in proportion and differences between employer contributions and proportionate share of contributions	1.9	5.3
Contributions subsequent to the measurement date	39.4	0.8
Total Deferred Outflows of Resources:	\$ 167.7	\$ 8.6
Deferred Inflows of Resources:		
Difference between expected and actual experience	\$ 42.8	\$ 0.9
Changes of assumptions	227.1	4.6
Changes in proportion and differences between employer contributions and proportionate share of contributions	5.6	1.5
Total Deferred Inflows of Resources:	\$ 275.5	\$ 7.0

Amounts reported as deferred outflows of resources related to PELIB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the total PELIB liability in the year ended September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to PELIB will be recognized in PELIB expense as follows (amounts in millions):

Year Ended September 30	Primary Government PELIB Expense Amount	Component Units PELIB Expense Amount
2026	\$ (59.6)	\$ 0.6
2027	(66.9)	0.3
2028	(52.3)	(0.7)
2029	11.8	0.3
2030	19.5	0.4
Thereafter	0.3	-

NOTE 12 – VENDOR FINANCING

Accounting Policy

The State acquires various capital assets with long-term vendor financing. Contracts that transfer ownership of the underlying assets to the State by the end of the vendor financing term and do not contain unconditional termination options (but may include fiscal funding clauses that are not reasonably certain of being exercised) are classified as financed purchases of the assets. Other contracts that convey control of the right to use other entities' nonfinancial assets to the State are classified as leases or subscriptions. Subscriptions for the State primarily relate to arrangements that convey control of the right to use a vendor's information technology software.

In the government-wide and proprietary fund financial statements, assets and liabilities resulting from vendor financing arrangements are recorded when the State acquires the assets or is granted the right to use the assets. The principal portion of vendor financing payments reduces the liability; the interest portion is expensed.

For vendor financing arrangements in governmental funds, other financing sources and expenditures are recorded when the State acquires the assets or obtains the right to use the underlying assets at the commencement of the vendor financing term. Vendor financing payments are recorded as debt service expenditures. For budgetary purposes, vendor financing payments are only reported as expenditures when due.

Most vendor financing arrangements have cancellation clauses with one to six-month notice requirements in the event that funding is not available. For reporting purposes, such cancellation clauses are not considered in the determination of the vendor financing term unless the State is reasonably certain that the clauses will be exercised.

Some lease and subscription agreements include renewal or purchase options. The effect of such options is included in the calculation of the lease or subscription term and the measurement of the lease or subscription liability only if the State is reasonably certain that the option will be exercised. The State reclassifies leases to financed purchases when purchase options are exercised. Additionally, some lease agreements include escalation clauses or other contingent rentals.

During fiscal years 2011 and 2015, the State entered into building lease agreements with the Michigan Strategic Fund (MSF), a discretely presented component unit. The leases are included in the disclosures below.

Primary Government – Changes in Vendor Financing Obligations

Changes in vendor financing obligations for the year ended September 30 are summarized as follows (in millions):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Governmental Activities:						
Leases	\$ 454.3	\$ 16.9	\$ 55.1	\$ 416.1	\$ 37.0	\$ 379.1
Leases with component units	97.8	22.0	10.8	109.0	11.2	97.8
Financed purchases	985.3	55.0	69.9	970.4	70.7	899.7
Subscriptions	514.6	235.0	141.6	608.0	110.9	497.1
Total Governmental Activities	<u>\$ 2,051.9</u>	<u>\$ 329.0</u>	<u>\$ 277.4</u>	<u>\$ 2,103.5</u>	<u>\$ 229.7</u>	<u>\$ 1,873.8</u>
Business-type Activities:						
Leases	\$ 3.1	\$ 2.3	\$ 0.4	\$ 5.0	\$ 0.4	\$ 4.6
Total Business-type Activities	<u>\$ 3.1</u>	<u>\$ 2.3</u>	<u>\$ 0.4</u>	<u>\$ 5.0</u>	<u>\$ 0.4</u>	<u>\$ 4.6</u>

Included in the table above are vendor financing obligations of internal service funds, which reported beginning balances, additions, reductions, and ending balances of \$643.9 million, \$289.3 million, \$185.0 million, and \$748.2 million, respectively.

Variable payments for subscriptions are not included in the measurement of the subscription liability. Variable payments for subscriptions totaled \$135.9 million during the fiscal year.

Michigan
Notes to the Financial Statements

Primary Government – Governmental Activities

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

Year Ended September 30	Principal	Interest	Total
2026	\$ 48.2	\$ 13.7	\$ 61.8
2027	47.4	12.6	60.0
2028	47.7	11.7	59.4
2029	44.6	10.7	55.3
2030	31.0	9.7	40.7
2031-2035	113.2	39.7	152.8
2036-2040	91.0	25.0	116.0
2041-2045	60.5	12.3	72.8
2046-2050	32.5	3.6	36.1
Thereafter	9.1	1.2	10.3
Total	<u>\$ 525.1</u>	<u>\$ 140.2</u>	<u>\$ 665.3</u>

The above leases relate to governmental activities which include the General Fund, other governmental funds, and the internal service funds. A liability of \$525.1 million has been recorded in the government-wide financial statements for the lease principal. Included in this liability are the leases between the State and MSF totaling \$108.9 million. The historical cost and accumulated amortization of the assets leased from MSF totaled \$126.2 million and \$39.1 million, respectively, as of September 30.

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

Year Ended September 30	Principal	Interest	Total
2026	\$ 70.7	\$ 36.7	\$ 107.3
2027	62.5	33.8	96.3
2028	59.2	31.1	90.3
2029	52.9	28.7	81.6
2030	40.8	26.8	67.5
2031-2035	146.8	116.0	262.8
2036-2040	177.0	86.4	263.4
2041-2045	217.3	48.6	266.0
2046-2050	143.2	8.8	152.0
Thereafter	-	-	-
Total	<u>\$ 970.4</u>	<u>\$ 416.9</u>	<u>\$ 1,387.3</u>

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

Year Ended September 30	Principal	Interest	Total
2026	\$ 110.9	\$ 17.4	\$ 128.3
2027	104.5	14.4	118.9
2028	89.9	11.6	101.5
2029	83.5	9.1	92.5
2030	81.6	6.8	88.4
2031-2035	128.5	11.5	140.1
2036-2040	9.1	0.6	9.7
2041-2045	-	-	-
2046-2050	-	-	-
Thereafter	-	-	-
Total	<u>\$ 608.0</u>	<u>\$ 71.4</u>	<u>\$ 679.3</u>

Michigan
Notes to the Financial Statements

Primary Government – Business-type Activities

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

Year Ended September 30	Principal	Interest	Total
2026	\$ 0.4	\$ 0.1	\$ 0.5
2027	0.5	0.1	0.5
2028	0.4	0.1	0.5
2029	0.4	0.1	0.5
2030	0.4	0.1	0.4
2031-2035	1.4	0.2	1.7
2036-2040	1.0	0.1	1.1
2041-2045	0.1	-	0.1
2046-2050	0.1	-	0.2
Thereafter	0.1	-	0.1
Total	<u>\$ 5.0</u>	<u>\$ 0.7</u>	<u>\$ 5.7</u>

Discretely Presented Component Units

Total lease commitments to maturity were \$17.7 million and \$2.2 million for principal and interest, respectively, during the fiscal year.

Total subscription commitments to maturity were \$56.5 million and \$5.5 million for principal and interest, respectively, during the fiscal year.

NOTE 13 – BONDS AND NOTES PAYABLE – PRIMARY GOVERNMENT

General Information

General Obligation Bonds and Notes

Article 9, Section 15, of the State Constitution authorizes general obligation long-term borrowing, subject to approval by the Legislature and a majority of voters at a general election. In addition, debt may be incurred without voter approval for the purpose of providing loans to school districts. General obligation notes to provide temporary financing for such loans are recorded as liabilities in the School Bond Loan Fund, a subfund of the General Fund. General Fund appropriations are made to finance debt principal and interest requirements for all general obligation issues. General obligation bonds are backed by the full faith and credit of the State.

The State Constitution provides that the Legislature may also authorize the issuance of general obligation short-term notes, the principal amount of which may not exceed 15.0 percent of undedicated revenues received in the preceding year. The State Constitution also provides that such notes must be repaid within the fiscal year of the borrowing. In fiscal year 2025, the State did not issue any general obligation short-term notes.

Revenue Dedicated Bonds and Notes

Long-term bonds have been issued periodically for specific purposes, with the stipulation that financing of debt requirements is to come strictly from designated revenue sources. The transportation related debt is payable solely out of funds restricted for transportation purposes by Article 9, Section 9, of the State Constitution. The State's general credit does not support such issues.

Revenue bonds have been issued by the State Building Authority (SBA) to finance the acquisition and/or construction of various facilities for use by the State or institutions of higher education. Revenue bonds have also been issued to finance equipment acquisitions. In addition, SBA issues commercial paper notes to fund construction projects prior to bonding. Short-term debt activity for the fiscal year ended September 30 follows (in millions):

	Beginning Balance	Draws	Repayments	Ending Balance
Commercial Paper Notes	\$ 28.9	\$ 17.6	\$ 31.3	\$ 15.2

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

Michigan
Notes to the Financial Statements

Bonds Issued and Outstanding

General obligation and revenue dedicated bonds issued and outstanding (excluding defeased bonds) at September 30 (in millions) are as follows:

	Amounts Issued	Outstanding September 30	Fiscal Year Maturities		Average Interest Rate Percentage
			First Year	Last Year	
General Obligation Bonded Debt:					
General Obligation Debt:					
Series 2011 A (Refunding) (2)(3)	\$ 44.0	\$ 5.5	2022	2026	3.8 %
Series 2014 A (3)	65.1	39.6	2024	2029	5.0
Series 2014 B (3)	20.2	20.2	2027	2027	3.6
Series 2015 A (Refunding)	129.1	34.8	2017	2029	4.8
Series 2016 B (Refunding)	60.0	13.4	2022	2026	4.8
Series 2017 A (1)(2)(3)	79.0	40.9	2022	2027	5.0
Series 2018 (2)(3)	149.2	149.2	2027	2033	3.5
Series 2020 A (2)(3)	114.9	114.9	2030	2040	4.3
Series 2020 B (2)(3)	38.0	38.0	2030	2040	2.2
School Loan Bonds:					
Series 2009 B (Refunding) (5)	193.7	12.3	2010	2030	5.6
Series 2013 A	200.0	132.0	2023	2033	3.3
Total General Obligation Bonded Debt	<u>1,093.1</u>	<u>600.6</u>			
Revenue Dedicated Bonded Debt:					
Transportation Related:					
Tax Dedicated Bonds:					
Comprehensive Transportation Fund Bonds:					
Series 2015 (Refunding)	29.4	17.3	2017	2031	4.9
Grant Anticipation Bonds:					
Series 2016 (Refunding)	607.1	246.2	2018	2027	5.0
State Trunkline Fund Bonds:					
Series 2020 A (Refunding)	103.5	3.2	2021	2027	5.0
Series 2020 B	800.0	790.0	2021	2046	4.6
Series 2021 A	800.0	755.0	2023	2047	4.4
Series 2021 B (Refunding)	54.2	46.3	2023	2037	4.9
Series 2023	1,193.6	1,185.6	2025	2050	5.1
Total Transportation Related Bonded Debt	<u>3,587.8</u>	<u>3,043.6</u>			
State Building Authority:					
Series 2016 I (Revenue and Refunding)	665.2	528.0	2018	2052	3.1
Series 2019 I (Revenue and Refunding)	235.6	155.6	2020	2054	3.2
Series 2020 I (Revenue and Refunding)	212.2	205.2	2021	2046	2.3
Series 2020 II (Refunding)	556.9	370.2	2021	2056	2.6
Series 2020 III Multi-modal (Refunding) (4)	32.8	32.8	2027	2042	3.0
Series 2021 I	206.3	175.0	2022	2057	2.7
Series 2022 I	146.5	137.0	2023	2058	4.2
Series 2023 I Multi-modal (4)	113.8	113.8	2028	2056	3.0
Series 2023 II (Refunding)	281.0	253.1	2024	2048	3.7
Series 2024 I Multi-modal (4)	58.0	58.0	2038	2055	3.0
Series 2024 II (Revenue and Refunding)	130.7	123.6	2025	2059	4.3
Series 2025 I (Revenue and Refunding)	745.8	745.8	2026	2060	4.2
Total State Building Authority Bonded Debt	<u>3,384.7</u>	<u>2,898.3</u>			
Total Revenue Dedicated Bonded Debt	<u>6,972.5</u>	<u>5,941.8</u>			
Total General Obligation and Revenue Dedicated Bonded Debt	<u>\$ 8,065.6</u>	<u>\$ 6,542.4</u>			

Michigan
Notes to the Financial Statements

- (1) Sections 324.19301 and 324.71301 of the Michigan Compiled Laws (MCL) authorized the issuance of bonds totaling \$800.0 million. As of September 30, 2017, \$800.0 million of such bond proceeds had been received, leaving no remaining authorization. The sum of the amounts issued in the preceding table differs by the amount of bonds refunded or redeemed, premiums and discounts, and other issuance costs.
- (2) MCL Section 324.95102 authorized the issuance of bonds totaling \$675.0 million. As of September 30, 2020, \$675.0 million of such bond proceeds had been received, leaving no remaining authorization. The sum of amounts issued in the preceding table differs by the amount of bonds refunded or redeemed, premiums and discounts, and other issuance costs.
- (3) In November 2002, voters approved a ballot proposal in which the State would issue \$1.0 billion in general obligation bonds to provide capital, which is then loaned to local units of government for water quality improvement projects. As of September 30, 2025, \$800.0 million of such bond proceeds had been recognized as received, leaving remaining authorization of \$200.0 million. Included in the amount recognized as received is \$100.0 million in bonds issued on December 18, 2003, to a discretely presented component unit, Michigan Finance Authority (MFA) (\$10.0 million relating to Strategic Water Quality and \$90.0 million relating to the previously existing State Water Quality Revolving Fund). No cash traded hands in the issuance of the bonds to MFA, the registered owner of the bonds.

The \$10.0 million bond was being used as collateral for Strategic Water Quality revenue bonds issued by MFA. MFA funded the principal and interest costs of the issued revenue bonds until the State refunded the general obligation bond document. This transaction allowed the State's General Fund to defer principal and interest costs until future years when the bond was repurchased/redeemed. In addition, the \$10.0 million bond included a provision that required the State to repurchase all or any portion of this bond upon 10-days written notice from the registered owner, MFA. For this reason, the State had recognized the bond related to Strategic Water Quality as a liability in the entity-wide statements. The \$10.0 million bond was reduced to a net obligation of \$6.0 million when \$4.0 million of the proceeds from the General Obligation Recreation and Environmental Protection Series 2006 B (which was fully refunded in fiscal year 2009) were used to refund a portion of the original obligation. The remaining \$6.0 million net obligation was fully refunded by General Obligation Environmental Program and Refunding Bonds Series 2017 A.

The \$90.0 million "bond" document issued for the State Water Quality Revolving Fund does not contain the 10-day repurchase provision that the \$10.0 million bond did, nor is the \$90.0 million "bond" document being used as collateral by MFA. For these reasons, the State has not recognized a liability for the \$90.0 million "bond" document related to the existing State Water Quality Revolving Fund.

- (4) SBA multi-modal and variable rate bonds bear interest at a remarketed weekly rate. Estimated interest was computed using the weekly rates as of September 30, 2025.
- (5) This issuance was acquired as an investment by the State Lottery Fund, an enterprise fund, through a public market offering and is reported as part of investments in the fund's statement of net position.

Capital Appreciation Bonds

Capital appreciation and convertible capital appreciation bonds are recorded in the Bonds Issued and Outstanding table and the Changes in Bonds and Notes Payable table at their accreted year-end book value. The following table summarizes capital appreciation bonds (in millions):

	Accreted Book Value	Ultimate Maturity Value	Fiscal Year Maturities	
			First Year	Last Year
General Obligation Bonded Debt:				
School Loan Bonds:				
Series 2009 B (Refunding)	\$ 12.3	\$ 16.7	2010	2030

Refundings and Defeasances

The State has defeased certain bonds through advance refundings by placing the proceeds of new bonds (i.e., the "refunding" bonds in the table of bonds issued and outstanding) in irrevocable trust to provide for all future debt service on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not recorded as assets or liabilities in these statements and are not included in the other debt tables in this note.

Revenue Dedicated

During the year, SBA issued fixed rate Revenue and Refunding Bonds 2025 Series I in the amount of \$745.8 million, maturing in fiscal years 2026 to 2060. From the proceeds, \$31.6 million was deposited into the Acquisition Fund for costs of 2025 I facilities and refunding of the commercial paper notes. \$778.8 million was deposited with an escrow agent to refund Revenue and Refunding Bonds 2015 Series I. As a result of this refunding, SBA's debt service decreased by \$28.9 million over the next 26 years. The refunding resulted in an economic gain of \$48.0 million.

Michigan
Notes to the Financial Statements

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

	Amounts Outstanding
State Building Authority:	
Series 2015 I (Revenue and Refunding)	\$ 788.3
Total State Building Authority	\$ 788.3

Debt Service Requirements

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

Fiscal Years Ending	General Obligation		Transportation Related		State Building Authority		Total Principal and Interest
	Principal	Fixed Interest	Principal	Fixed Interest	Principal	Interest	
2026	\$ 74.5	\$ 21.9	\$ 148.8	\$ 141.1	\$ 89.0	\$ 108.7	\$ 583.9
2027	81.8	19.1	156.5	133.4	96.9	116.0	603.7
2028	64.9	15.7	78.4	127.6	114.9	111.4	512.8
2029	67.6	13.0	82.4	123.5	107.7	106.1	500.3
2030	53.1	10.9	86.7	119.3	113.2	100.8	483.9
2031-2035	186.0	29.4	486.3	527.2	654.1	418.5	2,301.4
2036-2040	77.1	8.0	616.4	395.4	602.3	285.2	1,984.4
2041-2045	-	-	768.4	243.4	410.0	188.7	1,610.5
2046-2050	-	-	619.7	66.0	357.1	110.4	1,153.3
2051-2055	-	-	-	-	252.7	48.4	301.0
2056-2060	-	-	-	-	100.6	9.0	109.5
Total	\$ 604.9	\$ 118.0	\$ 3,043.6	\$ 1,876.9	\$ 2,898.3	\$ 1,603.3	\$ 10,145.0

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

Changes in Bonds and Notes Payable

Changes in bonds and notes payable for the year ended September 30 were as follows (in millions):

	Beginning Balance	Additions	Reductions	Accretion	Ending Balance	Amounts Due Within One Year	Due Thereafter
Governmental Activities:							
Bonds Payable:							
General obligation debt	\$ 691.2	\$ -	\$ (91.6)	\$ 1.0	\$ 600.6	\$ 74.5	\$ 526.1
Revenue bonds	3,185.1	-	(141.6)	-	3,043.6	148.8	2,894.7
State Building Authority	3,048.5	745.8	(896.1)	-	2,898.3	89.0	2,809.3
Unamortized Discounts:							
General obligation debt	-	-	-	-	-	-	-
Revenue dedicated debt	-	-	-	-	-	-	-
State Building Authority	(2.4)	-	0.3	-	(2.1)	-	(2.1)
Unamortized Premiums:							
General obligation debt	43.2	-	(8.5)	-	34.7	-	34.7
Revenue dedicated debt	520.9	-	(36.9)	-	484.0	-	484.0
State Building Authority	296.6	58.9	(102.9)	-	252.6	-	252.6
Total bonds and notes payable	\$ 7,783.2	\$ 804.7	\$ (1,277.3)	\$ 1.0	7,311.6	312.3	6,999.4

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

	15.2	15.2	-
As reported on the Statement of Net Position	\$ 7,326.8	\$ 327.5	\$ 6,999.4

NOTE 14 – BONDS AND NOTES PAYABLE – DISCRETELY PRESENTED COMPONENT UNITS

Bonds and Notes Payable

The State universities and the Michigan State Housing Development Authority (MSHDA) utilize June 30 fiscal year-ends. The Farm Produce Insurance Authority and Venture Michigan Fund utilize a December 31 fiscal year-end, and the remaining discretely presented component units have September 30 fiscal year-ends.

Bonds Payable

Bonds payable of the discretely presented component units are legal obligations of the component units and are not general obligations of the State.

The following table summarizes debt service requirements of the discretely presented component units as reported in their separately issued financial statements, utilizing their respective fiscal year-end (in millions):

<u>Fiscal Years Ending In</u>	<u>Direct Placement Debt</u>		<u>All Other Debt</u>		<u>Total Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 58.7	\$ 11.9	\$ 547.5	\$ 440.0	\$ 606.3	\$ 451.9
2027	59.0	10.2	527.0	422.0	586.1	432.3
2028	53.6	8.6	371.6	401.1	425.2	409.7
2029	90.7	6.1	478.7	405.0	569.5	411.1
2030	<u>26.8</u>	<u>3.9</u>	<u>697.6</u>	<u>374.4</u>	<u>724.4</u>	<u>378.3</u>
Total five years	288.9	40.7	2,622.5	2,042.5	2,911.4	2,083.2
2031-2035	61.5	8.9	1,622.3	1,570.3	1,683.8	1,579.3
2036-2040	18.5	3.5	1,653.7	1,220.4	1,672.3	1,224.0
2041-2045	6.0	0.8	1,761.0	892.3	1,767.0	893.1
2046-2050	-	-	2,188.1	574.0	2,188.1	574.0
2051-2055	-	-	1,451.0	245.4	1,451.0	245.4
2056-2060	-	-	4,707.2	58.8	4,707.2	58.8
Thereafter	<u>-</u>	<u>-</u>	<u>1,348.7</u>	<u>12.0</u>	<u>1,348.7</u>	<u>12.0</u>
2031 - Thereafter	<u>86.1</u>	<u>13.3</u>	<u>14,732.2</u>	<u>4,573.2</u>	<u>14,818.2</u>	<u>4,586.5</u>
Total	<u>\$ 374.9</u>	<u>\$ 53.9</u>	<u>\$ 17,354.6</u>	<u>\$ 6,615.8</u>	<u>17,729.6</u>	<u>\$ 6,669.7</u>
Unamortized discount					(1.3)	
Unamortized premium					417.0	
Off market borrowings					10.3	
Unpaid accretion for capital appreciation bonds					<u>(6,111.3)</u>	
Total principal					<u>\$ 12,044.2</u>	

Included in the table above is \$798.6 million of demand bonds comprised of \$724.3 million issued by MSHDA and \$74.3 million issued by the State universities. Of the total \$798.6 million of demand bonds, \$25.4 million are direct placement debt issued by the State universities.

Notes Payable

As of September 30, 2025, Michigan Finance Authority (MFA) has short-term notes outstanding of \$112.0 million and long-term notes outstanding of \$15.0 million. Of the total \$127.0 million notes outstanding, \$15.4 million are direct placement notes. As of September 30, 2025, Michigan Strategic Fund's (MSF) component units have long-term notes outstanding of \$16.8 million.

As of June 30, 2025, State universities have short-term notes outstanding of \$1.6 million and long-term notes outstanding of \$9.8 million. Of the total \$11.4 million notes outstanding, all are direct borrowing notes.

Conduit Debt

Certain State authorities have issued conduit debt obligations which are not recorded as liabilities in these statements because the borrowings are, in substance, debts of other entities. The State has no obligation for this debt.

MFA issues limited obligation bonds to provide capital financing for eligible borrowers that are not part of MFA's financial reporting entity. Typically, these borrowings are repayable only from the borrowers' repayment of loans, undisbursed proceeds, and related interest earnings and MFA has no obligation for this debt. Therefore, the conduit debt obligations are not recorded as liabilities of MFA. The bonds are to finance loans to private or nonpublic entities, nonprofit institutions of higher education, qualified public or private educational facilities, and healthcare providers for capital improvements. As of September 30, 2025, MFA had such bonds outstanding of \$9.5 billion. Of this amount, \$1.8 million have been defeased in substance, leaving a remaining undefeased balance of \$9.5 billion. Economic gains and accounting gains and losses, resulting from in-substance defeasance, inure to the benefit of the facility for which the bonds were issued, and accordingly are not reflected in the MFA financial statements.

MSF and a predecessor entity (the Michigan Job Development Authority) issued industrial development revenue bonds. In addition, MSF issues bonds under its Private Activity Bond and Taxable Bond Programs. The bonds issued are limited obligation revenue bonds payable solely from the net revenues or other funds as described in the bond indentures and are not obligations of MSF. After the bonds are issued, all financial activities are assumed by a trustee, depository, or paying agent. Accordingly, these obligations are not reported in the MSF financial statements. The total amount of limited obligation conduit debt outstanding at September 30, 2025, was \$2.5 billion.

MSHDA issues limited obligation bonds to finance multi-family housing projects. Such bonds are not general obligations of MSHDA, and MSHDA has no liability for this debt. Such bonds are secured solely by revenue and property derived from or obtained in connection with the housing projects. Thus, with the exception of limited obligation bond financing fees, transactions related to these bonds are not reflected in MSHDA's financial statements. At June 30, 2025, limited obligation bonds outstanding were approximately \$425.2 million. The aggregated principal of all MSHDA outstanding debt, including the limited obligation bonds, may not exceed \$10.0 billion.

Interest Rate Swap Agreements

MSHDA and some State universities entered into various interest rate swap agreements to reduce the cost of borrowing and exposure to variable interest rate risk for several bond series with a total notional amount of \$364.3 million and \$273.7 million, respectively, as of June 30, 2025.

NOTE 15 – OTHER LONG-TERM OBLIGATIONS

Primary Government

Other Long-Term Obligations

In general, expenditures and fund liabilities are not recorded in governmental funds for long-term obligations until claims, judgments, or amounts owed are "due and payable" at September 30. Expenses and liabilities for material claims and judgment losses are recorded in the government-wide and proprietary fund financial statements when the loss is considered probable.

Compensated Absences

This liability is described in more detail in Note 1.

Workers' Compensation

The gross amount of workers' compensation liability, \$71.2 million at September 30, 2025, has been recorded at its discounted present value of \$47.8 million, using a discount rate of approximately 8 percent. The present value of the current portion of this liability is \$10.6 million. In fiscal year 2025, State agencies paid reimbursement for actual workers' compensation claims and administrative fees totaling \$26.8 million.

Net Pension Liability

This liability is described in more detail in Note 10.

Net Other Postemployment Benefits (OPEB) Liability

This liability is described in more detail in Note 11.

Pollution Remediation

This liability is measured in accordance with the obligating event criteria defined in Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, as amended. The State's pollution remediation obligation at September 30, 2025, is \$305.6 million (\$38.3 million of which is the current portion). This estimate is based on professional judgment, experience, and historical cost data. Recoveries from other responsible parties,

Michigan
Notes to the Financial Statements

which would reduce the State's remediation liability, are not anticipated. Remediation obligation estimates may change over time due to changes in technology, prices, and regulations.

Superfund sites account for approximately \$244.1 million of this total. The State has numerous instances of hazardous waste contamination that qualify as Superfund sites. Superfund is the federal government's program to clean up these hazardous waste sites. Under this program, the State is required to pay or ensure payment of 10.0 percent of the cost of remediation action and 100 percent of the cost of operations and maintenance.

Remediation obligations related to underground storage tanks account for \$10.6 million of this total. As of September 30, 2025, there were 637 open claims. The State reimburses eligible refined petroleum underground storage tank owners or operators for eligible cleanup costs for confirmed releases that were discovered and reported on or after December 30, 2014.

Other pollution obligations include funds committed for remediation activities for publicly-funded response activities and State-liable sites. Not included in the liability is approximately \$14.5 million for State-owned sites where a legal obligation exists but the criteria for accruing a liability as defined in GASB Statement No. 49, as amended, has not been met.

Other Claims and Judgments

The governmental activities estimated liability for other claims and litigation losses, \$964.6 million at September 30, 2025, includes amounts for litigation, such as damages in tort cases and refund claims in cases involving State taxes and other claims, in which it is considered probable that costs will be incurred. Where a range of potential loss exists, the amount recorded is based upon the expected minimum amount that will be lost if the State does, indeed, lose. The allowance also includes projections for highway related negligence cases based upon historical loss ratios. The State continues to vigorously contest all of these claims and the State may incur no liability in the individual cases involved. Therefore, the allowance for litigation losses may be overstated (to the extent that losses do not occur) or understated (if the State losses exceed the projected minimums which have been recorded). The maximum potential loss on the allowance for estimated litigation losses is not considered reasonably measurable.

The governmental activities liability for other claims and litigation losses also includes \$646.2 million for claims adjudicated against the State for which structured settlement amounts remained unpaid by the State as of the date of the financial statements because they are not yet due and payable. A summary of the structured settlement obligations and related interest follows (in millions):

Year Ended September 30	Principal	Interest	Total
2026	\$ 91.6	\$ 20.9	\$ 112.5
2027	71.0	17.4	88.4
2028	17.9	15.8	33.7
2029	18.4	15.2	33.7
2030	19.0	14.6	33.7
2031-2035	104.9	63.3	168.3
2036-2040	123.2	45.0	168.3
2041-2045	144.7	23.5	168.2
Thereafter	55.4	2.6	58.0
Total	<u>\$ 646.2</u>	<u>\$ 218.4</u>	<u>\$ 864.6</u>

The liability recorded for other claims and judgments within business-type activities includes overpayments by employers to the Michigan Unemployment Compensation Funds totaling \$33.3 million.

Michigan
Notes to the Financial Statements

Changes in Other Long-Term Obligations

Changes in long-term liabilities for the year ended September 30 are summarized as follows (in millions):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Governmental Activities:						
Compensated absences (2)(3)	\$ 876.8	\$ 62.3	\$ -	\$ 939.1	\$ 332.5	\$ 606.6
Workers' compensation	44.4	13.3	9.9	47.8	10.6	37.2
Net pension liability	6,505.2	11.8	1,715.5	4,801.5	-	4,801.5
Net OPEB liability	2,949.2	148.4	1,361.1	1,736.4	-	1,736.4
Pollution remediation	339.0	19.6	53.0	305.6	38.3	267.3
Other claims and judgments	1,203.9	35.9	275.3	964.6	243.1	721.5
Total Governmental Activities	<u>\$ 11,918.5</u>	<u>\$ 291.3</u>	<u>\$ 3,414.7</u>	<u>\$ 8,795.1</u>	<u>\$ 624.5</u>	<u>\$ 8,170.6</u>
Business-type Activities:						
Lottery prize awards (1)	\$ 124.6	\$ 43.0	\$ 45.1	\$ 122.5	\$ 12.0	\$ 110.5
Compensated absences (2)(3)	6.1	0.4	-	6.5	2.3	4.2
Net pension liability	38.6	-	10.3	28.4	-	28.4
Net OPEB liability	18.2	0.7	9.3	9.6	-	9.6
Other claims and judgments	39.1	-	5.8	33.3	-	33.3
Total Business-type Activities	<u>\$ 226.6</u>	<u>\$ 44.2</u>	<u>\$ 70.5</u>	<u>\$ 200.3</u>	<u>\$ 14.3</u>	<u>\$ 186.0</u>

(1) The amounts due within one year are included with "Accounts payable and other liabilities" on the Statement of Net Position.

(2) The change in the compensated absences liability is presented as a net change.

(3) The beginning balance was restated due to the implementation of GASB Statement No. 101, Compensated Absences. See Note 4 for additional information on this restatement.

The workers' compensation liabilities will be liquidated by the applicable governmental and internal service funds that account for the salaries and wages of the related employees. The net pension liabilities and net OPEB liabilities will be liquidated by the State's governmental and proprietary funds that contribute toward the pension funds, based on the statutorily required contribution rates. The pollution remediation obligation will be liquidated by the General Fund and Bottle Deposits Fund. Other claims and judgments attributable to governmental activities will generally be liquidated by the General Fund and transportation related governmental funds.

Discretely Presented Component Units

The net pension liability totaled \$96.4 million for component units, which includes \$82.5 million related to authorities participating in the State Employees' Retirement System, and the remaining amount in other non-State of Michigan related retirement systems. State universities participating in the Public Schools Employees' Retirement System reported a net pension asset of \$87.7 million.

The net OPEB liability totaled \$73.5 million for component units, which includes \$28.8 million related to authorities participating in the State Employees' Retirement System and Postemployment Life Insurance Benefit, and the remaining amount in other non-State of Michigan related retirement systems. State universities participating in the Public Schools Employees' Retirement System reported a net OPEB asset of \$139.6 million.

Component units reported unused lines of credit totaling \$28.1 million in their separately issued statements, utilizing their respective fiscal year ends.

Michigan Education Trust

Michigan Education Trust (MET) offers contracts, which for actuarially determined amounts, provide future tuition at State institutions of higher education. Contract provisions also allow the benefits to be used at private or out-of-state institutions, with the amount provided being based upon rates charged by the State's public institutions of higher education. The tuition payments are made by MET as a separate legal entity and these contracts are not considered obligations of the State. The Legislature is not obligated to provide appropriations should losses occur. The statutes and contracts provide for refunds to the participants if MET becomes actuarially unsound. Liabilities have been recorded on the Statement of Net Position for the actuarial present value of future tuition benefit obligations.

The 1988, 1989, and 1990 enrollments are known as Plans B and C. Enrollments after November 1995 are known as Plan D.

The actuarial report on the status of MET Plans B and C, as of September 30, 2025, shows the actuarial present value of future tuition obligations to be \$25.3 million, as compared to the actuarially determined market value of assets available of \$105.7

Michigan
Notes to the Financial Statements

million. The actuarial assumptions used include: a projected tuition increase rate of 4.3 percent for all future years and a discount rate of 5.4 percent.

The actuarial report on the status of MET Plan D, as of September 30, 2025, shows the actuarial present value of future tuition obligations to be \$571.9 million, as compared to the actuarially determined market value of assets available of \$1.1 billion. The actuarial assumptions used include: a projected tuition increase rate of 4.3 percent for all years and a discount rate of 5.5 percent.

NOTE 16 – INCOME TAX CREDITS AND REFUNDS

Income Tax Credits

The Michigan Income Tax Act provides for several types of tax credits. Some credits are accounted for as revenue reductions for financial reporting purposes while others are reported as expenditures. Revenue reductions are reported for those income tax credits that are limited by the amount of an individual's tax liability before considering such credits. To the extent these nonrefundable credits will generate future year payments, they are accrued as income tax refund liabilities together with estimated overwithholdings.

Expenditures are reported for those credits which can be received even if they exceed the individual's tax liability. For these refundable credits, the substance of the transaction is that the State is making a grant payment using the income tax system as a filing and payment mechanism. The amount of credit received is not a part of the determination of tax liability. The State's property tax is the primary credit that falls into this category. Expenditures for this credit are recognized in the year the tax returns are filed and recipients claim the credit.

The following table summarizes the various credits, reported on the "Tax credits" line as an expense in the government-wide financial statements and as an expenditure in the fund financial statements at September 30 (in millions):

Property tax credits:	
General homestead	\$ 559.0
Senior citizens	318.1
Blind and disabled	51.6
Farmland preservation	47.3
Veterans	0.3
Subtotal – property tax credits	976.3
Earned income tax credits	611.6
Home heating (excluding federal share)	0.1
Total tax credits	\$ 1,588.0

Income Tax Refunds Payable

The \$1.9 billion reported as a liability on the "Income tax refunds payable" line in the government-wide and fund financial statements includes: projected refund estimates for overwithholding and tax credits reported as revenue reductions, actual refunds made in October and November, and accruals for known income tax litigation losses.

NOTE 17 – TAX ABATEMENTS

The State employs a variety of tax abatements that encourage economic development within the State, or otherwise benefits Michigan citizens. A tax abatement (for financial reporting purposes) is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the State or citizens of the State. Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures, requires disclosure of certain information about tax abatement agreements. The State administers other programs and policies that reduce the taxes that an individual or entity would otherwise owe that do not meet the definition of a tax abatement as defined by GASB Statement No. 77 and are therefore not included in this disclosure.

As of September 30, the State provided tax abatements through the following programs:

Program Name	Brownfield Redevelopment Credit Program
Program purpose	The Brownfield Redevelopment Credit Program was established to encourage businesses to make an investment in eligible Michigan property that was used or is currently used for commercial, industrial, public, or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete, or blighted.

Michigan
Notes to the Financial Statements

Program Name	Brownfield Redevelopment Credit Program
Taxes being abated	Michigan Business Tax (MBT)
Authority under which abatement agreements are entered	Public Act 39 of 2011 Michigan Compiled Laws (MCL) Sections 125.2651 - 125.2670, 207.801 - 207.810, and 208.1437
Criteria to be eligible to receive abatements	Taxpayer enters into an agreement with the Michigan Economic Growth Authority (MEGA) and agrees to fulfill investment necessary for the demolition, construction, restoration, alteration, renovation, or improvement of buildings located in Brownfield development zones. Eligible property must be owned or leased by the taxpayer and designated in a locally approved Brownfield Plan created under the Brownfield Redevelopment Financing Act. Credits are awarded to projects that best meet criteria for selection priorities.
How taxes are reduced	Taxpayer claims a credit when filing annual tax return. Taxpayer may also file a form separate from the annual tax return to claim an accelerated and reduced payment of the credit. Credit is computed and certified by the Michigan Economic Development Corporation (MEDC).
How amount of abatement is determined	Tax liability is reduced via credit based on a formula set by law that considers the amount of eligible investment.
Provisions and conditions under which abated taxes become eligible for recapture	<p>The disposal or transfer to another location of personal property used to calculate this credit will result in an addition to the tax liability of the qualified taxpayer that was originally awarded the credit in the year in which the disposal or transfer occurs. This is true even if the credit was assigned to someone else. This additional liability will be calculated as of the date of the disposition or transfer by multiplying the same percentage used to calculate the credit times the federal basis of the property used to calculate gain or loss (as calculated for federal purposes). The amount otherwise added to the tax liability may also be used to reduce any carryforward of credits available to the taxpayer.</p> <p>For multiphase projects, if all components are not completed by ten years after the date on which the preapproval letter was issued, the qualified taxpayer shall pay to the state treasurer, as a penalty, an amount equal to the sum of all credits claimed and assigned for all components of the project. No credits based on that multiphase project shall be claimed after that date by the qualified taxpayer or any assignee.</p>
Types of commitments made by the recipients of the tax abatements	Perform eligible investment per MEGA agreement. Taxpayer will need to perform either demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, the addition of machinery, equipment, and fixtures to eligible property, or various environmental clean-up activities on eligible property.
Total revenue estimated to be reduced for fiscal year 2025	This information is legally prohibited from being disclosed under MCL Section 205.28(1)(f).

Program Name	Brownfield Redevelopment Tax Increment Financing Program
Program purpose	This Brownfield Redevelopment Tax Increment Financing Program was established to encourage businesses to revitalize and redevelop eligible Michigan property that was used or is currently used for commercial, industrial, public, or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete, or blighted.
Taxes being abated	State Education Tax (SET)
Authority under which abatement agreements are entered	MCL Sections 125.2651 - 125.2670
Criteria to be eligible to receive abatements	A work plan in accordance with Public Act 381 of 1996 to remediate a Brownfield property must be approved by either the Michigan Department of Environment, Great Lakes, and Energy for environmental eligible activities or the Michigan Strategic Fund (MSF) for nonenvironmental eligible activities. The size and the duration of tax incentives are highly discretionary, as each is

Michigan
Notes to the Financial Statements

Program Name	Brownfield Redevelopment Tax Increment Financing Program
	determined on a case-by-case basis by the Brownfield Redevelopment Authority of the relevant locality.
How taxes are reduced	Taxes are reduced using tax increment financing. The developer of the Brownfield property is repaid for its Brownfield related investment via capture of the increased taxable value.
How amount of abatement is determined	The amount of abatement is based on the increase in taxable value caused by redevelopment of the Brownfield property.
Provisions and conditions under which abated taxes become eligible for recapture	No provisions for recapturing abated taxes.
Types of commitments made by the recipients of the tax abatements	Adherence to Brownfield work plans for rehabilitation of Brownfield properties.
Total revenue estimated to be reduced for fiscal year 2025	\$14.6 million

Program Name	Farmland Preservation Credit - Corporate and Non-Corporate Program
Program Purpose	The Farmland Preservation Credit Program was established to provide tax incentive for farmland owners, which include individuals and corporations, that enter into a Farmland Development Rights Agreement (FDRA) with the Michigan Department of Agriculture and Rural Development (MDARD) and agree to preserve the land as farmland and not develop for another use. The credit gives back to farmland owners a portion of the property taxes paid on farmland.
Taxes being abated	Individual Income Tax (IIT) MBT
Authority under which abatement agreements are entered	Public Act 39 of 2011 MCL Section 324.36109
Criteria to be eligible to receive abatements	Taxpayer must own farmland and have entered into an FDRA agreement with MDARD.
How taxes are reduced	Taxpayer claims a credit when filing annual tax return.
How amount of abatement is determined	Tax liability is reduced via credit based on a formula set by law that considers the proportion of eligible and non-eligible property taxes paid on the farmland.
Provisions and conditions under which abated taxes become eligible for recapture	If a parcel is released from the program, the landowner is required to repay the tax credits taken during the last seven years under the agreement, plus six percent simple interest.
Types of commitments made by the recipients of the tax abatements	Taxpayer agrees not to develop farmland for another purpose besides farming.
Total revenue estimated to be reduced for fiscal year 2025	\$60.9 million (IIT) \$2.3 million (MBT)

Michigan
Notes to the Financial Statements

Program Name	Good Jobs for Michigan Program
Program purpose	The Good Jobs for Michigan Program provided its financial support through tax capture withholding from the creation of the new jobs directly supported by the project.
Taxes being abated	IIT
Authority under which abatement agreements are entered	MCL Sections 125.2090g - MCL 125.2090j
Criteria to be eligible to receive abatements	MSF must approve an application compliant with MCL Section 125.2090h submitted by an eligible business and enter into an agreement that satisfies the statute. The MSF shall determine the duration and amount of the withholding tax capture revenues within the statutory prescriptions.
How taxes are reduced	Eligible businesses file an annual withholding certificate application. MSF computes and certifies the amount of withholding tax revenues to be paid and those revenues are transferred from the General Fund to the Good Jobs for Michigan fund. The fund shall issue payments to eligible businesses within 90 days of receipt of a request for payment.
How amount of abatement is determined	The amount of withholding tax capture revenues are based on the average annual wage of the certified new jobs.
Provisions and conditions under which abated taxes become eligible for recapture	As determined by MSF, the eligible business misrepresented information in order to qualify for the award, failed to comply with any provision of their executed agreement, or relocated the project.
Types of commitments made by the recipients of the tax abatements	Retain or add qualified new jobs as defined in MCL Section 125.2090h.
Total revenue estimated to be reduced for fiscal year 2025	This information is legally prohibited from being disclosed under MCL Section 205.28(1)(f).

Program Name	Historic Preservation Credit Program
Program purpose	The Historic Preservation Credit Program was established to provide tax incentives for homeowners, commercial property owners, and businesses to rehabilitate historic resources located in Michigan. Rehabilitation projects must be certified by the State Historic Preservation Office (SHPO).
Taxes being abated	MBT IIT CIT
Authority under which abatement agreements are entered	Public Act 39 of 2011 MCL Sections 206.266, 206.266a, 206.676 and 208.1435
Criteria to be eligible to receive abatements	Taxpayer has a rehabilitation plan certified for the rehabilitation of a historic resource, and the taxpayer applies and receives confirmation that the historic significance, the rehabilitation plan, and the completed rehabilitation of the historic resource meet criteria determined by the law. Credits with plans approved prior to 2012 continue to be completed. A new credit enacted in 2020 applies against IIT and CIT.
How taxes are reduced	Taxpayer claims a credit when filing annual tax return. Credit is computed and certified by SHPO.

Michigan
Notes to the Financial Statements

Program Name	Historic Preservation Credit Program
How amount of abatement is determined	Tax liability is reduced via credit based on a formula set by law that considers the amount of qualified eligible investment certified by SHPO, scale of project, and whether the taxpayer is eligible for the federal rehabilitation credit under Section 47 of the Internal Revenue Code.
Provisions and conditions under which abated taxes become eligible for recapture	If the historic resource is sold or disposed of less than five years after being placed in service, a percentage of the credit amount previously claimed shall be added back to the tax liability of the qualified taxpayer based on the number of years the resource had been in service.
Types of commitments made by the recipients of the tax abatements	Recipient must make qualified expenditures to rehabilitate a historic resource.
Total revenue estimated to be reduced for fiscal year 2025	This information is legally prohibited from being disclosed under MCL Section 205.28(1)(f).

Program Name	MEGA Employment Credit Program
Program purpose	The MEGA Tax Credit Program was established in 1995 to promote economic growth and job creation within the State. The MEGA tax credit is a refundable tax credit to a company's business tax liability to the State of Michigan. A MEGA tax credit certificate is granted to a Michigan business once it fulfills an agreed upon number of created and retained jobs and amount of capital investment in the State. As of December 2011, no new tax credit applications have been accepted or awarded.
Taxes being abated	MBT
Authority under which abatement agreements are entered	Public Act 39 of 2011 MCL Sections 207.801 - 207.810 and 208.1431
Criteria to be eligible to receive abatements	Taxpayer agrees to retain or add qualified new jobs as defined in MCL Section 207.803.
How taxes are reduced	Taxpayer claims a credit when filing annual tax return. Credit is computed and certified by MEDC.
How amount of abatement is determined	Tax liability is reduced via credit based on the amount of payroll attributable to qualified new or retained jobs, health care costs, tax rate, and specific annual limits defined by law.
Provisions and conditions under which abated taxes become eligible for recapture	As determined by MEGA, the taxpayer may have its credit reduced or terminated, or have a percentage of the credit amount previously claimed added back to the tax liability of the taxpayer in the tax year that the taxpayer: <ul style="list-style-type: none"> • fails to meet the requirements for the credit • violates any conditions included in the agreement entered with MEGA • removes any of the qualified new jobs from Michigan during the term of the written agreement and for a period of years after the term of the written agreement
Types of commitments made by the recipients of the tax abatements	Retain or add qualified new jobs as defined in MCL Section 207.803.
Total revenue estimated to be reduced for fiscal year 2025	\$506.2 million

Program Name	Renaissance Zone Credit – Development Program
Program purpose	The Renaissance Zone Credit – Development Program provides incentive for businesses and individuals located in a designated Renaissance Zone. Originally, Michigan Renaissance Zones

Michigan
Notes to the Financial Statements

Program Name	Renaissance Zone Credit – Development Program
	were geographic regions of the State designated as virtually tax free for any business or resident meeting certain criteria and operating in the area. Since then, the Renaissance Zone Act, (Public Act 376 of 1996, as amended) has shifted away from larger geographic designations and now focuses on parcel-specific designations. Public Act 40 of 2024 allows the MSF board flexibility to designate zones and the board may also extend any Renaissance Zone located in Wayne County for an additional 15 years. The MSF board can delegate its responsibilities to MEDC, including designating, renewing, or removing a Renaissance Zone designation.
Taxes being abated	MBT
Authority under which abatement agreements are entered	Public Act 39 of 2011 MCL Sections 125.2681 – 125.2696 and 208.1433
Criteria to be eligible to receive abatements	Renaissance Zone Credits reported under GASB Statement No. 77 are limited to credits claimed by taxpayers with a development agreement executed between the taxpayer and MSF board or that are part of a qualified collaborative agreement. Taxpayers with an agreement must be located in a Renaissance Zone.
How taxes are reduced	Taxpayer claims a credit when filing annual tax return.
How amount of abatement is determined	Tax liability is reduced via credit based on a formula that considers the level of business activity performed in the Renaissance Zone with respect to the level of activity performed outside of the Renaissance Zone.
Provisions and conditions under which abated taxes become eligible for recapture	Recapture conditions vary and only occur when expressly provided in the agreement signed by the taxpayer and MSF board.
Types of commitments made by the recipients of the tax abatements	Locate in the Renaissance Zone and create jobs or make capital investment.
Total revenue estimated to be reduced for fiscal year 2025	This information is legally prohibited from being disclosed under MCL Section 205.28(1)(f).

Program Name	Renaissance Zone Property Tax Exemption Program
Program purpose	The Renaissance Zone Property Tax Exemption Program provides incentive for businesses and individuals located in a designated Renaissance Zone. Originally, Michigan Renaissance Zones were geographic regions of the State designated as virtually tax free for any business or resident meeting certain criteria and operating in the area. Since then, the Renaissance Zone Act (Public Act 376 of 1996, as amended) has shifted away from larger geographic area designations and now focuses on parcel-specific designations. Public Act 40 of 2024 allows the MSF board flexibility to designate zones and the board may also extend any Renaissance Zone located in Wayne County for an additional 15 years. The MSF board can delegate its responsibilities to MEDC, including designating, renewing, or removing a Renaissance Zone designation.
Taxes being abated	SET
Authority under which abatement agreements are entered	MCL Sections 125.2681 - 125.2696 and 211.7ff
Criteria to be eligible to receive abatements	Renaissance Zone exemptions reported under GASB Statement No. 77 are limited to exemptions claimed by taxpayers with a development agreement executed between the taxpayer and MSF board or that are part of a qualified collaborative agreement. Taxpayers must be located in a Renaissance Zone.

Michigan
Notes to the Financial Statements

Program Name	Renaissance Zone Property Tax Exemption Program
How taxes are reduced	For taxpayers with an executed development agreement, real and personal property in a Renaissance Zone is exempt from taxation under the General Property Tax Act with certain exceptions as specified in MCL 211.7ff.
How amount of abatement is determined	Property tax exemption applies to all taxes levied except for debt millage, school district sinking fund millage, intermediate school district enhancement millage, and special assessments.
Provisions and conditions under which abated taxes become eligible for recapture	Recapture conditions vary and only occur when expressly provided in the agreement signed by the taxpayer and MSF board.
Types of commitments made by the recipients of the tax abatements	Locate in the Renaissance Zone and create jobs or make capital investment.
Total revenue estimated to be reduced for fiscal year 2025	\$4.3 million

Program Name	State Essential Services Assessment Exemption
Program purpose	The State Essential Services Assessment Exemption was established to encourage large-scale Michigan investments in eligible manufacturing personal property.
Taxes being abated	State Essential Services Assessment (ESA)
Authority under which abatement agreements are entered	MCL Section 211.1059
Criteria to be eligible to receive abatements	Taxpayer submits a business plan or demonstrates to MSF that a minimum of \$25 million will be invested in additional eligible personal property in this state during the duration of the written agreement. The fund board considers the following criteria when approving an exemption to the assessment: out-of-state competition; net-positive return to the State of Michigan; level of investment made by the eligible claimant; business diversification; reuse of existing facilities; near-term job creation or significant job retention as a result of the investment made in eligible personal property; strong links to Michigan suppliers; whether the project is in a local unit of government that contains an eligible distressed area as that term is defined in MCL Section 125.1411.
How taxes are reduced	If MSF grants an exemption from ESA, the taxpayer is subject to Alternative ESA under Public Act 93 of 2014. Alternative ESA is identical to ESA except that Alternative ESA tax rates are half the ESA rates. If MSF grants an exemption from both ESA and Alternative ESA, a 100% exemption is granted.
How amount of abatement is determined	Businesses receiving the abatement are required to report the acquisition cost of the exempted personal property. The acquisition cost is the tax base used to calculate ESA. The number of mills decreases based on the number of years the personal property is owned.
Provisions and conditions under which abated taxes become eligible for recapture	The written agreement shall provide for a repayment provision on the exemption to the assessment if the eligible claimant fails to comply with the provisions of the written agreement.
Types of commitments made by the recipients of the tax abatements	Taxpayer must make the required personal property investment.

Michigan
Notes to the Financial Statements

Program Name	State Essential Services Assessment Exemption
Total revenue estimated to be reduced for fiscal year 2025	\$15.1 million

NOTE 18 – DEFERRED COMPENSATION PLANS

The State participates in two deferred compensation plans that allow employees to defer a portion of their salary until future years. Executive Order 1999-7 transferred administrative oversight of the plans, labeled 457 and 401k after sections of the Internal Revenue Code, to the Department of Technology, Management and Budget (DTMB). Day-to-day operations of the plans have been contracted to a third-party; however, the Michigan Office of Retirement Services (ORS) within DTMB oversees plan administration, and the State Treasurer, in consultation with ORS and subject to approval by the State of Michigan Investment Board, oversee investment options. Generally, the State makes no contribution to the 457 plan; however, the payments for other postemployment benefits related to employees hired prior to January 1, 2012, and who opted out of the graded premium may go to the 457 plan as employer contributions. Generally, the State does not make matching contributions to the 401k deferred compensation plan. To expand investment options, three investment tiers were developed and made available to participants on July 1, 1997. Participants invest their contributions and accumulated earnings by selecting investments in one or more of the investment tiers. Employees may, at any time, transfer accumulated balances and future contributions among the investment tiers. Investment earnings, net of investment management fees, are credited to the participants.

The 457 and 401k deferred compensation plans include loan provisions for State of Michigan employees. Loans to participants are recorded as assets.

NOTE 19 – INTERFUND RECEIVABLES AND PAYABLES

Primary Government

The balances of current interfund receivables and payables as of September 30 were (in millions):

Due From	Due To						Total
	General Fund	School Aid Fund	Non-Major Governmental Funds	Unemployment Compensation Funds	Internal Service Funds	Pension (and Other Employee Benefit) Trust Funds	
General Fund	\$ -	\$ 26.5	\$ -	\$ 0.4	\$ 4.2	\$ 87.4	\$ 118.4
Non-Major Governmental Funds	2.3	48.5	139.1	-	0.6	7.2	197.7
State Lottery Fund	-	27.6	-	-	-	0.3	27.9
Unemployment Compensation Funds	0.5	-	0.1	-	-	-	0.7
Non-Major Enterprise Funds	-	-	-	-	-	0.1	0.1
Internal Service Funds	-	-	-	-	0.2	2.9	3.1
Custodial Funds	1.5	-	-	-	-	-	1.5
Total	\$ 4.4	\$ 102.6	\$ 139.3	\$ 0.4	\$ 5.0	\$ 97.9	\$ 349.5

Interfund receivables and payables are recorded for borrowings to eliminate negative balances in the Common Cash pool, as described in Note 5, payroll liabilities for group insurance and retirement, and tax accrual distributions for taxes collected in the following fiscal year.

Not included in the table above is the accrued interest of \$1.8 million related to an interfund advance due from the Correctional Industries Revolving Fund (an internal service fund) to the General Fund for amounts loaned for capital construction, which is not expected to be repaid within one year.

Discretely Presented Component Units

Receivables and related liabilities between the primary government and the discretely presented component units do not agree because the Michigan State Housing Development Authority and the 10 State universities have a June 30 fiscal year-end.

NOTE 20 – INTERFUND COMMITMENTS

Mackinac Bridge Authority

Mackinac Bridge Authority (MBA), a discretely presented component unit, has over the years received \$75.3 million of subsidies, including \$12.3 million for operations and \$63.0 million for debt service. These subsidies were provided by the State Trunkline and Michigan Transportation funds, respectively.

State statutes require that MBA continue charging bridge tolls and begin repaying the State funds for the subsidies provided. These repayments are to continue until such time as the subsidies have been completely returned. MBA has not recorded a liability and the State funds have not recorded receivables for these subsidies because the reimbursements are contingent upon future net revenues, there is no repayment schedule, and the repayment commitment is long-term and budgetary in nature. Repayments may be authorized by MBA after consideration of MBA's annual needs for its operations and planned repairs and improvements.

As of September 30, 2025, MBA has repaid a total of \$18.3 million of the advance from the Michigan Transportation Fund, leaving a balance of \$44.7 million. No repayments have been made on the advance from the State Trunkline Fund.

NOTE 21 – TRANSFERS

Interfund transfers as of September 30 consisted of the following (in millions):

Transferred From	Transferred To				Total
	General Fund	School Aid Fund	Non-Major Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 211.4	\$ 488.1	\$ 0.2	\$ 699.7
School Aid Fund	139.0	-	22.9	-	161.8
Non-Major Governmental Funds	55.4	530.1	2,191.2	-	2,776.7
State Lottery Fund	9.5	1,163.8	-	-	1,173.4
Unemployment Compensation Funds	-	-	42.9	-	42.9
Non-Major Enterprise Funds	275.4	-	-	-	275.4
Internal Service Funds	4.6	-	-	-	4.6
Fiduciary Funds	337.6	-	-	-	337.6
Total	\$ 821.5	\$ 1,905.3	\$ 2,745.0	\$ 0.2	\$ 5,472.0

Transfers are used to 1) move revenues from the fund that statute requires to collect them to the fund that statute requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, 3) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, 4) move profits from the Liquor Purchase Revolving Fund and the State Lottery Fund as required by law, and 5) transfer accumulated surpluses from other funds to the General Fund when authorized by statute.

NOTE 22 – FUND DEFICITS

Primary Government

Governmental Funds reporting a fund balance deficit:

The Advance Financing Funds, a capital projects fund, had a fund balance deficit of \$931.9 thousand. The fund deficit was caused by expenditures for projects for which reimbursements have not yet been received and for expenditures incurred to improve State-owned sites that have not been sold.

The State Building Authority, a capital projects fund, had a fund balance deficit of \$13.4 million. The fund deficit resulted because the fund incurred expenditures for construction projects before bond proceeds were deposited into the fund.

Proprietary Funds reporting a net position deficit (in millions):

Enterprise Funds:	
State Lottery Fund	\$ 38.3
Liquor Purchase Revolving Fund	37.2
Internal Service funds:	
Information Technology Fund	243.9
Motor Transport Fund	2.7
State Sponsored Group Insurance Fund	18.1

The fund deficits of the State Lottery Fund, Liquor Purchase Revolving Fund, Information Technology Fund, and Motor Transport Fund are primarily attributable to the allocation of the net pension and other postemployment benefits (OPEB) liabilities related to the State Employees' Retirement System (SERS) and total OPEB liability related to the Postemployment Life Insurance Benefit (PELIB) plan. Because these funds make contributions to SERS and the PELIB plan, a portion of the applicable liabilities must be allocated to the fund with the allocation being based on required contributions from each fund's payroll.

An additional cause of the fund deficit of the State Lottery Fund was due to the implementation of Governmental Accounting Standards Board Statement No. 101, Compensated Absences, which resulted in a restatement of beginning net position. See Note 4 for additional information on this restatement.

The fund deficit of the State Sponsored Group Insurance Fund is due to higher than projected health and drug expenses.

Discretely Presented Component Units

All discretely presented component units had positive net position balances as of September 30, 2025, with the exception of the Michigan Veterans' Facility Authority. The Michigan Veterans' Facility Authority's fund deficit of \$24.8 million was caused by the recognition of net pension and OPEB liabilities.

NOTE 23 – FUND BALANCES AND NET POSITION

Fund Balance Classifications – Governmental Funds

The following table provides additional detail regarding the fund balances reported on the Governmental Funds Balance Sheet at September 30 (in millions):

	General Fund	School Aid Fund	Other Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
Non-Spendable:							
Inventory and prepaids	\$ 84.5	\$ -	\$ -	\$ -	\$ 15.1	\$ -	\$ 99.6
Permanent principal	0.5	-	361.1	-	-	918.0	1,279.6
Restricted:							
General government	189.4	-	8.9	-	-	-	198.3
Education	29.7	4,002.2	-	95.0	-	-	4,126.9
Public safety and corrections	82.1	-	3.2	-	-	29.4	114.7
Conservation, environment, recreation, and agriculture	526.9	-	611.8	-	-	506.8	1,645.5
Health and human services	467.6	-	3.2	-	-	10.2	480.9
Transportation	-	-	560.5	-	2,418.2	-	2,978.7
Labor, commerce, and regulatory	296.3	-	111.8	-	-	-	408.1
Other purposes	-	-	-	44.2	-	-	44.2
Committed:							
General government	3,529.4 *	-	299.4	-	-	-	3,828.8
Education	809.5	-	-	-	-	-	809.5
Public safety and corrections	691.9	-	-	-	-	-	691.9
Conservation, environment, recreation, and agriculture	762.6	-	-	-	-	-	762.6
Health and human services	994.0	-	-	-	-	-	994.0
Transportation	651.0	-	-	-	-	-	651.0
Labor, commerce, and regulatory	1,231.9	-	-	-	-	-	1,231.9
Assigned:							
General government	44.6	-	-	-	-	-	44.6
Education	2.5	-	-	-	-	-	2.5
Public safety and corrections	25.4	-	-	-	-	-	25.4
Conservation, environment, recreation, and agriculture	82.2	-	-	-	-	-	82.2
Health and human services	19.6	-	-	-	-	-	19.6
Transportation	1.0	-	-	-	-	-	1.0
Labor, commerce, and regulatory	228.7	-	-	-	-	-	228.7
Unassigned	240.6	-	-	-	(14.3)	-	226.3
Total Fund Balances	<u>\$ 10,992.0</u>	<u>\$ 4,002.2</u>	<u>\$ 1,959.8</u>	<u>\$ 139.2</u>	<u>\$ 2,419.0</u>	<u>\$ 1,464.4</u>	<u>\$ 20,976.5</u>

* \$2.2 billion of this balance relates to the Counter-Cyclical Budget and Economic Stabilization Fund as referenced in Note 3.

Michigan
Notes to the Financial Statements

Restricted Net Position – Primary Government

The following table provides additional detail regarding the restricted net position reported for the primary government on the government-wide Statement of Net Position at September 30 (in millions):

	Restricted by Enabling Legislation	External or Constitutional Restrictions	Total
Governmental Activities:			
Restricted For:			
Education	\$ 11.4	\$ 5,210.0	\$ 5,221.3
Construction and debt service	44.2	-	44.2
Public safety and corrections	76.6	13.7	90.3
Conservation, environment, recreation, and agriculture	836.1	556.6	1,392.8
Health and human services	14.0	1,035.8	1,049.8
Transportation	-	2,604.1	2,604.1
Labor, commerce, and regulatory	407.6	0.7	408.3
Other purposes	263.6	64.9	328.5
Funds Held as Permanent Investments:			
Expendable	-	546.4	546.4
Nonexpendable	-	918.0	918.0
Total Restricted Net Position - Governmental	\$ 1,653.4	\$ 10,950.2	\$ 12,603.6
Business-type Activities:			
Restricted For:			
Unemployment compensation	\$ 2,993.1	\$ -	\$ 2,993.1
Other purposes	-	6.6	6.6
Total Restricted Net Position - Business-type	\$ 2,993.1	\$ 6.6	\$ 2,999.8
Total Primary Government:			
Restricted For:			
Education	\$ 11.4	\$ 5,210.0	\$ 5,221.3
Construction and debt service	44.2	-	44.2
Public safety and corrections	76.6	13.7	90.3
Conservation, environment, recreation, and agriculture	836.1	556.6	1,392.8
Health and human services	14.0	1,035.8	1,049.8
Transportation	-	2,604.1	2,604.1
Unemployment compensation	2,993.1	-	2,993.1
Labor, commerce, and regulatory	407.6	0.7	408.3
Other purposes	263.6	71.6	335.1
Funds Held as Permanent Investments:			
Expendable	-	546.4	546.4
Nonexpendable	-	918.0	918.0
Total Restricted Net Position - Primary Government	\$ 4,646.6	\$ 10,956.8	\$ 15,603.3

Michigan
Notes to the Financial Statements

NOTE 24 – DISAGGREGATION OF PAYABLES

The line “Current Liabilities: Accounts payable and other liabilities,” as presented on the government-wide Statement of Net Position as of September 30 consisted of the following (in millions):

	General Fund	School Aid Fund	Non-Major Governmental Funds	Other Funds	State Lottery Fund	Michigan Unemployment Compensation Funds	Non-Major Enterprise Funds	Total
Medicaid Programs	\$ 3,560.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,560.5
Non-Medicaid Health and Human Services Programs	588.6	-	0.4	-	-	-	-	589.0
Transportation Programs	-	-	850.5	-	-	-	-	850.5
School Aid Programs	-	788.1	-	-	-	-	-	788.1
Other State Programs	580.5	-	38.8	-	-	-	-	619.3
State Police Programs	381.2	-	-	-	-	-	-	381.2
Merit Award Scholarships	-	-	0.7	-	-	-	-	0.7
Payroll and Withholdings	233.3	-	25.5	-	1.0	-	0.4	260.2
Tax Refunds other than Income Tax	180.6	21.4	4.3	-	-	-	-	206.3
Unearned Receipts	14.3	-	53.5	-	-	-	-	67.8
Amounts Held for Others	50.3	-	45.1	-	6.8	-	-	102.2
Capital Projects - Non-Transportation	-	-	1.1	-	-	-	-	1.1
Coronavirus State Fiscal Recovery Fund	189.8	-	-	-	-	-	-	189.8
Marihuana Funds	95.6	-	-	-	-	-	-	95.6
Convention Facility Development Fund	48.6	-	-	-	-	-	-	48.6
Prize Awards	-	-	-	-	223.6	-	-	223.6
Liquor Purchase	-	-	-	-	-	-	155.9	155.9
Unemployment Payments	-	-	-	-	-	327.2	-	327.2
Internal Service Fund Liabilities	-	-	-	115.2	-	-	-	115.2
Due to Fiduciary Funds *	-	-	-	97.9	-	-	-	97.9
Miscellaneous	-	-	-	-	27.9	-	0.8	28.7
Total	\$ 5,923.5	\$ 809.5	\$ 1,019.8	\$ 213.1	\$ 259.4	\$ 327.2	\$ 157.1	\$ 8,709.6

* This amount represents amounts due to fiduciary funds that are reclassified as external payables on the government-wide Statement of Net Position.

The State records a liability for refunds requested on tax returns processed within 60 days of fiscal year-end and an estimated liability for individual income taxes. However, an estimated liability is not recognized for other tax overpayments as of fiscal year-end because it is not measurable. Tax overpayments are the result of a taxpayer’s estimated payments exceeding their tax liability. Estimated payments are recognized as revenue during the fiscal year in which the payment was received. Taxpayers who file a return with a tax overpayment may elect to receive the overpayment as a refund or apply it to the next tax year as a credit forward. Credit forwards are equivalent to estimated payments with respect to taxpayer contributions towards their liabilities. As of November 30, tax returns related to tax year 2025 have not yet been received and processed, and credit forwards reported on the taxpayers’ most recently processed returns were approximately (in millions):

	2025		2024		Percentage Increase (Decrease) From 2024 to 2025
	General Fund	School Aid Fund	General Fund	School Aid Fund	
Corporate income tax	\$ 979.7	\$ -	\$ 933.7	\$ -	4.9%
Sales tax	29.1	84.0	21.7	62.8	33.8
Withholding tax	58.8	18.4	67.0	20.9	(12.1)
Insurance – retaliatory tax	37.6	-	26.0	-	44.5
Use tax	17.2	8.6	15.4	7.7	11.7
Marihuana excise tax	1.5	-	1.5	-	(0.8)
Total	\$ 1,124.1	\$ 111.0	\$ 1,065.4	\$ 91.4	6.8%

NOTE 25 – CONTINGENCIES AND COMMITMENTS

Primary Government

Litigation

In the government-wide and proprietary fund financial statements, the State accrues liabilities related to significant legal proceedings if a loss is probable and reasonably estimable. In the governmental fund financial statements, liabilities are accrued when cases are settled and the amount is due and payable.

The State is a party to various legal proceedings seeking damages, injunctive, or other relief. In addition to routine litigation, certain of these proceedings could, if unfavorably resolved from the point of view of the State, substantially affect State programs or finances. These lawsuits involve programs generally in the areas of public safety and corrections, environment, and health and human services. Relief sought generally includes damages in tort cases and payment for replacement of water and sewer infrastructure. The State is also a party to various legal proceedings that, if resolved in the State's favor, would result in contingency gains to the State, but without material effect upon fund balance/net position. The ultimate dispositions and consequences of all these proceedings are not presently determinable, but such ultimate dispositions and consequences of any single proceeding or all legal proceedings collectively should not themselves, in the opinion of the Attorney General of the State and the State Budget Office, have a material adverse effect on the State's financial position.

Federal Grants

The State receives significant financial assistance from the federal government in the form of grants and entitlements. The receipt of federal grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations. Substantially all federal grants are subject to either federal single audits or financial and compliance audits by grantor agencies. Questioned costs as a result of these audits may become disallowances after the appropriate review of federal agencies. Material disallowances are recognized as liabilities in the government-wide and proprietary fund financial statements when the loss becomes probable and reasonably estimable. Disallowances are recognized as liabilities in the governmental fund financial statements when the loss becomes due and payable. As of September 30, 2025, the State has recognized a liability of \$168.8 million in the government-wide statements. In addition, the State has identified potential disallowances totaling approximately \$53.3 million for which the State believes the possibility of full repayment is reasonably possible. The State estimates that any additional disallowances of recognized revenue will not be material to the general purpose financial statements.

Michigan Unemployment Compensation Funds

The Coronavirus pandemic has had an economic impact on the United States and the international community, significantly impacting unemployment across the country. In early March 2020, the Coronavirus pandemic had the Unemployment Insurance Agency (UIA) quickly moving to implement several new federal programs designed to assist workers impacted by the pandemic. These programs included Pandemic Unemployment Assistance (PUA), Pandemic Unemployment Compensation (PUC), Pandemic Emergency Unemployment Compensation, Extended Benefits, and then later the Lost Wage Assistance (LWA) program. The PUA program in particular covered workers who were not previously covered by unemployment insurance. These programs created a surge in claim volume that had never been experienced by UIA.

The LWA program requires states to reimburse the Federal Emergency Management Agency (FEMA) for any benefit overpayments at the time the program is finalized. To cover this debt, \$5.6 million was appropriated to the State of Michigan General Fund and a liability was recorded for the payment in fiscal year 2025. The payment to FEMA was made in fiscal year 2026.

Due to the speed of implementation of the previously mentioned programs, the limited requirements of the new PUA program, and the additional benefits provided by the PUC program, unemployment insurance programs throughout the country became a target for large-scale impostor fraud activity. These factors and others, including the addition of third-party contractors, numerous system changes, and program requirements that limited the verification of claimant information, contributed to a potentially significant increase in UIA's fraud exposure.

As of September 30, 2025, UIA had over 133,700 open potential fraud investigation cases, with 38 percent of these cases involving PUA claims. The total amount of fraudulent benefits issued by UIA will not be known until all the suspected cases have been thoroughly investigated. Losses attributable to federal funds appropriated by the Coronavirus Aid, Relief, and Economic Security Act would have no impact on the health of the Michigan Unemployment Compensation Funds (Compensation Funds).

UIA has not reclassified any amount of benefits expense for losses from fraudulent benefit payments. In response to the increased fraud activity and benefit recipients who typically do not qualify for regular unemployment benefits, UIA implemented additional staff reviews of claims prior to the release of payments. Payments authorized but pending staff review were recorded to an accrued payable account pending resolution. As of September 30, 2025, the gross accrued benefits payable to claimants pending review was approximately \$68.0 million. Based on estimated rates of eventual approval for similar claims, UIA has adjusted this balance, the corresponding receivable from the federal government, and the associated revenues and expenses by approximately \$3.0 million for claims not expected to be paid. These amounts may need to be further adjusted as claims are adjudicated. As this adjustment relates only to federally funded benefits, this adjustment has had no impact on the Compensation Funds' net position.

Although the pandemic programs were discontinued at the end of fiscal year 2021, a significant amount of UIA's efforts during the current fiscal year have been spent addressing backlogs, adjudications, and protests associated with these programs. During the fiscal year ended September 30, 2025, UIA paid approximately \$1.0 billion in unemployment benefits. These benefits include approximately \$989.0 million in regular unemployment benefits and approximately \$14.0 million in federal program benefits.

In December 2022, UIA implemented a collection pause for claimant overpayments resulting from benefits paid during the pandemic. The collection pause ended in September 2025 and collection activity has resumed.

Gain Contingencies

Certain contingent receivables related to the Department of Health and Human Services (DHHS) are not recorded as assets in these statements. Amounts recoverable from DHHS grant recipients for grant overpayments or from responsible third parties are recorded as receivables only if the amount is reasonably measurable, expected to be received within 12 months, and not contingent upon future grants or the completion of major collection efforts by the State. If recoveries are accrued and the program involves federal participation, a liability for the federal share of the recovery is also accrued. The unrecorded amount of potential recoveries, which are ultimately collectible, cannot be reasonably determined.

Master Settlement Annual Payment: In 1998, the major United States tobacco product manufacturers entered into the Master Settlement Agreement (MSA) with the State of Michigan and 51 other jurisdictions (the Settling States) comprised of 46 states, the District of Columbia, Puerto Rico, and four U.S. territories. The MSA is the product of extensive negotiations between the Settling States and Participating Manufacturers (PMs). The Ingham County Circuit Court approved the MSA by entry of a Consent Order on December 11, 1998. The MSA releases PMs from Michigan's claims that PMs had conspired to conceal from the public the health risks related to smoking and had specifically targeted minors in their marketing efforts. In return for the release, the MSA obligates PMs to make annual payments to the states and requires substantial changes in the companies' advertising and marketing practices, with the intention of reducing underage smoking. The MSA provides that an Independent Auditor calculates PMs' payments annually, using a specified formula. The payment is computed as an aggregate figure which is then divided among the states according to percentages specified in the MSA. The MSA requires PMs to make their payments by April 15 of each year, in perpetuity, with Michigan receiving an allocable share of 4.3519476 percent of the total.

In December 2012, the State of Michigan along with over 20 other states signed the term sheet settlement, an agreement in principle designed to settle litigation over the application and interpretation of the Nonparticipating Manufacturers (NPM) adjustment and diligent enforcement provisions of the MSA. As a result of the term sheet, the uncertainty regarding the State's disputed payment account and whether the State was diligently enforcing its collection obligations pursuant to the MSA during years 2003 through 2012 was substantially eliminated. The State of Michigan avoided any further reduction of its tobacco payments for those years, and the State's share of those funds was released.

In October 2017, the parties to the term sheet settlement formalized their 2012 understanding by signing the NPM Adjustment Settlement Agreement, which provided a more definitive framework for avoiding similar disputes in subsequent years, but retains the potential for additional diligent enforcement-based adjustments after 2017.

Subsequent to the original NPM Adjustments Settlement Agreement, up to 38 states (including Michigan) entered into separate extensions applicable to tobacco sales years 2016 through 2027. The PMs and states finalized the most recent extension of the NPM Adjustment Settlement Agreement to cover sales years beginning 2025 through 2027, that became effective on December 17, 2025, after all PMs and states submitted their respective signature pages. On behalf of the State of Michigan, the Michigan Attorney General executed her signature page on December 11, 2025.

In April 2025, the State of Michigan received an annual payment of \$247.3 million pursuant to the terms of the tobacco MSA. This figure represents a combined total of the amounts received by the Michigan Department of Treasury Receipts Processing Division and the Trustee for the Michigan Tobacco Settlement Finance Authority, which receives 24.11 percent of Michigan's annual MSA payment pursuant to Michigan Compiled Laws Section 129.261, et seq.

It is impossible to calculate with precision the amount of the MSA's sales-based annual payment that Michigan will receive in April 2026, but it is expected to exceed \$220.0 million.

Opioid Litigation: The State of Michigan has gain contingencies through litigation against opioid manufacturers, marketers, wholesale distributors, pharmacies, and pharmacy benefit managers who were sued for their role in the opioid epidemic. For opioid settlements underway, the State expects to receive approximately \$907.9 million through fiscal year 2040 and has received \$333.3 million as of September 30, 2025. The State has recorded a receivable and deferred inflows of resources in the General Fund of \$551.7 million. The remaining \$23.0 million will be earned as the State continues to meet the incentive criteria over the duration of the settlement period. Contingent receivables related to opioid litigation still in progress are not recorded as assets in these statements, including:

Purdue Pharmaceutical, an opioid manufacturer, was sued by many governments for its role as the progenitor of the opioid epidemic. These cases were combined into a federal multidistrict litigation. Subsequently, Purdue Pharmaceutical filed for Chapter 11 bankruptcy. A restructuring plan was reached but was appealed. The appeal of this matter was decided by the U.S. Supreme Court in 2024. The U.S. Supreme Court struck down the bankruptcy plan. A new settlement plan has been negotiated

and is nearly complete. Michigan is a creditor and stands to recover under this bankruptcy. The State is expected to receive \$77.0 million over 15 years.

Eight generic opioid manufacturers (Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, Sun, and Zydus Pharmaceuticals) were sued by many governments for their role in the opioid epidemic. Settlements were negotiated with these eight generic manufacturers and are nearly complete. Michigan stands to gain from these settlements and is expected to receive \$12.5 million over 10 years.

Pharmacy benefit managers (PBMs) OptumRX and ExpressScripts were sued in October 2024 by the Attorney General in state court for their role in the opioid epidemic. Specifically, the PBMs were sued under public nuisance, negligence, and drug dealer liability theories. This litigation has just begun and it is unknown what the result may be.

It is difficult to calculate with precision the total amount the State of Michigan will receive because of opioid litigation. Various settlements contain pre-payment options that would change the nominal amount paid. Additional settlements may arise in the future as this litigation develops.

Contingent Liability for Local School District Bonds

Article 9, Section 16, of the Michigan Constitution resulted in a contingent liability for the bonds of any school district which are “qualified” by the State Treasurer. If, for any reason, a qualified school district will be, or is, unable to pay the principal and interest on its qualified bonds when due, the school district shall borrow, and the State shall lend to it, any amount necessary for the school district to avoid a default on its qualified bonds. In the event that adequate funds are not available in the School Loan Revolving Fund to make such a loan, the State is required to make loans from the General Fund. As of September 30, 2025, the principal amount of qualified bonds outstanding was \$15.8 billion. Total debt service requirements on these bonds including interest will be approximately \$1.8 billion in 2026. The amount of loans by the State (related to local school district bonds qualified under this program), outstanding to local school districts as of September 30, 2025, is \$1.1 billion. Interest due on these loans as of September 30, 2025, is \$113.2 million.

Michigan Economic Growth Authority (MEGA) Tax Credits and Historic Preservation Credit Program

MEGA tax credits are awarded to businesses that commit to making capital investments that create and/or retain jobs in Michigan. During fiscal year 2015, a number of amendments were made to the MEGA Tax Credit Program that will cap and reduce the liability in future years.

The Historic Preservation Credit Program was established to provide tax incentives for homeowners, commercial property owners, and businesses to rehabilitate historic resources located in Michigan. The law allows the credit to be claimed as either a refundable accelerated credit or a non-refundable credit. Like other certificated credits, beginning January 1, 2012, the historic preservation credit is only available to taxpayers who had approved rehabilitation plans by December 31, 2011, but had not fully claimed the credit before January 1, 2012.

As of September 30, 2025, an estimated \$2.5 billion in MEGA tax credits and historic preservation credits remained outstanding. The amount of MEGA tax credits and historic preservation credits expected to be redeemed is estimated at \$510.1 million in fiscal year 2026; \$520.6 million in fiscal year 2027; \$353.4 million in fiscal year 2028; and the remainder in subsequent fiscal years. The State has recognized a liability of \$5.1 million in the government-wide statements. The liability represents certificated credits eligible to be claimed and not yet claimed as of December 1, 2025.

Michigan Brownfield Tax Credits

Michigan brownfield tax credits are awarded to businesses that commit to revitalize, redevelop, and reuse contaminated, blighted, functionally obsolete, tax reverted, or historic property. Although the State stopped awarding new brownfield tax credits in calendar year 2011, previously issued credits remain eligible for redemption. As of September 30, 2025, an estimated \$11.6 million in brownfield tax credits remained outstanding. The remaining brownfield tax credits are expected to be redeemed in fiscal year 2027. There were no certificated credits eligible to be claimed and not yet claimed as of December 1, 2025.

Commitments and Encumbrances

The Michigan Department of Transportation has construction and consultant commitments that will be paid with transportation related funds. As of September 30, 2025, these commitments equaled \$3.1 billion; a portion of this balance, \$241.3 million, has been encumbered.

Michigan
Notes to the Financial Statements

Encumbrance balances are comprised of grant agreements and other contracts the State has entered into with vendors for services or goods not yet performed or received as of year-end. A portion of these commitments will be satisfied with existing resources while resources provided by future bond proceeds, taxes, federal grants, and local and private revenues will satisfy the remaining commitments. The following table shows total governmental fund encumbrances by function as of September 30 (in millions):

Function:	General Fund	School Aid Fund	Non-Major Funds	Total
Education	\$ 66.5	\$ 19.6	\$ -	\$ 86.2
Public safety and corrections	152.1	-	-	152.1
Conservation, environment, recreation, and agriculture	1,427.0	-	142.4	1,569.4
Health and human services	123.1	-	-	123.1
Transportation	142.7	-	699.2	841.8
Labor, commerce, and regulatory	936.9	-	6.8	943.6
General government	399.3	-	82.9	482.1
Total Encumbrances	\$ 3,247.5	\$ 19.6	\$ 931.1	\$ 4,198.3

Discretely Presented Component Units

Student Loan Guarantees

The Michigan Guaranty Agency (MGA), a fiduciary fund of the Michigan Finance Authority, is contingently liable for student loans made by financial institutions that qualify for guaranty. The State, other than MGA, is not liable for these loans. The default ratio for loans guaranteed by MGA is above 14.75 percent for the fiscal year ended September 30, 2025. Under the Voluntary Flexible Agreement, the Federal Government waived statutory and regulatory provisions of the Reinsurance Trigger Rate (title 34, *Code of Federal Regulations*, part 682, section 404(b)) so that reimbursement will continue at 100 percent until September 30, 2026. In the event of future adverse default experience, MGA could be liable for up to 25.0 percent of defaulted loans. While management believes the MGA expected maximum contingent liability is less than 25.0 percent of outstanding guaranteed loans, the maximum contingent liability at 25.0 percent is \$37.8 million as of September 30, 2025. Management does not expect that all guaranteed loans could default in one year.

MGA has entered into commitment agreements with all lenders that provide, among other things, that MGA will maintain cash and marketable securities at an amount sufficient to guarantee loans in accordance with the Higher Education Act of 1965, as amended. MGA management believes MGA was in compliance with this requirement as of September 30, 2025.

Multi-Family Mortgage Loans

As of June 30, 2025, the Michigan State Housing Development Authority (MSHDA) has commitments to issue multi-family mortgage loans in the amount of \$384.5 million and single-family mortgage loans in the amount of \$121.2 million.

MSHDA has committed up to approximately \$1.1 million per year for up to 30 years from the date of completion of the respective developments (subject to three years advance notice of termination) from its accumulated reserves and future income to subsidize operations or rents for certain tenants occupying units in certain developments funded under MSHDA's multi-family program.

In addition, MSHDA makes available up to approximately \$1.0 million per year for up to 30 years to subsidize rents in a similar fashion for 20.0 percent of the units in certain other developments financed or to be financed under MSHDA's multi-family mortgage lending program.

NOTE 26 – RISK MANAGEMENT

Primary Government

General

The State has elected not to purchase commercial insurance for many of the risks of losses to which it is exposed. The State is self-insured for vehicle liability, workers' compensation, unemployment compensation, portions of employee insurance benefit programs, and most general liability and property losses. Risks that are covered by some level of commercial insurance include, but are not limited to, aircraft liability, employee crime, cyber liability, fine arts, equipment breakdown, and, if required by bond or lease agreement, property losses, general liability, and loss of rental value. Claims made against the State's commercial insurance policies have not exceeded policy limits in any of the past ten fiscal years.

The State has established two internal service funds, which are described below, to account for certain aspects of the risk management program. Fund expenditures (expenses) are recognized in the paying funds in a manner similar to purchased commercial insurance. For other uninsured losses not covered by an internal service fund program, such as general liability, vehicle liability, and property losses, the State recognizes fund liabilities in the fund incurring the loss as follows: governmental

Michigan
Notes to the Financial Statements

funds record an expenditure when a loss is due and payable; proprietary funds record an expense when it is probable that a loss has occurred, and the amount can be reasonably estimated. As explained more fully in Note 15, losses for workers' compensation and certain types of litigation losses have been recognized as liabilities in the government-wide financial statements.

For unemployment claims, the Unemployment Compensation Fund of the Unemployment Insurance Agency (UIA) bills the State for the actual amount of claims paid to former State employees. The State accrues liabilities in the governmental fund financial statements for unemployment compensation, only to the extent paid by UIA through September 30. During fiscal year 2025, expenditures for payments to former State employees (not including university employees) were \$5.0 million. The potential liability for future payments cannot be estimated.

The State's two internal service funds, which account for certain areas of risk management, such as portions of its employee insurance benefits, general liability, and vehicle liability, follow accounting standards established by the Governmental Accounting Standards Board. This results in a reporting which is very similar to that used in the private insurance industry. The various component programs within the two funds may incur deficits during a given year, but each program's surplus and unrestricted net position balance is considered in calculating future charges or benefit levels.

Risk Management Fund

This fund was established during fiscal year 1990 to account for insurance management activities implemented within the Department of Technology, Management and Budget. The vehicle liability and administrative functions are accounted for as operating activities of this fund. Expenses and liabilities for claims, including incurred but not reported or not processed claims, have been recorded in the amount of \$4.5 million. This includes a long-term portion, which is recorded at \$3.8 million.

Changes in the Risk Management Fund's claims for vehicle liability for the fiscal years ending September 30, 2025 and 2024 are as follows (in millions):

	2025	2024
Balance - beginning	\$ 6.9	\$ 5.8
Current year claims and changes in estimates	(1.2)	3.4
Claim payments	(1.2)	(2.3)
Balance - ending	\$ 4.5	\$ 6.9

The Risk Management Fund also has general liability insurance with \$0.9 million recorded in long-term liabilities. The long-term liability was established to cover general liability losses that occur in Department of Technology, Management and Budget managed buildings without coverage from the commercial policy. General liability insurance amounts were previously reported as part of the Fund's vehicle liability. The combined total for the vehicle liability and general liability insurances is \$5.5 million in 2025 and \$7.8 million in 2024.

Workers' compensation payments for State agencies are processed centrally through the Risk Management Fund. Changes in workers' compensation claims for the fiscal years ending September 30, 2025 and 2024 are as follows (in millions):

	2025	2024
Balance - beginning	\$ 44.4	\$ 42.5
Current year claims and changes in estimates	13.3	11.4
Claim payments	(9.9)	(9.4)
Balance - ending	\$ 47.8	\$ 44.4

Workers' compensation is further described in Note 15.

State Sponsored Group Insurance Fund

The Department of Technology, Management and Budget and the Civil Service Commission use this fund to account for employee benefit programs, which are largely self-funded. Expenses and liabilities for claims, which include incurred but not reported or not processed benefit claims, based on preliminary estimates from the plan administrators, have been recorded as liabilities in the amount of \$156.3 million. This includes a long-term portion, which is recorded at a discounted present value of \$91.6 million. For all claims incurred prior to October 1, 2025, the discounted present value of the long-term disability liability was calculated over a 20-year period using a discount rate of approximately 0.8 percent.

Payments to the State Sponsored Group Insurance Fund are based on estimates of amounts needed to pay prior and current year claims. In addition, a portion of the fund's net position has been designated for catastrophic losses. The risk management designation represents the level of reserves that should be maintained to ease large fluctuations in premium levels in years of unexpected excessive claims. That designation was \$83.0 million at September 30, 2025. Unrestricted net position totaled a negative balance of \$18.1 million at September 30, 2025.

Michigan
Notes to the Financial Statements

Changes in the State Sponsored Group Insurance Fund's claims liability for employee benefit programs for the fiscal years ending September 30, 2025 and 2024 are as follows (in millions):

	2025	2024
Balance - beginning	\$ 144.9	\$ 123.3
Current year claims and changes in estimates	986.3	869.7
Claim payments	(974.9)	(848.1)
Balance - ending	<u>\$ 156.3</u>	<u>\$ 144.9</u>

Discretely Presented Component Units

State Universities

The State university component units participate with the other Michigan public universities in the Michigan Universities Self-Insurance Corporation (MUSIC), which provides indemnity to its members against comprehensive general liability, errors and omissions losses, and property losses commonly covered by insurance. Loss coverages are structured on a three-layer basis with each member retaining a portion of its losses, MUSIC covering the second layer, and commercial carriers covering the third layer.

NOTE 27 – PLEDGED REVENUES

As authorized by legislation, certain revenues of the primary government are pledged to secure debt of the State's discretely presented component units, and to pay the debt service on those bond issuances. In 2006, the Michigan Tobacco Settlement Finance Authority (MTSFA) was created to issue tobacco settlement bonds, the proceeds of which were used to provide funding for the 21st Century Jobs Trust Fund, as well as the School Aid Fund, the General Fund, and a reserve fund. MTSFA was reported as a blended component unit of the State; MTSFA subsequently was transferred by Executive Order 2010-2 to the Michigan Finance Authority (MFA), a discretely presented component unit of the State. The bonds were securitized by a portion of the State's Tobacco Settlement Revenues (TSRs), which were payable to the State under the Master Settlement Agreement entered into by participating cigarette manufacturers in 1998. Beginning April 1, 2008, 13.3 percent of the State's share of the TSRs was pledged to pay tobacco settlement bonds issued in 2006; beginning April 1, 2010, 10.8 percent of TSRs was pledged to pay tobacco settlement bonds issued as part of the 2007 tobacco securitization. Tobacco settlement payments to the State totaled \$247.3 million in fiscal year 2025.

For the period ended September 30, 2025, the State's pledged revenue to MFA was \$59.6 million. A total amount of \$59.3 million was received in MFA's tobacco settlement debt service fund to contribute to annual debt service requirements of \$63.6 million. Shortfalls in the receipt of pledged revenue are made up by investment income if available or other resources; debt service on these bonds is payable solely from pledged TSRs.

NOTE 28 – DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The following table provides additional detail regarding deferred outflows of resources and deferred inflows of resources reported on the government-wide Statement of Net Position (in millions):

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Totals	
Deferred Outflows of Resources:				
Accumulated decrease in fair value of hedging derivative instruments	\$ -	\$ -	\$ -	\$ 21.1
Refunding of debt	17.1	-	17.1	46.2
Lease related	22.0	-	22.0	-
Pension Related:				
Differences between expected and actual experience	62.7	-	62.7	0.5
Changes of assumptions	104.0	-	104.0	0.4
Contributions subsequent to the measurement date	864.7	5.2	869.9	17.5
Total Pension Related	1,031.4	5.2	1,036.6	18.4
Other Postemployment Benefits (OPEB) Related:				
Differences between expected and actual experience	-	-	-	4.3
Changes of assumptions	720.5	4.7	725.3	29.9
Changes in proportion and differences between contributions and proportionate share of contributions	18.7	3.6	22.3	29.4
Contributions subsequent to the measurement date	343.7	2.1	345.8	14.5
Total OPEB Related	1,082.9	10.5	1,093.4	78.0
Total Deferred Outflows of Resources	<u>\$ 2,153.4</u>	<u>\$ 15.6</u>	<u>\$ 2,169.0</u>	<u>\$ 163.7</u>
Deferred Inflows of Resources:				
Accumulated increase in fair value of hedging derivative instruments	\$ -	\$ -	\$ -	\$ 22.3
Loan origination fees	-	-	-	37.2
Refunding of debt	113.1	-	113.1	26.6
Lease related	15.3	-	15.3	147.7
Irrevocable split-interest agreements	-	-	-	25.5
Public-private and public-public partnerships	-	-	-	259.8
Pension Related:				
Differences between expected and actual experience	0.9	-	0.9	-
Changes of assumptions	-	-	-	0.3
Net difference between projected and actual earnings on pension plan investments	1,144.8	7.0	1,151.8	104.9
Total Pension Related	1,145.6	7.0	1,152.7	105.2
OPEB Related:				
Differences between expected and actual experience	2,814.3	19.6	2,833.9	63.5
Changes of assumptions	316.9	2.2	319.1	60.1
Net difference between projected and actual earnings on OPEB plan investments	382.6	2.6	385.2	22.5
Changes in proportion and differences between contributions and proportionate share of contributions	34.1	1.2	35.4	7.0
Total OPEB Related	3,547.8	25.7	3,573.5	153.1
Total Deferred Inflows of Resources	<u>\$ 4,821.9</u>	<u>\$ 32.7</u>	<u>\$ 4,854.6</u>	<u>\$ 777.4</u>

The following table provides additional detail regarding deferred inflows of resources reported in the governmental funds (in millions):

	General Fund	School Aid Fund	Non-Major Funds	Total Governmental Funds
Taxes considered unavailable	\$ 3,943.1	\$ 1,189.4	\$ 17.1	\$ 5,149.6
Tobacco settlement receivables	13.1	-	119.7	132.9
School loan revolving program	113.2	-	-	113.2
Opioid settlement receivables	551.7	-	-	551.7
Other	20.5	-	12.7	33.2
Total Deferred Inflows of Resources	<u>\$ 4,641.6</u>	<u>\$ 1,189.4</u>	<u>\$ 149.5</u>	<u>\$ 5,980.6</u>

Public-Private and Public-Public Partnerships

This deferred inflow of resources is described in more detail in Note 9. The public-private and public-public partnerships are related to Eastern Michigan University and Northern Michigan University.

NOTE 29 – SUBSEQUENT EVENTS

Work Project Lawsuit

On December 10, 2025, the Michigan House Appropriations Committee voted to disapprove approximately \$644.9 million in newly requested work project appropriations of which only \$369.2 million were unencumbered and available to be disapproved. Work project appropriations are one-time, nonrecurring undertakings for the purpose of accomplishing a specific objective that enables an appropriation to be available until completion of the work or 48 months after the last day of the fiscal year in which the appropriation was originally made. Under the authority of Michigan Compiled Laws (MCL) Section 18.1451a, the director of the State Budget Office (SBO) may designate appropriations as work project appropriations and either the Michigan House Appropriations Committee or the Michigan Senate Appropriations Committee may disapprove those designations.

On January 7, 2026, the Attorney General of the State issued a formal opinion concluding that the mechanism at MCL 18.1451a(3) that allowed either appropriations committee to disapprove work project designations was unconstitutional. On January 9, 2026, the Michigan House of Representatives filed suit against multiple State departments and agencies that challenged the opinion and sought declaratory judgment that the work project appropriation disapproval clause of MCL 18.1451a(3) is constitutional and that the line-item appropriations disapproved of by the House Appropriations Committee on December 10, 2025, are not “work project appropriations” pursuant to MCL 18.1451a(3) and, therefore, have lapsed by operation of law to the funds from which they were appropriated. On January 16, 2026, the Court of Claims issued a preliminary injunction preventing State departments and agencies from disbursing the disapproved funds and on February 27, 2026, the Court granted the parties a two-week adjournment to allow the parties to engage in negotiations toward mutual resolution of the litigation. An additional eight-week adjournment was granted in a court order on March 16, 2026, which requires the parties to file a joint stipulation regarding the status of negotiations by May 8, 2026.

Of the \$369.2 million in unencumbered work project appropriations noted above, \$322.3 million was funded with existing fund balance or net position and was not lapsed to the funds from which they were appropriated. Rather, these amounts are reported as restricted and unrestricted net position in the government-wide Statement of Net Position and as restricted and committed fund balance in the Governmental Funds Balance Sheet for the fiscal year ended September 30, 2025. The remaining \$46.9 million of unencumbered work project appropriations are dependent upon future collection of restricted revenue and therefore are not currently reflected in fund balance or net position.

The following table provides the net position classification of these amounts as reported on the government-wide Statement of Net Position at September 30 (in millions):

	Governmental Activities	Component Units
Net Position:		
Restricted	\$ 28.0	\$ -
Unrestricted	286.6	7.7
Total Net Position	\$ 314.5	\$ 7.7

The following table provides the fund balance classification of these amounts as reported on the Governmental Funds Balance Sheet at September 30 (in millions):

	General Fund	School Aid Fund	Non-Major Funds
Fund Balance:			
Restricted	\$ 6.6	\$ 8.5	\$ 12.9
Committed	286.6	-	-
Total Fund Balance	\$ 293.1	\$ 8.5	\$ 12.9

Short-Term Borrowing

On October 23, 2025, the State Building Authority (SBA) issued \$15.4 million of commercial paper notes bearing an interest rate of 2.7 percent. The notes matured on January 29, 2026.

On January 29, 2026, SBA issued \$25.3 million of commercial paper notes bearing an interest rate of 2.5 percent. The notes mature on April 23, 2026.

Short-Term Borrowing – Discretely Presented Component Units

The Michigan State Housing Development Authority (MSHDA) made three draws on a revolving line of credit on July 15, 2025, August 8, 2025, and August 29, 2025, totaling \$200.0 million. The line of credit was repaid on October 2, 2025.

On September 18, 2025, MSHDA entered into a short-term credit agreement and drew \$85.0 million on September 19, 2025. The credit agreement was repaid on October 2, 2025.

MSHDA made three draws on a revolving line of credit on December 16, 2025, January 23, 2026, and February 25, 2026, totaling \$200.0 million. On March 6, 2026, MSHDA extended the line of credit through September 3, 2027.

On February 19, 2026, MSHDA authorized the execution of one or more nonrevolving loan agreements in an amount not to exceed \$175.0 million. On March 18, 2026, MSHDA drew \$80.0 million.

Long-Term Borrowing – Discretely Presented Component Units

Subsequent to their respective year-ends, the following discretely presented component units issued bonds, some of which are for purposes of refinancing (in millions):

	<u>Bonds Issued</u>
Michigan State Housing Development Authority	\$ 909.9
Eastern Michigan University	75.0
Northern Michigan University	80.8
Oakland University	86.8
Total	<u>\$ 1,152.5</u>





FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Beginning budgetary fund balance	\$ 11,301,221	\$ 11,301,221	\$ 11,301,221	\$ -
Resources (inflows):				
General Purpose Revenues:				
Taxes	13,480,200	12,722,364	12,722,364	-
Federal	10,000	10,666	10,666	-
Local	100	-	-	-
Licenses and permits	14,000	14,274	14,274	-
Services	7,000	3,658	3,658	-
Miscellaneous	450,000	572,723	572,723	-
Transfers in	296,500	607,862	607,862	-
Restricted Revenues:				
Taxes	5,613,208	8,055,131	8,055,131	-
Federal	28,734,976	30,248,969	30,248,969	-
Local	212,690	315,133	315,133	-
Licenses and permits	504,267	471,819	471,819	-
Services	393,517	364,187	364,187	-
Miscellaneous	1,788,995	1,009,684	1,009,684	-
Proceeds from sale of capital assets	-	4,789	4,789	-
Transfers in	41,254	213,607	213,607	-
Total Revenue Inflows	<u>51,546,706</u>	<u>54,614,867</u>	<u>54,614,867</u>	<u>-</u>
Amounts Available for Appropriation	<u>62,847,927</u>	<u>65,916,089</u>	<u>65,916,089</u>	<u>-</u>
Charges to Appropriations (outflows):				
Legislative Branch	321,274	224,566	219,222	5,344
Judicial Branch	510,903	391,107	389,732	1,375
Executive Branch:				
Agriculture and Rural Development	239,431	160,373	159,869	505
Attorney General	146,472	131,674	131,602	72
Civil Rights	41,570	29,457	29,402	55
Colleges and Universities Grants	2,266,052	2,222,753	2,222,248	505
Corrections	2,432,223	2,223,620	2,137,592	86,028
Education	331,919	346,841	345,595	1,246
Environment, Great Lakes, and Energy	1,234,024	1,458,059	1,454,123	3,936
Executive Office	9,337	9,337	9,047	290
Health and Human Services	38,203,072	37,579,140	38,001,836	(422,696)
Insurance and Financial Services	78,621	70,213	70,213	-
Labor and Economic Opportunity	1,727,228	1,909,766	1,893,915	15,851
Licensing and Regulatory Affairs	662,930	513,031	509,031	4,000
Lifelong Education, Advancement, and Potential	658,290	741,269	732,620	8,649
Military and Veterans Affairs	255,024	233,674	220,625	13,049
Natural Resources	278,672	343,221	335,084	8,137
State	298,554	280,396	277,641	2,755
State Police	1,097,807	1,516,712	1,468,471	48,241
Technology, Management and Budget	1,354,866	1,498,282	1,470,983	27,299
Transportation	844,160	350,393	340,604	9,789
Treasury	2,729,287	5,177,979	5,102,688	75,290
Intrafund expenditure reimbursements	-	(1,093,221)	(1,093,221)	-
Total Charges to Appropriations	<u>55,721,717</u>	<u>56,318,642</u>	<u>56,428,923</u>	<u>(110,281)</u>
Reconciling Items:				
Change in noncurrent assets	-	(2,984)	(2,984)	-
Net Reconciling Items	-	(2,984)	(2,984)	-
Ending budgetary fund balance	<u>\$ 7,126,210</u>	<u>\$ 9,594,462</u>	<u>\$ 9,484,181</u>	<u>\$ (110,281)</u>

Michigan

SCHOOL AID FUND			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
\$ 4,438,936	\$ 4,438,936	\$ 4,438,936	\$ -
16,744,040	16,910,250	16,910,250	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	56,483	56,483	-
1,788,400	1,502,999	1,502,999	-
34,500	35,269	35,269	-
2,272,794	2,319,990	2,319,990	-
-	-	-	-
-	-	-	-
-	-	-	-
608,100	177,997	177,997	-
-	-	-	-
-	402,325	402,325	-
21,447,834	21,405,314	21,405,314	-
25,886,769	25,844,249	25,844,249	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
963,919	1,010,538	1,005,390	5,148
-	-	-	-
20,265,415	20,513,290	20,110,130	403,160
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
941,191	902,651	784,525	118,126
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
19,986	1,308	1,308	-
-	(25,149)	(25,149)	-
22,190,511	22,402,638	21,876,204	526,434
-	2,420	2,420	-
-	2,420	2,420	-
\$ 3,696,259	\$ 3,444,031	\$ 3,970,465	\$ 526,434

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION**

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

	GENERAL FUND	SCHOOL AID FUND
Sources/inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 65,916,089	\$ 25,844,249
Differences - Budget-to-GAAP:		
Budgetary fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(11,301,221)	(4,438,936)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	(4,789)	-
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(821,469)	(1,905,324)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	\$ 53,788,610	\$ 19,499,990
Uses/outflows of resources		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 56,428,923	\$ 21,876,204
Differences - Budget-to-GAAP:		
Encumbrances for services and goods not yet performed or received are reported in the year the encumbrance is established for budgetary purposes, but in the year the services or goods are performed or received for financial reporting purposes.	(150,405)	(13,584)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(699,653)	(161,824)
Vendor financing acquisitions are not outflows of budgetary resources but are recorded as capital outlay expenditures and other financing sources under GAAP.	13,181	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	\$ 55,592,047	\$ 21,700,796

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

Statutory/Budgetary Presentation

The various funds and programs within funds utilize a number of different budgetary control processes. Annual legislative appropriations and revenue estimates are provided for most “operating” funds. Note 2 of the basic financial statements identifies the annually budgeted operating funds.

The original executive budget and original legislative appropriations provide general purpose (unrestricted) revenue estimates in order to demonstrate compliance with constitutional provisions. Revenues restricted by law or outside grantors to a specific program are estimated at a level of detail consistent with controlling related expenditure accounts.

For programs financed from restricted revenues, spending authorization is generally contingent upon recognition of the related revenue. Reductions of spending authority occur if revenues fall short of estimates. If revenues exceed the estimate, supplemental appropriations are required before the additional resources can be spent.

The budgetary comparison schedule presented for the General Fund and the School Aid Fund presents both the original and final appropriated budgets for fiscal year 2025, as well as the actual resource inflows, outflows, and fund balance stated on the budgetary basis. The supplementary portion of this report includes a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, by fund type, for non-major special revenue, capital projects, and permanent funds with annual budgets. Those schedules only include the final appropriated budget.

The original budget and related estimated revenues represent the spending authority enacted into law by the appropriation bills as of October 1, 2024, and include multi-year projects budgetary carry-forwards from the prior fiscal year.

The budgetary fund balance represents total fund balance, net of noncurrent assets and prior year encumbrances. Noncurrent assets do not represent current financial resources available for appropriation and are removed for budgetary purposes. Prior year encumbrances are considered uses of spending authority in the year the State incurs an obligation and are also removed.

Generally accepted accounting principles (GAAP) require that the final legal budget be reflected in the “Final Budget” column; therefore, updated revenue estimates available for appropriations as of November 30, rather than the amounts shown in the original budget, are reported. The November 30 date is used because P.A. 431 of 1984, as amended, permits budget adjustments by the Legislature through 60 days after year-end.

The final appropriations budget represents original and supplemental appropriations, carry-forwards, carry-backs (i.e., current year appropriations for prior year overdrafts), approved transfers, executive order reductions, and timing differences. Expenditures, transfers out, other financing uses, and encumbrances are combined and classified by department rather than being reported by character and function as shown in the GAAP statements. This departmental classification is used to better reflect organizational responsibility and to be more consistent with the budget process. Appropriations include interagency expenditure reimbursement, in which one agency provides funding to another agency within the same fund. The final budget and actual amounts are adjusted to eliminate the duplication.

The timing differences result from unspent authorizations for multi-year projects, such as capital outlay and work projects, and from restricted revenues that had not been appropriated for expenditure in the current year. Such authorization balances remaining at year-end are removed from the “Final Budget” column to provide an “annualized” budget.

Positive “variances” reflect restricted revenues that were appropriated and available for expenditure in the current year and unused general purpose spending authority (lapses); negative “variances” reflect budgetary overdrafts. If both positive and negative variances exist for a line, the amount shown is the net variance.

Statutory/Budgetary Reconciliation

The statutory/budgetary basis presentation differs from GAAP in ways that do not affect ending fund balance.

For budgetary reporting purposes, expenditures and transfers out in the “Actual” column include recorded encumbrances because they are considered uses of spending authority in the year the State incurs an obligation. Therefore, the “Original” and “Final Budget” columns do not include encumbrance authorization balances carried over from the prior fiscal year. In the GAAP basis statements, expenditures do not include encumbrances. The effect of this difference is reflected as a reconciling item on the Budgetary Comparison Schedule for the major funds and the Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the non-major special revenue, capital projects, and permanent funds.

For budgetary purposes, vendor financing expenditures are recognized when payments are due, rather than upon inception of the vendor financing term as required by GAAP. This difference does not affect fund balance because the “other financing sources” recorded under GAAP at inception of the vendor financing term are not recorded on the statutory/budgetary basis.

Statewide Authorization Dispositions

Subsequent to the release of this report, the State publishes “Statewide Authorization Dispositions” to demonstrate its compliance with the legal level of budgetary control. The report includes line-item appropriation details for the General Fund and budgeted operating funds and is available on the State Budget Office website at <https://www.michigan.gov/budget/fiscal-pages/reports/schedules>.

REQUIRED SUPPLEMENTARY INFORMATION

INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

As allowed by Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis - for State and Local Governments, as amended, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include the State’s network of public transportation roads and bridges, including ancillary assets, such as guard rails, signs, lighting, culverts, fencing, and the like. As of fiscal year 2025, the State is responsible for maintaining approximately 28,756 lane miles of roads and currently maintains 4,849 bridges (spans in excess of 20 feet).

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets at least every three years and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved approximately at, or above, the established condition level.

Roads

Measurement Scale

MDOT utilizes the Pavement Surface Evaluation and Rating (PASER) as the State’s primary method to measure and monitor pavement conditions. The PASER Rating is a visual analysis conducted by trained road agency staff and includes a 10-point scale, as follows:

Rating	Asphalt	Concrete
10, 9, 8 = Good	New, like new construction, from no defects to occasional transverse crack, crack width tight (hairline) or sealed. Few if any longitudinal cracks on joints.	New, like new construction, from no defects to slight traffic wear, slight map cracking, minor surface defects, pop-outs, map cracking or slight scaling, isolated meander cracks, isolated cracks at manholes.
7, 6, 5 = Fair	Little or no crack erosion, little or no raveling, few if any patches in good condition or slight to moderate polishing or flushing, no patches or few, slight raveling or patching/wedging in good condition, moderate raveling, extensive to several flushing and polishing. Sound structural condition.	Minor surface scaling, some open joints, isolated settlement or heave areas or moderate surface scaling <25.0% of surface, several corner cracks tight or well-sealed or moderate to severe scaling or polishing between 25.0% to 50.0% of surface, spalling from shallow reinforcement, multiple corner cracks.
4, 3, 2, 1 = Poor	Severe surface raveling, multiple longitudinal and transverse cracks with slight crack erosion or longitudinal and transverse cracks showing extensive crack erosion, occasional potholes, patches in fair/poor condition or closely spaced cracks with erosion, frequent potholes, extensive patches in poor condition or loss of surface integrity, extensive surface distress.	Severe scaling, polishing, map cracking or spalling >50.0% of surface, corner cracks missing pieces or patches, pavement blowups or extensive patching in fair to poor condition or extensive and severely spalled slab cracks, extensive failed patches, joints failed, severe and extensive settlement and heaves or extensive potholes, total loss of pavement integrity.

Established Condition Level

No more than 30 percent of the pavements shall be rated as “Poor.”

Assessed Conditions

The State assesses the condition of the trunkline system of paved roads over the course of two calendar years. Annually, a portion of the trunkline is assessed. Condition level for the entire trunkline system is calculated by combining the data of the two most recently completed calendar years. The following table reports the percentage of pavements meeting ratings of “Good” or “Poor,” for the past three complete assessments. “Good” represents ratings of 10 through 5 above and “Poor” represents ratings of 4 through 1 on the PASER rating scale.

Rating	2024	2023	2022
Good	76.5%	75.8%	77.0%
Poor	23.5%	24.2%	23.0%

Michigan

Bridges

Measurement Scale

MDOT utilizes the National Bridge Inventory (NBI) rating scale to monitor the condition of all bridges under its jurisdiction. The inventory rates bridges, including the deck, superstructure and substructure, using a 10-point scale:

Rating	Description
9	Excellent (no specific definition).
8	Very good. No problems noted.
7	Good. Some minor problems.
6	Satisfactory. Structural elements show some minor deterioration.
5	Fair. All primary structural elements are sound but may have minor section loss, cracking, spalling, or scour.
4	Poor. Advanced section loss, deterioration, spalling, or scour.
3	Serious. Loss of section, deterioration, spalling, or scour have seriously affected primary structural components. Local failures are possible. Fatigue cracks in steel or shear cracks in concrete may be present.
2	Critical. Advanced deterioration of primary structural elements. Fatigue cracks in steel or shear cracks in concrete may be present or scour may have removed substructure support. Unless closely monitored it may be necessary to close the bridge until corrective action is taken.
1	Imminent failure. Major deterioration or section loss present in critical structural components or obvious vertical or horizontal movement affecting structure stability. Bridge is closed to traffic, but corrective action may put it back into light service.
0	Failure. Out of service; beyond corrective action.

Established Condition Level

No more than 35 percent of the bridges shall be rated as “structurally deficient.”

Assessed Conditions

A bridge is classified as structurally deficient if the deck, superstructure, substructure, or culvert is rated in “poor” condition (0 to 4 on the NBI rating scale). A bridge can also be classified as structurally deficient if its load carrying capacity is significantly below current design standards or if a waterway below frequently overtops the bridge during floods. The following table reports the percentage of bridges reported in the NBI (spans in excess of 20 feet) whose condition was assessed as “structurally deficient,” in the stated year:

Fiscal Year	Structurally Deficient
2025	6.2%
2024	6.3%
2023	6.8%

Bridges that are not intended to carry highway traffic are not included in MDOT’s condition assessment shown above. As a result, the number of bridges that were included in the structurally deficient calculation (4,513) in fiscal year 2025 is less than the total (4,849) maintained and assessed by the department.

Estimated and Actual Costs to Maintain

The following table presents the State’s estimate of spending necessary to preserve and maintain the roads and bridges at, or above, the “Established Condition Levels” cited above, and the actual amount spent during the past five fiscal years (in millions):

Fiscal Year	Estimated Spending	Actual Spending
2026	\$ 1,271.3	\$ -
2025	1,355.9	1,584.7
2024	1,508.8	1,419.5
2023	1,564.8	1,444.0
2022	1,509.2	1,263.6
2021	1,437.0	1,089.4

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS*

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total Pension Liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	10,211	10,182	8,392	8,580
Differences between expected and actual experience	1,990	982	(2,686)	(1,677)
Changes of assumptions	19,254	(4,223)	(43,544)	(1,011)
Benefit payments, including refunds of member contributions	<u>(14,842)</u>	<u>(14,584)</u>	<u>(14,503)</u>	<u>(14,595)</u>
Net Change in Total Pension Liability	16,612	(7,642)	(52,340)	(8,703)
Total Pension Liability - Beginning	<u>215,378</u>	<u>223,019</u>	<u>275,360</u>	<u>284,062</u>
Total Pension Liability - Ending	<u>\$ 231,990</u>	<u>\$ 215,378</u>	<u>\$ 223,019</u>	<u>\$ 275,360</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 900	\$ -	\$ -	\$ -
Contributions - member	2	1	1	1
Net investment income	19,119	12,035	(21,848)	25,588
Benefit payments, including refunds of member contributions	(14,842)	(14,584)	(14,503)	(14,595)
Pension plan administrative expense	(361)	(374)	(384)	(384)
Other	<u>-</u>	<u>-</u>	<u>(72)</u>	<u>-</u>
Net Changes in Plan Fiduciary Net Pension	4,818	(2,921)	(36,805)	10,610
Plan Fiduciary Net Position - Beginning	<u>84,764</u>	<u>87,685</u>	<u>124,491</u>	<u>113,880</u>
Plan Fiduciary Net Position - Ending	<u>\$ 89,582</u>	<u>\$ 84,764</u>	<u>\$ 87,685</u>	<u>\$ 124,491</u>
Net Pension Liability (Asset) - Ending	<u>\$ 142,408</u>	<u>\$ 130,613</u>	<u>\$ 135,334</u>	<u>\$ 150,869</u>
Plan fiduciary net position as a percentage of the total pension liability	38.6%	39.4%	39.3%	45.2%
Covered payroll	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

* Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year-end).

Michigan

2021	2020	2019	2018	2017	2016
\$ -	\$ 39	\$ 77	\$ 86	\$ 74	\$ 62
9,614	11,051	10,555	10,213	11,025	11,839
1,780	480	66	(1,617)	1,899	406
19,452	30,744	(3,055)	(13,497)	18,937	20,080
<u>(14,655)</u>	<u>(14,130)</u>	<u>(14,521)</u>	<u>(14,282)</u>	<u>(13,919)</u>	<u>(14,495)</u>
16,191	28,183	(6,878)	(19,097)	18,016	17,891
<u>267,871</u>	<u>239,688</u>	<u>246,565</u>	<u>265,662</u>	<u>247,646</u>	<u>229,755</u>
<u>\$ 284,062</u>	<u>\$ 267,871</u>	<u>\$ 239,688</u>	<u>\$ 246,565</u>	<u>\$ 265,662</u>	<u>\$ 247,646</u>
\$ -	\$ 8,063	\$ -	\$ -	\$ -	\$ -
1	2	1	4	4	3
6,636	3,320	8,630	15,841	11,325	(6,545)
(14,655)	(14,130)	(14,521)	(14,282)	(13,919)	(14,495)
(407)	(405)	(399)	(392)	(405)	(362)
7	-	-	7	-	-
<u>(8,418)</u>	<u>(3,150)</u>	<u>(6,289)</u>	<u>1,177</u>	<u>(2,996)</u>	<u>(21,400)</u>
<u>122,299</u>	<u>125,448</u>	<u>131,738</u>	<u>130,560</u>	<u>133,557</u>	<u>154,957</u>
<u>\$ 113,880</u>	<u>\$ 122,299</u>	<u>\$ 125,448</u>	<u>\$ 131,738</u>	<u>\$ 130,560</u>	<u>\$ 133,557</u>
<u>\$ 170,182</u>	<u>\$ 145,572</u>	<u>\$ 114,239</u>	<u>\$ 114,828</u>	<u>\$ 135,102</u>	<u>\$ 114,090</u>
40.1%	45.7%	52.3%	53.4%	49.1%	53.9%
\$ -	\$ 18	\$ 72	\$ 72	\$ 72	\$ 72
N/A	812300.1%	159363.2%	160183.9%	188466.1%	159154.3%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)

LIABILITY AND RELATED RATIOS

LEGISLATIVE RETIREMENT SYSTEM

LAST EIGHT FISCAL YEARS*

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total OPEB Liability			
Service cost	\$ 33	\$ 24	\$ 24
Interest	5,191	5,706	6,423
Differences between expected and actual experience	13,265	(9,058)	(12,928)
Changes of assumptions	6,546	1,360	1,504
Benefit payments, including refunds of member contributions	<u>(5,617)</u>	<u>(5,151)</u>	<u>(5,408)</u>
Net Change in Total OPEB Liability	19,418	(7,120)	(10,384)
Total OPEB Liability - Beginning	<u>76,951</u>	<u>84,071</u>	<u>94,455</u>
Total OPEB Liability - Ending	<u>\$ 96,370</u>	<u>\$ 76,951</u>	<u>\$ 84,071</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 5,144	\$ 4,933	\$ 4,661
Contributions - member	-	-	-
Net investment income	6,315	3,770	(6,759)
Benefit payments, including refunds of member contributions	(5,617)	(5,151)	(5,408)
OPEB plan administrative expense	(154)	(136)	(118)
Other	<u>603</u>	<u>968</u>	<u>1,182</u>
Net Changes in Plan Fiduciary Net Pension	6,291	4,385	(6,443)
Plan Fiduciary Net Position - Beginning	<u>36,222</u>	<u>31,837</u>	<u>38,280</u>
Plan Fiduciary Net Position - Ending	<u>\$ 42,513</u>	<u>\$ 36,222</u>	<u>\$ 31,837</u>
Net OPEB Liability (Asset) - Ending	<u>\$ 53,857</u>	<u>\$ 40,729</u>	<u>\$ 52,234</u>
Plan fiduciary net position as a percentage of the total OPEB liability	44.1%	47.1%	37.9%
Covered-employee payroll**	\$ 72	\$ 90	\$ 143
Net OPEB liability as a percentage of covered-employee payroll	75129.8%	45453.7%	36432.7%

* Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as amended, requires the presentation of supplementary information for each of the 10 most recent fiscal years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year-end).

** The Legislative Retirement System does not base contributions to the other postemployment benefits plan on a measure of pay. Therefore, in accordance with GASB Statement No. 85, Omnibus 2017, covered-employee payroll is presented in this schedule instead of covered payroll.

Michigan

2022	2021	2020	2019	2018
\$ 155	\$ 155	\$ 1,148	\$ 1,482	\$ 797
5,468	6,447	7,518	7,077	8,464
(7,429)	(26,458)	(25,629)	3,292	18
(41,686)	(393)	4,386	(9,407)	66,226
<u>(5,816)</u>	<u>(5,836)</u>	<u>(6,164)</u>	<u>(6,695)</u>	<u>(6,343)</u>
(49,308)	(26,087)	(18,742)	(4,252)	69,162
143,763	169,850	188,591	192,843	123,681
<u>\$ 94,455</u>	<u>\$ 143,763</u>	<u>\$ 169,850</u>	<u>\$ 188,591</u>	<u>\$ 192,843</u>
\$ 4,612	\$ 4,638	\$ 9,091	\$ 4,657	\$ 4,572
-	-	2	6	6
7,021	1,582	626	1,573	2,755
(5,816)	(5,836)	(6,164)	(6,695)	(6,343)
(106)	(99)	(81)	(74)	(69)
1,200	1,302	1,379	954	644
<u>6,911</u>	<u>1,586</u>	<u>4,854</u>	<u>421</u>	<u>1,565</u>
31,369	29,782	24,928	24,507	22,942
<u>\$ 38,280</u>	<u>\$ 31,369</u>	<u>\$ 29,782</u>	<u>\$ 24,928</u>	<u>\$ 24,507</u>
<u>\$ 56,175</u>	<u>\$ 112,395</u>	<u>\$ 140,067</u>	<u>\$ 163,663</u>	<u>\$ 168,336</u>
40.5%	21.8%	17.5%	13.2%	12.7%
\$ 161	\$ 215	\$ 613	\$ 1,662	\$ 1,662
34828.3%	52263.1%	22864.4%	9848.2%	10129.4%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
STATE POLICE RETIREMENT SYSTEM**

LAST TEN FISCAL YEARS*

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total Pension Liability				
Service cost	\$ 30,213	\$ 28,760	\$ 24,631	\$ 24,718
Interest	163,440	158,226	160,628	155,431
Differences between expected and actual experience	26,334	38,965	6,994	25,246
Changes of assumptions	-	25,724	175,311	26,560
Benefit payments, including refunds of member contributions	<u>(173,911)</u>	<u>(161,333)</u>	<u>(155,795)</u>	<u>(155,429)</u>
Net Change in Total Pension Liability	46,076	90,341	211,769	76,527
Total Pension Liability - Beginning	<u>2,729,411</u>	<u>2,639,070</u>	<u>2,427,301</u>	<u>2,350,775</u>
Total Pension Liability - Ending	<u>\$ 2,775,487</u>	<u>\$ 2,729,411</u>	<u>\$ 2,639,070</u>	<u>\$ 2,427,301</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 101,725	\$ 192,645	\$ 89,386	\$ 69,152
Contributions - member	4,637	4,637	4,383	3,850
Net investment income	282,546	138,811	(82,877)	401,735
Benefit payments, including refunds of member contributions	(173,911)	(161,333)	(155,795)	(155,429)
Pension plan administrative expense	(777)	(756)	(726)	(677)
Other	1	-	-	11,215
Net Changes in Plan Fiduciary Net Pension	<u>214,220</u>	<u>174,004</u>	<u>(145,629)</u>	<u>329,846</u>
Plan Fiduciary Net Position - Beginning	<u>1,870,891</u>	<u>1,696,887</u>	<u>1,842,516</u>	<u>1,512,670</u>
Plan Fiduciary Net Position - Ending	<u>\$ 2,085,112</u>	<u>\$ 1,870,891</u>	<u>\$ 1,696,887</u>	<u>\$ 1,842,516</u>
Net Pension Liability (Asset) - Ending	<u>\$ 690,375</u>	<u>\$ 858,520</u>	<u>\$ 942,182</u>	<u>\$ 584,785</u>
Plan fiduciary net position as a percentage of the total pension liability	75.1%	68.5%	64.3%	75.9%
Covered payroll	\$ 141,857	\$ 145,633	\$ 146,298	\$ 131,332
Net pension liability as a percentage of covered payroll	486.7%	589.5%	644.0%	445.3%

* Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year-end).

Michigan

2021	2020	2019	2018	2017	2016
\$ 25,867	\$ 24,907	\$ 24,094	\$ 20,908	\$ 19,774	\$ 19,952
152,466	150,682	149,156	147,193	143,436	140,575
18,204	17,082	7,959	18,289	8,440	(6,998)
-	58,026	106,681	94,280	-	-
(149,418)	(144,193)	(137,367)	(130,208)	(119,094)	(115,469)
47,119	106,504	150,523	150,462	52,556	38,060
2,303,656	2,197,152	2,046,629	1,896,167	1,843,611	1,805,551
<u>\$ 2,350,775</u>	<u>\$ 2,303,656</u>	<u>\$ 2,197,152</u>	<u>\$ 2,046,629</u>	<u>\$ 1,896,167</u>	<u>\$ 1,843,611</u>
\$ 79,165	\$ 78,510	\$ 84,930	\$ 74,814	\$ 70,505	\$ 70,351
4,100	3,693	3,489	3,142	3,009	2,677
75,047	74,725	151,529	165,384	90,811	26,236
(149,418)	(144,193)	(137,367)	(130,208)	(119,094)	(115,469)
(633)	(725)	(749)	(666)	(575)	(561)
-	-	4	27	10	3
8,262	12,010	101,835	112,492	44,666	(16,762)
1,504,408	1,492,399	1,390,564	1,278,071	1,233,405	1,250,168
<u>\$ 1,512,670</u>	<u>\$ 1,504,408</u>	<u>\$ 1,492,399</u>	<u>\$ 1,390,564</u>	<u>\$ 1,278,071</u>	<u>\$ 1,233,405</u>
<u>\$ 838,104</u>	<u>\$ 799,248</u>	<u>\$ 704,753</u>	<u>\$ 656,066</u>	<u>\$ 618,096</u>	<u>\$ 610,206</u>
64.3%	65.3%	67.9%	67.9%	67.4%	66.9%
\$ 142,102	\$ 139,660	\$ 134,177	\$ 125,085	\$ 118,060	\$ 114,278
589.8%	572.3%	525.2%	524.5%	523.5%	534.0%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)
LIABILITY AND RELATED RATIOS
STATE POLICE RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS*
(In Thousands)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total OPEB Liability			
Service cost	\$ 9,374	\$ 9,768	\$ 9,421
Interest	45,874	49,130	50,932
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(16,087)	(94,151)	(44,409)
Changes of assumptions	12,989	20,091	65,832
Benefit payments, including refunds of member contributions	<u>(38,071)</u>	<u>(35,376)</u>	<u>(32,673)</u>
Net Change in Total OPEB Liability	14,079	(50,538)	49,102
Total OPEB Liability - Beginning	<u>748,340</u>	<u>798,878</u>	<u>749,776</u>
Total OPEB Liability - Ending	<u>\$ 762,419</u>	<u>\$ 748,340</u>	<u>\$ 798,878</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 45,615	\$ 45,978	\$ 50,743
Net investment income	63,504	30,133	(18,070)
Benefit payments, including refunds of member contributions	(38,071)	(35,376)	(32,673)
OPEB plan administrative expense	(197)	(185)	(168)
Other	<u>133</u>	<u>733</u>	<u>82</u>
Net Change in Plan Fiduciary Net Position	70,984	41,283	(87)
Plan Fiduciary Net Position - Beginning	<u>414,097</u>	<u>372,814</u>	<u>372,901</u>
Plan Fiduciary Net Position - Ending	<u>\$ 485,081</u>	<u>\$ 414,097</u>	<u>\$ 372,814</u>
Net OPEB Liability (Asset) - Ending	<u>\$ 277,338</u>	<u>\$ 334,243</u>	<u>\$ 426,064</u>
Plan fiduciary net position as a percentage of the total OPEB liability	63.6%	55.3%	46.7%
Covered payroll	\$ 141,857	\$ 145,633	\$ 146,298
Net OPEB liability as a percentage of covered payroll	195.5%	229.5%	291.2%

* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as amended, requires the presentation of supplementary information for each of the 10 most recent fiscal years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year-end).

Michigan

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 10,031	\$ 10,064	\$ 8,706	\$ 9,173	\$ 9,855
53,337	54,744	53,114	57,650	55,607
-	-	-	25	-
(59,439)	(103,332)	(67,257)	(71,325)	(4,142)
(5,789)	48,652	68,549	26,627	-
<u>(32,704)</u>	<u>(28,308)</u>	<u>(30,028)</u>	<u>(33,583)</u>	<u>(33,904)</u>
<u>(34,564)</u>	<u>(18,180)</u>	<u>33,084</u>	<u>(11,432)</u>	<u>27,416</u>
784,340	802,520	769,435	780,868	753,452
<u>\$ 749,776</u>	<u>\$ 784,340</u>	<u>\$ 802,520</u>	<u>\$ 769,435</u>	<u>\$ 780,868</u>
\$ 48,792	\$ 58,303	\$ 60,395	\$ 56,779	\$ 51,886
73,989	12,677	10,782	17,222	16,063
(32,704)	(28,308)	(30,028)	(33,583)	(33,904)
(135)	(116)	(80)	(87)	(100)
7,839	445	39	10	15
<u>97,782</u>	<u>43,001</u>	<u>41,108</u>	<u>40,340</u>	<u>33,961</u>
275,119	232,118	191,010	150,670	116,709
<u>\$ 372,901</u>	<u>\$ 275,119</u>	<u>\$ 232,118</u>	<u>\$ 191,010</u>	<u>\$ 150,670</u>
<u>\$ 376,875</u>	<u>\$ 509,220</u>	<u>\$ 570,401</u>	<u>\$ 578,425</u>	<u>\$ 630,197</u>
49.7%	35.1%	28.9%	24.8%	19.3%
\$ 131,332	\$ 142,102	\$ 139,660	\$ 134,177	\$ 125,085
287.0%	358.3%	408.4%	431.1%	503.8%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

STATE EMPLOYEES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS*

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total Pension Liability				
Service cost	\$ 52,155	\$ 56,680	\$ 47,981	\$ 55,445
Interest	1,096,304	1,128,159	1,194,542	1,210,743
Differences between expected and actual experience	(4,621)	47,107	(58,290)	(32,416)
Changes of assumptions	-	(257,800)	1,276,176	-
Benefit payments, including refunds of member contributions	(1,506,964)	(1,498,635)	(1,483,552)	(1,460,137)
Net Change in Total Pension Liability	(363,126)	(524,490)	976,857	(226,366)
Total Pension Liability - Beginning	18,999,138	19,523,628	18,546,771	18,773,136
Total Pension Liability - Ending	<u>\$ 18,636,012</u>	<u>\$ 18,999,138</u>	<u>\$ 19,523,628</u>	<u>\$ 18,546,771</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 723,060	\$ 711,552	\$ 688,301	\$ 659,639
Contributions - member	14,485	19,382	18,752	23,881
Net investment income	2,003,030	1,053,412	(634,398)	3,191,784
Benefit payments, including refunds of member contributions	(1,506,964)	(1,498,635)	(1,483,552)	(1,460,137)
Pension plan administrative expense	(6,251)	(6,324)	(6,003)	(5,925)
Other	(6,384)	38	4	44,809
Net Changes in Plan Fiduciary Net Pension	1,220,976	279,424	(1,416,897)	2,454,051
Plan Fiduciary Net Position - Beginning	13,344,115	13,064,691	14,481,588	12,027,536
Plan Fiduciary Net Position - Ending	<u>\$ 14,565,091</u>	<u>\$ 13,344,115</u>	<u>\$ 13,064,691</u>	<u>\$ 14,481,588</u>
Net Pension Liability (Asset) - Ending	<u>\$ 4,070,921</u>	<u>\$ 5,655,023</u>	<u>\$ 6,458,937</u>	<u>\$ 4,065,183</u>
Plan fiduciary net position as a percentage of the total pension liability	78.2%	70.2%	66.9%	78.1%
Covered payroll**	\$ 3,998,380	\$ 3,706,653	\$ 3,464,750	\$ 3,348,115
Net pension liability as a percentage of covered payroll	101.8%	152.6%	186.4%	121.4%

* Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year-end).

** Governmental Accounting Standards Board (GASB) Statement No. 82, Pension Issues, which is effective for fiscal year 2017, states that the measure of payroll that is presented in schedules of required supplementary information required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended, is covered payroll. GASB Statement No. 82 defines covered payroll as the payroll on which contributions to a pension plan are based. To match this definition, the amount reported as covered payroll in this schedule (based on the fiscal year 2017 measurement period) for the State Employees' Retirement System increased significantly from fiscal year 2017 to fiscal year 2018. Prior to fiscal year 2018, these amounts are reported as covered-employee payroll.

Michigan

2021	2020	2019	2018	2017	2016
\$ 62,891	\$ 64,690	\$ 71,912	\$ 68,311	\$ 74,042	\$ 80,413
1,220,112	1,244,463	1,226,594	1,251,600	1,250,117	1,242,353
27,308	25,071	115,726	19,798	3,441	55,072
-	514,809	1,393,264	710,646	-	-
(1,432,712)	(1,398,381)	(1,362,481)	(1,322,657)	(1,289,728)	(1,265,480)
(122,402)	450,651	1,445,015	727,697	37,872	112,358
18,895,538	18,444,887	16,999,872	16,272,175	16,234,303	16,121,945
<u>\$ 18,773,136</u>	<u>\$ 18,895,538</u>	<u>\$ 18,444,887</u>	<u>\$ 16,999,872</u>	<u>\$ 16,272,175</u>	<u>\$ 16,234,303</u>
\$ 613,729	\$ 600,083	\$ 650,740	\$ 703,131	\$ 716,465	\$ 749,332
25,265	28,442	35,598	40,839	46,666	46,688
599,246	611,140	1,273,509	1,411,395	781,528	232,588
(1,432,712)	(1,398,381)	(1,362,481)	(1,322,657)	(1,289,728)	(1,265,480)
(5,956)	(6,988)	(6,488)	(6,285)	(6,629)	(6,228)
73	(4,406)	64	294	278	55
(200,356)	(170,109)	590,942	826,716	248,580	(243,044)
12,227,892	12,398,002	11,807,059	10,980,343	10,731,762	10,974,806
<u>\$ 12,027,536</u>	<u>\$ 12,227,892</u>	<u>\$ 12,398,002</u>	<u>\$ 11,807,059</u>	<u>\$ 10,980,343</u>	<u>\$ 10,731,762</u>
<u>\$ 6,745,600</u>	<u>\$ 6,667,646</u>	<u>\$ 6,046,886</u>	<u>\$ 5,192,813</u>	<u>\$ 5,291,832</u>	<u>\$ 5,502,541</u>
64.1%	64.7%	67.2%	69.5%	67.5%	66.1%
\$ 3,380,365	\$ 3,220,895	\$ 3,115,261	\$ 3,050,238	\$ 872,358	\$ 946,977
199.6%	207.0%	194.1%	170.2%	606.6%	581.1%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)

LIABILITY AND RELATED RATIOS

STATE EMPLOYEES' RETIREMENT SYSTEM

LAST EIGHT FISCAL YEARS*

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total OPEB Liability			
Service cost	\$ 78,174	\$ 85,643	\$ 84,390
Interest	453,619	549,474	605,545
Differences between expected and actual experience	(720,672)	(1,829,135)	(1,054,228)
Changes of assumptions	169,335	(46,621)	771,292
Benefit payments, including refunds of member contributions	(288,654)	(314,692)	(327,622)
Net Change in Total OPEB Liability	<u>(308,198)</u>	<u>(1,555,330)</u>	<u>79,378</u>
Total OPEB Liability - Beginning	7,421,681	8,977,010	8,897,633
Total OPEB Liability - Ending	<u>\$ 7,113,483</u>	<u>\$ 7,421,681</u>	<u>\$ 8,977,010</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 453,365	\$ 520,796	\$ 579,955
Contributions - member	-	-	-
Net investment income	876,015	412,253	(246,852)
Benefit payments, including refunds of member contributions	(288,654)	(314,692)	(327,622)
OPEB plan administrative expense	(1,653)	(1,505)	(1,310)
Other	(6,000)	39,695	(1,829)
Net Changes in Plan Fiduciary Net Position	<u>1,033,073</u>	<u>656,547</u>	<u>2,341</u>
Plan Fiduciary Net Position - Beginning	5,741,150	5,084,603	5,082,262
Plan Fiduciary Net Position - Ending	<u>\$ 6,774,223</u>	<u>\$ 5,741,150</u>	<u>\$ 5,084,603</u>
Net OPEB Liability (Asset) - Ending	<u>\$ 339,260</u>	<u>\$ 1,680,530</u>	<u>\$ 3,892,407</u>
Plan fiduciary net position as a percentage of the total OPEB liability	95.2%	77.4%	56.6%
Covered payroll	\$ 3,998,380	\$ 3,706,653	\$ 3,464,750
Net OPEB liability as a percentage of covered payroll	8.5%	45.3%	112.3%

* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as amended, requires the presentation of supplementary information for each of the 10 most recent fiscal years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year-end).

Michigan

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 96,327	\$ 93,810	\$ 90,760	\$ 93,346	\$ 108,530
645,483	746,333	723,058	760,408	735,979
(772,919)	(2,570,285)	(941,588)	(1,055,687)	(71,816)
(223,893)	569,841	975,792	809,101	-
(308,060)	(297,051)	(427,977)	(402,543)	(476,200)
(563,062)	(1,457,351)	420,045	204,625	296,493
9,460,695	10,918,046	10,498,001	10,293,376	9,996,883
<u>\$ 8,897,633</u>	<u>\$ 9,460,695</u>	<u>\$ 10,918,046</u>	<u>\$ 10,498,001</u>	<u>\$ 10,293,376</u>
\$ 774,406	\$ 703,567	\$ 765,235	\$ 688,884	\$ 703,330
-	-	-	-	27
975,495	163,011	144,126	229,539	217,955
(308,060)	(297,051)	(427,977)	(402,543)	(476,200)
(1,185)	(1,017)	(377)	(459)	(445)
19,386	9,816	66	172	778
1,460,043	578,325	481,072	515,592	445,447
3,622,219	3,043,893	2,562,821	2,047,229	1,601,782
<u>\$ 5,082,262</u>	<u>\$ 3,622,219</u>	<u>\$ 3,043,893</u>	<u>\$ 2,562,821</u>	<u>\$ 2,047,229</u>
<u>\$ 3,815,371</u>	<u>\$ 5,838,476</u>	<u>\$ 7,874,153</u>	<u>\$ 7,935,180</u>	<u>\$ 8,246,147</u>
57.1%	38.3%	27.9%	24.4%	19.9%
\$ 3,348,115	\$ 3,380,365	\$ 3,220,895	\$ 3,115,261	\$ 3,050,238
114.0%	172.7%	244.5%	254.7%	270.3%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

JUDGES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS*

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total Pension Liability				
Service cost	\$ 811	\$ 1,052	\$ 1,241	\$ 1,664
Interest	14,385	14,849	15,783	16,278
Differences between expected and actual experience	4,737	(1,749)	(1,934)	(1,331)
Changes of assumptions	-	3,585	4,539	-
Benefit payments, including refunds of member contributions	<u>(25,918)</u>	<u>(24,796)</u>	<u>(24,355)</u>	<u>(24,281)</u>
Net Change in Total Pension Liability	(5,986)	(7,059)	(4,726)	(7,670)
Total Pension Liability - Beginning	<u>252,304</u>	<u>259,363</u>	<u>264,089</u>	<u>271,759</u>
Total Pension Liability - Ending	<u>\$ 246,318</u>	<u>\$ 252,304</u>	<u>\$ 259,363</u>	<u>\$ 264,089</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,005	\$ 1,274	\$ 1,517	\$ 2,850
Contributions - member	222	254	359	415
Net investment income	38,924	21,198	(12,900)	66,635
Benefit payments, including refunds of member contributions	(25,918)	(24,796)	(24,355)	(24,281)
Pension plan administrative expense	(329)	(356)	(333)	(376)
Other	0	1	1	-
Net Changes in Plan Fiduciary Net Pension	13,905	(2,425)	(35,711)	45,243
Plan Fiduciary Net Position - Beginning	<u>261,805</u>	<u>264,230</u>	<u>299,941</u>	<u>254,697</u>
Plan Fiduciary Net Position - Ending	<u>\$ 275,710</u>	<u>\$ 261,805</u>	<u>\$ 264,230</u>	<u>\$ 299,941</u>
Net Pension Liability (Asset) - Ending	<u>\$ (29,392)</u>	<u>\$ (9,501)</u>	<u>\$ (4,867)</u>	<u>\$ (35,852)</u>
Plan fiduciary net position as a percentage of the total pension liability	111.9%	103.8%	101.9%	113.6%
Covered payroll	\$ 4,987	\$ 4,893	\$ 6,432	\$ 7,868
Net pension liability as a percentage of covered payroll	(589.4%)	(194.2%)	(75.7%)	(455.7%)

* Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year-end).

Michigan

2021	2020	2019	2018	2017	2016
\$ 1,733	\$ 1,966	\$ 1,587	\$ 1,862	\$ 2,036	\$ 2,439
16,631	17,601	19,100	19,688	19,743	19,771
286	4	(1,498)	(4,923)	(1,290)	924
-	10,077	26,653	-	2,423	-
<u>(24,251)</u>	<u>(24,111)</u>	<u>(23,958)</u>	<u>(23,724)</u>	<u>(23,302)</u>	<u>(23,241)</u>
(5,601)	5,536	21,884	(7,096)	(389)	(108)
277,360	271,824	249,940	257,036	257,426	257,534
<u>\$ 271,759</u>	<u>\$ 277,360</u>	<u>\$ 271,824</u>	<u>\$ 249,940</u>	<u>\$ 257,036</u>	<u>\$ 257,426</u>
\$ 2,840	\$ 2,828	\$ 1,736	\$ 1,020	\$ 2,180	\$ 2,634
500	566	653	697	805	902
12,933	13,036	28,280	32,258	18,425	5,840
(24,251)	(24,111)	(23,958)	(23,724)	(23,302)	(23,241)
(387)	(376)	(413)	(354)	(335)	(312)
1	2	1	10	15	3
<u>(8,364)</u>	<u>(8,055)</u>	<u>6,299</u>	<u>9,907</u>	<u>(2,211)</u>	<u>(14,175)</u>
263,061	271,116	264,817	254,910	257,121	271,296
<u>\$ 254,697</u>	<u>\$ 263,061</u>	<u>\$ 271,116</u>	<u>\$ 264,817</u>	<u>\$ 254,910</u>	<u>\$ 257,121</u>
<u>\$ 17,061</u>	<u>\$ 14,298</u>	<u>\$ 707</u>	<u>\$ (14,878)</u>	<u>\$ 2,126</u>	<u>\$ 304</u>
93.7%	94.8%	99.7%	106.0%	99.2%	99.9%
\$ 9,263	\$ 10,206	\$ 12,047	\$ 12,685	\$ 14,757	\$ 17,518
184.2%	140.1%	5.9%	(117.3%)	14.4%	1.7%

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)
LIABILITY AND RELATED RATIOS
JUDGES' RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS*(In Thousands)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total OPEB Liability			
Service cost	\$ 230	\$ 224	\$ 197
Interest	432	506	682
Differences between expected and actual experience	(528)	(2,212)	(3,108)
Changes of assumptions	217	281	889
Benefit payments, including refunds of member contributions	(61)	(9)	54
Net Change in Total OPEB Liability	<u>289</u>	<u>(1,210)</u>	<u>(1,285)</u>
Total OPEB Liability - Beginning	<u>7,115</u>	<u>8,325</u>	<u>9,611</u>
Total OPEB Liability - Ending	<u>\$ 7,404</u>	<u>\$ 7,115</u>	<u>\$ 8,325</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ -	\$ -	\$ 242
Contributions - member	105	115	125
Net investment income	1,817	830	(614)
Benefit payments, including refunds of member contributions	(61)	(9)	54
OPEB plan administrative expense	(61)	(56)	(69)
Other	14	47	3
Net Changes in Plan Fiduciary Net Position	<u>1,814</u>	<u>928</u>	<u>(259)</u>
Plan Fiduciary Net Position - Beginning	<u>12,451</u>	<u>11,523</u>	<u>11,782</u>
Plan Fiduciary Net Position - Ending	<u>\$ 14,265</u>	<u>\$ 12,451</u>	<u>\$ 11,523</u>
Net OPEB Liability (Asset) - Ending	<u>\$ (6,860)</u>	<u>\$ (5,336)</u>	<u>\$ (3,198)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	192.7%	175.0%	138.4%
Covered-employee payroll**	\$ 6,714	\$ 6,559	\$ 5,960
Net OPEB liability as a percentage of covered-employee payroll	(102.2%)	(81.3%)	(53.6%)

* Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as amended, requires the presentation of supplementary information for each of the 10 most recent fiscal years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year-end).

** The Judges' Retirement System does not base contributions to the other postemployment benefits plan on a measure of pay. Therefore, in accordance with GASB Statement No. 85, Omnibus 2017, covered-employee payroll is presented in this schedule instead of covered payroll.

Michigan

2022	2021	2020	2019	2018
\$ 229	\$ 250	\$ 218	\$ 171	\$ 177
726	622	584	542	527
(1,294)	60	(164)	399	(32)
(306)	632	257	1,080	-
(17)	(99)	(651)	(638)	(334)
(661)	1,465	245	1,554	339
10,271	8,806	8,562	7,007	6,669
<u>\$ 9,611</u>	<u>\$ 10,271</u>	<u>\$ 8,806</u>	<u>\$ 8,562</u>	<u>\$ 7,007</u>
\$ 216	\$ 398	\$ 7,557	\$ 539	\$ 189
108	133	102	113	117
2,325	468	404	104	119
(17)	(99)	(651)	(638)	(334)
(68)	(71)	(62)	(89)	(95)
(33)	18	-	-	-
2,531	847	7,350	29	(4)
9,252	8,405	1,055	1,026	1,030
<u>\$ 11,782</u>	<u>\$ 9,252</u>	<u>\$ 8,405</u>	<u>\$ 1,055</u>	<u>\$ 1,026</u>
<u>\$ (2,172)</u>	<u>\$ 1,020</u>	<u>\$ 401</u>	<u>\$ 7,507</u>	<u>\$ 5,982</u>
122.6%	90.1%	95.4%	12.3%	14.6%
\$ 5,981	\$ 5,914	\$ 5,967	\$ 6,143	\$ 5,918
(36.3%)	17.2%	6.7%	122.2%	101.1%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MILITARY RETIREMENT PROVISIONS**

LAST TEN FISCAL YEARS*

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total Pension Liability				
Service cost	\$ 791	\$ 787	\$ 746	\$ 719
Interest	4,593	3,776	3,928	3,896
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(668)	13,032	(1,015)	(156)
Changes of assumptions	-	81	5,031	-
Benefit payments, including refunds of member contributions	(4,105)	(3,993)	(3,954)	(4,029)
Net Change in Total Pension Liability	612	13,683	4,735	429
Total Pension Liability - Beginning	78,214	64,531	59,796	59,367
Total Pension Liability - Ending	<u>\$ 78,825</u>	<u>\$ 78,214</u>	<u>\$ 64,531</u>	<u>\$ 59,796</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,351	\$ 1,457	\$ 875	\$ 657
Net investment income	9,655	4,956	(3,036)	15,012
Benefit payments, including refunds of member contributions	(4,105)	(3,993)	(3,954)	(4,029)
Pension plan administrative expense	(239)	(275)	(243)	(200)
Other	-	-	-	-
Net Changes in Plan Fiduciary Net Pension	6,662	2,145	(6,358)	11,440
Plan Fiduciary Net Position - Beginning	63,427	61,282	67,641	56,201
Plan Fiduciary Net Position - Ending	<u>\$ 70,090</u>	<u>\$ 63,427</u>	<u>\$ 61,282</u>	<u>\$ 67,641</u>
Net Pension Liability (Asset) - Ending	<u>\$ 8,735</u>	<u>\$ 14,786</u>	<u>\$ 3,249</u>	<u>\$ (7,845)</u>
Plan fiduciary net position as a percentage of the total pension liability	88.9%	81.1%	95.0%	113.1%
Covered payroll	\$ 623	\$ 577	\$ 543	\$ 525
Net pension liability as a percentage of covered payroll	1,402.5%	2,564.2%	598.0%	(1,494.4%)

* Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year-end).

Michigan

2021	2020	2019	2018	2017	2016
\$ 229	\$ 206	\$ 140	\$ 110	\$ 403	\$ 357
3,710	3,417	3,555	3,609	2,829	3,564
-	5,252	-	-	-	-
2,573	(610)	700	58	-	(17,548)
-	-	2,719	2,505	(30,216)	7,086
(3,989)	(3,895)	(3,939)	(4,090)	(3,950)	(3,923)
2,523	4,370	3,175	2,192	(30,933)	(10,463)
56,844	52,474	49,299	47,107	78,040	88,503
<u>\$ 59,367</u>	<u>\$ 56,844</u>	<u>\$ 52,474</u>	<u>\$ 49,299</u>	<u>\$ 47,107</u>	<u>\$ 78,040</u>
\$ 1,000	\$ 41,045	\$ 16,245	\$ 5,245	\$ 7,780	\$ 4,267
2,805	2,711	569	78	12	-
(3,989)	(3,895)	(3,939)	(4,090)	(3,950)	(3,923)
(203)	(223)	(396)	(482)	(251)	(344)
1	1	123	7	-	-
(387)	39,638	12,601	758	3,591	-
56,588	16,950	4,349	3,591	-	-
<u>\$ 56,201</u>	<u>\$ 56,588</u>	<u>\$ 16,950</u>	<u>\$ 4,349</u>	<u>\$ 3,591</u>	<u>\$ -</u>
<u>\$ 3,166</u>	<u>\$ 256</u>	<u>\$ 35,524</u>	<u>\$ 44,950</u>	<u>\$ 43,515</u>	<u>\$ 78,040</u>
94.7%	99.5%	32.3%	8.8%	7.6%	0.0%
\$ 510	\$ 493	\$ 527	\$ 466	\$ 469	\$ 484
621.3%	52.0%	6,739.5%	9,652.5%	9,269.3%	16,110.3%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB)
LIABILITY AND RELATED RATIOS
POST EMPLOYMENT LIFE INSURANCE BENEFITS
LAST EIGHT FISCAL YEARS*(In Thousands)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total OPEB Liability			
Service cost	\$ 12,848	\$ 15,892	\$ 30,826
Interest	44,144	43,214	30,423
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(2,257)	(13,867)	(1,299)
Changes of assumptions	121,567	(35,794)	(423,560)
Benefit payments, including refunds of member contributions	<u>(37,705)</u>	<u>(35,550)</u>	<u>(36,358)</u>
Net Change in Total OPEB Liability	138,596	(26,105)	(399,968)
Total OPEB Liability - Beginning	<u>965,863</u>	<u>991,968</u>	<u>1,391,936</u>
Total OPEB Liability - Ending	<u>\$ 1,104,459</u>	<u>\$ 965,863</u>	<u>\$ 991,968</u>
Covered-employee payroll	\$ 3,734,644	\$ 3,537,744	\$ 3,314,632
Total OPEB liability as a percentage of covered-employee payroll	29.6%	27.3%	29.9%

* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as amended, requires the presentation of supplementary information for each of the 10 most recent fiscal years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year-end).

The Post Employment Life Insurance Benefit plan is not a trust and has no assets.

Michigan

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 29,368	\$ 25,672	\$ 27,091	\$ 28,832	\$ 31,154
33,780	35,817	47,732	44,731	40,592
-	-	-	-	11,048
(96,597)	(7,488)	(153,728)	(7,636)	1,294
57,492	78,697	87,597	(64,531)	(83,587)
<u>(38,126)</u>	<u>(32,554)</u>	<u>(33,310)</u>	<u>(31,263)</u>	<u>(30,244)</u>
(14,083)	100,144	(24,619)	(29,867)	(29,744)
<u>1,406,019</u>	<u>1,305,875</u>	<u>1,249,370</u>	<u>1,279,237</u>	<u>1,308,980</u>
<u>\$ 1,391,936</u>	<u>\$ 1,406,019</u>	<u>\$ 1,224,751</u>	<u>\$ 1,249,370</u>	<u>\$ 1,279,237</u>
\$ 3,227,125	\$ 3,161,595	\$ 3,151,523	\$ 3,154,490	\$ 2,949,242
43.1%	44.5%	38.9%	39.6%	43.4%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR PENSIONS LEGISLATIVE RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 13,756	\$ 12,248	\$ 10,619	\$ 9,374
Contributions in relation to the actuarially determined contribution	-	900	-	-
Contribution deficiency (excess)	<u>\$ 13,756</u>	<u>\$ 11,348</u>	<u>\$ 10,619</u>	<u>\$ 9,374</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2024.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2025:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	10 years, Open
Asset Valuation Method	Five-year smoothed fair value
Wage Inflation	4.0 percent
Projected Salary Increases	4.0 percent
Investment Rate of Return	7.0 percent
Retirement Age	Age-based tables of rates with a 100 percent probability of retirement once a member is subject to term limits.
Mortality	
Active	The Pub-2010 Amount-Weighted, General, Employee, Male and Female tables, with future mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.
Retirees	The Pub-2010 Amount-Weighted, General, Healthy Retiree, Male and Female tables, with future mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.
Disability Retirement	The Pub-2010 Amount-Weighted, General, Disabled Retiree, Male and Female, with future mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

Michigan

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 9,556	\$ 9,292	\$ 9,348	\$ 8,237	\$ 7,878	\$ 8,063
<u>-</u>	<u>-</u>	<u>8,063</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 9,556</u>	<u>\$ 9,292</u>	<u>\$ 1,285</u>	<u>\$ 8,237</u>	<u>\$ 7,878</u>	<u>\$ 8,063</u>
\$ -	\$ -	\$ 18	\$ 72	\$ 72	\$ 72
N/A	N/A	44,993.7%	0.0%	0.0%	0.0%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS
LEGISLATIVE RETIREMENT SYSTEM**

LAST TEN FISCAL YEARS

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 7,972	\$ 7,751	\$ 5,457	\$ 6,066
Contributions in relation to the actuarially determined contribution	5,435	5,144	4,933	4,661
Contribution deficiency (excess)	<u>\$ 2,537</u>	<u>\$ 2,607</u>	<u>\$ 524</u>	<u>\$ 1,405</u>
Covered-employee payroll*	\$ 72	\$ 72	\$ 90	\$ 143
Contributions as a percentage of covered-employee payroll	7,581.3%	7,175.8%	5,505.4%	3,250.9%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2024.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2025:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, closed
Remaining Amortization Period	16 years, as of October 1, 2024
Asset Valuation Method	Fair value
Wage Inflation	4.0 percent
Projected Salary Increases	4.0 percent
Investment Rate of Return	4.0 percent
Retirement Age	Age-based tables of rates with a 100 percent probability of retirement once a member is subject to term limits.
Mortality	
Active	The Pub-2010 Amount-Weighted, General, Employee, Male and Female tables, with future mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.
Retirees	The Pub-2010 Amount-Weighted, General, Healthy Retiree, Male and Female tables, with future mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.
Disability Retirement	The Pub-2010 Amount-Weighted, General, Disabled Retiree, Male and Female, with future mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.
Healthcare Trend Rates	Pre-65: 7.3 percent trend, gradually decreasing to 3.5 percent in year 15. Post-65: 6.5 percent trend, gradually decreasing to 3.5 percent in year 15.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

* The Legislative Retirement System does not base contributions to the other postemployment benefits plan on a measure of pay. Therefore, in accordance with Governmental Accounting Standards Board Statement No. 85, Omnibus 2017, covered-employee payroll is presented in this schedule instead of covered payroll.

Michigan

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 7,532	\$ 7,907	\$ 10,172	\$ 11,632	\$ 11,337	\$ 10,464
4,612	4,638	9,091	4,657	4,572	4,538
<u>\$ 2,920</u>	<u>\$ 3,270</u>	<u>\$ 1,081</u>	<u>\$ 6,975</u>	<u>\$ 6,765</u>	<u>\$ 5,926</u>
\$ 161	\$ 215	\$ 613	\$ 1,662	\$ 1,662	\$ 1,662
2,859.2%	2,156.6%	1,484.1%	280.2%	275.1%	273.0%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR PENSIONS STATE POLICE RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 110,859	\$ 103,121	\$ 94,276	\$ 88,349
Contributions in relation to the actuarially determined contribution	123,807	101,725	192,645	89,386
Contribution deficiency (excess)	<u>\$ (12,948)</u>	<u>\$ 1,396</u>	<u>\$ (98,370)</u>	<u>\$ (1,037)</u>
Covered payroll	\$ 168,583	\$ 141,857	\$ 145,633	\$ 146,298
Contributions as a percentage of covered payroll	73.4%	71.7%	132.3%	61.1%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2022.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2025:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	14 years, as of October 1, 2024
Asset Valuation Method	Five-year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	3.3 - 87.8 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.2 percent net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

Mortality

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

Michigan

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 81,078	\$ 78,929	\$ 77,400	\$ 78,531	\$ 72,632	\$ 70,858
69,152	79,165	78,510	84,930	74,814	70,505
<u>\$ 11,926</u>	<u>\$ (235)</u>	<u>\$ (1,110)</u>	<u>\$ (6,399)</u>	<u>\$ (2,182)</u>	<u>\$ 353</u>
\$ 131,332	\$ 142,102	\$ 139,660	\$ 134,177	\$ 125,085	\$ 118,060
52.7%	55.7%	56.2%	63.3%	59.8%	59.7%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS

STATE POLICE RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 38,569	\$ 45,004	\$ 46,925	\$ 52,130
Contributions* in relation to the actuarially determined contribution	44,743	45,615	45,978	50,743
Contribution deficiency (excess)	<u>\$ (6,174)</u>	<u>\$ (611)</u>	<u>\$ 947</u>	<u>\$ 1,387</u>
Covered payroll	\$ 168,583	\$ 141,857	\$ 145,633	\$ 146,298
Contributions as a percentage of covered payroll	26.5%	32.2%	31.6%	34.7%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2022.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2025:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	14 years, as of October 1, 2024
Asset Valuation Method	Five-year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	3.3 - 87.8 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.3 percent net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	
Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 93.0 percent for males and 99.0 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Mortality Tables, scaled by 100 percent for males and 100 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Male and Female Disabled Annuitant Mortality Tables, scaled by 100 percent for males and 100 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Healthcare Trend Rates	
	Pre-65: 7.5 percent trend, gradually decreasing to 3.5 percent in year 15; 3.0 percent in year 120
	Post-65: 6.3 percent trend, gradually decreasing to 3.5 percent in year 15; 3.0 percent in year 120
	Dental/Vision: 3.5 percent all years; 3.0 percent in year 120
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

* For fiscal years 2016 and 2017, contributions included both employer contributions and other governmental contributions.

Michigan

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 54,198	\$ 53,928	\$ 59,785	\$ 58,368	\$ 52,301	\$ 50,857
48,792	58,303	60,395	56,779	51,886	47,348
<u>\$ 5,405</u>	<u>\$ (4,375)</u>	<u>\$ (610)</u>	<u>\$ 1,589</u>	<u>\$ 415</u>	<u>\$ 3,509</u>
\$ 131,332	\$ 142,102	\$ 139,660	\$ 134,177	\$ 125,085	\$ 118,060
37.2%	41.0%	43.2%	42.3%	41.5%	40.1%

REQUIRED SUPPLEMENTARY INFORMATION

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

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 665,631	\$ 645,166	\$ 685,635	\$ 688,684
Contributions in relation to the actuarially determined contribution	757,453	723,060	711,552	688,301
Contribution deficiency (excess)	<u>\$ (91,822)</u>	<u>\$ (77,894)</u>	<u>\$ (25,916)</u>	<u>\$ 382</u>
Covered payroll *	\$ 4,223,684	\$ 3,998,380	\$ 3,706,653	\$ 3,464,750
Contributions as a percentage of covered payroll	17.9%	18.1%	19.2%	19.9%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2022.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2025:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	12 years, as of October 1, 2024
Asset Valuation Method	Five-year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	2.8 - 11.8 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.0 percent net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

Mortality

Retirees	RP-2014 Healthy Annuitant Mortality Tables, scaled by 93.0 percent for males and 98.0 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Employee Mortality Tables, scaled by 100 percent for males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Disabled Annuitant Mortality Tables, scaled by 100 percent for males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

* Governmental Accounting Standards Board (GASB) Statement No. 82, Pension Issues, which became effective for fiscal year 2017, states that the measure of payroll that is presented in schedules of required supplementary information required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended, is covered payroll. GASB Statement No. 82 defines covered payroll as the payroll on which contributions to a pension plan are based. To match this definition, the amount reported as covered payroll for the State Employees Retirement System increased significantly from fiscal year 2016 to fiscal year 2017. Prior to fiscal year 2017, these amounts are reported as covered-employee payroll.

Michigan

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 670,167	\$ 601,956	\$ 592,909	\$ 627,621	\$ 709,651	\$ 752,161
659,639	613,729	600,083	650,740	703,131	716,465
<u>\$ 10,528</u>	<u>\$ (11,773)</u>	<u>\$ (7,175)</u>	<u>\$ (23,118)</u>	<u>\$ 6,520</u>	<u>\$ 35,697</u>
\$ 3,348,115	\$ 3,380,365	\$ 3,220,895	\$ 3,115,261	\$ 3,050,238	\$ 872,358
19.7%	18.2%	18.6%	20.9%	23.1%	82.1%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS STATE EMPLOYEES' RETIREMENT SYSTEM LAST TEN FISCAL YEARS

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 223,654	\$ 406,699	\$ 505,531	\$ 602,466
Contributions* in relation to the actuarially determined contribution	<u>261,196</u>	<u>453,365</u>	<u>520,796</u>	<u>579,955</u>
Contribution deficiency (excess)	<u>\$ (37,542)</u>	<u>\$ (46,666)</u>	<u>\$ (15,265)</u>	<u>\$ 22,511</u>
Covered payroll	\$ 4,223,684	\$ 3,998,380	\$ 3,706,653	\$ 3,464,750
Contributions as a percentage of covered payroll	6.2%	11.3%	14.1%	16.7%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2022.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2025:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	12 years, as of October 1, 2024
Asset Valuation Method	Five-year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	2.8 - 11.8 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.2 percent net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	
Retirees	RP-2014 Healthy Annuitant Mortality Tables, scaled by 93.0 percent for males and 98.0 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Employee Mortality Tables, scaled by 100 percent and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Disabled Annuitant Mortality Tables, scaled by 100 percent for males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Healthcare Trend Rates	
	Pre-65: 7.5 percent trend, gradually decreasing to 3.5 percent in year 15; 3.0 percent in year 120
	Post-65: 6.3 percent trend, gradually decreasing to 3.5 percent in year 15; 3.0 percent in year 120
	Dental/Vision: 3.5 percent all years; 3.0 percent in year 120
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

* For fiscal years 2016 and 2017, contributions included both employer contributions and other governmental contributions.

Michigan

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 778,656	\$ 681,397	\$ 762,743	\$ 744,210	\$ 676,227	\$ 659,698
<u>774,406</u>	<u>703,567</u>	<u>765,235</u>	<u>688,884</u>	<u>703,330</u>	<u>686,652</u>
<u>\$ 4,251</u>	<u>\$ (22,170)</u>	<u>\$ (2,492)</u>	<u>\$ 55,326</u>	<u>\$ (27,103)</u>	<u>\$ (26,954)</u>
\$ 3,348,115	\$ 3,380,365	\$ 3,220,895	\$ 3,115,261	\$ 3,050,238	\$ 2,989,101
23.1%	20.8%	23.8%	22.1%	23.1%	23.0%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR PENSIONS JUDGES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 899	\$ 1,005	\$ 1,274	\$ 1,517
Contributions in relation to the actuarially determined contribution	899	1,005	1,274	1,517
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,237	\$ 4,987	\$ 4,893	\$ 6,432
Contributions as a percentage of covered payroll	27.8%	20.2%	26.0%	23.6%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2024.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2025:

Actuarial Cost Method	Entry-Age Normal (Term Cost for death and disability)
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	12 years, as of October 1, 2024
Asset Valuation Method	Five-year smoothed fair value
Price Inflation	2.4 percent
Projected Salary Increases	3.3 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.0 percent net of investment expenses.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

Mortality

Retirees	PubG-2010 Male and Female Retiree Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Disabled Retirees	PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active	PubG-2010 Male and Female Employee Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Michigan

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 2,850	\$ 2,840	\$ 2,828	\$ 1,736	\$ 1,020	\$ 2,138
<u>2,850</u>	<u>2,840</u>	<u>2,828</u>	<u>1,736</u>	<u>1,020</u>	<u>2,180</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41)</u>
\$ 7,868	\$ 9,263	\$ 10,206	\$ 12,047	\$ 12,685	\$ 14,757
36.2%	30.7%	27.7%	14.4%	8.0%	14.8%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS
JUDGES' RETIREMENT SYSTEM**

LAST TEN FISCAL YEARS

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ 242
Contributions* in relation to the actuarially determined contribution	-	-	-	242
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll**	\$ 6,638	\$ 6,714	\$ 6,559	\$ 5,960
Contributions as a percentage of covered-employee payroll	0.0%	0.0%	0.0%	4.1%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2024.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2025:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	20 years, Open
Asset Valuation Method	Five-year smoothed fair value
Price Inflation	2.4 percent
Projected Salary Increases	3.3 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.0 percent net of investment expenses.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

Mortality

Healthy Retirees	PubG-2010 Male and Female Retiree Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Disabled Retirees	PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active	PubG-2010 Male and Female Employee Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Healthcare Cost Trend Rates	Pre-65: 7.8 percent trend, gradually decreasing to 3.5 percent in year 15 Post-65: 6.5 percent trend, gradually decreasing to 3.5 percent in year 15
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

* For fiscal years 2016 and 2017, contributions included both employer contributions and other governmental contributions.

** The Judges' Retirement System does not base contributions to the other postemployment benefits plan on a measure of pay. Therefore, in accordance with Governmental Accounting Standards Board Statement No. 85, Omnibus 2017, covered-employee payroll is presented in this schedule instead of covered payroll.

Michigan

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 207	\$ 398	\$ 818	\$ 559	\$ 487	\$ 712
216	398	7,557	539	189	247
<u>\$ (9)</u>	<u>\$ -</u>	<u>\$ (6,739)</u>	<u>\$ 20</u>	<u>\$ 298</u>	<u>\$ 465</u>
\$ 5,981	\$ 5,914	\$ 5,967	\$ 6,143	\$ 5,918	\$ 5,889
3.6%	6.7%	126.7%	8.8%	3.2%	4.2%

Michigan

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR PENSIONS MILITARY RETIREMENT PROVISIONS

LAST TEN FISCAL YEARS

(In Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 2,771	\$ 1,350	\$ 1,457	\$ 874
Contributions in relation to the actuarially determined contribution	2,771	1,351	1,457	875
Contribution deficiency (excess)	<u>\$ (0)</u>	<u>\$ (1)</u>	<u>\$ (0)</u>	<u>\$ (1)</u>
Covered payroll *	\$ 618	\$ 623	\$ 577	\$ 543
Contributions as a percentage of covered payroll	448.3%	216.9%	252.7%	161.1%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2022.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2025:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	14 years, as of October 1, 2024
Asset Valuation Method	Five-year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	2.8 percent for Special Duty officers
Investment Rate of Return	6.0 percent net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

Mortality

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

* Covered payroll relates to the three active Special Duty officers (Generals). Non-special duty members receive \$600 in annual pension benefits, which is not based on a percentage of payroll. Therefore, contributions expressed as percentages of active member payroll are not useful.

Michigan

2021	2020	2019	2018	2017	2016
\$ 657	\$ 3,542	\$ 4,422	\$ 6,849	\$ 5,200	\$ 5,200
657	1,000	41,045	16,245	5,245	7,780
\$ -	\$ 2,542	\$ (36,623)	\$ (9,396)	\$ (45)	\$ (2,580)
\$ 525	\$ 510	\$ 493	\$ 527	\$ 466	\$ 469
125.2%	196.3%	8,325.4%	3,081.9%	1,126.3%	1,657.3%





FINANCIAL SECTION

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

Michigan

BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 SEPTEMBER 30, 2025
 (In Thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTALS
ASSETS					
Current Assets:					
Cash	\$ 4,561	\$ 138,951	\$ 4,342	\$ -	\$ 147,855
Equity in common cash	1,828,563	-	2,421,063	114,960	4,364,586
Taxes, interest, and penalties receivable	165,732	-	3,418	-	169,150
Amounts due from other funds	72,518	-	66,740	-	139,257
Amounts due from component units	-	-	2,424	-	2,424
Amounts due from federal agencies	58,104	-	325,777	-	383,881
Amounts due from local units	2,058	-	169,145	-	171,203
Inventories	424	-	15,011	-	15,436
Other current assets	203,192	431	11,380	5,468	220,471
Total Current Assets	<u>2,335,152</u>	<u>139,383</u>	<u>3,019,299</u>	<u>120,429</u>	<u>5,614,263</u>
Noncurrent Assets:					
Taxes, interest, and penalties receivable	3,587	-	38	-	3,626
Amounts due from local units	11,451	-	61,198	-	72,649
Investments	331,372	-	-	1,356,631	1,688,003
Other noncurrent assets	2,593	-	8,627	-	11,220
Total Noncurrent Assets	<u>349,004</u>	<u>-</u>	<u>69,863</u>	<u>1,356,631</u>	<u>1,775,498</u>
Total Assets	<u>\$ 2,684,156</u>	<u>\$ 139,383</u>	<u>\$ 3,089,162</u>	<u>\$ 1,477,060</u>	<u>\$ 7,389,761</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and other liabilities	\$ 438,231	\$ 136	\$ 568,907	\$ 12,537	\$ 1,019,811
Amounts due to other funds	122,650	-	75,022	61	197,733
Bonds and notes payable	-	-	15,200	-	15,200
Interest payable	-	-	84	-	84
Unearned revenue	23,213	-	1,748	-	24,961
Total Current Liabilities	<u>584,094</u>	<u>136</u>	<u>660,961</u>	<u>12,598</u>	<u>1,257,790</u>
Long-Term Liabilities:					
Unearned revenue	49	-	3	-	52
Total Long-Term Liabilities	<u>49</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>52</u>
Total Liabilities	<u>584,143</u>	<u>136</u>	<u>660,964</u>	<u>12,598</u>	<u>1,257,841</u>
DEFERRED INFLOWS OF RESOURCES	<u>140,219</u>	<u>-</u>	<u>9,201</u>	<u>89</u>	<u>149,509</u>
FUND BALANCES					
Nonspendable	361,109	-	15,095	917,965	1,294,169
Restricted	1,299,313	139,247	2,418,237	546,408	4,403,205
Committed	299,372	-	-	-	299,372
Unassigned	-	-	(14,334)	-	(14,334)
Total Fund Balances	<u>1,959,794</u>	<u>139,247</u>	<u>2,418,997</u>	<u>1,464,372</u>	<u>5,982,410</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,684,156</u>	<u>\$ 139,383</u>	<u>\$ 3,089,162</u>	<u>\$ 1,477,060</u>	<u>\$ 7,389,761</u>

Michigan

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTALS
REVENUES					
Taxes	\$ 4,234,100	\$ -	\$ 13,314	\$ -	\$ 4,247,414
From federal agencies	239,439	-	1,854,904	-	2,094,343
From local agencies	-	-	37,765	-	37,765
From services	9,223	-	4,071	-	13,294
From licenses and permits	269,006	-	18,195	-	287,201
Miscellaneous	829,427	4,247	213,321	148,099	1,195,094
Total Revenues	<u>5,581,195</u>	<u>4,247</u>	<u>2,141,569</u>	<u>148,099</u>	<u>7,875,111</u>
EXPENDITURES					
Current:					
General government	208,630	29	-	7,105	215,764
Education	41,947	4,374	14,672	-	60,993
Health and human services	62,382	-	-	871	63,253
Public safety and corrections	965	-	-	3,236	4,201
Conservation, environment, recreation, and agriculture	341,475	-	-	38,764	380,238
Labor, commerce, and regulatory	218,601	-	-	-	218,601
Transportation	2,569,087	4	1,542,744	-	4,111,835
Capital outlay	20,259	-	2,011,423	6,229	2,037,911
Debt service:					
Bond principal retirement	-	362,667	-	-	362,667
Bond interest and fiscal charges	-	308,438	-	-	308,438
Vendor financing payments	1,269	-	54,294	6	55,569
Total Expenditures	<u>3,464,615</u>	<u>675,512</u>	<u>3,623,132</u>	<u>56,211</u>	<u>7,819,470</u>
Excess of Revenues over (under) Expenditures	<u>2,116,580</u>	<u>(671,265)</u>	<u>(1,481,563)</u>	<u>91,888</u>	<u>55,640</u>
OTHER FINANCING SOURCES (USES)					
Bonds and bond anticipation notes issued	-	-	29,391	-	29,391
Refunding bonds issued	-	716,424	-	-	716,424
Premium on bond issuance	-	58,904	-	-	58,904
Payment to refunded bond escrow agent	-	(760,833)	-	-	(760,833)
Vendor financing acquisitions	749	-	111	30	889
Proceeds from sale of capital assets	137	-	1,429	3	1,569
Transfers from other funds	542,500	644,500	1,558,037	9	2,745,046
Transfers to other funds	(2,474,918)	(3,519)	(298,021)	(233)	(2,776,692)
Total Other Financing Sources (Uses)	<u>(1,931,532)</u>	<u>655,475</u>	<u>1,290,948</u>	<u>(191)</u>	<u>14,698</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	185,047	(15,790)	(190,616)	91,697	70,339
Fund Balances - Beginning of fiscal year	<u>1,774,746</u>	<u>155,037</u>	<u>2,609,613</u>	<u>1,372,675</u>	<u>5,912,071</u>
Fund Balances - End of fiscal year	<u>\$ 1,959,794</u>	<u>\$ 139,247</u>	<u>\$ 2,418,997</u>	<u>\$ 1,464,372</u>	<u>\$ 5,982,410</u>





Michigan

BALANCE SHEET
SPECIAL REVENUE FUNDS - BY CLASSIFICATION
 SEPTEMBER 30, 2025
 (In Thousands)

	TRANSPORTATION RELATED	CONSERVATION, ENVIRONMENT, AND RECREATION RELATED	REGULATORY AND ADMINISTRATIVE RELATED	OTHER STATE FUNDS	TOTALS
ASSETS					
Current Assets:					
Cash	\$ 4,276	\$ 275	\$ 5	\$ 5	\$ 4,561
Equity in common cash	718,666	661,949	157,304	290,645	1,828,563
Taxes, interest, and penalties receivable	165,292	439	-	-	165,732
Amounts due from other funds	72,389	-	128	-	72,518
Amounts due from federal agencies	54,630	3,337	-	138	58,104
Amounts due from local units	883	20	1,154	-	2,058
Inventories	-	424	-	-	424
Other current assets	11,795	12,780	58,610	120,007	203,192
Total Current Assets	<u>1,027,931</u>	<u>679,225</u>	<u>217,201</u>	<u>410,795</u>	<u>2,335,152</u>
Noncurrent Assets:					
Taxes, interest, and penalties receivable	3,587	-	-	-	3,587
Amounts due from local units	-	11,451	-	-	11,451
Investments	-	297,972	-	33,400	331,372
Other noncurrent assets	604	1,779	-	210	2,593
Total Noncurrent Assets	<u>4,191</u>	<u>311,202</u>	<u>-</u>	<u>33,610</u>	<u>349,004</u>
Total Assets	<u>\$ 1,032,122</u>	<u>\$ 990,427</u>	<u>\$ 217,201</u>	<u>\$ 444,405</u>	<u>\$ 2,684,156</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and other liabilities	\$ 382,730	\$ 29,949	\$ 24,535	\$ 1,017	\$ 438,231
Amounts due to other funds	70,559	2,225	49,843	22	122,650
Unearned revenue	400	12,369	10,445	-	23,213
Total Current Liabilities	<u>453,689</u>	<u>44,542</u>	<u>84,824</u>	<u>1,039</u>	<u>584,094</u>
Long-Term Liabilities:					
Unearned revenue	49	-	-	-	49
Total Long-Term Liabilities	<u>49</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49</u>
Total Liabilities	<u>453,738</u>	<u>44,542</u>	<u>84,824</u>	<u>1,039</u>	<u>584,143</u>
DEFERRED INFLOWS OF RESOURCES	<u>17,913</u>	<u>2,283</u>	<u>136</u>	<u>119,887</u>	<u>140,219</u>
FUND BALANCES					
Nonspendable	-	328,713	-	32,396	361,109
Restricted	560,471	614,888	113,522	10,432	1,299,313
Committed	-	-	18,719	280,652	299,372
Total Fund Balances	<u>560,471</u>	<u>943,602</u>	<u>132,241</u>	<u>323,480</u>	<u>1,959,794</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,032,122</u>	<u>\$ 990,427</u>	<u>\$ 217,201</u>	<u>\$ 444,405</u>	<u>\$ 2,684,156</u>

Michigan

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - BY CLASSIFICATION
 FISCAL YEAR ENDED SEPTEMBER 30, 2025
 (In Thousands)

	TRANSPORTATION RELATED	CONSERVATION, ENVIRONMENT, AND RECREATION RELATED	REGULATORY AND ADMINISTRATIVE RELATED	OTHER STATE FUNDS	TOTALS
REVENUES					
Taxes	\$ 3,934,856	\$ 600	\$ 298,644	\$ -	\$ 4,234,100
From federal agencies	89,082	6,974	141,957	1,425	239,439
From services	9,154	-	70	-	9,223
From licenses and permits	36,494	209,107	23,405	-	269,006
Miscellaneous	53,413	205,625	335,720	234,669	829,427
Total Revenues	<u>4,122,998</u>	<u>422,306</u>	<u>799,796</u>	<u>236,094</u>	<u>5,581,195</u>
EXPENDITURES					
Current:					
General government	-	5,017	50,658	152,954	208,630
Education	-	-	-	41,947	41,947
Health and human services	-	-	-	62,382	62,382
Public safety and corrections	-	280	-	684	965
Conservation, environment, recreation, and agriculture	-	341,475	-	-	341,475
Labor, commerce, and regulatory	-	-	218,601	-	218,601
Transportation	2,569,087	-	-	-	2,569,087
Capital outlay	142	19,561	-	556	20,259
Debt service:					
Vendor financing payments	-	110	1,056	103	1,269
Total Expenditures	<u>2,569,229</u>	<u>366,444</u>	<u>270,315</u>	<u>258,627</u>	<u>3,464,615</u>
Excess of Revenues over (under) Expenditures	<u>1,553,769</u>	<u>55,862</u>	<u>529,482</u>	<u>(22,533)</u>	<u>2,116,580</u>
OTHER FINANCING SOURCES (USES)					
Vendor financing acquisitions	-	192	-	556	749
Proceeds from sale of capital assets	-	97	40	-	137
Transfers from other funds	406,211	51,770	43,713	40,806	542,500
Transfers to other funds	(1,891,927)	(28,601)	(554,361)	(30)	(2,474,918)
Total Other Financing Sources (Uses)	<u>(1,485,716)</u>	<u>23,459</u>	<u>(510,608)</u>	<u>41,332</u>	<u>(1,931,532)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	68,053	79,321	18,874	18,799	185,047
Fund Balances - Beginning of fiscal year	492,418	864,281	113,368	304,680	1,774,746
Fund Balances - End of fiscal year	<u>\$ 560,471</u>	<u>\$ 943,602</u>	<u>\$ 132,241</u>	<u>\$ 323,480</u>	<u>\$ 1,959,794</u>

Michigan

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - BY CLASSIFICATION**
FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>TRANSPORTATION RELATED</u>			<u>CONSERVATION, ENVIRONMENT, AND RECREATION RELATED</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES AND OTHER SOURCES						
Taxes	\$ 3,934,856	\$ 3,934,856	\$ -	\$ 600	\$ 600	\$ -
From federal agencies	89,082	89,082	-	6,974	6,974	-
From services	9,154	9,154	-	-	-	-
From licenses and permits	36,494	36,494	-	209,107	209,107	-
Miscellaneous	53,413	53,413	-	169,996	169,996	-
Transfers in	406,211	406,211	-	51,770	51,770	-
Proceeds from sale of capital assets	-	-	-	97	97	-
Total Revenues and Other Sources	<u>4,529,209</u>	<u>4,529,209</u>	<u>-</u>	<u>438,545</u>	<u>438,545</u>	<u>-</u>
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Attorney General	-	-	-	-	-	-
Education	-	-	-	-	-	-
Environment, Great Lakes, and Energy	-	-	-	56,061	52,064	3,997
Health and Human Services	-	-	-	-	-	-
Labor and Economic Opportunity	-	-	-	-	-	-
Licensing and Regulatory Affairs	-	-	-	-	-	-
Lifelong Education, Advancement, and Potential	-	-	-	-	-	-
Military and Veterans Affairs	-	-	-	-	-	-
Natural Resources	-	-	-	354,908	337,555	17,353
State Police	-	-	-	287	287	-
Technology, Management and Budget	-	-	-	103	103	-
Transportation	4,731,611	4,720,055	11,556	-	-	-
Treasury	-	-	-	4,572	4,247	325
Total Expenditures, Transfers Out and Encumbrances	<u>4,731,611</u>	<u>4,720,055</u>	<u>11,556</u>	<u>415,932</u>	<u>394,256</u>	<u>21,675</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (202,401)</u>	<u>(190,846)</u>	<u>\$ 11,556</u>	<u>\$ 22,613</u>	<u>44,289</u>	<u>\$ 21,675</u>
Reconciling Items:						
Encumbrances at September 30		258,899			25,232	
Funds not annually budgeted		-			9,801	
Net Reconciling Items		<u>258,899</u>			<u>35,033</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>68,053</u>			<u>79,321</u>	
FUND BALANCES (GAAP BASIS)						
Beginning balances		<u>492,418</u>			<u>864,281</u>	
Ending balances (GAAP Basis)		<u>\$ 560,471</u>			<u>\$ 943,602</u>	

Michigan

REGULATORY AND ADMINISTRATIVE RELATED			OTHER STATE FUNDS			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 298,644	\$ 298,644	\$ -	\$ -	\$ -	\$ -	\$ 4,234,100	\$ 4,234,100	\$ -
141,957	141,957	-	1,425	1,425	-	239,439	239,439	-
70	70	-	-	-	-	9,223	9,223	-
23,405	23,405	-	-	-	-	269,006	269,006	-
317,304	317,304	-	233,232	233,232	-	773,945	773,945	-
43,712	43,712	-	40,806	40,806	-	542,499	542,499	-
40	40	-	-	-	-	137	137	-
<u>825,132</u>	<u>825,132</u>	<u>-</u>	<u>275,463</u>	<u>275,463</u>	<u>-</u>	<u>6,068,350</u>	<u>6,068,350</u>	<u>-</u>
-	-	-	535	493	42	535	493	42
-	-	-	41,003	41,003	-	41,003	41,003	-
-	-	-	-	-	-	56,061	52,064	3,997
-	-	-	63,090	62,387	702	63,090	62,387	702
197,551	196,917	634	-	-	-	197,551	196,917	634
16,077	14,578	1,499	-	-	-	16,077	14,578	1,499
-	-	-	1,255	958	297	1,255	958	297
-	-	-	150	104	46	150	104	46
-	-	-	-	-	-	354,908	337,555	17,353
-	-	-	877	689	188	1,164	977	188
-	-	-	-	-	-	103	103	-
-	-	-	-	-	-	4,731,611	4,720,055	11,556
600,890	600,890	-	426,960	152,149	274,811	1,032,423	757,286	275,136
<u>814,518</u>	<u>812,385</u>	<u>2,133</u>	<u>533,870</u>	<u>257,784</u>	<u>276,086</u>	<u>6,495,931</u>	<u>6,184,481</u>	<u>311,450</u>
<u>\$ 10,614</u>	<u>12,747</u>	<u>\$ 2,133</u>	<u>\$ (258,407)</u>	<u>17,679</u>	<u>\$ 276,086</u>	<u>\$ (427,581)</u>	<u>(116,131)</u>	<u>\$ 311,450</u>
-	-	-	-	-	-	-	284,131	-
-	6,127	-	-	1,120	-	-	17,048	-
-	6,127	-	-	1,120	-	-	301,179	-
-	18,874	-	-	18,799	-	-	185,047	-
-	113,368	-	-	304,680	-	-	1,774,746	-
-	<u>\$ 132,241</u>	-	-	<u>\$ 323,480</u>	-	-	<u>\$ 1,959,794</u>	-



SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED

MICHIGAN TRANSPORTATION FUND

Established pursuant to Michigan Compiled Laws Section 247.660, this fund accounts for the receipt and distribution of several tax revenues dedicated for highway purposes. Transfers are made to the General Fund, State Trunkline Fund, and the Comprehensive Transportation Fund. Expenditures include grants to counties, cities, and villages for highway purposes.

COMPREHENSIVE TRANSPORTATION FUND

Established pursuant to Michigan Compiled Laws Section 247.660b, this fund accounts for the planning and development of public transportation systems within the State. Federal revenues, vehicle-related sales tax, and transfers from the Michigan Transportation Fund provide financing for expenditures.

Michigan

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED
 SEPTEMBER 30, 2025
 (In Thousands)

	MICHIGAN TRANSPORTATION FUND	COMPREHENSIVE TRANSPORTATION FUND	TOTALS
ASSETS			
Current Assets:			
Cash	\$ 4,276	\$ -	\$ 4,276
Equity in common cash	185,524	533,141	718,666
Taxes, interest, and penalties receivable	164,127	1,166	165,292
Amounts due from other funds	-	72,389	72,389
Amounts due from federal agencies	-	54,630	54,630
Amounts due from local units	-	883	883
Other current assets	10,150	1,645	11,795
Total Current Assets	<u>364,077</u>	<u>663,854</u>	<u>1,027,931</u>
Noncurrent Assets:			
Taxes, interest, and penalties receivable	3,587	-	3,587
Other noncurrent assets	-	604	604
Total Noncurrent Assets	<u>3,587</u>	<u>604</u>	<u>4,191</u>
Total Assets	<u>\$ 367,664</u>	<u>\$ 664,458</u>	<u>\$ 1,032,122</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	\$ 280,183	\$ 102,547	\$ 382,730
Amounts due to other funds	70,462	98	70,559
Unearned revenue	-	400	400
Total Current Liabilities	<u>350,645</u>	<u>103,044</u>	<u>453,689</u>
Long-Term Liabilities:			
Unearned revenue	-	49	49
Total Long-Term Liabilities	<u>-</u>	<u>49</u>	<u>49</u>
Total Liabilities	<u>350,645</u>	<u>103,093</u>	<u>453,738</u>
DEFERRED INFLOWS OF RESOURCES	<u>17,019</u>	<u>894</u>	<u>17,913</u>
FUND BALANCES			
Restricted	<u>-</u>	<u>560,471</u>	<u>560,471</u>
Total Fund Balances	<u>-</u>	<u>560,471</u>	<u>560,471</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 367,664</u>	<u>\$ 664,458</u>	<u>\$ 1,032,122</u>

Michigan

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED**

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

	MICHIGAN TRANSPORTATION FUND	COMPREHENSIVE TRANSPORTATION FUND	TOTALS
REVENUES			
Taxes	\$ 3,812,041	\$ 122,815	\$ 3,934,856
From federal agencies	-	89,082	89,082
From services	9,154	-	9,154
From licenses and permits	36,298	196	36,494
Miscellaneous	13,523	39,890	53,413
Total Revenues	<u>3,871,015</u>	<u>251,983</u>	<u>4,122,998</u>
EXPENDITURES			
Current:			
Transportation	2,088,699	480,389	2,569,087
Capital outlay	-	142	142
Total Expenditures	<u>2,088,699</u>	<u>480,531</u>	<u>2,569,229</u>
Excess of Revenues over (under) Expenditures	<u>1,782,317</u>	<u>(228,548)</u>	<u>1,553,769</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	109,403	296,808	406,211
Transfers to other funds	(1,891,719)	(207)	(1,891,927)
Total Other Financing Sources (Uses)	<u>(1,782,317)</u>	<u>296,601</u>	<u>(1,485,716)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	68,053	68,053
Fund Balances - Beginning of fiscal year	-	492,418	492,418
Fund Balances - End of fiscal year	<u>\$ -</u>	<u>\$ 560,471</u>	<u>\$ 560,471</u>

Michigan

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED**
FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>MICHIGAN TRANSPORTATION FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES AND OTHER SOURCES			
Taxes	\$ 3,812,041	\$ 3,812,041	\$ -
From federal agencies	-	-	-
From services	9,154	9,154	-
From licenses and permits	36,298	36,298	-
Miscellaneous	13,523	13,523	-
Transfers in	109,403	109,403	-
	<u>3,980,418</u>	<u>3,980,418</u>	<u>-</u>
Total Revenues and Other Sources			
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY			
Transportation	<u>3,983,111</u>	<u>3,980,418</u>	<u>2,693</u>
Total Expenditures, Transfers Out, and Encumbrances	<u>3,983,111</u>	<u>3,980,418</u>	<u>2,693</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (2,693)</u>	<u>-</u>	<u>\$ 2,693</u>
Reconciling Items:			
Encumbrances at September 30		<u>-</u>	
Net Reconciling Items		<u>-</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>-</u>	
FUND BALANCES (GAAP BASIS)			
Beginning balances		<u>-</u>	
Ending balances (GAAP Basis)		<u>\$ -</u>	

Michigan

COMPREHENSIVE TRANSPORTATION FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 122,815	\$ 122,815	\$ -	\$ 3,934,856	\$ 3,934,856	\$ -
89,082	89,082	-	89,082	89,082	-
-	-	-	9,154	9,154	-
196	196	-	36,494	36,494	-
39,890	39,890	-	53,413	53,413	-
296,808	296,808	-	406,211	406,211	-
548,791	548,791	-	4,529,209	4,529,209	-
748,500	739,637	8,863	4,731,611	4,720,055	11,556
748,500	739,637	8,863	4,731,611	4,720,055	11,556
\$ (199,709)	(190,846)	\$ 8,863	\$ (202,401)	(190,846)	\$ 11,556
	258,899			258,899	
	258,899			258,899	
	68,053			68,053	
	492,418			492,418	
	\$ 560,471			\$ 560,471	

SPECIAL REVENUE FUNDS – CONSERVATION, ENVIRONMENT, AND RECREATION RELATED

MICHIGAN CONSERVATION AND RECREATION LEGACY FUND

This fund (“Legacy Fund”) was created by Article 9, Section 40, of the State Constitution, an amendment approved by voters in November 2006. The purpose of the amendment was to constitutionally prevent the diversion of certain funds and revenues for purposes other than those for which they were created. Section 40 created the following accounts within the Legacy Fund: Forest Recreation, Game and Fish Protection, Off-Road Vehicle, Recreation Improvement, Snowmobile, State Park Improvement, and Waterways.

The implementing legislation related to this amendment, found in Sections 324.2002 – 324.2035 of the Michigan Compiled Laws, transferred a number of special revenue funds and certain restrictively financed activities within the General Fund to the Legacy Fund. The following special revenue funds were transferred into the fund: Game and Fish Protection Fund, Michigan State Waterways Fund, Marine Safety Fund, and State Park Improvement Fund. The restrictively financed activities transferred into the fund from the General Fund were related to various outdoor recreation activities including snowmobiles, off-road vehicles, recreation trails, and State forest recreation.

Financing consists primarily of hunting and fishing licenses; camping and park entrance fees; 2 percent of gasoline taxes dedicated for boating, snowmobiling, off-road vehicles and other trails; watercraft and snowmobile registration fees; and trail use permits. The fund also receives funding from the Michigan Game and Fish Protection Trust Fund. Expenditures are limited to those activities specified in Section 40 and include forest recreation activities, wildlife and fisheries programs, off-road vehicle and snowmobile trails and facilities, State parks and recreation areas, improvement of lake harbors and inland waterways, and water safety education programs.

MICHIGAN GAME AND FISH PROTECTION TRUST FUND

The former Game and Fish Protection Trust Fund was established in 1986 to restrict certain assets for the purpose of generating interest and earnings for transfer to the former Game and Fish Protection Fund (now accounted for within the Michigan Conservation and Recreation Legacy Fund). Article 9, Section 41, of the State Constitution, an amendment approved by voters in November 2006, further protected these assets by creating the Michigan Game and Fish Protection Trust Fund.

The fund operates under Sections 324.43702 – 324.43704 of the Michigan Compiled Laws. The sources of revenue for this fund include rentals, bonuses, and royalties from the removal of minerals, oil, gas, timber, or other resources from state-owned land acquired with Game and Fish Protection Fund dollars. Revenue is also received from other sources such as grants, gifts, and bequests. The assets of the Michigan Game and Fish Protection Trust Fund are invested as provided by law, with interest and earnings from the investments credited to the fund. The accumulated interest and earnings of the Michigan Game and Fish Protection Trust Fund and not more than \$6 million of the principal can be expended each year for the purposes of the Game and Fish Protection Account of the Michigan Conservation and Recreation Legacy Fund.

MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND

The former Michigan Nongame Fish and Wildlife Fund was established in 1983 to finance research and management of nongame fish and wildlife, designated endangered species, and designated plant species of this State. Article 9, Section 42, of the State Constitution, an amendment approved by voters in November 2006, further protected these assets by creating the Michigan Nongame Fish and Wildlife Trust Fund.

The fund operates under Sections 324.43902 – 324.43907 of the Michigan Compiled Laws. The fund may receive transfers from other funds and revenue from specialty license plate sales, investment income, donations, and other sources authorized by law.

FOREST DEVELOPMENT FUND

This fund was established in 1993, along with the Michigan Forest Finance Authority, and operates under Michigan Compiled Laws Section 324.50507. The primary revenue source of the fund is timber revenue from State forest lands. Expenditures from the fund are for forest management activities and forest fire protection. The Authority is authorized to, but thus far has not, issued bonds. The Michigan Forest Finance Authority was reorganized in 2010. Under Executive Order 2010-2, the bonding-related functions of the Michigan Forest Finance Authority were transferred to the Michigan Finance Authority, with the Department of Natural Resources assuming all other functions and responsibilities of the Michigan Forest Finance Authority.

BOTTLE DEPOSITS FUND

Michigan Compiled Laws (MCL) Section 445.573c created the Bottle Deposits Fund to provide for the disposition of unredeemed bottle deposits. The Department of Treasury and the Department of Environment, Great Lakes, and Energy (EGLE) jointly administer the fund. The law mandates that an annual distribution of the funds be made as follows: the first \$1 million is disbursed to the Bottle Bill Enforcement Fund (BBEF); of the remaining revenues, 25 percent is returned to the dealers and 75 percent is disbursed to the Bottle Deposits Fund. If the BBEP balance at the end of the fiscal year is greater than \$3 million, deposits in the fund are suspended until the fund balance falls below \$2 million.

The 75 percent distribution to EGLE is initially deposited into the Cleanup and Redevelopment Trust Fund (CRTF), and if not further distributed, remains there until the principal amount reaches \$200 million. At that point, interest and earnings within the fund are used for environmental remediation purposes. Of funds received annually by the CRTF, 80 percent is allocated to the CRTF and 10 percent to the Community Pollution Prevention Fund.

MCL Section 324.20108 moved the former Environmental Response Fund (ERF) to a sub-fund of the CRTF. The law mandates that proceeds of all cost recovery actions taken and settlements entered into pursuant to the ERF (excluding natural resource damages) by EGLE or the Attorney General, or both, shall be credited to the ERF.

Several EGLE funds are administratively housed within the Bottle Deposits Fund, although they receive no bottle deposits revenue. Included is the State Sites Cleanup Fund, established in accordance with MCL Section 324.20108c to provide for response activities at facilities where the State is liable as an owner or operator. The following loan programs administered by EGLE are also included: the Brownfield Revolving Loan Fund created by MCL Section 324.19608a, the Revitalization Revolving Loan Fund created by MCL Section 324.20108a, and the Federal Brownfield Cleanup and Revolving Loan Fund.

Michigan

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED

SEPTEMBER 30, 2025

(In Thousands)

	<u>MICHIGAN CONSERVATION AND RECREATION LEGACY FUND</u>	<u>MICHIGAN GAME AND FISH PROTECTION TRUST FUND</u>
ASSETS		
Current Assets:		
Cash	\$ 275	\$ -
Equity in common cash	215,398	9,273
Taxes, interest, and penalties receivable	439	-
Amounts due from federal agencies	2,606	-
Amounts due from local units	20	-
Inventories	424	-
Other current assets	8,031	1,604
Total Current Assets	<u>227,195</u>	<u>10,877</u>
Noncurrent Assets:		
Amounts due from local units	-	-
Investments	5,457	283,774
Other noncurrent assets	229	-
Total Noncurrent Assets	<u>5,686</u>	<u>283,774</u>
Total Assets	<u>\$ 232,881</u>	<u>\$ 294,651</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and other liabilities	\$ 19,687	\$ 2
Amounts due to other funds	1,642	-
Unearned revenue	4,019	-
Total Current Liabilities	<u>25,347</u>	<u>2</u>
Total Liabilities	<u>25,347</u>	<u>2</u>
DEFERRED INFLOWS OF RESOURCES	<u>236</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	211,896
Restricted	<u>207,297</u>	<u>82,753</u>
Total Fund Balances	<u>207,297</u>	<u>294,649</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 232,881</u>	<u>\$ 294,651</u>

Michigan

MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND	FOREST DEVELOPMENT FUND	BOTTLE DEPOSITS FUND	TOTALS
\$ -	\$ -	\$ -	\$ 275
4,289	25,571	407,416	661,949
-	-	-	439
-	731	-	3,337
-	-	-	20
-	-	-	424
34	1,409	1,702	12,780
<u>4,323</u>	<u>27,711</u>	<u>409,118</u>	<u>679,225</u>
-	-	11,451	11,451
8,741	-	-	297,972
-	-	1,550	1,779
<u>8,741</u>	<u>-</u>	<u>13,001</u>	<u>311,202</u>
<u>\$ 13,064</u>	<u>\$ 27,711</u>	<u>\$ 422,119</u>	<u>\$ 990,427</u>
\$ 76	\$ 4,574	\$ 5,610	\$ 29,949
2	300	281	2,225
-	8,347	2	12,369
<u>78</u>	<u>13,220</u>	<u>5,894</u>	<u>44,542</u>
<u>78</u>	<u>13,220</u>	<u>5,894</u>	<u>44,542</u>
<u>-</u>	<u>-</u>	<u>2,047</u>	<u>2,283</u>
6,000	-	110,817	328,713
6,986	14,491	303,361	614,888
<u>12,986</u>	<u>14,491</u>	<u>414,179</u>	<u>943,602</u>
<u>\$ 13,064</u>	<u>\$ 27,711</u>	<u>\$ 422,119</u>	<u>\$ 990,427</u>

Michigan

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)**

	<u>MICHIGAN CONSERVATION AND RECREATION LEGACY FUND</u>	<u>MICHIGAN GAME AND FISH PROTECTION TRUST FUND</u>
REVENUES		
Taxes	\$ 600	\$ -
From federal agencies	5,993	-
From licenses and permits	209,107	-
Miscellaneous	15,777	35,629
Total Revenues	<u>231,477</u>	<u>35,629</u>
EXPENDITURES		
Current:		
General government	3,997	917
Public safety and corrections	-	-
Conservation, environment, recreation, and agriculture	236,150	218
Capital outlay	18,811	-
Debt service:		
Vendor financing payments	35	-
Total Expenditures	<u>258,993</u>	<u>1,135</u>
Excess of Revenues over (under) Expenditures	<u>(27,516)</u>	<u>34,493</u>
OTHER FINANCING SOURCES (USES)		
Vendor financing acquisitions	159	-
Proceeds from sale of capital assets	96	-
Transfers from other funds	51,740	-
Transfers to other funds	(2,715)	(24,693)
Total Other Financing Sources (Uses)	<u>49,280</u>	<u>(24,693)</u>
Excess Revenues and Other Sources over (under) Expenditures and Other Uses	21,764	9,801
Fund Balances - Beginning of fiscal year	<u>185,534</u>	<u>284,848</u>
Fund Balances - End of fiscal year	<u>\$ 207,297</u>	<u>\$ 294,649</u>

Michigan

MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND	FOREST DEVELOPMENT FUND	BOTTLE DEPOSITS FUND	TOTALS
\$ -	\$ -	\$ -	\$ 600
-	981	-	6,974
-	-	-	209,107
<u>1,170</u>	<u>42,415</u>	<u>110,634</u>	<u>205,625</u>
<u>1,170</u>	<u>43,397</u>	<u>110,634</u>	<u>422,306</u>
-	-	103	5,017
-	-	280	280
414	53,148	51,544	341,475
-	750	-	19,561
<u>-</u>	<u>8</u>	<u>67</u>	<u>110</u>
<u>414</u>	<u>53,906</u>	<u>51,995</u>	<u>366,444</u>
<u>756</u>	<u>(10,509)</u>	<u>58,639</u>	<u>55,862</u>
-	33	-	192
-	2	-	97
-	18	13	51,770
<u>(5)</u>	<u>(480)</u>	<u>(709)</u>	<u>(28,601)</u>
<u>(5)</u>	<u>(427)</u>	<u>(696)</u>	<u>23,459</u>
751	(10,937)	57,942	79,321
<u>12,235</u>	<u>25,427</u>	<u>356,236</u>	<u>864,281</u>
<u>\$ 12,986</u>	<u>\$ 14,491</u>	<u>\$ 414,179</u>	<u>\$ 943,602</u>

Michigan

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED**
FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>MICHIGAN CONSERVATION AND RECREATION LEGACY FUND</u>			<u>MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES AND OTHER SOURCES						
Taxes	\$ 600	\$ 600	\$ -	\$ -	\$ -	\$ -
From federal agencies	5,993	5,993	-	-	-	-
From licenses and permits	209,107	209,107	-	-	-	-
Miscellaneous	15,777	15,777	-	1,170	1,170	-
Transfers in	51,740	51,740	-	-	-	-
Proceeds from sale of capital assets	96	96	-	-	-	-
Total Revenues and Other Sources	<u>283,313</u>	<u>283,313</u>	<u>-</u>	<u>1,170</u>	<u>1,170</u>	<u>-</u>
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Environment, Great Lakes, and Energy	-	-	-	-	-	-
Natural Resources	287,786	279,173	8,612	555	424	131
State Police	-	-	-	-	-	-
Technology, Management and Budget	-	-	-	-	-	-
Treasury	4,322	3,997	325	-	-	-
Total Expenditures, Transfers Out, and Encumbrances	<u>292,108</u>	<u>283,171</u>	<u>8,937</u>	<u>555</u>	<u>424</u>	<u>131</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (8,795)</u>	<u>142</u>	<u>\$ 8,937</u>	<u>\$ 615</u>	<u>746</u>	<u>\$ 131</u>
Reconciling Items:						
Encumbrances at September 30		21,621			5	
Funds not annually budgeted		-			-	
Net Reconciling Items		<u>21,621</u>			<u>5</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>21,764</u>			<u>751</u>	
FUND BALANCES (GAAP BASIS)						
Beginning balances		<u>185,534</u>			<u>12,235</u>	
Ending balances (GAAP Basis)		<u>\$ 207,297</u>			<u>\$ 12,986</u>	

Michigan

<u>FOREST DEVELOPMENT FUND</u>			<u>BOTTLE DEPOSITS FUND</u>		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
981	981	-	-	-	-
-	-	-	-	-	-
42,415	42,415	-	110,634	110,634	-
18	18	-	13	13	-
2	2	-	-	-	-
<u>43,416</u>	<u>43,416</u>	<u>-</u>	<u>110,647</u>	<u>110,647</u>	<u>-</u>
-	-	-	56,061	52,064	3,997
66,568	57,958	8,610	-	-	-
-	-	-	287	287	-
-	-	-	103	103	-
-	-	-	250	250	-
<u>66,568</u>	<u>57,958</u>	<u>8,610</u>	<u>56,701</u>	<u>52,704</u>	<u>3,997</u>
<u>\$ (23,152)</u>	<u>(14,542)</u>	<u>\$ 8,610</u>	<u>\$ 53,945</u>	<u>57,942</u>	<u>\$ 3,997</u>
	3,605			-	
	-			-	
	<u>3,605</u>			-	
	(10,937)			<u>57,942</u>	
	25,427			<u>356,236</u>	
	<u>\$ 14,491</u>			<u>\$ 414,179</u>	

Michigan

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED (Continued)**
FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)

	FUND NOT ANNUALLY BUDGETED			
	MICHIGAN GAME AND FISH PROTECTION TRUST FUND	TOTALS		
<u>Statutory/Budgetary Basis</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES AND OTHER SOURCES				
Taxes	\$ -	\$ 600	\$ 600	\$ -
From federal agencies	-	6,974	6,974	-
From licenses and permits	-	209,107	209,107	-
Miscellaneous	-	169,996	169,996	-
Transfers in	-	51,770	51,770	-
Proceeds from sale of capital assets	-	97	97	-
	<u>-</u>	<u>438,545</u>	<u>438,545</u>	<u>-</u>
Total Revenues and Other Sources	-	438,545	438,545	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY				
Environment, Great Lakes, and Energy	-	56,061	52,064	3,997
Natural Resources	-	354,908	337,555	17,353
State Police	-	287	287	-
Technology, Management and Budget	-	103	103	-
Treasury	-	4,572	4,247	325
	<u>-</u>	<u>415,932</u>	<u>394,256</u>	<u>21,675</u>
Total Expenditures, Transfers Out, and Encumbrances	-	415,932	394,256	21,675
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>-</u>	<u>\$ 22,613</u>	<u>44,289</u>	<u>\$ 21,675</u>
Reconciling Items:				
Encumbrances at September 30	-		25,232	
Funds not annually budgeted	9,801		9,801	
	<u>9,801</u>		<u>35,033</u>	
Net Reconciling Items	9,801		35,033	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)	<u>9,801</u>		<u>79,321</u>	
FUND BALANCES (GAAP BASIS)				
Beginning balances	<u>284,848</u>		<u>864,281</u>	
Ending balances (GAAP Basis)	<u>\$ 294,649</u>		<u>\$ 943,602</u>	



SPECIAL REVENUE FUNDS – REGULATORY AND ADMINISTRATIVE RELATED

HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND

Michigan Compiled Laws (MCL) Section 570.1201 created the Homeowner Construction Lien Recovery Fund to allow contractors, subcontractors, suppliers, and laborers to collect payments for work done if they have not been paid, despite filing a residential lien. MCL Section 570.1201 was repealed effective August 23, 2010. The fund is still accruing monies received from licensees who had final orders issued by the Michigan Residential Builders' and Maintenance and Alteration Contractors' Board to reimburse the payouts from the fund and/or legal costs.

MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND

Michigan Compiled Laws Section 421.10 created this fund to account for administrative costs of the Unemployment Insurance Agency, which is administered by the Department of Labor and Economic Opportunity. The fund derives most of its revenue from federal grants. It also receives transfers from the Michigan Employment Security Act Contingent Fund (reported as part of the Michigan Unemployment Compensation Funds, an enterprise fund). Expenditures for administration are subject to legislative appropriation.

Unemployment benefit payments to individuals are made directly from funds accumulated from employer premiums. These activities are reported in the Michigan Unemployment Compensation Funds.

SAFETY EDUCATION AND TRAINING FUND

Michigan Compiled Laws Section 408.1055 imposes an annual levy on each insurance carrier licensed to write workers' disability compensation business in the State and on each self-insured employer. The Safety Education and Training Fund was established to receive these assessments for supporting the safety education and training activities of the Department of Labor and Economic Opportunity's Michigan Occupational Safety and Health Administration.

SECOND INJURY FUND

Michigan Compiled Laws Section 418.501 created the Second Injury Fund to insure carriers and self-insured employers against certain workers' compensation losses. The administrator, appointed by the fund's Board of Trustees, supervises the fund. The fund's revenue consists of assessments, calculated under provisions of the act, which are assessed to insurance carriers and self-insured employers licensed or authorized in Michigan.

SELF-INSURERS' SECURITY FUND

Established by Michigan Compiled Laws Section 418.501, the Self-Insurers' Security Fund (SISF) pays workers' compensation benefits to injured employees of insolvent, private self-insured employers. Revenues are generated through annual assessments of private self-insured employers.

The SISF also administers bankrupt self-insured employer trust funds that are created for the payment of employer obligations due under the Michigan Workers' Disability Compensation Act. Employer obligations are reported as liabilities of this fund.

SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND

Established by Michigan Compiled Laws Section 418.501, the Silicosis, Dust Disease, and Logging Industry Compensation Fund reimburses insurance carriers and self-insured employers licensed or authorized in Michigan who pay benefits to employees injured from certain dust diseases and employees who have sustained personal injury or death while being employed in the logging industry. Revenues are generated through annual assessments of insurance carriers and self-insured employers licensed or authorized in Michigan.

STATE CONSTRUCTION CODE FUND

Michigan Compiled Laws Section 125.1522 created the State Construction Code Fund. Fees received for building permit applications and other funds collected under this legislation are appropriated by the Legislature for the operation of the Department of Licensing and Regulatory Affairs' Bureau of Construction Codes and related indirect overhead expenditures.

UTILITY CONSUMER REPRESENTATION FUND

Established by Michigan Compiled Laws (MCL) Section 460.6m, the Utility Consumer Representation Fund provides funding, on behalf of residential gas, fuel, and electric customers, for energy cost recovery hearings before the Michigan Public Service Commission. The costs of operation and expenses incurred by the Utility Consumer Participation board in performing its duties under this section and MCL Section 460.6l shall also be paid from the fund. Revenues are generated through annual assessments of regulated utility companies.

UNEMPLOYMENT OBLIGATION TRUST FUND

This fund was created by Michigan Compiled Laws (MCL) Section 421.10a to facilitate the repayment of debt incurred through a bond issuance authorized under the Employment Security Financing Act (MCL Section 12.271 et seq.) and MCL Section 421.26a. This debt was issued in order to repay advances received from the Federal Government that were provided to temporarily assist Michigan with unemployment payments that exceeded current revenue collections. Revenues within the Obligation Trust Fund are generated from annual assessments on employers. Payments are made to the Michigan Finance Authority, a discretely presented component unit, which held the bonds and made regular payments to the bond holders until the bonds were redeemed during fiscal year 2020. Unless utilized to collect a future obligation assessment, the activity of the fund will be only the collection of past due assessment balances, interest related to prior rate years, and the disbursement of any collected funds for purposes as defined by the Act.

STATE CASINO GAMING FUND

This fund accounts for the collection and distribution of revenue from casino gaming in Michigan and accounts for the related regulatory activity. This fund provides for the licensing, regulation, and control of casino gaming activities per Michigan Compiled Laws (MCL) Sections 432.201 - 432.226 via the five-member gaming control board created under MCL Section 432.204. The fund also accounts for the performance of authorized inspections of tribal Class III gaming facilities and records pursuant to and in accordance with the provisions of the various tribal/state compacts as delegated by the Governor in November 2002. Additionally, the fund accounts for the licensing and regulation of live horse racing per Executive Order 2009-45, internet gaming per MCL Sections 432.301 - 432.322, millionaire party charitable gaming events per Executive Order 2012-4, internet sports betting per MCL Sections 432.401 - 432.419, and fantasy contests per MCL Sections 432.501 - 432.516.

Michigan

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED
 SEPTEMBER 30, 2025
 (In Thousands)

	HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND	MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND	SAFETY EDUCATION AND TRAINING FUND	SECOND INJURY FUND	SELF-INSURERS' SECURITY FUND
ASSETS					
Current Assets:					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in common cash	103	12,847	2,044	8,166	38,884
Amounts due from other funds	-	119	-	-	-
Amounts due from local units	-	1,154	-	-	-
Other current assets	-	1	7,500	326	1,020
Total Current Assets	<u>103</u>	<u>14,121</u>	<u>9,543</u>	<u>8,492</u>	<u>39,903</u>
Total Assets	<u>\$ 103</u>	<u>\$ 14,121</u>	<u>\$ 9,543</u>	<u>\$ 8,492</u>	<u>\$ 39,903</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and other liabilities	\$ 4	\$ 6,099	\$ 432	\$ 964	\$ 14,037
Amounts due to other funds	1	842	92	13	3
Unearned revenue	-	7,180	-	2,496	377
Total Current Liabilities	<u>6</u>	<u>14,121</u>	<u>525</u>	<u>3,472</u>	<u>14,417</u>
Total Liabilities	<u>6</u>	<u>14,121</u>	<u>525</u>	<u>3,472</u>	<u>14,417</u>
DEFERRED INFLOWS OF RESOURCES					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	97	-	9,019	5,019	25,487
Committed	-	-	-	-	-
Total Fund Balances	<u>97</u>	<u>-</u>	<u>9,019</u>	<u>5,019</u>	<u>25,487</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 103</u>	<u>\$ 14,121</u>	<u>\$ 9,543</u>	<u>\$ 8,492</u>	<u>\$ 39,903</u>

Michigan

SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND	STATE CONSTRUCTION CODE FUND	UTILITY CONSUMER REPRESENTATION FUND	UNEMPLOYMENT OBLIGATION TRUST FUND	STATE CASINO GAMING FUND	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 5
1,533	51,414	6,297	14,293	21,723	157,304
-	-	-	10	-	128
-	-	-	-	-	1,154
149	-	-	178	49,436	58,610
<u>1,683</u>	<u>51,414</u>	<u>6,297</u>	<u>14,481</u>	<u>71,165</u>	<u>217,201</u>
<u>\$ 1,683</u>	<u>\$ 51,414</u>	<u>\$ 6,297</u>	<u>\$ 14,481</u>	<u>\$ 71,165</u>	<u>\$ 217,201</u>
\$ 66	\$ 363	\$ 577	\$ -	\$ 1,992	\$ 24,535
1	103	9	-	48,779	49,843
393	-	-	-	-	10,445
<u>460</u>	<u>467</u>	<u>586</u>	<u>-</u>	<u>50,771</u>	<u>84,824</u>
460	467	586	-	50,771	84,824
-	-	-	136	-	136
1,223	50,948	5,711	14,345	1,674	113,522
-	-	-	-	18,719	18,719
<u>1,223</u>	<u>50,948</u>	<u>5,711</u>	<u>14,345</u>	<u>20,394</u>	<u>132,241</u>
<u>\$ 1,683</u>	<u>\$ 51,414</u>	<u>\$ 6,297</u>	<u>\$ 14,481</u>	<u>\$ 71,165</u>	<u>\$ 217,201</u>

Michigan

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)**

	HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND	MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND	SAFETY EDUCATION AND TRAINING FUND	SECOND INJURY FUND	SELF-INSURERS' SECURITY FUND
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
From federal agencies	-	141,957	-	-	-
From services	-	-	55	-	-
From licenses and permits	-	-	-	-	-
Miscellaneous	4	2	11,798	8,933	2,932
Total Revenues	<u>4</u>	<u>141,960</u>	<u>11,853</u>	<u>8,933</u>	<u>2,932</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Labor, commerce, and regulatory	139	182,197	11,863	6,932	1,177
Debt service:					
Vendor financing payments	-	859	43	86	48
Total Expenditures	<u>139</u>	<u>183,056</u>	<u>11,905</u>	<u>7,018</u>	<u>1,225</u>
Excess of Revenues over (under) Expenditures	<u>(135)</u>	<u>(41,096)</u>	<u>(52)</u>	<u>1,915</u>	<u>1,707</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	40	-	-	-
Transfers from other funds	-	42,863	5	1	-
Transfers to other funds	(2)	(1,807)	(149)	(27)	(5)
Total Other Financing Sources (Uses)	<u>(2)</u>	<u>41,096</u>	<u>(144)</u>	<u>(26)</u>	<u>(5)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(137)	-	(196)	1,889	1,702
Fund Balances - Beginning of fiscal year	<u>234</u>	<u>-</u>	<u>9,214</u>	<u>3,130</u>	<u>23,784</u>
Fund Balances - End of fiscal year	<u>\$ 97</u>	<u>\$ -</u>	<u>\$ 9,019</u>	<u>\$ 5,019</u>	<u>\$ 25,487</u>

Michigan

SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND	STATE CONSTRUCTION CODE FUND	UTILITY CONSUMER REPRESENTATION FUND	UNEMPLOYMENT OBLIGATION TRUST FUND	STATE CASINO GAMING FUND	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ 298,644	\$ 298,644
-	-	-	-	-	141,957
-	13	-	-	1	70
-	20,177	-	-	3,228	23,405
<u>1,308</u>	<u>2,186</u>	<u>4,329</u>	<u>914</u>	<u>303,313</u>	<u>335,720</u>
<u>1,308</u>	<u>22,377</u>	<u>4,329</u>	<u>914</u>	<u>605,186</u>	<u>799,796</u>
-	-	1,956	-	48,703	50,658
770	14,256	1,264	2	-	218,601
21	-	-	-	-	1,056
<u>790</u>	<u>14,256</u>	<u>3,220</u>	<u>2</u>	<u>48,703</u>	<u>270,315</u>
<u>518</u>	<u>8,120</u>	<u>1,109</u>	<u>912</u>	<u>556,484</u>	<u>529,482</u>
-	-	-	-	-	40
-	6	-	-	838	43,713
<u>(3)</u>	<u>(181)</u>	<u>(1)</u>	<u>-</u>	<u>(552,187)</u>	<u>(554,361)</u>
<u>(3)</u>	<u>(175)</u>	<u>-</u>	<u>-</u>	<u>(551,349)</u>	<u>(510,608)</u>
516	7,945	1,109	912	5,134	18,874
<u>707</u>	<u>43,003</u>	<u>4,602</u>	<u>13,433</u>	<u>15,259</u>	<u>113,368</u>
<u>\$ 1,223</u>	<u>\$ 50,948</u>	<u>\$ 5,711</u>	<u>\$ 14,345</u>	<u>\$ 20,394</u>	<u>\$ 132,241</u>

Michigan

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED**
FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND</u>			<u>MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES AND OTHER SOURCES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From federal agencies	-	-	-	141,957	141,957	-
From services	-	-	-	-	-	-
From licenses and permits	-	-	-	-	-	-
Miscellaneous	4	4	-	2	2	-
Transfers in	-	-	-	42,863	42,863	-
Proceeds from sale of capital assets	-	-	-	40	40	-
	<u>4</u>	<u>4</u>	<u>-</u>	<u>184,863</u>	<u>184,863</u>	<u>-</u>
Total Revenues and Other Sources						
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Labor and Economic Opportunity	-	-	-	184,863	184,863	-
Licensing and Regulatory Affairs	141	141	-	-	-	-
Treasury	-	-	-	-	-	-
	<u>141</u>	<u>141</u>	<u>-</u>	<u>184,863</u>	<u>184,863</u>	<u>-</u>
Total Expenditures, Transfers Out, and Encumbrances						
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (137)</u>	<u>(137)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciling Items:						
Funds not annually budgeted		<u>-</u>			<u>-</u>	
Net Reconciling Items		<u>-</u>			<u>-</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>(137)</u>			<u>-</u>	
FUND BALANCES (GAAP BASIS)						
Beginning balances		<u>234</u>			<u>-</u>	
Ending balances (GAAP Basis)		<u>\$ 97</u>			<u>\$ -</u>	

Michigan

<u>SAFETY EDUCATION AND TRAINING FUND</u>			<u>STATE CONSTRUCTION CODE FUND</u>		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
55	55	-	13	13	-
-	-	-	20,177	20,177	-
11,798	11,798	-	2,186	2,186	-
5	5	-	6	6	-
-	-	-	-	-	-
<u>11,858</u>	<u>11,858</u>	<u>-</u>	<u>22,382</u>	<u>22,382</u>	<u>-</u>
12,688	12,054	634	-	-	-
-	-	-	15,936	14,437	1,499
-	-	-	-	-	-
<u>12,688</u>	<u>12,054</u>	<u>634</u>	<u>15,936</u>	<u>14,437</u>	<u>1,499</u>
<u>\$ (830)</u>	<u>(196)</u>	<u>\$ 634</u>	<u>\$ 6,446</u>	<u>7,945</u>	<u>\$ 1,499</u>
	<u>-</u>			<u>-</u>	
	<u>-</u>			<u>-</u>	
	<u>(196)</u>			<u>7,945</u>	
	<u>9,214</u>			<u>43,003</u>	
	<u>\$ 9,019</u>			<u>\$ 50,948</u>	

This schedule continued on next page.

Michigan

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED (Continued)**
FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)

<u>Statutory/Budgetary Basis</u>	STATE CASINO GAMING FUND		
	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES			
Taxes	\$ 298,644	\$ 298,644	\$ -
From federal agencies	-	-	-
From services	1	1	-
From licenses and permits	3,228	3,228	-
Miscellaneous	303,313	303,313	-
Transfers in	838	838	-
Proceeds from sale of capital assets	-	-	-
	606,024	606,024	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY			
Labor and Economic Opportunity	-	-	-
Licensing and Regulatory Affairs	-	-	-
Treasury	600,890	600,890	-
	600,890	600,890	-
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ 5,134	5,134	\$ -
Reconciling Items:			
Funds not annually budgeted		-	
Net Reconciling Items		-	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		5,134	
FUND BALANCES (GAAP BASIS)			
Beginning balances		15,259	
Ending balances (GAAP Basis)		\$ 20,394	

Michigan

FUNDS NOT ANNUALLY BUDGETED

SECOND INJURY FUND	SELF-INSURERS' SECURITY FUND	SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND	UTILITY CONSUMER REPRESENTATION FUND	UNEMPLOYMENT OBLIGATION TRUST FUND	TOTALS		
					BUDGET	ACTUAL	VARIANCE
ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,644	\$ 298,644	\$ -
-	-	-	-	-	141,957	141,957	-
-	-	-	-	-	70	70	-
-	-	-	-	-	23,405	23,405	-
-	-	-	-	-	317,304	317,304	-
-	-	-	-	-	43,712	43,712	-
-	-	-	-	-	40	40	-
-	-	-	-	-	825,132	825,132	-
-	-	-	-	-	197,551	196,917	634
-	-	-	-	-	16,077	14,578	1,499
-	-	-	-	-	600,890	600,890	-
-	-	-	-	-	814,518	812,385	2,133
-	-	-	-	-	\$ 10,614	12,747	\$ 2,133
1,889	1,702	516	1,109	912		6,127	
1,889	1,702	516	1,109	912		6,127	
1,889	1,702	516	1,109	912		18,874	
3,130	23,784	707	4,602	13,433		113,368	
\$ 5,019	\$ 25,487	\$ 1,223	\$ 5,711	\$ 14,345		\$ 132,241	



SPECIAL REVENUE FUNDS – OTHER STATE FUNDS

21st CENTURY JOBS TRUST FUND

Michigan Compiled Laws Section 12.257 created the 21st Century Jobs Trust Fund to account for the transfer of the net bond proceeds issued by the Michigan Tobacco Settlement Finance Authority. Executive Order 2010-2 moved the Authority to the Michigan Finance Authority. The bonds were issued to provide sufficient funds to purchase all or a portion of the State's receipts from the master settlement agreement between tobacco manufacturers and the State. Fund expenditures are used to reimburse the Michigan Strategic Fund for expenses related to revitalizing Michigan's economy and for other programs as determined by the Legislature. The fund may accept donations of money from any source; all interest earned is deposited into the State's General Fund. Beginning in fiscal year 2008 through 2026, the fund will also receive a portion of the tobacco settlement revenue received by the State.

MICHIGAN MERIT AWARD TRUST FUND

This fund was created by Michigan Compiled Laws (MCL) Section 12.259 to account for a portion of the revenue from the master settlement agreement between tobacco manufacturers and the State. The settlement reimburses the State for health care costs which result from the use of tobacco products. The fund also consists of interest and earnings from trust fund investments and donations. Fund expenditures are used for programs, as determined by the Legislature.

All assets and liabilities of the Tobacco Settlement Trust Fund, established by MCL Section 12.253 and repealed as part of tobacco securitization legislation passed in November 2005, were transferred to the Michigan Merit Award Trust Fund in fiscal year 2006.

CHILDREN'S TRUST FUND

Michigan Compiled Laws (MCL) Section 21.171, established the Children's Trust Fund to support the State Child Abuse and Neglect Prevention Board (MCL Section 722.603) to coordinate and fund activities for the prevention of child abuse and neglect in the State. All money contributed to the fund in a fiscal year, plus up to 5.0 percent of the rolling average of the fund for the previous twelve quarters shall be available for disbursement if the rolling average of the fund is at least \$23.5 million. If the rolling average of the fund for the previous twelve quarters is less than \$23.5 million, then up to 4.25 percent of the twelve-quarter rolling average is available for disbursement. In addition, money granted or received as gifts or donations to the trust fund is available for disbursement upon appropriation. Funds that are not available for disbursement are reported as nonspendable fund balance.

MILITARY FAMILY RELIEF FUND

Michigan Compiled Laws Section 35.1213 created this fund to provide assistance to families of certain members of the reserve components of the United States armed forces on active duty. A qualified individual or the individual's family shall apply to the Department of Military and Veterans Affairs for a grant from the fund. Funds are received primarily from taxpayer contributions on his or her annual State tax return designating \$5 or more of his or her refund to be credited to this fund.

COMMUNITY DISTRICT EDUCATION TRUST FUND

Michigan Compiled Laws (MCL) Section 12.262 created this fund to provide funding to community districts for the duration they are prohibited under MCL Section 380.386 from levying a school operating tax by offsetting the absence of local school operating revenue in the funding of the State portion of foundation allowances under MCL Section 388.1622b. Beginning in fiscal year 2017, \$72.0 million of tobacco settlement revenue shall be deposited into the fund each year until a total of \$617.0 million is deposited. If the earmarked tobacco settlement revenue is less than the amount necessary to offset the absence of local school operating revenue in a community district in the funding of the State portion of foundation allowances under MCL 388.1622b, then the General Fund will be required to reimburse the School Aid Fund for as long as that community district is prohibited from levying a school operating tax.

MISCELLANEOUS SPECIAL REVENUE FUNDS

The Miscellaneous Special Revenue Funds are made up of smaller individual special revenue funds that are not large enough to warrant separate presentation.

Michigan

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS
 SEPTEMBER 30, 2025
 (In Thousands)

	21ST CENTURY JOBS TRUST FUND	MICHIGAN MERIT AWARD TRUST FUND	CHILDREN'S TRUST FUND
ASSETS			
Current Assets:			
Cash	\$ -	\$ -	\$ 5
Equity in common cash	\$ 274,811	\$ 6,564	\$ 1,064
Amounts due from federal agencies	-	-	138
Other current assets	56,250	63,505	199
Total Current Assets	331,061	70,069	1,405
Noncurrent Assets:			
Investments	-	-	29,390
Other noncurrent assets	-	65	-
Total Noncurrent Assets	-	65	29,390
Total Assets	\$ 331,061	\$ 70,134	\$ 30,796
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	\$ -	\$ 721	\$ 280
Amounts due to other funds	-	15	7
Total Current Liabilities	-	736	287
Total Liabilities	-	736	287
DEFERRED INFLOWS OF RESOURCES	56,250	63,557	-
FUND BALANCES			
Nonspendable	-	-	27,424
Restricted	-	-	3,084
Committed	274,811	5,841	-
Total Fund Balances	274,811	5,841	30,509
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 331,061	\$ 70,134	\$ 30,796

Michigan

MILITARY FAMILY RELIEF FUND	COMMUNITY DISTRICT EDUCATION TRUST FUND	MISCELLANEOUS SPECIAL REVENUE FUNDS	TOTALS
\$ -	\$ -	\$ -	\$ 5
\$ 3,200	\$ -	\$ 5,005	\$ 290,645
-	-	-	138
-	-	54	120,007
<u>3,200</u>	<u>-</u>	<u>5,060</u>	<u>410,795</u>
-	-	4,010	33,400
-	-	145	210
-	-	4,155	33,610
<u>\$ 3,200</u>	<u>\$ -</u>	<u>\$ 9,214</u>	<u>\$ 444,405</u>
\$ 16	\$ -	\$ -	\$ 1,017
-	-	-	22
<u>16</u>	<u>-</u>	<u>-</u>	<u>1,039</u>
<u>16</u>	<u>-</u>	<u>-</u>	<u>1,039</u>
<u>-</u>	<u>-</u>	<u>80</u>	<u>119,887</u>
-	-	4,971	32,396
3,184	-	4,163	10,432
-	-	-	280,652
<u>3,184</u>	<u>-</u>	<u>9,134</u>	<u>323,480</u>
<u>\$ 3,200</u>	<u>\$ -</u>	<u>\$ 9,214</u>	<u>\$ 444,405</u>

Michigan

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

SPECIAL REVENUE FUNDS - OTHER STATE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

	21ST CENTURY JOBS TRUST FUND	MICHIGAN MERIT AWARD TRUST FUND	CHILDREN'S TRUST FUND
REVENUES			
From federal agencies	\$ -	\$ -	\$ 1,425
Miscellaneous	135,000	53,595	3,578
Total Revenues	<u>135,000</u>	<u>53,595</u>	<u>5,004</u>
EXPENDITURES			
Current:			
General government	152,080	489	69
Education	-	944	-
Health and human services	-	58,769	3,613
Public safety and corrections	-	581	-
Capital outlay	-	556	-
Debt service:			
Vendor financing payments	-	103	-
Total Expenditures	<u>152,080</u>	<u>61,442</u>	<u>3,682</u>
Excess of Revenues over (under) Expenditures	<u>(17,080)</u>	<u>(7,847)</u>	<u>1,322</u>
OTHER FINANCING SOURCES (USES)			
Vendor financing acquisitions	-	556	-
Transfers from other funds	40,650	1	-
Transfers to other funds	-	(24)	(6)
Total Other Financing Sources (Uses)	<u>40,650</u>	<u>533</u>	<u>(5)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	23,570	(7,314)	1,316
Fund Balances - Beginning of fiscal year	<u>251,242</u>	<u>13,155</u>	<u>29,193</u>
Fund Balances - End of fiscal year	<u>\$ 274,811</u>	<u>\$ 5,841</u>	<u>\$ 30,509</u>

Michigan

MILITARY FAMILY RELIEF FUND	COMMUNITY DISTRICT EDUCATION TRUST FUND	MISCELLANEOUS SPECIAL REVENUE FUNDS	TOTALS
\$ -	\$ -	\$ -	\$ 1,425
<u>211</u>	<u>40,848</u>	<u>1,437</u>	<u>234,669</u>
<u>211</u>	<u>40,848</u>	<u>1,437</u>	<u>236,094</u>
-	-	316	152,954
-	41,003	-	41,947
-	-	-	62,382
104	-	-	684
-	-	-	556
<u>-</u>	<u>-</u>	<u>-</u>	<u>103</u>
<u>104</u>	<u>41,003</u>	<u>316</u>	<u>258,627</u>
<u>107</u>	<u>(155)</u>	<u>1,120</u>	<u>(22,533)</u>
-	-	-	556
-	155	-	40,806
<u>-</u>	<u>-</u>	<u>-</u>	<u>(30)</u>
<u>-</u>	<u>155</u>	<u>-</u>	<u>41,332</u>
107	-	1,120	18,799
<u>3,077</u>	<u>-</u>	<u>8,014</u>	<u>304,680</u>
<u>\$ 3,184</u>	<u>\$ -</u>	<u>\$ 9,134</u>	<u>\$ 323,480</u>

Michigan

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

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>21ST CENTURY JOBS TRUST FUND</u>			<u>MICHIGAN MERIT AWARD TRUST FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES AND OTHER SOURCES						
From federal agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	135,000	135,000	-	53,595	53,595	-
Transfers in	40,650	40,650	-	1	1	-
Total Revenues and Other Sources	<u>175,650</u>	<u>175,650</u>	<u>-</u>	<u>53,596</u>	<u>53,596</u>	<u>-</u>
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Attorney General	-	-	-	535	493	42
Education	-	-	-	-	-	-
Health and Human Services	-	-	-	58,769	58,769	-
Lifelong Education, Advancement, and Potential	-	-	-	1,255	958	297
Military and Veterans Affairs	-	-	-	-	-	-
State Police	-	-	-	877	689	188
Treasury	426,892	152,080	274,811	-	-	-
Total Expenditures, Transfers Out, and Encumbrances	<u>426,892</u>	<u>152,080</u>	<u>274,811</u>	<u>61,436</u>	<u>60,910</u>	<u>526</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (251,242)</u>	<u>23,570</u>	<u>\$ 274,811</u>	<u>\$ (7,840)</u>	<u>(7,314)</u>	<u>\$ 526</u>
Reconciling Items:						
Encumbrances at September 30		-			-	
Funds not annually budgeted		-			-	
Net Reconciling Items		<u>-</u>			<u>-</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>23,570</u>			<u>(7,314)</u>	
FUND BALANCES (GAAP BASIS)						
Beginning balances		<u>251,242</u>			<u>13,155</u>	
Ending balances (GAAP Basis)		<u>\$ 274,811</u>			<u>\$ 5,841</u>	

Michigan

CHILDREN'S TRUST FUND			MILITARY FAMILY RELIEF FUND			COMMUNITY DISTRICT EDUCATION TRUST FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 1,425	\$ 1,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,578	3,578	-	211	211	-	40,848	40,848	-
-	-	-	-	-	-	155	155	-
<u>5,004</u>	<u>5,004</u>	<u>-</u>	<u>211</u>	<u>211</u>	<u>-</u>	<u>41,003</u>	<u>41,003</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	41,003	41,003	-
4,321	3,619	702	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	150	104	46	-	-	-
-	-	-	-	-	-	-	-	-
69	69	-	-	-	-	-	-	-
<u>4,390</u>	<u>3,688</u>	<u>702</u>	<u>150</u>	<u>104</u>	<u>46</u>	<u>41,003</u>	<u>41,003</u>	<u>-</u>
<u>\$ 614</u>	<u>1,316</u>	<u>\$ 702</u>	<u>\$ 61</u>	<u>107</u>	<u>\$ 46</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	1,316	-	-	107	-	-	-	-
-	29,193	-	-	3,077	-	-	-	-
-	<u>\$ 30,509</u>	-	-	<u>\$ 3,184</u>	-	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

This schedule continued on next page.

Michigan

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS (Continued)**
FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)

	FUNDS NOT ANNUALLY BUDGETED			
	MISCELLANEOUS SPECIAL REVENUE FUNDS	TOTALS		
<u>Statutory/Budgetary Basis</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES AND OTHER SOURCES				
From federal agencies	\$ -	\$ 1,425	\$ 1,425	\$ -
Miscellaneous	-	233,232	233,232	-
Transfers in	-	40,806	40,806	-
Total Revenues and Other Sources	-	275,463	275,463	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY				
Attorney General	-	535	493	42
Education	-	41,003	41,003	-
Health and Human Services	-	63,090	62,387	702
Lifelong Education, Advancement, and Potential	-	1,255	958	297
Military and Veterans Affairs	-	150	104	46
State Police	-	877	689	188
Treasury	-	426,960	152,149	274,811
Total Expenditures, Transfers Out, and Encumbrances	-	533,870	257,784	276,086
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	-	\$ (258,407)	17,679	\$ 276,086
Reconciling Items:				
Encumbrances at September 30	-		-	
Funds not annually budgeted	1,120		1,120	
Net Reconciling Items	1,120		1,120	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)	1,120		18,799	
FUND BALANCES (GAAP BASIS)				
Beginning balances	8,014		304,680	
Ending balances (GAAP Basis)	\$ 9,134		\$ 323,480	

DEBT SERVICE FUNDS

COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND

This fund was administratively established to account for the debt service on all State Trunkline Fund (STF) related bond issues allowed for under Michigan Compiled Laws Section 247.661. The bonds are not general obligations of the State. The bonds are payable solely out of funds restricted for transportation purposes by Article 9, Section 9, of the State Constitution and irrevocably pledged by law for deposit in STF. Debt service requirements are funded by annual appropriations in STF.

COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND

This fund was administratively established to account for the debt service on all Comprehensive Transportation Fund (CTF) related bond issues allowed for under Michigan Compiled Laws Section 247.660b. The bonds are not general obligations of the State. The bonds are payable solely out of funds restricted for comprehensive transportation purposes by Article 9, Section 9, of the State Constitution and irrevocably pledged by law for deposit in CTF. Debt service requirements are funded by annual appropriations in CTF.

RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND

This fund was established pursuant to Michigan Compiled Laws (MCL) Sections 324.19506, 324.71506, and 324.95102 to service recreation and environmental protection bond issues. This fund also reflects debt service transactions related to State Park Improvement Fund (SPIF) revenue bonds, issued pursuant to MCL Section 324.74106.

Financing of debt retirement, interest expense, and paying agent fees is provided by annual legislative appropriation from the General Fund, transfers from SPIF representing state park revenues pledged for the payment of State Park Gross Revenue Bonds, and transfers from other funds as required by legislative appropriation or executive order.

SCHOOL LOAN BOND REDEMPTION FUND

Michigan Compiled Laws Section 388.922 created this fund to account for debt service on general obligation bonds issued to finance loans to local school districts. Financing of debt retirement, interest expense, and paying agent fees is provided by annual legislative appropriation from the General Fund or School Aid Fund.

STATE BUILDING AUTHORITY

The State Building Authority (SBA) was created pursuant to Michigan Compiled Laws Section 830.412 to issue bonds to finance the acquisition or renovation of buildings for use by the State or public institutions of higher education, as well as State furnishings and equipment. The SBA's five-member board is appointed by the Governor.

SBA issues revenue bonds for construction, cost of borrowing and debt service on projects related to particular bond issues. The resources to fund bond interest and principal payments are provided by transfers from the General Fund and from investment earnings of this fund. When a project is completed, the remaining assets are transferred to this fund where they are invested and used for debt service.

COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
 SEPTEMBER 30, 2025
 (In Thousands)

	<u>COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND</u>	<u>COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND</u>	<u>RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND</u>
ASSETS			
Current Assets:			
Cash	\$ -	\$ -	\$ -
Other current assets	-	-	2
Total Current Assets	<u>-</u>	<u>-</u>	<u>2</u>
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	\$ -	\$ -	\$ -
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	<u>-</u>	<u>-</u>	<u>2</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>2</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>

Michigan

SCHOOL LOAN BOND REDEMPTION FUND	STATE BUILDING AUTHORITY	TOTALS
\$ -	\$ 138,951	\$ 138,951
-	429	431
-	139,380	139,383
<u>\$ -</u>	<u>\$ 139,380</u>	<u>\$ 139,383</u>
\$ -	\$ 136	\$ 136
-	136	136
-	136	136
-	139,245	139,247
-	139,245	139,247
<u>\$ -</u>	<u>\$ 139,380</u>	<u>\$ 139,383</u>

Michigan

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

DEBT SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

	<u>COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND</u>	<u>COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND</u>	<u>RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND</u>
REVENUES			
Miscellaneous	\$ 3	\$ -	\$ -
Total Revenues	<u>3</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	-	-	29
Education	-	-	-
Transportation	3	-	-
Debt service:			
Bond principal retirement	138,875	2,685	73,920
Bond interest and fiscal charges	<u>147,389</u>	<u>931</u>	<u>20,375</u>
Total Expenditures	<u>286,267</u>	<u>3,616</u>	<u>94,324</u>
Excess of Revenues over (under) Expenditures	<u>(286,264)</u>	<u>(3,616)</u>	<u>(94,324)</u>
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	-	-
Premium on bond issuance	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers from other funds	286,264	3,616	94,322
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>286,264</u>	<u>3,616</u>	<u>94,322</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	-	(2)
Fund Balances - Beginning of fiscal year	<u>-</u>	<u>-</u>	<u>5</u>
Fund Balances - End of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>

Michigan

SCHOOL LOAN BOND REDEMPTION FUND	STATE BUILDING AUTHORITY	TOTALS
\$ -	\$ 4,243	\$ 4,247
-	4,243	4,247
-	-	29
-	4,374	4,374
-	-	4
16,635	130,552	362,667
6,084	133,660	308,438
22,719	268,585	675,512
(22,719)	(264,342)	(671,265)
-	716,424	716,424
-	58,904	58,904
-	(760,833)	(760,833)
22,719	237,579	644,500
-	(3,519)	(3,519)
22,719	248,554	655,475
-	(15,788)	(15,790)
-	155,032	155,037
\$ -	\$ 139,245	\$ 139,247



CAPITAL PROJECTS FUNDS

STATE TRUNKLINE FUND

Established pursuant to Michigan Compiled Laws Section 247.661, this fund accounts for highway construction and maintenance. Its annual budget is subject to legislative review and appropriation, but the Transportation Commission has significant discretion in determining the funding of individual projects. The majority of projects in this fund are owned by the State. Financing consists primarily of federal aid, local participation, and transfers from the Michigan Transportation Fund. Expenditures and transfers are for administration, highway maintenance and construction, debt service, and various contractual obligations.

This fund also is used to record loans made to local units of government for reconstructing and resurfacing roadways. Activities of the Blue Water Bridge program, segregated as a separate fund within the accounting system, are also reported within the State Trunkline Fund.

STATE AERONAUTICS FUND

Established pursuant to Michigan Compiled Laws Section 259.34, this fund accounts for airport improvement projects, of which a majority are locally owned. Financing consists primarily of aviation fuel taxes and federal contributions.

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND

Established pursuant to Michigan Compiled Laws Section 247.668b, this fund accounts for the proceeds of State trunkline revenue dedicated bonds. These bonds are used in part to finance the costs of road and bridge construction. All projects accounted for by this fund are owned by the State.

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND

Established pursuant to Michigan Compiled Laws (MCL) Section 247.668b, this fund accounts for the proceeds of comprehensive transportation revenue dedicated bonds. These bonds are used in part to finance the costs of locally owned comprehensive transportation projects.

Pursuant to MCL 474.65a, this fund also is used for the Michigan Rail Loan Assistance Program that issues noninterest bearing loans to finance construction and improvements that are designed for improvements to freight railroad infrastructure for the purposes of preserving, rebuilding, rehabilitating, or constructing facilities or improvements on railroad operating property or property adjacent to railroad operating property in the State.

TRANSPORTATION RELATED TRUST FUNDS

The Michigan Department of Transportation is recognized as the legal representative of the State, including all governmental subdivisions, in the administration of the Federal Highway Administration programs. The financing accounted for in this fund consists primarily of revenues from the federal Highway Trust Fund utilized to reimburse municipalities for road and bridge program activities with very little State funds. All projects accounted for in this fund are locally owned.

STATE BUILDING AUTHORITY

The State Building Authority (SBA) was created pursuant to Michigan Compiled Laws Section 830.412, to issue bonds to finance the acquisition or renovation of buildings for use by the State or public institutions of higher education, as well as State furnishings and equipment. The SBA's five-member board is appointed by the Governor.

This capital projects fund accounts for the construction of State projects, certain equipment financing, and higher education related projects using short-term commercial paper notes. Transfers out reflect the transfer of assets remaining after the completion of a project to the debt service fund. In the State's government-wide financial statements, accumulated expenditures for incomplete State projects are reflected as "construction in progress" and completed State projects are recorded as "buildings."

ADVANCE FINANCING FUNDS

The Advance Financing Funds reflects the activities of two sub-funds: the State Building Authority (SBA) Advance Financing Fund and the Site Preparation Economic Development Fund.

The SBA Advance Financing Fund was administratively established to account for disbursements issued for equipment, higher education, and State projects prior to the issuance of SBA bonds. Appropriation acts and concurrent resolutions provide this temporary funding for legislatively authorized projects. Payments disbursed on behalf of the SBA capital projects fund are recognized as amounts due from other funds until reimbursed. At year-end, any deficit in the common cash pool is reclassified as an interfund liability. In addition, expenditures funded by the General Fund or other sources related to the SBA-financed projects are recorded in this fund.

The Site Preparation Economic Development Fund is created through the annual appropriations process to account for expenditures incurred to prepare and sell State owned sites declared as surplus that would provide economic benefit to the area or State. Any sale proceeds of fund properties are to be deposited into the fund. The Site Preparation Economic Development Fund has not had any activity for several fiscal years.

Michigan

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2025
(In Thousands)**

	STATE TRUNKLINE FUND	STATE AERONAUTICS FUND	COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND
ASSETS				
Current Assets:				
Cash	\$ 58	\$ -	\$ -	\$ -
Equity in common cash	1,954,868	20,737	436,810	8,624
Taxes, interest, and penalties receivable	-	3,418	-	-
Amounts due from other funds	64,335	-	-	-
Amounts due from component units	2,412	-	-	-
Amounts due from federal agencies	167,758	82,341	-	-
Amounts due from local units	26,827	31,750	-	30
Inventories	15,011	-	-	-
Other current assets	10,244	35	1,077	-
Total Current Assets	<u>2,241,514</u>	<u>138,280</u>	<u>437,887</u>	<u>8,654</u>
Noncurrent Assets:				
Taxes, interest, and penalties receivable	-	38	-	-
Amounts due from local units	60,990	87	-	120
Other noncurrent assets	8,627	-	-	-
Total Noncurrent Assets	<u>69,617</u>	<u>126</u>	<u>-</u>	<u>120</u>
Total Assets	<u>\$ 2,311,131</u>	<u>\$ 138,406</u>	<u>\$ 437,887</u>	<u>\$ 8,774</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	\$ 312,805	\$ 104,875	\$ 30,182	\$ -
Amounts due to other funds	3,995	57	-	-
Bonds and notes payable	-	-	-	-
Interest payable	-	-	-	-
Unearned revenue	1,748	-	-	-
Total Current Liabilities	<u>318,549</u>	<u>104,932</u>	<u>30,182</u>	<u>-</u>
Long-Term Liabilities:				
Unearned revenue	3	-	-	-
Total Long-Term Liabilities	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>318,552</u>	<u>104,932</u>	<u>30,182</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>9,162</u>	<u>38</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	15,095	-	-	-
Restricted	1,968,322	33,435	407,705	8,774
Unassigned	-	-	-	-
Total Fund Balances	<u>1,983,417</u>	<u>33,435</u>	<u>407,705</u>	<u>8,774</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,311,131</u>	<u>\$ 138,406</u>	<u>\$ 437,887</u>	<u>\$ 8,774</u>

Michigan

TRANSPORTATION RELATED TRUST FUNDS	STATE BUILDING AUTHORITY	ADVANCE FINANCING FUNDS	TOTALS
\$ -	\$ 4,284	\$ -	\$ 4,342
-	23	-	2,421,063
-	-	-	3,418
-	-	2,404	66,740
-	12	-	2,424
75,679	-	-	325,777
110,538	-	-	169,145
-	-	-	15,011
-	24	-	11,380
<u>186,217</u>	<u>4,342</u>	<u>2,404</u>	<u>3,019,299</u>
-	-	-	38
-	-	-	61,198
-	-	-	8,627
-	-	-	69,863
<u>\$ 186,217</u>	<u>\$ 4,342</u>	<u>\$ 2,404</u>	<u>\$ 3,089,162</u>
-	-	-	3
-	-	-	3
<u>186,217</u>	<u>17,745</u>	<u>3,336</u>	<u>660,961</u>
-	-	-	9,201
-	-	-	15,095
-	-	-	2,418,237
<u>-</u>	<u>(13,402)</u>	<u>(932)</u>	<u>(14,334)</u>
<u>-</u>	<u>(13,402)</u>	<u>(932)</u>	<u>2,418,997</u>
<u>\$ 186,217</u>	<u>\$ 4,342</u>	<u>\$ 2,404</u>	<u>\$ 3,089,162</u>

Michigan

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

CAPITAL PROJECTS FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

	STATE TRUNKLINE FUND	STATE AERONAUTICS FUND	COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED TRANSPORTATION BOND PROCEEDS FUND
REVENUES				
Taxes	\$ -	\$ 13,314	\$ -	\$ -
From federal agencies	1,329,792	129,893	-	-
From local agencies	37,761	4	-	-
From services	3,890	181	-	-
From licenses and permits	17,596	599	-	-
Miscellaneous	178,741	1,394	31,856	376
Total Revenues	1,567,779	145,385	31,856	376
EXPENDITURES				
Current:				
Education	-	-	-	-
Transportation	1,005,258	141,586	96	6
Capital outlay	1,515,270	2,032	492,266	-
Debt service:				
Vendor financing payments	54,294	-	-	-
Total Expenditures	2,574,822	143,618	492,363	6
Excess of Revenues over (under) Expenditures	(1,007,042)	1,767	(460,506)	370
OTHER FINANCING SOURCES (USES)				
Bonds and bond anticipation notes issued	-	-	-	-
Vendor financing acquisitions	111	-	-	-
Proceeds from sale of capital assets	1,429	-	-	-
Transfers from other funds	1,548,515	6,004	-	-
Transfers to other funds	(292,869)	(3,742)	-	-
Total Other Financing Sources (Uses)	1,257,185	2,262	-	-
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	250,143	4,029	(460,506)	370
Fund Balances - Beginning of fiscal year	1,733,274	29,406	868,212	8,404
Fund Balances - End of fiscal year	\$ 1,983,417	\$ 33,435	\$ 407,705	\$ 8,774

Michigan

<u>TRANSPORTATION RELATED TRUST FUNDS</u>	<u>STATE BUILDING AUTHORITY</u>	<u>ADVANCE FINANCING FUNDS</u>	<u>TOTALS</u>
\$ -	\$ -	\$ -	\$ 13,314
395,219	-	-	1,854,904
-	-	-	37,765
-	-	-	4,071
-	-	-	18,195
<u>579</u>	<u>375</u>	<u>-</u>	<u>213,321</u>
<u>395,798</u>	<u>375</u>	<u>-</u>	<u>2,141,569</u>
-	14,672	-	14,672
395,798	-	-	1,542,744
-	1,685	170	2,011,423
<u>-</u>	<u>-</u>	<u>-</u>	<u>54,294</u>
<u>395,798</u>	<u>16,356</u>	<u>170</u>	<u>3,623,132</u>
<u>-</u>	<u>(15,982)</u>	<u>(170)</u>	<u>(1,481,563)</u>
-	29,391	-	29,391
-	-	-	111
-	-	-	1,429
-	3,518	-	1,558,037
<u>-</u>	<u>(1,409)</u>	<u>-</u>	<u>(298,021)</u>
<u>-</u>	<u>31,501</u>	<u>-</u>	<u>1,290,948</u>
-	15,519	(170)	(190,616)
<u>-</u>	<u>(28,922)</u>	<u>(762)</u>	<u>2,609,613</u>
<u>\$ -</u>	<u>\$ (13,402)</u>	<u>\$ (932)</u>	<u>\$ 2,418,997</u>

Michigan

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

FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)

Statutory/Budgetary Basis	STATE TRUNKLINE FUND			STATE AERONAUTICS FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
Taxes	\$ -	\$ -	\$ -	\$ 13,314	\$ 13,314	\$ -
From federal agencies	1,329,792	1,329,792	-	129,893	129,893	-
From local agencies	37,761	37,761	-	4	4	-
From services	3,890	3,890	-	181	181	-
From licenses and permits	17,596	17,596	-	599	599	-
Miscellaneous	178,741	178,741	-	1,394	1,394	-
Proceeds from sale of capital assets	1,429	1,429	-	-	-	-
Transfers in	1,548,515	1,548,515	-	6,004	6,004	-
Total Revenues and Other Sources	3,117,723	3,117,723	-	151,389	151,389	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Transportation	3,190,559	3,010,857	179,702	149,633	148,435	1,199
Total Expenditures, Transfers Out, and Encumbrances	3,190,559	3,010,857	179,702	149,633	148,435	1,199
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (72,836)	106,867	\$ 179,702	\$ 1,756	2,955	\$ 1,199
Reconciling Items:						
Encumbrances at September 30		143,276			1,074	
Funds not annually budgeted		-			-	
Net Reconciling Items		143,276			1,074	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		250,143			4,029	
FUND BALANCES (GAAP BASIS)						
Beginning balances		1,733,274			29,406	
Ending balances (GAAP Basis)		\$ 1,983,417			\$ 33,435	

Michigan

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUNDS (Continued)**
FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>TOTALS</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES AND OTHER SOURCES			
Taxes	\$ 13,314	\$ 13,314	\$ -
From federal agencies	1,459,685	1,459,685	-
From local agencies	37,765	37,765	-
From services	4,071	4,071	-
From licenses and permits	18,195	18,195	-
Miscellaneous	180,135	180,135	-
Proceeds from sale of capital assets	1,429	1,429	-
Transfers in	1,554,519	1,554,519	-
Total Revenues and Other Sources	<u>3,269,112</u>	<u>3,269,112</u>	<u>-</u>
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY			
Transportation	<u>3,340,192</u>	<u>3,159,291</u>	<u>180,901</u>
Total Expenditures, Transfers Out, and Encumbrances	<u>3,340,192</u>	<u>3,159,291</u>	<u>180,901</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (71,080)</u>	<u>109,821</u>	<u>\$ 180,901</u>
Reconciling Items:			
Encumbrances at September 30		144,351	
Funds not annually budgeted		<u>(444,788)</u>	
Net Reconciling Items		<u>(300,437)</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>(190,616)</u>	
FUND BALANCES (GAAP BASIS)			
Beginning balances		<u>2,609,613</u>	
Ending balances (GAAP Basis)		<u>\$ 2,418,997</u>	

PERMANENT FUNDS

CHILDREN WITH SPECIAL NEEDS FUND

Michigan Compiled Laws 333.5861 established the Children with Special Needs Fund (CSNF) to operate as a privately funded trust for the purpose of providing for the special health care needs of children in Michigan when funding is not available through other sources. Since CSNF was created in 1944, it has been supported through donations from families, individuals, businesses, and organizations.

The CSNF is administered by the Michigan Department of Health and Human Services and may be used to purchase equipment and services that promote optimal health, mobility, and development to enhance the lives of children and their families. A minimum balance of \$18 million must be maintained in the CSNF. If the balance of the CSNF is less than \$18 million, there can be no expenditures from the fund until the balance of the fund once again exceeds \$18 million.

MICHIGAN NATURAL RESOURCES TRUST FUND

Originally established in 1976 under the Kammer Recreation Land Trust Act, the Michigan Natural Resources Trust Fund (MNRTF) was incorporated in the State Constitution under Article 9, Section 35 through an amendment approved by voters in 1984. The fund operates under Sections 324.1901 – 324.1907a of the Michigan Compiled Laws. The State Treasurer directs fund investments, which include fixed income and equity investments.

In May of 2011, the MNRTF reached the constitutional limit of \$500 million on the investment corpus. As a result, the MNRTF no longer receives revenue generated from oil and gas bonuses, rentals, and royalties from State-owned land. Constitutionally, these revenue sources are now deposited into the Michigan State Parks Endowment Fund (MSPEF). After the MSPEF reaches an accumulated principal of \$800 million, the accumulated principal limit for the MNRTF no longer applies and the revenues shall be deposited into the MNRTF.

Until the MSPEF reaches an accumulated principal balance of \$800 million, constitutional provisions limit MNRTF appropriations to investment and other miscellaneous income of the fund. Appropriations are used to fund grants to local units of government as well as State agencies to acquire land or develop public recreation facilities and to fund payments in lieu of property taxes on State lands acquired by the fund.

MICHIGAN STATE PARKS ENDOWMENT FUND

Established in 1994, the Michigan State Parks Endowment Fund (MSPEF) is governed by the provisions of Michigan Compiled Laws Section 324.74119 and Article IX, Section 35a of the State Constitution to finance operations, maintenance, and capital improvements at Michigan State parks. The voters approved a constitutional amendment in August 2002 that changed the distribution formula and allows the State Treasurer to invest in equity securities and other types of investments.

The fund was established with a \$40 million transfer from the sale of the Accident Fund of Michigan to provide funds for permanent investment. Currently all revenues previously attributable to the Michigan Natural Resources Trust Fund from oil and gas bonuses, rentals, and royalties from State-owned land are deposited in the MSPEF until its accumulated principal is capped at \$800 million.

Until the Park Endowment Fund reaches an accumulated principal balance of \$800 million, not more than 50 percent of the oil, gas, and mineral royalty revenue received can be appropriated by the Legislature. However, the Legislature can appropriate all interest and earnings and private contributions or other revenue to the fund. When the endowment fund's principal balance reaches \$800 million, only the interest and earnings in excess of the amount needed to maintain the \$800 million principal limit, annually adjusted for inflation, may be appropriated for expenditure.

MICHIGAN VETERANS' TRUST FUND

Article 9, Section 37, of the State Constitution created this fund to finance programs to assist veterans and their beneficiaries. A seven-member board of trustees governs the fund. Resources are provided by investment and common cash earnings. Expenditures and transfers out reflect grants to benefit veterans and their widows or dependents, program costs, and administrative costs at both the State and local level. The fund is administered within the Department of Military and Veterans Affairs.

Michigan

COMBINING BALANCE SHEET
PERMANENT FUNDS
 SEPTEMBER 30, 2025
 (In Thousands)

	CHILDREN WITH SPECIAL NEEDS FUND	MICHIGAN NATURAL RESOURCES TRUST FUND	MICHIGAN STATE PARKS ENDOWMENT FUND	MICHIGAN VETERANS' TRUST FUND	TOTALS
ASSETS					
Current Assets:					
Equity in common cash	\$ 2,433	\$ 67,738	\$ 38,121	\$ 6,669	\$ 114,960
Other current assets	66	1,928	3,317	158	5,468
Total Current Assets	<u>2,499</u>	<u>69,665</u>	<u>41,437</u>	<u>6,827</u>	<u>120,429</u>
Noncurrent Assets:					
Investments	25,789	804,608	453,565	72,670	1,356,631
Total Noncurrent Assets	<u>25,789</u>	<u>804,608</u>	<u>453,565</u>	<u>72,670</u>	<u>1,356,631</u>
Total Assets	<u>\$ 28,288</u>	<u>\$ 874,273</u>	<u>\$ 495,002</u>	<u>\$ 79,497</u>	<u>\$ 1,477,060</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and other liabilities	\$ 118	\$ 11,530	\$ 818	\$ 71	\$ 12,537
Amounts due to other funds	1	9	42	9	61
Total Current Liabilities	<u>119</u>	<u>11,539</u>	<u>860</u>	<u>80</u>	<u>12,598</u>
Total Liabilities	<u>119</u>	<u>11,539</u>	<u>860</u>	<u>80</u>	<u>12,598</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>89</u>	<u>-</u>	<u>89</u>
FUND BALANCES					
Nonspendable	18,000	500,000	349,965	50,000	917,965
Restricted	10,169	362,734	144,087	29,417	546,408
Total Fund Balances	<u>28,169</u>	<u>862,734</u>	<u>494,052</u>	<u>79,417</u>	<u>1,464,372</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 28,288</u>	<u>\$ 874,273</u>	<u>\$ 495,002</u>	<u>\$ 79,497</u>	<u>\$ 1,477,060</u>

Michigan

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

PERMANENT FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

	CHILDREN WITH SPECIAL NEEDS FUND	MICHIGAN NATURAL RESOURCES TRUST FUND	MICHIGAN STATE PARKS ENDOWMENT FUND	MICHIGAN VETERANS' TRUST FUND	TOTALS
REVENUES					
Miscellaneous	\$ 2,803	\$ 78,331	\$ 59,242	\$ 7,723	\$ 148,099
Total Revenues	<u>2,803</u>	<u>78,331</u>	<u>59,242</u>	<u>7,723</u>	<u>148,099</u>
EXPENDITURES					
Current:					
General government	64	5,497	1,334	210	7,105
Health and human services	871	-	-	-	871
Public safety and corrections	-	-	-	3,236	3,236
Conservation, environment, recreation, and agriculture	-	21,666	17,098	-	38,764
Capital outlay	-	3,507	2,722	-	6,229
Debt service:					
Vendor financing payments	-	-	6	-	6
Total Expenditures	<u>935</u>	<u>30,670</u>	<u>21,160</u>	<u>3,446</u>	<u>56,211</u>
Excess of Revenues over (under) Expenditures	<u>1,868</u>	<u>47,661</u>	<u>38,082</u>	<u>4,276</u>	<u>91,888</u>
OTHER FINANCING SOURCES (USES)					
Vendor financing acquisitions	-	-	30	-	30
Proceeds from sale of capital assets	-	3	-	-	3
Transfers from other funds	-	1	8	-	9
Transfers to other funds	<u>(2)</u>	<u>(27)</u>	<u>(189)</u>	<u>(15)</u>	<u>(233)</u>
Total Other Financing Sources (Uses)	<u>(2)</u>	<u>(23)</u>	<u>(152)</u>	<u>(15)</u>	<u>(191)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	1,866	47,638	37,931	4,262	91,697
Fund Balances - Beginning of fiscal year	<u>26,303</u>	<u>815,096</u>	<u>456,121</u>	<u>75,155</u>	<u>1,372,675</u>
Fund Balances - End of fiscal year	<u>\$ 28,169</u>	<u>\$ 862,734</u>	<u>\$ 494,052</u>	<u>\$ 79,417</u>	<u>\$ 1,464,372</u>

Michigan

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

FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)

<u>Statutory/Budgetary Basis</u>	CHILDREN WITH SPECIAL NEEDS FUND			MICHIGAN NATURAL RESOURCES TRUST FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
Miscellaneous	\$ 2,803	\$ 2,803	\$ -	\$ 78,331	78,331	\$ -
Proceeds from sale of capital assets	-	-	-	3	3	-
Transfers in	-	-	-	1	1	-
Total Revenues and Other Sources	2,803	2,803	-	78,335	78,335	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Health and Human Services	873	873	-	-	-	-
Military and Veterans Affairs	-	-	-	-	-	-
Natural Resources	-	-	-	59,793	56,757	3,037
Treasury	64	64	-	5,652	5,497	154
Total Expenditures, Transfers Out, and Encumbrances	937	937	-	65,445	62,254	3,191
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ 1,866	1,866	\$ -	\$ 12,890	16,081	\$ 3,191
Reconciling Items:						
Encumbrances at September 30		-			31,557	
Net Reconciling Items		-			31,557	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		1,866			47,638	
FUND BALANCES (GAAP BASIS)						
Beginning balances		26,303			815,096	
Ending balances (GAAP Basis)		\$ 28,169			\$ 862,734	

Michigan

MICHIGAN STATE PARKS ENDOWMENT FUND			MICHIGAN VETERANS' TRUST FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 59,242	\$ 59,242	\$ -	\$ 7,723	\$ 7,723	\$ -	\$ 148,099	\$ 148,099	\$ -
-	-	-	-	-	-	3	3	-
8	8	-	-	-	-	9	9	-
<u>59,250</u>	<u>59,250</u>	<u>-</u>	<u>7,723</u>	<u>7,723</u>	<u>-</u>	<u>148,112</u>	<u>148,112</u>	<u>-</u>
-	-	-	-	-	-	873	873	-
-	-	-	3,675	3,252	424	3,675	3,252	424
22,972	22,360	612	-	-	-	82,765	79,116	3,649
1,334	1,334	-	210	210	-	7,259	7,105	154
<u>24,306</u>	<u>23,694</u>	<u>612</u>	<u>3,885</u>	<u>3,462</u>	<u>424</u>	<u>94,573</u>	<u>90,346</u>	<u>4,227</u>
<u>\$ 34,944</u>	<u>35,557</u>	<u>\$ 612</u>	<u>\$ 3,838</u>	<u>\$ 4,262</u>	<u>\$ 424</u>	<u>\$ 53,539</u>	<u>57,766</u>	<u>\$ 4,227</u>
	<u>2,374</u>			<u>-</u>			<u>33,931</u>	
	<u>2,374</u>			<u>-</u>			<u>33,931</u>	
	<u>37,931</u>			<u>4,262</u>			<u>91,697</u>	
	<u>456,121</u>			<u>75,155</u>			<u>1,372,675</u>	
	<u>\$ 494,052</u>			<u>\$ 79,417</u>			<u>\$ 1,464,372</u>	



ENTERPRISE FUNDS

ATTORNEY DISCIPLINE SYSTEM

The Attorney Discipline System (ADS) consists of the Attorney Grievance Commission and the Attorney Discipline Board. This system provides the courts, legal profession, and the general public with a means to ensure that complaints against attorneys for potential violations of the Court Rules and the Michigan Rules of Professional Conduct are properly heard and investigated, and that sanctions are imposed where required. ADS is under the supervision of the Michigan Supreme Court which also approves the two agencies' budgets.

ADS receives revenue in the form of mandatory annual assessments on members of the State Bar of Michigan, provided for by Court Rules. This system also receives other revenue, primarily through the assessment of administrative fees and the recovery of costs, including subpoena fees and transcript costs.

LIQUOR PURCHASE REVOLVING FUND

Michigan Compiled Laws (MCL) Section 436.1221 authorized the Liquor Control Commission, within the Department of Licensing and Regulatory Affairs, to maintain a revolving fund that is to be derived from the money deposited to the credit of the commission with the State Treasurer. Under State monopoly, liquor is sold at wholesale through a State controlled, privately operated distribution system. The fund accounts for the sales of and the replenishing and transporting of the liquor stock. Administrative, warehousing, and delivery costs are paid for through the fund. At the end of each fiscal year, the net income of the fund is transferred to the General Fund in accordance with MCL Section 18.1435.

Michigan

**COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS
SEPTEMBER 30, 2025
(In Thousands)**

	ATTORNEY DISCIPLINE SYSTEM	LIQUOR PURCHASE REVOLVING FUND	TOTALS
ASSETS			
Current Assets:			
Cash	\$ 345	\$ 4	\$ 348
Equity in common cash	-	121,132	121,132
Inventories	-	3,404	3,404
Investments	3,291	-	3,291
Other current assets	262	15,257	15,519
Total Current Assets	<u>3,898</u>	<u>139,798</u>	<u>143,695</u>
Noncurrent Assets:			
Investments	8,132	-	8,132
Capital Assets:			
Buildings, equipment, and other depreciable assets	1,968	3,221	5,189
Allowance for depreciation	(905)	(663)	(1,568)
Total capital assets	<u>1,062</u>	<u>2,558</u>	<u>3,621</u>
Other noncurrent assets	16	-	16
Total Noncurrent Assets	<u>9,210</u>	<u>2,558</u>	<u>11,769</u>
Total Assets	<u>13,108</u>	<u>142,356</u>	<u>155,464</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>669</u>	<u>5,901</u>	<u>6,569</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	780	156,319	157,099
Amounts due to other funds	-	114	114
Interest payable	-	5	5
Unearned revenue	1,087	-	1,087
Vendor financing obligations	207	122	328
Current portion of other long-term obligations	-	674	674
Total Current Liabilities	<u>2,074</u>	<u>157,234</u>	<u>159,308</u>
Long-Term Liabilities:			
Vendor financing obligations	955	2,658	3,613
Noncurrent portion of other long-term obligations	230	14,281	14,511
Total Long-Term Liabilities	<u>1,185</u>	<u>16,939</u>	<u>18,124</u>
Total Liabilities	<u>3,259</u>	<u>174,173</u>	<u>177,432</u>
DEFERRED INFLOWS OF RESOURCES	<u>872</u>	<u>11,256</u>	<u>12,127</u>
NET POSITION			
Net investment in capital assets	(84)	(221)	(305)
Restricted for other purposes	6,617	-	6,617
Unrestricted	3,112	(36,951)	(33,839)
Total Net Position	<u>\$ 9,646</u>	<u>\$ (37,172)</u>	<u>\$ (27,526)</u>

Michigan

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

FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)

	ATTORNEY DISCIPLINE SYSTEM	LIQUOR PURCHASE REVOLVING FUND	TOTALS
OPERATING REVENUES			
Operating revenues	\$ 6,089	\$ 1,535,167	\$ 1,541,256
Total Operating Revenues	<u>6,089</u>	<u>1,535,167</u>	<u>1,541,256</u>
OPERATING EXPENSES			
Salaries, wages, and other administrative	5,094	141,429	146,523
Depreciation	219	162	381
Purchases for resale	-	1,122,600	1,122,600
Premiums and claims	-	2	2
Other operating expenses	866	384	1,250
Total Operating Expenses	<u>6,179</u>	<u>1,264,577</u>	<u>1,270,756</u>
Operating Income (Loss)	<u>(90)</u>	<u>270,590</u>	<u>270,500</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	245	5,717	5,962
Investment revenue (expense) - net	662	-	662
Other nonoperating revenues	-	215	215
Interest expense	-	(57)	(57)
Other nonoperating expenses	(2)	(301)	(303)
Total Nonoperating Revenues (Expenses)	<u>905</u>	<u>5,574</u>	<u>6,480</u>
Income (Loss) Before Transfers	815	276,164	276,979
TRANSFERS			
Transfers from other funds	-	8	8
Transfers to other funds	-	(275,406)	(275,406)
Total Transfers In (Out)	<u>-</u>	<u>(275,399)</u>	<u>(275,399)</u>
Change in net position	<u>815</u>	<u>766</u>	<u>1,581</u>
Total net position - Beginning of fiscal year	8,850	(37,172)	(28,322)
Restatements (Note 4)	<u>(19)</u>	<u>(766)</u>	<u>(785)</u>
Total net position - End of fiscal year	<u>\$ 9,646</u>	<u>\$ (37,172)</u>	<u>\$ (27,526)</u>

Michigan

COMBINING STATEMENT OF CASH FLOWS ENTERPRISE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

	ATTORNEY DISCIPLINE SYSTEM	LIQUOR PURCHASE REVOLVING FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ -	\$ 1,537,733	\$ 1,537,733
Membership dues	5,894	-	5,894
Payments to employees	(5,273)	(13,523)	(18,796)
Payments to suppliers	(872)	(1,222,886)	(1,223,757)
Claims paid	-	(2)	(2)
Other receipts	103	-	103
Other payments	-	(540)	(540)
Net cash provided (used) by operating activities	(147)	300,782	300,635
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	8	8
Transfers to other funds	-	(275,035)	(275,035)
Net cash provided (used) by noncapital financing activities	-	(275,027)	(275,027)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Vendor financing payments (including imputed interest expense)	(214)	(176)	(390)
Net cash provided (used) by capital and related financing activities	(214)	(176)	(390)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investment securities	389	-	389
Interest and dividends on investments	12	5,717	5,729
Net cash provided (used) by investing activities	401	5,717	6,118
Net cash provided (used) - all activities	40	31,296	31,336
Cash and cash equivalents at beginning of year	305	89,840	90,145
Cash and cash equivalents at end of year	\$ 345	\$ 121,136	\$ 121,481
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Per Statement of Net Position Classifications:			
Cash	\$ 345	\$ 4	\$ 348
Equity in common cash	-	121,132	121,132
Cash and cash equivalents at end of year	\$ 345	\$ 121,136	\$ 121,481
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (90)	\$ 270,590	\$ 270,500
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
by Operating Activities:			
Depreciation expense	219	162	381
Pension expense	(24)	464	440
OPEB expense	(123)	(1,742)	(1,865)
Deferred outflows - contributions subsequent to measurement date	(151)	(2,406)	(2,557)
Other nonoperating revenues	-	215	215
Other nonoperating expenses	-	(301)	(301)
Other reconciling items	1	11	12
Net Changes in Assets and Liabilities:			
Inventories	-	198	198
Other assets (net)	(8)	2,770	2,762
Accounts payable and other liabilities	116	30,822	30,938
Unearned revenue	(86)	-	(86)
Net cash provided (used) by operating activities	\$ (147)	\$ 300,782	\$ 300,635
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Cost of capital assets acquired with vendor financing	\$ -	\$ 2,587	\$ 2,587
Vendor financing obligations entered into during the year	-	(2,587)	(2,587)
Total noncash investing, capital, and financing activities	\$ -	\$ -	\$ -

INTERNAL SERVICE FUNDS

CORRECTIONAL INDUSTRIES REVOLVING FUND

Authorized by Michigan Compiled Laws (MCL) Section 800.325, this fund accounts for the financial transactions of multiple manufacturing and service processing industries employing inmates incarcerated in Michigan's correctional institutions. In 1980, MCL Section 800.326 expanded the fund's sales market to include institutions of this or any other state or political subdivision thereof, the federal government or its agencies, a foreign government or agencies of a foreign government, a private vendor that operates the youth correctional facility, and certain tax-exempt organizations.

The amendment allowed for a five-year phase-in of price setting which would provide a margin in direct and indirect costs to reach self-sufficiency. Since self-sufficiency was reached in 1985, the fund has supported the cost of civilian wages, salaries and other costs which were paid by the Department of Corrections in the past. A solvent fund allows Industries to expand its operations to service more inmates.

Executive Order 1992-13 stipulates that the fund repay the General Fund for the cost of building and equipping prison factories included as part of new prison construction. The costs of buildings and equipment are to be repaid over 30 years and 10 years, respectively. A portion of the final payment was written off to the General Fund in fiscal year 2021 due to the closure of the Detroit Reentry Center.

STATE SPONSORED GROUP INSURANCE FUND

This fund was administratively established to reflect the financial transactions of the State sponsored insurance plans that provide health, long-term disability, life, vision, and dental coverage for participating employees, retirees, and dependents. The plans' funding methods range from fully insured where an outside carrier assumes all risk to those where the State is self-insured for claims with administrative fees paid to an outside carrier on a contracted basis. All retiree activity is transferred out of the fund at the end of the year as required by the Governmental Accounting Standards Board and recorded in certain other employee benefit trust funds. A note to the financial statements entitled "Risk Management" provides additional information about this fund.

INFORMATION TECHNOLOGY FUND

This fund was created by administrative decision to provide telecommunication and information technology services for State agencies. During fiscal year 2002, the use of this fund was expanded to account for all information technology activities of the executive branch as prescribed in Executive Order 2001-03. User agencies are billed for equipment and services based on actual costs or rates established to cover actual costs.

OFFICE SERVICES REVOLVING FUND

Created in 1952, this fund operates under Michigan Compiled Laws Section 18.1269 to provide services in the following areas: printing, reproduction, imaging, mailing, distribution of federal and state surplus property, delivery, and warehouse services. Other services may be added to this fund as determined to be advantageous to the State including but not limited to the purchase of bulk gas used by State agencies. The cost of the services or supplies is charged to user departments and agencies. Resultant revenue is credited to the revolving fund and is used for administration and operation of the program, including purchase of necessary equipment.

MOTOR TRANSPORT FUND

This fund was created by Michigan Compiled Laws Section 18.1213 to provide vehicle and travel services for State agencies. Activities include lease, purchase, replacement, and maintenance of automotive equipment. Vehicles are available to agencies on a permanently assigned basis or through the motor pool for short-term usage and are furnished to agencies at a rate sufficient to cover all costs of operation and maintenance. Agencies are billed on a monthly basis for services rendered.

RISK MANAGEMENT FUND

Administratively established, this fund accounts for certain centralized risk management functions performed by the Department of Technology, Management and Budget for other State agencies. Currently, the fund has assumed a degree of risk for the automotive liability. This activity and administrative functions are recorded as operating activity of the fund. An activity of the fund for which the fund assumes no risk is the centralized processing of workers' compensation payments for State agencies. Workers' compensation long-term claim liabilities are recorded in the government-wide financial statements and the related current year workers' compensation expenditures are recorded in the applicable funds.

Michigan

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2025

(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	STATE SPONSORED GROUP INSURANCE FUND	INFORMATION TECHNOLOGY FUND
ASSETS			
Current Assets:			
Cash	\$ -	\$ -	\$ -
Equity in common cash	5,871	120,821	99,016
Amounts due from other funds	-	4,973	-
Amounts due from component units	-	94	86
Amounts due from federal agencies	-	-	321
Inventories	8,803	-	1,054
Other current assets	150	45,988	64,966
Total Current Assets	<u>14,823</u>	<u>171,877</u>	<u>165,444</u>
Noncurrent Assets:			
Capital Assets:			
Land and other non-depreciable assets	-	-	95,030
Buildings, equipment, and other depreciable assets	25,139	-	2,164,347
Allowance for depreciation	(18,152)	-	(1,247,413)
Total capital assets	<u>6,988</u>	<u>-</u>	<u>1,011,964</u>
Other noncurrent assets	-	2,000	5,747
Total Noncurrent Assets	<u>6,988</u>	<u>2,000</u>	<u>1,017,710</u>
Total Assets	<u>21,811</u>	<u>173,877</u>	<u>1,183,154</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,501</u>	<u>-</u>	<u>79,358</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	470	35,570	65,806
Amounts due to other funds	54	-	2,824
Interest payable	1,828	-	6,597
Unearned revenue	-	101	70,362
Vendor financing obligations	-	-	110,426
Current portion of other long-term obligations	271	64,705	16,466
Total Current Liabilities	<u>2,622</u>	<u>100,376</u>	<u>272,482</u>
Long-Term Liabilities:			
Unearned revenue	-	-	252,393
Vendor financing obligations	-	-	505,660
Noncurrent portion of other long-term obligations	4,738	91,644	275,544
Total Long-Term Liabilities	<u>4,738</u>	<u>91,644</u>	<u>1,033,597</u>
Total Liabilities	<u>7,360</u>	<u>192,019</u>	<u>1,306,079</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,970</u>	<u>-</u>	<u>200,354</u>
NET POSITION			
Net investment in capital assets	6,988	-	395,877
Restricted For:			
Public safety and corrections	4,994	-	-
Other purposes	-	-	-
Unrestricted	-	(18,143)	(639,798)
Total Net Position	<u>\$ 11,981</u>	<u>\$ (18,143)</u>	<u>\$ (243,921)</u>

Michigan

OFFICE SERVICES REVOLVING FUND	MOTOR TRANSPORT FUND	RISK MANAGEMENT FUND	TOTALS
\$ 65	\$ -	\$ -	\$ 65
42,899	1,143	15,051	284,801
-	-	-	4,973
-	-	-	180
-	-	-	321
8,551	231	-	18,640
8,404	5,497	95	125,100
<u>59,919</u>	<u>6,871</u>	<u>15,146</u>	<u>434,080</u>
-	-	-	95,030
16,270	382,577	1,049	2,589,382
<u>(10,450)</u>	<u>(249,769)</u>	<u>(544)</u>	<u>(1,526,328)</u>
5,820	132,808	505	1,158,084
-	-	1,050	8,797
<u>5,820</u>	<u>132,808</u>	<u>1,555</u>	<u>1,166,880</u>
65,738	139,679	16,701	1,600,960
<u>4,183</u>	<u>1,091</u>	<u>378</u>	<u>86,510</u>
8,308	4,639	429	115,221
137	40	9	3,064
-	-	-	8,425
-	-	-	70,463
-	40,059	137	150,622
749	218	754	83,163
<u>9,194</u>	<u>44,955</u>	<u>1,329</u>	<u>430,958</u>
-	-	-	252,393
-	91,537	388	597,585
13,442	3,831	5,723	394,922
<u>13,442</u>	<u>95,367</u>	<u>6,111</u>	<u>1,244,900</u>
22,636	140,323	7,440	1,675,858
<u>9,774</u>	<u>3,160</u>	<u>782</u>	<u>218,040</u>
5,820	1,212	(20)	409,877
-	-	-	4,994
31,691	-	-	31,691
-	(3,924)	8,877	(652,988)
<u>\$ 37,510</u>	<u>\$ (2,712)</u>	<u>\$ 8,857</u>	<u>\$ (206,427)</u>

Michigan

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

INTERNAL SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	STATE SPONSORED GROUP INSURANCE FUND	INFORMATION TECHNOLOGY FUND
OPERATING REVENUES			
Operating revenues	\$ 20,862	\$ 917,702	\$ 1,129,503
Total Operating Revenues	<u>20,862</u>	<u>917,702</u>	<u>1,129,503</u>
OPERATING EXPENSES			
Salaries, wages, and other administrative	7,216	27,241	794,536
Depreciation	442	-	204,571
Purchases for resale	-	-	-
Purchases for prison industries	9,960	-	-
Premiums and claims	-	1,003,061	-
Other operating expenses:			
Leased vehicles expense	-	-	-
Vehicle maintenance expense	-	-	-
Other operating expenses	-	-	-
Total other operating expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>17,617</u>	<u>1,030,302</u>	<u>999,107</u>
Operating Income (Loss)	<u>3,244</u>	<u>(112,601)</u>	<u>130,396</u>
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	-	6,195	-
Other nonoperating revenues	-	11	4,165
Interest expense	-	-	(16,498)
Other nonoperating expenses	<u>(23)</u>	<u>-</u>	<u>(2,746)</u>
Total Nonoperating Revenues (Expenses)	<u>(23)</u>	<u>6,206</u>	<u>(15,079)</u>
Income (Loss) Before Transfers	3,221	(106,395)	115,318
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Transfers from other funds	3	-	137
Transfers to other funds	<u>(106)</u>	<u>-</u>	<u>(4,167)</u>
Total Capital Contributions and Transfers In (Out)	<u>(102)</u>	<u>-</u>	<u>(4,030)</u>
Change in net position	3,119	(106,395)	111,288
Total net position - Beginning of fiscal year	9,141	88,252	(332,214)
Adjustments and restatements (Note 4)	<u>(278)</u>	<u>-</u>	<u>(22,994)</u>
Total net position - End of fiscal year	<u>\$ 11,981</u>	<u>\$ (18,143)</u>	<u>\$ (243,921)</u>

Michigan

OFFICE SERVICES REVOLVING FUND	MOTOR TRANSPORT FUND	RISK MANAGEMENT FUND	TOTALS
\$ 134,786	\$ 98,363	\$ 5,674	\$ 2,306,889
<u>134,786</u>	<u>98,363</u>	<u>5,674</u>	<u>2,306,889</u>
36,836	7,216	2,552	875,596
1,173	43,329	138	249,652
81,932	-	-	81,932
-	-	-	9,960
-	3,626	(1,208)	1,005,479
676	2	-	678
-	38,167	-	38,167
-	237	-	237
<u>676</u>	<u>38,407</u>	<u>-</u>	<u>39,083</u>
<u>120,616</u>	<u>92,578</u>	<u>1,481</u>	<u>2,261,702</u>
<u>14,170</u>	<u>5,785</u>	<u>4,193</u>	<u>45,187</u>
-	-	-	6,195
206	4,241	-	8,625
-	(6,605)	(5)	(23,109)
<u>(242)</u>	<u>(276)</u>	<u>-</u>	<u>(3,287)</u>
<u>(36)</u>	<u>(2,639)</u>	<u>(5)</u>	<u>(11,576)</u>
14,134	3,146	4,187	33,611
8	2	1	151
<u>(266)</u>	<u>(80)</u>	<u>(14)</u>	<u>(4,632)</u>
<u>(258)</u>	<u>(77)</u>	<u>(13)</u>	<u>(4,481)</u>
13,876	3,069	4,174	29,131
24,315	(5,522)	4,733	(211,295)
<u>(681)</u>	<u>(259)</u>	<u>(50)</u>	<u>(24,263)</u>
<u>\$ 37,510</u>	<u>\$ (2,712)</u>	<u>\$ 8,857</u>	<u>\$ (206,427)</u>

Michigan

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)**

	CORRECTIONAL INDUSTRIES REVOLVING FUND	STATE SPONSORED GROUP INSURANCE FUND	INFORMATION TECHNOLOGY FUND
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 20,763	\$ 914,592	\$ 1,201,998
Payments to employees	(6,102)	-	(285,906)
Payments to suppliers	(12,552)	(1,213)	(619,298)
Claims paid	-	(1,024,093)	-
Other receipts	-	11	4,578
Other payments	(344)	-	-
Net cash provided (used) by operating activities	<u>1,766</u>	<u>(110,703)</u>	<u>301,372</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	3	-	137
Transfers to other funds	(106)	-	(4,167)
Net cash provided (used) by noncapital financing activities	<u>(102)</u>	<u>-</u>	<u>(4,030)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(351)	-	(178,129)
Interest paid	(108)	-	-
Vendor financing payments (including imputed interest expense)	-	-	(141,094)
Net cash provided (used) by capital and related financing activities	<u>(459)</u>	<u>-</u>	<u>(319,222)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	-	6,195	-
Net cash provided (used) by investing activities	<u>-</u>	<u>6,195</u>	<u>-</u>
Net cash provided (used) - all activities	1,204	(104,508)	(21,880)
Cash and cash equivalents at beginning of year	4,667	225,330	120,896
Cash and cash equivalents at end of year	<u>\$ 5,871</u>	<u>\$ 120,822</u>	<u>\$ 99,016</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Per Statement of Net Position Classifications:			
Cash	\$ -	\$ -	\$ -
Equity in common cash	5,871	120,821	99,016
Cash and cash equivalents at end of year	<u>\$ 5,871</u>	<u>\$ 120,822</u>	<u>\$ 99,016</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 3,244	\$ (112,601)	\$ 130,396
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	442	-	204,571
Pension expense	(63)	-	(4,350)
OPEB expense	(1,059)	-	(47,951)
Deferred outflows - contributions subsequent to measurement date	(863)	-	(46,529)
Other nonoperating revenues	-	11	4,165
Other nonoperating expenses	(23)	-	-
Other reconciling items	1	-	46
Net Changes in Assets and Liabilities:			
Inventories	6	-	(594)
Other assets (net)	(90)	(14,918)	(1,377)
Accounts payable and other liabilities	171	16,800	(9,440)
Unearned revenue	-	4	72,434
Net cash provided (used) by operating activities	<u>\$ 1,766</u>	<u>\$ (110,703)</u>	<u>\$ 301,372</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Cost of capital assets acquired with vendor financing	\$ -	\$ -	\$ 234,288
Vendor financing obligations entered into during the year	-	-	(234,288)
Gain (loss) on disposal of capital assets	-	-	(2,746)
Total noncash investing, capital, and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,746)</u>

Michigan

OFFICE SERVICES REVOLVING FUND	MOTOR TRANSPORT FUND	RISK MANAGEMENT FUND	TOTALS
\$ 133,103	\$ 98,191	\$ 34,013	\$ 2,402,660
(14,458)	(3,906)	(1,237)	(311,609)
(107,200)	(44,089)	(4,140)	(788,491)
-	(3,626)	(27,096)	(1,054,815)
206	4,241	-	9,037
(40)	(513)	-	(897)
<u>11,611</u>	<u>50,299</u>	<u>1,541</u>	<u>255,885</u>
8	2	1	151
(266)	(80)	(14)	(4,632)
<u>(258)</u>	<u>(77)</u>	<u>(13)</u>	<u>(4,481)</u>
(4,185)	(19)	-	(182,685)
-	-	-	(108)
<u>-</u>	<u>(50,186)</u>	<u>(137)</u>	<u>(191,417)</u>
<u>(4,185)</u>	<u>(50,206)</u>	<u>(137)</u>	<u>(374,209)</u>
-	-	-	6,195
-	-	-	6,195
7,168	16	1,390	(116,610)
35,795	1,127	13,661	401,476
<u>\$ 42,963</u>	<u>\$ 1,143</u>	<u>\$ 15,051</u>	<u>\$ 284,866</u>
\$ 65	\$ -	\$ -	\$ 65
42,899	1,143	15,051	284,801
<u>\$ 42,963</u>	<u>\$ 1,143</u>	<u>\$ 15,051</u>	<u>\$ 284,866</u>
\$ 14,170	\$ 5,785	\$ 4,193	\$ 45,187
1,173	43,329	138	249,652
88	(194)	(63)	(4,582)
(1,951)	(721)	(34)	(51,716)
(2,272)	(616)	(168)	(50,448)
206	4,241	-	8,625
(39)	(72)	-	(134)
2	(168)	-	(118)
2,520	56	-	1,988
(1,475)	(516)	(9)	(18,386)
(810)	(826)	(2,515)	3,381
-	-	-	72,437
<u>\$ 11,611</u>	<u>\$ 50,299</u>	<u>\$ 1,541</u>	<u>\$ 255,885</u>
\$ -	\$ 55,020	\$ -	\$ 289,308
-	(55,020)	-	(289,308)
(83)	4,037	-	1,208
<u>\$ (83)</u>	<u>\$ 4,037</u>	<u>\$ -</u>	<u>\$ 1,208</u>





PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

Notes to the financial statements, entitled "Deferred Compensation Plans," "Pension Benefits," and "Other Postemployment Benefits," include additional information regarding the following funds and plans.

STATE OF MICHIGAN 457 PLANS

This fund was established in accordance with Michigan Compiled Laws Section 38.1151 to account for deferred compensation plans that permit State of Michigan, Michigan public school, and Education Achievement Authority employees to defer a portion of their income until future years.

This fund also includes a Personal Healthcare sub-fund for State of Michigan employees hired on or after January 1, 2012, Michigan State Police hired on or after June 10, 2012, Michigan public school employees hired on or after September 4, 2012, and State of Michigan and Michigan public school employees who opted out of the graded premium health subsidy.

LEGISLATIVE PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Michigan Legislative Retirement System (MLRS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.1001, which is administered by an eleven-member board. MLRS's pension plan provides benefits for members of the Legislature and their surviving spouses or children. Participants in the system have a deduction from each salary payment to partially finance the fund. Court filing fees as provided under law, investment earnings, and other governmental contributions complete the financing.

MCL Section 38.1018 amended MLRS's enabling legislation to provide that individuals who first became a legislator or lieutenant governor on or after March 31, 1997, participate in the State's defined contribution plan.

LEGISLATIVE OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits (OPEB) of the Michigan Legislative Retirement System (MLRS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.1001. MLRS's OPEB plan provides its retirees with health, dental, vision, and hearing insurance coverage. This fund includes health coverage for participants of both the defined benefit pension plan and the defined contribution retirement plan. Financing is provided by an annual legislative appropriation, court filing fees as provided under law, investment earnings, and other governmental contributions.

Pursuant to MCL Section 38.1075, the MLRS OPEB plan became closed to new participants. All qualified participants must have completed six years of service before January 1, 2013, to qualify for health insurance in the plan.

STATE POLICE PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Michigan State Police Retirement System (MSPRS), a fiduciary component unit, created by Michigan Compiled Laws Section 38.1605, which is administered by a nine-member board. MSPRS's pension plan provides retirement, survivor and disability benefits to Michigan State Police officers. Financing is provided by investment earnings, employer contributions, and member contributions.

As a result of contract negotiations, a "pension plus" plan was created which pairs a guaranteed retirement income (defined benefit pension) with a flexible and transferable retirement savings (defined contribution) account for employees first hired on or after June 10, 2012.

STATE POLICE OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits (OPEB) of the Michigan State Police Retirement System (MSPRS), a fiduciary component unit, created by Michigan Compiled Laws Section 38.1605. MSPRS's OPEB plan provides retirees hired before June 10, 2012, with the option of receiving health, dental, and vision coverage. Employees hired on or after June 10, 2012, are accounted for within the State of Michigan 401k and 457 Plan's Personal Healthcare sub-funds. Financing is provided by investment earnings, employer contributions, and other governmental contributions.

STATE EMPLOYEES' PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Michigan State Employees' Retirement System (MSERS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.2, which is administered by a nine-member board. MSERS's pension plan provides retirement, survivor and disability benefits to State employees. Financing is provided by investment earnings, employer contributions, and member contributions.

Effective March 31, 1997, MCL Section 38.13 closed the plan to new applicants. All new employees become members of the State's defined contribution plan. The law also allows returning employees and members who left state employment on or before March 31, 1997, to elect the defined benefit plan instead of the defined contribution plan.

STATE EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits (OPEB) of the Michigan State Employees' Retirement System (MSERS), a fiduciary component unit, created by Michigan Compiled Laws Section 38.2. MSERS's OPEB plan provides retirees hired before January 1, 2012, with the option of receiving health, dental, and vision coverage. This fund includes health coverage for participants of both the defined benefit pension plan and the defined contribution retirement plan. Employees hired on or after January 1, 2012, are accounted for within the State of Michigan 401k and 457 Plan's Personal Healthcare sub-funds. Financing is provided by investment earnings, employer contributions, and other governmental contributions.

PUBLIC SCHOOL EMPLOYEES' PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Michigan Public School Employees' Retirement System (MPSERS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.1321, which is administered by a twelve-member board. MPSERS's pension plan provides retirement, survivor and disability benefits to the public school employees. Financing is provided by investment earnings, employer contributions, and member contributions.

MCL Section 38.1304, et al. were amended to create a new "pension plus" plan which pairs a guaranteed retirement income (defined benefit) with a flexible and transferable retirement savings (defined contribution) account for employees first hired after June 30, 2010.

Effective July 13, 2017, MCL Section 38.1305 et al., were amended to close the pension plus plan to employees hired after January 31, 2018, and a new, optional pension plus 2 plan was created. The pension plus 2 plan is similar to the pension plus plan; however, it contains a 50 percent contribution share from the employee and employer, both of which include the cost of future unfunded liabilities associated with the pension plus 2 plan, if any.

PUBLIC SCHOOL EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits (OPEB) of the Michigan Public School Employees' Retirement System (MPSERS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.1321. MPSERS's OPEB plan provides retirees hired before September 4, 2012, with the option of receiving health, dental, and vision coverage. Employees hired on or after September 4, 2012, are accounted for within the State of Michigan 457 and 401k Plan's Personal Healthcare sub-fund. Financing is provided by investment earnings, employer contributions, member contributions, and other governmental contributions.

JUDGES' PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Michigan Judges' Retirement System (MJRS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.2201, which is administered by a nine-member board. MJRS's pension plan provides retirement, survivor and disability benefits to judges in the judicial branch of State government. Financing is provided by investment earnings, court filing fees as provided under law, and member contributions.

MCL Section 38.2401a, effective March 31, 1997, closed the plan to new entrants. Judges or state officials newly appointed or elected on or after March 31, 1997, become members of the State's defined contribution plan.

JUDGES' OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits (OPEB) of the Michigan Judges' Retirement System (MJRS), a fiduciary component unit, created by Michigan Compiled Laws Section 38.2201. MJRS's OPEB plan provides all retirees with the option of receiving health, dental, and vision coverage. This fund includes health coverage for participants of both the defined benefit pension plan and the defined contribution retirement plan. Financing is provided by investment earnings, court filing fees as provided under law, and member contributions.

MILITARY PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Michigan Military Retirement Provisions (MMRP), a fiduciary component unit, created by Public Act 150 of 1967 being Michigan Compiled Laws Section 32.706 and 32.801, which is administered by a nine-member board. MMRP's pension plan provides retirement and survivor benefits to State of Michigan military officers and former members of the Michigan National Guard. Financing is provided by investment earnings and legislative appropriations.

STATE OF MICHIGAN 401K PLANS

This fund was established in accordance with Michigan Compiled Laws Section 38.1151 as a deferred compensation plan. The plan was amended as of March 31, 1997, to incorporate a defined contribution retirement plan. As a result, this fund includes a deferred compensation sub-fund and a defined contribution retirement sub-fund.

Participants within the deferred compensation sub-fund include State of Michigan employees hired before March 31, 1997, Judges and Legislators elected before March 31, 1997, and Michigan State Police hired prior to June 10, 2012.

Participants within the defined contribution retirement sub-fund include State of Michigan employees hired on or after March 31, 1997; Judges elected on or after March 31, 1997; members of the State Employees' Retirement System, Judges' Retirement System, and Legislative Retirement System who elected to transfer to the fund; Public School Reporting Unit members hired on or after July 1, 2010; Public School Reporting Unit members hired prior to July 1, 2010, who elected to transfer to the fund; Education Achievement Authority employees hired after December 1, 2011; and Michigan State Police hired on or after June 10, 2012.

This fund also includes a Personal Healthcare sub-fund for State of Michigan employees hired on or after January 1, 2012; Michigan State Police hired after June 10, 2012; Michigan public school employees hired on or after September 4, 2012; and State of Michigan and Michigan public school employees who opted out of the graded premium health subsidy.

Michigan

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

SEPTEMBER 30, 2025

(In Thousands)

	STATE OF MICHIGAN 457 PLANS	LEGISLATIVE PENSION BENEFITS FUND	LEGISLATIVE OTHER POSTEMPLOYMENT BENEFITS FUND	STATE POLICE PENSION BENEFITS FUND
ASSETS				
Equity in common cash	\$ 8,641	\$ 1,172	\$ 377	\$ 10,827
Receivables:				
From participants	58,553	-	-	591
From employer	-	-	-	1,503
Other	426	-	-	-
Interest and dividends	-	-	-	15
Due from other funds	-	-	-	25,356
Due from component unit	-	-	-	-
Due from other governmental	-	-	210	-
Investments at Fair Value:				
Short-term investments	-	-	-	75,596
Fixed income	-	-	-	325,628
Domestic equities	-	-	-	456,262
Real estate	-	-	-	173,868
Alternative investments	-	8,916	4,806	-
Private equity pools	-	-	-	347,181
International equities	-	-	-	326,919
Absolute return	-	-	-	281,960
Mutual funds	213,252	73,902	39,834	-
Pooled investment funds	3,973,839	-	-	-
Separate accounts	800,433	-	-	-
Real return	-	-	-	195,547
Securities lending collateral	-	-	-	68,901
Total Assets	5,055,145	83,991	45,227	2,290,154
LIABILITIES				
Accounts payable and other liabilities	10,575	104	-	119
Amounts due to other funds	-	2	-	-
Obligations under security lending	-	-	-	68,901
Unearned revenue	3,406	-	32	-
Total Liabilities	13,981	106	32	69,020
NET POSITION				
Restricted for:				
Pension benefits	-	83,885	-	2,221,134
Postemployment health-care benefits	-	-	45,196	-
Deferred compensation participants	5,041,164	-	-	-
Total Net Position	\$ 5,041,164	\$ 83,885	\$ 45,196	\$ 2,221,134

Michigan

STATE POLICE OTHER POSTEMPLOYMENT BENEFITS FUND	STATE EMPLOYEES' PENSION BENEFITS FUND	STATE EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND	PUBLIC SCHOOL EMPLOYEES' PENSION BENEFITS FUND	PUBLIC SCHOOL EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND	JUDGES' PENSION BENEFITS FUND
\$ 8,990	\$ 72,266	\$ 142,014	\$ 180,150	\$ 211,167	\$ 3,581
-	581	-	418	-	43
98	1,308	2,074	201,579	20,439	9
2,231	-	49,367	-	295,544	-
3	95	45	490	107	2
9,283	34,596	12,015	-	-	-
-	569	197	-	-	-
2,220	-	88,577	-	-	-
11,408	576,831	238,823	3,218,349	476,468	7,237
77,302	1,524,861	718,355	7,958,985	3,292,370	70,932
108,300	3,340,530	1,572,944	17,545,305	2,696,512	43,660
41,233	1,293,461	609,243	6,716,326	877,881	13,807
-	-	-	-	-	-
82,284	3,112,101	1,467,540	16,189,734	3,242,026	43,278
77,626	2,351,737	1,106,576	12,021,780	1,943,793	32,213
67,089	1,414,403	664,343	7,360,092	1,777,005	40,973
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
46,392	1,399,832	658,753	7,273,138	1,145,409	18,969
16,269	385,755	182,105	2,036,387	628,629	12,652
<u>550,729</u>	<u>15,508,925</u>	<u>7,512,972</u>	<u>80,702,733</u>	<u>16,607,350</u>	<u>287,356</u>
3,824	1,031	41,920	3,702	268,553	27
-	-	-	-	-	-
16,269	385,755	182,105	2,036,387	628,629	12,652
1	-	1,158	6,450	594	-
<u>20,094</u>	<u>386,785</u>	<u>225,183</u>	<u>2,046,539</u>	<u>897,776</u>	<u>12,679</u>
-	15,122,140	-	78,656,194	-	274,677
530,635	-	7,287,788	-	15,709,574	-
-	-	-	-	-	-
<u>\$ 530,635</u>	<u>\$ 15,122,140</u>	<u>\$ 7,287,788</u>	<u>\$ 78,656,194</u>	<u>\$ 15,709,574</u>	<u>\$ 274,677</u>

This statement continued on next page.

Michigan

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS (Continued)**
SEPTEMBER 30, 2025
(In Thousands)

	JUDGES' OTHER POSTEMPLOYMENT BENEFITS FUND	MILITARY PENSION BENEFITS FUND	STATE OF MICHIGAN 401K PLANS	TOTALS
ASSETS				
Equity in common cash	\$ 3,707	\$ 1,581	\$ 10,408	\$ 654,880
Receivables:				
From participants	-	1	185,750	245,939
From employer	-	-	15,567	242,578
Other	91	-	550	348,210
Interest and dividends	-	1	-	758
Due from other funds	-	-	16,637	97,886
Due from component unit	-	-	347	1,114
Due from other governmental	117	-	-	91,125
Investments at Fair Value:				
Short-term investments	313	1,228	-	4,606,254
Fixed income	3,434	11,199	-	13,983,066
Domestic equities	1,913	15,693	-	25,781,119
Real estate	255	5,965	-	9,732,039
Alternative investments	-	-	-	13,722
Private equity pools	1,915	11,889	-	24,497,949
International equities	1,260	11,230	-	17,873,134
Absolute return	1,749	9,703	-	11,617,318
Mutual funds	-	-	837,774	1,164,763
Pooled investment funds	-	-	10,712,121	14,685,960
Separate accounts	-	-	2,082,770	2,883,203
Real return	560	6,713	-	10,745,312
Securities lending collateral	444	2,273	-	3,333,415
Total Assets	15,759	77,476	13,861,925	142,599,741
LIABILITIES				
Accounts payable and other liabilities	53	31	2,088	332,026
Amounts due to other funds	-	-	-	2
Obligations under security lending	444	2,273	-	3,333,415
Unearned revenue	7	-	-	11,647
Total Liabilities	504	2,303	2,088	3,677,091
NET POSITION				
Restricted for:				
Pension benefits	-	75,173	11,707,247	108,140,449
Postemployment health-care benefits	15,255	-	-	23,588,448
Deferred compensation participants	-	-	2,152,590	7,193,753
Total Net Position	\$ 15,255	\$ 75,173	\$ 13,859,836	\$ 138,922,650



Michigan

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)**

	STATE OF MICHIGAN 457 PLANS	LEGISLATIVE PENSION BENEFITS FUND	LEGISLATIVE OTHER POSTEMPLOYMENT BENEFITS FUND	STATE POLICE PENSION BENEFITS FUND
ADDITIONS				
Contributions:				
From participants	\$ 515,747	\$ 1	\$ -	\$ 6,285
From employers	92	-	5,435	123,807
From other governmental	-	-	360	-
From other systems	5,363	-	-	-
Total Contributions	<u>521,202</u>	<u>1</u>	<u>5,795</u>	<u>130,091</u>
Investment Income:				
Net increase (decrease) in the fair value of investments	533,611	6,872	1,982	170,447
Interest, dividends, and other Securities lending income	16,029	2,774	1,316	41,025
Securities lending income	-	-	-	3,342
Less Investment Expense:				
Investment activity expense	-	65	31	7,538
Securities lending expense	-	-	-	3,130
Net investment income (loss)	<u>549,640</u>	<u>9,580</u>	<u>3,267</u>	<u>204,146</u>
Miscellaneous income	<u>2,815</u>	<u>304</u>	<u>125</u>	<u>15</u>
Total Additions	<u>1,073,658</u>	<u>9,885</u>	<u>9,186</u>	<u>334,252</u>
DEDUCTIONS				
Benefits paid to participants or beneficiaries	123,871	14,839	-	183,118
Medical, dental, and life insurance for retirants	-	450	6,348	-
Refunds and transfers to other systems	152,832	32	-	213
Administrative and other expenses	8,424	329	156	757
Total Deductions	<u>285,127</u>	<u>15,650</u>	<u>6,504</u>	<u>184,088</u>
Change in net position	788,531	(5,765)	2,683	150,164
Net position - Beginning of fiscal year	4,252,633	89,650	42,513	2,085,112
Adjustments and restatements (Note 4)	-	-	-	(14,141)
Net position - End of fiscal year	<u>\$ 5,041,164</u>	<u>\$ 83,885</u>	<u>\$ 45,196</u>	<u>\$ 2,221,134</u>

Michigan

STATE POLICE OTHER POSTEMPLOYMENT BENEFITS FUND	STATE EMPLOYEES' PENSION BENEFITS FUND	STATE EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND	PUBLIC SCHOOL EMPLOYEES' PENSION BENEFITS FUND	PUBLIC SCHOOL EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND	JUDGES' PENSION BENEFITS FUND
\$ -	\$ 13,243	\$ -	\$ 493,216	\$ 196,481	\$ 149
44,743	757,453	261,196	4,408,613	107,423	899
7,258	-	172,266	-	2,195,988	-
-	-	-	-	-	-
<u>52,002</u>	<u>770,696</u>	<u>433,463</u>	<u>4,901,829</u>	<u>2,499,892</u>	<u>1,048</u>
38,926	1,149,991	548,241	6,032,199	1,061,607	17,613
9,917	263,705	124,193	1,316,439	315,121	6,616
788	19,056	8,957	100,479	29,988	604
1,760	54,437	25,265	279,659	54,595	918
738	17,690	8,329	93,455	28,363	569
<u>47,134</u>	<u>1,360,625</u>	<u>647,798</u>	<u>7,076,003</u>	<u>1,323,759</u>	<u>23,347</u>
<u>33</u>	<u>1,435</u>	<u>89</u>	<u>602</u>	<u>2,824</u>	<u>67</u>
<u>99,168</u>	<u>2,132,756</u>	<u>1,081,350</u>	<u>11,978,434</u>	<u>3,826,475</u>	<u>24,462</u>
-	1,512,016	-	5,773,628	-	25,165
46,214	-	517,021	-	2,478,756	-
-	118	2,202	30,055	284	-
843	6,057	12,893	26,126	190,072	337
<u>47,056</u>	<u>1,518,191</u>	<u>532,115</u>	<u>5,829,809</u>	<u>2,669,112</u>	<u>25,502</u>
52,112	614,565	549,235	6,148,624	1,157,363	(1,041)
485,081	14,565,091	6,774,223	72,507,570	14,552,210	275,717
<u>(6,557)</u>	<u>(57,515)</u>	<u>(35,669)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 530,635</u>	<u>\$ 15,122,140</u>	<u>\$ 7,287,788</u>	<u>\$ 78,656,194</u>	<u>\$ 15,709,574</u>	<u>\$ 274,677</u>

This statement continued on next page.

Michigan

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS (Continued)**
FISCAL YEAR ENDED SEPTEMBER 30, 2025
(In Thousands)

	JUDGES' OTHER POSTEMPLOYMENT BENEFITS FUND	MILITARY PENSION BENEFITS FUND	STATE OF MICHIGAN 401K PLANS	TOTALS
ADDITIONS				
Contributions:				
From participants	\$ 110	\$ -	\$ 449,917	\$ 1,675,147
From employers	-	2,771	584,397	6,296,829
From other governmental	191	-	-	2,376,064
From other systems	-	-	29,647	35,010
Total Contributions	<u>300</u>	<u>2,771</u>	<u>1,063,960</u>	<u>10,383,049</u>
Investment Income:				
Net increase (decrease) in the fair value of investments	892	5,593	1,456,064	11,024,038
Interest, dividends, and other	392	1,427	43,286	2,142,240
Securities lending income	21	110	-	163,347
Less Investment Expense:				
Investment activity expense	49	256	-	424,572
Securities lending expense	20	103	-	152,397
Net investment income (loss)	<u>1,237</u>	<u>6,771</u>	<u>1,499,350</u>	<u>12,752,656</u>
Miscellaneous income	<u>16</u>	<u>-</u>	<u>4,423</u>	<u>12,748</u>
Total Additions	<u>1,553</u>	<u>9,542</u>	<u>2,567,734</u>	<u>23,148,452</u>
DEDUCTIONS				
Benefits paid to participants or beneficiaries	-	4,238	316,825	7,953,700
Medical, dental, and life insurance for retirants	510	-	-	3,049,297
Refunds and transfers to other systems	-	-	474,734	660,469
Administrative and other expenses	52	221	22,260	268,528
Total Deductions	<u>562</u>	<u>4,459</u>	<u>813,819</u>	<u>11,931,994</u>
Change in net position	990	5,083	1,753,915	11,216,458
Net position - Beginning of fiscal year	14,265	70,090	12,146,096	127,860,249
Adjustments and restatements (Note 4)	<u>-</u>	<u>-</u>	<u>(40,174)</u>	<u>(154,057)</u>
Net position - End of fiscal year	<u>\$ 15,255</u>	<u>\$ 75,173</u>	<u>\$ 13,859,836</u>	<u>\$ 138,922,650</u>

PRIVATE-PURPOSE TRUST FUNDS

MICHIGAN EDUCATION SAVINGS PROGRAM

Michigan Compiled Laws Section 390.1473 established the Michigan Education Savings Program (MESP) as an entity within the Department of Treasury. MESP operates a college savings plan authorized by section 529 of the Internal Revenue Code. The plan is designed to collect and invest deposits made by contributors for purposes of financing qualified higher education expenses on behalf of future students. Investment earnings, held in trust by MESP, are Federal and State tax-deferred and 100 percent tax-free for qualified higher education withdrawals. The State offers a tax deduction for contributions made each year.

OTHER PRIVATE-PURPOSE TRUST FUNDS

The other private-purpose trust funds are made up of smaller individual private-purpose trust funds that are not large enough to warrant separate presentation.

Michigan

COMBINING STATEMENT OF FIDUCIARY NET POSITION

PRIVATE-PURPOSE TRUST FUNDS

SEPTEMBER 30, 2025

(In Thousands)

	<u>MICHIGAN EDUCATION SAVINGS PROGRAM</u>	<u>OTHER PRIVATE- PURPOSE TRUST FUNDS</u>	<u>TOTALS</u>
ASSETS			
Cash	\$ 5,813	\$ -	\$ 5,813
Equity in common cash	-	807	807
Receivables	1,013	300	1,313
Investments at Fair Value:			
Mutual funds	8,883,070	-	8,883,070
Guaranteed funding agreements	<u>1,876,353</u>	<u>-</u>	<u>1,876,353</u>
Total Assets	<u>10,766,249</u>	<u>1,107</u>	<u>10,767,356</u>
LIABILITIES			
Accounts payable and other liabilities	<u>8,900</u>	<u>-</u>	<u>8,900</u>
Total Liabilities	<u>8,900</u>	<u>-</u>	<u>8,900</u>
NET POSITION			
Restricted for individuals, organizations, and other governments	<u>\$ 10,757,349</u>	<u>\$ 1,107</u>	<u>\$ 10,758,456</u>

Michigan

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

PRIVATE-PURPOSE TRUST FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

	MICHIGAN EDUCATION SAVINGS PROGRAM	OTHER PRIVATE- PURPOSE TRUST FUNDS	TOTALS
ADDITIONS			
Contributions:			
From participants	\$ 917,032	\$ -	\$ 917,032
Total Contributions	917,032	-	917,032
Investment Income:			
Net increase (decrease) in the fair value of investments	700,417	-	700,417
Interest, dividends, and other	305,579	35	305,614
Net investment income (loss)	1,005,996	35	1,006,030
Total Additions	1,923,028	35	1,923,063
DEDUCTIONS			
Benefits paid to participants or beneficiaries	894,795	-	894,795
Administrative expense	11,729	-	11,729
Total Deductions	906,524	-	906,524
Change in net position	1,016,504	34	1,016,538
Net position - Beginning of fiscal year	9,740,845	1,072	9,741,917
Net position - End of fiscal year	<u>\$ 10,757,349</u>	<u>\$ 1,107</u>	<u>\$ 10,758,456</u>



CUSTODIAL FUNDS

INSURANCE CARRIER DEPOSITS FUND

This fund was administratively established to account for deposits held by the State Treasurer on behalf of insurance carriers who are licensed or authorized to write insurance in the State and are required by Michigan Compiled Laws Section 500.411 to provide such deposits. All deposits are in the form of various securities and other acceptable assets.

CITY INCOME TAX – TRUST FUND

Michigan Compiled Laws Sections 141.501 – 141.787 created the City Income Tax – Trust Fund and allow a city that imposes a city income tax, pursuant to the City Income Tax Act as amended, to enter into an agreement with the Department of Treasury under which the Department of Treasury shall administer, enforce, and collect the city income tax on behalf of the city. City income taxes, interest, penalties, and collection fees collected under an agreement entered into pursuant to the above shall be kept in the City Income Tax – Trust Fund and shall be paid to the city, except that an amount of the taxes collected as determined in the agreement may be retained by the Department of Treasury to cover the cost of collection and administration and that the amount shall be deposited into the State General Fund.

CHILD SUPPORT COLLECTION FUND

This fund was administratively established to account for the activity of the Michigan State Disbursement Unit (MISDU). MISDU, administered by the Department of Health and Human Services, was created to provide a single location within the State for the receipt and disbursement of child support payments.

ESCHEATS FUND

The Escheats Fund operates under the authority of Sections 567.221 – 567.265 of the Michigan Compiled Laws and is used to account for unclaimed property held by the State until claimed by the rightful owners. All property, including any income or increment derived from the property, is subject to the custody of (escheated to) the State when certain criteria contained within the laws are met. Proceeds of the fund pay the administrative costs and prompt claims allowed under the laws.

PRISONER ACCOUNTS FUND

The Prisoner Accounts Fund was administratively created to account for the personal funds of prisoners incarcerated and housed within Michigan Department of Corrections (MDOC) facilities. MDOC processes all financial transaction activity for this fund including deposits, disbursements, and collection of court ordered charges, fees, restitution, and child support.

OTHER CUSTODIAL FUNDS

The Other Custodial Funds are made up of smaller individual custodial funds that are not large enough to warrant separate presentation.

Michigan

COMBINING STATEMENT OF FIDUCIARY NET POSITION

CUSTODIAL FUNDS

SEPTEMBER 30, 2025

(In Thousands)

	INSURANCE CARRIER DEPOSITS FUND	CITY INCOME TAX - TRUST FUND	CHILD SUPPORT COLLECTION FUND
ASSETS			
Cash	\$ -	\$ 12	\$ 41,163
Equity in common cash	4,491	6,633	-
Receivables:			
Taxes, interest, and penalties	-	75,867	-
Other	-	-	58
Other assets	246,620	-	-
Total Assets	251,111	82,511	41,221
LIABILITIES			
Accounts payable and other liabilities	4,175	82,511	39,684
Amounts due to other funds	-	-	1,537
Total Liabilities	4,175	82,511	41,221
NET POSITION			
Restricted for individuals, organizations, and other governments	\$ 246,936	\$ -	\$ -

Michigan

ESCHEATS FUND	PRISONER ACCOUNTS FUND	OTHER CUSTODIAL FUNDS	TOTALS
\$ -	\$ 1	\$ 11	\$ 41,186
207,029	11,748	7,317	237,218
-	-	-	75,867
-	269	4	331
8,568	-	-	255,188
<u>215,597</u>	<u>12,018</u>	<u>7,332</u>	609,789
12,594	5,515	3,136	147,616
-	-	-	1,537
<u>12,594</u>	<u>5,515</u>	<u>3,136</u>	149,153
<u><u>\$ 203,002</u></u>	<u><u>\$ 6,502</u></u>	<u><u>\$ 4,196</u></u>	<u><u>\$ 460,636</u></u>

Michigan

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

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

	INSURANCE CARRIER DEPOSITS FUND	CITY INCOME TAX - TRUST FUND	CHILD SUPPORT COLLECTION FUND
ADDITIONS			
Investment Income:			
Interest, dividends and other	\$ 7,700	\$ 773	\$ -
Net investment income (loss)	7,700	773	-
Other Additions:			
Child support receipts	-	-	1,305,011
City income tax collections	-	402,691	-
Collateral deposits and related additions	67,423	-	-
Escheated property	-	-	-
Prisoner deposits	-	-	-
Transfers from other funds	-	-	-
Other additions and miscellaneous income	-	-	-
Total Other Additions	67,423	402,691	1,305,011
Total Additions	75,123	403,464	1,305,011
DEDUCTIONS			
Child support distributions	-	-	1,305,011
City income tax distributions	-	403,464	-
Collateral disbursements and related deductions	75,529	-	-
Escheated property distributions	-	-	-
Prisoner disbursements	-	-	-
Miscellaneous deductions	-	-	-
Administrative expense	-	-	-
Transfers to other funds	-	-	-
Total Deductions	75,529	403,464	1,305,011
Change in net position	(406)	-	-
Net position - Beginning of fiscal year	247,342	-	-
Net position - End of fiscal year	\$ 246,936	\$ -	\$ -

Michigan

ESCHEATS FUND	PRISONER ACCOUNTS FUND	OTHER CUSTODIAL FUNDS	TOTALS
\$ -	\$ -	\$ 102	\$ 8,575
-	-	102	8,575
-	-	-	1,305,011
-	-	-	402,691
-	-	-	67,423
495,874	-	-	495,874
-	46,255	-	46,255
-	-	20	20
82	-	9,031	9,113
495,956	46,255	9,051	2,326,388
495,956	46,255	9,153	2,334,963
-	-	-	1,305,011
-	-	-	403,464
-	-	-	75,529
161,619	-	-	161,619
-	46,762	-	46,762
-	-	6,388	6,388
-	-	7	7
336,573	-	1,042	337,615
498,192	46,762	7,437	2,336,394
(2,235)	(507)	1,716	(1,432)
205,238	7,009	2,480	462,068
\$ 203,002	\$ 6,502	\$ 4,196	\$ 460,636





COMPONENT UNITS – AUTHORITIES

FARM PRODUCE INSURANCE AUTHORITY

Michigan Compiled Laws (MCL) Section 285.315 created the Farm Produce Insurance Authority (FPIA) as a public body corporate. Operating under Sections 285.311 – 285.331 of the MCL, FPIA is governed and administered by a ten-member board of directors. FPIA administers a program in which producers of dry beans, wheat, soybeans, or corn may contribute to the Farm Produce Insurance Fund, a percentage of their net proceeds from all farm produce sold by the producer to a licensee in this State. Under this program the producer may recover from the fund for losses caused by the licensed grain dealer's financial failure.

MACKINAC BRIDGE AUTHORITY

Michigan Compiled Laws (MCL) Section 254.302 created the Mackinac Bridge Authority (MBA). MCL Section 254.314 empowered MBA to construct and operate a bridge between the lower and upper peninsulas of Michigan. Tolls, fees, and earnings on investments finance the operation and maintenance of the bridge. State statutes require that MBA continue charging bridge tolls and repay State funds for all the subsidies provided in prior years.

MACKINAC ISLAND STATE PARK COMMISSION

Established in 1895 under Public Act 222 of 1895, the Mackinac Island State Park Commission currently operates under Sections 324.76501 – 324.77901 of the Michigan Compiled Laws. The Governor, with the advice and consent of the Senate, appoints the seven-member commission. The Commission is responsible for the management of the Mackinac Island, Michilimackinac, and Mill Creek State Parks and has the authority to issue revenue-dedicated bonds.

MICHIGAN EARLY CHILDHOOD INVESTMENT CORPORATION

The Michigan Early Childhood Investment Corporation was created by an interlocal agreement between the Department of Health and Human Services and participating intermediate school districts. The interlocal agreement was entered into pursuant to Sections 124.501 – 124.512 of the Michigan Compiled Laws. In 2018, the interlocal agreement was first amended and restated between the Department of Education and participating intermediate school districts, and pursuant to Executive Order 2023-6 was transferred in 2025 to the Department of Lifelong Education, Advancement, and Potential. The Corporation's primary objective is to administer activities related to early childhood development.

The governing body of each participant shall appoint one member of the Corporation Board to serve at the will of the participant. The Corporation Board will also include 15 members appointed by the Governor and the State Superintendent or his or her designee from within the Department. The Corporation will have an Executive Committee of 15 members of the Corporation Board. The members of the Executive Committee will include the State Superintendent, or his or her designated representative from within the Department serving as a member of the Corporation Board, and 14 members of the Corporation Board appointed by the Governor. The members of the Executive Committee appointed by the Governor must include at least one of the members of the Corporation Board appointed by a Participant. The Executive Committee shall exercise the powers of the Corporation.

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

The Michigan Economic Development Corporation (MEDC) is a public body corporate created pursuant to an agreement authorized under the Urban Cooperation Act of 1967 and Sections 124.501 – 124.512 of the Michigan Compiled Laws (MCL). MEDC was created by an interlocal agreement, as amended and restated, between participating local economic development organizations formed under the Economic Development Corporations Act, 125.1601 – 125.1636 of the MCL and the Michigan Strategic Fund. The MEDC is a separate legal entity whose purpose is to stimulate, coordinate and advance economic development in the State. Under the terms of the interlocal agreement, the governance of MEDC resides in an executive committee of 20 members appointed to eight-year, staggered terms before May 1, 2019, and for four-year terms after April 30, 2019.

MICHIGAN EDUCATION TRUST

The Michigan Education Trust (MET) operates a prepaid tuition program authorized by section 529 of the Internal Revenue Code. A purchaser enters into a contract with MET which provides that in return for a specified actuarially determined payment, MET will provide a Michigan child's undergraduate tuition at any Michigan public university or community college. The amount the purchaser is required to pay is based on several factors, among them are tuition costs, the child's age and grade in school, anticipated investment earnings, tuition rate increases, and the type of contract purchased.

Michigan Compiled Laws Section 390.1425, the Michigan Education Trust Act, created MET. MET is governed by a nine-member board that consists of the State Treasurer and eight other individuals appointed by the Governor with the advice and consent of the Senate. Although MET is administratively located within the Michigan Department of Treasury, the law provides its assets are not to be considered assets of the State and are not to be loaned or otherwise transferred or used by the State for any purpose other than the purposes specified in the law. The law and contracts also specifically provide that the State is not liable if MET becomes actuarially unsound. In that event, the contracts provide for refunds to participants.

MICHIGAN VETERANS' FACILITY AUTHORITY

Michigan Compiled Laws (MCL) Section 36.103 created the Michigan Veterans' Facility Authority (MVFA) to provide general oversight and governance of Michigan veteran homes and veterans' facilities. MVFA is a public body corporate and politic administered under the supervision of the Department of Military and Veterans Affairs, but exercises its prescribed statutory powers, duties, and functions independently of the department as an autonomous entity governed by a ten-member board.

STATE BAR OF MICHIGAN

The State Bar of Michigan is an association of lawyers who are licensed to practice in Michigan. It is organized as a public body corporate. Its operations are financed solely from member dues and income from member services. The State Bar's budget is the responsibility of its Board of Commissioners, and it is not subject to State of Michigan appropriation procedures.

Pursuant to Supreme Court rule, its purpose is to aid in promoting improvements in the administration of justice and advancements in jurisprudence, in improving relations between the legal profession and the public, and in promoting the interests of the legal profession in this State.

STATE LAND BANK AUTHORITY

Michigan Compiled Laws Section 124.765 and Executive Order 2019-3 established the State Land Bank Authority (SLBA) to assemble or dispose of public property, including tax reverted property, in a coordinated manner to foster the development of the property and to promote economic growth within the State. SLBA receives public properties, undertakes expedited action to clear their titles, and then ensures the properties' redevelopment.

VENTURE MICHIGAN FUND

The Venture Michigan Fund (VMF) was formed as a nonprofit corporation for the purpose of qualifying as a Michigan early-stage venture investment corporation as authorized by Sections 125.2231 – 125.2263 of the Michigan Compiled Laws. VMF was organized to raise capital and invest that capital in venture capital firms with the intent of benefiting Michigan's seed or early-stage businesses in order to promote the economic health of the State of Michigan. VMF is governed by a board of directors consisting of the State Treasurer, the Chief Executive Officer of the Michigan Economic Development Corporation, and five other directors appointed by the Governor with the advice and consent of the Senate and the House. The Michigan Venture Capital Association also has the option to appoint one member to the board.

Michigan

COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS - AUTHORITIES
 SEPTEMBER 30, 2025
 (In Thousands)

	FARM PRODUCE INSURANCE AUTHORITY	MACKINAC BRIDGE AUTHORITY	MACKINAC ISLAND STATE PARK COMMISSION	MICHIGAN EARLY CHILDHOOD INVESTMENT CORPORATION
ASSETS				
Current Assets:				
Cash	\$ 1,145	\$ 814	\$ 9,355	\$ 2,389
Equity in common cash	-	-	-	-
Amounts due from component units	-	-	-	-
Amounts due from primary government	-	-	189	5,126
Amounts due from federal government	-	-	-	314
Amounts due from local units	-	-	-	48
Inventories	-	-	847	-
Investments	1,020	23,723	923	-
Other current assets	158	748	188	46
Total Current Assets	<u>2,322</u>	<u>25,284</u>	<u>11,502</u>	<u>7,923</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	-	-	574	-
Investments	-	-	2,086	-
Investments	7,567	145,961	-	-
Land and property held for resale	-	-	-	-
Capital Assets:				
Land and other non-depreciable assets	-	125	3,561	-
Buildings, equipment, and other depreciable assets	-	17,526	12,307	2,439
Less accumulated depreciation	-	(11,424)	(8,842)	(1,994)
Infrastructure	-	102,967	-	-
Construction in progress	-	-	103	-
Total capital assets	<u>-</u>	<u>109,194</u>	<u>7,129</u>	<u>445</u>
Other noncurrent assets	<u>-</u>	<u>306</u>	<u>2,801</u>	<u>-</u>
Total Noncurrent Assets	<u>7,567</u>	<u>255,461</u>	<u>12,590</u>	<u>445</u>
Total Assets	<u>9,889</u>	<u>280,745</u>	<u>24,092</u>	<u>8,368</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>2,332</u>	<u>1,032</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	12	1,201	172	3,693
Amounts due to component units	-	-	-	-
Amounts due to primary government	-	739	-	-
Bonds and notes payable	-	-	80	-
Interest payable	-	-	13	-
Unearned revenue	-	2,561	641	152
Vendor financing obligations	-	-	-	24
Current portion of other long-term obligations	-	487	-	-
Total Current Liabilities	<u>12</u>	<u>4,989</u>	<u>906</u>	<u>3,870</u>
Long-Term Liabilities:				
Bonds and notes payable	-	-	945	-
Vendor financing obligations	-	-	-	90
Noncurrent portion of other long-term obligations	-	7,266	1,878	-
Total Long-Term Liabilities	<u>-</u>	<u>7,266</u>	<u>2,823</u>	<u>90</u>
Total Liabilities	<u>12</u>	<u>12,254</u>	<u>3,729</u>	<u>3,960</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>7,047</u>	<u>4,775</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	-	109,194	5,944	331
Restricted For:				
Construction and debt service	-	-	2,482	-
Other purposes	-	-	177	839
Unrestricted	9,877	154,582	8,016	3,239
Total Net Position	<u>\$ 9,877</u>	<u>\$ 263,776</u>	<u>\$ 16,619</u>	<u>\$ 4,408</u>

Michigan

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION	MICHIGAN EDUCATION TRUST	MICHIGAN VETERANS' FACILITY AUTHORITY	STATE BAR OF MICHIGAN	STATE LAND BANK AUTHORITY	VENTURE MICHIGAN FUND	TOTALS
\$ 57,294	\$ 25,411	\$ 737	\$ 1,633	\$ -	\$ 150,718	\$ 249,495
663,597	-	9,315	-	19,857	-	692,768
4,658	-	-	-	-	-	4,658
4,174	2,109	-	-	-	-	11,598
1,132	-	8,220	-	-	-	9,666
-	-	-	-	-	-	48
-	-	-	-	-	-	847
2,995	79,993	-	13,534	-	-	122,188
569	6,849	926	807	1,383	-	11,672
<u>734,419</u>	<u>114,362</u>	<u>19,197</u>	<u>15,974</u>	<u>21,240</u>	<u>150,718</u>	<u>1,102,941</u>
-	-	-	-	-	-	574
-	-	-	5,010	-	-	7,096
89,942	1,067,287	-	4,867	-	105,064	1,420,688
-	-	-	-	4,748	-	4,748
100	-	5,399	381	-	-	9,566
18,650	-	1,653	12,709	-	-	65,284
(13,902)	-	(1,132)	(10,019)	-	-	(47,314)
-	-	-	-	-	-	102,967
-	-	-	40	-	-	143
<u>4,848</u>	<u>-</u>	<u>5,919</u>	<u>3,111</u>	<u>-</u>	<u>-</u>	<u>130,646</u>
<u>4,803</u>	<u>11,534</u>	<u>23</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,467</u>
<u>99,593</u>	<u>1,078,822</u>	<u>5,943</u>	<u>12,988</u>	<u>4,748</u>	<u>105,064</u>	<u>1,583,219</u>
<u>834,011</u>	<u>1,193,184</u>	<u>25,140</u>	<u>28,961</u>	<u>25,988</u>	<u>255,782</u>	<u>2,686,160</u>
<u>4,615</u>	<u>1,076</u>	<u>31,463</u>	<u>894</u>	<u>506</u>	<u>-</u>	<u>41,917</u>
43,293	-	5,031	1,412	365	163	55,343
327	-	-	-	-	-	327
1,589	-	465	-	15	-	2,809
-	-	-	-	-	-	80
-	-	-	-	-	-	13
-	-	23	2,356	451	-	6,186
515	-	36	46	-	-	622
2,183	55,224	1,821	-	84	-	59,799
<u>47,907</u>	<u>55,224</u>	<u>7,377</u>	<u>3,815</u>	<u>915</u>	<u>163</u>	<u>125,177</u>
-	-	-	-	-	-	945
482	-	82	77	-	-	730
14,210	545,479	42,015	209	1,437	4,153	616,647
<u>14,692</u>	<u>545,479</u>	<u>42,097</u>	<u>286</u>	<u>1,437</u>	<u>4,153</u>	<u>618,323</u>
<u>62,600</u>	<u>600,703</u>	<u>49,473</u>	<u>4,101</u>	<u>2,352</u>	<u>4,315</u>	<u>743,500</u>
<u>9,040</u>	<u>2,026</u>	<u>31,977</u>	<u>1,221</u>	<u>1,320</u>	<u>-</u>	<u>57,406</u>
4,848	-	5,802	2,988	-	-	129,106
-	-	-	-	-	-	2,482
-	591,531	11,837	4,562	-	-	608,945
762,138	-	(42,486)	16,984	22,821	251,467	1,186,638
<u>\$ 766,986</u>	<u>\$ 591,531</u>	<u>\$ (24,848)</u>	<u>\$ 24,534</u>	<u>\$ 22,821</u>	<u>\$ 251,467</u>	<u>\$ 1,927,172</u>

Michigan

COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
 FISCAL YEAR ENDED SEPTEMBER 30, 2025
 (In Thousands)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS	NET (EXPENSE) REVENUE
Farm Produce Insurance Authority	\$ 490	\$ 351	\$ -	\$ -	\$ (139)
Mackinac Bridge Authority	14,383	24,429	-	-	10,046
Mackinac Island State Park Commission	4,896	6,127	98	3,795	5,123
Michigan Early Childhood Investment Corporation	22,238	197	22,822	-	781
Michigan Economic Development Corporation	550,004	-	329,187	-	(220,817)
Michigan Education Trust	17,956	2,838	91,020	-	75,902
Michigan Veterans' Facility Authority	96,544	6,118	53,192	852	(36,381)
State Bar of Michigan	14,426	15,531	-	-	1,105
State Land Bank Authority	1,864	-	-	-	(1,864)
Venture Michigan Fund	152	-	-	-	(152)
Total	<u>\$ 722,952</u>	<u>\$ 55,590</u>	<u>\$ 496,319</u>	<u>\$ 4,647</u>	<u>\$ (166,396)</u>

Michigan

GENERAL REVENUES

INTEREST AND INVESTMENT EARNINGS (LOSS)	PAYMENTS FROM STATE OF MICHIGAN	OTHER	CHANGE IN NET POSITION	NET POSITION BEGINNING OF YEAR	RESTATEMENTS (NOTE 4)	NET POSITION END OF YEAR
\$ 508	\$ -	\$ -	\$ 370	\$ 9,507	\$ -	\$ 9,877
4,438	(250)	-	14,234	249,542	-	263,776
174	-	-	5,297	11,322	-	16,619
42	-	12	835	3,574	-	4,408
10,077	20,620	2,762	(187,357)	956,475	(2,131)	766,986
-	-	-	75,902	515,629	-	591,531
151	52,092	6	15,868	(38,965)	(1,751)	(24,848)
1,385	-	(4)	2,486	22,067	(19)	24,534
735	2,028	2,440	3,339	19,668	(186)	22,821
2,873	-	-	2,721	248,746	-	251,467
<u>\$ 20,384</u>	<u>\$ 74,490</u>	<u>\$ 5,215</u>	<u>\$ (66,306)</u>	<u>\$ 1,997,565</u>	<u>\$ (4,087)</u>	<u>\$ 1,927,172</u>



COMPONENT UNITS – STATE UNIVERSITIES

The State has 13 legally separate public universities, 10 of which are included in this report as component units and 3 of which are excluded. Included are the 10 universities whose governing boards are appointed by the Governor and for which the State is legally accountable, as prescribed by the Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, as amended. Excluded are those three that have governing boards whose members are elected by the voters and, therefore, considered separate special purpose governments. The three that are excluded are the largest public universities: Michigan State University, University of Michigan, and Wayne State University. Also excluded are the public community colleges, for which local units of government are legally accountable.

The information presented in this report for the 10 universities is based upon their separately issued financial statements for the fiscal year ended on June 30, 2025. The universities include Western Michigan University presented as a major component unit and the following non-major component units: Central Michigan University, Eastern Michigan University, Ferris State University, Grand Valley State University, Lake Superior State University, Michigan Technological University, Northern Michigan University, Oakland University, and Saginaw Valley State University.

Michigan

COMBINING STATEMENT OF NET POSITION NON-MAJOR COMPONENT UNITS - STATE UNIVERSITIES

JUNE 30, 2025

(In Thousands)

	CENTRAL MICHIGAN UNIVERSITY	EASTERN MICHIGAN UNIVERSITY	FERRIS STATE UNIVERSITY	GRAND VALLEY STATE UNIVERSITY
ASSETS				
Current Assets:				
Cash	\$ 61,874	\$ 12,764	\$ 3,624	\$ 87,415
Amounts due from component units	-	-	-	-
Amounts due from primary government	66,718	21,233	12,377	100,914
Amounts due from federal government	3,706	1,271	253	9,267
Amounts due from local units	-	-	-	-
Inventories	2,446	232	1,108	1,516
Investments	3,082	-	34,136	59,084
Other current assets	33,824	34,727	8,992	22,839
Total Current Assets	<u>171,649</u>	<u>70,226</u>	<u>60,489</u>	<u>281,034</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	-	-	14,254	-
Investments	-	152,294	150,997	4,087
Mortgages and loans receivable	-	-	5,580	183
Mortgages and loans receivable	-	513	-	-
Investments	567,604	58,252	89,699	493,423
Capital Assets:				
Land and other non-depreciable assets	14,826	11,481	6,597	84,013
Buildings, equipment, and other depreciable assets	1,108,048	1,190,778	617,044	1,276,973
Less accumulated depreciation	(618,574)	(434,475)	(271,886)	(583,711)
Construction in progress	12,395	33,983	13,074	22,799
Total capital assets	<u>516,695</u>	<u>801,767</u>	<u>364,829</u>	<u>800,075</u>
Other noncurrent assets	79,812	29,460	34,784	25,437
Total Noncurrent Assets	<u>1,164,111</u>	<u>1,042,286</u>	<u>660,143</u>	<u>1,323,205</u>
Total Assets	<u>1,335,761</u>	<u>1,112,511</u>	<u>720,633</u>	<u>1,604,240</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>1,520</u>	<u>22,312</u>	<u>2,865</u>	<u>7,477</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	79,779	50,102	19,486	119,433
Amounts due to primary government	119	71	-	22
Bonds and notes payable	8,316	4,295	7,483	16,014
Interest payable	1,316	5,009	863	1,173
Unearned revenue	34,327	20,764	10,153	27,593
Vendor financing obligations	6,117	1,750	358	5,517
Current portion of other long-term obligations	1,429	446	-	10,126
Total Current Liabilities	<u>131,404</u>	<u>82,438</u>	<u>38,343</u>	<u>179,878</u>
Long-Term Liabilities:				
Unearned revenue	-	136,848	872	883
Bonds and notes payable	128,540	332,983	125,024	184,210
Vendor financing obligations	9,039	3,807	387	14,369
Noncurrent portion of other long-term obligations	18,827	42,165	7,806	33,739
Total Long-Term Liabilities	<u>156,405</u>	<u>515,802</u>	<u>134,088</u>	<u>233,201</u>
Total Liabilities	<u>287,809</u>	<u>598,240</u>	<u>172,431</u>	<u>413,079</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>40,312</u>	<u>232,199</u>	<u>14,915</u>	<u>25,401</u>
NET POSITION				
Net investment in capital assets	354,510	296,840	271,482	583,578
Restricted For:				
Education	27,766	-	11,924	25,758
Construction and debt service	26,050	-	-	8,677
Other purposes	56,165	84,415	36,863	-
Funds Held as Permanent Investments:				
Expendable	85,190	29,460	53,119	126,681
Nonexpendable	86,522	73,375	72,232	104,189
Unrestricted	372,957	(179,706)	90,530	324,354
Total Net Position	<u>\$ 1,009,160</u>	<u>\$ 304,384</u>	<u>\$ 536,151</u>	<u>\$ 1,173,237</u>

Michigan

LAKE SUPERIOR STATE UNIVERSITY	MICHIGAN TECHNOLOGICAL UNIVERSITY	NORTHERN MICHIGAN UNIVERSITY	OAKLAND UNIVERSITY	SAGINAW VALLEY STATE UNIVERSITY	TOTALS
\$ 10,174	\$ 27,578	\$ 27,461	\$ 45,005	\$ 70,982	\$ 346,876
-	-	151	-	-	151
3,076	12,806	21,134	13,551	24,596	276,404
476	2,147	5,709	4,837	558	28,223
-	-	2	89	-	91
373	1,228	922	541	114	8,480
6,744	-	5,056	-	48	108,149
3,968	24,694	13,564	26,900	13,345	182,851
<u>24,810</u>	<u>68,453</u>	<u>73,999</u>	<u>90,922</u>	<u>109,643</u>	<u>951,226</u>
-	28,640	-	74	1,357	44,325
44,005	222,558	-	140,621	-	714,562
1,001	-	-	842	-	7,606
-	1,807	336	-	-	2,656
-	33,172	190,811	279,367	161,505	1,873,832
3,929	17,280	83,360	8,658	2,451	232,596
218,176	534,604	540,610	1,112,389	507,693	7,106,315
(146,302)	(280,391)	(269,432)	(481,809)	(233,344)	(3,319,925)
47	73,943	41,746	43,623	29,277	270,888
<u>75,850</u>	<u>345,436</u>	<u>396,284</u>	<u>682,862</u>	<u>306,077</u>	<u>4,289,874</u>
<u>7,200</u>	<u>51,012</u>	<u>31,634</u>	<u>5,381</u>	<u>7,164</u>	<u>271,884</u>
<u>128,055</u>	<u>682,626</u>	<u>619,064</u>	<u>1,109,146</u>	<u>476,103</u>	<u>7,204,739</u>
<u>152,865</u>	<u>751,079</u>	<u>693,064</u>	<u>1,200,068</u>	<u>585,746</u>	<u>8,155,965</u>
<u>94</u>	<u>1,081</u>	<u>1,494</u>	<u>6,202</u>	<u>2,540</u>	<u>45,584</u>
2,396	22,340	33,903	31,288	29,222	387,948
132	409	960	640	-	2,354
1,754	4,401	6,188	16,320	6,167	70,938
530	1,954	-	4,617	-	15,461
763	8,109	9,461	29,785	4,360	145,315
491	1,841	1,402	2,115	2,333	21,924
520	2,696	2,420	2,449	100	20,187
<u>6,586</u>	<u>41,750</u>	<u>54,334</u>	<u>87,214</u>	<u>42,181</u>	<u>664,128</u>
-	-	-	4,381	1,774	144,757
32,920	177,041	86,222	324,679	56,328	1,447,945
667	457	1,611	1,930	8,829	41,097
688	13,981	6,795	33,844	4,456	162,301
<u>34,276</u>	<u>191,479</u>	<u>94,629</u>	<u>364,833</u>	<u>71,388</u>	<u>1,796,101</u>
<u>40,861</u>	<u>233,229</u>	<u>148,962</u>	<u>452,048</u>	<u>113,569</u>	<u>2,460,229</u>
<u>4,741</u>	<u>25,736</u>	<u>72,166</u>	<u>17,720</u>	<u>906</u>	<u>434,095</u>
40,237	185,438	232,161	328,871	235,100	2,528,218
32,796	48,357	3,657	40,845	8,772	199,875
5,958	-	-	315	4	41,005
6,236	25,543	-	-	6,971	216,193
4,231	61,776	40,878	43,894	38,886	484,115
15,567	133,361	55,659	62,027	68,956	671,887
2,332	38,720	141,074	260,549	115,123	1,165,933
<u>\$ 107,357</u>	<u>\$ 493,194</u>	<u>\$ 473,429</u>	<u>\$ 736,502</u>	<u>\$ 473,811</u>	<u>\$ 5,307,226</u>

Michigan

COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - STATE UNIVERSITIES
 FISCAL YEAR ENDED JUNE 30, 2025
 (In Thousands)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS	NET (EXPENSE) REVENUE
Central Michigan University	483,121	334,413	56,381	29,320	(63,007)
Eastern Michigan University	405,025	208,652	35,004	5,950	(155,419)
Ferris State University	260,384	145,006	24,210	-	(91,168)
Grand Valley State University	573,691	351,856	63,169	10,409	(148,258)
Lake Superior State University	51,967	19,300	16,491	697	(15,479)
Michigan Technological University	345,211	160,706	114,596	9,746	(60,164)
Northern Michigan University	199,329	120,741	21,039	3,325	(54,224)
Oakland University	387,326	248,209	54,845	34	(84,238)
Saginaw Valley State University	166,413	93,308	10,682	12,474	(49,950)
Total	<u>\$ 2,872,467</u>	<u>\$ 1,682,189</u>	<u>\$ 396,416</u>	<u>\$ 71,956</u>	<u>\$ (721,907)</u>

Michigan

GENERAL REVENUES

INTEREST AND INVESTMENT EARNINGS (LOSS)	PAYMENTS FROM STATE OF MICHIGAN	OTHER	EXTRAORDINARY ITEMS	CHANGE IN NET POSITION	NET POSITION BEGINNING OF YEAR	ADJUSTMENTS (NOTE 4)	NET POSITION END OF YEAR
26,247	99,783	24,458	-	87,480	921,679	-	1,009,160
3,442	102,007	26,931	-	(23,038)	327,422	-	304,384
9,740	62,007	44,160	-	24,737	511,414	-	536,151
29,678	99,837	61,984	-	43,241	1,129,995	-	1,173,237
512	15,644	3,089	1,358	5,123	102,525	(292)	107,357
8,402	57,347	8,419	-	14,004	479,191	-	493,194
17,411	56,272	12,625	-	32,085	441,344	-	473,429
30,525	77,636	34,603	-	58,526	677,976	-	736,502
19,932	34,731	18,942	-	23,655	450,156	-	473,811
<u>\$ 145,887</u>	<u>\$ 605,265</u>	<u>\$ 235,211</u>	<u>\$ 1,358</u>	<u>\$ 265,814</u>	<u>\$ 5,041,703</u>	<u>\$ (292)</u>	<u>\$ 5,307,226</u>



INDEX

This part of the State of Michigan’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State’s overall financial health.

<u>CONTENTS:</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the State’s financial performance and well-being have changed over time.	
Net Position by Component	310
Changes in Net Position	312
Fund Balances – Governmental Funds	316
Changes in Fund Balances – Governmental Funds	318
Revenue Capacity	
These schedules contain information to help the reader assess the State’s most significant revenue sources: personal income and sales taxes.	
Personal Income by Industry	320
Taxable Sales by Industry	322
Personal Income Tax Filers and Liability by Income Level	324
Sales Tax Payers by Industry	325
Debt Capacity	
These schedules present information to help the reader assess the affordability of the State’s current levels of outstanding debt and the State’s ability to issue additional debt in the future. The State has no statutory limit on the amount of general obligation debt that may be authorized.	
Ratios of Outstanding Debt by Type	326
Ratios of Net General Obligation Bonded Debt Outstanding	328
Debt Service Coverage – Comprehensive Transportation Fund Related Bonds	330
Debt Service Coverage – State Trunkline Fund Related Bonds	332
Debt Service Coverage – State Building Authority	334
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the State’s financial activities take place.	
Demographic and Economic Indicators	336
Operating Information	
These schedules contain information about the State’s operations and resources to help the reader understand how the information in the State’s financial report relates to the services the State provides and the activities it performs.	
Classified Employees by Function	338
Operating Indicators by Function	340
Capital Assets by Function	344

SOURCES:

Unless otherwise noted, the information in these schedules is derived from the financial statements presented in the annual comprehensive financial reports for the relevant years.

Michigan

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(In Thousands)

(Accrual Basis of Accounting)

	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	\$ 21,162,152	\$ 21,736,440	\$ 21,014,252	\$ 21,599,362
Restricted (2)	3,772,413	4,152,864	4,218,412	4,267,930
Unrestricted (2)	(11,298,822)	(9,848,197)	(14,946,883)	(14,621,279)
Total governmental activities net position	\$ 13,635,744	\$ 16,041,107	\$ 10,285,781	\$ 11,246,012
Business-type activities				
Net investment in capital assets	\$ 1,257	\$ 1,183	\$ 969	\$ 1,058
Restricted	3,526,823	3,994,553	4,525,760	5,006,011
Unrestricted (2)	(19,126)	(21,180)	(80,469)	(70,076)
Total business-type activities net position	\$ 3,508,953	\$ 3,974,556	\$ 4,446,260	\$ 4,936,993
Primary government				
Net investment in capital assets	\$ 21,163,409	\$ 21,737,623	\$ 21,015,221	\$ 21,600,419
Restricted (2)	7,299,236	8,147,417	8,744,173	9,273,941
Unrestricted (2)	(11,317,949)	(9,869,376)	(15,027,352)	(14,691,355)
Total primary government net position	\$ 17,144,696	\$ 20,015,664	\$ 14,732,042	\$ 16,183,005
Reconciliation of net position				
Beginning net position	\$ 17,263,800	\$ 17,144,696	\$ 20,015,664	\$ 14,732,042
Restatement of beginning net position (1) (2)	(1,712,198)	-	(6,999,392)	(24,796)
Beginning net position - restated	15,551,601	17,144,696	13,016,272	14,707,246
Statement of Activities - changes in net position (2)	1,593,095	2,870,968	1,715,770	1,475,759
Ending net position	\$ 17,144,696	\$ 20,015,664	\$ 14,732,042	\$ 16,183,005

- NOTES:
- (1) Beginning in fiscal year 2024, errors identified and corrected during the fiscal year are not presented on the restatement line within the reconciliation section. Rather, all amounts affected by errors are restated as required by Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections.
 - (2) Beginning in fiscal year 2025, net position information is not consistent with prior period information due to the implementation of GASB Statement No. 101, Compensated Absences.

Michigan

2020	2021	2022	2023	2024	2025
\$ 21,305,928	\$ 21,253,248	\$ 21,175,740	\$ 21,352,026	\$ 21,831,178	\$ 23,098,191
5,651,877	8,099,736	11,667,798	12,642,391	12,380,587	12,603,594
(13,636,896)	(9,002,099)	(2,439,521)	(2,792,176)	(1,183,074)	(447,336)
<u>\$ 13,320,910</u>	<u>\$ 20,350,885</u>	<u>\$ 30,404,017</u>	<u>\$ 31,202,241</u>	<u>\$ 33,028,691</u>	<u>\$ 35,254,450</u>
\$ 646	\$ 263	\$ 282	\$ (13)	\$ 337	\$ (13)
1,491,560	1,173,186	1,821,317	2,397,571	2,796,174	2,999,753
(62,509)	(70,236)	(88,614)	(91,021)	(77,691)	(72,397)
<u>\$ 1,429,697</u>	<u>\$ 1,103,214</u>	<u>\$ 1,732,985</u>	<u>\$ 2,306,537</u>	<u>\$ 2,718,820</u>	<u>\$ 2,927,342</u>
\$ 21,306,575	\$ 21,253,511	\$ 21,176,021	\$ 21,352,013	\$ 21,831,515	\$ 23,098,178
7,143,436	9,272,922	13,489,116	15,039,962	15,176,761	15,603,347
(13,699,405)	(9,072,335)	(2,528,135)	(2,883,197)	(1,260,765)	(519,733)
<u>\$ 14,750,607</u>	<u>\$ 21,454,098</u>	<u>\$ 32,137,002</u>	<u>\$ 33,508,778</u>	<u>\$ 35,747,511</u>	<u>\$ 38,181,792</u>
\$ 16,183,005	\$ 14,750,607	\$ 21,454,098	\$ 32,137,002	\$ 33,508,778	\$ 35,747,511
305,808	(20,866)	86,079	(34,468)	-	(413,906)
16,488,813	14,729,740	21,540,177	32,102,534	33,508,778	35,333,605
(1,738,206)	6,724,358	10,596,825	1,406,243	2,238,734	2,848,187
<u>\$ 14,750,607</u>	<u>\$ 21,454,098</u>	<u>\$ 32,137,002</u>	<u>\$ 33,508,778</u>	<u>\$ 35,747,511</u>	<u>\$ 38,181,792</u>

Michigan

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(In Thousands)

(Accrual Basis of Accounting)

	2016	2017	2018	2019
Expenses				
Governmental activities:				
General government (4)	\$ 3,044,493	\$ 2,595,165	\$ 3,334,891	\$ 3,210,082
Education (3) (4)	15,820,773	16,103,374	16,716,468	17,043,470
Health and human services (4)	23,441,412	23,020,839	24,071,364	25,613,513
Public safety and corrections (4)	2,664,726	2,686,252	2,899,797	3,269,546
Conservation, environment, recreation, and agriculture (4)	753,361	783,971	932,250	990,650
Labor, commerce, and regulatory (4)	746,550	890,781	821,050	951,297
Transportation (4)	3,377,660	3,483,622	3,891,092	4,460,862
Tax credits (Note 16)	672,400	696,500	696,100	895,100
Intergovernmental-revenue sharing	1,213,432	1,259,005	1,289,064	1,327,717
Interest on long-term debt	415,468	272,742	287,506	259,781
Total governmental activities	<u>52,150,275</u>	<u>51,792,252</u>	<u>54,939,582</u>	<u>58,022,017</u>
Business-type activities:				
Liquor Purchase Revolving Fund (4)	872,902	903,150	953,854	1,007,701
State Lottery Fund (4)	2,229,995	2,424,850	2,654,651	2,833,493
Attorney Discipline System (4)	5,019	4,898	5,077	5,307
Michigan Unemployment Compensation Funds	914,081	859,638	793,535	785,553
Total business-type activities	<u>4,021,996</u>	<u>4,192,536</u>	<u>4,407,117</u>	<u>4,632,053</u>
Total primary government expenses	<u>\$ 56,172,272</u>	<u>\$ 55,984,788</u>	<u>\$ 59,346,699</u>	<u>\$ 62,654,070</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 658,741	\$ 694,819	\$ 627,297	\$ 683,878
Education	6,947	5,662	24,025	11,462
Health and human services	155,276	159,544	174,607	166,326
Public safety and corrections	169,789	170,323	168,028	167,635
Conservation, environment, recreation, and agriculture	296,694	318,319	360,981	328,642
Labor, commerce, and regulatory	788,169	794,170	789,277	784,214
Transportation	105,108	94,683	134,043	100,933
Operating grants and contributions	20,660,821	20,244,084	20,636,711	21,581,071
Capital grants and contributions	878,642	953,635	863,854	1,014,734
Total governmental activities program revenues	<u>\$ 23,720,187</u>	<u>\$ 23,435,239</u>	<u>\$ 23,778,822</u>	<u>\$ 24,838,895</u>
Business-type activities:				
Charges for services:				
Liquor Purchase Revolving Fund	\$ 1,082,256	\$ 1,123,654	\$ 1,181,472	\$ 1,252,065
State Lottery Fund	3,118,137	3,347,126	3,591,929	3,897,405
Attorney Discipline System	4,045	4,082	4,699	5,334
Michigan Unemployment Compensation Funds	1,383,410	1,291,128	1,276,504	1,207,485
Operating grants and contributions	78,660	74,694	90,410	132,247
Total business-type activities program revenues	<u>5,666,507</u>	<u>5,840,685</u>	<u>6,145,014</u>	<u>6,494,536</u>
Total primary government program revenues	<u>\$ 29,386,694</u>	<u>\$ 29,275,924</u>	<u>\$ 29,923,836</u>	<u>\$ 31,333,430</u>
Net (Expenses)/Revenues				
Governmental activities	\$ (28,430,088)	\$ (28,357,012)	\$ (31,160,759)	\$ (33,183,122)
Business-type activities	<u>1,644,511</u>	<u>1,648,149</u>	<u>1,737,897</u>	<u>1,862,482</u>
Total primary government net expenses	<u>\$ (26,785,577)</u>	<u>\$ (26,708,864)</u>	<u>\$ (29,422,862)</u>	<u>\$ (31,320,640)</u>

Michigan

2020	2021	2022	2023	2024	2025
\$ 2,882,398	\$ 3,200,292	\$ 2,859,202	\$ 3,616,732	\$ 3,448,566	\$ 3,252,190
17,811,957	18,731,172	22,108,424	24,163,699	25,456,173	24,563,920
26,420,104	29,794,548	31,437,130	33,178,243	35,570,625	36,997,033
3,078,647	3,221,781	2,692,790	2,982,786	2,818,855	3,193,587
1,575,468	937,084	927,268	1,597,733	1,428,865	1,842,709
980,383	1,802,776	3,010,768	4,382,541	2,881,374	2,534,635
5,204,891	4,908,241	5,029,633	5,412,310	5,525,429	5,342,976
936,500	884,600	908,800	1,359,010	1,460,000	1,588,000
1,241,267	1,451,332	1,607,907	1,609,884	1,677,953	1,724,436
224,617	255,201	265,752	266,298	337,011	328,079
<u>60,356,232</u>	<u>65,187,027</u>	<u>70,847,674</u>	<u>78,569,236</u>	<u>80,604,849</u>	<u>81,367,565</u>
1,180,694	1,274,106	1,260,303	1,260,661	1,279,801	1,264,935
3,082,442	3,633,130	3,653,269	3,592,001	3,534,319	3,413,908
5,534	5,507	4,923	5,443	5,936	6,181
<u>25,367,742</u>	<u>14,440,513</u>	<u>908,095</u>	<u>739,361</u>	<u>841,008</u>	<u>1,007,642</u>
<u>29,636,413</u>	<u>19,353,255</u>	<u>5,826,589</u>	<u>5,597,465</u>	<u>5,661,063</u>	<u>5,692,665</u>
<u>\$ 89,992,644</u>	<u>\$ 84,540,282</u>	<u>\$ 76,674,263</u>	<u>\$ 84,166,702</u>	<u>\$ 86,265,912</u>	<u>\$ 87,060,231</u>
\$ 632,904	\$ 691,916	\$ 1,166,656	\$ 1,023,168	\$ 1,247,210	\$ 1,059,677
6,312	6,034	9,349	15,223	11,815	13,190
176,825	168,279	162,627	120,098	124,225	125,455
153,967	185,258	159,327	137,429	130,273	131,592
330,842	391,044	387,421	396,636	372,922	396,308
390,859	349,349	364,925	424,266	439,094	498,888
88,316	105,114	109,432	105,942	113,523	120,325
25,735,099	29,864,862	34,644,381	33,496,506	33,653,270	33,864,839
1,187,137	981,719	1,068,229	1,308,592	1,371,830	1,826,036
<u>\$ 28,702,263</u>	<u>\$ 32,743,575</u>	<u>\$ 38,072,347</u>	<u>\$ 37,027,860</u>	<u>\$ 37,464,162</u>	<u>\$ 38,036,309</u>
\$ 1,459,240	\$ 1,587,738	\$ 1,586,516	\$ 1,561,901	\$ 1,572,881	\$ 1,535,382
4,256,618	5,057,975	4,911,450	4,939,122	4,777,158	4,587,158
5,336	5,365	5,311	6,133	6,093	6,089
21,748,077	14,001,625	1,475,694	1,309,725	1,267,680	1,156,123
137,422	14,159	768	61,101	109,352	104,916
<u>27,606,694</u>	<u>20,666,862</u>	<u>7,979,738</u>	<u>7,877,982</u>	<u>7,733,166</u>	<u>7,389,668</u>
<u>\$ 56,308,956</u>	<u>\$ 53,410,437</u>	<u>\$ 46,052,086</u>	<u>\$ 44,905,842</u>	<u>\$ 45,197,328</u>	<u>\$ 45,425,976</u>
\$ (31,653,969)	\$ (32,443,452)	\$ (32,775,326)	\$ (41,541,377)	\$ (43,140,687)	\$ (43,331,257)
(2,029,719)	1,313,606	2,153,149	2,280,517	2,072,103	1,697,002
<u>\$ (33,683,688)</u>	<u>\$ (31,129,846)</u>	<u>\$ (30,622,177)</u>	<u>\$ (39,260,860)</u>	<u>\$ (41,068,584)</u>	<u>\$ (41,634,254)</u>

Michigan

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (Continued)

(In Thousands)

(Accrual Basis of Accounting)

	2016	2017	2018	2019
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
General:				
Sales and use	\$ 3,281,008	\$ 2,733,120	\$ 2,899,347	\$ 2,898,982
Personal income	7,332,173	7,435,551	8,109,910	8,526,451
Flow-through entity	-	-	-	-
Single business, Michigan business, and corporate income	760,979	1,427,291	942,942	1,409,618
Tobacco products	590,507	589,959	567,634	563,157
Beer, wine, and liquor	157,421	160,271	164,204	172,133
Insurance company	329,871	371,233	393,357	327,420
Quality assurance assessment	1,135,257	1,128,006	1,250,422	1,410,904
Essential services assessment	-	-	99,290	111,214
Penalties and interest	120,116	104,375	194,309	128,295
Marihuana excise (1)	-	-	-	-
Insurance provider assessment	-	-	-	602,602
Other (1)	495,183	592,077	554,313	229,796
Restricted For Educational Purposes:				
Sales and use	6,023,300	6,209,309	6,455,104	6,616,765
Personal income	2,647,832	2,723,883	2,948,984	2,907,833
Flow-through entity	-	-	-	-
Education, property, and real estate transfers	2,174,946	2,278,142	2,339,504	2,466,383
Tobacco products	360,017	357,202	339,070	328,327
Beer, wine, and liquor (2)	52,247	54,048	56,405	60,254
Casino gaming wagering	112,868	113,219	115,423	117,257
Other (2)	58,943	63,633	61,328	65,456
Restricted For Transportation Purposes:				
Sales and use	84,499	95,229	103,275	107,728
Personal income	-	-	-	264,000
Gasoline and diesel fuel	1,005,121	1,362,260	1,469,228	1,462,292
Motor vehicle registration	1,018,280	1,210,628	1,295,268	1,353,613
Other	6,133	4,855	4,535	4,702
Unrestricted investment and interest earnings	4,403	11,021	25,327	40,019
Miscellaneous (3)	611,070	534,691	729,745	598,650
Contributions to permanent fund principal	16,075	19,468	19,675	18,759
Special items	-	-	-	-
Transfers	1,118,001	1,182,908	1,222,917	1,375,539
Total governmental activities	<u>29,496,250</u>	<u>30,762,376</u>	<u>32,361,516</u>	<u>34,168,149</u>
Business-type activities:				
Investment earnings	423	331	(25)	3,789
Miscellaneous	-	31	57	-
Transfers	(1,118,001)	(1,182,908)	(1,222,917)	(1,375,539)
Total business-type activities	<u>(1,117,577)</u>	<u>(1,182,545)</u>	<u>(1,222,884)</u>	<u>(1,371,750)</u>
Total primary government	<u>\$ 28,378,672</u>	<u>\$ 29,579,831</u>	<u>\$ 31,138,632</u>	<u>\$ 32,796,399</u>
Changes in Net Position				
Governmental activities	\$ 1,066,162	\$ 2,405,364	\$ 1,200,757	\$ 985,026
Business-type activities	526,933	465,604	515,013	490,733
Total primary government	<u>\$ 1,593,095</u>	<u>\$ 2,870,968</u>	<u>\$ 1,715,770</u>	<u>\$ 1,475,759</u>

- NOTES:
- (1) Beginning in fiscal year 2020, the marihuana excise tax has been disaggregated from other taxes within the general taxes section.
 - (2) Beginning in fiscal year 2021, the beer, wine, and liquor tax was consolidated into other taxes within the restricted for educational purposes section.
 - (3) Education expenses and miscellaneous revenue for governmental activities for fiscal years 2016 through 2024 have been restated due to a reclassification of activity to transfers. More detailed information is presented in Note 4 to the financial statements.
 - (4) Beginning in fiscal year 2025, expense and net position information is not consistent with prior-period information due to the implementation of GASB Statement No. 101, Compensated Absences.

Michigan

	2020	2021	2022	2023	2024	2025
\$	2,891,029	\$ 3,759,702	\$ 3,988,462	\$ 4,092,975	\$ 4,029,438	\$ 3,997,125
	7,891,855	9,266,721	8,919,862	7,637,163	9,075,394	9,727,762
	-	-	1,341,141	737,624	674,547	709,626
	979,259	1,900,058	2,094,169	2,366,562	2,200,311	1,738,474
	567,482	576,296	511,381	471,754	437,976	404,365
	193,699	211,291	206,563	210,224	209,067	201,786
	467,761	390,843	419,876	465,969	537,517	520,055
	1,264,403	1,347,956	1,374,899	1,422,181	2,347,976	2,395,784
	121,991	125,783	135,379	141,810	147,262	156,253
	96,894	130,608	149,643	147,600	186,947	221,141
	31,164	120,472	186,643	270,905	315,613	305,243
	603,781	639,422	636,070	643,402	632,759	642,306
	183,090	287,685	411,867	443,668	489,386	572,772
	6,604,996	7,785,684	8,744,222	8,971,710	8,875,585	8,886,993
	3,123,542	3,642,034	3,627,961	3,469,954	3,627,246	4,051,374
	-	-	452,302	293,531	283,615	290,584
	2,524,085	2,756,169	3,001,216	2,970,585	3,194,282	3,396,402
	328,318	327,852	283,651	255,993	229,644	213,238
	70,174	-	-	-	-	-
	67,011	90,572	104,059	102,673	100,457	103,182
	67,867	146,342	142,874	151,188	158,899	159,388
	99,672	97,438	148,007	147,999	135,847	131,863
	468,000	600,000	600,000	600,000	600,000	600,000
	1,319,661	1,363,609	1,433,033	1,483,897	1,557,242	1,632,786
	1,344,763	1,399,595	1,402,986	1,503,702	1,490,495	1,581,060
	4,327	4,193	4,918	5,569	10,573	8,093
	20,726	13,465	95,407	696,588	718,352	554,633
	599,880	870,592	782,173	941,984	1,024,248	1,266,021
	9,019	11,316	18,887	11,751	8,081	8,166
	-	(11,651)	-	-	-	-
	1,478,612	1,640,198	1,516,263	1,715,115	1,668,380	1,491,605
	<u>33,423,059</u>	<u>39,494,243</u>	<u>42,733,913</u>	<u>42,374,077</u>	<u>44,967,137</u>	<u>45,968,080</u>
	1,015	159	1,351	8,137	8,561	5,962
	20	-	-	4	-	4
	(1,478,612)	(1,640,198)	(1,516,263)	(1,715,115)	(1,668,380)	(1,491,605)
	<u>(1,477,577)</u>	<u>(1,640,039)</u>	<u>(1,514,911)</u>	<u>(1,706,974)</u>	<u>(1,659,819)</u>	<u>(1,485,640)</u>
\$	<u>31,945,482</u>	<u>37,854,204</u>	<u>41,219,002</u>	<u>40,667,103</u>	<u>43,307,318</u>	<u>44,482,441</u>
\$	1,769,090	\$ 7,050,791	\$ 9,958,587	\$ 832,700	\$ 1,826,450	\$ 2,636,824
	(3,507,296)	(326,433)	638,238	573,543	412,283	211,363
\$	<u>(1,738,206)</u>	<u>6,724,358</u>	<u>10,596,825</u>	<u>1,406,243</u>	<u>2,238,734</u>	<u>2,848,187</u>

Michigan

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(In Thousands)

(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019
General Fund				
Nonspendable	\$ 76,746	\$ 63,135	\$ 17,813	\$ 22,306
Restricted	467,486	598,414	591,065	653,888
Committed	1,378,378	1,482,000	2,128,981	2,425,716
Assigned	151,555	176,986	176,480	135,304
Unassigned	604,388	622,538	788,321	916,168
Total general fund	<u>\$ 2,678,554</u>	<u>\$ 2,943,074</u>	<u>\$ 3,702,660</u>	<u>\$ 4,153,382</u>
All Other Governmental Funds				
Nonspendable	\$ 1,030,282	\$ 1,047,393	\$ 1,063,885	\$ 1,087,207
Restricted	2,048,762	2,378,356	2,453,833	2,388,941
Committed	289,534	312,162	363,400	305,419
Unassigned	(62,012)	6,918	(63,301)	(104,507)
Total all other governmental funds	<u>\$ 3,306,566</u>	<u>\$ 3,744,829</u>	<u>\$ 3,817,817</u>	<u>\$ 3,677,060</u>
Reconciliation of governmental fund balances				
Beginning fund balances	\$ 5,792,755	\$ 5,985,120	\$ 6,687,903	\$ 7,520,477
Restatement of beginning fund balances (1)	24,182	-	-	-
Beginning fund balances - restated	<u>5,816,936</u>	<u>5,985,120</u>	<u>6,687,903</u>	<u>7,520,477</u>
Excess of revenues and other sources over (under) expenditures and other uses	168,184	702,783	832,574	309,965
Ending fund balances	<u>\$ 5,985,120</u>	<u>\$ 6,687,903</u>	<u>\$ 7,520,477</u>	<u>\$ 7,830,442</u>

NOTE: (1) Beginning in fiscal year 2024, errors identified and corrected during the fiscal year are not presented on the restatement line within the reconciliation section. Rather, all amounts affected by errors are restated as required by Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections.

Michigan

2020	2021	2022	2023	2024	2025
\$ 249,010	\$ 218,787	\$ 134,321	\$ 91,573	\$ 21,552	\$ 84,959
782,072	830,075	1,054,434	1,369,039	1,596,293	1,592,010
2,041,315	2,939,874	4,269,717	7,239,268	8,573,414	8,670,344
99,794	131,292	133,339	295,561	315,048	404,024
2,363,049	4,362,765	7,463,485	3,528,962	2,149,321	240,638
<u>\$ 5,535,239</u>	<u>\$ 8,482,793</u>	<u>\$ 13,055,296</u>	<u>\$ 12,524,403</u>	<u>\$ 12,655,627</u>	<u>\$ 10,991,975</u>
\$ 1,108,636	\$ 1,163,468	\$ 1,193,670	\$ 1,227,565	\$ 1,268,906	\$ 1,294,169
4,397,613	7,160,039	9,476,056	10,390,190	8,854,274	8,405,366
261,081	301,835	332,821	328,835	278,042	299,372
(149,561)	(87,808)	(52,740)	(59,689)	(29,683)	(14,334)
<u>\$ 5,617,769</u>	<u>\$ 8,537,535</u>	<u>\$ 10,949,806</u>	<u>\$ 11,886,901</u>	<u>\$ 10,371,539</u>	<u>\$ 9,984,572</u>
\$ 7,830,442	\$ 11,153,008	\$ 17,020,328	\$ 24,005,101	\$ 24,411,304	\$ 23,027,166
-	(6,645)	48,238	-	-	-
<u>7,830,442</u>	<u>11,146,363</u>	<u>17,068,566</u>	<u>24,005,101</u>	<u>24,411,304</u>	<u>23,027,166</u>
3,322,566	5,873,965	6,936,536	406,203	(1,384,138)	(2,050,619)
<u>\$ 11,153,008</u>	<u>\$ 17,020,328</u>	<u>\$ 24,005,101</u>	<u>\$ 24,411,304</u>	<u>\$ 23,027,166</u>	<u>\$ 20,976,547</u>

Michigan

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(In Thousands)

(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019
Revenues				
Taxes	\$ 27,804,517	\$ 28,530,168	\$ 30,359,702	\$ 31,519,313
From federal agencies	21,198,341	20,717,668	21,004,796	22,064,601
From local agencies (3)	103,747	93,015	97,306	100,879
From services	339,877	358,373	364,475	364,935
From licenses and permits	570,150	577,757	585,765	619,452
Special Medicaid reimbursements	115,621	188,933	149,350	175,942
Miscellaneous	2,038,138	1,982,759	2,111,796	2,013,900
Total revenues	<u>52,170,391</u>	<u>52,448,673</u>	<u>54,673,190</u>	<u>56,859,021</u>
Expenditures				
General government	2,931,623	2,555,020	2,764,946	2,755,260
Education (3)	15,821,272	16,106,708	16,696,749	17,043,483
Health and human services	23,516,873	23,070,385	23,925,010	25,269,773
Public safety and corrections	2,670,637	2,694,120	2,725,056	2,800,651
Conservation, environment, recreation, and agriculture	753,725	787,112	895,072	892,066
Labor, commerce, and regulatory	1,230,828	1,270,025	1,259,349	1,343,644
Transportation	2,650,069	2,753,765	2,934,340	3,311,343
Tax credits	672,400	696,500	696,100	895,100
Capital outlay	1,106,163	1,223,968	1,297,519	1,619,894
Intergovernmental - revenue sharing	1,213,432	1,259,005	1,289,064	1,327,717
Debt service:				
Bond principal retirement	452,695	423,751	415,853	432,071
Bond interest and fiscal charges	276,369	288,859	281,758	259,750
Structured settlement principal payments (2)	-	-	-	-
Structured settlement interest payments (2)	-	-	-	-
Vendor financing principal payments (2)	68,982	69,414	72,168	74,334
Vendor financing interest payments (2)	-	-	-	-
Total expenditures	<u>53,365,068</u>	<u>53,198,632</u>	<u>55,252,985</u>	<u>58,025,086</u>
Excess of revenues over (under) expenditures	(1,194,677)	(749,959)	(579,795)	(1,166,065)
Other Financing Sources (Uses)				
Bonds and bond anticipation notes issued	172,195	228,560	149,200	67,478
Refunding bonds issued	1,425,395	-	-	168,102
Premium on bond issuance	294,178	18,999	4,108	29,111
Discount on bond issuance	(2,773)	-	-	-
Payment to refunded bond escrow agent	(1,674,399)	-	-	(185,167)
Vendor financing acquisitions	19,322	14,480	23,383	10,788
Proceeds from sale of capital assets	3,111	3,764	8,454	5,724
Transfers from other funds (3)	3,195,677	3,596,746	3,526,736	3,830,795
Transfers to other funds (3)	(2,069,846)	(2,409,807)	(2,299,512)	(2,450,801)
Total other financing sources (uses)	<u>1,362,860</u>	<u>1,452,742</u>	<u>1,412,368</u>	<u>1,476,030</u>
Special items	-	-	-	-
Net change in fund balances	<u>\$ 168,184</u>	<u>\$ 702,783</u>	<u>\$ 832,574</u>	<u>\$ 309,965</u>
Debt service as a percentage of noncapital expenditures (1)	1.5%	1.5%	1.4%	1.3%

- NOTES: (1) Noncapital expenditures are calculated as total expenditures less capital outlay expenditures less capital expenditures in current expenditure functions. Capital expenditures in current expenditure functions are identified in the process of reconciling Governmental Funds to Governmental Activities.
- (2) Beginning in fiscal year 2022, principal and interest are reported separately for structured settlement payments and vendor financing payments (previously capital lease and financed purchase payments). For prior years, interest is included in the corresponding principal line.
- (3) Education expenditures, from local agencies revenue, transfers to other funds, and transfers from other funds have been restated for fiscal years 2016 through 2024 due to a reclassification of activity. More detailed information is presented in Note 4 to the financial statements.

Michigan

2020	2021	2022	2023	2024	2025
\$ 31,401,952	\$ 35,845,853	\$ 40,100,955	\$ 39,091,192	\$ 41,487,137	\$ 41,970,429
26,475,081	30,375,140	35,518,830	33,905,710	33,898,761	34,673,967
124,609	124,851	103,921	98,791	118,487	139,492
351,341	360,439	353,454	366,830	372,687	381,140
622,910	691,007	684,413	680,476	697,680	773,295
153,051	159,986	172,203	185,360	201,669	213,406
1,459,166	1,556,679	1,431,598	2,754,161	3,289,201	3,011,981
<u>60,588,110</u>	<u>69,113,954</u>	<u>78,365,374</u>	<u>77,082,518</u>	<u>80,065,621</u>	<u>81,163,710</u>
2,923,223	3,167,215	2,941,366	3,420,468	3,385,809	3,206,109
17,807,796	18,738,344	22,137,353	24,169,165	25,482,488	24,592,933
26,301,845	30,009,386	31,862,980	33,267,828	35,889,524	37,579,497
2,963,209	3,286,293	3,181,570	3,088,556	3,182,250	3,707,701
915,403	1,009,593	1,044,094	1,321,953	1,599,606	2,079,536
1,071,869	1,718,878	3,061,283	4,404,290	3,053,211	2,715,022
3,429,999	3,569,828	3,692,633	3,951,781	4,173,066	4,172,653
936,500	884,600	908,800	1,359,010	1,460,000	1,588,000
1,992,422	1,894,460	2,273,329	2,605,916	2,803,255	2,825,148
1,241,267	1,451,332	1,607,907	1,609,884	1,677,953	1,724,436
431,330	393,175	397,874	431,331	469,905	362,667
246,455	231,810	265,772	270,881	289,467	308,438
-	15,000	61,075	32,651	36,014	92,553
-	-	519	18,669	20,872	24,382
106,972	88,876	79,206	77,207	102,143	86,668
-	-	18,617	85,830	50,931	46,570
<u>60,368,290</u>	<u>66,458,791</u>	<u>73,534,378</u>	<u>80,115,420</u>	<u>83,676,494</u>	<u>85,112,313</u>
219,820	2,655,164	4,830,996	(3,032,902)	(3,610,872)	(3,948,603)
1,051,090	1,006,270	146,530	1,307,490	100,590	29,391
807,065	54,150	-	280,985	88,065	716,424
286,681	247,857	15,093	130,974	10,826	58,904
-	-	-	-	-	-
(827,914)	(68,958)	-	(301,267)	-	(760,833)
300,768	234,812	262,104	109,318	137,727	14,070
1,967	5,682	9,342	7,038	5,604	6,358
4,328,000	4,549,477	4,764,082	5,057,632	5,305,627	5,471,839
<u>(2,844,911)</u>	<u>(2,799,065)</u>	<u>(3,091,611)</u>	<u>(3,153,066)</u>	<u>(3,421,705)</u>	<u>(3,638,168)</u>
<u>3,102,746</u>	<u>3,230,226</u>	<u>2,105,540</u>	<u>3,439,105</u>	<u>2,226,734</u>	<u>1,897,984</u>
-	(11,424)	-	-	-	-
<u>\$ 3,322,566</u>	<u>\$ 5,873,965</u>	<u>\$ 6,936,536</u>	<u>\$ 406,203</u>	<u>\$ (1,384,138)</u>	<u>\$ (2,050,619)</u>
1.3%	1.1%	1.1%	1.2%	1.2%	1.1%

Michigan

PERSONAL INCOME BY INDUSTRY

LAST TEN FISCAL YEARS

(In Millions)

	2015	2016	2017	2018
Farm earnings	\$ 1,093	\$ 1,042	\$ 1,010	\$ 978
Forestry, fishing, and related activities	450	492	499	493
Mining	909	593	579	723
Utilities	2,993	3,165	3,407	3,575
Construction	14,729	15,576	16,973	17,993
Manufacturing	48,013	49,973	51,943	54,613
Wholesale trade	15,504	15,695	16,259	16,870
Retail trade	16,948	17,538	18,190	18,811
Transportation and warehousing	8,360	8,688	9,249	10,124
Information	5,266	5,264	5,170	5,397
Finance and insurance	13,430	14,390	15,360	15,793
Real estate and rental and leasing	7,245	7,534	7,396	7,239
Professional, scientific, and technical services	30,979	32,514	33,770	35,201
Management of companies and enterprises	7,899	8,278	9,403	10,789
Administrative and waste services	13,230	13,300	13,829	14,493
Educational services	3,460	3,590	3,584	3,573
Health care and social assistance	35,774	37,483	38,644	40,079
Arts, entertainment, and recreation	2,293	2,413	2,559	2,697
Accommodation and food services	8,435	9,040	9,508	10,050
Other services, except public administration	10,628	10,854	11,110	11,569
Government and government enterprises	41,912	42,335	43,137	44,178
Total earnings by place of work	289,550	299,756	311,580	325,239
Total earnings by place of work	289,550	299,756	311,580	325,239
less: Contributions for government social insurance	34,311	35,456	36,677	38,684
plus: Adjustment for residence	2,117	2,227	2,303	2,475
Net earnings by place of residence	257,355	266,527	277,206	289,030
Net earnings by place of residence	257,355	266,527	277,206	289,030
plus: Dividends, interest, and rent	76,505	79,444	80,808	84,802
plus: Personal current transfer receipts	90,222	92,910	93,253	95,886
Total Personal Income	\$ 424,083	\$ 438,880	\$ 451,267	\$ 469,718
Statutory Tax Rate (blended rate)	4.3%	4.3%	4.3%	4.3%

NOTES: Earnings presented are blended averages. Due to the use of averages and blended amounts, the totals may not equal the sum of the industry amounts presented.

Earnings includes wages and salaries, supplements to wages and proprietors' income.

Industries are categorized using the North American Industry Classification System.

Fiscal year 2024 is the most recent year for which data is available.

SOURCES: U.S. Bureau of Economic Analysis, U.S. Department of Commerce.

Office of Revenue and Tax Analysis, Michigan Department of Treasury.

Michigan

2019	2020	2021	2022	2023	2024
\$ 940	\$ 1,540	\$ 2,611	\$ 2,557	\$ 2,777	\$ 1,896
466	517	530	523	579	632
792	620	645	768	799	812
3,863	3,931	4,225	4,080	3,860	3,734
18,125	17,994	19,279	21,050	22,901	25,155
55,619	52,278	54,468	59,368	63,150	65,262
17,220	17,241	17,850	19,262	20,711	21,596
19,244	19,652	21,883	23,425	24,671	25,413
11,196	11,524	12,441	14,209	14,705	15,059
5,637	5,611	6,302	6,907	7,368	7,807
16,167	17,741	19,399	18,800	18,448	19,455
7,936	10,551	13,548	15,739	13,507	13,318
35,976	35,568	39,060	42,539	45,493	47,337
10,500	10,661	11,412	11,523	12,099	11,899
14,648	14,051	15,644	17,277	17,887	17,862
3,634	3,578	3,784	4,015	4,448	4,610
41,033	41,575	43,635	45,556	47,844	51,039
3,084	2,755	2,935	3,495	3,925	4,346
10,307	8,578	9,509	11,360	12,549	13,439
11,857	11,556	12,228	13,263	13,995	14,889
44,845	45,748	46,289	48,083	50,955	54,565
<u>333,089</u>	<u>333,269</u>	<u>357,677</u>	<u>383,799</u>	<u>402,670</u>	<u>420,124</u>
333,089	333,269	357,677	383,799	402,670	420,124
39,605	39,395	41,539	45,600	48,043	50,630
<u>2,623</u>	<u>2,633</u>	<u>3,081</u>	<u>3,348</u>	<u>3,235</u>	<u>3,229</u>
296,107	296,507	319,219	341,547	357,863	372,723
296,107	296,507	319,219	341,547	357,863	372,723
88,010	87,864	97,477	106,688	120,107	128,127
<u>101,475</u>	<u>139,676</u>	<u>147,815</u>	<u>126,943</u>	<u>130,933</u>	<u>137,758</u>
<u>\$ 485,593</u>	<u>\$ 524,048</u>	<u>\$ 564,511</u>	<u>\$ 575,178</u>	<u>\$ 608,903</u>	<u>\$ 638,608</u>
4.3%	4.3%	4.3%	4.3%	4.1%	4.2%

Michigan

TAXABLE SALES BY INDUSTRY

LAST TEN FISCAL YEARS

(In Millions)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Farming	\$ 32.6	\$ 148.1	\$ 152.8	\$ 134.9
Agricultural	330.0	65.4	69.9	81.7
Mining	139.2	112.9	109.2	173.0
Construction	1,064.1	1,375.4	1,493.0	1,609.8
Manufacturing	5,593.7	4,998.2	5,264.1	5,571.0
Transportation and utilities	11,447.0	10,541.2	10,749.4	11,553.2
Wholesale trade	5,136.3	6,861.6	7,507.8	11,094.2
Retail trade	79,923.2	73,330.2	75,988.5	78,650.3
Finance, insurance, and real estate	1,901.3	2,813.5	2,787.3	2,451.9
Services	16,925.4	23,323.8	23,615.8	24,107.3
State and local government	323.6	243.3	252.2	201.8
Other classifications	1,677.0	2,078.5	2,348.8	685.6
Total	<u>\$ 124,493.4</u>	<u>\$ 125,892.1</u>	<u>\$ 130,338.9</u>	<u>\$ 136,314.6</u>
Direct Sales Tax Rate	6.0%	6.0%	6.0%	6.0%

NOTES: Taxable sales were imputed from fiscal year sales tax cash collections by industry, and do not align with final reported revenue that includes accrual items.

Industries were categorized by using the North American Industry Classification System.

Fiscal year 2024 is the most recent year for which data is available.

SOURCE: Michigan Department of Treasury.

Michigan

2019	2020	2021	2022	2023	2024
\$ 148.8	\$ 168.3	\$ 246.5	\$ 303.4	\$ 353.0	\$ 376.2
83.8	90.0	111.2	112.5	120.5	121.0
187.9	209.6	214.4	223.1	270.3	313.4
1,590.4	1,615.7	1,903.1	2,273.5	2,527.5	2,562.4
5,591.2	5,490.2	6,730.7	7,974.5	8,261.5	8,127.8
11,510.3	11,696.0	13,472.6	14,825.0	14,880.3	14,716.2
11,273.9	11,559.9	13,492.4	14,169.1	14,072.9	14,073.2
78,696.5	80,541.2	98,170.4	109,415.3	107,770.7	104,575.4
3,299.1	2,745.1	3,258.3	2,486.1	2,233.2	2,203.9
24,687.5	22,460.1	24,833.6	30,256.1	31,795.4	32,817.3
194.2	188.2	203.0	236.8	239.8	232.2
2,322.7	1,331.4	1,644.5	1,254.3	1,140.2	1,102.4
<u>\$ 139,586.3</u>	<u>\$ 138,095.7</u>	<u>\$ 164,280.9</u>	<u>\$ 183,529.5</u>	<u>\$ 183,665.3</u>	<u>\$ 181,221.1</u>
6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

Michigan

PERSONAL INCOME TAX FILERS AND LIABILITY BY INCOME LEVEL

TAX YEARS 2014 AND 2023

Adjusted Gross Income Group	Tax Year 2014				Tax Year 2023			
	Number of Filers	Percentage of Total	Personal Income Tax (In Millions)	Percentage of Total	Number of Filers	Percentage of Total	Personal Income Tax (In Millions)	Percentage of Total
\$50,000 and under	2,887,380	62.6%	\$ 672	9.1%	2,484,962	51.5%	\$ 192	2.0%
\$50,001 - \$100,000	1,021,890	22.2%	2,115	28.5%	1,174,644	24.3%	2,171	22.5%
\$100,001 - \$250,000	592,186	12.8%	2,718	36.6%	950,645	19.7%	4,227	43.9%
\$250,001 - \$1,000,000	93,186	2.0%	1,236	16.7%	195,845	4.1%	2,361	24.5%
\$1,000,001 and higher	14,428	0.3%	678	9.1%	22,107	0.5%	681	7.1%
Total	4,609,070	100.0%	\$ 7,419	100.0%	4,828,203	100.0%	\$ 9,632	100.0%

NOTES: Due to confidentiality issues, the names of the ten largest revenue payers are not available. These categories are intended to provide alternative information regarding the sources of the State's personal income tax revenue.

Tax year 2014 personal income tax amount refers to tax amount net of nonrefundable credits, and net of Home Heating Credits (HHC), Homestead Property Tax Credits (HPTC), MI Earned Income Tax Credits (EITC), Farmland Preservation, and Historic Preservation Credits.

Tax year 2023 personal income tax amount refers to tax amount net of nonrefundable credits, and net of HHC, HPTC, EITC, Farmland Preservation, Historic Preservation Credits, and Flow-Through Entity Credits.

Tax year 2023 is the most recent year for which data is available.

SOURCE: Michigan Department of Treasury.

Michigan

SALES TAX PAYERS BY INDUSTRY

FISCAL YEARS 2015 AND 2024

	2015				2024			
	Number of Filers	Percentage of Total	Tax Liability (In Millions)	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability (In Millions)	Percentage of Total
Farming	573	0.6%	\$ 2.0	0.0%	1,083	0.8%	\$ 22.6	0.2%
Agricultural	2,312	2.3%	19.8	0.3%	633	0.5%	7.3	0.1%
Mining	275	0.3%	8.4	0.1%	268	0.2%	18.8	0.2%
Construction	4,056	4.1%	63.8	0.9%	4,072	2.9%	153.7	1.4%
Manufacturing	16,231	16.3%	335.6	4.6%	16,182	11.6%	487.7	4.6%
Transportation and utilities	1,532	1.5%	521.8	7.1%	1,187	0.9%	712.4	6.7%
Wholesale trade	6,968	7.0%	308.2	4.2%	9,040	6.5%	844.4	7.9%
Retail trade	36,977	37.0%	4,795.4	65.6%	49,971	35.9%	6,274.5	58.6%
Finance, insurance, and real estate	2,960	3.0%	114.1	1.6%	3,189	2.3%	132.2	1.2%
Services	16,324	16.4%	1,015.5	13.9%	52,484	37.7%	1,969.0	18.4%
State and local government	61	0.1%	19.4	0.3%	348	0.2%	13.9	0.1%
Other classifications	11,557	11.6%	100.6	1.4%	751	0.5%	66.1	0.6%
Total	99,826	100.0%	\$ 7,304.6	100.0%	139,208	100.0%	\$ 10,702.7	100.0%

NOTES: Taxable sales were imputed from fiscal year sales tax cash collections by industry, and do not align with final reported revenue that includes accrual items.

Due to confidentiality issues, the names of the ten largest revenue payers are not available. These categories are intended to provide alternative information regarding the sources of the State's sales tax revenue.

Fiscal year 2024 is the most recent year for which data is available.

SOURCE: Michigan Department of Treasury.

Michigan

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Dollars In Millions, except Per Capita)

FISCAL YEAR	GOVERNMENTAL ACTIVITIES					
	GENERAL OBLIGATION BONDS	REVENUE BONDS	STATE BUILDING AUTHORITY BONDS	LEASES	FINANCED PURCHASES	SUBSCRIPTIONS
2016	\$ 1,700.4	\$ 1,798.4	\$ 3,289.0	\$ 527.0	\$ 37.9	\$ -
2017	1,634.4	1,623.7	3,303.1	500.3	64.8	-
2018	1,607.0	1,446.9	3,199.5	488.6	60.2	-
2019	1,422.3	1,262.2	3,170.1	453.2	48.9	-
2020	1,439.5	2,088.3	3,191.4	420.2	242.3	-
2021	1,268.9	2,914.3	3,322.1	398.5	472.3	-
2022	1,098.2	2,726.2	3,387.3	671.4	800.9	-
2023	921.2	3,869.3	3,339.9	592.5	877.5	585.0
2024	734.3	3,706.1	3,342.8	552.0	985.3	514.6
2025	635.3	3,527.6	3,148.8	525.1	970.4	608.0

NOTES: Article 9, Section 15 of the State Constitution allows for long-term borrowing by the State for specific purposes in amounts as may be provided by acts of the Legislature adopted by a vote of two-thirds of the members in each house and approved by a majority of the people voting at a general election. The debts of public bodies corporate and politic created by law are not general obligation debts and liabilities of the State. Details regarding the State's debt can be found in the bonds and notes payable note of the financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, as amended, was implemented in fiscal year 2022, and GASB Statement No. 96, Subscription-Based Information Technology Arrangements, as amended, was implemented in fiscal year 2023. These implementations impacted the amounts reported in this schedule for leases, financed purchases, and subscriptions. Details regarding leases, financed purchases, and subscriptions can be found in the vendor financing note of the financial statements.

SOURCES: U.S. Census Bureau, Population Division.
 Department of Technology, Management and Budget.
 U.S. Department of Commerce, Bureau of Economic Analysis.
 Department of Treasury.

Michigan

BUSINESS-
TYPE
ACTIVITIES

<u>LEASES</u>	<u>TOTAL PRIMARY GOVERNMENT</u>	<u>PERCENTAGE OF PERSONAL INCOME</u>	<u>PER CAPITA</u>
\$ -	\$ 7,352.7	1.7%	\$ 734
0.6	7,127.0	1.6%	709
0.8	6,803.0	1.4%	676
1.3	6,358.0	1.3%	631
1.2	7,383.0	1.4%	733
1.9	8,378.0	1.5%	834
4.1	8,688.1	1.5%	864
3.4	10,188.8	1.7%	1,010
3.1	9,838.2	1.5%	970
5.0	9,420.1	Unavailable	Unavailable

Michigan

RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Dollars In Millions, except Per Capita)

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS DEBT SERVICE FUNDS	NET GENERAL OBLIGATION BONDS	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
2016	1,700.4	1.7	1,698.6	0.4%	171
2017	1,634.4	1.8	1,632.6	0.4%	164
2018	1,607.0	3.7	1,603.3	0.3%	161
2019	1,422.3	1.9	1,420.4	0.3%	142
2020	1,439.5	1.6	1,437.9	0.3%	143
2021	1,268.9	1.7	1,267.2	0.2%	126
2022	1,098.2	1.7	1,096.5	0.2%	109
2023	921.2	-	921.2	0.1%	91
2024	734.3	-	734.3	0.1%	72
2025	635.3	-	635.3	Unavailable	Unavailable

SOURCES: U.S. Census Bureau, Population Division.
U.S. Department of Commerce, Bureau of Economic Analysis.



Michigan

**DEBT SERVICE COVERAGE
COMPREHENSIVE TRANSPORTATION FUND RELATED BONDS
LAST TEN FISCAL YEARS
(In Millions)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Constitutionally Restricted				
Transportation Fund Revenues:				
Motor Fuel Taxes	\$ 1,011.0	\$ 1,359.5	\$ 1,467.9	\$ 1,460.1
Registration Taxes	1,018.3	1,210.0	1,294.9	1,354.2
Miscellaneous Fees	<u>40.6</u>	<u>44.8</u>	<u>42.0</u>	<u>41.3</u>
Total	2,069.9	2,614.3	2,804.8	2,855.6
Less Deductions	<u>144.7</u>	<u>161.6</u>	<u>161.6</u>	<u>163.1</u>
Remaining Balance	1,925.2	2,452.6	2,643.1	2,692.5
Portion of Balance Credited to Comprehensive Transportation Fund (excluding interest)	<u>176.9</u>	<u>229.8</u>	<u>248.7</u>	<u>254.0</u>
Motor Vehicle Related Sales Tax Revenues	\$ 1,211.5	\$ 1,255.1	\$ 1,378.0	\$ 1,388.5
Allocation to Comprehensive Transportation Fund	<u>84.5</u>	<u>87.5</u>	<u>96.1</u>	<u>96.9</u>
Constitutionally Restricted Revenues Credited to Comprehensive Transportation Fund	\$ 261.4	\$ 317.4	\$ 344.9	\$ 350.9
Plus Other Revenues (primarily interest)	<u>6.4</u>	<u>1.1</u>	<u>2.6</u>	<u>4.9</u>
Money Available for Debt Service	<u>\$ 267.9</u>	<u>\$ 318.5</u>	<u>\$ 347.4</u>	<u>\$ 355.8</u>
Debt Service:				
Principal	\$ 16.5	\$ 17.2	\$ 18.1	\$ 18.9
Interest	<u>6.2</u>	<u>5.7</u>	<u>4.8</u>	<u>3.9</u>
Actual Annual Debt Service (1)	<u>22.7</u>	<u>22.9</u>	<u>22.9</u>	<u>22.8</u>
Debt Service Coverage	11.8 x	13.9 x	15.2 x	15.6 x

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

SOURCE: Michigan Department of Transportation.

Michigan

2020	2021	2022	2023	2024	2025
\$ 1,318.4	\$ 1,354.1	\$ 1,434.2	\$ 1,494.5	\$ 1,556.3	\$ 1,631.0
1,345.1	1,400.0	1,402.9	1,503.5	1,490.4	1,581.1
<u>35.4</u>	<u>42.2</u>	<u>40.9</u>	<u>40.2</u>	<u>41.7</u>	<u>45.5</u>
2,698.9	2,796.3	2,878.0	3,038.3	3,088.5	3,257.5
<u>158.6</u>	<u>162.2</u>	<u>164.4</u>	<u>162.2</u>	<u>170.4</u>	<u>171.0</u>
2,540.3	2,634.1	2,713.6	2,876.0	2,918.1	3,086.5
<u>240.4</u>	<u>249.1</u>	<u>256.9</u>	<u>274.3</u>	<u>278.5</u>	<u>295.4</u>
<u>\$ 1,291.3</u>	<u>\$ 1,326.9</u>	<u>\$ 1,996.2</u>	<u>\$ 1,939.3</u>	<u>\$ 1,798.5</u>	<u>\$ 1,760.8</u>
<u>90.1</u>	<u>92.5</u>	<u>139.2</u>	<u>135.3</u>	<u>125.4</u>	<u>122.8</u>
\$ 330.5	\$ 341.7	\$ 396.1	\$ 409.6	\$ 404.0	\$ 418.2
<u>5.3</u>	<u>4.7</u>	<u>24.4</u>	<u>21.7</u>	<u>28.2</u>	<u>31.5</u>
<u>\$ 335.8</u>	<u>\$ 346.3</u>	<u>\$ 420.5</u>	<u>\$ 431.3</u>	<u>\$ 432.3</u>	<u>\$ 449.7</u>
\$ 11.3	\$ 11.9	\$ 12.6	\$ 2.5	\$ 2.6	\$ 2.7
<u>3.0</u>	<u>2.4</u>	<u>1.8</u>	<u>1.2</u>	<u>1.1</u>	<u>0.9</u>
<u>14.3</u>	<u>14.3</u>	<u>14.3</u>	<u>3.7</u>	<u>3.6</u>	<u>3.6</u>
23.4 x	24.2 x	29.3 x	115.3 x	119.5 x	124.4 x

Michigan

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

	2016	2017	2018	2019
Constitutionally Restricted				
Transportation Fund Revenues:				
Motor Fuel Taxes	\$ 1,011.0	\$ 1,359.5	\$ 1,467.9	\$ 1,460.1
Registration Taxes	1,018.3	1,210.0	1,294.9	1,354.2
Miscellaneous Fees	40.6	44.8	42.0	41.3
Total	2,069.9	2,614.3	2,804.8	2,855.6
Less Deductions:				
Local Bridge Debt Service	2.4	2.4	2.3	2.3
Legally Dedicated State Trunkline Fund Debt Service	43.0	50.0	50.0	50.0
Collection Costs	53.1	58.4	56.4	58.2
Recreation Improvement Fund	17.6	22.5	24.4	24.3
Comprehensive Transportation Fund (excluding interest)	176.9	229.8	248.7	254.0
Local Program Fund	33.0	33.0	33.0	33.0
Movable Bridge Fund	5.0	5.0	5.1	5.2
Local Agency Wetlands Mitigation Fund	2.0	2.0	1.0	2.0
Local Bridge Fund	28.5	28.3	28.5	28.3
Economic Development Fund	40.3	40.3	40.3	40.3
Miscellaneous	-	-	0.4	-
Total Deductions	401.9	471.8	490.1	497.6
Constitutionally Restricted Revenues				
Available for Distribution	1,668.0	2,142.5	2,314.7	2,357.9
Plus Income Tax Redirection	-	-	-	264.0
Plus Marihuana Excise Tax	-	-	-	-
Plus Other Revenues (primarily interest)	2.4	3.4	3.5	5.2
Total Money Available for Distribution	1,670.4	2,145.9	2,318.1	2,627.1
Distributions to:				
Cities and Villages	365.9	470.2	509.9	578.2
County Road Commissions	639.6	825.1	891.3	1,011.8
State Trunkline Fund	664.9	850.5	917.0	1,037.1
Money Available for Debt Service:				
State Trunkline Fund	664.9	850.5	917.0	1,037.1
Legally Dedicated State Trunkline Fund Debt Service	43.0	50.0	50.0	50.0
Economic Development Fund	40.3	40.3	40.3	40.3
Local Program Fund	33.0	33.0	33.0	33.0
Local Bridge Fund	2.4	2.4	2.3	2.3
Miscellaneous	31.8	38.5	62.1	38.8
Total Available for Debt Service	815.4	1,014.7	1,104.6	1,201.4
Debt Service:				
Principal	\$ 116.4	\$ 121.8	\$ 127.2	\$ 133.9
Interest	45.8	39.9	33.6	26.8
Actual Annual Debt Service (1)	162.2	161.8	160.8	160.7
Debt Service Coverage	5.0 x	6.3 x	6.9 x	7.5 x

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

SOURCE: Michigan Department of Transportation.

Michigan

2020	2021	2022	2023	2024	2025
\$ 1,318.4	\$ 1,354.1	\$ 1,434.2	\$ 1,494.5	\$ 1,556.3	\$ 1,631.0
1,345.1	1,400.0	1,402.9	1,503.5	1,490.4	1,581.1
35.4	42.2	40.9	40.2	41.7	45.5
<u>2,698.9</u>	<u>2,796.3</u>	<u>2,878.0</u>	<u>3,038.3</u>	<u>3,088.5</u>	<u>3,257.5</u>
2.4	2.3	2.3	0.6	0.6	0.6
50.0	50.0	50.0	50.0	50.0	50.0
58.8	61.2	61.9	64.6	67.1	67.1
21.7	22.4	23.4	23.8	25.8	26.6
240.4	249.1	256.9	274.3	278.5	295.4
33.0	33.0	33.0	33.0	33.0	33.0
5.3	5.4	5.6	5.9	6.0	6.2
2.0	2.0	2.0	2.0	2.0	2.0
25.7	26.3	26.8	23.3	26.9	26.8
40.3	40.3	40.3	40.3	40.3	40.3
-	-	-	-	-	-
<u>479.6</u>	<u>492.0</u>	<u>502.1</u>	<u>517.7</u>	<u>530.2</u>	<u>547.8</u>
2,219.3	2,304.3	2,375.9	2,520.6	2,558.3	2,709.7
468.0	600.0	600.0	600.0	600.0	600.0
-	49.3	69.4	101.6	116.0	109.4
2.9	0.5	1.8	12.3	14.7	13.5
<u>2,690.2</u>	<u>2,954.1</u>	<u>3,047.1</u>	<u>3,234.5</u>	<u>3,289.0</u>	<u>3,432.6</u>
593.5	651.3	672.7	717.0	726.5	758.3
1,037.0	1,139.7	1,175.2	1,250.1	1,268.9	1,324.9
1,059.7	1,163.1	1,199.3	1,267.4	1,293.6	1,349.4
1,059.7	1,163.1	1,199.3	1,267.4	1,293.6	1,349.4
50.0	50.0	50.0	50.0	50.0	50.0
40.3	40.3	40.3	40.3	40.3	40.3
33.0	33.0	33.0	33.0	33.0	33.0
2.4	2.3	2.3	0.6	0.6	0.6
24.7	20.4	35.3	21.5	99.8	87.3
<u>1,210.0</u>	<u>1,309.1</u>	<u>1,360.1</u>	<u>1,412.7</u>	<u>1,517.2</u>	<u>1,560.6</u>
\$ 97.5	\$ 102.4	\$ 108.0	\$ 82.1	\$ 28.7	\$ 37.4
20.9	41.6	70.3	75.8	114.2	132.5
<u>118.4</u>	<u>144.0</u>	<u>178.3</u>	<u>157.9</u>	<u>142.8</u>	<u>169.9</u>
10.2 x	9.1 x	7.6 x	8.9 x	10.6 x	9.2 x

Michigan

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenue - Lease and Rental Payments	\$ 224.4	\$ 216.7	\$ 225.1	\$ 224.2
Less: Operating Expenses	<u>0.8</u>	<u>1.0</u>	<u>1.6</u>	<u>1.5</u>
Net Available Revenue	<u><u>223.6</u></u>	<u><u>215.7</u></u>	<u><u>223.5</u></u>	<u><u>222.7</u></u>
Debt Service:				
Principal	\$ 108.8	\$ 87.1	\$ 95.8	\$ 99.7
Interest	<u>117.3</u>	<u>133.2</u>	<u>141.6</u>	<u>140.5</u>
Actual Annual Debt Service (1)	<u>226.1</u>	<u>220.2</u>	<u>237.4</u>	<u>240.2</u>
Debt Service Coverage	1.0 x	1.0 x	0.9 x	0.9 x

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

Michigan

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 219.6	\$ 204.4	\$ 211.8	\$ 223.1	\$ 230.2	\$ 236.2
<u>1.5</u>	<u>0.6</u>	<u>0.7</u>	<u>0.9</u>	<u>1.0</u>	<u>1.7</u>
<u>218.1</u>	<u>203.8</u>	<u>211.1</u>	<u>222.1</u>	<u>229.1</u>	<u>234.4</u>
\$ 98.8	\$ 89.3	\$ 86.4	\$ 96.3	\$ 72.2	\$ 122.1
<u>142.8</u>	<u>111.8</u>	<u>121.9</u>	<u>125.7</u>	<u>121.7</u>	<u>133.7</u>
<u>241.6</u>	<u>201.1</u>	<u>208.3</u>	<u>222.0</u>	<u>193.9</u>	<u>255.8</u>
0.9 x	1.0 x	1.0 x	1.0 x	1.2 x	0.9 x

Michigan

DEMOGRAPHIC AND ECONOMIC INDICATORS

LAST TEN CALENDAR YEARS

	2015	2016	2017	2018
Population (a) (in thousands)				
Michigan	9,934	9,954	9,977	9,987
United States	320,739	323,072	325,122	326,838
Total Personal Income (b) (in billions)				
Michigan	\$ 429.3	\$ 441.6	\$ 454.9	\$ 474.2
United States	\$ 15,467.1	\$ 15,884.7	\$ 16,659.0	\$ 17,514.4
Per Capita Income (b)				
Michigan	\$ 42,982	\$ 44,080	\$ 45,264	\$ 47,089
United States	\$ 48,062	\$ 48,974	\$ 51,006	\$ 53,311
Unemployment Rate (c)				
Michigan	5.4%	5.0%	4.6%	4.2%
United States	5.3%	4.9%	4.4%	3.9%
Michigan estimated wage and salary employees (c) (in thousands)				
Goods Producing:				
Mining and Logging	7.7	7.2	7.1	7.3
Construction	148.3	155.1	162.2	169.1
Manufacturing	591.7	605.7	616.3	629.1
Total Goods Producing	747.7	768.0	785.6	805.5
Service-Providing:				
Private Service-Providing				
Trade, Transportation, and Utilities:				
Wholesale Trade	168.2	169.5	171.6	172.8
Retail Trade	467.9	473.6	473.7	470.4
Transportation, Warehousing and Utilities	134.5	137.7	141.4	148.0
Information	56.6	57.3	56.5	56.0
Financial Activities:				
Finance and Insurance	156.8	161.6	165.0	165.9
Real Estate and Rental and Leasing	51.3	52.8	54.2	54.9
Professional and Business Services:				
Professional, Scientific, and Technical Services	277.4	285.4	293.6	297.8
Management of Companies and Enterprises	61.1	63.8	66.6	68.7
Administrative, Support Services, and Waste Management	298.0	296.4	289.2	292.1
Educational and Health Services:				
Educational Services	72.3	72.0	72.6	74.5
Health Care and Social Assistance	581.7	596.1	605.7	611.3
Leisure and Hospitality:				
Accommodation and Food Services	363.5	373.5	379.1	380.2
Other	50.2	51.7	53.1	53.4
Other Services	167.3	167.7	165.7	166.0
Total Private Service-Providing	2,906.8	2,959.1	2,987.8	3,012.1
Government	594.2	599.4	603.7	608.5
Total Service-Providing	3,500.9	3,558.5	3,591.6	3,620.6
Total Wage and Salary Employment	4,248.6	4,326.5	4,377.2	4,426.1

NOTES: Wage and Salary Employment based on North American Industry Classification System.
Components in Wage and Salary Employment may not total due to truncation.
Calendar year 2024 is the most recent year for which data is available.

SOURCES: (a) U.S. Census Bureau, Population Division. 2020 figures are from the 2020 Census.
2015-2019 figures are from July 2021 release. 2021-2024 figures are from December 2024 release.
(b) U.S. Department of Commerce, Bureau of Economic Analysis.
(c) Michigan Department of Technology, Management and Budget, Bureau of Labor Market Information and Strategic Initiatives, and U.S. Department of Labor, Bureau of Labor Statistics.

Michigan

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
9,985 328,330	10,077 331,449	10,041 332,100	10,051 334,017	10,083 336,806	10,140 340,111
\$ 489.6 \$ 18,349.6	\$ 532.0 \$ 19,613.1	\$ 573.3 \$ 21,484.2	\$ 583.1 \$ 22,144.8	\$ 617.2 \$ 23,577.2	\$ 645.8 \$ 24,897.6
\$ 48,577 \$ 55,567	\$ 52,818 \$ 59,151	\$ 57,090 \$ 64,692	\$ 58,012 \$ 66,298	\$ 61,206 \$ 70,002	\$ 63,690 \$ 73,204
4.1% 3.7%	10.0% 8.1%	5.7% 5.3%	4.2% 3.6%	3.9% 3.6%	4.7% 4.0%
7.3 173.6 <u>627.2</u> 808.0	6.6 164.6 <u>558.0</u> 729.1	6.7 176.6 <u>585.5</u> 768.7	7.2 183.6 <u>608.7</u> 799.5	7.3 190.0 <u>617.9</u> 815.2	7.3 196.3 <u>605.6</u> 809.2
173.2 465.0 157.2 55.4	162.6 429.8 153.8 50.7	164.7 450.4 165.5 52.4	171.6 458.3 177.9 56.9	176.2 459.1 178.5 58.0	177.4 453.6 178.4 56.5
169.0 56.1	172.8 51.3	179.0 53.5	176.0 56.6	174.0 57.9	176.2 58.5
298.3 70.3	287.3 69.5	298.9 69.5	312.2 71.1	315.9 69.2	314.4 67.7
284.7	241.9	259.2	274.0	269.1	259.3
73.7 615.4	66.3 574.8	69.6 581.7	73.6 588.0	78.1 612.1	80.9 634.7
381.9 53.6 166.6	288.5 35.8 144.2	314.6 42.8 154.1	353.2 50.5 164.8	368.5 54.4 170.3	371.2 57.6 173.6
<u>3,020.5</u>	<u>2,729.2</u>	<u>2,855.9</u>	<u>2,984.7</u>	<u>3,041.3</u>	<u>3,059.9</u>
<u>614.3</u> 3,634.8	<u>581.0</u> 3,310.2	<u>573.2</u> 3,429.1	<u>585.9</u> 3,570.6	<u>603.0</u> 3,644.2	<u>618.2</u> 3,678.0
<u>4,442.9</u>	<u>4,039.4</u>	<u>4,197.9</u>	<u>4,370.1</u>	<u>4,459.4</u>	<u>4,487.3</u>

Michigan

CLASSIFIED EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government	7,016	7,090	7,155	7,181
Education	507	504	505	503
Health and human services	13,858	14,083	14,273	14,406
Public safety and corrections	16,125	15,916	15,716	15,743
Conservation, environment, recreation, and agriculture	3,185	3,247	3,305	3,370
Labor, commerce, and regulatory	3,402	3,390	3,405	3,537
Transportation	<u>2,600</u>	<u>2,594</u>	<u>2,597</u>	<u>2,583</u>
Total	46,692	46,825	46,956	47,324

NOTES: This report reflects classified employees who are full-time, part-time, permanent intermittent, limited term, seasonal, non-career, or on worker's compensation in primary positions only, except for the following non-career appointments: student assistant, transportation aide, and state worker.

Each fiscal year, this schedule also includes classified employees for certain business-type activities and discretely presented component unit authorities. Although the expenses for the business-type activities and component unit authorities are reported separately in the government-wide financial statements, the employee counts were combined in this schedule to ensure consistency with the Civil Service Commission reports and for administrative efficiency.

This schedule includes average employee counts. Employees who job share are divided in half. For this reason, totals may not equal the sum of the employee counts per function.

SOURCE: Michigan Civil Service Commission, Annual Work Force Report.

Michigan

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
7,194	6,991	6,993	7,252	7,562	7,865
498	494	493	490	500	749
14,241	14,067	14,017	14,100	14,242	14,247
15,558	14,918	14,347	14,171	14,258	14,514
3,363	3,333	3,463	3,575	3,749	3,938
4,094	4,451	4,522	4,432	4,496	4,418
<u>2,574</u>	<u>2,566</u>	<u>2,597</u>	<u>2,657</u>	<u>2,739</u>	<u>2,798</u>
47,522	46,819	46,432	46,677	47,546	48,528

Michigan

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

	2016	2017	2018	2019
General government				
Tax forms processed	8,843,031	8,957,609	9,517,077	9,316,186
Passenger, commercial, and recreational vehicle registrations	8,726,870	8,828,958	8,778,306	9,402,232
Driver licenses issued	1,995,736	1,998,160	1,877,592	1,985,920
Education				
K-12 students	1,494,001	1,489,357	1,481,205	1,467,416
Public university students	260,817	259,711	257,535	256,110
Community college students	125,388	124,868	120,724	116,340
Human services				
Food assistance program recipients (1)	1,473,614	1,375,434	1,281,862	1,180,070
Family independence program recipients (1)	55,379	48,120	41,914	36,584
Day care recipients (1)	30,941	32,217	34,218	35,225
Children in foster care	13,145	13,329	14,149	13,830
State disability assistance recipients (1)	4,664	3,991	3,339	3,032
Finalized adoptions (yearly total) (2)	2,109	1,998	2,002	2,191
Juvenile justice youth served	639	640	617	560
Open child support cases with support orders established	694,706	685,058	674,643	642,177
Public safety and corrections				
Inmates, parolees, and probationers (as of 9/30)	101,853	98,666	96,571	92,954
State police patrol miles driven	22,532,597	22,762,373	23,622,792	24,531,668
Criminal offender DNA samples entered into federal indexing database (calendar year)	37,856	33,421	32,121	27,414
National Guard members (as of 9/30)	10,242	10,451	10,532	10,640
Veteran homes average daily census	589	499	453	384
Conservation, environment, recreation and agriculture				
Hunting and/or fishing license holders (3)	1,836,298	1,827,091	1,815,201	1,763,571
Camping nights in State parks	1,034,109	1,155,052	1,163,997	1,151,830
Population impacted by water purification projects	1,181,115	806,760	76,472	4,018,604
Underground storage tank releases closed	344	249	218	166
Scrap tires collected (passenger tire equivalent)	212,528	203,162	277,578	342,947
Labor, commerce, and regulatory				
Processed applications for new and renewal occupational licenses	148,606	167,118	169,267	206,962
Building related permits issued	16,718	17,747	18,346	19,372
Building related safety inspections conducted	55,731	41,649	35,930	35,159
Occupational safety and health enforcement inspections conducted	4,662	4,547	4,375	4,479
Alleged occupational safety and health violations identified	9,326	9,311	8,309	9,551
Financial and insurance service providers chartered	298,370	310,436	336,604	338,972
Health services				
Medicaid recipients (1)	1,710,770	1,775,073	1,769,624	1,742,904
Healthy Michigan Plan recipients	597,225	650,000	671,601	662,818
Women, Infants, and Children Food and Nutrition Program recipients (1)	234,546	224,106	213,964	205,434
Children's special health care services recipients (1)	33,206	33,622	35,835	39,163
Mentally ill/developmental disability service recipients (1)	228,444	231,307	240,434	232,945
Substance abuse service recipients	72,306	72,627	75,875	76,947

NOTES: (1) Monthly average.

(2) Total adoptions were completed by the Department of Health and Human Services (DHHS) and private agencies under contract with DHHS.

(3) The licensing season runs April 1 through March 31. Amounts reported under fiscal year 2025 are for the licensing year ending March 31, 2025.

(4) Amount estimated.

SOURCES: Various State departments.

Michigan

2020	2021	2022	2023	2024	2025
9,283,382	9,544,308	9,647,116	9,731,175	9,898,903	10,042,004
9,319,373	9,979,637	9,776,897	10,233,308	9,950,278	10,388,207
1,894,352	2,221,625	1,954,211	1,981,127	1,961,257	2,079,894
1,458,064	1,403,957	1,402,079	1,396,445	1,387,316	1,380,613
255,104	247,326	239,003	234,411	238,055	241,117
108,318	102,319	99,394	97,057	100,496	108,201
1,254,475	1,270,920	1,328,029	1,380,648	1,384,706	1,412,876
46,341	29,522	28,248	29,955	27,938	32,021
33,151	25,377	27,211	34,420	39,537	44,510
12,875	11,807	10,896	10,336	10,389	10,362
3,677	1,941	1,627	1,774	2,062	1,796
1,887	1,701	1,612	1,590	1,508	1,239 (4)
495	434	379	390	387	351
621,773	607,000	593,513	578,366	563,786	544,438
83,121	74,325	73,666	72,766	73,504	72,670
25,813,004	23,766,986	23,595,632	23,560,908	23,874,417	22,784,410
22,702	21,662	19,379	21,990	21,722	22,264 (4)
10,824	10,945	10,525	10,061	10,380	9,834
364	276	285	325	346	352
1,725,335	1,699,891	1,851,926	1,748,954	1,791,294	1,842,411
1,010,580	1,432,298	1,345,579	1,319,738	1,193,732	1,189,022 (4)
4,916,705	3,775,442	4,989,412	4,882,179	750,983	440,225
165	157	124	160	426	560
427,940	451,024	289,978	510,571	457,484	152,156 (4)
217,085	286,525	332,539	305,746	299,548	371,421
19,745	22,092	23,511	22,215	23,025	22,611
32,380	31,338	31,054	30,666	36,063	40,972
3,186	3,350	3,619	3,901	3,810	4,338
7,328	8,594	8,402	8,748	9,139	10,073
358,138	389,173	437,200	483,926	525,692	559,899
1,772,810	1,919,493	2,033,916	2,125,491	1,976,789	1,890,604
699,225	887,942	988,277	1,061,610	821,943	704,240
213,881	207,317	200,225	205,875	188,956	186,543
41,504	41,665	41,359	43,020	46,781	50,936
237,702	244,442	267,018	280,560	289,361	Unavailable
66,844	67,447	63,691	66,172	64,897	62,009 (4)

Michigan

OPERATING INDICATORS BY FUNCTION (Continued)

LAST TEN FISCAL YEARS

	2016	2017	2018	2019
Transportation				
Annual vehicle miles of travel on				
State Trunkline roads (8)	51,400,000,000	54,300,000,000	54,300,000,000	54,200,000,000
Miles of intercity bus travel receiving State funding	1,056,684	972,876	960,280	946,945
Miles of local bus travel receiving State funding	102,988,003	108,598,150	115,451,020	113,284,035
Railroad crossing maintenance/safety inspections	3,256	2,250	2,379	2,191
Tax credits				
Taxpayers claiming refundable credits (5) (7)	1,783,300	1,733,200	1,856,300	1,907,300
Intergovernmental-revenue sharing				
Township grants	1,240	1,240	1,240	1,240
City grants	280	280	280	280
Village grants	253	253	253	253
County grants (6)	76	78	78	81
Liquor Purchase Revolving Fund				
Annual retail liquor licenses issued (9)	15,921	25,727	26,351	29,495
Liquor sales volume (cases)	8,370,191	8,549,809	8,898,383	9,046,819
Beer sales volume (barrels)	6,221,883	6,064,592	6,024,082	5,917,199
Wine sales volume (liters)	95,465,899	96,255,115	97,473,694	98,009,016
Pre-mixed spirit drink sales volume (liters)	1,385,629	1,553,193	1,726,361	2,436,149
State Lottery Fund				
Retailers	10,650	10,645	10,792	10,508
Winners greater than \$600	74,352	82,435	91,984	94,046
Millionaire prizewinners	46	38	39	42
Michigan Unemployment Compensation Funds				
Individuals receiving benefits (calendar year)	286,449	272,373	241,828	253,518

- NOTES: (5) Tax credits are reported based on the tax year. Credits claimed during tax year 2024, for example, are reported above in fiscal year 2024.
- (6) County grants were suspended beginning in fiscal year 2005. Instead, each county expends from its revenue sharing reserve fund created by State statute in 2004. Each fiscal year, counties are allowed only to expend from the fund the amount the Department of Treasury certifies them to spend. Once a county has exhausted its revenue sharing reserve fund, the county will return to revenue sharing.
- (7) Amount estimated and rounded to nearest hundred.
- (8) Amount estimated and rounded to nearest one hundred million on a calendar-year basis.
- (9) In fiscal year 2017, the Liquor Control Commission implemented the Alcohol Information Management System which includes Specially Designated Merchant licenses that were issued in conjunction with other license types.

SOURCES: Various State departments.

Michigan

2020	2021	2022	2023	2024	2025
53,900,000,000	44,500,000,000	50,300,000,000	50,000,000,000	51,600,000,000	52,200,000,000
506,270	846,766	963,105	953,712	977,431	974,582 (4)
90,541,252	87,762,780	94,591,246	98,290,035	98,030,854	97,322,520
2,155	2,690	2,964	2,138	2,587	2,845
1,766,600	1,960,000	1,733,500	1,750,200	1,822,000	Unavailable
1,240	1,240	1,240	1,240	1,240	1,240
280	280	280	280	280	281
253	253	253	253	253	252
81	81	82	83	83	83
29,403	29,570	29,800	30,300	30,344	30,411
10,552,801	10,911,821	10,739,146	10,508,503	10,456,322	10,286,410
6,001,106	5,924,098	5,746,043	5,433,331	5,306,932	4,984,783
102,679,536	103,006,225	98,328,515	91,593,195	87,536,896	85,439,851
4,428,526	8,059,177	12,831,547	23,664,293	30,112,226	35,604,344
10,492	10,423	10,419	10,408	10,362	10,411
115,829	139,050	130,113	113,865	109,537	106,293
42	70	53	44	48	53
2,361,468	1,197,595	264,802	224,214	260,826	236,938 (4)

Michigan

CAPITAL ASSETS BY FUNCTION

LAST TEN FISCAL YEARS

	2016	2017	2018	2019
General government				
Buildings (2)	240	243	241	171
Vehicles	988	990	1,059	1,011
Education				
Buildings (2)	28	28	28	2
Vehicles	35	33	35	35
Health and human services				
Buildings (2)	441	442	439	136
Vehicles	1,698	1,729	1,746	1,791
Public safety and corrections				
Buildings (2)	1,261	1,259	1,254	635
Vehicles	3,924	3,977	4,057	4,082
Conservation, environment, recreation, and agriculture				
Buildings (2)	327	326	326	327
Vehicles	4,275	4,528	4,005	4,027
Environmental quality air-monitoring instruments	248	278	294	283
Environmental quality lab/analyzing equipment	156	166	217	229
Natural resources acres of land (1)	4,590,035	4,594,015	4,594,482	4,590,515
Harbors	19	19	19	19
Hatcheries	6	6	6	6
State park & recreation areas	103	103	102	102
Labor, commerce, and regulatory				
Buildings (2)	69	66	65	20
Vehicles	574	601	636	696
Transportation				
Buildings (2)	373	373	374	239
Vehicles	1,682	1,691	1,729	1,758
Highway lane miles (calendar year)	27,452	29,702	29,748	29,711
Heavy equipment owned	2,222	2,258	2,343	2,425

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

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

SOURCES: Michigan Departments of Technology, Management and Budget; Natural Resources; Environment, Great Lakes, and Energy, and Transportation.

Michigan

2020	2021	2022	2023	2024	2025
168	178	182	185	179	178
992	884	878	905	970	1,024
2	2	2	2	2	4
37	37	37	36	37	95
98	96	102	105	101	101
1,688	1,690	1,670	1,683	1,672	1,614
630	592	603	592	596	588
4,044	4,101	4,052	4,159	4,214	4,118
324	326	321	323	327	327
3,623	3,591	4,882	4,862	4,882	4,983
332	341	350	366	371	343
234	239	247	260	267	274
4,594,121	4,593,468	4,593,468	4,595,625	4,592,269	4,592,269
19	19	19	17	17	17
6	6	6	6	6	6
102	103	103	103	103	104
35	36	40	43	39	42
796	784	787	794	864	817
249	249	245	242	253	254
1,780	1,772	1,791	1,783	1,849	1,857
29,386	29,386	27,147	28,684	28,681	28,756
2,506	2,549	2,663	2,686	2,737	2,209





OTHER INFORMATION

Michigan

COMBINED SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES

GENERAL AND SPECIAL REVENUE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>
TAXES			
Sales	\$ 10,811,805	\$ 2,758,175	\$ 8,053,630
Personal income	13,951,359	9,409,643	4,541,716
Flow-through entity	1,000,210	709,626	290,584
Single business, Michigan business, and corporate income	1,825,122	1,825,122	-
Use	2,148,235	1,226,865	921,370
State education (property)	2,947,173	-	2,947,173
Real estate transfer	440,209	-	440,209
Tobacco products	623,386	408,137	215,250
Beer and wine	42,858	42,858	-
Liquor	232,179	158,465	73,714
Casino gaming wagering	103,182	-	103,182
Telephone and telegraph company	53,046	53,046	-
Commercial mobile radio service	39,742	39,742	-
Insurance company	526,756	526,756	-
Motor vehicle registration	1,584,731	3,642	1,581,089
Gasoline	1,340,804	-	1,340,804
Diesel fuel	288,659	-	288,659
Gas and oil severance	20,695	20,695	-
Industrial facilities	53,339	-	53,339
Convention hotel accommodation	30,005	30,005	-
Airport parking	40,528	40,528	-
Quality assurance assessment	2,139,153	2,139,153	-
Essential services assessment	156,253	156,253	-
Penalties and interest	204,991	204,991	-
Marihuana excise	299,818	299,818	-
Insurance provider assessment	638,238	638,238	-
Environmental protection regulatory fee	62,162	62,162	-
Michigan State Housing Development Authority payment in lieu of taxes	17,085	-	17,085
Internet gaming - commercial	292,958	3,654	289,304
Heavy equipment	13,109	13,109	-
Other	29,324	6,812	22,512
	<u>41,957,115</u>	<u>20,777,496</u>	<u>21,179,619</u>
FROM FEDERAL AGENCIES			
Department of Health and Human Services	23,258,740	23,251,190	7,550
Department of Education	1,755,743	244,556	1,511,188
Department of Agriculture	4,458,268	3,654,682	803,585
Department of the Treasury	1,637,741	1,637,741	-
Department of Labor	297,009	155,052	141,957
Department of Housing and Urban Development	12,962	12,962	-
Department of Energy	49,148	49,148	-
Department of Transportation	123,939	34,857	89,082
Department of Interior	60,061	54,292	5,769
Department of Defense	90,446	90,446	-
Department of Justice	82,015	82,015	-
Department of Homeland Security	503,425	503,217	208
Department of Veterans Affairs	530	530	-
Social Security Administration	107,845	107,845	-
Environmental Protection Agency	348,077	348,026	51
Corporation for National and Community Service	11,675	11,675	-
Other	21,437	21,400	38
	<u>32,819,063</u>	<u>30,259,635</u>	<u>2,559,429</u>
FROM LOCAL AGENCIES			
Counties	63,286	63,286	-
Cities, villages, and townships	9,807	9,807	-
School districts	2,255	2,255	-
Other	26,379	26,379	-
	<u>101,727</u>	<u>101,727</u>	<u>-</u>

Michigan

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>
SPECIAL MEDICAID REIMBURSEMENTS	<u>\$ 213,406</u>	<u>\$ 213,406</u>	<u>\$ -</u>
FROM SERVICES			
Charges for providing vehicle and driver services	193,093	183,940	9,154
Revenues for patient, ward, and inmate care	19,105	19,105	-
Other	164,870	164,801	70
	<u>377,069</u>	<u>367,846</u>	<u>9,223</u>
FROM LICENSES AND PERMITS			
Liquor retailer, manufacturer, and wholesaler licenses	22,710	22,710	-
Motor vehicle operator and chauffeur licenses	61,882	61,686	196
Examination fees - financial institutions and insurance industry	60,126	60,126	-
Motor vehicle related	38,082	2,646	35,436
Hunting, fishing, and trapping licenses	68,328	-	68,328
Public utilities assessment fees	45,163	45,163	-
Regulatory licenses and permits	213,779	193,601	20,177
Corporation franchise fees	25,144	25,144	-
Recreation user fees and permits	139,887	1,690	138,197
Other	79,999	73,328	6,671
	<u>755,100</u>	<u>486,094</u>	<u>269,006</u>
MISCELLANEOUS			
Income from investments	898,925	613,267	285,658
Tobacco settlement proceeds	187,660	17,500	170,160
Various fines, fees, and assessments	112,206	64,253	47,953
Court fines, fees, and assessments	146,116	133,477	12,639
Oil and gas royalties, fees, assignments, and rentals	4,974	3,529	1,445
Sale of forest products on tax reverted land	47,331	-	47,331
Child support	16,282	16,282	-
Unclaimed bottle deposits	89,485	-	89,485
Unemployment obligation assessment	292	-	292
Low-income energy efficiency program	50,638	50,638	-
School bond loan repayment interest	19,832	19,832	-
Internet gaming payments - tribal	236,106	-	236,106
Opioid settlement proceeds	51,240	51,240	-
Other	785,226	612,388	172,838
	<u>2,646,314</u>	<u>1,582,407</u>	<u>1,063,907</u>
Total Revenues	<u>78,869,794</u>	<u>53,788,610</u>	<u>25,081,185</u>
OTHER FINANCING SOURCES			
Vendor financing acquisitions	13,929	13,181	749
Proceeds from sale of capital assets	4,926	4,789	137
Transfers From Other Funds:			
From Liquor Purchase Revolving Fund	275,406	275,406	-
From State Lottery Fund	1,173,361	9,513	1,163,848
From other funds	1,820,526	536,550	1,283,976
	<u>3,288,148</u>	<u>839,438</u>	<u>2,448,710</u>
Total Revenue and Other Financing Sources (GAAP Basis)	<u>\$ 82,157,943</u>	<u>\$ 54,628,048</u>	<u>\$ 27,529,895</u>

Michigan

SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL PURPOSE</u>	<u>RESTRICTED REVENUES</u>
TAXES			
Sales	\$ 2,758,175	\$ 1,012,313	\$ 1,745,862
Personal income	9,409,643	7,591,690	1,817,953
Flow-through entity	709,626	708,553	1,073
Single business, Michigan business, and corporate income	1,825,122	1,072,527	752,594
Use	1,226,865	1,149,492	77,374
Tobacco products	408,137	122,658	285,478
Beer and wine	42,858	42,858	-
Liquor	158,465	67,982	90,484
Telephone and telegraph company	53,046	53,046	-
Commercial mobile radio service	39,742	-	39,742
Insurance company	526,756	526,691	65
Motor vehicle registration	3,642	-	3,642
Gas and oil severance	20,695	19,445	1,250
Convention hotel accommodation	30,005	-	30,005
Airport parking	40,528	-	40,528
Quality assurance assessment	2,139,153	-	2,139,153
Essential services assessment	156,253	156,253	-
Penalties and interest	204,991	193,738	11,253
Marihuana excise	299,818	2,802	297,016
Insurance provider assessment	638,238	-	638,238
Environmental protection regulatory fee	62,162	-	62,162
Internet gaming - commercial	3,654	-	3,654
Heavy equipment	13,109	-	13,109
Other	6,812	2,317	4,495
	<u>20,777,496</u>	<u>12,722,364</u>	<u>8,055,131</u>
FROM FEDERAL AGENCIES			
Department of Health and Human Services	23,251,190	4,911	23,246,279
Department of Education	244,556	533	244,023
Department of Agriculture	3,654,682	-	3,654,682
Department of the Treasury	1,637,741	-	1,637,741
Department of Labor	155,052	2,721	152,331
Department of Housing and Urban Development	12,962	-	12,962
Department of Energy	49,148	-	49,148
Department of Transportation	34,857	257	34,600
Department of Interior	54,292	-	54,292
Department of Defense	90,446	-	90,446
Department of Justice	82,015	51	81,965
Department of Homeland Security	503,217	123	503,095
Department of Veterans Affairs	530	-	530
Social Security Administration	107,845	-	107,845
Environmental Protection Agency	348,026	-	348,026
Corporation for National and Community Service	11,675	-	11,675
Other	21,400	2,070	19,330
	<u>30,259,635</u>	<u>10,666</u>	<u>30,248,969</u>
FROM LOCAL AGENCIES			
Counties	63,286	-	63,286
Cities, villages, and townships	9,807	-	9,807
School districts	2,255	-	2,255
Other	26,379	-	26,379
	<u>101,727</u>	<u>-</u>	<u>101,727</u>

Michigan

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL PURPOSE</u>	<u>RESTRICTED REVENUES</u>
SPECIAL MEDICAID REIMBURSEMENTS	\$ 213,406	\$ -	\$ 213,406
FROM SERVICES			
Charges for providing vehicle and driver services	183,940	579	183,360
Revenues for patient, ward, and inmate care	19,105	-	19,105
Other	164,801	3,079	161,721
	<u>367,846</u>	<u>3,658</u>	<u>364,187</u>
FROM LICENSES AND PERMITS			
Liquor retailer, manufacturer, and wholesaler licenses	22,710	2,239	20,471
Motor vehicle operator and chauffeur licenses	61,686	3,000	58,686
Examination fees - financial institutions and insurance industry	60,126	-	60,126
Motor vehicle related	2,646	9	2,637
Public utilities assessment fees	45,163	-	45,163
Regulatory licenses and permits	193,601	8,485	185,117
Corporation franchise fees	25,144	-	25,144
Recreation user fees and permits	1,690	316	1,373
Other	73,328	225	73,102
	<u>486,094</u>	<u>14,274</u>	<u>471,819</u>
MISCELLANEOUS			
Income from investments	613,267	434,140	179,127
Tobacco settlement proceeds	17,500	-	17,500
Various fines, fees, and assessments	64,253	704	63,549
Court fines, fees, and assessments	133,477	13,554	119,923
Oil and gas royalties, fees, assignments, and rentals	3,529	-	3,529
Child support	16,282	-	16,282
Low-income energy efficiency program	50,638	-	50,638
School bond loan repayment interest	19,832	-	19,832
Opioid settlement proceeds	51,240	-	51,240
Other	612,388	124,325	488,062
	<u>1,582,407</u>	<u>572,723</u>	<u>1,009,684</u>
Total Revenues	<u>53,788,610</u>	<u>13,323,686</u>	<u>40,464,924</u>
OTHER FINANCING SOURCES			
Vendor financing acquisitions	13,181	-	13,181
Proceeds from sale of capital assets	4,789	-	4,789
Transfers From Other Funds:			
From Liquor Purchase Revolving Fund	275,406	275,175	232
From State Lottery Fund	9,513	7,002	2,510
From other funds	536,550	325,685	210,865
	<u>839,438</u>	<u>607,862</u>	<u>231,576</u>
Total Other Financing Sources	<u>839,438</u>	<u>607,862</u>	<u>231,576</u>
Total Revenue and Other Financing Sources (GAAP Basis)	<u>54,628,048</u>	<u>13,931,548</u>	<u>40,696,500</u>
BUDGETARY BASIS ADJUSTMENTS			
Vendor financing acquisitions	(13,181)	-	(13,181)
Total Revenue and Other Financing Sources (Budgetary Basis)	<u>\$ 54,614,867</u>	<u>\$ 13,931,548</u>	<u>\$ 40,683,319</u>

Michigan

SOURCE AND DISPOSITION OF GENERAL FUND AUTHORIZATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

<u>BRANCH AND DEPARTMENT</u>	CURRENT LEGISLATIVE APPROPRIATION	BUDGETARY TRANSFERS IN/OUT	BUDGETARY ADJUSTMENT	UNEXPENDED FROM PRIOR YEAR	RESTRICTED REVENUE ADDITIONS	LESS: TIMING DIFFERENCES* RESTRICTED REVENUE NOT AUTHORIZED/USED
Legislative Branch	\$ 222,180	\$ -	\$ 627	\$ 96,534	\$ 16,321	\$ (1,807)
Judicial Branch	266,159	-	-	184,027	85,688	(48,972)
Executive Branch:						
Agriculture and Rural Development	89,056	(1,003)	68	201,266	51,278	(81,937)
Attorney General	57,409	-	-	24,083	65,225	(4,872)
Civil Rights	26,195	-	-	13,138	2,082	-
Colleges and Universities Grants	1,859,924	-	-	521,903	481,799	(604,619)
Corrections	2,094,250	-	380	409,220	35,289	(5,570)
Education	205,648	(200)	-	50,629	137,295	(25,001)
Environment, Great Lakes, and Energy	260,867	-	705	935,890	1,128,907	(489,891)
Executive Office	9,337	-	-	213	-	-
Health and Human Services	7,268,132	-	-	1,070,807	30,694,092	(749,692)
Insurance and Financial Services	-	-	-	14,458	85,071	(29,316)
Labor and Economic Opportunity	932,040	(60,310)	2,534	1,600,848	816,237	(482,291)
Licensing and Regulatory Affairs	308,606	(200)	-	350,323	291,352	(277,096)
Lifelong Education, Advancement, and Potential	148,039	62,306	-	79,405	574,819	(73,879)
Marshall Plan for Talent	-	-	-	5,267	1,064	(6,331)
Military and Veterans Affairs	117,694	-	-	70,245	104,618	(3,260)
Natural Resources	91,370	-	27	181,938	251,412	(38,039)
State	11,969	-	-	134,391	283,094	(143,055)
State Police	685,315	-	-	371,467	805,250	(187,680)
Technology, Management and Budget	589,964	-	-	2,894,357	961,743	(2,487,182)
Transportation	198,750	-	221	705,299	64,714	(5,161)
Treasury	308,656	(594)	653	570,915	4,839,191	(455,604)
Intrafund expenditure reimbursements	-	-	-	-	-	-
Total	\$ 15,751,561	\$ -	\$ 5,215	\$ 10,486,624	\$ 41,776,540	\$ (6,201,255)

* Timing differences are subtracted from Gross Spending Authority in order to show an annualized Budget that is comparable to the current year's Actual uses. Timing differences consist of unused authorizations for multi-year projects (capital outlay and work projects) and restricted revenue not authorized/used, which includes revenues that by statute are restricted for use to a particular program or activity. Generally, the expenditure of the restricted revenue is subject to annual legislative appropriation. However, the restricted revenue may also be used in subsequent years to finance expenditures in multi-year appropriations and for encumbrances carried forward.

Restricted revenue balances authorized in the Variances category represent restricted revenue carry-overs that could have been used in the current period but were not.

For budgetary purposes, encumbrance authorization is considered use of spending authority in the year the State incurs an obligation.

NOTE: This schedule was prepared on the Statutory/Budgetary basis.

Michigan

GROSS SPENDING AUTHORITY	LESS: TIMING DIFFERENCES* MULTI-YEAR PROJECTS	"BUDGET"	"ACTUAL"		"VARIANCES"		
		AS PRESENTED IN STATEMENTS	EXPENDED/ TRANSFERRED	ENCUMBERED BALANCES FORWARD	RESTRICTED REVENUE BALANCES AUTHORIZED	LAPSES	OVEREXPENDED
\$ 333,855	\$ (103,545)	\$ 230,310	\$ 220,946	\$ 4,020	\$ 98	\$ 5,245	\$ -
486,901	(92,389)	394,513	377,631	15,507	1,082	293	-
258,728	(59,936)	198,792	138,344	59,943	-	505	-
141,845	(9,974)	131,871	131,789	11	-	72	-
41,416	(11,227)	30,189	29,973	161	-	55	-
2,259,007	(36,254)	2,222,753	2,221,174	1,074	-	505	-
2,533,570	(229,423)	2,304,147	2,124,225	93,894	20,477	65,551	-
368,371	(20,100)	348,271	344,656	2,368	-	1,246	-
1,836,479	(167,772)	1,668,707	1,334,091	330,680	-	3,936	-
9,551	-	9,551	9,176	85	-	290	-
38,283,340	(624,457)	37,658,883	37,992,855	88,724	-	138,951	(561,647)
70,213	-	70,213	70,213	-	-	-	-
2,809,058	(250,910)	2,558,148	1,982,472	559,825	20	15,831	-
672,984	(113,066)	559,919	512,019	43,900	393	3,607	-
790,690	(49,421)	741,269	714,027	18,594	1,096	7,553	-
-	-	-	-	-	-	-	-
289,297	(41,181)	248,116	224,116	10,951	11,418	1,631	-
486,708	(102,251)	384,457	340,773	35,547	6,334	1,803	-
286,399	(4,495)	281,903	275,445	3,703	313	2,442	-
1,674,351	(146,689)	1,527,663	1,462,419	17,002	32,118	16,123	-
1,958,883	(379,745)	1,579,138	1,462,966	88,873	10,761	16,538	-
963,823	(539,291)	424,533	307,147	107,596	-	9,789	-
5,263,217	(70,291)	5,192,925	5,095,282	22,353	60,694	14,596	-
-	-	(1,093,221)	(1,093,221)	-	-	-	-
<u>\$ 61,818,684</u>	<u>\$ (3,052,416)</u>	<u>\$ 57,673,048</u>	<u>\$ 56,278,519</u>	<u>\$ 1,504,810</u>	<u>\$ 144,805</u>	<u>\$ 306,561</u>	<u>\$ (561,647)</u>
Prior Year encumbrances		(1,354,406)	(1,354,406)				
Amount reported on Budgetary Comparison Schedule		<u>\$ 56,318,642</u>	<u>\$ 54,924,113</u>	<u>\$ 1,504,810</u>	<u>\$ 144,805</u>	<u>\$ 306,561</u>	<u>\$ (561,647)</u>

Michigan

**SOURCE AND DISPOSITION OF
GENERAL FUND/GENERAL PURPOSE AUTHORIZATIONS**

FISCAL YEAR ENDED SEPTEMBER 30, 2025

(In Thousands)

<u>BRANCH AND DEPARTMENT</u>	CURRENT LEGISLATIVE APPROPRIATION*	BUDGETARY TRANSFERS IN/OUT	BUDGETARY ADJUSTMENT	UNEXPENDED FROM PRIOR YEAR
Legislative Branch	\$ 222,180	\$ -	\$ 627	\$ 95,137
Judicial Branch	266,159	-	-	140,867
Executive Branch:				
Agriculture and Rural Development	89,056	(1,003)	68	120,911
Attorney General	57,409	-	-	19,413
Civil Rights	26,195	-	-	13,138
Colleges and Universities Grants	1,859,924	-	-	73,482
Corrections	2,094,250	-	380	375,560
Education	205,648	(200)	-	26,623
Environment, Great Lakes, and Energy	260,867	-	705	467,840
Executive Office	9,337	-	-	213
Health and Human Services	7,268,132	-	-	700,562
Labor and Economic Opportunity	932,040	(60,310)	2,534	873,267
Licensing and Regulatory Affairs	308,606	(200)	-	101,416
Lifelong Education, Advancement, and Potential	148,039	62,306	-	8,820
Military and Veterans Affairs	117,694	-	-	54,055
Natural Resources	91,370	-	27	140,329
State	11,969	-	-	8,222
State Police	685,315	-	-	157,534
Technology, Management and Budget	589,964	-	-	564,879
Transportation	198,750	-	221	705,299
Treasury	308,656	(594)	653	139,717
	<u>\$ 15,751,561</u>	<u>\$ -</u>	<u>\$ 5,215</u>	<u>\$ 4,787,286</u>
Total	<u>\$ 15,751,561</u>	<u>\$ -</u>	<u>\$ 5,215</u>	<u>\$ 4,787,286</u>

* The amounts in the "Current Legislative Appropriation" column include certain appropriations that do not appear as line-item appropriations in the budget bills. These appropriations are authorized in narrative "boilerplate" language in the budget bills. In fiscal year 2025 "boilerplate" appropriations include interfund and intrafund transfers.

"Boilerplate" appropriations accounted for \$124.5 million of the "Current Legislative Appropriation."

Michigan

GROSS SPENDING AUTHORITY	"ACTUAL"			"VARIANCES"	
	EXPENDED/ TRANSFERRED	ENCUMBERED BALANCES FORWARD	MULTI-YEAR PROJECT BALANCES FORWARD	LAPSES	OVEREXPENDED
\$ 317,944	\$ 205,133	\$ 4,020	\$ 103,545	\$ 5,245	\$ -
407,026	298,838	15,507	92,389	293	-
209,033	88,650	59,943	59,936	505	-
76,822	66,766	11	9,974	72	-
39,334	27,891	161	11,227	55	-
1,933,406	1,895,574	1,074	36,254	505	-
2,470,190	2,081,323	93,894	229,423	65,551	-
232,071	208,356	2,368	20,100	1,246	-
729,412	227,025	330,680	167,772	3,936	-
9,551	9,176	85	-	290	-
7,968,694	7,440,390	88,724	624,457	138,951	(323,827)
1,747,531	920,965	559,825	250,910	15,831	-
409,822	249,250	43,900	113,066	3,607	-
219,165	143,598	18,594	49,421	7,553	-
171,750	117,987	10,951	41,181	1,631	-
231,726	92,125	35,547	102,251	1,803	-
20,191	9,550	3,703	4,495	2,442	-
842,848	663,034	17,002	146,689	16,123	-
1,154,843	669,687	88,873	379,745	16,538	-
904,270	247,594	107,596	539,291	9,789	-
448,432	341,192	22,353	70,291	14,596	-
<u>\$ 20,544,062</u>	<u>\$ 16,004,103</u>	<u>\$ 1,504,810</u>	<u>\$ 3,052,416</u>	<u>\$ 306,561</u>	<u>\$ (323,827)</u>

Michigan

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

LAST TEN YEARS
SEPTEMBER 30, 2025
(In Thousands)

SOURCE	2016	2017	2018	2019
TAXES				
Sales	\$ 7,299,628	\$ 7,791,774	\$ 8,074,032	\$ 8,243,168
Personal Income (net of tax credits)	9,372,028	9,454,968	10,162,211	10,432,233
Amount reported as tax credits	672,400	696,500	696,100	895,100
Flow-Through Entity	-	-	-	-
Single Business, Michigan Business, and Corporate Income (1)	763,498	900,848	1,036,594	1,199,866
Use	2,056,124	1,266,699	1,486,178	1,358,473
State Education (Property)	1,897,292	1,964,780	1,989,481	2,114,632
Real Estate Transfer	289,314	317,056	350,281	350,113
Tobacco Products	946,651	946,048	917,994	889,591
Beer, Wine, and Liquor	208,689	214,028	222,938	231,999
Casino Gaming Wagering	112,868	113,219	115,423	117,257
Insurance Company	329,806	371,279	393,367	327,439
Health Insurance Claims Assessment (2)	228,475	300,111	331,920	1,113
Motor Vehicle and Fuel	2,032,947	2,573,013	2,766,327	2,816,068
Quality Assurance Assessment	1,138,810	1,136,099	1,245,149	1,392,069
Penalties and Interest	124,391	115,911	178,622	128,905
Marihuana Excise (3)	-	-	-	-
Insurance Provider Assessment (2)	-	-	-	602,602
Other (2) (3)	325,461	355,297	381,389	403,107
Total Taxes	27,798,384	28,517,631	30,348,004	31,503,734
FEDERAL AGENCIES	20,027,958	19,508,727	19,957,136	20,827,638
LOCAL AGENCIES (4)	83,180	79,750	80,755	83,426
SPECIAL MEDICAID REIMBURSEMENTS	115,621	188,933	149,350	175,942
SERVICES	335,812	354,324	360,831	361,118
LICENSES AND PERMITS	551,984	567,595	568,448	601,648
MISCELLANEOUS	1,847,842	1,711,460	1,831,961	1,732,463
Total Revenue	50,760,781	50,928,420	53,296,485	55,285,969
PROCEEDS FROM BOND ISSUES AND BOND ANTICIPATION NOTES	100,215	138,395	151,484	-
VENDOR FINANCING ACQUISITIONS	18,423	14,473	22,994	10,275
PROCEEDS FROM SALE OF CAPITAL ASSETS	2,543	2,656	6,236	5,053
Total Revenue, Bond Proceeds, Vendor Financing Acquisitions, and Proceeds from Sale of Capital Assets	<u>\$ 50,881,962</u>	<u>\$ 51,083,944</u>	<u>\$ 53,477,200</u>	<u>\$ 55,301,297</u>

- NOTES: (1) Effective January 1, 2008, the State replaced the Single business tax with the Michigan business tax. Effective January 1, 2012, the State replaced the Michigan business tax with the Corporate income tax.
- (2) Legislation established the Health Insurance Claims Assessment, effective January 1, 2012. Effective October 1, 2018, the State replaced the Health Insurance Claims Assessment with the Insurance Provider Assessment. Beginning in fiscal year 2022, the Health Insurance Claims Assessment is included in Other Taxes.
- (3) In the 2020 column within the Taxes section, the Marihuana Excise Tax amount has been disaggregated from the Other amount published in prior years.
- (4) Revenue from local agencies has been restated for fiscal years 2016 through 2024 due to a reclassification of activity to transfers. More detailed information is presented in Note 4 to the financial statements.

Michigan

	2020	2021	2022	2023	2024	2025
\$	8,299,005	\$ 9,410,565	\$ 10,777,766	\$ 10,669,401	\$ 10,574,245	\$ 10,811,805
	10,501,800	11,859,977	12,141,871	10,956,096	12,027,546	12,363,359
	936,500	884,600	908,800	1,359,010	1,460,000	1,588,000
	-	-	1,793,444	1,031,155	958,161	1,000,210
	1,019,636	1,675,992	2,022,763	2,231,792	2,258,196	1,825,122
	1,368,751	2,135,698	2,054,953	2,162,904	2,211,632	2,148,235
	2,189,928	2,265,956	2,453,335	2,579,025	2,783,664	2,947,173
	335,402	490,330	546,618	389,188	404,532	440,209
	904,170	890,145	797,601	724,320	667,881	623,386
	266,476	285,845	282,257	279,698	280,933	275,037
	67,011	90,572	104,059	102,673	100,457	103,182
	467,757	390,848	419,875	465,967	537,414	526,756
	1,794	396	-	-	-	-
	2,665,684	2,755,935	2,839,221	3,000,358	3,048,812	3,214,195
	1,261,031	1,344,793	1,364,188	1,412,254	2,309,537	2,139,153
	93,545	137,791	144,045	145,058	176,558	204,991
	31,164	120,472	186,610	269,034	314,960	299,818
	608,376	619,816	638,599	637,834	635,657	638,238
	369,988	477,040	611,257	657,126	715,975	808,246
	31,388,019	35,836,770	40,087,263	39,072,893	41,466,162	41,957,115
	24,795,182	28,937,122	33,943,937	32,109,307	32,041,554	32,819,063
	103,747	90,774	82,191	87,042	105,120	101,727
	153,051	159,986	172,203	185,360	201,669	213,406
	347,899	356,782	349,610	362,570	368,202	377,069
	615,590	683,186	666,575	662,940	680,111	755,100
	1,270,446	1,327,418	1,399,364	2,452,120	2,852,852	2,646,314
	58,673,934	67,392,036	76,701,142	74,932,232	77,715,668	78,869,794
	182,230	-	-	-	-	-
	94,866	30,009	13,496	22,032	23,215	13,929
	1,751	3,243	7,007	3,794	4,159	4,926
<u>\$</u>	<u>58,952,782</u>	<u>\$ 67,425,288</u>	<u>\$ 76,721,646</u>	<u>\$ 74,958,058</u>	<u>\$ 77,743,042</u>	<u>\$ 78,888,650</u>

Michigan

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

LAST TEN YEARS
SEPTEMBER 30, 2025
(In Thousands)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Current:				
General government	\$ 2,927,185	\$ 2,551,534	\$ 2,761,629	\$ 2,751,034
Education (1)	15,715,881	16,067,738	16,662,387	16,979,287
Health and human services	23,516,873	23,070,385	23,925,010	25,269,773
Public safety and corrections	2,668,747	2,692,527	2,723,546	2,798,756
Conservation, environment, recreation, and agriculture	721,772	748,228	842,420	831,194
Labor, commerce, and regulatory	1,230,828	1,270,025	1,259,349	1,343,644
Transportation	1,617,799	1,703,525	1,854,936	2,203,682
Tax credits	672,400	696,500	696,100	895,100
Capital outlay	212,705	55,534	122,461	194,591
Intergovernmental - revenue sharing	1,213,432	1,259,005	1,289,064	1,327,717
Debt service:				
Structured settlement payments	-	-	-	-
Vendor financing payments	<u>68,377</u>	<u>68,826</u>	<u>71,700</u>	<u>73,740</u>
Total Expenditures	<u>\$ 50,566,000</u>	<u>\$ 50,183,827</u>	<u>\$ 52,208,603</u>	<u>\$ 54,668,518</u>

NOTE: (1) Education expenditures for fiscal years 2016 through 2024 have been restated due to a reclassification of activity to transfers. More detailed information is presented in Note 4 to the financial statements.

Michigan

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 2,919,734	\$ 3,163,760	\$ 2,937,713	\$ 3,413,748	\$ 3,379,142	\$ 3,198,975
17,725,915	18,626,165	22,073,440	24,070,727	25,416,185	24,573,887
26,301,845	30,008,812	31,862,256	33,267,193	35,888,732	37,578,625
2,961,431	3,283,746	3,178,737	3,085,853	3,179,312	3,704,465
877,975	971,053	1,004,605	1,279,623	1,564,973	2,040,772
1,071,869	1,718,878	3,061,283	4,404,290	3,053,211	2,715,022
2,046,341	2,211,480	2,257,983	2,430,754	2,551,289	2,629,905
936,500	884,600	908,800	1,359,010	1,460,000	1,588,000
254,005	111,686	119,967	215,841	427,696	807,496
1,241,267	1,451,332	1,607,907	1,609,884	1,677,953	1,724,436
-	15,000	61,594	51,320	56,887	116,936
<u>85,307</u>	<u>87,279</u>	<u>95,112</u>	<u>90,745</u>	<u>80,109</u>	<u>78,939</u>
<u>\$ 56,422,189</u>	<u>\$ 62,533,792</u>	<u>\$ 69,169,396</u>	<u>\$ 75,278,988</u>	<u>\$ 78,735,488</u>	<u>\$ 80,757,458</u>

Michigan

INDEX OF FUNDS AND COMPONENT UNITS

	<u>Page</u>
21 st Century Jobs Trust Fund.....	236
Advance Financing Funds.....	251
Attorney Discipline System	264
Bottle Deposits Fund.....	217
Central Michigan University	304
Child Support Collection Fund.....	290
Children with Special Needs Fund	258
Children's Trust Fund.....	236
City Income Tax – Trust Fund.....	290
Combined Comprehensive Transportation Bond and Interest Redemption Fund	244
Combined Comprehensive Transportation Bond Proceeds Fund	250
Combined State Trunkline Bond and Interest Redemption Fund	244
Combined State Trunkline Bond Proceeds Fund	250
Community District Education Trust Fund.....	237
Comprehensive Transportation Fund.....	210
Correctional Industries Revolving Fund	268
Eastern Michigan University.....	304
Escheats Fund	291
Farm Produce Insurance Authority.....	298
Ferris State University.....	304
Forest Development Fund.....	217
General Fund	40
Grand Valley State University	304
Homeowner Construction Lien Recovery Fund.....	226
Information Technology Fund	268
Insurance Carrier Deposits Fund	290
Judges' Other Postemployment Benefits Fund	280
Judges' Pension Benefits Fund.....	279
Lake Superior State University.....	305
Legislative Other Postemployment Benefits Fund.....	278
Legislative Pension Benefits Fund	278
Liquor Purchase Revolving Fund	264
Mackinac Bridge Authority	298
Mackinac Island State Park Commission	298
Michigan Conservation and Recreation Legacy Fund.....	216
Michigan Early Childhood Investment Corporation	298
Michigan Economic Development Corporation	299
Michigan Education Savings Program	286
Michigan Education Trust.....	299
Michigan Employment Security Act – Administration Fund	226
Michigan Finance Authority.....	56
Michigan Game and Fish Protection Trust Fund.....	216
Michigan Merit Award Trust Fund	236
Michigan Natural Resources Trust Fund.....	258
Michigan Nongame Fish and Wildlife Trust Fund.....	217
Michigan State Housing Development Authority	56
Michigan State Parks Endowment Fund	258

Michigan

	<u>Page</u>
Michigan Strategic Fund	56
Michigan Technological University	305
Michigan Transportation Fund.....	210
Michigan Unemployment Compensation Funds.....	46
Michigan Veterans' Trust Fund	258
Michigan Veterans' Facility Authority	299
Military Family Relief Fund	237
Military Pension Benefits Fund.....	280
Miscellaneous Special Revenue Funds	237
Motor Transport Fund	269
Northern Michigan University	305
Oakland University	305
Office Services Revolving Fund	269
Other Custodial Funds	291
Other Private-Purpose Trust Funds	286
Prisoner Accounts Fund.....	291
Public School Employees' Other Postemployment Benefits Fund	279
Public School Employees' Pension Benefits Fund.....	279
Recreation and Environmental Protection Bond Redemption Fund	244
Risk Management Fund.....	269
Safety Education and Training Fund	226
Saginaw Valley State University.....	305
School Aid Fund.....	40
School Loan Bond Redemption Fund	245
Second Injury Fund.....	226
Self-Insurers' Security Fund.....	226
Silicosis, Dust Disease, and Logging Industry Compensation Fund	227
State Aeronautics Fund.....	250
State Bar of Michigan.....	299
State Building Authority	251 & 245
State Casino Gaming Fund.....	227
State Construction Code Fund	227
State Employees' Other Postemployment Benefits Fund.....	279
State Employees' Pension Benefits Fund	279
State Land Bank Authority	299
State Lottery Fund.....	46
State of Michigan 401K Plans	280
State of Michigan 457 Plans	278
State Police Other Postemployment Benefits Fund	279
State Police Pension Benefits Fund	278
State Sponsored Group Insurance Fund.....	268
State Trunkline Fund.....	250
Transportation Related Trust Funds.....	251
Unemployment Obligation Trust Fund.....	227
Utility Consumer Representation Fund	227
Venture Michigan Fund	299
Western Michigan University.....	57

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