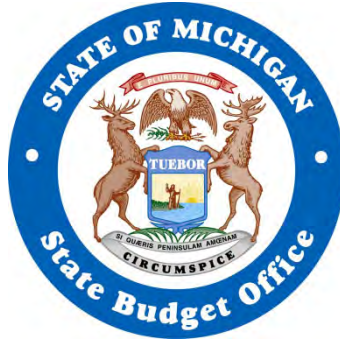


State of Michigan

Annual Comprehensive Financial Report



Fiscal Year Ended September 30, 2021
Governor Gretchen Whitmer
Prepared by the State Budget Office



State of Michigan
Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2021

GRETCHEN WHITMER
Governor

CHRISTOPHER M. HARKINS
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
Certificate of Achievement	11
State Organizational Structure	12
Principal State Officials	13
FINANCIAL SECTION	
Independent Auditor's Report	16
Management's Discussion and Analysis	19
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	30
Statement of Activities	32
Governmental Fund Financial Statements	
Balance Sheet	36
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	37
Statement of Revenues, Expenditures, and Changes in Fund Balances	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	39
Proprietary Fund Financial Statements	
Statement of Net Position	42
Statement of Revenues, Expenses, and Changes in Fund Net Position	43
Statement of Cash Flows	44
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	48
Statement of Changes in Fiduciary Net Position	49
Component Unit Financial Statements	
Statement of Net Position	52
Statement of Activities	56
Index for Notes to Financial Statements	60
Notes to Financial Statements	61
Required Supplementary Information Other Than Management's Discussion and Analysis	
Budgetary Comparison Schedule - Major Governmental Funds	150
Budgetary Comparison Schedule - Budget-to-GAAP Reconciliation	152
Notes to Required Supplementary Information - Budgetary Reporting	153
Information About Infrastructure Assets Reported Using the Modified Approach	154
Schedule of Changes in Net Pension Liability and Related Ratios Legislative Retirement System	156
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios Legislative Retirement System	158
Schedule of Changes in Net Pension Liability and Related Ratios State Police Retirement System	160
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios State Police Retirement System	162
Schedule of Changes in Net Pension Liability and Related Ratios State Employees' Retirement System	164
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios State Employees' Retirement System	166
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Judges' Retirement System	168
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios Judges' Retirement System	170
Schedule of Changes in Net Pension Liability and Related Ratios Military Retirement Provisions	172

Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability and Related Ratios Post Employment Life Insurance Benefits	174
Schedule of Contributions for Pensions Legislative Retirement System	176
Schedule of Contributions for Other Postemployment Benefits Legislative Retirement System.....	178
Schedule of Contributions for Pensions State Police Retirement System	180
Schedule of Contributions for Other Postemployment Benefits State Police Retirement System	182
Schedule of Contributions for Pensions State Employees' Retirement System.....	184
Schedule of Contributions for Other Postemployment Benefits State Employees' Retirement System	186
Schedule of Contributions for Pensions Judges' Retirement System	188
Schedule of Contributions for Other Postemployment Benefits Judges' Retirement System	190
Schedule of Contributions for Pensions Military Retirement Provisions	192

Combining and Individual Fund Statements and Schedules - Non-Major Funds

Governmental Funds	
Balance Sheet - By Fund Type	196
Statement of Revenues, Expenditures, and Changes in Fund Balances - By Fund Type.....	197
Special Revenue Funds – By Classification	
Balance Sheet.....	198
Statement of Revenues, Expenditures, and Changes in Fund Balances	199
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	200
Special Revenue Funds - Transportation Related	
Combining Balance Sheet.....	204
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	205
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	206
Special Revenue Funds - Conservation, Environment, and Recreation Related	
Combining Balance Sheet.....	210
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	212
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	214
Special Revenue Funds - Regulatory and Administrative Related	
Combining Balance Sheet.....	218
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	220
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	222
Special Revenue Funds - Other State Funds	
Combining Balance Sheet.....	228
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	230
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	232
Debt Service Funds	
Combining Balance Sheet.....	236
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	238
Capital Projects Funds	
Combining Balance Sheet.....	242
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	244
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	246
Permanent Funds	
Combining Balance Sheet.....	250
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	251
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	252
Proprietary Funds	
Enterprise Funds	
Combining Statement of Net Position	256
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	257
Combining Statement of Cash Flows	258
Internal Service Funds	
Combining Statement of Net Position	260
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	262
Combining Statement of Cash Flows	264

Fiduciary Funds

Pension (and Other Employee Benefit) Trust Funds	
Combining Statement of Fiduciary Net Position	268
Combining Statement of Changes in Fiduciary Net Position	272
Private-Purpose Trust Funds	
Combining Statement of Fiduciary Net Position	276
Combining Statement of Changes in Fiduciary Net Position	277
Custodial Funds	
Combining Statement of Fiduciary Net Position	280
Combining Statement of Changes in Fiduciary Net Position	282

Component Units

Authorities	
Combining Statement of Net Position	286
Combining Statement of Activities	288
State Universities	
Combining Statement of Net Position	292
Combining Statement of Activities	294

STATISTICAL SECTION

Index to Statistical Section	297
Net Position by Component	298
Changes in Net Position	300
Fund Balances, Governmental Funds	304
Changes in Fund Balances, Governmental Funds	306
Personal Income by Industry	308
Taxable Sales by Industry	310
Personal Income Tax Filers and Liability by Income Level	312
Sales Tax Payers by Industry	313
Ratios of Outstanding Debt by Type	314
Ratios of Net General Obligation Bonded Debt Outstanding	316
Debt Service Coverage - Comprehensive Transportation Fund Related Bonds	318
Debt Service Coverage - State Trunkline Fund Related Bonds	320
Debt Service Coverage - State Building Authority	322
Demographic and Economic Indicators	324
Classified Employees by Function	326
Operating Indicators by Function	328
Capital Assets by Function	332

OTHER INFORMATION

Combined Schedule of Revenue and Other Financing Sources - General and Special Revenue Funds	336
Schedule of Revenue and Other Financing Sources - General Fund	338
Source and Disposition of General Fund Authorizations	340
Source and Disposition of General Fund/General Purpose Authorizations	342
Revenue, Bond Proceeds, Capital Lease and Financed Purchase	
Acquisitions - General and Special Revenue Funds	344
Schedule of Expenditures by Function - General and Special Revenue Funds - State Funds	346
Index of Funds and Component Units	348





GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

CHRISTOPHER M. HARKINS
DIRECTOR

March 18, 2022

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, 2021.

INTRODUCTION TO THE REPORT

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

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

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

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

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

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

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

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

Independent Auditors: The Office of the Auditor General (OAG) is the principal auditor of the SOMACFR. The OAG also relies on the opinions of outside public accounting firms, particularly for component unit financial statements (such as the Michigan State Housing Development Authority and ten of the State's universities) and the Unemployment Compensation Funds. The purpose of the OAG's audit is to provide reasonable assurance that the Basic Financial Statements for the fiscal year ended September 30, 2021, are free of material misstatements. The OAG concluded that the Basic Financial Statements for the fiscal year ended September 30, 2021, are fairly presented in accordance with GAAP and issued unmodified opinions.

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

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

PROFILE OF THE GOVERNMENT

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

Executive Branch: As of March 18, 2022, the Executive Branch consisted of 17 principal departments. Fourteen principal departments are headed by commissions and/or directors appointed by the elected

governor. Elected officials head two principal departments, Attorney General and State, and one, Education, is headed by an elected board.

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

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

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

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

Compliance with the final updated budget for the annually budgeted operating funds of the State primary government is demonstrated in the budget and actual comparative schedules and notes in the SOMACFR. In addition, subsequent to the publication of the SOMACFR, the State releases a Statewide Authorization Dispositions report that provides line item appropriation details, the legal level of budgetary control, for the General Fund, and budgeted operating funds.

MAJOR INITIATIVES AND FUTURE PROJECTS

Enhancing Education: A significant investment in education is proposed in the budget plans without raising taxes and includes expanding access to preschool programs and distributing resources to expand mental health supports for our kids. These historic investments ensure our schools have the funds to help every Michigander reach their full potential. The budget recommendation provides \$580 million to increase base per-pupil funding from \$8,700 to \$9,135, a five percent increase that equates to \$435 per student, plus \$222 million to fully fund supports for economically disadvantaged students, with \$150 million to increase support for special education students by increasing the reimbursement of costs for special education students by five percentage points, bringing the reimbursement rate up from 31% to 36%. A total of \$1.7 billion is included for educator retention programs that make sure our educators have the supports they need and the recognition they deserve for the work they do, and another \$600 million is included for educator recruitment programs to ensure the teacher talent pipeline continues to provide the education system with the best possible educators. Another \$361 million is included for student mental health to ensure students with mental health needs can be identified and provided with the right support, with \$1 billion provided for the creation of a school infrastructure modernization fund to provide \$170 million annually in future years, awarded to districts for significant infrastructure projects to offset the cost for districts.

Growing Our Economic and Investing in Workers: The budget recommendations propose funding centered on economic and workforce development, including a \$500 million deposit into the Strategic Outreach and Attraction Reserve Fund to provide funding for economic development projects that invest in Michigan's future and attract transformational projects that keep Michigan at the forefront of manufacturing. Also included in the recommendation is \$50 million for Electric Vehicle Rebates to provide a \$2,000 point-of-sale rebate for the purchase of a new electric vehicle and a \$500 rebate for at-home

charging equipment for a new or used electric vehicle. Another \$500 million is recommended to provide hero pay for our frontline workers in support and recognition of their sacrifice during the pandemic, with a major investment of \$200 million recommended for the Michigan Regional Empowerment program to provide matching funds for regional empowerment programs that support the development and resilience of regional economies across the state.

Improving Public Health: Funding centered on the health of Michigan families is proposed, including \$243.3 million for increased access to dental services for Medicaid enrollees that replicates the success of the Healthy Kids Dental program for adults by procuring Healthy Kids Dental, HMP dental, and fee-for-service adult dental services through a single combined managed care contract. An investment of \$50 million is proposed for statewide nutritional and food bank support to assist with infrastructure improvements to distribute food more efficiently to families in need of assistance, including the creation of an emergency stockpile of food in each food bank warehouse. A total of \$325 million is recommended for a new State Psychiatric Facility Complex, funds construction on a single campus, serving to replace facilities for the Hawthorn Center and Walter Reuther Hospital to increase inpatient capacity and improve efficiency of mental health services.

Rebuilding Our Infrastructure: The budget proposals call for historic investments in Michigan's infrastructure including \$578 million in funding from the Infrastructure Investment and Jobs Act and \$481 million of state restricted and General Fund support to provide resources for several Michigan infrastructure projects that will continue to fix roads, bridges, railways, and local and intercity transit, while also providing capital improvements at airports. Another \$150 million is included to support projects that are economically critical, carry high traffic volumes, increase the useful life of key local roads, or will be completed in conjunction with bridge replacement projects, and \$66 million is included for generators for pump stations to ensure reliable generator backup power is available at all 164 Michigan Department of Transportation owned pumping stations, increasing public safety measures for highway flooding events.

Investing in Safe Communities: Funding centered on safe communities is incorporated in current budget recommendations including \$50 million for first responder retention to provide payments to law enforcement officers and public safety personnel including state troopers, conservation officers, firefighters, emergency medical technicians, and local and state corrections employees who have performed hazardous work related to the COVID-19 pandemic. Another \$9.2 million is proposed for a state police trooper recruit school to graduate 50 new troopers in addition to the 120 troopers that are anticipated to be hired and trained using existing attrition savings. A total of \$48 million is recommended for community technical assistance for lead line replacement projects and \$40 million for home plumbing to provide grants to households earning up to 200% of the federal poverty level for home plumbing repairs to ensure safe drinking water. In addition, \$34.3 million is recommended for high water infrastructure grants to local units of government for high water level and climate resiliency planning and infrastructure needs, focused on addressing flooding, coastline erosion, transportation networks, urban heat, and storm water management.

A \$51.8 million deposit to the Budget Stabilization Fund is included in the budget recommendation, which would bring the rainy-day fund balance to nearly \$1.5 billion.

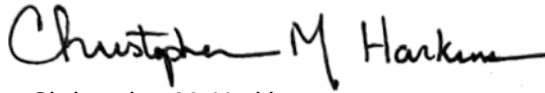
AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Michigan for its SOMACFR for the year ended September 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose content satisfies both generally accepted accounting principles and applicable legal requirements.

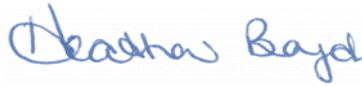
A Certificate of Achievement is valid for a period of one year only. The State has received a Certificate of Achievement for 34 consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Sincerely,

A handwritten signature in black ink that reads "Christopher M. Harkins". The signature is fluid and cursive, with the first name being the most prominent.

Christopher M. Harkins
State Budget Director

A handwritten signature in blue ink that reads "Heather Boyd". The signature is cursive and written in a lighter blue color.

Heather Boyd, CPA
Director, Office of Financial Management



Government Finance Officers Association

Certificate of
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Presented to

State of Michigan

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

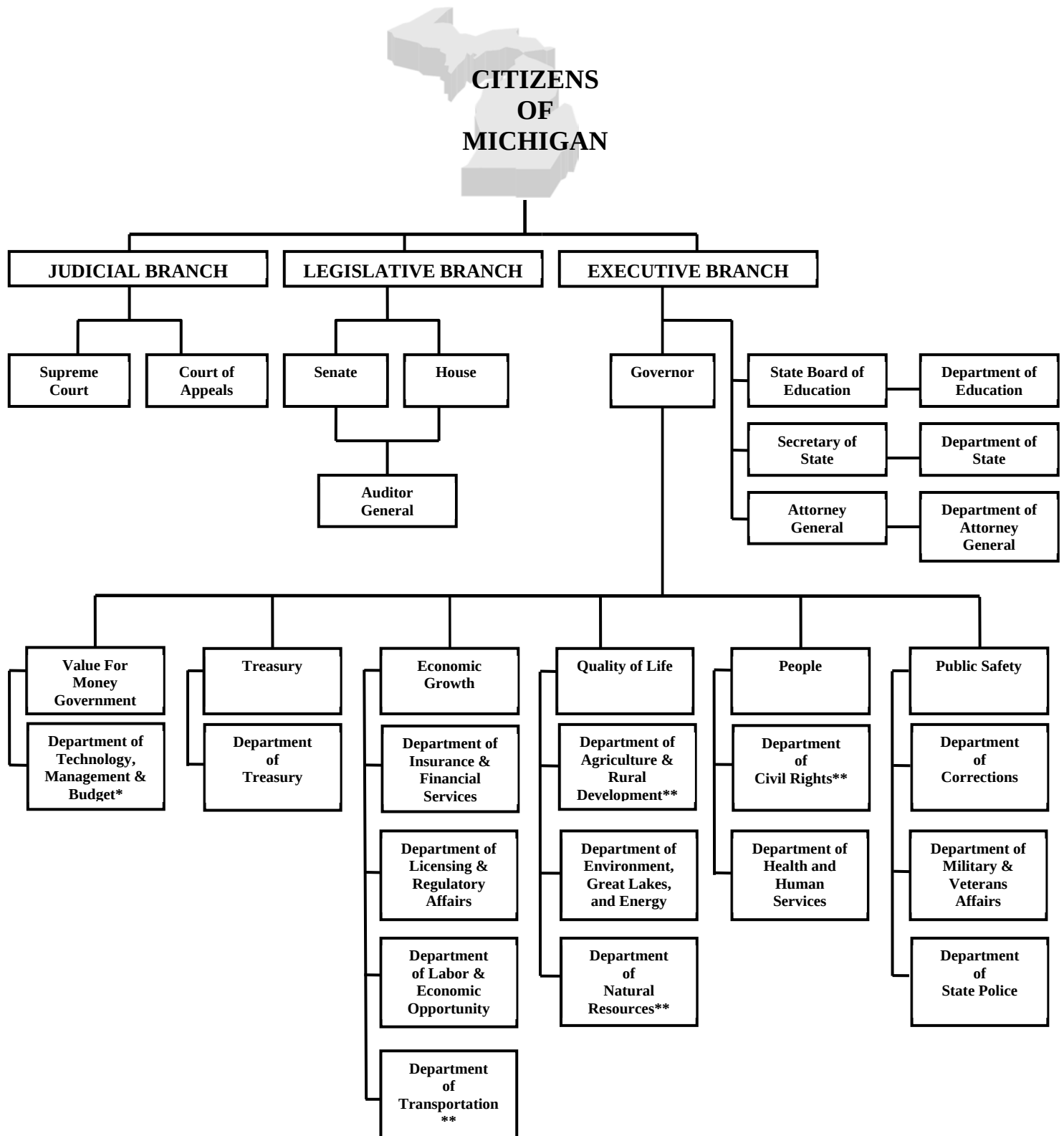
September 30, 2020

Christopher P. Morrell

Executive Director/CEO

STATE OF MICHIGAN ORGANIZATIONAL STRUCTURE

(As of March 18, 2022)



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

STATE OF MICHIGAN

PRINCIPAL STATE OFFICIALS

(As of March 18, 2022)

JUDICIAL BRANCH

Supreme Court Justices
Honorable Bridget Mary McCormack, Chief Justice
Honorable Richard Bernstein, Justice
Honorable Megan K. Cavanagh, Justice
Honorable Elizabeth T. Clement, Justice
Honorable David F. Viviano, Justice
Honorable Elizabeth M. Welch, Justice
Honorable Brian K. Zahra, Justice

LEGISLATIVE BRANCH

Honorable Mike Shirkey
Majority Leader of the Senate

Honorable Jason Wentworth
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
Casandra E. Ulbrich, President
Pamela Pugh, Vice President
Tiffany D. Tilley, Secretary
Tom McMillin, Treasurer
Ellen Cogen Lipton
Judith Pritchett
Nikki Snyder
Jason Strayhorn
Marilyn Schneider, State Board Executive
Honorable Gretchen Whitmer (Ex Officio)
Michael F. Rice,
Superintendent of Public Instruction

Michigan Commission of Agriculture & Rural Development
Charlie Meintz, Chair
Andy Chae, Vice Chair
Patti Bergdahl, Secretary
Juliette King-McAvoy
Monica Wyant
Gary McDowell, Director
Department of Agriculture & Rural Development

Civil Rights Commission
Portia L. Roberson, Chair
Zenna Faraj Elhasan, Vice Chair
Gloria E. Lara, Secretary
Richard Corriveau
Regina Gasco-Bentley
Anupama Kosaraju
Vacant
Vacant
John E. Johnson Jr., Director
Department of Civil Rights

Civil Service Commission
Janet McClelland, Chair
Jase Bolger
Nick Ciaramitaro
Jeff Steffel
John Gnodtke, State Personnel Director

Heidi E. Washington, Director
Department of Corrections

Liesl Eichler Clark, Director
Department of Environment, Great Lakes, and Energy

Elizabeth Hertel, Director
Department of Health and Human Services

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

Orlene Hawks, Director
Department of Licensing and Regulatory Affairs

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

Natural Resources Commission
Carol Rose, Chair
Mark Anthony
Tom Baird
David Cozad
Keith Creagh
Leslie Love
David Nyberg
Daniel Eichinger, Director
Department of Natural Resources

Colonel Joseph Gasper, Director
Department of State Police

Susan R. Corbin, Director
Department of Labor & Economic Opportunity

Michelle Lange, Acting Director
Department of Technology, Management and Budget

Christopher M. Harkins, State Budget Director

Transportation Commission
Todd Wyatt, Chair
Michael D. Hayes, Vice Chair
Stephen F. Adamini
Gregory C. Johnson
Richard Turner
Vacant
Paul C. Ajegba, 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 Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the following component units and funds were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included in these component units and funds, are based solely on the reports of the other auditors:

- 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 Achieving a Better Life Experience Program
- Michigan Finance Authority
- Michigan State Housing Development Authority
- Farm Produce Insurance Authority
- Mackinac Bridge Authority
- Mackinac Island State Park Commission
- Michigan Early Childhood Investment Corporation
- Michigan Education Trust
- State Bar of Michigan
- Venture Michigan Fund
- Western Michigan University
- Central Michigan University
- Eastern Michigan University
- Ferris State University
- Grand Valley State University
- Lake Superior State University
- Michigan Technological University
- Northern Michigan University
- Oakland University
- Saginaw Valley State University

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

Opinion Unit	Percent of Total Assets	Percent of Total Revenues/Additions
Governmental activities	0.5%	0.5%
Business-type activities	95.4%	92.3%
Aggregate discretely presented component units	95.4%	90.6%
State Lottery Fund	100.0%	100.0%
Michigan Unemployment Compensation Funds	100.0%	100.0%
Aggregate remaining fund information	6.7%	5.0%

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Michigan as of September 30, 2021 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.

Emphasis of Matters

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

- Adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 90, *Majority Equity Interests*.
- Restated beginning net position for certain pension (and other employee benefit) trust funds to account for additional employer contributions due to the funds' respective plan or retirement system.
- Restated beginning net position for certain funds of the primary government and discretely presented component units to revise the net OPEB liability and related deferred inflows and outflows of resources to account for previously unreported members and opt-out assumptions.
- Restated beginning net position in the Combined State Trunkline Bond Proceeds Fund to correct a prior period error related to a federal receivable.
- Reported a special item in the General Fund and Other Custodial Funds for the transfer of the Michigan Veterans' Facility Authority, which is reported as a discretely presented component unit beginning in fiscal year 2021.

As discussed in Note 25 to the financial statements, the Unemployment Insurance Agency (UIA) is unable to estimate the amount of fraudulent benefit payments issued by the Michigan Unemployment Compensation Fund during the fiscal year ended September 30, 2021. Also, accounts payable and accrued benefits reported by the Fund include benefits payable pending review by UIA of approximately \$273 million as of September 30, 2021. UIA has adjusted this balance, the corresponding receivable from the federal government, and the associated revenues and expenses downward by approximately \$110 million for claims not expected to be paid.

Our opinions are not modified with respect to these matters.



OAG

Office of the Auditor General

Doug A. Ringler, CPA, CIA
Auditor General

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

Other Matters

Required Supplementary Information

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

Other 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 and the introductory, statistical, and other information sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules - non-major funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the 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.

The introductory, statistical, and other information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

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

Sincerely,

Doug Ringler
Auditor General
March 18, 2022

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, 2021. Please read it in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

HIGHLIGHTS

Government-wide

- At September 30, 2021, the State's net position was \$21.5 billion. This means that total State assets and deferred outflows of resources exceeded total State liabilities and deferred inflows of resources by \$21.5 billion.
- The State's unrestricted net position was negative \$9.1 billion as of the close of the fiscal year. A positive balance in unrestricted net position represents excess assets available to meet ongoing obligations. A negative balance means that it would be necessary to convert restricted assets (e.g., capital assets) to unrestricted assets if all ongoing obligations were immediately due and payable.
- Revenues of \$91.3 billion supported expenses of \$84.6 billion during fiscal year 2021. As a result, the State's total net position increased by \$6.7 billion (45.7 percent). The increase in net position relates mostly to increased tax revenue of \$5.7 billion compared to the prior year. This increase is primarily due to increases in revenues from sales tax; personal income tax; single business, Michigan business, and corporate income tax; and property and real estate transfer tax.

Fund Level

- As of the close of the fiscal year, the State's governmental funds reported combined ending fund balances of \$17.0 billion. Governmental fund balances increased \$5.9 billion (52.7 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 \$11.5 billion, an increase of \$4.7 billion (68.8 percent) from the prior year. Of the total General Fund balance of \$8.5 billion, \$4.4 billion is unassigned and, therefore, available for appropriation in future years. The remaining \$4.1 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 \$3.0 billion is restricted for education purposes.
- The State's proprietary funds reported net position at year-end of \$785.6 million. This represents a decrease of \$247.3 million (23.9 percent) compared to the prior year-end balance. In fiscal year 2020, the decrease in net position was \$3.5 billion. The increase in the change in net position is almost entirely due to the decrease in unemployment benefits paid from the Michigan Unemployment Compensation Funds as a result of the COVID-19 pandemic.

Long-term Debt

- The State's total long-term bonded debt as of September 30, 2021 was \$6.6 billion, an increase of \$598.0 million (9.9 percent) from the prior year. The increase represents the net difference between new issuances, payments, and refundings of debt.

More detailed information regarding the government-wide, fund level, and long-term debt activities can be found beginning on page 22.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The Statement of Net Position (pages 30 and 31) presents all of the State's non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases and decreases in net position measure whether the State's financial position is improving or declining.

The Statement of Activities (pages 32 and 33) 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 37 and 39) that reconcile the amounts reported on the governmental fund financial statements, which are prepared using the modified accrual basis of accounting, with the governmental activities in the government-wide statements, which are prepared using the accrual basis of accounting. The following table summarizes the differences between modified accrual and full accrual accounting:

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

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

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 61 of this report.

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

The fund financial statements begin on page 36 and provide detailed information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, page 204 begins the individual fund data for the non-major funds. The State's funds are divided into three categories – governmental, proprietary, and fiduciary – and use different accounting approaches.

- **Governmental funds** - Most of the State's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the State's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. These funds are reported using *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental funds include the General Fund, School Aid Fund, and 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 48. These funds, which include pension (and other employee benefit), private-purpose, and custodial funds, are reported using the accrual basis of accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent discretionary assets of the State to finance its operations.

Additional Required Supplementary Information

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

Other Supplementary Information

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

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

The State's combined net position increased \$6.7 billion (45.7 percent) over the course of this fiscal year's operations. The net position of the governmental activities increased by \$7.1 billion (53.0 percent), and business-type activities had a decrease of \$326.4 million (22.8 percent).

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other non-current assets	\$ 32,963.4	\$ 22,574.1	\$ 2,323.7	\$ 3,159.2	\$ 35,287.1	\$ 25,733.3
Capital assets	24,310.0	24,026.9	2.1	1.8	24,312.1	24,028.7
Total assets	<u>57,273.4</u>	<u>46,601.0</u>	<u>2,325.8</u>	<u>3,160.9</u>	<u>59,599.2</u>	<u>49,762.0</u>
Deferred outflows of resources	<u>3,491.7</u>	<u>3,130.7</u>	<u>21.7</u>	<u>18.2</u>	<u>3,513.4</u>	<u>3,148.9</u>
Liabilities:						
Current liabilities	11,751.1	8,234.2	960.5	1,459.1	12,711.7	9,693.4
Long-term liabilities	25,138.0	26,010.0	258.7	273.8	25,396.7	26,283.8
Total liabilities	<u>36,889.1</u>	<u>34,244.2</u>	<u>1,219.3</u>	<u>1,733.0</u>	<u>38,108.4</u>	<u>35,977.2</u>
Deferred inflows of resources	<u>3,525.1</u>	<u>2,166.6</u>	<u>25.0</u>	<u>16.5</u>	<u>3,550.1</u>	<u>2,183.1</u>
Net position:						
Net investment in capital assets	21,253.2	21,305.9	0.3	0.6	21,253.5	21,306.6
Restricted	8,099.7	5,651.9	1,173.2	1,491.6	9,272.9	7,143.4
Unrestricted	(9,002.1)	(13,636.9)	(70.2)	(62.5)	(9,072.3)	(13,699.4)
Total net position	<u>\$ 20,350.9</u>	<u>\$ 13,320.9</u>	<u>\$ 1,103.2</u>	<u>\$ 1,429.7</u>	<u>\$ 21,454.1</u>	<u>\$ 14,750.6</u>

The largest component of the State's net position, at \$21.3 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 \$9.3 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 \$9.1 billion as of the close of the year. A positive balance in unrestricted net position represents excess assets available to meet ongoing obligations. A negative balance means that it would be necessary to convert restricted assets to unrestricted assets if all ongoing obligations were immediately due and payable.

Michigan

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

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

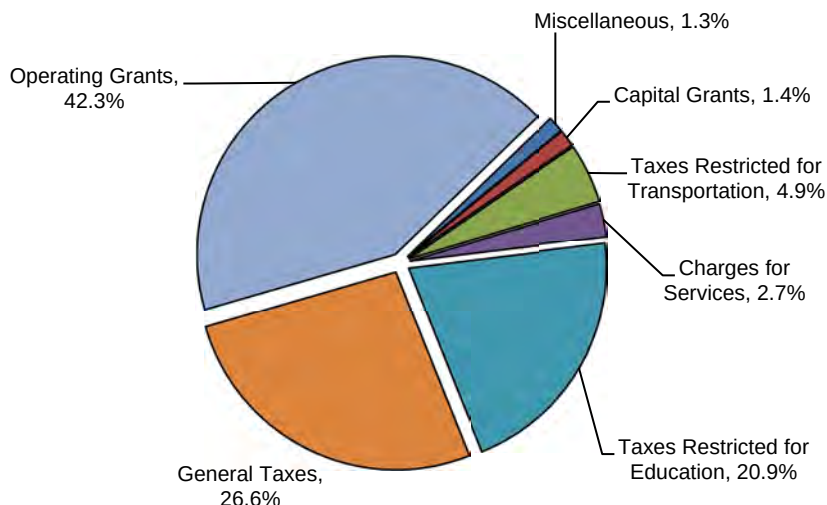
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 1,897.0	\$ 1,780.0	\$ 20,652.7	\$ 27,469.3	\$ 22,549.7	\$ 29,249.3
Operating grants	29,864.9	25,735.1	14.2	137.4	29,879.0	25,872.5
Capital grants	981.7	1,187.1	-	-	981.7	1,187.1
General revenues						
General taxes	18,756.8	15,292.4	-	-	18,756.8	15,292.4
Taxes restricted for educational purposes	14,748.7	12,786.0	-	-	14,748.7	12,786.0
Taxes restricted for transportation purposes	3,464.8	3,236.4	-	-	3,464.8	3,236.4
Unrestricted investment and interest earnings	13.5	20.7	0.2	1.0	13.6	21.7
Miscellaneous	893.7	619.5	-	-	893.7	619.5
Total Revenues	<u>70,621.1</u>	<u>60,657.3</u>	<u>20,667.0</u>	<u>27,607.7</u>	<u>91,288.1</u>	<u>88,265.1</u>
Expenses						
General government	3,200.3	2,882.4	-	-	3,200.3	2,882.4
Education	18,754.3	17,831.6	-	-	18,754.3	17,831.6
Health and human services	29,794.5	26,420.1	-	-	29,794.5	26,420.1
Public safety and corrections	3,221.8	3,078.6	-	-	3,221.8	3,078.6
Conservation, environment, etc.	937.1	1,575.5	-	-	937.1	1,575.5
Labor, commerce, and regulatory	1,802.8	980.4	-	-	1,802.8	980.4
Transportation	4,908.2	5,204.9	-	-	4,908.2	5,204.9
Tax credits	884.6	936.5	-	-	884.6	936.5
Intergovernmental revenue sharing	1,451.3	1,241.3	-	-	1,451.3	1,241.3
Interest on long-term debt	255.2	224.6	-	-	255.2	224.6
Liquor Purchase Revolving Fund	-	-	1,274.1	1,180.7	1,274.1	1,180.7
State Lottery Fund	-	-	3,633.1	3,082.4	3,633.1	3,082.4
Attorney Discipline System	-	-	5.5	5.5	5.5	5.5
Michigan Unemployment Compensation Funds	-	-	14,440.5	25,367.7	14,440.5	25,367.7
Total Expenses	<u>65,210.1</u>	<u>60,375.9</u>	<u>19,353.3</u>	<u>29,636.4</u>	<u>84,563.4</u>	<u>90,012.3</u>
Excess (deficiency) Before Contributions and Transfers	5,410.9	281.5	1,313.8	(2,028.7)	6,724.7	(1,747.2)
Contributions to permanent fund principal	11.3	9.0	-	-	11.3	9.0
Special items	(11.7)	-	-	-	(11.7)	-
Transfers	1,640.2	1,478.6	(1,640.2)	(1,478.6)	-	-
Increase (decrease) in net position	<u>7,050.8</u>	<u>1,769.1</u>	<u>(326.4)</u>	<u>(3,507.3)</u>	<u>6,724.4</u>	<u>(1,738.2)</u>
Net position - beginning - restated	<u>13,300.1 *</u>	<u>11,551.8</u>	<u>1,429.6 *</u>	<u>4,937.0</u>	<u>14,729.7 *</u>	<u>16,488.8</u>
Net position - ending	<u>\$ 20,350.9</u>	<u>\$ 13,320.9</u>	<u>\$ 1,103.2</u>	<u>\$ 1,429.7</u>	<u>\$ 21,454.1</u>	<u>\$ 14,750.6</u>

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

Governmental Activities

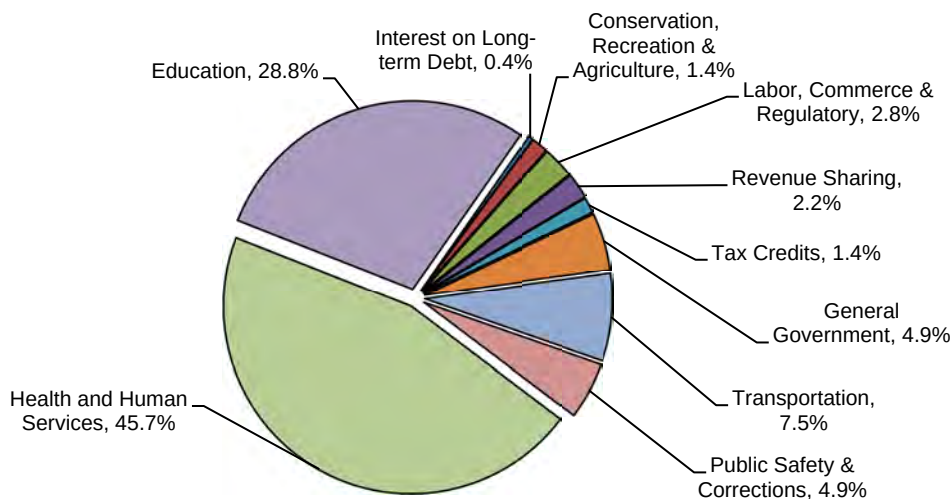
Revenues to fund governmental activities totaled \$70.6 billion for fiscal year 2021. As shown in the accompanying chart, 42.3 percent of the governmental activities' revenue came from operating grants, primarily from the federal government, and were earmarked for specific uses, such as highway construction and health and human services programs. In addition, the State Constitution and other statutory restrictions earmarked 25.8 percent for educational and transportation purposes. Only 26.6 percent of the revenues were available for general use.

**Revenues - Governmental Activities for
Fiscal Year Ending September 30, 2021**
(\$70.6 billion)



Expenses related to governmental activities totaled \$65.2 billion during fiscal year 2021. 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 74.5 percent of the spending.

**Expenses - Governmental Activities for
Fiscal Year Ending September 30, 2021**
(\$65.2 billion)



Business-type Activities

The business-type activities' net position decreased \$326.4 million (22.8 percent) during the fiscal year. Factors contributing to these results included:

- The Michigan Unemployment Compensation Funds (MUCF) finished the fiscal year with a decrease in net position of \$319.5 million (21.5 percent). In fiscal year 2020, the decrease in net position was \$3.5 billion. The increase in the change in net position of these funds is primarily related to a reduction in operating loss due almost entirely to the decrease in unemployment benefits paid as a result of the COVID-19 pandemic.
- The State Lottery Fund's net position decreased \$7.7 million (29.7 percent) from the fiscal year 2020 amount. The decrease in net position is primarily related to unrealized gains and losses on investments that the Lottery holds to fund future payments due on annuitized Lottery prizes.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

As the State completed the year, its governmental funds reported fund balances of \$17.0 billion. Of this amount, \$4.4 billion 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 \$8.0 billion of the governmental fund balances are restricted for specific purposes by enabling legislation, the majority of which is legally restricted for capital projects. Committed governmental fund balances totaled \$3.2 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 \$131.3 million of the governmental fund balances are assigned for encumbered services and goods to be received after the end of the fiscal year. Two capital projects funds reported a negative unassigned fund balance totaling \$87.8 million due to expenditures incurred in advance of bonding proceeds which will be received after the end of the fiscal year.

General Fund

The General Fund is the chief operating fund of the State. At the end of fiscal year 2021, the General Fund total fund balance was \$8.5 billion, of which \$4.4 billion was unassigned and, therefore, available for appropriation. The General Fund total fund balance of \$8.5 billion represents an increase of \$2.9 billion (52.4 percent) from the fiscal year 2020 ending total fund balance. The following revenues and expenditures contributed to most of the change in fund balance:

- General Fund revenues received from taxes increased \$2.5 billion (16.0 percent) from fiscal year 2020. The increase in revenue is primarily related to increases in tax withholding driven by increases in employment, increased business profits leading to increased corporate income tax revenues, and increases in sales tax revenue due to increased consumer spending.
- General Fund revenues received from federal agencies increased \$3.5 billion (15.3 percent) from fiscal year 2020. The increase in revenue is primarily related to increases in authorization for various health and human services programs and funds received pursuant to the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- General Fund current expenditures for health and human services increased \$3.7 billion (14.2 percent) from fiscal year 2020. The increase in expenditures is primarily related to the spending of CARES Act funds directed toward COVID-19 pandemic relief in the area of health and human services.

Included within the General Fund's committed fund balance is \$1.4 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 2021 general fund budget was \$39.8 billion. During the year, various positive and negative supplemental appropriations and other adjustments resulted in a final enacted budget of \$44.0 billion. The difference between the final enacted budget of \$44.0 billion and actual spending and encumbrances of \$43.5 billion resulted from spending authority net lapses of \$477.9 million and restricted revenue authorized, but not spent, totaling \$84.9 million. At fiscal year-end, excess restricted revenue of \$2.7 billion was carried forward into fiscal year 2022 and is available for appropriation. There were no net overexpenditures or line-item overexpenditures, by State departments, during the year.

School Aid Fund

Fund balance at September 30, 2021, totaled \$3.0 billion, an increase of \$1.8 billion (143.5 percent) from the prior year. Revenues and transfers to the fund totaled \$18.4 billion, up \$2.2 billion (13.9 percent) from the prior year. In fiscal year 2021, tax revenues deposited in the fund increased \$1.7 billion (13.2 percent). Federal funds collected by the School Aid Fund were up \$512.0 million (28.7 percent) over the prior year. Expenditures and transfers to other funds totaled \$16.6 billion, an increase of \$1.4 billion (9.4 percent) over the previous year. The School Aid Stabilization Fund ended the year with \$2.9 billion in restricted fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At the end of the fiscal year 2021, the State had invested \$24.3 billion, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation charges for this fiscal year totaled \$306.5 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,664.3	\$ 3,646.7	\$ -	\$ -	\$ 3,664.3	\$ 3,646.7
Land improvements and other assets	156.0	169.6	-	-	156.0	169.6
Land rights	77.8	77.7	-	-	77.8	77.7
Buildings and improvements	1,501.1	1,462.9	1.7	1.2	1,502.8	1,464.1
Equipment	322.7	337.6	0.4	0.6	323.1	338.2
Computer software	439.9	482.6	-	-	439.9	482.6
Infrastructure	15,052.4	15,227.3	-	-	15,052.4	15,227.3
Other	19.8	19.8	-	-	19.8	19.8
Subtotal	21,234.0	21,424.2	2.1	1.8	21,236.1	21,426.0
Construction in progress	3,076.0	2,602.8	-	-	3,076.0	2,602.8
Total	<u>\$ 24,310.0</u>	<u>\$ 24,026.9</u>	<u>\$ 2.1</u>	<u>\$ 1.8</u>	<u>\$ 24,312.1</u>	<u>\$ 24,028.7</u>

The most significant impact on capital assets during the year resulted from partially completed road and bridge construction and repair projects which are reported within construction in progress.

As allowed by Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include the State's network of public transportation roads and bridges, including ancillary assets, such as guard rails, signs, lighting, culverts, fencing, and the like. The State is responsible for maintaining approximately 29,386 lane miles of roads and 4,844 bridges (spans in excess of 20 feet).

The State has maintained the assessed condition of roads over the past five years. The State's goal is to have more than 70.0 percent of roads in fair to excellent condition. The most recent condition assessment, completed for calendar year 2019, indicated that 74.0 percent of roads were considered fair or better.

The State's bridges have assessed conditions that are better than the established benchmarks. The most recent assessment (2021) indicated that the condition of the bridges worsened slightly from the prior year. For fiscal year 2021, 93.1 percent of the bridges were assessed as structurally fair or better.

The Legislature passed capital outlay appropriations of \$281.1 million for fiscal year 2021. 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 \$1.9 billion in fiscal year 2021. Of the total \$1.9 billion expended, \$1.4 billion was spent by the State Trunkline Fund, a capital projects fund, for highway maintenance and construction.

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

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

Outstanding Bonded Debt as of September 30 (In Millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
General obligation bonds (backed by the State)	\$ 1,196.6	\$ 1,357.4	\$ -	\$ -	\$ 1,196.6	\$ 1,357.4
Revenue bonds and notes (backed by specific tax and fee revenue)	5,426.8	4,668.0	-	-	5,426.8	4,668.0
Total	<u>\$ 6,623.4</u>	<u>\$ 6,025.4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,623.4</u>	<u>\$ 6,025.4</u>

During the year, the State issued bonds and bond anticipation notes totaling \$1.0 billion and refunding bonds totaling \$54.2 million. The proceeds from the new bonds will provide funding for certain State Trunkline transportation projects for the Rebuilding Michigan Program, and State and university-owned buildings.

BOND RATINGS

The State's general obligations are rated AA positive 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 2021, the State did not issue any general obligation short-term notes.

ECONOMIC CONDITIONS

The State of Michigan's fiscal year 2021 spanned the months from October 2020 through September 2021 (the final quarter of calendar year 2020 and the first three quarters of calendar year 2021).

Throughout fiscal year 2021, the U.S. Federal Reserve continued its highly stimulative programs – purchasing \$120 billion in bonds each month and maintaining the federal funds rate near 0.0 percent. In addition, Congress passed and the President signed a \$900 billion emergency COVID-19 relief package in late December 2020 and the \$1.9 trillion American Rescue Plan Act in early March 2021.

Supply constraints and labor shortages in numerous economic sectors coupled with continued strong demand pushed inflation higher over the course of fiscal year 2021, while at the same time also acting to constrain more rapid economic growth.

In the final quarter of calendar year 2020, the U.S. economy reported strong growth in real (inflation adjusted) gross domestic product at a 4.5 percent annualized rate. Growth then accelerated to a 6.3 percent annualized rate in the first quarter of calendar year 2021 and to a 6.7 percent annualized rate in the second quarter of calendar year 2021. However, supply constraints and shortages as well as the COVID-19 Delta variant slowed growth to a 2.0 percent annualized rate (initial estimate) in the third quarter of 2021. In the third quarter of 2021, the level of real GDP stood 1.4 percent above its pre-pandemic level.

After gaining 680,000 jobs in October 2020, employment growth slowed at the end of 2020 with the U.S. economy gaining 264,000 jobs in November and then losing 306,000 jobs in December. Job growth then rose at an accelerating pace over the course of the first quarter of 2021 gaining 1.5 million jobs over the quarter. After slowing dramatically at the outset of the second quarter of 2021, employment gains again accelerated in the final two months of the second quarter with the national labor market picking up 1.8 million jobs over the course of the quarter. However, after accelerating in July to 1.1 million jobs added, job gains slowed sharply in August in which 483,000 jobs were added and again in September with gains slowing to 312,000 jobs. Chief factors constraining employment growth were labor shortages, supply chain constraints and shortages and the COVID-19 Delta variant. As of September 2021, employment was 4.7 million jobs below its pre-pandemic peak level.

The unemployment rate trended downward over the course of fiscal year 2021 falling from 7.8 percent in September 2020 to 4.8 percent in September 2021. While still slightly above pre-pandemic lows, the unemployment rate was down substantially from its peak 14.8 percent rate in April 2020 at the outset of the pandemic. National labor supply was down significantly from pre-pandemic

levels. Increased early retirements resulting from the pandemic accounted for a substantial share of the estimated 4.2-million-person reduction in labor force. Lack of available or affordable childcare, supplemental unemployment insurance payments and fear of catching COVID-19 contributed to the sharp reduction in labor supply.

Buoyed by high demand, vehicle sales averaged a 16.2 million annual sales rate in the fourth quarter of 2020, a 16.8 million annual sales rate in the first quarter of 2021, and a 16.9 million annual sales rate in the second quarter of 2021. However, with production and available inventories for sale substantially constrained by the international semiconductor shortages, light vehicle sales slowed to a 14.7 million unit rate in July, a 13.0 million unit rate in August, and a 12.2 million unit rate in September with sales averaging a 13.3 million unit rate in the third quarter of 2021.

Over the course of fiscal year 2021, Michigan reported modest employment growth. Michigan lost 54,000 jobs in the fourth quarter of 2020, then gained 105,700 jobs during the first quarter of 2021. Michigan saw little change in its employment over the second quarter of 2021 before gaining 46,300 jobs in the third quarter of 2021. As a result, in fiscal year 2021, the Michigan economy gained on net, 99,000 jobs. Since the record 1.0 million job loss in April 2020, the Michigan labor market has gained on net, 783,300 jobs and thus stood 272,000 jobs below its February 2020 pre-pandemic level.

The Michigan unemployment rate is down substantially compared to its April 2020 peak rate of 23.6 percent. The Michigan unemployment rate trended downward in fiscal year 2021 with the rate falling from 8.2 percent in September 2020 to 4.6 percent in September 2021. Michigan's labor force participation rate remained substantially below its pre-pandemic level.

Michigan personal income was up 4.1 percent year over year in the fourth quarter of 2020. With stimulus payments from the emergency COVID-19 relief package and the American Rescue Plan Act, Michigan personal income in the first quarter of 2021 was up nearly 20 percent from a year earlier when the pandemic began. In the second quarter of 2021, personal income fell 5.8 percent from a year earlier. However, excluding transfer payments, which were bolstered by the CARES Act a year earlier, personal income was up 10.0 percent.

As a result of the pandemic, Michigan real GDP had plummeted in the second quarter of 2020, falling 10.7 percent from its level a year earlier. The Michigan economy began recovering in the second half of calendar year 2020 but Michigan real GDP remained significantly below prior year levels. As the economic recovery continued in the first quarter of 2021, Michigan real GDP rose slightly above its prior year level. As a result of continued and accelerating economic growth, Michigan real GDP in the second quarter of 2021 rose 13.1 percent above its pandemic low point a year earlier. In the second quarter of 2021, Michigan real GDP essentially returned to its pre-pandemic level.

CONTACTING THE STATE'S OFFICE OF FINANCIAL MANAGEMENT

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

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



FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

(In Thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	COMPONENT UNITS
ASSETS				
Current Assets:				
Cash	\$ 7,513	\$ 93,026	\$ 100,540	\$ 1,764,575
Cash on deposit with fiscal agent	103,880	913,832	1,017,712	-
Equity in common cash (Note 5)	17,242,994	271,939	17,514,933	2,109,007
Taxes, interest, and penalties receivable (Note 6)	7,743,287	-	7,743,287	-
Internal balances	(117,522)	117,522	-	-
Amounts due from component units	4,675	22	4,697	35,678
Amounts due from primary government	-	-	-	249,627
Amounts due from federal government	2,139,727	320,246	2,459,973	105,711
Amounts due from local units	227,692	10,968	238,660	837,460
Inventories	215,709	28,033	243,742	12,455
Investments (Note 8)	194,163	15,242	209,405	2,335,783
Other current assets	2,544,039	371,235	2,915,274	643,426
Total Current Assets	30,306,156	2,142,065	32,448,221	8,093,723
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	-	-	-	203,920
Investments	-	-	-	1,154,102
Mortgages and loans receivable	-	-	-	11,782
Taxes, interest, and penalties receivable (Note 6)	519,554	-	519,554	-
Advances to primary government	-	-	-	462,875
Amounts due from federal government	31,638	-	31,638	-
Amounts due from local units	547,164	-	547,164	5,565,648
Mortgages and loans receivable	-	-	-	3,930,395
Investments (Note 8)	1,476,156	154,687	1,630,844	4,199,342
Land and property held for resale	-	-	-	4,942
Capital Assets (Note 9):				
Land and other non-depreciable assets	3,915,661	-	3,915,661	250,304
Buildings, equipment, and other depreciable assets	6,593,021	7,000	6,600,020	7,978,302
Less accumulated depreciation	(4,061,075)	(4,873)	(4,065,948)	(3,526,646)
Infrastructure	14,786,328	-	14,786,328	102,967
Construction in progress	3,076,049	-	3,076,049	200,183
Total capital assets	24,309,984	2,127	24,312,111	5,005,111
Interest in joint ventures (Note 7)	33,237	-	33,237	-
Other noncurrent assets	49,505	26,902	76,407	1,104,383
Total Noncurrent Assets	26,967,238	183,716	27,150,954	21,642,500
Total Assets	57,273,394	2,325,781	59,599,175	29,736,223
DEFERRED OUTFLOWS OF RESOURCES (Note 28)	3,491,689	21,700	3,513,389	363,506

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

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	COMPONENT UNITS
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	\$ 5,154,711	\$ 957,393	\$ 6,112,103	\$ 578,406
Income tax refunds payable (Note 16)	1,413,501	-	1,413,501	-
Amounts due to component units	39,503	195	39,697	30,058
Amounts due to primary government	-	-	-	11,052
Bonds and notes payable (Notes 13 and 14)	481,505	-	481,505	1,250,081
Interest payable	103,867	3	103,870	132,248
Unearned revenue	3,869,808	1,064	3,870,872	301,003
Current portion of other long-term obligations (Note 15)	688,254	1,867	690,121	108,211
Total Current Liabilities	11,751,148	960,522	12,711,670	2,411,059
Noncurrent Liabilities:				
Advances from component units	429,547	-	429,547	-
Prize awards payable (Note 15)	-	135,045	135,045	-
Unearned revenue	288,545	-	288,545	131,313
Bonds and notes payable (Notes 13 and 14)	7,104,484	-	7,104,484	12,790,531
Noncurrent portion of other long-term obligations (Note 15)	17,315,423	123,693	17,439,116	2,783,903
Total Noncurrent Liabilities	25,137,998	258,738	25,396,736	15,705,747
Total Liabilities	36,889,146	1,219,260	38,108,406	18,116,805
DEFERRED INFLOWS OF RESOURCES (Note 28)	3,525,053	25,008	3,550,061	341,119
NET POSITION				
Net investment in capital assets	21,253,248	263	21,253,511	2,934,405
Restricted For (Note 23):				
Education	3,733,307	-	3,733,307	243,771
Construction and debt service	99,262	-	99,262	5,052,862
Public safety and corrections	53,299	-	53,299	-
Conservation, environment, recreation, and agriculture	975,750	-	975,750	-
Health and human services	57,205	-	57,205	-
Transportation	1,459,902	-	1,459,902	-
Unemployment compensation	-	1,168,175	1,168,175	-
Labor, commerce, and regulatory	283,113	-	283,113	-
Other purposes	157,818	5,011	162,829	1,948,745
Funds Held as Permanent Investments:				
Expendable	409,002	-	409,002	353,239
Nonexpendable	871,079	-	871,079	593,157
Unrestricted	(9,002,099)	(70,236)	(9,072,335)	515,626
Total Net Position	\$ 20,350,885	\$ 1,103,214	\$ 21,454,098	\$ 11,641,805

Michigan

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

Functions/Programs	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General government	\$ 3,200,292	\$ 691,916	\$ 703,956	\$ 15,628
Education	18,754,267	6,034	2,913,194	-
Health and human services	29,794,548	168,279	23,037,883	-
Public safety and corrections	3,221,781	185,258	956,480	29,968
Conservation, environment, recreation, and agriculture	937,084	391,044	422,865	1,786
Labor, commerce, and regulatory	1,802,776	349,349	1,192,386	-
Transportation	4,908,241	105,114	638,099	934,336
Tax credits (Note 16)	884,600	-	-	-
Intergovernmental-revenue sharing	1,451,332	-	-	-
Interest on long-term debt	255,201	-	-	-
Total governmental activities	65,210,122	1,896,994	29,864,862	981,719
Business-type Activities:				
Liquor Purchase Revolving Fund	1,274,106	1,587,738	-	-
State Lottery Fund	3,633,130	5,057,975	(5,546)	-
Attorney Discipline System	5,507	5,365	968	-
Michigan Unemployment Compensation Funds	14,440,513	14,001,625	18,737	-
Total business-type activities	19,353,255	20,652,703	14,159	-
Total primary government	\$ 84,563,377	\$ 22,549,697	\$ 29,879,020	\$ 981,719
Total component units	\$ 5,086,304	\$ 2,498,740	\$ 1,907,918	\$ 53,654
General Revenues:				
Taxes:				
General:				
Sales and use				
Personal income				
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				
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 weight				
Other				
Unrestricted investment and interest earnings				
Miscellaneous				
Payments from State of Michigan				
Contributions to permanent fund principal				
Special items				
Transfers				
Total general and other revenue, payments, and transfers				
Change in net position				
Net position-beginning-restated				
Net position-ending				

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

Michigan

NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION

PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	COMPONENT UNITS
\$ (1,788,793)	\$ -	\$ (1,788,793)	\$ -
(15,835,039)	-	(15,835,039)	-
(6,588,387)	-	(6,588,387)	-
(2,050,074)	-	(2,050,074)	-
(121,389)	-	(121,389)	-
(261,041)	-	(261,041)	-
(3,230,691)	-	(3,230,691)	-
(884,600)	-	(884,600)	-
(1,451,332)	-	(1,451,332)	-
(255,201)	-	(255,201)	-
(32,466,547)	-	(32,466,547)	-
-	313,632	313,632	-
-	1,419,299	1,419,299	-
-	826	826	-
-	(420,151)	(420,151)	-
-	1,313,606	1,313,606	-
(32,466,547)	1,313,606	(31,152,941)	-
-	-	-	(625,992)
3,759,702	-	3,759,702	-
9,266,721	-	9,266,721	-
1,900,058	-	1,900,058	-
576,296	-	576,296	-
211,291	-	211,291	-
390,843	-	390,843	-
1,347,956	-	1,347,956	-
125,783	-	125,783	-
130,608	-	130,608	-
120,472	-	120,472	-
639,422	-	639,422	-
287,685	-	287,685	-
7,785,684	-	7,785,684	-
3,642,034	-	3,642,034	-
2,756,169	-	2,756,169	-
327,852	-	327,852	-
90,572	-	90,572	-
146,342	-	146,342	-
97,438	-	97,438	-
600,000	-	600,000	-
1,363,609	-	1,363,609	-
1,399,595	-	1,399,595	-
4,193	-	4,193	-
13,465	159	13,624	355,957
893,687	-	893,687	1,044,424
-	-	-	957,462
11,316	-	11,316	-
(11,651)	-	(11,651)	11,651
1,640,198	(1,640,198)	-	-
39,517,338	(1,640,039)	37,877,299	2,369,495
7,050,791	(326,433)	6,724,358	1,743,503
13,300,094	1,429,646	14,729,740	9,898,303
\$ 20,350,885	\$ 1,103,214	\$ 21,454,098	\$ 11,641,805



GOVERNMENTAL FUND FINANCIAL STATEMENTS



Major Funds

GENERAL FUND

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

SCHOOL AID FUND

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

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

Non-Major Funds

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

Michigan

BALANCE SHEET
GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021
 (In Thousands)

	GENERAL FUND	SCHOOL AID FUND	NON-MAJOR FUNDS	TOTALS
ASSETS				
Current Assets:				
Cash	\$ 3,547	\$ 431	\$ 3,532	\$ 7,510
Equity in common cash (Note 5)	11,499,121	935,687	4,289,640	16,724,448
Cash on deposit with fiscal agent	103,880	-	-	103,880
Taxes, interest, and penalties receivable (Note 6)	4,956,043	2,658,561	128,684	7,743,287
Amounts due from other funds (Note 19)	71,592	46,712	109,500	227,804
Amounts due from component units	394	-	939	1,333
Amounts due from federal agencies	1,665,833	128,856	345,038	2,139,727
Amounts due from local units	64,448	56,544	106,700	227,692
Inventories	182,195	-	20,320	202,515
Investments (Note 8)	-	-	194,163	194,163
Other current assets	2,213,407	12,087	243,791	2,469,285
Total Current Assets	<u>20,760,460</u>	<u>3,838,878</u>	<u>5,442,307</u>	<u>30,041,644</u>
Noncurrent Assets:				
Taxes, interest, and penalties receivable (Note 6)	429,614	86,167	3,773	519,554
Amounts due from federal agencies	31,638	-	-	31,638
Amounts due from local units	462,875	16,508	67,780	547,164
Investments (Note 8)	14,790	-	1,461,366	1,476,156
Other noncurrent assets	5,769	-	3,473	9,241
Total Noncurrent Assets	<u>944,686</u>	<u>102,676</u>	<u>1,536,392</u>	<u>2,583,753</u>
Total Assets	<u>\$ 21,705,146</u>	<u>\$ 3,941,554</u>	<u>\$ 6,978,698</u>	<u>\$ 32,625,398</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities (Note 24)	\$ 3,854,911	\$ 226,584	\$ 906,544	\$ 4,988,038
Income tax refunds payable (Note 16)	1,413,501	-	-	1,413,501
Amounts due to other funds (Note 19)	187,385	-	200,166	387,551
Amounts due to component units	6,174	-	-	6,174
Bonds and notes payable	-	-	80,700	80,700
Interest payable	-	-	15	15
Unearned revenue	3,766,736	578	15,926	3,783,239
Total Current Liabilities	<u>9,228,706</u>	<u>227,162</u>	<u>1,203,351</u>	<u>10,659,219</u>
Long-Term Liabilities:				
Advances from component units	429,547	-	-	429,547
Unearned revenue	3,822	-	16	3,839
Total Long-Term Liabilities	<u>433,369</u>	<u>-</u>	<u>16</u>	<u>433,385</u>
Total Liabilities	<u>9,662,075</u>	<u>227,162</u>	<u>1,203,367</u>	<u>11,092,604</u>
DEFERRED INFLOWS OF RESOURCES (Note 28)	<u>3,560,278</u>	<u>742,756</u>	<u>209,432</u>	<u>4,512,466</u>
FUND BALANCES				
Nonspendable	218,787	-	1,163,468	1,382,255
Restricted	830,075	2,971,636	4,188,404	7,990,114
Committed	2,939,874	-	301,835	3,241,709
Assigned	131,292	-	-	131,292
Unassigned (Note 22)	4,362,765	-	(87,808)	4,274,957
Total Fund Balances (Note 23)	<u>8,482,793</u>	<u>2,971,636</u>	<u>5,565,899</u>	<u>17,020,328</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 21,705,146</u>	<u>\$ 3,941,554</u>	<u>\$ 6,978,698</u>	<u>\$ 32,625,398</u>

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

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

SEPTEMBER 30, 2021

(In Thousands)

Total fund balances for governmental funds		\$ 17,020,328
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 9)		
Land and other non-depreciable assets	3,778,720	
Buildings, equipment, and other depreciable assets	5,569,199	
Infrastructure	14,786,328	
Construction in progress	3,075,989	
Interest in joint ventures	33,237	
Accumulated depreciation	<u>(3,302,727)</u>	23,940,747
Certain tax revenues are earned but not available and therefore are reported as deferred inflows of resources in the funds.		4,273,725
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.		238,740
Amounts due to component units for long-term loans.		(33,329)
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.		(317,573)
Pension related assets are not available in the current period and therefore are not reported in the funds.		3,143
Deferred outflows of resources not reported in the funds:		
Refunding of debt		37,271
Pension related		822,178
OPEB related		2,476,589
Debt issuance costs are reported as current expenditures in the funds. However, certain debt issuance costs are amortized over the life of the bonds and are included in the governmental activities in the Statement of Net Position.		15
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 15)		
Capital lease and financed purchase obligations	(866,182)	
Compensated absences	(430,129)	
Workers' compensation	(42,727)	
Net pension liability	(7,328,322)	
Net OPEB liability	(7,386,612)	
Pollution remediation	(192,800)	
Other long-term liabilities	<u>(928,298)</u>	(17,175,070)
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	(6,623,366)	
Unamortized premiums	(884,889)	
Unamortized discounts	2,966	
Accrued interest payable	<u>(97,873)</u>	(7,603,161)
Deferred inflows of resources not reported in the funds:		
Refunding of debt		(12,318)
Pension related		(1,064)
OPEB related		<u>(3,319,337)</u>
Net position of governmental activities		<u><u>\$ 20,350,885</u></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, 2021

(In Thousands)

	GENERAL FUND	SCHOOL AID FUND	NON-MAJOR FUNDS	TOTALS
REVENUES				
Taxes	\$ 17,802,969	\$ 14,506,408	\$ 3,536,475	\$ 35,845,853
From federal agencies	26,206,808	2,293,482	1,874,850	30,375,140
From local agencies	113,869	-	34,078	147,946
From services	351,936	-	8,503	360,439
From licenses and permits	431,919	-	259,088	691,007
Special Medicaid reimbursements	159,986	-	-	159,986
Miscellaneous	749,002	31,736	775,941	1,556,679
Total Revenues	45,816,490	16,831,627	6,488,933	69,137,049
EXPENDITURES				
Current:				
General government	2,992,322	1	174,891	3,167,215
Education	2,035,711	16,533,745	191,983	18,761,439
Health and human services	29,964,739	-	44,648	30,009,386
Public safety and corrections	3,283,510	-	2,783	3,286,293
Conservation, environment, recreation, and agriculture	698,331	-	311,263	1,009,593
Labor, commerce, and regulatory	1,274,825	-	444,053	1,718,878
Transportation	17,780	-	3,552,049	3,569,828
Tax credits (Note 16)	884,600	-	-	884,600
Capital outlay	93,161	-	1,801,299	1,894,460
Intergovernmental-revenue sharing	1,451,332	-	-	1,451,332
Debt service:				
Bond principal retirement	-	-	393,175	393,175
Bond interest and fiscal charges	-	-	231,810	231,810
Structured settlement payments	15,000	-	-	15,000
Capital lease and financed purchase payments	85,853	-	3,022	88,876
Total Expenditures	42,797,164	16,533,747	7,150,975	66,481,886
Excess of Revenues over (under) Expenditures	3,019,326	297,880	(662,042)	2,655,164
OTHER FINANCING SOURCES (USES)				
Bonds and bond anticipation notes issued	-	-	1,006,270	1,006,270
Refunding bonds issued	-	-	54,150	54,150
Premium on bond issuance	-	-	247,857	247,857
Payment to refunded bond escrow agent	-	-	(68,958)	(68,958)
Capital lease and financed purchase acquisitions	30,009	-	204,803	234,812
Proceeds from sale of capital assets	3,214	-	2,467	5,682
Transfers from other funds (Note 21)	479,250	1,563,725	2,483,408	4,526,382
Transfers to other funds (Note 21)	(603,995)	(110,501)	(2,061,473)	(2,775,970)
Total Other Financing Sources (Uses)	(91,522)	1,453,223	1,868,524	3,230,226
Special items (Note 4)	(11,424)	-	-	(11,424)
Net changes in fund balances	2,916,379	1,751,104	1,206,482	5,873,965
Fund Balances - Beginning of fiscal year - restated	5,566,414	1,220,532	4,359,417	11,146,363
Fund Balances - End of fiscal year	\$ 8,482,793	\$ 2,971,636	\$ 5,565,899	\$ 17,020,328

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

Net change in fund balance - total governmental funds \$ 5,873,965

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	11,653	
Buildings, equipment, and other depreciable assets	69,677	
Infrastructure	(678,193)	
Construction in progress	1,131,283	
Disposal of capital assets	(16,350)	
Depreciation expense	<u>(201,350)</u>	316,719

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	1,124,471	
Other revenues	<u>(17,407)</u>	1,107,064

Increase (decrease) in equity interest in joint ventures (Note 7). (1,332)

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. 79,110

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 proceeds exceed repayments. (Note 13)

Bond proceeds and premiums received	(1,308,277)	
Repayment of bond principal	393,175	
Payment to refunded bond escrow agent	68,958	
Accrued interest and amortization	<u>35,451</u>	(810,693)

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

In the current year, these amounts related to:

Pension costs, net	131,085	
OPEB costs, net	578,105	
Advances from component units	18,514	
Capital leases and financed purchases	(215,500)	
Compensated absences payments	(28,951)	
Litigation recoveries, settlements and payments	(14,890)	
Pollution remediation obligations	22,686	
Workers' compensation	(3,334)	
Other	<u>(1,756)</u>	485,958

Change in net position of governmental activities \$ 7,050,791

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 future Lottery prizes that are annuities, the change in net other postemployment benefits (OPEB) liability, capital assets (leasehold improvements and equipment less capital lease obligations), and the change in net pension liability and deferred inflows and outflows related to pensions and OPEB. These are required by Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, and GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27.

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

MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS

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

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

Non-Major Funds

Individual fund statements for the Enterprise Funds, whose combined totals are presented on this statement, begin on page 256.

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

Michigan

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2021

(In Thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				
	MAJOR				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR	TOTALS	
ASSETS					
Current Assets:					
Cash	\$ 2	\$ 89,275	\$ 3,750	\$ 93,026	\$ 3
Cash on deposit with fiscal agent	-	913,832	-	913,832	-
Equity in common cash (Note 5)	23,105	128,349	120,484	271,939	518,546
Amounts due from other funds (Note 19)	-	150,084	-	150,084	9
Amounts due from component units	-	22	-	22	3,342
Amounts due from federal agencies	-	320,246	-	320,246	-
Amounts due from local units	-	10,968	-	10,968	-
Inventories	23,403	-	4,631	28,033	13,193
Investments (Note 8)	15,242	-	-	15,242	-
Other current assets	192,599	165,242	13,394	371,235	74,375
Total Current Assets	254,350	1,778,018	142,258	2,174,627	609,469
Noncurrent Assets:					
Investments (Note 8)	148,677	-	6,011	154,687	-
Capital Assets (Note 9):					
Land and other non-depreciable assets	-	-	-	-	136,941
Buildings and equipment	5,354	-	1,645	7,000	1,023,822
Allowance for depreciation	(4,546)	-	(327)	(4,873)	(758,348)
Construction in progress	-	-	-	-	60
Total capital assets	808	-	1,319	2,127	402,474
Other noncurrent assets	1,786	25,100	16	26,902	37,107
Total Noncurrent Assets	151,271	25,100	7,345	183,716	439,580
Total Assets	405,621	1,803,118	149,604	2,358,343	1,049,049
DEFERRED OUTFLOWS OF RESOURCES	13,857	-	7,843	21,700	155,651
LIABILITIES					
Current Liabilities:					
Accounts payable and other liabilities (Note 24)	211,920	600,889	144,289	957,098	122,093
Amounts due to other funds (Note 19)	28,485	4,254	118	32,857	1,986
Amounts due to component units	-	195	-	195	-
Interest payable	3	-	-	3	2,210
Unearned revenue	-	-	1,064	1,064	86,568
Current portion of other long-term obligations (Note 15)	1,185	-	682	1,867	60,509
Total Current Liabilities	241,594	605,337	146,153	993,084	273,366
Long-Term Liabilities:					
Prize awards payable	135,045	-	-	135,045	-
Unearned revenue	-	-	-	-	284,706
Noncurrent portion of other long-term obligations (Note 15)	61,270	29,606	32,817	123,693	771,867
Total Long-Term Liabilities	196,315	29,606	32,817	258,738	1,056,573
Total Liabilities	437,908	634,944	178,970	1,251,821	1,329,940
DEFERRED INFLOWS OF RESOURCES	15,385	-	9,623	25,008	192,334
NET POSITION					
Net investment in capital assets	470	-	(208)	263	394,020
Restricted For:					
Unemployment compensation	-	1,168,175	-	1,168,175	-
Other purposes	-	-	5,011	5,011	5,857
Unrestricted	(34,286)	-	(35,950)	(70,236)	(717,450)
Total Net Position	\$ (33,815)	\$ 1,168,175	\$ (31,146)	\$ 1,103,214	\$ (317,573)

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, 2021

(In Thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				
	MAJOR				
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR	TOTALS	GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
OPERATING REVENUES					
Operating revenues	\$ 5,057,975	\$ 14,001,625	\$ 1,593,102	\$ 20,652,703	\$ 1,940,676
Total Operating Revenues	5,057,975	14,001,625	1,593,102	20,652,703	1,940,676
OPERATING EXPENSES					
Salaries, wages, and other administrative	569,492	4,646	111,845	685,982	837,645
Interest expense	11	-	-	11	-
Depreciation	344	-	99	443	104,666
Purchases for resale	-	-	1,165,851	1,165,851	65,515
Purchases for prison industries	-	-	-	-	7,094
Lottery prize awards	3,056,993	-	-	3,056,993	-
Premiums and claims	-	-	1	1	783,145
Unemployment benefits	-	1,569,840	-	1,569,840	-
Federal program claimants	-	12,866,028	-	12,866,028	-
Other operating expenses	4	-	1,693	1,697	68,110
Total Operating Expenses	3,626,843	14,440,513	1,279,488	19,346,844	1,866,176
Operating Income (Loss)	1,431,132	(438,888)	313,614	1,305,859	74,500
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	360	18,736	159	19,255	435
Investment revenue (expense) - net	(5,906)	-	968	(4,938)	-
Other nonoperating revenues	-	1	-	1	9,358
Amortization of prize award obligation discount	(6,246)	-	-	(6,246)	-
Interest expense	(39)	-	(31)	(70)	(903)
Other nonoperating expense	(2)	-	(93)	(95)	(217)
Total Nonoperating Revenues (Expenses)	(11,833)	18,737	1,003	7,907	8,672
Income (Loss) Before Transfers	1,419,299	(420,151)	314,617	1,313,765	83,172
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital contributions	-	-	-	-	7
Transfers from other funds	-	150,000	-	150,000	-
Transfers To:					
School Aid Fund	(1,419,806)	-	-	(1,419,806)	-
Other funds	(7,239)	(49,362)	(313,792)	(370,393)	(4,069)
Total Capital Contributions and Transfers In (Out)	(1,427,044)	100,638	(313,792)	(1,640,198)	(4,062)
Change in net position	(7,745)	(319,513)	825	(326,433)	79,110
Total net position - Beginning of fiscal year - restated	(26,070)	1,487,688	(31,971)	1,429,646	(396,683)
Total net position - End of fiscal year	\$ (33,815)	\$ 1,168,175	\$ (31,146)	\$ 1,103,214	\$ (317,573)

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

Michigan

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				
	MAJOR				GOVERNMENTAL
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR	TOTALS	ACTIVITIES -- INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from federal and local agencies	\$ -	\$ 13,373,674	\$ -	\$ 13,373,674	\$ -
Receipts from customers	5,103,440	1,022,391	1,589,813	7,715,644	1,962,494
Membership dues	-	-	5,431	5,431	-
Payments to employees	(26,414)	-	(18,187)	(44,601)	(295,738)
Payments to suppliers	(76,740)	-	(1,253,950)	(1,330,691)	(857,245)
Payments to prize winners	(3,077,427)	-	-	(3,077,427)	-
Payments for commissions to retailers	(474,288)	-	-	(474,288)	-
Claims paid	-	(14,963,609)	(1)	(14,963,610)	(747,725)
Other receipts	-	15,547	125	15,673	7,973
Other payments	-	(4,646)	(1,017)	(5,663)	(662)
Net cash provided (used)					
by operating activities	1,448,571	(556,643)	322,213	1,214,141	69,098
CASH FLOWS FROM NONCAPITAL					
FINANCING ACTIVITIES					
Federal subsidy	-	-	-	-	441
Advances from federal government	-	1	-	1	-
Loans or loan repayments from other funds	-	-	-	-	64
Loans or loan repayments to other funds	-	-	-	-	(64)
Transfers from other funds	-	150,000	-	150,000	-
Transfers to other funds	(1,450,720)	(48,134)	(313,520)	(1,812,374)	(4,069)
Net cash provided (used)					
by noncapital financing activities	(1,450,720)	101,866	(313,520)	(1,662,373)	(3,628)
CASH FLOWS FROM CAPITAL AND RELATED					
FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(17)	-	(7)	(24)	(54,679)
Capital lease payments					
(including imputed interest expense)	(62)	-	(6)	(68)	(4,738)
Net cash provided (used) by capital					
and related financing activities	(79)	-	(13)	(92)	(59,417)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of					
investment securities	16,322	-	-	16,322	-
Purchase of investment securities	(4,597)	-	(39)	(4,637)	-
Sale of investment securities	-	-	2,000	2,000	-
Interest and dividends on investments	360	18,736	159	19,255	435
Expenses from securities lending activities	(3)	-	-	(3)	-
Net cash provided (used)					
by investing activities	12,082	18,736	2,120	32,937	435
Net cash provided (used) - all activities	9,855	(436,040)	10,800	(415,386)	6,487
Cash and cash equivalents					
at beginning of year	13,253	1,567,496	113,435	1,694,184	512,062
Cash and cash equivalents					
at end of year	\$ 23,107	\$ 1,131,456	\$ 124,234	\$ 1,278,797	\$ 518,549

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

Michigan

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS					
	MAJOR					GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR	TOTALS		
RECONCILIATION OF CASH AND CASH EQUIVALENTS						
Per Statement of Net Position Classifications:						
Cash	\$ 2	\$ 89,275	\$ 3,750	\$ 93,026	\$ 3	
Cash on deposit with fiscal agent	-	913,832	-	913,832	-	
Equity in common cash	23,105	128,349	120,484	271,939	518,546	
Cash and cash equivalents at end of year	<u>\$ 23,107</u>	<u>\$ 1,131,456</u>	<u>\$ 124,234</u>	<u>\$ 1,278,797</u>	<u>\$ 518,549</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 1,431,132	\$ (438,888)	\$ 313,614	\$ 1,305,859	\$ 74,500	
Adjustments to Reconcile Operating Income to Net Cash Provided (Used)						
by Operating Activities:						
Depreciation expense	344	-	99	443	104,666	
Pension expense	1,074	-	1,331	2,405	1,791	
OPEB expense	855	-	(231)	625	5,680	
Deferred outflows - contributions subsequent to measurement date	(6,336)	-	(3,508)	(9,843)	(69,343)	
Amortization of prize award obligation discount	(6,246)	-	-	(6,246)	-	
Other nonoperating revenues	-	-	-	-	8,917	
Other nonoperating expenses	(36)	-	(93)	(129)	(108)	
Other reconciling items	135	-	(352)	(217)	(260)	
Net Changes in Assets and Liabilities:						
Inventories	(1,740)	-	(4,096)	(5,835)	(2,422)	
Other assets (net)	45,794	383,287	1,761	430,842	(44,021)	
Accounts payable and other liabilities	(2,218)	(501,042)	13,414	(489,846)	2,506	
Prize awards payable	(14,188)	-	-	(14,188)	-	
Unearned revenue	-	-	273	273	(12,809)	
Net cash provided (used) by operating activities	<u>\$ 1,448,571</u>	<u>\$ (556,643)</u>	<u>\$ 322,213</u>	<u>\$ 1,214,141</u>	<u>\$ 69,098</u>	
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
Cost of capital assets acquisitions financed by capital leases	\$ -	\$ -	\$ 767	\$ 767	\$ -	
Capital lease liabilities entered into during the year	62	-	(767)	(705)		
Increase (decrease) in fair value of investments	(12,153)	-	-	(12,153)	-	
Transfers to other funds (accrual)	(28,308)	(1,304)	-	(29,612)	-	
Gain (loss) on disposal of capital assets	(2)	-	-	(2)	(109)	
Total noncash investing, capital, and financing activities	<u>\$ (40,401)</u>	<u>\$ (1,304)</u>	<u>\$ -</u>	<u>\$ (41,704)</u>	<u>\$ (109)</u>	



FIDUCIARY FUND FINANCIAL STATEMENTS



Individual fund financial statements begin on the following pages:
Pension (and Other Employee Benefit) Trust Funds, page 268.
Private-Purpose Trust Funds, page 276.
Custodial Funds, page 280.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 SEPTEMBER 30, 2021
 (In Thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE- PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
ASSETS			
Cash	\$ -	\$ 19,367	\$ 58,511
Equity in common cash (Note 5)	375,413	602	221,690
Receivables:			
From participants	177,133	-	-
From employers	523,984	-	-
Other	454,156	1,581	361
Interest and dividends	1,176	-	-
Due from component unit	610	-	-
Due from other governmental	29,263	-	-
Sale of investments	66	-	-
Investments at Fair Value (Note 8):			
Short-term investments	2,336,865	-	-
Fixed income	9,655,584	-	-
Domestic equities	21,994,512	-	-
Real estate	6,710,218	-	-
Alternative investments	16,854	-	-
Private equity pools	22,255,341	-	-
International equities	15,537,772	-	-
Absolute return	5,116,337	-	-
Mutual funds	789,269	6,673,045	-
Pooled investment funds	8,501,713	-	-
Separate accounts	3,179,292	-	-
Real return	11,599,550	-	-
Guaranteed funding agreements	-	1,720,675	-
Securities lending collateral (Note 8)	3,148,666	-	-
Other assets	-	-	256,145
Total Assets	112,403,775	8,415,271	536,708
LIABILITIES			
Accounts payable and other liabilities	248,142	7,509	104,425
Amounts due to other funds (Note 19)	500	-	379
Obligations under security lending	3,148,666	-	-
Unearned revenue	12,111	-	-
Total Liabilities	3,409,418	7,509	104,804
NET POSITION			
Restricted For:			
Pension, postemployment health-care, and deferred compensation participants	108,994,357	-	-
Individuals, organizations, and other governments	-	8,407,762	431,904
Total Net Position	\$ 108,994,357	\$ 8,407,762	\$ 431,904

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE- PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
ADDITIONS			
Contributions:			
From participants	\$ 1,216,840	\$ 812,522	\$ -
From employers	5,748,441	-	-
From other governmental	345,938	-	-
From other systems	21,845	-	-
Total Contributions	7,333,064	812,522	-
Investment Income:			
Net increase (decrease) in the fair value of investments	21,367,178	897,648	-
Interest, dividends, and other	1,808,633	159,012	6,699
Securities lending income	14,612	-	-
Less Investment Expense:			
Investment activity expense	386,179	-	-
Securities lending expense	3,978	-	-
Net investment income (loss)	22,800,265	1,056,661	6,699
Other Additions:			
Child support receipts	-	-	1,567,986
City income tax collections	-	-	344,285
Collateral deposits and related additions	-	-	99,049
Escheated property	-	-	267,059
Prisoner deposits	-	-	82,923
Other additions and miscellaneous income	9,337	-	11,531
Total Other Additions	9,337	-	2,372,833
Total Additions	30,142,667	1,869,183	2,379,531
DEDUCTIONS			
Benefits paid to participants or beneficiaries	7,314,442	618,086	-
Medical, dental, and life insurance for retirants	891,150	-	-
Refunds and transfers to other systems	456,823	-	-
Child support distributions	-	-	1,567,986
City income tax distributions	-	-	344,313
Collateral disbursements and related deductions	-	-	123,523
Escheated property distributions	-	-	115,224
Prisoner disbursements	-	-	78,239
Miscellaneous deductions	-	-	8,589
Administrative and other expenses	277,877	11,008	-
Transfers to other funds	-	-	105,888
Total Deductions	8,940,292	629,094	2,343,761
Special Items	-	-	674
Change in net position	21,202,375	1,240,089	35,096
Net position - Beginning of fiscal year - restated	87,791,982	7,167,673	396,808
Net position - End of fiscal year	\$ 108,994,357	\$ 8,407,762	\$ 431,904

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



COMPONENT UNIT FINANCIAL STATEMENTS



Major Component Units

MICHIGAN FINANCE AUTHORITY

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

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

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

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

MICHIGAN STRATEGIC FUND

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

MSF is governed by a board of 11 members, including the director of the Department of Labor and Economic Opportunity (LEO) or their designee from within LEO, the State Treasurer or their designee from within the Department of Treasury, the director of the Department of Transportation (MDOT) or their designee from within MDOT, the Chief Executive Officer of the Michigan Economic Development Corporation or their designee, and seven residents of the State appointed by the Governor.

WESTERN MICHIGAN UNIVERSITY

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

Non-Major Component Units

The non-major component unit - authorities are presented beginning on page 286.

The non-major component unit - State universities are presented beginning on page 292.

STATEMENT OF NET POSITION

COMPONENT UNITS

SEPTEMBER 30, 2021

(In Thousands)

	AUTHORITIES			
	MICHIGAN FINANCE AUTHORITY	MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	MICHIGAN STRATEGIC FUND	NON-MAJOR
ASSETS				
Current Assets:				
Cash	\$ 181,489	\$ 684,760	\$ 99,318	\$ 265,296
Equity in common cash (Note 5)	1,841,491	-	193,858	73,659
Amounts due from component units	-	-	5,458	30,220
Amounts due from primary government	2,179	-	-	8,200
Amounts due from federal government	751	-	12,183	3,092
Amounts due from local units	829,855	-	-	-
Inventories	-	-	-	620
Investments (Note 8)	2,119,959	70,910	-	39,544
Other current assets	186,807	137,651	82,802	13,347
Total Current Assets	<u>5,162,529</u>	<u>893,321</u>	<u>393,620</u>	<u>433,977</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	-	-	53,767	28,693
Investments	-	-	-	6,929
Mortgages and loans receivable	-	-	-	-
Advances to primary government	462,875	-	-	-
Amounts due from local units	5,565,648	-	-	-
Mortgages and loans receivable	225,830	3,523,036	158,305	5,900
Investments (Note 8)	156,268	707,591	68,658	1,506,085
Land and property held for resale	-	-	-	4,942
Capital Assets (Note 9):				
Land and other non-depreciable assets	-	-	5,452	1,038
Buildings, equipment, and other depreciable assets	-	21,000	619	62,646
Less accumulated depreciation	-	(1,619)	-	(44,592)
Infrastructure	-	-	-	102,967
Construction in progress	-	-	1,039	-
Total capital assets	-	19,381	7,110	122,059
Other noncurrent assets	-	56,908	446,592	70,271
Total Noncurrent Assets	<u>6,410,622</u>	<u>4,306,916</u>	<u>734,433</u>	<u>1,744,879</u>
Total Assets	<u>11,573,151</u>	<u>5,200,237</u>	<u>1,128,054</u>	<u>2,178,856</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 28)	<u>40,422</u>	<u>97,345</u>	<u>8,636</u>	<u>38,120</u>

This statement continues on next page.

STATE UNIVERSITIES

WESTERN MICHIGAN UNIVERSITY	NON-MAJOR	TOTALS
\$ 131,325	\$ 402,387	\$ 1,764,575
-	-	2,109,007
-	-	35,678
21,360	217,888	249,627
42,899	46,785	105,711
-	7,606	837,460
2,178	9,657	12,455
8,514	96,857	2,335,783
94,360	128,459	643,426
300,637	909,639	8,093,723
-	121,461	203,920
515,179	631,994	1,154,102
-	11,782	11,782
-	-	462,875
-	-	5,565,648
3,776	13,548	3,930,395
290,571	1,470,169	4,199,342
-	-	4,942
18,238	225,575	250,304
1,592,593	6,301,445	7,978,302
(694,098)	(2,786,337)	(3,526,646)
-	-	102,967
93,556	105,589	200,183
1,010,289	3,846,271	5,005,111
471,986	58,625	1,104,383
2,291,800	6,153,850	21,642,500
2,592,437	7,063,489	29,736,223
52,962	126,021	363,506

STATEMENT OF NET POSITION
COMPONENT UNITS (Continued)
 SEPTEMBER 30, 2021
 (In Thousands)

	AUTHORITIES			
	MICHIGAN FINANCE AUTHORITY	MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	MICHIGAN STRATEGIC FUND	NON-MAJOR
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	\$ 70,998	\$ 43,363	\$ 31,021	\$ 26,019
Amounts due to component units	-	-	29,372	685
Amounts due to primary government	-	-	87	4,684
Bonds and notes payable (Note 14)	974,367	100,999	23,935	60,070
Interest payable	92,194	14,394	4,175	3,341
Unearned revenue	5,000	134,328	11,086	9,055
Current portion of other long-term obligations	-	-	881	69,820
Total Current Liabilities	<u>1,142,559</u>	<u>293,084</u>	<u>100,558</u>	<u>173,674</u>
Long-Term Liabilities:				
Unearned revenue	-	-	98,172	715
Bonds and notes payable (Note 14)	6,920,861	3,473,795	261,889	131,255
Noncurrent portion of other long-term obligations	18,553	699,634	25,719	818,167
Total Long-Term Liabilities	<u>6,939,415</u>	<u>4,173,429</u>	<u>385,780</u>	<u>950,136</u>
Total Liabilities	<u>8,081,973</u>	<u>4,466,513</u>	<u>486,338</u>	<u>1,123,811</u>
DEFERRED INFLOWS OF RESOURCES (Note 28)	<u>9,395</u>	<u>47,514</u>	<u>4,900</u>	<u>20,494</u>
NET POSITION				
Net investment in capital assets	-	19,381	7,110	120,739
Restricted For:				
Education	-	-	-	-
Construction and debt service	4,509,687	527,154	-	3,838
Other purposes	-	85	767,194	462,514
Funds Held as Permanent Investments:				
Expendable	-	-	-	26,224
Nonexpendable	-	-	-	-
Unrestricted	(987,483)	236,936	(128,852)	459,357
Total Net Position	<u>\$ 3,522,205</u>	<u>\$ 783,556</u>	<u>\$ 645,452</u>	<u>\$ 1,072,671</u>

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

STATE UNIVERSITIES

WESTERN MICHIGAN UNIVERSITY	NON-MAJOR	TOTALS
\$ 81,147	\$ 325,858	\$ 578,406
-	-	30,058
-	6,281	11,052
23,944	66,766	1,250,081
2,537	15,606	132,248
28,717	112,817	301,003
15,114	22,396	108,211
<u>151,460</u>	<u>549,725</u>	<u>2,411,059</u>
-	32,426	131,313
472,879	1,529,852	12,790,531
404,576	817,254	2,783,903
<u>877,454</u>	<u>2,379,532</u>	<u>15,705,747</u>
1,028,914	2,929,257	18,116,805
<u>91,029</u>	<u>167,787</u>	<u>341,119</u>
513,240	2,273,934	2,934,405
6,488	237,283	243,771
-	12,182	5,052,862
646,033	72,920	1,948,745
-	327,016	353,239
102,860	490,297	593,157
256,835	678,834	515,626
<u>\$ 1,525,456</u>	<u>\$ 4,092,466</u>	<u>\$ 11,641,805</u>

Michigan

STATEMENT OF ACTIVITIES

COMPONENT UNITS

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			
		CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS	NET (EXPENSE) REVENUE
Authorities:					
Michigan Finance Authority	\$ 431,439	\$ 342,956	\$ 187,865	\$ -	\$ 99,382
Michigan State Housing Development Authority	960,822	219,602	760,498	-	19,278
Michigan Strategic Fund	402,636	1,177	99,671	5,762	(296,025)
Non-Major	289,523	48,285	303,431	19,142	81,335
State Universities:					
Western Michigan University	547,686	378,454	155,839	1,440	(11,953)
Non-Major	2,454,199	1,508,266	400,614	27,310	(518,009)
Total	\$ 5,086,304	\$ 2,498,740	\$ 1,907,918	\$ 53,654	\$ (625,992)

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

GENERAL REVENUES

INTEREST AND INVESTMENT EARNINGS (LOSS)	PAYMENTS FROM STATE OF MICHIGAN	OTHER	SPECIAL ITEMS	CHANGE IN NET POSITION	NET POSITION BEGINNING OF YEAR RESTATED	NET POSITION END OF YEAR
\$ -	\$ -	\$ -	\$ -	\$ 99,382	\$ 3,422,822	\$ 3,522,205
2,424	-	-	-	21,702	761,854	783,556
14,009	241,693	65,913	-	25,590	619,861	645,452
144,267	42,773	4,365	11,651	284,391	788,280	1,072,671
38,834	137,570	597,771	-	762,222	763,234	1,525,456
156,422	535,427	376,375	-	550,215	3,542,251	4,092,466
<u>\$ 355,957</u>	<u>\$ 957,462</u>	<u>\$ 1,044,424</u>	<u>\$ 11,651</u>	<u>\$ 1,743,503</u>	<u>\$ 9,898,303</u>	<u>\$ 11,641,805</u>





FINANCIAL SECTION

NOTES TO FINANCIAL STATEMENTS

Michigan
Notes to the Financial Statements

INDEX

	<u>Page</u>
NOTE 1 - Summary of Significant Accounting Policies	61
NOTE 2 - Funds and Component Units by Classification	69
NOTE 3 - Budgeting, Budgetary Control, and Legal Compliance	70
NOTE 4 - Accounting Changes and Restatements.....	72
NOTE 5 - Treasurer's Common Cash.....	74
NOTE 6 - Taxes Receivable	77
NOTE 7 - Joint Ventures.....	78
NOTE 8 - Deposits and Investments	79
NOTE 9 - Capital Assets.....	92
NOTE 10 - Pension Benefits.....	96
NOTE 11 - Other Postemployment Benefits	105
NOTE 12 - Leases	116
NOTE 13 - Bonds and Notes Payable – Primary Government	118
NOTE 14 - Bonds and Notes Payable - Discretely Presented Component Units	123
NOTE 15 - Other Long-Term Obligations	124
NOTE 16 - Income Tax Credits and Refunds	127
NOTE 17 - Tax Abatements	128
NOTE 18 - Deferred Compensation Plans	134
NOTE 19 - Interfund Receivables and Payables	134
NOTE 20 - Interfund Commitments	135
NOTE 21 - Transfers	135
NOTE 22 - Fund Deficits	136
NOTE 23 - Fund Balances and Net Position	137
NOTE 24 - Disaggregation of Payables.....	139
NOTE 25 - Contingencies and Commitments.....	139
NOTE 26 - Risk Management.....	144
NOTE 27 - Pledged Revenues	146
NOTE 28 - Deferred Outflows of Resources and Deferred Inflows of Resources.....	147
NOTE 29 - Subsequent Events	148

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Financial accountability is defined in GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 61. The State is financially accountable for those entities in which the State appoints a voting majority of an organization's governing authority, and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the State. For those entities in which the State does not appoint a voting majority of the governing authority, GASB standards require inclusion in the reporting entity if they are fiscally dependent on the State and there exists a financial benefit or burden relationship with the State.

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

Blended Component Units

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

Discretely Presented Component Units

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

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

The Michigan Finance Authority provides sources of funding for loans to governmental units, school districts, and nonpublic nonprofit institutions of higher education, healthcare corporations and facilities. The Authority also makes loans and acquires loans made to students and their parents.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiduciary Component Units

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

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

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

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

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

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

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

Significant Transactions

The State had significant transactions with its major discretely presented component units, which included appropriations to fund the operations of the Michigan Strategic Fund and Western Michigan University. The financial statements also reflect a \$462.9 million liability related to loans to school districts that have been assigned to Michigan Finance Authority.

Availability of Financial Statements

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

Related Organizations

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

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

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

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

Joint Ventures

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

Jointly Governed Organizations

The State, the University of Michigan, Michigan State University, and Wayne State University appoint members of the board of the Michigan Public Health Institute (MPHI), a nonprofit corporation. MPHI was established to plan, promote, and coordinate health services research with a public university or a consortium of public universities in the State. The State does not appoint a majority of the board, has no rights to the assets, and is not responsible for debts of MPHI. Therefore, the State's accountability for MPHI does not extend beyond making the appointments. During fiscal year 2021, the State awarded contracts totaling \$181.9 million to MPHI.

The City of Detroit, Charter County of Wayne, and the Department of Health and Human Services of the State of Michigan appoint members of the board of Authority Health, a public agency. Authority Health was established to plan, promote, and coordinate health services for at-risk population in the City of Detroit and Wayne County. The State does not appoint a majority of the board, has no right to the assets, and is not responsible for debts of Authority Health. Therefore, the State's accountability for Authority Health does not extend beyond making the appointments. During fiscal year 2021, the State awarded contracts totaling \$0.7 million to Authority Health.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement Focus and Basis of Accounting

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

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

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

Financial Statement Presentation

The State reports the following major governmental funds:

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

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

The State reports the following major enterprise funds:

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

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

Additionally, the State reports the following fund types:

Governmental Fund Types:

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

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

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

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

Proprietary Fund Types:

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

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

Fiduciary Fund Types:

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

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

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

Fiscal Year-Ends

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

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

Cash and Cash Equivalents

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

Cash

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

Equity in Common Cash

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

Taxes Receivable

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

Amounts Due From Federal Agencies

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

Inventories

COVID-19 inventories, which account for \$168.4 million of the State's inventories, are valued using the average cost method. Remaining inventories are generally valued at cost, primarily using the first-in, first-out flow method. Expenditures (governmental funds) and expenses (proprietary funds) are recognized using the consumption method (i.e., when used or sold).

Investments

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

Securities Lending Collateral

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

Other Assets

Other assets include receivables, amounts held in escrow, and other types of assets not reported on other lines.

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.

Interest incurred during construction is only capitalized in proprietary funds. 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 capital leases are provided in Notes 9 and 12, respectively.

Deferred Outflows of Resources

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

Income Tax Refunds Payable

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

Prize Awards Payable

The State Lottery Fund makes long-term prize awards for certain games, most notable the lotto games. At September 30, 2021, long-term prize awards of \$186.7 million were reported at a present value of \$135.0 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 \$184.1 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 debt service expenditures.

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

Compensated Absences

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

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

Employee sick leave balances accumulate without limit. Termination payments are made only upon separation from State service and only to employees hired prior to October 1, 1980. Payments at retirement or death are based on 50.0 percent of the

employee's sick leave accumulation, times their last rate of pay. When separating for any other reason, employees are paid a percentage of their unused sick leave that increases from 0.0 to 50.0 percent, depending upon the balance of their sick leave hours. Sick leave is valued at 0.0 to 50.0 percent plus the State's share of social security contributions, based on the pay rates in effect as of September 30, 2021.

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

The unpaid hours worked accrue to a banked leave time account. Upon an employee's separation, death, or retirement from State service, unused banked leave time hours shall be contributed by the State to the employee's account within the State of Michigan 401K Plans and, if applicable, to the State of Michigan 457 Plans. The banked leave liability is valued at the pay rates in effect as of September 30, 2021.

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

Deferred Inflows of Resources

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

Net Position/Fund Balance

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

Fund Balance Classifications

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

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

Restricted fund balance includes amounts that are restricted when constraints placed on the use of the resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or 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 2021, interest charges on general long-term liabilities totaling \$16.8 million were reported as functional expenses.

Fund Financial Statements

In the governmental fund financial statements, revenues are reported by sources. For budgetary control purposes, revenues are further classified as either "general purpose" or "restricted." General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by State law or by outside restriction (e.g., federal grants), available only for specified purposes. When both general purpose and restricted funds are available for use, it is the State's policy 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, capital leases, financed purchases, 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, capital leases, financed purchases, 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 collected 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. 36)
School Aid Fund* (p. 36)

Proprietary:

State Lottery Fund (p. 42)
Michigan Unemployment Compensation Funds (p. 42)

Non-Major Funds:

Governmental:

Special Revenue Funds:

Transportation Related:

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

Regulatory and Administrative Related:

Homeowner Construction Lien Recovery Fund* (p. 218)
Michigan Employment Security Act – Administration Fund* (p. 218)
Safety Education and Training Fund* (p. 218)
Second Injury Fund (p. 218)
Self-Insurers' Security Fund (p. 218)
Silicosis, Dust Disease, and Logging Industry Compensation Fund (p. 219)
State Construction Code Fund* (p. 219)
Utility Consumer Representation Fund (p. 219)
Unemployment Obligation Trust Fund (p. 219)
State Casino Gaming Fund* (p. 219)

Debt Service Funds:

Combined State Trunkline Bond and Interest Redemption Fund (p. 236)
Combined Comprehensive Transportation Bond and Interest Redemption Fund (p. 236)
Recreation and Environmental Protection Bond Redemption Fund (p. 236)
School Loan Bond Redemption Fund (p. 237)
State Building Authority (p. 237)

Proprietary:

Enterprise Funds:

Attorney Discipline System (p. 256)
Liquor Purchase Revolving Fund (p. 256)

Conservation, Environment, and Recreation Related:

Michigan Conservation and Recreation Legacy Fund* (p. 210)
Michigan Game and Fish Protection Trust Fund (p. 210)
Michigan Nongame Fish and Wildlife Trust Fund* (p. 211)
Forest Development Fund* (p. 211)
Bottle Deposits Fund (p. 211)

Other State Funds:

21st Century Jobs Trust Fund* (p. 228)
Michigan Merit Award Trust Fund* (p. 228)
Children's Trust Fund* (p. 228)
Military Family Relief Fund* (p. 229)
Community District Education Trust Fund* (p. 229)
Miscellaneous Special Revenue Funds (p. 229)

Capital Projects Funds:

State Trunkline Fund* (p. 242)
State Aeronautics Fund* (p. 242)
Combined State Trunkline Bond Proceeds Fund (p. 242)
Combined Comprehensive Transportation Bond Proceeds Fund (p. 242)
Transportation Related Trust Funds (p. 243)
State Building Authority (p. 243)
Advance Financing Funds (p. 243)

Permanent Funds:

Children with Special Needs Fund* (p. 250)
Michigan Natural Resources Trust Fund* (p. 250)
Michigan State Parks Endowment Fund* (p. 250)
Michigan Veterans' Trust Fund* (p. 250)

Internal Service Funds:

Correctional Industries Revolving Fund (p. 260)
State Sponsored Group Insurance Fund (p. 260)
Information Technology Fund (p. 260)
Office Services Revolving Fund (p. 261)
Motor Transport Fund (p. 261)
Risk Management Fund (p. 261)

Fiduciary:

Pension (and Other Employee Benefit) Trust Funds:

State of Michigan 457 Plans (p. 268)
Legislative Pension Benefits Fund (p. 268)
Legislative Other Postemployment Benefits Fund (p. 268)
State Police Pension Benefits Fund (p. 268)
State Police Other Postemployment Benefits Fund (p. 269)
State Employees' Pension Benefits Fund (p. 269)
State Employees' Other Postemployment Benefits Fund (p. 269)
Public School Employees' Pension Benefits Fund (p. 269)
Public School Employees' Other Postemployment Benefits Fund (p. 269)
Judges' Pension Benefits Fund (p. 269)
Judges' Other Postemployment Benefits Fund (p. 270)
Military Pension Benefits Fund (p. 270)
State of Michigan 401K Plans (p. 270)

Private-Purpose Trust Funds:

Michigan Education Savings Program (p. 276)
Michigan Achieving a Better Life Experience Program (p. 276)
Other Private-Purpose Trust Funds (p. 276)

Custodial Funds:

Insurance Carrier Deposits Fund (p. 280)
City Income Tax – Trust Fund (p. 280)
Child Support Collection Fund (p. 280)
Escheats Fund (p. 281)
Prisoner Accounts Fund (p. 281)
Other Custodial Funds (p. 281)

Discretely Presented Component Units:

Authorities:

Major Component Units:

Michigan Finance Authority (p. 52)
Michigan State Housing Development Authority (p. 52)
Michigan Strategic Fund (p. 52)

Non-Major Component Units:

Farm Produce Insurance Authority (p. 286)
Mackinac Bridge Authority (p. 286)
Mackinac Island State Park Commission (p. 286)
Michigan Early Childhood Investment Corporation (p. 286)
Michigan Economic Development Corporation (p. 287)
Michigan Education Trust (p. 287)
Michigan Veterans' Facility Authority (p. 287)
State Bar of Michigan (p. 287)
State Land Bank Authority (p. 287)
Venture Michigan Fund (p. 287)

State Universities (1):

Major Component Units:

Western Michigan University (p. 53)

Non-Major Component Units:

Central Michigan University (p. 292)
Eastern Michigan University (p. 292)
Ferris State University (p. 292)
Grand Valley State University (p. 292)
Lake Superior State University (p. 293)
Michigan Technological University (p. 293)
Northern Michigan University (p. 293)
Oakland University (p. 293)
Saginaw Valley State University (p. 293)

- (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 GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 61, criteria, 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 2021 are not yet complete. For fiscal year 2020, 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 58.5 percent, reflecting payments that exceeded the minimum required by \$3.1 billion. The State expects that payments to local units of government will exceed the minimum requirement for fiscal year 2021.

Revenue Limits

Article 9, Section 26, of the State Constitution restricts State revenues to a ceiling that is based upon revenues as a proportion of total personal income for the State. The base year ratio, determined in fiscal year 1979, in relation to calendar year 1977 personal income, is 9.49 percent. Both the constitutional language and implementing statutes provide for other adjustments to the revenue and personal income calculations. If revenues exceed the limit by 1.0 percent or more, the amount in excess must be refunded to personal income tax payers and payers of the State's Corporate Income Tax. If the limit is exceeded by an amount less than 1.0 percent, the excess may be deposited into the State's Budget Stabilization Fund. The calculations determining the State's compliance with this constitutional provision for fiscal year 2021 are not final. For fiscal year 2020, the most recent year for which final calculations are available, total State revenues subject to this limitation were beneath the constitutional limit by \$11.9 billion. The State expects that total State revenues subject to the limitation will not exceed the limit for fiscal year 2021.

Budget Stabilization Fund

The Counter-Cyclical Budget and Economic Stabilization Fund ("Budget Stabilization Fund" or "Rainy Day Fund") was created in 1977 to assist in stabilizing revenue during periods of economic recession. This fund currently operates under Sections 18.1351 - 18.1359 of the Michigan Compiled Laws, as amended. In general, the law requires payments into the fund when real economic growth exceeds 2.0 percent and allows withdrawals from the fund when real economic growth is less than 0.0 percent. Funds can also be withdrawn when the State's unemployment rate exceeds 8.0 percent or upon appropriation to finance capital outlay or other projects, or for other purposes designated by the Legislature. The Counter-Cyclical Budget and Economic Stabilization Fund is accounted for as a subfund of the General Fund where its fund balance is committed.

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

Beginning committed fund balance	\$	829.1
Interest income		0.8
Tobacco settlement proceeds		17.5
Deposits		535.0
Withdrawals		-
Ending committed fund balance	\$	<u>1,382.4</u>

During fiscal year 2014, \$194.8 million was transferred to the Michigan Settlement Administration Authority to support the Detroit bankruptcy settlement. That withdrawal is being repaid to the fund in the amount of \$17.5 million annually from tobacco settlement funds, beginning in fiscal year 2015. The remaining balance due from the tobacco settlement funds as of September 30, 2021, is \$72.3 million.

School Aid Fund Budgetary Provisions

The School Aid Stabilization Fund is a separate account within the School Aid Fund created under Section 388.1611a of the Michigan Compiled Laws. Any unexpended or unencumbered State school aid fund revenue is deposited into this fund at the end of each fiscal year. The amounts accumulated in this fund are carried forward and shall be expended only for purposes for which State school aid money may be expended. The School Aid Stabilization Fund ending restricted fund balance is \$2.9 billion for fiscal year 2021.

Budgetary Overexpenditures

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

NOTE 4 – ACCOUNTING CHANGES, RESTATEMENTS, AND SPECIAL ITEMS

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

During fiscal year 2021, changes in accounting principles and error corrections resulted in restatements to beginning fund balance and fund net position as follows (in thousands):

Governmental Funds

	General Fund	Non-Major Funds
September 30, 2020, as previously reported	\$ 5,535,239	\$ 4,397,237
Implementation of GASB Statement No. 84:		
Reclassification of private-purpose trust funds to governmental funds	31,651	24,624
Remeasurement of liabilities	(477)	-
Correction of Prior Year Errors:		
Federal receivables	-	(62,444)
September 30, 2020, as restated	<u>\$ 5,566,414</u>	<u>\$ 4,359,417</u>

Proprietary Funds

	State Lottery Fund	Non-Major Enterprise Funds	Internal Service Funds
September 30, 2020, as previously reported	\$ (26,009)	\$ (31,982)	\$ (395,965)
Implementation of GASB Statement No. 84:			
Reclassification of private-purpose trust funds to enterprise funds	-	140	-
Remeasurement of liabilities	-	(100)	-
Correction of Prior Year Errors:			
Other postemployment benefit liability	(61)	(29)	(719)
September 30, 2020, as restated	<u>\$ (26,070)</u>	<u>\$ (31,971)</u>	<u>\$ (396,683)</u>

Fiduciary Funds

	Pension (and Other Employee Benefit) Trust Funds	Private- Purpose Trust Funds	Custodial Funds
September 30, 2020, as previously reported	\$ 87,634,686	\$ 7,356,431	\$ -
Implementation of GASB Statement No. 84:			
Reclassification of private-purpose trust funds to governmental funds	-	(56,275)	-
Reclassification of private-purpose trust funds to enterprise funds	-	(140)	-
Reclassification of private-purpose trust funds to custodial funds	-	(132,342)	132,342
Remeasurement of liabilities	-	-	264,465
Correction of Prior Year Errors:			
Additional employer contributions	157,296	-	-
September 30, 2020, as restated	<u>\$ 87,791,982</u>	<u>\$ 7,167,673</u>	<u>\$ 396,808</u>

Michigan
Notes to the Financial Statements

During fiscal year 2021, changes in accounting principles and error corrections resulted in restatements to beginning government-wide net position as follows (in thousands):

	Governmental Activities	Business- Type Activities	Total Primary Government	Discretely Presented Component Units
September 30, 2020, as previously reported	\$ 13,320,910	\$ 1,429,697	\$ 14,750,607	\$ 9,895,318
Implementation of GASB Statement No. 84:				
Reclassification of fiduciary funds to governmental activities	56,275	-	56,275	-
Reclassification of fiduciary funds to business-type activities	-	140	140	-
Remeasurement of liabilities	(477)	(100)	(577)	-
Implementation of GASB Statement No. 90:	-	-	-	(4,548)
Correction of Prior Year Errors:				
Federal receivables	(62,444)	-	(62,444)	-
Other postemployment benefit liability	(14,171)	(90)	(14,261)	(181)
Michigan Strategic Fund	-	-	-	8,110
State Bar of Michigan	-	-	-	(396)
September 30, 2020, as restated	<u>\$ 13,300,094</u>	<u>\$ 1,429,646</u>	<u>\$ 14,729,740</u>	<u>\$ 9,898,303</u>

Changes in Accounting Principles

Implementation of GASB Statement No. 84

Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, establishes specific criteria regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the identification criteria established by the Statement is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported as a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

Due to the implementation of GASB Statement No. 84, certain activities were reclassified between fiduciary funds and governmental or proprietary funds while other activities have been reclassified between private-purpose trust funds or agency funds and custodial funds, a new fiduciary classification replacing the agency fund classification. These fund reclassifications, including the remeasurement of 1) liabilities to beneficiaries as described above and 2) certain other liabilities resulting from differing measurement focuses and basis of accounting among the fund types, resulted in the restatement of the State's financial statements.

The reclassification of activities for GASB Statement No. 84 also resulted in these changes to the funds that are separately presented in fiscal year 2021:

- Children with Special Needs Fund – The Children with Special Needs Fund is separately presented as a permanent fund in fiscal year 2021. In fiscal year 2020, this activity was included in the Gifts, Bequests, and Deposits Investment Fund.
- Environmental Quality Deposits Fund – The Environmental Quality Deposits Fund is included in the General Fund in fiscal year 2021. In fiscal year 2020, this fund was separately presented as an agency fund.
- Gifts, Bequests, and Deposits Investment Fund – The Gifts, Bequests, and Deposits Investment Fund was separately presented as a private-purpose trust fund in fiscal year 2020. In fiscal year 2021, this fund was reclassified into various funds based on the nature of the activity including the General Fund, Children with Special Needs Fund, Miscellaneous Special Revenue Funds, Liquor Purchase Revolving Fund, Prisoner Accounts Fund, Other Private-Purpose Trust Funds, and Other Custodial Funds.
- Hospital Patients' Trust Fund – The Hospital Patients' Trust Fund is included in the Other Custodial Funds in fiscal year 2021. In fiscal year 2020, this fund was separately presented as a private-purpose trust fund.

- Other Custodial Funds – The Other Custodial Funds is being presented for the first time in fiscal year 2021. In fiscal year 2020, the activity in this fund was reported in various funds including the General Fund, Hospital Patients' Trust Fund, Social Welfare Fund, and the Gifts, Bequests, and Deposits Investment Fund.
- Other Private-Purpose Trust Funds – The Other Private-Purpose Trust Funds is being presented for the first time in fiscal year 2021. In fiscal year 2020, the activity in this fund was included in the Gifts, Bequests, and Deposits Investment Fund.
- Prisoner Accounts Fund– The Prisoner Accounts Fund is separately presented as a custodial fund in fiscal year 2021. In fiscal year 2020, this activity was included in the Gifts, Bequests, and Deposits Investment Fund.
- Social Welfare Fund – The Social Welfare Fund is included in the Other Custodial Funds in fiscal year 2021. In fiscal year 2020, this fund was separately presented as an agency fund.

Michigan Strategic Fund

The Michigan Strategic Fund, a discretely presented component unit, decreased its beginning net position by \$4.5 million to reflect the implementation of GASB Statement No. 90, Majority Equity Interests.

State Bar of Michigan

The State Bar of Michigan, a discretely presented component unit, decreased its beginning net position by \$0.4 million to reflect changes in accounting policies.

Correction of Prior Year Errors

Federal Receivables

The Combined State Trunkline Bond Proceeds Fund, a capital projects fund, decreased its beginning net position by \$62.4 million to correct an error related to a federal receivable recorded in a prior fiscal year.

Other Postemployment Benefit Liability

Beginning net position for certain funds of the primary government and certain discretely presented component units were decreased to reflect an increase in the net other postemployment benefit (OPEB) liability related to previously unreported members and the revision of an opt-out assumption based upon additional member information. The restatement affects beginning net position, the net OPEB liability, and deferred outflows and inflows of resources. The net OPEB liability and related deferred outflows and inflows of resources are recognized in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Additional Employer Contributions

Beginning net position for certain pension (and other employee benefit) trust funds was increased to account for additional employer contributions due to the funds' respective plans or retirement systems. Accrued revenues due and payable to the applicable funds are recognized in accordance with GASB Statement No. 16, Accounting for Compensated Absences, GASB Statement No. 67, Financial Reporting for Pension Plans, and GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.

Michigan Strategic Fund

The Michigan Strategic Fund, a discretely presented component unit, increased its beginning net position by \$8.1 million to account for a prior period adjustment.

Special Item

The Michigan Veterans' Facility Authority (MVFA) was established pursuant to Public Act 560 of 2016. Prior to fiscal year 2021, the activities of MVFA were recorded in the State's General Fund. Under the authority provided in Michigan Compiled Law Section 18.1431, beginning in fiscal year 2021, MVFA is reported separately as a discretely presented component unit. The transfer of operations is recognized as a special item in the General Fund and Other Custodial Funds.

NOTE 5 – TREASURER'S COMMON CASH

General Accounting Policies

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

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

Statute or administrative policy determines whether a fund receives or pays interest on its balances in the pool. If a fund does not receive or pay interest, the General Fund receives or absorbs such amounts. The Treasurer has placed a “cap,” or limit, on the amount of interest that can be earned by some State funds. These “capped” funds are limited to a maximum rate determined by the Treasurer. For the remaining “uncapped” funds, earnings on positive balances and charges on negative balances are allocated 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 2021.

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, 2021, 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 2021.

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 Public Acts 192 and 197 of 2016. The note bears a 1.3 percent per annum interest rate that may be adjusted by the Local Emergency Financial Assistance Loan Board. Interest payments are due every six months starting in September 2016 with principal payments starting September 2022. The note will be paid off by 2026.

Michigan
Notes to the Financial Statements

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

Assets	
Cash on hand	\$ -
Demand deposits	607.9
Time deposits - regular	-
Prime commercial paper - at cost	19,331.4
Interest receivable	8.4
Emergency loans to local units - at cost	273.9
Total Assets	<u>\$ 20,221.6</u>
Equities	
Fund equities (net) in common cash:	
Governmental activities	\$ 17,243.0
Business-type activities	271.9
Fiduciary funds	597.7
Discretely presented component units	2,109.0
Net Fund Equities	<u>\$ 20,221.6</u>

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

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

Common Cash Deposits

Custodial Credit Risk

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

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

Uncollateralized

Collateralized with securities held by the pledging financial institution, or

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

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

At September 30, 2021, the carrying amount of deposits, including time and demand deposits, was \$607.9 million. The demand deposit carrying amount includes checks outstanding of \$180.4 million. The deposits were reflected in the accounts of the banks at \$788.6 million. Of the bank balance, \$4.4 million was covered by federal depository insurance and \$769.2 million was collateralized with securities held by the State's agent in the State's name. There were demand deposits of \$14.9 million exposed to custodial credit risk that were uninsured and uncollateralized. Compensating balances kept in demand deposit accounts to avoid service charges totaled \$866.2 million at September 30, 2021.

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, 2021.

Common Cash Investments

Types of Investments

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

Risk

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

Custodial Credit Risk

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

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

The counterparty, or

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

The Treasurer does not have an investment policy for managing custodial credit risk. At September 30, 2021, 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, 2021, 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, 2021, the fair value of cash equivalents was \$19.3 billion; the weighted average maturity was 97 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, 2021, 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 December 6, 2018, the State legalized the cultivation and sale of marihuana and industrial hemp for personal possession and use of marihuana by persons 21 years of age or older. An excise tax is imposed on each marihuana retailer and on each marihuana microbusiness at the rate of 10.0 percent of the sales price for marihuana sold or otherwise transferred to anyone other than a marihuana establishment. Because this is a new tax, 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):

<u>Tax</u>	General Fund	Other Governmental Funds	Total
Sales and use	\$ 546.2	\$ 960.8	\$ 1,507.0
Individual income	3,795.3	706.6	4,501.9
SBT/MBT/CIT	1,059.3	-	1,059.3
State education (property)	-	1,554.6	1,554.6
Telephone & telegraph	10.6	-	10.6
Motor fuel	-	166.1	166.1
Insurance - retaliatory	421.7	-	421.7
Tobacco products	55.8	30.5	86.3
Quality assurance assessment	339.6	-	339.6
Insurance provider assessment	158.5	-	158.5
Marihuana excise	33.1	-	33.1
Other	39.0	15.9	54.8
Penalties and interest	733.0	-	733.0
Gross taxes receivable	7,192.0	3,434.4	10,626.4
Less allowances for uncollectibles	1,806.3	557.3	2,363.6
Total taxes receivable (net)	<u>\$ 5,385.7</u>	<u>\$ 2,877.2</u>	<u>\$ 8,262.8</u>
<u>As reported on the Statement of Net Position</u>			
Current taxes, interest, and penalties receivable	\$ 4,956.0	\$ 2,787.2	\$ 7,743.3
Noncurrent taxes, interest, and penalties receivable	429.6	89.9	519.6
Total taxes, interest, and penalties receivable	<u>\$ 5,385.7</u>	<u>\$ 2,877.2</u>	<u>\$ 8,262.8</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, 2020 (SSMBA's most recently audited financial statements), its net position decreased by approximately \$3.3 million. The Bridge and one-half of the ancillary assets on Michigan's side of the Bridge, and in addition 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 \$8.2 million is reflected as an asset in the government-wide financial statements.

NOTE 8 – DEPOSITS AND INVESTMENTS

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

Deposits – Primary Government

Custodial Credit Risk

In addition to equity in the Common Cash pool, some State funds maintain deposits with financial institutions. At present, only the Michigan Unemployment Compensation Funds (MUCF), the Attorney Discipline System (ADS), the Michigan Education Savings Program (MESP) and the Michigan Achieving a Better Life Experience (MiABLE) 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 \$89.3 million. The bank balance of the deposits was \$107.2 million. Of the bank balance, \$0.8 million was covered by depository insurance and \$106.5 million was collateralized. Amounts reported as Cash on Deposit with Fiscal Agent, totaling \$913.8 million, 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 \$3.4 million; 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 \$8.7 million. 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.

The deposits of the MiABLE program were reflected in bank savings accounts at \$15.1 million. These deposits were covered by depository insurance. The active investments of the programs were reflected in various portfolio options, as disclosed in the MiABLE participant disclosure statement, at a fair value of \$16.2 million. The MiABLE custodian invests in mutual funds that are not rated by a nationally recognized statistical rating organization. The custodian has no specific investment policies with regards to credit risk, custodial credit risk, interest risk, or foreign currency risk. All of MiABLE investment portfolios, as outlined by the custodian, are uninsured and unregistered. A given MiABLE account owner has an investment in a shared portfolio, not a direct investment in the underlying mutual fund or vehicle to which funds may be allocated; this ownership structure mitigates some inherent custodial credit 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	\$ 3,975.2	\$ -	\$ -	\$ 3,975.2
Money market funds	244.0	-	194.2	438.2
Other short-term	626.8	-	-	626.8
Separate accounts	-	3,179.3	-	3,179.3
Absolute return	5,041.2	-	-	5,041.2
Fixed income	9,522.3	-	712.9	10,235.2
Mutual funds	106.6	682.7	7,038.4	7,827.7
Pooled investment funds	-	8,501.7	-	8,501.7
Equities	21,154.6	-	0.8	21,155.4
Funding agreements	-	-	1,726.7	1,726.7
International	14,502.1	-	153.6	14,655.6
Real estate	6,637.3	-	58.6	6,695.9
Private equity	21,988.0	-	348.9	22,336.9
Real return and opportunistic	11,470.1	-	-	11,470.1
Accrued income	43.8	-	-	43.8
Unsettled investments	17.6	-	-	17.6
Total	<u>\$ 95,329.6</u>	<u>\$ 12,363.7</u>	<u>\$ 10,234.0</u>	<u>\$ 117,927.3</u>

As reported on the Statement of Net Position

Current investments	\$ 209.4
Noncurrent investments	1,630.8
Total investments	<u>\$ 1,840.2</u>

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

	Current Investments	Noncurrent Investments	Total
Governmental activities	\$ 194.2	\$ 1,476.2	\$ 1,670.3
Business-type activities	15.2	154.7	169.9
Fiduciary funds	2,336.9	113,750.2	116,087.0
Total investments	<u>\$ 2,546.3</u>	<u>\$ 115,381.0</u>	<u>\$ 117,927.3</u>

Authority

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

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

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

The deferred compensation plans are invested in mutual funds, U.S. Treasury strips, money market funds, and pooled investment funds. During fiscal year 2021, the deferred compensation plans' investment activities were managed by a private investment firm, which invests as directed by members of the plan.

Derivative Instruments

The State of Michigan Investment Board is also authorized to invest a limited amount of pension (and other employee benefit) trust funds in derivative instruments to provide additional diversification. Derivative instruments are used in managing the trust fund portfolios, but uses do not include speculation or leverage of investments. State investment statutes limit total derivative instrument exposure to 15.0 percent of a fund's total asset value and restrict uses to replication of returns and hedging of assets. Option and future contracts traded daily on an exchange and settling in cash daily or having a limited and fully defined risk profile at an identified fixed cost are not subject to the derivative instrument exposure limitation. Less than 15.0 percent of the total trust funds' portfolio has been invested from time to time in future contracts, swap agreements, and option contracts.

The State of Michigan Investment Board entered into swap agreements with investment grade counterparties with maturity dates ranging from October 2021 to October 2022. Generally, the notional amount of equity swaps tied to foreign stock market indices is executed via a net total return U.S. Dollar (USD) index. The swap agreements provide that the System will pay quarterly, over the term of the agreements, interest indexed to the three-month London Inter Bank Offer Rate (LIBOR) or the U.S. Federal Funds rate, adjusted for an interest rate spread, on the notional amount stated in the agreements. At maturity the trust funds will receive either the increase in the value of the equity indices from the level at the inception of the agreements or pay the decrease in the value of the indices. U.S. Domestic LIBOR based floating rate notes and other income earning investments are held to correspond with the notional amount of the swap agreements. The State of Michigan Investment Board maintains custody and control of these dedicated notes and other investments.

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

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

Counterparty credit risk is the maximum loss amount that would be incurred if the counterparties to the derivative instrument failed to perform according to the terms of the contract, without respect to any collateral or other security, or netting arrangement. For the Over-The-Counter (OTC) derivative instrument investments, the system held collateral of \$48.2 million in cash deposits and \$113.9 million in securities on behalf of counterparties.

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

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

Michigan
Notes to the Financial Statements

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

Pension (and Other Employee Benefit) Trust Funds Derivative Instrument Investments (In millions)							
Investment & Investment Type	Objective	% of Market 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%	\$ (629.6)	\$ (0.4)	\$ 28.8	\$ -	\$ -
Options - equity, international and fixed income	Use on single securities to provide downside protection, enhance current income, and to manage interest rate and volatility exposures.	0.3	30,159.8	313.9	364.3	-	-
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 in 46 foreign countries, manage credit exposure, and adjust interest rate and yield exposure.	2.5	3,959.3	2,395.2	1,203.1	(2.6)	317.8
Totals			<u>\$ 33,489.6</u>	<u>\$ 2,708.8</u>	<u>\$ 1,596.2</u>	<u>\$ (2.6)</u>	<u>\$ 317.8</u>

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

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

Investment Pools

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

Repurchase Agreements

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

Risk

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

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either the counterparty, or the counterparty's trust department or agent, but not in the government's name. The State Treasurer does not have a policy for limiting custodial credit risk. As of September 30, 2021, 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, 2021, 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, 2021, the system was in compliance with the policy in all material aspects. The primary government's debt investments as of September 30, 2021, are presented in the following table. Note that securities backed by the full faith and credit of the United States government are excluded.

Michigan
Notes to the Financial Statements

Debt Investments (In millions)				
Investment Type	Fair Value	Rating S & P	Fair Value	Rating Moody's
Pension (and Other Employee Benefit) Trust Funds:				
Retirement Systems:				
Commercial paper	\$ 3,676.1	A-1	\$ 3,873.8	P-1
	299.1	A-2	101.4	P-2
Money Market	494.5	AAA	494.5	Aaa
Government securities				
U.S. agencies - sponsored	1.7	AAA	625.6	Aaa
	623.9	AA	-	Aa
Corporate Bonds and Notes				
	345.9	AAA	593.0	Aaa
	211.4	AA	204.0	Aa
	457.1	A	504.0	A
	1,311.1	BBB	1,127.6	Baa
	440.1	BB	406.6	Ba
	245.4	B	311.5	B
	141.8	CCC	164.5	Caa
	105.6	CC	113.0	Ca
	-	C	0.4	C
	41.1	D	-	D
	2,500.6	Unrated	2,375.4	Unrated
Mutual Funds*				
	104.1	BBB	119.9	Baa
	136.7	BB	136.7	Ba
	15.8	B	-	B
	15.7	Unrated	15.7	Unrated
Total	<u>11,167.7</u>		<u>11,167.7</u>	
Deferred Compensation/Defined Contribution:				
Common trust funds				
	1,128.2	AA - AA-	1,128.2	Unavailable
	223.7	A-1+	223.7	Unavailable
	46.7	CCC - BBB	46.7	Unavailable
Stable Value funds	1,234.0	BBB - AAA	1,234.0	Unavailable
Mutual funds	120.2	D - AAA	120.2	Unavailable
Total	<u>2,752.8</u>		<u>2,752.8</u>	
Other Primary Government Funds:				
Government securities				
Municipal Bonds	25.7	AA	25.7	Aa
Corporate bonds & notes				
	7.2	AAA	40.2	Aaa
	-	AA	16.2	Aa
	37.6	A	90.1	A
	149.6	BBB	109.8	Baa
	2.7	BB	-	Ba
	132.1	Unrated	72.9	Unrated
Fixed Income Exchange Traded Funds	0.3	Unrated	0.3	Unrated
Mutual Funds*	50.4	Unrated	50.4	Unrated
Total	<u>405.7</u>		<u>405.7</u>	
Total Primary Government	<u>\$ 14,326.2</u>		<u>\$ 14,326.2</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, 2021, the fair value of short term investments was \$4.5 billion; the weighted average maturity was 125 days.

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

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

Pension (and Other Employee Benefit) Trust Funds Debt Securities (In millions)		
	Fair Value	Duration In Years
Retirement Systems:		
Government securities		
U.S. Treasury bonds	\$ 3,398.8	7.1
U.S. agencies - backed	343.8	3.9
U.S. agencies - sponsored	625.6	3.7
Total Governmental	4,368.1	
Corporate bonds & notes	6,015.9	3.0
International - corporate bonds & notes *		
U.S. Treasury	1,272.5	2.0
Corporate	25.0	0.0
Total International	1,297.5	
Mutual funds - fixed income	31.5	4.6
Total	11,713.1	
Deferred Compensation/Defined Contribution:		
Common trust funds		
SSgA Bond Market Index Fund	1,128.2	8.4
BlackRock Government Short-Term Investment Fund	223.7	0.1
Prudential High Yield Fund	46.7	4.7
Total Common Trust Funds	1,398.7	
Stable value funds		
Synthetic guaranteed investment contracts	1,234.0	4.0
Total Stable Value Funds	1,234.0	
Mutual funds		
PIMCO Total Return Fund	120.2	7.8
Total Mutual Funds	120.2	
Total	2,752.8	
Total Pension (and Other Employee Benefit) Trust Funds	\$ 14,465.9	

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

Fair Value of Investments

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

Michigan
Notes to the Financial Statements

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, 2021. Investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

	Total	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Cash and Cash Equivalents	20.4	20.4	-	-
Equity				
Depository Receipts	155.2	155.2	-	-
Warrants	0.1	-	-	-
Common Stocks	18,006.2	18,006.2	-	-
Preferred Stocks	16.1	14.7	1.4	-
Options on Equity	314.0	314.0	-	-
Swaps	92.2	-	92.3	(0.1)
Commingled Funds, Exchange Traded Funds and Publicly Traded Partnerships	11,672.5	11,674.2	(1.8)	-
Real Estate Investment Trusts	737.8	737.8	-	-
Convertible Bonds	-	-	-	-
Equity Total	<u>30,994.1</u>	<u>30,902.2</u>	<u>91.9</u>	<u>(0.1)</u>
Fixed Income				
Asset Backed	2,131.2	-	2,119.3	11.9
Corporate Bonds	2,063.6	-	2,042.1	21.5
Commercial Mortgage-backed	1,722.2	-	1,721.8	0.4
Government Issues	4,881.9	4,119.3	762.6	-
Swaps	(11.9)	-	(11.9)	-
U.S. Agency Issues	641.9	-	641.9	-
Commingled Funds, Exchange Traded Funds and Publicly Traded Partnerships	1,197.6	1,197.6	-	-
Options on Fixed Income	-	-	-	-
Fixed Income Total	<u>12,626.5</u>	<u>5,316.9</u>	<u>7,275.7</u>	<u>33.8</u>
Total Investments Measured at Fair Value	<u>43,641.0</u>	<u>\$ 36,239.5</u>	<u>\$ 7,367.7</u>	<u>\$ 33.8</u>
Investments Measured at NAV:				
Absolute Return Total	5,041.2			
Real Return Total	11,362.2			
Private Equity Total	21,953.2			
Real Estate and Infrastructure Total	6,572.3			
Other Limited Partnerships Total	2,113.0			
Total Investments Measured at NAV	<u>47,042.0</u>			
Total Pension (and Other Employee Benefit) Trust Funds	<u>\$ 90,683.0</u>			

Michigan
Notes to the Financial Statements

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

	Total	Level 1	Level 2
Equity			
Commingled Funds, Exchange Traded Funds and Publicly Traded Partnerships	\$ 7,038.5	\$ 7,038.5	\$ -
Equity Total	<u>7,038.5</u>	<u>7,038.5</u>	<u>-</u>
Fixed Income			
Asset Backed	74.2	-	74.2
Corporate Bonds	189.4	-	189.4
Commercial Mortgage-backed	80.6	-	80.6
Government Issues	368.6	204.9	163.7
U.S. Agency Issues	0.2	-	0.2
Commingled Funds, Exchange Traded Funds and Publicly Traded Partnerships	50.7	50.7	-
Fixed Income Total	<u>763.6</u>	<u>255.6</u>	<u>508.0</u>
Total Investments Measured at Fair Value	<u>7,802.1</u>	<u>\$ 7,294.1</u>	<u>\$ 508.0</u>
Investments Measured at NAV:			
Private Equity Total	194.5		
Real Estate Total	45.4		
Event Driven Hedge Funds	82.0		
Multi-Strategy Hedge Funds	85.6		
Defensive Equity Funds	72.5		
Total Investments Measured at NAV	<u>480.0</u>		
Total Other Primary Government Funds	<u>\$ 8,282.1</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 judgement 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 14 investments that invest in hedge funds and hedge funds of funds that pursue multiple strategies to diversify risks and reduce volatility. The fair values of the investments in this portfolio have been determined using the NAV per share (or its equivalent) of the investments. For 45.8 percent of the investments, investors may redeem at various dates between October 1, 2021, and April 1, 2022; 17.1 percent of the investments are redeemable between April 1, 2022 through October 1, 2022; 26.2 percent of the investments are redeemable between October 1, 2022, and October 1, 2032. The remaining 10.9 percent is not redeemable on demand.

The total market value and unfunded commitments of these investments as of September 30, 2021, are \$5.0 billion and \$738.3 million, respectively.

Real Return and Opportunistic Portfolio: This type includes 95 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 market value and unfunded commitments of these investments as of September 30, 2021, are \$11.4 billion and \$3.9 billion, respectively.

Private Equity Portfolio: This type of investment includes investments in approximately 313 partnerships that invest in leveraged buyouts, venture capital, mezzanine debt, distressed debt, secondary funds and other investments. These types of investments can never be redeemed with the funds, but distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund are liquidated over a period of five to eight years.

The total market value and unfunded commitments of these investments as of September 30, 2021, are \$22.0 billion and \$8.0 billion, respectively. However, it is probable that all of the investments in this group will be sold at an amount different from the NAV per share (or its equivalent). Therefore, the fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. As of September 30, 2021, a buyer for these investments has not been identified.

Real Estate and Infrastructure Portfolio: These funds include approximately 107 accounts (limited partnerships, limited liability companies, etc.) that invest in real estate or infrastructure related assets. The fair value has been determined in accordance with GAAP using the NAV per share (or its equivalent) of the plan's ownership interest in partners' capital. These types of investments cannot be redeemed with the funds. Distributions from these funds will be received as the underlying investments are sold and liquidated over time. It is expected that the underlying assets will be sold over the next five to 15 years. However, buyers have not been determined so the fair value has been determined using the NAV per share (or its equivalent) of the plan's ownership interest in partners' capital.

The total market value and unfunded commitments of these investments as of September 30, 2021, are \$6.6 billion and \$2.1 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 market value and unfunded commitments of these investments as of September 30, 2021, are \$2.1 billion and \$695.4 million, respectively.

Other Primary Government Funds:

Private Equity Portfolio: This type of investment includes investments in 91 partnerships that invest in various credit strategies, real assets, and other investments. These types of investments can never be redeemed with the funds, but distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund are liquidated over a period of five to eight years.

The total market value and unfunded commitments of these investments as of September 30, 2021, are \$194.5 million and \$181.2 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 30 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 market value and unfunded commitments of these investments as of September 30, 2021, are \$45.4 million and \$49.3 million, respectively. However, it is probable that all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the plan's ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

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

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

the unfunded portion of the limited partnership commitment and may be called again for contribution to the partnership by the general partner.

It is expected that the underlying assets of the fund are liquidated over a period of three to six years. The total market value and unfunded commitments of these investments as of September 30, 2021, are \$82.0 million and \$11.5 million, respectively. Market price observability is impacted by a number of factors, including the type of investment and characteristics specific to the investment.

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

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

The fair value of investments in limited partnerships and investment funds and affiliated limited partnerships and investment funds ("investee funds") is generally determined using the reported net asset value per share of the investee fund, or its equivalent, as a practical expedient for fair value. The total market value of these investments as of September 30, 2021 is \$85.6 million.

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

The fair value of this investment has been determined using the NAV per share (or its equivalent) of the investee funds. The total market value of this investment as of September 30, 2021 is \$72.5 million.

Michigan
Notes to the Financial Statements

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	\$ 139.1	\$ 139.1	\$ -
Common Trust Funds	2,014.2	1,539.6	474.6
Tier III Investments*	64.2	-	64.2
Stable Value Fund	523.7	-	523.7
Voya Small Cap Growth Strategy Fund	31.7	-	31.7
Jennison Large Cap Growth Equity Fund	129.5	129.5	-
Artisan Mid Cap Fund	41.5	-	41.5
Dodge & Cox Stock Fund	142.8	142.8	-
Total Investments Measured at Fair Value	<u>\$ 3,086.7</u>	<u>\$ 1,951.0</u>	<u>\$ 1,135.7</u>

* Tier III investments exclude cash held in participant accounts totaling approximately \$7.4 million.

State of Michigan 401K Plans:

	Total	Level 1	Level 2
Investments by fair value level:			
Mutual Funds	\$ 543.5	\$ 543.5	\$ -
Common Trust Funds	6,487.6	4,393.8	2,093.8
Tier III Investments*	210.8	-	210.8
Stable Value Fund	710.3	-	710.3
Voya Small Cap Growth Strategy Fund	131.8	-	131.8
Jennison Large Cap Growth Equity Fund	480.7	480.7	-
Artisan Mid Cap Fund	151.9	-	151.9
Dodge & Cox Stock Fund	531.4	531.4	-
Total Investments Measured at Fair Value	<u>\$ 9,248.1</u>	<u>\$ 5,949.4</u>	<u>\$ 3,298.6</u>

* Tier III investments exclude cash held in participant accounts totaling approximately \$21.5 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, 2021, the fair value of SGIC's underlying investments was \$1.2 billion. The wrap contract did not have a value because the market value of SGIC's underlying investments was higher than SGIC's contract value; therefore, the wrap contract does not have a value.

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

		Other Funds			
		Debt Securities (In millions)			
Investment Type	Fair Value	Investment Maturities (In years)			
		Less Than or Equal To 1	Greater Than 1 To 5	Greater Than 5 To 10	More Than 10
U.S. Treasury bonds	\$ 342.9	\$ 10.8	\$ 94.0	\$ 143.7	\$ 94.4
Municipal bonds	25.7	4.6	8.4	12.7	-
U.S. bonds - backed	15.1	-	-	-	15.1
Corporate bonds	329.3	-	78.9	101.3	149.0
Mutual funds	2,481.4	8.9	471.0	1,990.8	10.7
Total	<u>\$ 3,194.3</u>	<u>\$ 24.3</u>	<u>\$ 652.3</u>	<u>\$ 2,248.5</u>	<u>\$ 269.2</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 38.1140. The types of foreign securities include fixed income, equities, mutual funds, real estate, and limited partnerships. At September 30, 2021, total foreign investments were \$11.8 billion. As of September 30, 2021, the State held the following investments subject to foreign currency risk:

Pension (and Other Employee Benefit) Trust Funds Foreign Currency Risk (In millions)					
Currency	Country	Fair Value (In U.S. Dollars)			
		Private Equity, Real Estate, and Infrastructure	Fixed Income	Equity	International and Absolute Return Instruments
Retirement Systems:					
Americas					
Dollar	Canada	\$ -	\$ 1.3	\$ 12.1	\$ 93.8
Peso	Argentina	-	-	-	3.1
Peso	Mexico	-	7.5	0.9	24.7
Real	Brazil	-	1.7	-	7.3
Sol	Peru	-	0.9	-	-
Peso	Columbia	-	0.4	-	-
Peso	Chile	-	6.5	-	-
Europe					
Euro	European Union	748.3	75.1	243.1	601.8
Franc	Switzerland	-	-	20.1	24.9
Krona	Sweden	-	-	18.5	170.3
Krone	Denmark	-	-	-	46.1
Sterling	United Kingdom	68.5	17.4	32.3	189.5
Forint	Hungary	-	1.6	-	-
Zloty	Poland	-	0.1	-	-
Koruna	Czech Republic	-	1.1	-	-
Ruble	Russia	-	1.4	-	-
Asia/Pacific					
Dollar	Australia	-	0.5	3.0	102.6
Renminbi	China	-	-	-	25.5
Dollar	Hong Kong	-	-	26.5	117.7
Rupee	India	-	0.1	-	-
Yen	Japan	-	10.1	3.8	92.5
Dollar	New Zealand	-	-	-	8.5
Dollar	Singapore	-	0.8	7.2	-
Won	South Korea	-	25.6	-	13.7
Rupiah	Indonesia	-	1.6	3.0	-
Ringgit	Malaysia	-	5.9	-	-
New Dollar	Taiwan	-	-	-	54.0
Baht	Thailand	-	2.1	-	-
Yuan	China	-	(2.5)	-	0.4
Yuan Offshore	China	-	2.8	-	-
Middle East					
Shekel	Israel	-	4.5	-	47.9
Africa					
Pound	Egypt	-	2.0	-	-
Rand	South Africa	-	3.3	3.9	11.7
Dollar	Liberia	-	-	5.0	-
Kwacha	Zambia	-	0.8	-	-
World-Wide					
Various	Various	16.9	-	47.1	8,718.9
Total		833.6	172.5	426.5	10,354.7
Deferred Compensation/Defined Contribution:					
Euro	European Union	-	-	13.8	-
Total		\$ 833.6	\$ 172.5	\$ 440.3	\$ 10,354.7

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, 2021, 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 91.3 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, \$163.9 million, are all in the form of zero coupon U.S. Treasury bonds and State of Michigan Municipal bonds. These investments are held to provide funding for deferred prize awards.

Securities Lending Transactions

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

During the fiscal year, State Street lent, on behalf of the State, certain securities of the State held by State Street as custodian and received cash or other collateral including securities issued or guaranteed by the United States government. The types of securities lent were equity, and fixed income, which includes government and corporate bonds and notes. State Street does not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 100 percent of the market 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, 2021, the investment pool had an average duration of 4 days and an average weighted final maturity of 84 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, 2021, the State had no credit risk exposure to borrowers. The market value of collateral held and the market value (USD) of securities on loan for the State as of September 30, 2021, was \$3.1 billion and \$3.1 billion, respectively.

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

Investment Type	Debt Investments (In millions)		Rating S & P	Fair Value	Rating Moody's
	Fair Value				
Securities Lending Collateral					
Short-term	\$ 475.8	A-1	\$ 500.8	P-1	
Corporate	-	AA	411.5	Aa	
	2,543.5	A	1,090.0	A	
	130.0	Unrated	1,147.0	Unrated	
Total	<u>\$ 3,149.4</u>		<u>\$ 3,149.4</u>		

Deposits and Investments – Discretely Presented Component Units

Deposits

At year-end, the carrying amount of discretely presented component unit deposits, excluding those classified as investments, was \$1.1 billion. The deposits were reflected in the accounts of the banks at \$901.8 million. Of the bank balance, \$721.6 million was uninsured and uncollateralized and therefore exposed to custodial credit risk.

Investments

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

Michigan
Notes to the Financial Statements

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

Restricted Assets

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

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

	Fair Value	Investment Maturities (In years)				N/A
		Less Than 1	1 To 5	6 To 10	More Than 10	
Time deposits	\$ 293.0	\$ 285.4	\$ 0.8	\$ -	\$ -	\$ 6.9
Money market accounts	3,129.3	3,128.6	0.4	-	-	0.2
Commercial paper	49.7	49.6	0.1	-	-	-
Repurchase agreements	96.2	-	-	96.2	-	-
Government securities	419.1	205.0	111.9	71.7	30.5	-
Insured mortgage backed securities	599.2	16.4	47.1	2.4	533.4	-
Government backed securities	672.6	186.0	313.1	38.1	135.4	-
Corporate bonds and notes	268.4	13.0	91.2	67.4	96.7	-
Equities	348.3	144.9	-	0.2	47.8	155.4
Real estate	24.2	0.1	1.9	9.1	10.9	2.2
Venture capital & leveraged buyouts	106.2	-	-	19.6	86.6	-
Mutual bond/equity funds	2,011.0	116.1	242.9	157.4	633.9	860.7
Pooled investment funds	83.9	26.1	57.8	-	-	-
Other Investments	1,055.7	6.4	106.8	17.6	169.1	755.7
Total Investments	9,156.8	\$ 4,177.6	\$ 973.9	\$ 479.8	\$ 1,744.4	\$ 1,781.1
Less Investments Reported as "Cash" on Statement of Net Position	1,536.2					
Plus Noncurrent Investments - Michigan Strategic Fund*	68.7					
Total Investments	\$ 7,689.2					

As reported on the Statement of Net Position

Current investments	\$ 2,335.8
Noncurrent restricted investments	1,154.1
Noncurrent investments	4,199.3
Total Investments	\$ 7,689.2

*The investment maturities table does not include noncurrent investments of \$68.7 million reported by component units of the Michigan Strategic Fund.

NOTE 9 – CAPITAL ASSETS

Primary Government

Summary of Significant Accounting Policies

Methods used to value capital assets

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

Capitalization policies

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

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

Items not capitalized and depreciated

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

Depreciation and useful lives

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

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

Modified approach for infrastructure

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

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

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	\$ 3,646.7	\$ 18.8	\$ (1.2)	\$ 3,664.3
Land improvements and other assets	16.8	-	-	16.8
Computer software projects in progress	85.6	53.8	(2.4)	136.9
Land rights	77.7	0.2	-	77.8
Mineral rights	19.8	-	-	19.8
Construction in progress (buildings)	299.8	97.8	(138.4)	259.2
Construction in progress (infrastructure)	2,303.0	1,042.5	(528.6)	2,816.9
Infrastructure	14,987.3	489.1	(690.1)	14,786.3
Total capital assets, not being depreciated	21,436.5	1,702.3	(1,360.8)	21,778.0
Capital assets, being depreciated:				
Land improvements and other assets	280.3	-	(4.9)	275.4
Equipment and vehicles	924.3	55.4	(58.0)	921.7
Computer software	1,128.1	3.7	-	1,131.8
Buildings	3,740.5	166.8	(61.7)	3,845.5
Infrastructure	384.6	37.9	(3.9)	418.6
Total capital assets, being depreciated	6,457.8	263.9	(128.7)	6,593.0
Less accumulated depreciation for:				
Land improvements and other assets	(127.6)	(9.5)	0.8	(136.2)
Equipment and vehicles	(586.7)	(68.8)	56.5	(599.0)
Computer software	(731.0)	(97.8)	-	(828.8)
Buildings	(2,277.6)	(119.6)	52.7	(2,344.5)
Infrastructure	(144.6)	(10.4)	2.5	(152.6)
Total accumulated depreciation	(3,867.4)	(306.1)	112.4	(4,061.1)
Total capital assets, being depreciated, net	2,590.4	(42.2)	(16.2)	2,532.0
Governmental activity capital assets, net	\$ 24,027.0	\$ 1,660.1	\$ (1,377.0)	\$ 24,310.0
	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets, being depreciated:				
Buildings	\$ 2.0	\$ 0.8	\$ (0.4)	\$ 2.4
Computer software	0.2	-	(0.1)	0.1
Equipment and vehicles	4.8	0.0	(0.3)	4.5
Total capital assets, being depreciated	7.1	0.8	(0.9)	7.0
Less accumulated depreciation for:				
Buildings	(0.8)	(0.3)	0.4	(0.7)
Computer software	(0.2)	(0.0)	0.1	(0.1)
Equipment and vehicles	(4.3)	(0.2)	0.3	(4.1)
Total accumulated depreciation	(5.3)	(0.4)	0.9	(4.9)
Total capital assets, being depreciated, net	1.8	0.3	(0.0)	2.1
Business-type activity capital assets, net	\$ 1.8	\$ 0.3	\$ (0.0)	\$ 2.1

Michigan
Notes to the Financial Statements

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

	Amount
Governmental Activities:	
General government	\$ 62.4
Education	0.3
Health and human services	29.6
Public safety and corrections	56.7
Conservation, environment, recreation and agriculture	20.7
Labor, commerce, and regulatory	3.4
Transportation	28.3
Depreciation on capital assets held by the State's internal service funds charged to the various functions based on their use of the assets	104.7
Total Depreciation Expense - Governmental Activities	<u>\$ 306.1</u>
Business-type Activities:	
Enterprise	\$ 0.4
Total Depreciation Expense - Business-type Activities	<u>\$ 0.4</u>

Discretely Presented Component Units

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

	Amount
State Universities and Authorities:	
Land and other non-depreciable assets	\$ 250.3
Buildings, equipment, and other depreciable assets	7,978.3
Infrastructure	103.0
Construction in progress	200.2
Total	<u>8,531.8</u>
Less accumulated depreciation	<u>(3,526.6)</u>
Capital Assets, Net - Discretely Presented Component Units	<u>\$ 5,005.1</u>

Service Concession Agreements

Northern Michigan University entered an agreement on July 22, 2016 with a third party developer, Education Realty Trust (EdR), to construct and manage the premises of six resident living-learning community buildings with connectors, housing 1,229 beds, multipurpose meeting spaces, tutoring center, and classrooms. On September 20, 2018, EdR was acquired by Greystar. The project, known as the Woods, has a cost of \$79.6 million and is being built on land owned by the University and leased to Greystar for a 75-year term. Under the terms of the Lease Agreement and the Operating Agreement, Greystar will control, manage, maintain and operate the project and will receive the gross revenue of the project, which consists of substantially all of the revenue and other income received from the operation of the project. Greystar is currently making rental payments to the University for the duration of the lease term based on a percentage of the gross revenue of the project. The University will account for the Lease Agreement as a concession arrangement in accordance with GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements.

Under the phase-in approach, Phase I consisted of two buildings that opened in August 2017 and two buildings that opened in January 2018. Phase II consisted of two buildings that opened in August 2018. The residence halls are reported as a capital asset with a carrying value of \$75.7 million as of June 30, 2021, and deferred inflows of resources in the amount of \$64.3 million as of June 30, 2021 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, 2021 at present value for trash removal and insurance in the amount of \$4.5 million. The 75-year term lease with Greystar includes maintenance standards for the facilities and parameters for the room rental rates for the contract duration. The University will receive a percentage of the total revenues and a share of the net income after Greystar achieves a minimum internal rate of return. The amount of deferred inflow of resources is included in Note 28.

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

The lump-sum payment under this service concession agreement is reported as a deferred inflow of resources and is being amortized to operating revenue over the life of the agreement. Deferred inflows related to the parking agreement were \$50.0 million at June 30, 2021. The University reported the parking lots and structures as capital assets with a carrying value of \$12.6 million at June 30, 2021. The amount of deferred inflow of resources is included in Note 28.

NOTE 10 – PENSION BENEFITS

Defined Benefit Pension Plans

The component unit information required to be disclosed in this note is related to the State Employees' Retirement System (SERS) only. All other component units of the State participate in pension plans where the State is not an employer.

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

Plan Description

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

Name	Type of Plan	Participating Employers
Legislative Retirement System (LRS)	Single employer	1
State Police Retirement System (SPRS)	Single employer	1
State Employees' Retirement System (SERS)	Single employer	1
Public School Employees' Retirement System (PSERS) ⁽¹⁾	Cost sharing multiple employer	685
Judges' Retirement System (JRS)	Single employer	1
Military Retirement Provisions (MRP)	Single employer	1

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

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

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

At September 30, 2020, the measurement date, the following employees were covered by the benefit terms.

	SERS ⁽²⁾	LRS	SPRS	JRS	MRP
Inactive employees or beneficiaries currently receiving benefits ⁽³⁾	60,633	251	3,257	528	4,538
Inactive employees entitled to but not yet receiving benefits	2,440	5	31	-	1,028
Active employees	6,857	-	1,748	71	10,919
DROP program participants ⁽⁴⁾	-	-	249	-	-
Total	69,930	256	5,285	599	16,485

- (2) The component unit employee membership is included within the SERS pension plan. A breakout of the component unit employee membership is unavailable.
- (3) LRS employee count includes 10 domestic relations orders (DRO) alternate payees for 2020. 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. Public Act 83 of 2004 amended the State Police Retirement Act to create a DROP for SPRS members with 25 years of service. This benefit program allows state police who are eligible to retire to defer their retirement and keep working for up to six years.

Basis of Accounting

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

Benefit Payments

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

Valuation of Plan Investments

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

Contributions

The statute requires the employer to contribute to finance the benefits of plan members. These employer contributions are determined annually by the System's actuary. For fiscal year 2021, the contribution rates for SERS were 23.9 to 27.8 percent of the defined benefit employee wages and 18.9 percent of the defined contribution employee wages. The contribution rates for SPRS were 60.0 percent and 61.6 percent of the defined benefit employee wages for non-command and command officers, respectively, and 47.6 percent of the hybrid defined benefit and defined contribution employee wages. The Actuarially Determined Contribution was \$2.8 million for JRS, \$0.7 million for MRP, and \$9.6 million for LRS. The employer contribution to SERS, SPRS, JRS, MRP, and LRS for the fiscal year ending September 30, 2021, was \$720.1 million from the primary government and \$12.2 million from its component units (SERS only).

Net Pension Liability

The net pension liability for SERS, SPRS, JRS, MRP, and LRS was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019, 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.

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 calculate the total pension liability.

	LRS	SPRS	SERS	JRS	MRP
Latest actuarial valuation date	9/30/2019	9/30/2019	9/30/2019	9/30/2019	9/30/2019
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, 2019	10 years	17 years	17 years	17 years	19 years
Asset valuation method	Fair value	Fair value	Fair value	Fair value	Fair value
Actuarial assumption:					
Investment rate of return	3.1%	6.8% Non-hybrid 6.9% Hybrid	6.7%	6.3%	6.8%
Projected salary increases	4.0%	3.3 – 87.8%	2.8 – 11.8%	3.3%	2.8%
Includes wage inflation at	4.0%	2.8%	2.8%	2.8%	2.8%
Cost-of-living adjustments	4.0% annual compounded (non-compounded for legislators who first became members after 1/1/1995)	2.0% annual non-compounded with max. annual increase \$500	3.0% annual non-compounded with max. annual increase \$300	Assumed 3.3% compounded for those eligible	Assumed 2.8% compounded for those eligible

Actuarial Assumptions Changes

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted for use in the annual pension valuations beginning with the September 30, 2018, valuations for SERS, SPRS, and JRS. Assumption changes as a result of an experience study for the period 2015 through 2017 have been adopted for use in the annual pension valuations beginning with the September 30, 2018, valuation for MRP. There were no changes in actuarial assumptions from the September 30, 2019 valuation to the September 30, 2020 valuation.

The investment return assumption remained at 6.7 percent for SERS, 6.8 percent for SPRS Non-Hybrid plan, 6.9 percent for SPRS Hybrid plan, 6.8 percent for MRP, 7.0 percent for LRS, and 6.3 percent for JRS for use in the annual funding valuations from the September 30, 2019 valuation to the September 30, 2020 valuation. The September 30, 2020, funding valuation will establish the actuarially determined contribution amounts for fiscal year 2023 for SERS, SPRS, and MRP and fiscal year 2021 for JRS and LRS.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Allocation for SERS, SPRS, JRS and MRP

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.6 %
Private Equity Pools	16.0	9.3
International Equity Pools	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate & Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return and Opportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	(0.1)
Total	100.0 %	

*Long-term Rate of Returns are net of administrative expenses and 2.1 percent inflation.

Asset Allocation for LRS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return**
Large Cap Equity	25.0 %	4.0 %
Small Cap Equity	10.0	5.5
International Equity	19.0	5.5
Emerging Markets	9.0	7.5
Fixed Income	20.0	(0.6)
Hedge Fund	10.0	3.3
Public Natural Resources	3.0	6.0
Real Assets	3.0	4.3
Cash	1.0	(1.5)
Total	100.0 %	

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

Rate of Return

For the year ended September 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.3 percent for SERS and SPRS, 5.7 percent for JRS, 5.5 percent for MRP, and 5.4 percent for LRS. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

For LRS, the single discount rate used to measure the total pension liability decreased to 3.1 percent, compared to the prior year's rate of 3.7 percent. This single discount rate was based on an expected rate of return on pension plan investments of 7.0

percent and a municipal bond rate of 2.4 percent (the municipal bond rate is based on an index of twenty-year general obligation bonds with average AA credit ratings, which is published by the Federal Reserve). The projection of cash flows used to determine this single discount rate assumes that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2030. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2030, and the municipal bond rate was applied to all benefit payments after 2030.

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

The following presents SERS's net pension liability, calculated using a discount rate of 6.7 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 5.7%	Current Discount 6.7%	1% Increase 7.7%
SERS Net Pension Liability/(Asset)	\$ 8,608,705.9	\$ 6,745,600.0	\$ 5,159,236.6

The following presents SPRS's net pension liability, calculated using a discount rate of 6.8 percent (6.9 percent for Pension Plus Plan), as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 5.8%/5.9%	Current Discount 6.8%/6.9%	1% Increase 7.8%/7.9%
SPRS Net Pension Liability/(Asset)	\$ 1,107,215.8	\$ 838,104.5	\$ 615,183.3

The following presents MRP's net pension liability, calculated using a discount rate of 6.8 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 5.8%	Current Discount 6.8%	1% Increase 7.8%
MRP Net Pension Liability/(Asset)	\$ 10,010.5	\$ 3,165.8	\$ (2,481.2)

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

	1% Decrease 5.3%	Current Discount 6.3%	1% Increase 7.3%
JRS Net Pension Liability/(Asset)	\$ 38,942.6	\$ 17,061.2	\$ (1,858.7)

The following presents LRS's net pension liability, calculated using a discount rate of 3.1 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 2.1%	Current Discount 3.1%	1% Increase 4.1%
LRS Net Pension Liability/(Asset)	\$ 209,109.7	\$ 170,182.0	\$ 138,496.2

Michigan
Notes to the Financial Statements

Changes in the Net Pension Liability/Asset

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

	Primary Government			Primary Component Units		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability (Assets)	Liability	Net Position	Liability (Assets)
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at 9/30/2020	\$ 18,648.8	\$ 12,068.2	\$ 6,580.6	\$ 246.8	\$ 159.7	\$ 87.1
Changes for the year:						
Service cost	62.1	-	62.1	0.8	-	0.8
Interest	1,205.1	-	1,205.1	15.0	-	15.0
Differences between expected and actual experience	27.0	-	27.0	0.3	-	0.3
Contributions - employer	-	606.2	(606.2)	-	7.6	(7.6)
Contributions - member	-	25.0	(25.0)	-	0.3	(0.3)
Net investment income	-	591.9	(591.9)	-	7.4	(7.4)
Benefit payments, including refunds of member contributions	(1,415.1)	(1,415.1)	-	(17.6)	(17.6)	-
Administrative expenses	-	(5.9)	5.9	-	(0.1)	0.1
Other changes	14.3	9.3	5.0	(14.3)	(9.2)	(5.0)
Net changes	(106.6)	(188.6)	82.0	(15.8)	(11.7)	(4.1)
Balances at 9/30/2021	\$ 18,542.2	\$ 11,879.5	\$ 6,662.6	\$ 231.0	\$ 148.0	\$ 83.0

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

	Primary Government		
	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability (Assets)
	(a)	(b)	(a) - (b)
Balances at 9/30/2020	\$ 2,303.7	\$ 1,504.4	\$ 799.2
Changes for the year:			
Service cost	25.9	-	25.9
Interest	152.5	-	152.5
Differences between expected and actual experience	18.2	-	18.2
Contributions - employer	-	79.2	(79.2)
Contributions - member	-	4.1	(4.1)
Net investment income	-	75.0	(75.0)
Benefit payments, including refunds of member contributions	(149.4)	(149.4)	-
Administrative and other expenses	-	(0.6)	0.6
Net changes	47.1	8.3	38.9
Balances at 9/30/2021	\$ 2,350.8	\$ 1,512.7	\$ 838.1

Michigan
Notes to the Financial Statements

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

	Primary Government Increase (Decrease)		Net Pension
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Liability (Assets) (a) - (b)
Balances at 9/30/2020	\$ 56.8	\$ 56.6	\$ 0.3
Changes for the year:			
Service cost	0.2	-	0.2
Interest	3.7	-	3.7
Differences between expected and actual experience	2.6	-	2.6
Contributions - employer	-	1.0	(1.0)
Net investment income	-	2.8	(2.8)
Benefit payments, including refunds of member contributions	(4.0)	(4.0)	-
Administrative and other expenses	-	(0.2)	0.2
Net changes	2.5	(0.4)	2.9
Balances at 9/30/2021	\$ 59.4	\$ 56.2	\$ 3.2

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

	Primary Government Increase (Decrease)		Net Pension
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Liability (Assets) (a) - (b)
Balances at 9/30/2020	\$ 267.9	\$ 122.3	\$ 145.6
Changes for the year:			
Interest	9.6	-	9.6
Differences between expected and actual experience	1.8	-	1.8
Changes of assumptions	19.5	-	19.5
Net investment income	-	6.6	(6.6)
Benefit payments, including refunds of member contributions	(14.7)	(14.7)	-
Administrative and other expenses	-	(0.4)	0.4
Net changes	16.2	(8.4)	24.6
Balances at 9/30/2021	\$ 284.1	\$ 113.9	\$ 170.2

Michigan
Notes to the Financial Statements

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

	Primary Government Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Assets) (a) - (b)
Balances at 9/30/2020	\$ 277.4	\$ 263.1	\$ 14.3
Changes for the year:			
Service cost	1.7	-	1.7
Interest	16.6	-	16.6
Differences between expected and actual experience	0.3	-	0.3
Contributions - employer	-	2.8	(2.8)
Contributions - member	-	0.5	(0.5)
Net investment income	-	12.9	(12.9)
Benefit payments, including refunds of member contributions	(24.3)	(24.3)	-
Administrative and other expenses	-	(0.4)	0.4
Net changes	(5.6)	(8.4)	2.8
Balances at 9/30/2021	\$ 271.8	\$ 254.7	\$ 17.1

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

For the year ended September 30, 2021, the State recognized pension expense related to the primary government and its component units of \$559.4 million and negative \$0.3 million, respectively. Pension expense by plan is listed in the table below (in millions):

Plan	Primary Government	Component Unit
SERS	\$ 402.7	\$ (0.3)
SPRS	132.0	-
MRP	1.8	-
LRS	22.6	-
JRS	0.4	-
Total	\$ 559.4	\$ (0.3)

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

	Primary Government					Component Unit	
	SERS	SPRS	MRP	LRS	JRS	SERS Only	Total
Deferred Outflows of Resources:							
Difference between expected and actual experience	\$ -	\$ 29.7	\$ 2.2	\$ -	\$ -	\$ -	\$ 31.9
Changes of assumptions	-	82.6	0.8	-	-	-	83.4
Net difference between projected and actual earnings on pension plan investments	15.5	4.2	0.7	2.8	-	0.2	23.4
Contributions subsequent to the measurement date	647.4	69.2	0.7	-	2.8	12.2	732.3
Total Deferred Outflows of Resources:	\$ 662.9	\$ 185.7	\$ 4.3	\$ 2.8	\$ 2.8	\$ 12.4	\$ 870.9
Deferred Inflows of Resources:							
Difference between expected and actual experience	\$ -	\$ -	\$ 0.3	\$ -	\$ -	\$ -	\$ 0.3
Net difference between projected and actual earnings on pension plan investments	-	-	-	-	0.7	-	0.7
Total Deferred Inflows of Resources:	\$ -	\$ -	\$ 0.3	\$ -	\$ 0.7	\$ -	\$ 1.0

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, 2021. 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	
2022	\$ (108.0)	\$ 41.6	\$ 1.5	\$ (0.1)	\$ (2.7)	\$ (1.3)	\$ (69.0)
2023	1.8	36.3	0.7	1.3	(0.1)	-	40.1
2024	83.5	29.0	0.6	1.3	1.5	1.0	117.0
2025	38.2	8.4	0.4	0.3	0.6	0.5	48.4
2026	N/A	1.1	N/A	N/A	N/A	N/A	1.1

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

Defined Contribution Pension Plans

State of Michigan Defined Contribution Retirement Plan

The Plan, now within the State of Michigan 401K Plans Fund, was established to provide benefits at retirement to employees of the State who were hired after March 31, 1997, Michigan State Police officers hired on or after June 10, 2012, Public School Reporting Units members hired after July 1, 2010, and to those members of SERS (defined benefit) and eligible members of the Education Achievement Authority (EAA), LRS, and JRS who elected to transfer to this Plan. The Plan is administered by the Department of Technology, Management and Budget. Michigan Compiled Laws 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, 2021, the State recognized pension expense of \$226.9 million; forfeitures reduced the State's pension expense by \$9.7 million.

Component Units

In addition to the PSERS, the State university component units participate in a defined contribution multiple-employer pension plan primarily administered by the Teachers' Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) and also, in some cases, Fidelity Investments. The State university component units are required to contribute between 4.0 percent and 15.0 percent of annual covered payroll, as determined by each institution's employment agreements. The total contribution to the TIAA-CREF and Fidelity Investments for all State university component units was \$120.7 million for the year ending June 30, 2021.

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

Effective January 1, 2004, the State Bar of Michigan assumed responsibility for the retirement plans of State Bar employees who participated in the Plan. All monies held in the Plan on behalf of participating State Bar employees were subsequently transferred to the newly established State Bar 401(a) retirement plan and the 457(b) retirement plan. The State Bar of Michigan is required to make minimum contributions and may establish other benefit provisions for their retirement plans. The State Bar of Michigan's contribution to the new plans was \$0.3 million for the year ending September 30, 2021.

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

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

Other Postemployment Benefit Plans

The component unit information required to be disclosed in this note is related to the State Employees' Retirement System (SERS) and Postemployment Life Insurance Benefit (PELIB) plan. All other component units of the State participate in Other Postemployment Benefit plans (OPEB) where the State is not an employer.

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

Plan Description

The State of Michigan administers the following OPEB plans:

Name	Type of Plan	Participating Employers
Legislative Retirement System (LRS)	Single employer	1
State Police Retirement System (SPRS)	Single employer	1
State Employees' Retirement System	Single employer	1
Public School Employees' Retirement System (PSERS) ⁽¹⁾	Cost sharing multiple employer	685
Judges' Retirement System (JRS)	Single employer	1
Postemployment Life Insurance Benefit ⁽²⁾	Single employer	1

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

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

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

Pursuant to Michigan Public Act 200 of 2011, 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, 2020, the measurement date, the following employees were covered by the benefit terms:

	SERS ⁽³⁾	LRS	SPRS	JRS
Eligible participants ⁽⁴⁾	61,004	381	3,024	40
Participants receiving benefits:				
Health ⁽⁴⁾	52,452	353	2,885	40
Dental	53,918	-	2,888	-
Vision	53,723	-	2,888	-
Active members	48,711	3	1,748	37
Inactive vested members ⁽⁵⁾	6,057	-	280	25
Deferred participants	-	67	-	-

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

- (4) LRS employee count includes 113 defined contribution participants at September 30, 2020, who are receiving health care insurance through the System in accordance with State statute. At September 30, 2020, the number of defined contribution participants who were eligible for health care insurance but declined to receive the benefits were 27.
- (5) SPRS employee count includes Deferred Retirement Option Plan (DROP) employees. Public Act 83 of 2004 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 2021, the contribution rates for SERS were 23.1 percent of the defined benefit employee wages and the defined contribution employee wages. The contribution rate for SPRS was 37.9 percent of wages for defined benefit non-command and command officers and 38.4 percent for hybrid defined benefit non-command and command officers. The actuarially determined contribution was \$0.2 million for JRS and \$7.5 million for LRS. The employer contribution to SERS, SPRS, JRS, and LRS for the fiscal year ending September 30, 2021, was \$813.5 million from the primary government and \$14.6 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, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019, 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	9/30/2019	9/30/2019	9/30/2019	9/30/2019
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level dollar closed	Level percent of payroll closed	Level percent of payroll closed	Level percent of payroll closed
Remaining amortization period as of October 1, 2019	21 years	17 years	17 years	17 years
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value
Actuarial assumption:				
Investment rate of return	3.9%	6.9%	6.9%	7.0%
Projected salary increases	4.0%	3.3 - 87.8%	2.8 - 11.8%	3.3%
Includes wage inflation at	4.0%	2.8%	2.8%	2.8%
Healthcare cost trend rate	8.3% Year 1 grading to 3.5% Year 10	7.5% Year 1 graded to 3.5% Year 15	7.5% Year 1 graded to 3.5% Year 15	7.5% Year 1 graded to 3.5% Year 15

Actuarial Assumptions Changes

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted for use in the annual OPEB valuations beginning with the September 30, 2018, valuations for SERS, SPRS, and JRS. The health inflation assumptions table in the September 30, 2020, valuations, which is used to measure the reported per person premium, changed from the prior year valuations for SERS, SPRS, LRS and JRS.

In accordance with directions provided by the Office of Retirement Services, the investment return assumption remained 6.9 percent for SPRS and SERS, 4.0 percent for LRS, and 7.0 percent for JRS for use in the annual funding valuations from the September 30, 2019 valuation to the September 30, 2020 valuation. The September 30, 2020, funding valuation will establish the actuarially determined contribution amounts for fiscal year 2023 for SERS and SPRS and for the fiscal year 2021 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, 2020, are summarized in the following table:

Asset Allocation for SERS, SPRS, and JRS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.6%
Private Equity Pools	16.0	9.3
International Equity Pools	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate & Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return and Opportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	(0.1)
Total	100.0%	

*Long-term Rate of Returns are net of administrative expenses and 2.1 percent inflation.

Asset Allocation for LRS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return**
Large Cap Equity	25.0%	4.0%
Small Cap Equity	10.0	5.5
International Equity	19.0	5.5
Emerging Markets	9.0	7.5
Fixed Income	20.0	(0.6)
Hedge Fund	10.0	3.3
Public Natural Resources	3.0	6.0
Real Assets	3.0	4.3
Cash	1.0	(1.5)
Total	100.0%	

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

Rate of Return

For the year ended September 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 5.2 percent for SERS and SPRS, 4.9 percent for JRS, and 8.6 percent for LRS. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

For SERS and SPRS, a discount rate of 6.9 percent was used to measure the total OPEB liability for both current and prior years. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.9 percent. For JRS, a discount rate of 7.0 percent was used to measure the total OPEB liability for both current and prior years. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 7.0 percent. 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

For LRS, the single discount rate of 3.9 percent, compared to a prior year rate of 3.9 percent, was used to measure the total OPEB liability. This single discount rate was based on an expected rate of return on OPEB plan investments of 7.0 percent and a municipal bond rate of 2.4 percent (the municipal bond rate is based on an index of twenty-year general obligation bonds with average AA credit ratings, which is published by the Federal Reserve). The projection of cash flows used to determine this single discount rate assumes that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the OPEB plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2038. As a result, the long-term expected rate of return on OPEB plan investments was applied to projected benefit payments through the year 2038, and the municipal bond rate was applied to all benefit payments after that date.

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

The following presents SERS and SPRS's net OPEB liability, calculated using a discount rate of 6.9 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 5.9%	Current Discount 6.9%	1% Increase 7.9%
SERS Net OPEB Liability	\$ 6,952,351.2	\$ 5,838,475.8	\$ 4,903,125.9
SPRS Net OPEB Liability	606,812.2	509,220.3	428,516.3

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

	1% Decrease 6.0%	Current Discount 7.0%	1% Increase 8.0%
JRS Net OPEB Liability	\$ 2,114.0	\$ 1,019.8	\$ 88.0

The following presents LRS's net OPEB liability, calculated using a discount rate of 3.9 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate (in thousands):

	1% Decrease 2.9%	Current Discount 3.9%	1% Increase 4.9%
LRS Net OPEB Liability	\$ 134,450.2	\$ 112,394.5	\$ 94,768.2

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

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
SERS Net OPEB Liability	\$ 4,856,096.0	\$ 5,838,475.8	\$ 6,973,959.0
SPRS Net OPEB Liability	424,847.9	509,220.3	608,506.5
JRS Net OPEB Liability	38.7	1,019.8	2,141.6

The following presents LRS's net OPEB liability, calculated using a healthcare trend rate of 8.3 percent graded to 3.5 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current trend rate (in thousands):

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
LRS Net OPEB Liability	\$ 94,120.5	\$ 112,394.5	\$ 134,865.3

Michigan
Notes to the Financial Statements

Changes in the Net OPEB Liability

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

	Primary Government Increase (Decrease)			Component Units Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Assets)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Assets)
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
	\$	\$	\$	\$	\$	\$
Balances at 9/30/2020	10,774.7	3,003.9	7,770.8	143.4	40.0	103.4
Changes for the year:						
Service cost	92.7	-	92.7	1.2	-	1.2
Interest	737.1	-	737.1	9.2	-	9.2
Differences between expected and actual experience	(2,538.6)	-	(2,538.6)	(31.7)	-	(31.7)
Changes of assumptions	562.8	-	562.8	7.0	-	7.0
Contributions - employer	-	694.9	(694.9)	-	8.7	(8.7)
Net investment income	-	161.0	(161.0)	-	2.0	(2.0)
Benefit payments, including refunds of member contributions	(293.4)	(293.4)	-	(3.7)	(3.7)	-
Administrative expenses	-	(1.0)	1.0	-	-	-
Other changes	8.8	12.1	(3.3)	(8.8)	(2.3)	(6.5)
Net changes	(1,430.6)	573.6	(2,004.2)	(26.8)	4.7	(31.4)
Balances at 9/30/2021	9,344.1	3,577.6	5,766.5	116.6	44.6	72.0

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 (Assets)
	(a)	(b)	(a) - (b)
	\$	\$	\$
Balances at 9/30/2020	802.5	232.1	570.4
Changes for the year:			
Service cost	10.1	-	10.1
Interest	54.7	-	54.7
Differences between expected and actual experience	(103.3)	-	(103.3)
Changes of assumptions	48.7	-	48.7
Contributions – employer	-	58.3	(58.3)
Net investment income	-	12.7	(12.7)
Benefit payments, including refunds of member contributions	(28.3)	(28.3)	-
Administrative and other expenses	-	0.3	(0.3)
Net changes	(18.2)	43.0	(61.2)
Balances at 9/30/2021	784.3	275.1	509.2

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 (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Assets) (a) - (b)
Balances at 9/30/2020	\$ 169.8	\$ 29.8	\$ 140.1
Changes for the year:			
Service cost	0.2	-	0.2
Interest	6.4	-	6.4
Differences between expected and actual experience	(26.5)	-	(26.5)
Changes of assumptions	(0.4)	-	(0.4)
Contributions - employer	-	4.6	(4.6)
Net investment income	-	1.6	(1.6)
Benefit payments, including refunds of member contributions	(5.8)	(5.8)	-
Administrative and other expenses	-	1.2	(1.2)
Net changes	(26.1)	1.6	(27.7)
Balances at 9/30/2021	\$ 143.8	\$ 31.4	\$ 112.4

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

	Primary Government Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Assets) (a) - (b)
Balances at 9/30/2020	\$ 8.8	\$ 8.4	\$ 0.4
Changes for the year:			
Service cost	0.3	-	0.3
Interest	0.6	-	0.6
Differences between expected and actual experience	0.1	-	0.1
Changes of assumptions	0.6	-	0.6
Contributions - employer	-	0.4	(0.4)
Contributions - member	-	0.1	(0.1)
Net investment income	-	0.5	(0.5)
Benefit payments, including refunds of member contributions	(0.1)	(0.1)	-
Administrative and other expenses	-	(0.1)	0.1
Net changes	1.5	0.8	0.6
Balances at 9/30/2021	\$ 10.3	\$ 9.3	\$ 1.0

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

For the year ended September 30, 2021, the State recognized OPEB expense related to the primary government and its component units of \$232.0 million and \$1.0 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	\$ 176.9	\$ 0.5
SPRS	27.8	-
LRS	(23.4)	-
JRS	0.8	-
Total	\$ 182.1	\$ 0.5

Michigan
Notes to the Financial Statements

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	Total
	SERS	SPRS	LRS	JRS	SERS Only	
Deferred Outflows of Resources:						
Difference between expected and actual experience	\$ -	\$ -	\$ -	\$ 0.1	\$ -	\$ 0.1
Changes of assumptions	1,437.3	94.1	-	0.7	17.9	1,550.0
Net difference between projected and actual earnings on OPEB plan investments	32.9	2.4	1.0	-	0.4	36.7
Changes in proportion and differences between employer contributions and proportionate share of contributions	40.4	-	-	-	5.6	46.0
Contributions subsequent to the measurement date	759.9	48.8	4.6	0.2	14.6	828.1
Total Deferred Outflows of Resources:	<u>\$ 2,270.5</u>	<u>\$ 145.3</u>	<u>\$ 5.6</u>	<u>\$ 1.0</u>	<u>\$ 38.5</u>	<u>\$ 2,460.9</u>
Deferred Inflows of Resources:						
Difference between expected and actual experience	\$ 3,171.5	\$ 157.6	\$ -	\$ 0.1	\$ 39.6	\$ 3,368.8
Changes in proportion and differences between employer contributions and proportionate share of contributions	57.4	-	-	-	12.5	69.9
Total Deferred Inflows of Resources:	<u>\$ 3,228.9</u>	<u>\$ 157.6</u>	<u>\$ -</u>	<u>\$ 0.1</u>	<u>\$ 52.1</u>	<u>\$ 3,438.7</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, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB for SERS, SPRS, LRS, and JRS will be recognized in OPEB expense as follows (amounts in millions):

Year Ended September 30	Primary Government OPEB Expense Amount				Component Units OPEB Expense Amount	Total
	SERS	SPRS	LRS	JRS	SERS Only	
2022	\$ (422.6)	\$ (19.4)	\$ 0.1	\$ 0.4	\$ (6.9)	\$ (448.5)
2023	(404.7)	(17.4)	0.4	0.2	(6.7)	(428.2)
2024	(348.0)	(9.0)	0.4	0.1	(5.8)	(362.4)
2025	(338.8)	(8.6)	0.1	-	(5.4)	(352.8)
2026	(204.1)	(6.7)	-	-	(3.2)	(214.0)

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

Postemployment Life Insurance Benefit

Plan Description

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

Activity of PELIB is accounted for in the State Sponsored Group Insurance Fund (Fund), an internal service fund in the State of Michigan Annual Comprehensive Financial Report. The Fund was administratively established to account for employee insurance benefit programs, which are largely self-funded. Five group insurance programs are offered to State employees: health, dental, vision, long-term disability, and life.

PELIB is not a trust and has no plan assets.

Benefits Provided

The State's group policy with Minnesota Life includes any active employee in the category of classified State service with an appointment of at least 720 hours duration, but excluding employees with non-career appointments and those working less than 40.0 percent of full time; any active official or active unclassified employee of the State who has been approved for coverage by

the Civil Service Commission; any retired employee or official who was insured under this policy or the prior policies it replaced prior to entry into a State Retirement System; and Wayne County employees who a) were State Judicial Council employees on October 1, 1996, and whose employment was transferred to the Recorder's Court on October 1, 1996, and b) whose employer subsequently became the Wayne County Clerk's Office.

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

Contributions

The State contributes 100 percent of the premiums for employee and retiree life insurance coverage. The premium rates for fiscal year 2020 and fiscal year 2021 were 28.0 cents for each \$1,000 of coverage of active payroll. The employee contributes 100 percent of the premiums for dependent life coverage, and an employee must have been enrolled in dependent life insurance to maintain eligibility for dependent coverage as a retiree. The State is liable for benefit payments that exceed premiums paid. The Michigan Civil Service Commission is responsible for establishing and amending funding policies. The employer contribution to PELIB for retirees and their eligible dependents for the fiscal year ending September 30, 2021, was \$37.8 million from the primary government and \$0.7 million from its component units.

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

Total OPEB Liability

The total OPEB liability for PELIB as of the September 30, 2020, measurement date is based on the result of an actuarial valuation date of September 30, 2019.

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, 2019
Actuarial Cost Method:	Individual Entry-Age
Wage Inflation Rate:	2.8%
Investment Rate of Return (discount rate):	2.4% per year

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

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

Spouse Benefits for Future Retirees: The liabilities for active members were loaded by 1.5 percent to account for potential postemployment life insurance benefits payable to spouses of future retirees.

Opt Out Factors: No eligible SERS, SPRS, or Special Duty Officer retiree was assumed to opt out of the current postemployment life insurance benefits program. Current retiree PELIB member data was supplied for JRS and LRS retirees and used in the valuation without adjustment.

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.

Compensation: For some SERS retirees, Final Average Compensation (FAC) was not reported. The FAC for these members was assumed to be \$54,575 (the average of all SERS retiree records reported with FAC).

Michigan
Notes to the Financial Statements

For purposes of valuing the postemployment life insurance benefit policies for retirees, base wage at retirement was not available and was approximated by applying a factor to the reported FAC at retirement. The factor used to cover a FAC to a base wage is based on the length of the FAC period for each group. The factor used for each affected plan follows:

SERS	Conservation:	0.986618 (2 year FAC)
	Corrections and All Others:	0.973475 (3 year FAC)
SPRS	Non-Hybrid:	0.986618 (2 year FAC)
	Hybrid:	0.947886 (5 year FAC)

For SERS defined contribution plan retirees, compensation at retirement and other information was not provided to the actuary. The postemployment life insurance benefit policies for this group were assumed to have the same average value as the policies for retirees in the SERS defined benefit plan.

Other: The face values of PELIB policies currently in force were requested by the actuary but were not available for use in this valuation. The actuary estimated the value of the PELIB policies for retirees as follows:

Individuals retired after July 1974: 50.0 percent of compensation at retirement (compensation reported for the 2019 retirement system valuations)

Individuals retired on or before July 1974: A minimum benefit of \$1,000 and a maximum benefit of \$5,000 for an average of \$3,000

Spousal benefits: \$1,000

Data for current SERS, SPRS, and Special Duty Officer retiree members of PELIB was not available for use in this valuation. All current retiree members of the retirement plans deemed eligible for postemployment life insurance benefits and reported in connection with the 2019 retirement valuations were included in this valuation of PELIB.

For JRS and LRS retirees, face values of the PELIB policies were provided for use in the valuation. For current SPRS DROP members, active life insurance amounts were provided and used to calculate the projected face value of the PELIB policies.

Discount Rate

A discount rate of 2.4 percent was used to measure the ending total OPEB liability for PELIB as of September 30, 2020. 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, 2019, was 2.8 percent. A decrease in the discount rate used affects the measurement of total OPEB liability for PELIB by increasing its total OPEB liability.

Total OPEB Liability for Postemployment Life Insurance Benefits

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

Total OPEB Liability as of September 30, 2019--restated	\$	1,305.9
Total OPEB Liability as of September 30, 2020		1,406.0
Total Covered Employee Payroll		3,161.6
Total Liability as a Percentage of Covered Employee Payroll		44.5%

Sensitivity of the Total OPEB Liability for Postemployment Life Insurance

The following table presents total OPEB liability for PELIB, calculated using a Single Discount Rate of 2.4 percent, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher (in thousands):

	1% Decrease 1.4%	Current Discount 2.4%	1% Increase 3.4%
PELIB Total OPEB Liability	\$ 1,681,918.7	\$ 1,406,019.2	\$ 1,192,257.0

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)	Component Units Increase (Decrease)
	Total OPEB Liability (a)	Total OPEB Liability (a)
Balances at 9/30/2020--restated	\$ 1,289.5	\$ 16.4
Changes for the year:		
Service cost	25.4	0.3
Interest	35.4	0.4
Differences between expected and actual experience	(7.4)	(0.1)
Changes of assumptions	77.7	1.0
Benefit payments, including refunds of member contributions	(32.2)	(0.4)
Other changes	0.6	(0.6)
Net changes	99.5	0.6
Balances at 9/30/2021	\$ 1,389.0	\$ 17.0

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

For the year ended September 30, 2021, the State recognized OPEB expense related to PELIB of \$50.0 million for the primary government and \$0.4 million for the component units. The deferred outflows of resources and deferred inflows of resources related to PELIB are included in Note 28 and in the table below (in millions):

	Primary Government	Component Units
Deferred Outflows of Resources:		
Difference between expected and actual experience	\$ 0.4	\$ -
Changes of assumptions	152.9	1.9
Changes in proportion and differences between employer contributions and proportionate share of contributions	4.1	1.0
Contributions subsequent to the measurement date	37.8	0.7
Total Deferred Outflows of Resources:	\$ 195.3	\$ 3.6
Deferred Inflows of Resources:		
Difference between expected and actual experience	\$ 89.1	\$ 1.1
Changes of assumptions	57.5	0.7
Changes in proportion and differences between employer contributions and proportionate share of contributions	3.5	1.7
Total Deferred Inflows of Resources:	\$ 150.1	\$ 3.5

Michigan
Notes to the Financial Statements

Amounts reported as deferred outflows of resources related to PELIB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the total PELIB liability in the year ended September 30, 2022. 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
2022	\$ (10.8)	\$ (0.3)
2023	(9.0)	(0.3)
2024	4.6	(0.1)
2025	14.4	0.1
2026	8.2	-

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

NOTE 12 – LEASES

Accounting Policy

The State leases various assets under non-cancelable leasing arrangements. Leases that constitute rental agreements are classified as operating leases; the resulting expenditures are recognized as incurred over the lease term. Leases that are comparable to purchases are classified as capital leases.

In the government-wide and proprietary fund financial statements, assets and liabilities resulting from capital leases are recorded at lease inception. The principal portion of lease payments reduces the liability; the interest portion is expensed.

For capital leases in governmental funds, other financing sources and expenditures are recorded at lease inception. Lease payments are recorded as debt service expenditures. For budgetary purposes, lease payments are only reported as expenditures when paid.

Most leases 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 whether a lease is cancelable because the likelihood that they will be exercised is considered remote. Some lease agreements include renewal or purchase options. The effect of such options is reflected in the minimum lease payments only if it is considered reasonably assured that an option will be exercised. Some lease agreements include escalation clauses or other contingent rentals.

The State has entered into a few installment purchase agreements. Because the amounts involved are immaterial and the accounting treatment is similar, such agreements are reported together with capital leases.

Leases that exist between the State and the State Building Authority (SBA), a blended component unit, are not recorded as leases in this report. In their separately issued financial statements, SBA records a lease receivable from the State. Although payables and receivables technically exist between these parties, when combined for government-wide reporting, they are eliminated. A long-term liability exists on the government-wide financial statements for the bonds issued by SBA to construct the assets associated with the leases. Future payments to SBA are, therefore, not included in the schedules of lease commitments below. Note 13 provides information on the amount of SBA's bonds outstanding and a schedule of debt service requirements.

During fiscal years 2008, 2011, and 2015, the State entered into building lease agreements with the Michigan Strategic Fund (MSF), a discretely presented component unit. The leases were classified as capital leases and are included in the capital lease disclosures below.

Primary Government – Governmental Activities

Rental expenditures incurred under operating leases totaled \$66.4 million during the fiscal year. Payments for capital lease principal, interest, and executory costs totaled \$48.1 million, \$44.4 million, and \$18.8 million, respectively, during the fiscal year. Included in these amounts were payments to MSF for principal, interest, and executory costs totaling \$14.6 million, \$9.3 million, and \$0.0 million, respectively.

Michigan
Notes to the Financial Statements

A summary of the operating and non-cancelable capital lease commitments to maturity follows (in millions):

Year Ended September 30	Operating Leases	Capital Leases			
		Principal	Interest	Executory Costs	Total
2022	\$ 11.7	\$ 47.8	\$ 42.3	\$ 17.4	\$ 107.5
2023	8.5	47.6	38.9	16.4	103.0
2024	6.8	37.0	35.5	14.7	87.2
2025	4.0	37.6	32.2	13.4	83.3
2026	2.0	25.4	28.7	12.0	66.0
2027-2031	2.0	109.0	93.8	39.5	242.3
2032-2036	0.1	27.3	53.5	17.2	98.0
2037-2041	0.1	32.1	34.1	11.8	78.0
2042-2046	0.1	25.9	17.2	4.6	47.7
Thereafter	0.1	8.8	3.6	2.0	14.4
Total	<u>\$ 35.5</u>	<u>\$ 398.5</u>	<u>\$ 379.9</u>	<u>\$ 148.9</u>	<u>\$ 927.3</u>

The above capital leases relate to governmental activities which include the General Fund, other governmental funds, and the internal service funds. A liability of \$398.5 million has been recorded in the government-wide financial statements for the capital lease principal. Included in this liability are the capital leases between the State and MSF totaling \$148.6 million.

The historical cost of assets acquired under capital leases, which are included in capital assets on the government-wide financial statements at September 30, follows (in millions):

	Governmental Activities	Business Type Activities
Buildings	\$ 473.1	\$ 1.2
Equipment	226.7	-
Total	699.8	1.2
Accumulated Depreciation	(394.6)	(0.3)
Net Buildings and Equipment	<u>\$ 305.2</u>	<u>\$ 0.9</u>

Included in the table above is the historical cost and accumulated depreciation for the capital leases between the State and MSF of \$250.7 million and \$143.7 million, respectively.

Primary Government – Business-Type Activities

Rental expense incurred under operating leases totaled \$0.2 million during the fiscal year.

A summary of the operating lease and non-cancelable capital lease commitments to maturity follows (in millions):

Year Ended September 30	Operating Leases	Capital Leases			
		Principal	Interest	Executory Costs	Total
2022	\$ 0.2	\$ -	\$ 0.2	\$ 0.1	\$ 0.4
2023	0.1	0.1	0.2	0.1	0.5
2024	0.1	0.2	0.2	0.1	0.5
2025	0.1	0.2	0.2	0.1	0.5
2026	-	0.2	0.1	0.1	0.5
2027-2031	-	0.9	0.4	0.5	1.8
2032-2036	-	0.1	0.1	0.1	0.4
2037-2041	-	0.1	-	-	0.1
Total	<u>\$ 0.5</u>	<u>\$ 1.9</u>	<u>\$ 1.5</u>	<u>\$ 1.3</u>	<u>\$ 4.7</u>

Discretely Presented Component Units

Operating lease commitments for universities and authorities totaled \$14.2 million. Total capital lease obligations were \$11.5 million, \$2.6 million, and \$0.0 million for principal, interest, and executory costs, 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 2021, 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 acquire and/or construct various facilities for use by the State or institutions of higher education. Revenue bonds have also been issued to finance equipment capital lease refinancings and acquisitions. In addition, SBA issues commercial paper notes to fund capital projects prior to bonding. Short-term debt activity for the fiscal year ended September 30 follows (in millions):

	<u>Beginning Balance</u>	<u>Draws</u>	<u>Repayments</u>	<u>Ending Balance</u>
Commercial Paper Notes	\$ 158.5	\$ 74.5	\$ 152.3	\$ 80.7

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:

			Fiscal Year Maturities		Average Interest Rate
	Amounts Issued	Outstanding September 30	First Year	Last Year	Percentage
General Obligation Bonded Debt					
General Obligation Debt:					
Series 2011 A (Refunding) (2)(3)	\$ 44.0	\$ 44.0	2022	2026	3.8 %
Series 2014 A (3)	65.1	65.1	2024	2029	5.0
Series 2014 B (3)	20.2	20.2	2027	2027	3.6
Series 2015 A (Refunding)	129.1	70.1	2017	2029	4.8
Series 2016 A (3)	82.2	82.2	2022	2025	5.0
Series 2016 B (Refunding)	60.0	60.0	2022	2026	4.8
Series 2017 A (1)(2)(3)	79.0	79.0	2022	2027	5.0
Series 2017 B (1)(2)(3)	40.6	17.5	2020	2025	2.0
Series 2018 (2)(3)	149.2	149.2	2027	2033	3.5
Series 2020 A (2)(3)	114.9	114.9	2030	2040	4.3
Series 2020 B (2)(3)	38.0	38.0	2030	2040	2.2
School Loan Bonds:					
Series 2009 B (Refunding) (5)	193.7	19.2	2010	2030	5.6
Series 2011 A	150.0	41.0	2014	2023	3.7
Series 2011 B	30.1	30.1	2023	2023	3.7
Series 2012 A (Refunding)	225.0	84.1	2013	2026	2.3
Series 2013 A	200.0	200.0	2024	2033	3.3
Series 2016 A (Refunding)	129.1	82.0	2017	2023	1.7
Total General Obligation Bonded Debt	1,750.1	1,196.6			

	Amounts Issued	Outstanding September 30	Fiscal Year Maturities		Average Interest Rate Percentage
			First Year	Last Year	
Revenue Dedicated Bonded Debt					
<u>State Park Related:</u>					
2002 – Gross Revenue Bonds	\$ 15.5	\$ 2.3	2004	2023	3.8 %
Total Revenue Dedicated Bonded Debt - State Park Related	15.5	2.3			

Transportation Related:

Tax Dedicated Bonds:

Comprehensive Transportation Fund Bonds:

Series 2005 (Refunding)	62.2	9.9	2009	2023	5.3
Series 2011 (Refunding)	18.5	2.4	2013	2022	4.5
Series 2013 (Refunding)	10.1	1.5	2014	2023	4.7
Series 2015 (Refunding)	29.4	23.8	2017	2031	4.9

Grant Anticipation Bonds:

Series 2016 (Refunding)	607.1	513.5	2018	2027	5.0

State Trunkline Fund Bonds:

Series 2004 (Refunding)	103.5	12.2	2006	2022	5.0
Series 2005 (Refunding)	223.0	24.6	2010	2022	5.2
Series 2011	91.0	3.0	2014	2037	4.7
Series 2012 (Refunding)	49.3	7.4	2014	2022	4.8
Series 2014 (Refunding)	265.1	21.2	2016	2022	4.5
Series 2015 (Refunding)	54.1	54.1	2023	2023	4.8
Series 2020 A (Refunding)	103.5	71.0	2021	2027	5.0
Series 2020 B	800.0	795.0	2021	2046	4.6
Series 2021 A	800.0	800.0	2023	2047	4.4
Series 2021 B (Refunding)	54.2	54.2	2023	2037	4.9

Total Revenue Dedicated Bonded Debt -
Transportation Related

3,270.8 2,393.7

Michigan
Notes to the Financial Statements

State Building Authority:

Series 2011 I A (Revenue and Refunding)	409.6	10.5	2012	2022	5.2
Series 2011 I B	12.2	0.5	2013	2022	5.7
Series 2011 II A (Revenue and Refunding)	180.7	0.6	2012	2022	5.2
Series 2013 I A (Revenue and Refunding)	531.3	369.4	2015	2048	4.8
Series 2015 I (Revenue and Refunding)	989.3	859.4	2016	2051	3.9
Series 2016 I (Revenue and Refunding)	665.2	586.0	2018	2052	3.1
Series 2019 I (Revenue and Refunding)	235.6	203.9	2020	2054	3.2
Series 2020 I (Revenue and Refunding)	212.2	205.2	2021	2046	2.3
Series 2020 II (Refunding)	556.9	556.2	2021	2056	2.6
Series 2020 III Multi-modal (Refunding) (4)	32.8	32.8	2022	2043	0.3
Series 2021 I	206.3	206.3	2022	2057	2.7
Total State Building Authority Bonded Debt	<u>4,031.9</u>	<u>3,030.8</u>			
Total Revenue Dedicated Bonded Debt	<u>7,318.2</u>	<u>5,426.8</u>			
Total General Obligation and Revenue Dedicated Bonded Debt	<u>\$ 9,068.3</u>	<u>\$ 6,623.4</u>			

- (1) Sections 324.19301 and 324.71301 of the Michigan Compiled Law (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, 2021, \$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, 2021.
- (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)	\$ 19.2	\$ 28.4	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, the State issued, as a current refunding, fixed rate State Trunkline Fund Refunding Bonds Series 2021 B in the amount of \$54.2 million, maturing in fiscal years 2023 to 2037. The bonds were issued for the purpose of refunding certain maturities. From the debt proceeds, \$69.0 million was deposited with an escrow agent to refund State Trunkline Refunding Bonds Series 2011. As a result of this refunding, the State's debt service decreased by \$21.5 million over the next 16 years. The State achieved an economic gain of \$19.3 million.

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

	Amounts Outstanding
Transportation Related:	
Series 2011	\$ 68.2
Total Transportation Related	\$ 68.2
State Building Authority:	
Series 2011 I A (Revenue and Refunding)	\$ 329.8
Series 2011 I B	7.5
Series 2011 II A (Revenue and Refunding)	168.4
Series 2015 I (Revenue and Refunding)	20.0
Total State Building Authority	\$ 525.7

Michigan
Notes to the Financial Statements

Debt Service Requirements

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

Fiscal Years Ending	General Obligation		State Park and Transportation Related		State Building Authority		Total Principal and Interest
	Principal	Fixed Interest	Principal	Fixed Interest	Principal	Interest	
2022	\$ 162.4	\$ 43.9	\$ 152.0	\$ 97.1	\$ 86.4	\$ 121.8	\$ 663.5
2023	155.5	37.8	126.3	100.2	88.8	119.8	628.5
2024	108.4	32.5	126.3	93.9	89.2	116.2	566.4
2025	110.3	28.4	133.6	87.4	97.0	112.3	569.0
2026	107.3	24.1	141.4	80.5	103.0	108.4	564.7
2027-2031	340.0	72.9	371.1	330.7	576.9	469.1	2,160.6
2032-2036	159.2	23.3	372.1	247.0	716.6	320.8	1,839.0
2037-2041	62.7	5.4	452.6	152.6	567.8	192.9	1,434.0
2042-2046	-	-	445.7	62.6	331.8	110.8	951.0
2047-2051	-	-	75.0	1.5	252.8	46.4	375.7
2052-2056	-	-	-	-	118.0	9.3	127.3
2057-2061	-	-	-	-	2.3	-	2.4
Total	<u>\$ 1,205.8</u>	<u>\$ 268.3</u>	<u>\$ 2,396.0</u>	<u>\$ 1,253.4</u>	<u>\$ 3,030.8</u>	<u>\$ 1,727.8</u>	<u>\$ 9,882.0</u>

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

Changes in Bonds and Notes Payable

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

	Beginning Balance	Additions	Reductions	Accretion	Ending Balance	Amounts Due Within One Year	Due Thereafter
Governmental Activities							
Bonds Payable:							
General obligation debt	\$ 1,357.4	\$ -	\$ (162.5)	\$ 1.7	\$ 1,196.6	\$ 162.4	\$ 1,034.2
Revenue bonds	1,754.3	854.2	(212.4)	-	2,396.0	152.0	2,244.0
State Building Authority	2,913.8	206.3	(89.3)	-	3,030.8	86.4	2,944.4
Unamortized Discounts:							
General obligation debt	(0.4)	-	0.1	-	(0.4)	-	(0.4)
State Building Authority	(2.7)	-	0.1	-	(2.6)	-	(2.6)
Unamortized Premiums:							
General obligation debt	82.6	-	(9.9)	-	72.7	-	72.7
Revenue dedicated debt	334.1	224.6	(40.3)	-	518.3	-	518.3
State Building Authority	280.4	23.3	(9.8)	-	293.9	-	293.9
Total bonds and notes payable	<u>\$ 6,719.3</u>	<u>\$ 1,308.3</u>	<u>\$ (524.0)</u>	<u>\$ 1.7</u>	7,505.3	400.8	7,104.5

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

	80.7	80.7	-
As reported on the Statement of Net Position	<u>\$ 7,586.0</u>	<u>\$ 481.5</u>	<u>\$ 7,104.5</u>

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

Bonds and Notes Payable

The State universities and the Michigan State Housing Development Authority (MSHDA) utilize June 30 fiscal year-ends. The Farm Produce Insurance Authority and Venture Michigan Fund (VMF) 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>Total Debt</u>		<u>All Other Debt</u>		<u>Direct Placement Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 978.2	\$ 481.3	\$ 785.0	\$ 432.0	\$ 193.1	\$ 49.3
2023	784.2	438.8	579.6	396.3	204.6	42.5
2024	754.3	409.2	609.2	372.6	145.1	36.6
2025	657.1	381.1	560.5	348.8	96.6	32.3
2026	675.1	358.7	578.3	329.7	96.8	29.0
Total five years	3,848.8	2,069.0	3,112.6	1,879.3	736.2	189.7
2027-2031	2,540.2	1,449.2	2,107.1	1,358.8	433.1	90.4
2032-2036	2,094.8	953.2	2,034.5	909.0	60.3	44.2
2037-2041	1,281.3	601.4	1,218.0	565.2	63.3	36.2
2042-2046	2,062.2	361.4	1,912.6	348.5	149.6	12.9
2047-2051	1,066.0	171.9	1,055.0	171.4	11.0	0.4
2052-2056	526.1	49.6	526.1	49.6	-	-
Thereafter	5,794.2	12.3	5,794.2	12.3	-	-
2027 - Thereafter	15,364.7	3,598.9	14,647.5	3,414.8	717.2	184.1
Total	19,213.5	\$ 5,667.9	\$ 17,760.1	\$ 5,294.1	\$ 1,453.4	\$ 373.8
Unamortized discount	(3.3)					
Unamortized premium	495.5					
Off market borrowings	35.5					
Unpaid accretion for capital appreciation bonds	(6,279.0)					
Total principal	\$ 13,462.2					

Included in the table above is \$1.0 billion of demand bonds comprised of \$618.8 million issued by MSHDA, \$300.0 million issued by the Michigan Finance Authority (MFA), and \$108.2 million issued by the State universities.

Notes Payable

As of September 30, 2021, MFA has short-term notes outstanding of \$192.7 million and long-term notes outstanding of \$168.2 million. Of the total \$360.9 million notes outstanding, \$21.7 million are direct placement notes.

As of December 31, 2020, VMF has short-term notes outstanding of \$60.0 million and long-term notes outstanding of \$130.0 million. Of the total \$190.0 million notes outstanding, all are direct borrowing notes.

As of June 30, 2021, State universities have short-term notes outstanding of \$2.4 million and long-term notes outstanding of \$14.9 million. Of the total \$17.4 million notes outstanding, \$15.5 million are direct borrowing notes.

Unrecorded Limited Obligation Debt

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

MFA issues limited obligation bonds to provide capital financing for eligible borrowers that are not part of MFA's financial reporting entity. Typically, these borrowings are repayable only from the borrowers' repayment of loans, undisbursed proceeds, and related interest earnings and MFA has no obligation for this debt. Therefore, the conduit debt obligations are not recorded as liabilities of MFA. The bonds are to finance loans to private or nonpublic, nonprofit institutions of higher education, qualified public or private educational facilities, and healthcare providers for capital improvements. As of September 30, 2021, MFA had such bonds outstanding of \$10.4 billion. Of this amount, \$1.1 billion have been defeased in substance, leaving a remaining undefeased balance of \$9.3 billion. Economic gains and accounting gains and losses, resulting from in-substance defeasance, inure to the benefit of the facility for which the bonds were issued, and accordingly are not reflected in the MFA financial statements.

The Michigan Strategic Fund (MSF) issues taxable and tax-exempt private activity bonds, formerly known as industrial development revenue bonds, which are not recorded as liabilities. The total amount of private activity bonds issued by MSF and its predecessor entity for the period January 1, 1979, through September 30, 2021, was \$12.4 billion. The amount of tax-exempt bonds issued during fiscal year 2021 was \$349.7 million. In fiscal year 2021, taxable bonds were issued in the amount of \$628.2 million by MSF under the Taxable Bond Program. These borrowings are, in substance, debts of other entities and financial transactions are handled by outside trustees.

MSHDA issues limited obligation bonds to finance multi-family housing projects. Such bonds are not general obligations of MSHDA, and MSHDA has no liability for this debt. Such bonds are secured solely by revenue and property derived from or obtained in connection with the housing projects. Thus, with the exception of limited obligation financing fees, transactions related to these bonds are not reflected in MSHDA's financial statements. At June 30, 2021, limited obligation bonds had been issued totaling \$975.6 million, of which 87 issues totaling \$821.3 million had been retired. The aggregated principal of all MSHDA outstanding debt may not exceed \$5.0 billion.

MSHDA entered into several interest rate exchange agreements for a total of \$600.5 million as of June 30, 2021, representing several bond series. In accordance with the exchange agreements, MSHDA pays fixed rates ranging from 2.7 percent to 5.4 percent.

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.

Capital Leases

This liability is described in more detail in Note 12.

Compensated Absences

This liability is described in more detail in Note 1.

Workers' Compensation

The gross amount of workers' compensation liability, \$63.6 million at September 30, 2021, has been recorded at its discounted present value of \$42.7 million, using a discount rate of approximately 8.0 percent. The present value of the current portion of this liability is \$9.5 million. In fiscal year 2021, State agencies paid reimbursement for actual workers' compensation claims and administrative fees totaling \$22.7 million.

Net Pension Liability

This liability is described in more detail in Note 10.

Net Other Postemployment Benefits (OPEB) Liability

This liability is described in more detail in Note 11.

Pollution Remediation

This liability is measured in accordance with the obligating event criteria defined in Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. The State's pollution remediation obligation at September 30, 2021, is \$192.8 million (\$42.7 million of which is the current portion). This estimate is based on professional judgment, experience, and historical cost data. Recoveries from other responsible parties, which would

Michigan
Notes to the Financial Statements

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 \$100.6 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 \$30.8 million of this total. As of September 30, 2021, there were 465 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 \$12.7 million for State-owned sites where a legal obligation exists but the GASB Statement No. 49 criteria for accruing a liability has not been met.

Financed Purchases

This liability represents contracts entered into by the Department of Transportation for the design, building, and financing of highway and highway lighting projects. The liability of \$472.3 million at September 30, 2021, represents the cost of the project completed to date less principal payments made through fiscal year 2021.

Other Claims and Judgments

The governmental activities estimated liability for other claims and litigation losses, \$1.1 billion at September 30, 2021, 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 \$639.3 million for claims adjudicated against the State for which structured settlement amounts remained unpaid by the State as of the balance sheet date 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
2022	\$ 59.1	\$ 0.5	\$ 59.6
2023	30.2	18.7	48.8
2024	15.9	18.0	33.8
2025	16.4	17.5	33.8
2026	16.9	16.9	33.8
2027-2031	92.3	76.0	168.3
2032-2036	108.4	59.9	168.3
2037-2041	127.3	41.0	168.3
2042-2046	149.5	18.8	168.3
2047	23.6	0.8	24.3
Total	<u>\$ 639.3</u>	<u>\$ 268.0</u>	<u>\$ 907.3</u>

The liability recorded for other claims and judgments within business-type activities includes overpayments by employers to the Michigan Unemployment Compensation Funds totaling \$29.6 million.

Michigan
Notes to the Financial Statements

Changes in Other Long-Term Obligations

Changes in long-term liabilities for the year ended September 30 are summarized as follows (in millions):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Governmental Activities						
Other Long-term Obligations:						
Capital lease obligations:						
Component units	\$ 164.5	\$ -	\$ 15.8	\$ 148.7	\$ 16.1	\$ 132.5
Others	255.7	30.0	35.8	249.9	31.7	218.2
Compensated absences	425.6	364.5	333.9	456.3	233.5	222.8
Workers' compensation	39.4	12.1	8.8	42.7	9.5	33.2
Net pension liability	7,496.2	164.9	13.9	7,647.1	-	7,647.1
Net OPEB liability**	9,711.7	99.5	2,079.7	7,731.5	-	7,731.5
Pollution remediation	215.5	18.5	41.2	192.8	42.7	150.1
Direct borrowing - financed purchases	242.3	233.9	3.8	472.3	4.0	468.3
Other claims and judgments	1,049.5	356.7	343.7	1,062.4	350.8	711.7
Total Governmental Activities	<u>\$ 19,600.3</u>	<u>\$ 1,280.0</u>	<u>\$ 2,876.7</u>	<u>\$ 18,003.7</u>	<u>\$ 688.3</u>	<u>\$ 17,315.4</u>
Business-type Activities						
Other Long-term Obligations:						
Lottery prize awards*	\$ 156.0	\$ 7.5	\$ 14.1	\$ 149.4	\$ 14.4	\$ 135.0
Capital lease obligations	1.1	0.8	0.1	1.9	0.1	1.8
Compensated absences	3.2	1.9	1.7	3.4	1.8	1.6
Net pension liability	43.8	0.5	0.3	44.0	-	44.0
Net OPEB liability**	59.4	0.9	13.6	46.7	-	46.7
Other claims and judgments	27.7	1.9	-	29.6	-	29.6
Total Business-type Activities	<u>\$ 291.2</u>	<u>\$ 13.6</u>	<u>\$ 29.8</u>	<u>\$ 275.0</u>	<u>\$ 16.3</u>	<u>\$ 258.7</u>

*The amounts due within one year are included with "Accounts payable and other liabilities" on the Statement of Net Position.

**Beginning balance has been restated. More detailed information can be found in Note 4.

The General Fund, other governmental, and internal service funds in which the leases are recorded will liquidate the capital lease obligations. The compensated absence and workers' compensation liabilities will be liquidated by the applicable governmental and internal service funds that account for the salaries and wages of the related employees. The net pension liabilities and net OPEB liabilities will be liquidated by the State's governmental and proprietary funds that contribute toward the pension funds, based on the statutorily required contribution rates. The pollution remediation obligation will be liquidated by the General Fund. Other claims and judgments attributable to governmental activities will generally be liquidated by the General Fund and transportation related governmental funds.

Discretely Presented Component Units

The net pension liability totaled \$791.5 million for component units, which includes \$83.0 million related to authorities participating in the State Employees' Retirement System, \$683.0 million related to State universities participating in the Public Schools Employees' Retirement System, and the remaining amount in other non-State of Michigan related retirement systems.

The net OPEB liability totaled \$154.6 million for component units, which includes \$89.0 million related to authorities participating in the State Employees' Retirement System and Postemployment Life Insurance Benefit, \$42.5 million related to State universities participating in the Public Schools Employees' Retirement System, and the remaining amount in other non-State of Michigan related retirement systems.

Component units reported unused lines of credit totaling \$84.0 million in their separately issued statements, utilizing their respective fiscal year ends.

Michigan Education Trust

Michigan Education Trust (MET) offers contracts, which for actuarially determined amounts, provide future tuition at State institutions of higher education. Contract provisions also allow the benefits to be used at private or out-of-state institutions, with the amount provided being based upon rates charged by the State's public institutions of higher education. The tuition payments are made by MET as a separate legal entity and these contracts are not considered obligations of the State. The Legislature is not obligated to provide appropriations should losses occur. The statutes and contracts provide for refunds to the participants if MET becomes actuarially unsound. Liabilities have been recorded on the Statement of Net Position for the actuarial present value of future tuition benefit obligations.

The 1988, 1989, and 1990 enrollments are known as Plans B and C. Enrollments after November 1995 are known as Plan D.

The actuarial report on the status of MET Plans B and C, as of September 30, 2021, shows the actuarial present value of future tuition obligations to be \$51.0 million, as compared to the actuarially determined market value of assets available of \$110.2 million. The actuarial assumptions used include: a projected tuition increase rate of 4.5 percent for all future years and a discount rate of 1.2 percent.

The actuarial report on the status of MET Plan D, as of September 30, 2021, shows the actuarial present value of future tuition obligations to be \$704.2 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 4.5 percent for all years and a discount rate of 5.5 percent.

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

NOTE 16 – INCOME TAX CREDITS AND REFUNDS

Income Tax Credits

The Michigan Income Tax Act provides for several types of tax credits. Some credits are accounted for as revenue reductions for financial reporting purposes while others are reported as expenditures. Revenue reductions are reported for those income tax credits that are limited by the amount of an individual's tax liability before considering such credits. To the extent these nonrefundable credits will generate future year payments, they are accrued as income tax refund liabilities together with estimated over withholdings.

Expenditures are reported for those credits which can be received even if they exceed the individual's tax liability. For these refundable credits, the substance of the transaction is that the State is making a grant payment using the income tax system as a filing and payment mechanism. The amount of credit received is not a part of the determination of tax liability. The State's property tax is the primary credit that falls into this category. Expenditures for this credit are recognized in the year the tax returns are filed and recipients claim the credit.

The following table summarizes the various credits, reported on the "Tax credits" line as an expense in the government-wide financial statements and as an expenditure in the fund financial statements at September 30 (in millions):

Property tax credits:	
General homestead	\$ 405.3
Senior citizens	283.2
Blind and disabled	57.2
Farmland preservation	46.6
Veterans	0.4
Subtotal - property tax credits	792.7
Earned income tax credit	91.8
Home heating (excluding federal share)	0.1
Total tax credits	<u>\$ 884.6</u>

Income Tax Refunds Payable

The \$1.4 billion reported as a liability on the "Income tax refunds payable" line in the government-wide and fund financial statements includes: projected refund estimates for over withholding and tax credits reported as revenue reductions; actual refunds made in October and November, and accruals for known income tax litigation losses.

NOTE 17 – TAX ABATEMENTS

The State employs a variety of tax abatements that encourage economic development within the State, or otherwise benefits Michigan citizens. A tax abatement (for financial reporting purposes) is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the State or citizens of the State. Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures, requires disclosure of certain information about tax abatement agreements. The State administers other programs and policies that reduce the taxes that an individual or entity would otherwise owe that do not meet the definition of a tax abatement as defined by GASB Statement No. 77 and are therefore not included in this disclosure.

As of September 30, the State provided tax abatements through the following programs:

Program Name	Brownfield Redevelopment Credit Program
Program purpose	The Brownfield Redevelopment Credit Program was established to encourage businesses to make an investment in eligible Michigan property that was used or is currently used for commercial, industrial, public, or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete, or blighted.
Taxes being abated	Michigan Business Tax (MBT)
Authority under which abatement agreements are entered	Public Acts 39 of 2011 Michigan Compiled Laws (MCL) Sections 125.2651 - 125.2670, 207.801 - 207.810, and 208.1437
Criteria to be eligible to receive abatements	Taxpayer enters into an agreement with the Michigan Economic Growth Authority (MEGA) and agrees to fulfill investment necessary for the demolition, construction, restoration, alteration, renovation, or improvement of buildings located in Brownfield development zones. Eligible property must be owned or leased by the taxpayer and designated in a locally approved Brownfield Plan created under the Brownfield Redevelopment Financing Act. Credits are awarded to projects that best meet criteria for selection priorities.
How taxes are reduced	Taxpayer claims a credit when filing annual tax return. Taxpayer may also file a form separate from the annual tax return to claim an accelerated and reduced payment of the credit. Credit is computed and certified by the Michigan Economic Development Corporation (MEDC).
How amount of abatement is determined	Tax liability is reduced via credit based on a formula set by law that considers the amount of eligible investment.
Provisions and conditions under which abated taxes become eligible for recapture	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. 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.
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 2021	\$24.5 million

Michigan
Notes to the Financial Statements

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 P.A. 381 of 1996 to remediate a Brownfield property must be approved by either the Michigan Department of Environment, Great Lakes, and Energy for environmental eligible activities or the Michigan Strategic Fund (MSF) for nonenvironmental eligible activities. The size and the duration of tax incentives are highly discretionary, as each is determined on a case-by-case basis by the Brownfield Redevelopment Authority of the relevant locality.
How taxes are reduced	Taxes are reduced using tax increment financing. The developer of the Brownfield property is repaid for its Brownfield related investment via capture of the increased taxable value.
How amount of abatement is determined	The amount of abatement is based on the increase in taxable value caused by redevelopment of the Brownfield property.
Provisions and conditions under which abated taxes become eligible for recapture	No provisions for recapturing abated taxes.
Types of commitments made by the recipients of the tax abatements	Adherence to Brownfield work plans for rehabilitation of Brownfield properties.
Total revenue estimated to be reduced for fiscal year 2021	\$9.4 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.

Michigan
Notes to the Financial Statements

Program Name	Farmland Preservation Credit - Corporate and Non-Corporate Program
Provisions and conditions under which abated taxes become eligible for recapture	If a parcel is released from the program, the land owner is required to repay the tax credits taken during the last seven years under the agreement, plus six percent simple interest.
Types of commitments made by the recipients of the tax abatements	Taxpayer agrees not to develop farmland for another purpose besides farming.
Total revenue estimated to be reduced for fiscal year 2021	\$55.0 million (IIT) \$1.6 million (MBT)

Program Name	Historic Preservation Credit Program
Program purpose	The Historic Preservation Credit Program was established to provide tax incentives for homeowners, commercial property owners, and businesses to rehabilitate historic resources located in Michigan. Rehabilitation projects must be certified by the State Historic Preservation Office (SHPO).
Taxes being abated	MBT IIT
Authority under which abatement agreements are entered	Public Act 39 of 2011 MCL Sections 206.266 and 208.1435
Criteria to be eligible to receive abatements	Taxpayer has a rehabilitation plan certified for the rehabilitation of a historic resource, and/or the taxpayer applies and receives confirmation from the Michigan State Housing Development Authority that the historic significance, the rehabilitation plan, and the completed rehabilitation of the historic resource meet criteria determined by the law. This credit is no longer available to new property owners and no new applications are being accepted. However, there are existing projects actively using the credit.
How taxes are reduced	Taxpayer claims a credit when filing annual tax return. Credit is computed and certified by SHPO.
How amount of abatement is determined	Tax liability is reduced via credit based on a formula set by law that considers the amount of qualified eligible investment certified by SHPO, scale of project, and whether the taxpayer is eligible for the federal Rehabilitation Credit under Section 47 of the Internal Revenue Code.
Provisions and conditions under which abated taxes become eligible for recapture	If the historic resource is sold or disposed of less than five years after being placed in service, a percentage of the credit amount previously claimed shall be added back to the tax liability of the qualified taxpayer based on the number of years the resource had been in service.
Types of commitments made by the recipients of the tax abatements	Recipient must make qualified expenditures to rehabilitate a historic resource.
Total revenue estimated to be reduced for fiscal year 2021	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.

Michigan
Notes to the Financial Statements

Program Name	MEGA Employment Credit Program
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: • 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 2021	\$413.6 million

Program Name	MEGA Poly-Silicon Energy Cost Credit Program
Program purpose	The MEGA Poly-Silicon Energy Cost Credit Program was established to stimulate the manufacturing of polycrystalline silicon to be used for solar cells and semiconductor microchips.
Taxes being abated	MBT
Authority under which abatement agreements are entered	Public Act 39 of 2011 MCL Sections 207.801 - 207.810 and 208.1432
Criteria to be eligible to receive abatements	Taxpayer enters into agreement with MEGA and agrees to construct and operate a new or expanded facility for the manufacturing of polycrystalline silicon.
How taxes are reduced	Taxes are reduced for a period of 12 years by taxpayer claiming 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 a formula set by law that considers the annual guaranteed cost of electricity and the annual projected cost of electricity.
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	Construct and operate a new or expanded facility to manufacture polycrystalline silicon to be used for solar cells and semiconductor microchips.

Michigan
Notes to the Financial Statements

Program Name	MEGA Poly-Silicon Energy Cost Credit Program
Total revenue estimated to be reduced for fiscal year 2021	This information is legally prohibited from being disclosed under MCL Section 205.28(1)(f).

Program Name	Renaissance Zone Credit - Development Program
Program purpose	The Renaissance Zone Credit - Development Program provides incentive for businesses and individuals to help revitalize a designated Renaissance Zone. Originally, Michigan Renaissance Zones were geographic regions of the State designated as virtually tax free for any business or resident presently in or moving into a Renaissance Zone for a period of up to 15 years. Since then, the Renaissance Zone Act, (P.A. 376 of 1996, as amended) has been expanded shifting away from larger geographic area designations and now focuses on project-specific and parcel-specific designations. All Renaissance Zone types receive the same benefit. As of December 31, 2011, the geographic region portion of the program is being phased out and time extensions and new geographic subzones are no longer available.
Taxes being abated	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 and conducting business activity 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 and conduct business in the Renaissance Zone and create jobs or make capital investment.
Total revenue estimated to be reduced for fiscal year 2021	\$3.5 million

Program Name	Renaissance Zone Property Tax Exemption Program
Program purpose	The Renaissance Zone Property Tax Exemption Program provides incentive for businesses and individuals to help revitalize a designated Renaissance Zone. Originally, Michigan Renaissance Zones were geographic regions of the State designated as virtually tax free for any business or resident presently in or moving into a Renaissance Zone for a period of up to 15 years. Since then, the Renaissance Zone Act (P.A. 375 of 1996, as amended) has been expanded shifting away from larger geographic area designations and now focuses on project-specific and parcel-specific designations. All Renaissance Zone types receive the same benefit. As of December 31, 2011, the geographic region portion of the program is being phased out and time extensions and new geographic subzones are no longer available.
Taxes being abated	SET

Michigan
Notes to the Financial Statements

Program Name	Renaissance Zone Property Tax Exemption Program
Authority under which abatement agreements are entered	MCL Sections 125.2681 - 125.2696 and 211.7ff
Criteria to be eligible to receive abatements	Renaissance Zone exemptions reported under GASB Statement No. 77 are limited to exemptions claimed by taxpayers with a development agreement executed between the taxpayer and MSF board or that are part of a qualified collaborative agreement. Taxpayers must be located and conducting business activity in a Renaissance Zone.
How taxes are reduced	For taxpayers with an executed development agreement, real and personal property in a Renaissance Zone is exempt from taxation under the General Property Tax Act with certain exceptions as specified in MCL 211.7ff.
How amount of abatement is determined	Property tax exemption applies to all taxes levied except for debt millage, school district sinking fund millage, independent school district enhancement millage, and special assessments.
Provisions and conditions under which abated taxes become eligible for recapture	Recapture conditions vary and only occur when expressly provided in the agreement signed by the taxpayer and MSF board.
Types of commitments made by the recipients of the tax abatements	Locate and conduct business in the Renaissance Zone and create jobs or make capital investment.
Total revenue estimated to be reduced for fiscal year 2021	\$3.9 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.

Michigan
Notes to the Financial Statements

Program Name	State Essential Services Assessment Exemption
Types of commitments made by the recipients of the tax abatements	Taxpayer must make the required personal property investment.
Total revenue estimated to be reduced for fiscal year 2021	\$7.3 million

NOTE 18 – DEFERRED COMPENSATION PLANS

The State participates in two deferred compensation plans that allow employees to defer a portion of their salary until future years. Executive Order 1999-7 transferred administrative oversight of the plans, labeled 457 and 401k after sections of the Internal Revenue Code, to the Department of Technology, Management and Budget. Day-to-day operations of the plans have been contracted to a third-party; however, the State Treasurer oversees investment options. Prior to fiscal year 2016, the 457 and the 401k deferred compensation plans were combined for reporting purposes under the heading of "State of Michigan Deferred Compensation Funds." In fiscal year 2016, the 401k deferred compensation plan was transferred to the State of Michigan 401k Plans Fund and combined with the defined contribution pension plan. As a result, the remaining 457 deferred compensation plan amounts are now included within the State of Michigan 457 Plans Fund.

Although the 457 and 401k deferred compensation plans are no longer combined for reporting purposes, the following policies still apply. 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 administrative charges, are credited to the participants proportionally, based upon their balances in the plan.

The 457 and 401k deferred compensation plans include loan provisions for State of Michigan employees. Loans to participants are recorded as assets.

NOTE 19 – INTERFUND RECEIVABLES AND PAYABLES

Primary Government

The balances of current interfund receivables and payables as of September 30 were (in millions):

Due From	Due To					Total
	General Fund	School Aid Fund	Non-Major Governmental Funds	Unemployment Compensation Funds	Pension (and Other Employee Benefit) Trust Funds	
General Fund	\$ -	\$ -	\$ -	\$ 150.1	\$ 37.3	\$ 187.4
Non-Major Governmental Funds	70.3	18.4	106.2	-	5.3	200.2
State Lottery Fund	-	28.3	-	-	0.2	28.5
Unemployment Compensation Funds	0.9	-	3.3	-	-	4.3
Non-Major Enterprise Funds	-	-	-	-	0.1	0.1
Internal Service Funds	-	-	-	-	2.0	2.0
Pension (and Other Employee Benefit) Trust Funds	-	-	-	-	0.5	0.5
Custodial Funds	0.4	-	-	-	-	0.4
Total	\$ 71.6	\$ 46.7	\$ 109.5	\$ 150.1	\$ 45.4	\$ 423.3

Interfund receivables and payables are recorded for borrowings to eliminate negative balances in the Common Cash pool, as described in Note 5, payroll liabilities for group insurance and retirement, and tax accrual distributions for taxes collected in the following fiscal year.

Included in the table above as Due to Pension (and Other Employee Benefit) Trust Funds, but not included as Due from other funds on the Combining Statement of Fiduciary Net Position Pension (and Other Employee Benefit) Trust Funds, are receivables

Michigan
Notes to the Financial Statements

from the State of Michigan's governmental funds to the State Police Retirement System (SPRS) and State Employees' Retirement System (SERS) for participant and employer contributions. Because the State of Michigan is the employer for SPRS and SERS, these receivables of \$44.9 million have been appropriately included as From participants and From employer on the Combining Statement of Fiduciary Net Position Pension (and Other Employee Benefit) Trust Funds.

Not included in the table above is the accrued interest of \$2.2 million related to an interfund advance due from the Correctional Industries Revolving Fund (an internal service fund) to the General Fund for amounts loaned for capital construction, which is not expected to be repaid within one year.

Discretely Presented Component Units

Receivables and related liabilities between the primary government and the discretely presented component units do not agree because the Michigan State Housing Development Authority and the 10 State universities have a June 30 fiscal year-end.

NOTE 20 – INTERFUND COMMITMENTS

Mackinac Bridge Authority

Mackinac Bridge Authority (MBA), a discretely presented component unit, has over the years received \$75.3 million of subsidies, including \$12.3 million for operations and \$63.0 million for debt service. These subsidies were provided by the State Trunkline and Michigan Transportation funds, respectively.

State statutes require that MBA continue charging bridge tolls and begin repaying the State funds for the subsidies provided. These repayments are to continue until such time as the subsidies have been completely returned. MBA has not recorded a liability and the State funds have not recorded receivables for these subsidies because: the reimbursements are contingent upon future net revenues, there is no repayment schedule, and the repayment commitment is long-term and budgetary in nature. Repayments may be authorized by MBA, after consideration of MBA's annual needs for its operations and planned repairs and improvements.

As of September 30, 2021, MBA has repaid a total of \$17.3 million of the advance from the Michigan Transportation Fund, leaving a balance of \$45.7 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	Unemployment Compensation Funds	
General Fund	\$ -	\$ 53.4	\$ 400.6	\$ 150.0	\$ 604.0
School Aid Fund	-	-	110.5	-	110.5
Non-Major Governmental Funds	49.3	90.5	1,921.7	-	2,061.5
State Lottery Fund	5.9	1,419.8	1.3	-	1,427.0
Unemployment Compensation Funds	-	-	49.4	-	49.4
Non-Major Enterprise Funds	313.8	-	-	-	313.8
Internal Service Funds	4.1	-	-	-	4.1
Fiduciary Funds	106.1	-	-	-	106.1
Total	<u>\$ 479.2</u>	<u>\$ 1,563.7</u>	<u>\$ 2,483.4</u>	<u>\$ 150.0</u>	<u>\$ 4,676.4</u>

Transfers are used to 1) move revenues from the fund that statute requires to collect them to the fund that statute requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, 3) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, 4) move profits from the Liquor Purchase Revolving Fund and the State Lottery Fund as required by law, and 5) transfer accumulated surpluses from other funds to the General Fund when authorized by statute.

NOTE 22 – FUND DEFICITS

Primary Government

Governmental Funds reporting a fund balance deficit:

The Advance Financing Funds, a capital projects fund, had a fund balance deficit of \$31.0 million. The fund deficit was caused by expenditures for projects for which bonds have not yet been issued 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 \$56.8 million. The fund deficit resulted because the issuance of commercial paper represents a fund liability and the corresponding construction projects are not reported as assets in the fund.

Proprietary Funds reporting a net position deficit (in millions):

Enterprise Funds:		
State Lottery Fund	\$	33.8
Liquor Purchase Revolving Fund		37.2
Internal Service funds:		
Information Technology Fund		570.7
Motor Transport Fund		9.7

The fund deficits above are primarily attributable to the allocation of the net pension and other postemployment benefits (OPEB) liabilities related to the State Employees' Retirement System (SERS) and total OPEB liability related to the Postemployment Life Insurance Benefit (PELIB) plan. Because these funds make contributions to SERS and the PELIB plan, a portion of the applicable liabilities must be allocated to the fund with the allocation being based on required contributions from each fund's payroll.

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	\$ 186.6	\$ -	\$ -	\$ -	\$ 19.9	\$ -	\$ 206.6
Long term notes/receivables	31.6	-	-	-	-	-	31.6
Permanent principal	0.5	-	272.5	-	-	871.1	1,144.0
Restricted							
General government	137.6	-	11.8	-	-	-	149.4
Education	18.9	2,971.6	-	99.9	-	-	3,090.4
Public safety and corrections	50.6	-	2.7	-	-	22.8	76.1
Conservation, environment, recreation, and agriculture	389.2	-	427.9	1.7	-	379.2	1,197.9
Health and human services	28.2	-	2.1	-	-	7.1	37.4
Transportation	-	-	241.8	-	2,870.7	-	3,112.6
Labor, commerce, and regulatory	205.5	-	77.2	-	-	-	282.7
Other purposes	-	-	-	43.6	-	-	43.6
Committed							
General government	1,853.3 *	-	301.6	-	-	-	2,155.0
Education	40.7	-	0.2	-	-	-	40.9
Public safety and corrections	400.2	-	-	-	-	-	400.2
Conservation, environment, recreation, and agriculture	228.8	-	-	-	-	-	228.8
Health and human services	260.1	-	-	-	-	-	260.1
Transportation	29.6	-	-	-	-	-	29.6
Labor, commerce, and regulatory	127.1	-	-	-	-	-	127.1
Assigned							
General government	16.2	-	-	-	-	-	16.2
Education	0.6	-	-	-	-	-	0.6
Public safety and corrections	35.4	-	-	-	-	-	35.4
Conservation, environment, recreation, and agriculture	30.9	-	-	-	-	-	30.9
Health and human services	36.4	-	-	-	-	-	36.4
Labor, commerce, and regulatory	11.7	-	-	-	-	-	11.7
Unassigned	4,362.8	-	-	-	(87.8)	-	4,275.0
Total Fund Balances	<u>\$ 8,482.8</u>	<u>\$ 2,971.6</u>	<u>\$ 1,337.9</u>	<u>\$ 145.1</u>	<u>\$ 2,802.8</u>	<u>\$ 1,280.1</u>	<u>\$ 17,020.3</u>

* \$1.4 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	\$ 3.9	\$ 3,729.4	\$ 3,733.3
Construction and debt service	97.6	1.7	99.3
Public safety and corrections	47.7	5.6	53.3
Conservation, environment, recreation, and agriculture	496.9	478.8	975.7
Health and human services	24.2	33.0	57.2
Transportation	-	1,459.9	1,459.9
Labor, commerce, and regulatory	282.8	0.3	283.1
Other purposes	144.9	12.9	157.8
Funds Held as Permanent Investments:			
Expendable	-	409.0	409.0
Nonexpendable	-	871.1	871.1
Total Restricted Net Position - Governmental	<u>\$ 1,098.0</u>	<u>\$ 7,001.7</u>	<u>\$ 8,099.7</u>
Business-type Activities:			
Restricted For:			
Unemployment compensation	\$ 1,168.2	\$ -	\$ 1,168.2
Other purposes	-	5.0	5.0
Total Restricted Net Position - Business-type	<u>\$ 1,168.2</u>	<u>\$ 5.0</u>	<u>\$ 1,173.2</u>
Total Primary Government:			
Restricted For:			
Education	\$ 3.9	\$ 3,729.4	\$ 3,733.3
Construction and debt service	97.6	1.7	99.3
Public safety and corrections	47.7	5.6	53.3
Conservation, environment, recreation, and agriculture	496.9	478.8	975.7
Health and human services	24.2	33.0	57.2
Transportation	-	1,459.9	1,459.9
Unemployment compensation	1,168.2	-	1,168.2
Labor, commerce, and regulatory	282.8	0.3	283.1
Other purposes	144.9	17.9	162.8
Funds Held as Permanent Investments:			
Expendable	-	409.0	409.0
Nonexpendable	-	871.1	871.1
Total Restricted Net Position - Primary Government	<u>\$ 2,266.2</u>	<u>\$ 7,006.7</u>	<u>\$ 9,272.9</u>

NOTE 24 – DISAGGREGATION OF PAYABLES

The line “Current Liabilities: Accounts payable and other liabilities,” as presented on the government-wide Statement of Net Position as of September 30 consisted of the following (in millions):

	General Fund	School Aid Fund	Non-Major Governmental Funds	Other Funds	State Lottery Fund	Michigan Unemployment Compensation Funds	Non-Major Enterprise Funds	Total
Medicaid Programs	\$ 1,818.7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,818.7
Non-Medicaid Health and Human Services Programs	709.1	-	0.3	-	-	-	-	709.3
Transportation Programs	-	-	681.6	-	-	-	-	681.6
School Aid Programs	-	207.3	-	-	-	-	-	207.3
Other State Programs	688.0	-	124.5	-	-	-	-	812.5
Merit Award Scholarships	-	-	1.1	-	-	-	-	1.1
Payroll and Withholdings	246.7	-	16.3	-	0.5	-	0.3	263.9
Tax Refunds other than Income Tax	110.5	19.3	4.4	-	-	-	-	134.2
Unearned Receipts	258.8	-	2.6	-	-	-	-	261.4
Amounts Held for Others	23.2	-	46.0	-	3.7	-	-	72.8
Capital Projects - Non-Transportation	-	-	29.7	-	-	-	-	29.7
Prize Awards	-	-	-	-	184.1	-	-	184.1
Liquor Purchase	-	-	-	-	-	-	143.4	143.4
Unemployment Payments	-	-	-	-	-	600.9	-	600.9
Internal Service Fund Liabilities	-	-	-	122.1	-	-	-	122.1
Due to Fiduciary Funds *	-	-	-	44.9	-	-	-	44.9
Miscellaneous	-	-	-	-	23.6	-	0.6	24.2
Total	<u>\$ 3,854.9</u>	<u>\$ 226.6</u>	<u>\$ 906.5</u>	<u>\$ 167.0</u>	<u>\$ 211.9</u>	<u>\$ 600.9</u>	<u>\$ 144.3</u>	<u>\$ 6,112.1</u>

* This amount represents amounts due to fiduciary funds that are reclassified as external payables on the government-wide Statement of Net Position.

Effective January 1, 2008, the State replaced the Single Business Tax with the Michigan Business Tax (MBT). Effective January 1, 2012, the MBT was replaced by the Corporate Income Tax. However, a small number of taxpayers with certificated credits may continue to file under the MBT provisions until their credits expire. Beginning in fiscal year 2008, the State did not estimate a business tax liability on the accrual basis of accounting due to the lack of information. The State is still unable to estimate an accrual because the data needed to compare tax payments received to the total tax liability is not available. Therefore, any potential tax refunded (payable), or tax overpayments that will be applied by taxpayers against subsequent tax liability periods (carried forward), is not measurable and has not been recorded in this fiscal year.

NOTE 25 – CONTINGENCIES AND COMMITMENTS

Primary Government

Litigation

In the government-wide and proprietary fund financial statements, the State accrues liabilities related to significant legal proceedings if a loss is probable and reasonably estimable. In the governmental fund financial statements, liabilities are accrued when cases are settled and the amount is due and payable.

The State is a party to various legal proceedings seeking damages, injunctive, or other relief. In addition to routine litigation, certain of these proceedings could, if unfavorably resolved from the point of view of the State, substantially affect State programs or finances. These lawsuits involve programs generally in the areas of corrections; tax collection; and commerce and budgetary reductions to school districts and governmental units. Relief sought generally includes damages in tort cases, improvement of prison medical and mental health care and refund claims for State taxes. The State is also a party to various legal proceedings that, if resolved in the State's favor, would result in contingency gains to the State, but without material effect upon fund balance/net position. The ultimate dispositions and consequences of all of these proceedings are not presently determinable, but such ultimate dispositions and consequences of any single proceeding or all legal proceedings collectively should not themselves, except as listed below, in the opinion of the Attorney General of the State and the State Budget Office, have a material adverse effect on the State's financial position. Those lawsuits pending which may have a significant impact or substantial effect on State programs or finances, if resolved in a manner unfavorable to the State, include the following:

In re Flint Water Cases (formerly known as Melisa Mays v Governor Snyder): The State of Michigan, Governor Snyder, Department of Environmental Quality (DEQ), Department of Health and Human Services (DHHS) and various other State

employees, officers, and boards have been sued in approximately 90 lawsuits arising out of the Flint Water Crisis. Plaintiffs allege that the State defendants are responsible for a decision to use the Flint River as the drinking water source, which caused them to be exposed to contaminated water. According to plaintiffs, DEQ failed to order Flint to properly treat the drinking water, which allegedly caused the plaintiffs to be exposed to unsafe levels of lead and to legionella bacteria. Plaintiffs also allege DHHS failed to warn plaintiffs of the increased exposure to lead and to legionella. Over 2,700 individuals have filed notices of intent against the State defendants in the Court of Claims. Multiple individual and class actions have been filed against the State defendants seeking injunctive relief and monetary damages arising out of claims for bodily injury, property damage, statutory violations, and infringement of constitutional rights. The State has entered into a \$600.0 million settlement with the plaintiffs, which received final approval from the district court on November 10, 2021. The State will pay that amount by annual appropriations over the next 30 years. The first annual appropriation was made for fiscal year 2022. A summary of structured settlement obligations and related interest is included in Note 15. Although that settlement should resolve the vast majority of claims, the possibility exists that individuals who opt-out or walk-away from the settlement will pursue future claims against the State.

Concerned Pastors for Social Action et al v Nick Khouri et al: On January 27, 2016, plaintiffs filed suit against defendants in a lawsuit arising out of the Flint Water Crisis. A settlement agreement was reached on March 27, 2017. As a part of the settlement agreement the State is required to allocate \$87.0 million from a combination of State and federal funding sources to reimburse the City of Flint through calendar year 2020 for costs related to identifying service line materials and replacing lead and galvanized steel service lines. Of the \$87.0 million, \$20.0 million will originate from federal funds under the Water Infrastructure Improvements for the Nation Act (WIIN) and \$20.0 million will be from State matching funds related to the WIIN federal funds. The remaining \$47.0 million is required to be allocated by the State from sources other than WIIN. In addition, the State is required to reserve an additional \$10.0 million in federal WIIN funds in the event that the \$87.0 million in allocated funds do not cover all costs. As of the fiscal year ended September 30, 2021, the State has expended approximately \$89.8 million in funds for service line replacements. Other components of the settlement agreement require the State to conduct the following activities until all lead service lines are replaced: provide tap water monitoring; perform filter installation, maintenance and education activities; and continue to operate and maintain funding at current levels for several existing programs. It is expected that an additional \$7.6 million will be paid by December 2022. This amount includes additional funds the State allocated for service line replacement.

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, 2021, the State has recognized a liability of \$31.4 million in the government-wide statements. In addition, the State had been notified of disallowances and identified potential disallowances totaling approximately \$403.2 million for which the State believes the possibility of full repayment is reasonably possible. The State estimates that any additional disallowances of recognized revenue will not be material to the general purpose financial statements.

Michigan Unemployment Compensation Fund

The ongoing Coronavirus pandemic has had an economic impact on the United States and the international community, significantly impacting unemployment across the country. The extent of the ultimate impact of the pandemic on the Unemployment Insurance Agency's (UIA) operational and financial performance will depend on various developments, including duration and spread of the outbreak and its impact on contributing employers and claimants, all of which cannot be reasonably predicted at this time.

In early March 2020, the Coronavirus pandemic had 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) programs. The PUA program in particular covered workers who were not previously covered by unemployment insurance. These programs were all extended during 2021. During the fiscal year ended September 30, 2021, UIA paid approximately \$14.4 billion in unemployment benefits (including approximately \$1.5 billion in regular unemployment benefits and approximately \$12.9 billion under federal programs) to over 1.2 million claimants.

The LWA program requires states to reimburse the Federal Emergency Management Agency (FEMA) for any overpayments that are not attributable to claimant error. Unlike other federal programs, this reimbursement must be made when the period of performance ends and the LWA program is closed. UIA estimates a potential liability exceeding \$170.0 million that will need to be returned to FEMA during fiscal year 2022. The repayment of overpaid LWA claims is a national issue impacting states that administered the LWA program.

In the opinion of management, reimbursement requirements will not have a material effect on the financial position of the Michigan Unemployment Compensation Fund (Compensation Fund). Reimbursement for these potential liabilities cannot be

made from the Unemployment Insurance Trust Fund, thus other State funds must be appropriated. The State funding source utilized would then be reimbursed from subsequent collection activity on the associated overpayments.

Due to the speed of implementation of these new programs, the expanded eligibility 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 (identity theft) 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.

The total amount of fraudulent benefits issued by UIA will not be known until all of the suspected cases have been thoroughly investigated. As of November 1, 2021, UIA had over 544,000 open potential fraud investigation cases attributable to the pandemic period. Approximately 90.0 percent of these cases involve PUA claims. As of December 2021, over \$4.0 billion in new restitution receivables has been established. All collection tools available to UIA will be utilized to recover these overpayments; however, most of the losses associated with identity theft claims are unlikely to be recovered. Losses attributable to federal funds appropriated by the Coronavirus Aid, Relief, and Economic Security Act would have no impact on the health of the Compensation Fund. The State of Michigan made a \$150.0 million voluntary payment to the fund to mitigate some of the impact of the pandemic activity.

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 during the year but pending staff review were recorded to an accrued payable account pending resolution. As of September 30, 2021, the gross accrued benefits payable to claimants pending review was approximately \$273.0 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 downward by approximately \$110.0 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 (which are ultimately revenue neutral to UIA), this adjustment has had no impact on the Compensation Fund's net position.

Gain Contingencies

Certain contingent receivables related to 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 the PMs from Michigan's claims that the 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 the 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 the 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 the PMs to make their payments by April 15 of each year, in perpetuity, with Michigan receiving an allocable share of 4.3519476 percent of the total.

In December 2012, the State of Michigan along with over 20 other states signed the term sheet settlement; an agreement in principle designed to settle litigation over the application and interpretation of the Nonparticipating Manufacturers (NPM) adjustment and diligent enforcement provisions of the MSA. As a result of the term sheet, the uncertainty regarding the State's disputed payment account and whether the State was diligently enforcing its collection obligations pursuant to the MSA during years 2003 through 2012 was substantially eliminated. The State of Michigan avoided any further reduction of its tobacco payments for those years, and the State's share of those funds was released.

In October 2017, the parties to the term sheet settlement formalized their 2012 understanding by signing the NPM Adjustment Settlement Agreement, which provided a more definitive framework for avoiding similar disputes in subsequent years but retains the potential for additional diligent enforcement-based adjustments after 2017.

On various dates between June 14, 2018 and November 27, 2018, the initial 26 states (including Michigan) that had joined the NPM Adjustment Settlement Agreement executed the 2016 and 2017 NPM Adjustments Settlement Agreement, which extended the terms of the earlier NPM Adjustment Settlement Agreement to apply to tobacco sales years 2016 and 2017.

On various dates between August 1, 2020 and September 4, 2020, 36 states (including Michigan) that joined the NPM Adjustment Settlement Agreement and the 2016 and 2017 NPM Adjustments Settlement Agreement, executed the 2018 through

2022 NPM Adjustments Settlement Agreement, extending the terms of the two earlier agreements to apply to tobacco sales years 2018 through 2022.

In April 2021, the State of Michigan received an annual payment of \$312.1 million pursuant to the terms of the tobacco MSA. This figure represents a combined total of the amounts received by the Michigan Department of Treasury Receipts Processing Division and the Trustee for the Michigan Tobacco Settlement Finance Authority, which receives 24.11 percent of Michigan's annual MSA payment pursuant to Michigan Compiled Law (MCL) 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 2022, but is expected to exceed \$250.0 million.

Opioid Litigation: The State of Michigan has gain contingencies through litigation against opioid manufacturers, wholesale distributors, and pharmacies. Wholesale drug distributors McKesson Corporation, AmerisourceBergen Corporation, and Cardinal Health, Inc. were sued by the State of Michigan in State court for their role in the ongoing opioid epidemic. Specifically, these companies were sued under negligence and public nuisance theories. Nationally, these companies were sued by many governments and those cases were combined into a federal multidistrict litigation (MDL). A national settlement is pending with these companies. Michigan is planning to participate in that settlement.

Janssen, an opioid manufacturer and subsidiary of Johnson and Johnson, was sued by many governments for its role in the opioid epidemic. These cases were combined into a federal MDL. Subsequently, a national settlement was reached and is still pending. Michigan is planning to participate in that settlement.

Purdue Pharmaceutical, an opioid manufacturer, was sued by many governments for its role as the progenitor of the opioid epidemic. These cases were combined into a federal MDL. Subsequently, Purdue Pharmaceutical filed for chapter 11 bankruptcy. A restructuring plan was reached but was appealed. The appeal of this matter is still pending. Michigan is a creditor and stands to recover under this bankruptcy.

Mallinckrodt Pharmaceutical, an opioid manufacturer, was sued by many governments for its role in the opioid epidemic. These cases were combined into a federal MDL. Subsequently, Mallinckrodt Pharmaceutical filed for chapter 11 bankruptcy. A restructuring plan was reached but is still pending. Michigan is a creditor and stands to recover under the debtor's plan.

Walgreens, Inc., a pharmacy, was sued by the State of Michigan in State court for their role in the ongoing opioid epidemic. Specifically, Walgreens was sued under negligence, public nuisance, and drug dealer liability theories. Trial is currently scheduled for October 2022. Nationally, these companies were sued by many governments and those cases were combined into a federal MDL. Trials are scheduled for these federal matters. No settlements are currently pending.

It is impossible to calculate with precision the total amount the State of Michigan will receive as a result of opioid litigation. Additional settlements that are not listed here may arise in the future as this litigation develops.

Contingent Liability for Local School District Bonds

Article 9, Section 16, of the Michigan Constitution resulted in a contingent liability for the bonds of any school district which are "qualified" by the State Treasurer. If, for any reason, a qualified school district will be, or is, unable to pay the principal and interest on its qualified bonds when due, the school district shall borrow, and the State shall lend to it, any amount necessary for the school district to avoid a default on its qualified bonds. In the event that adequate funds are not available in the School Loan Revolving Fund to make such a loan, the State is required to make loans from the General Fund. As of September 30, 2021, the principal amount of qualified bonds outstanding was \$14.1 billion. Total debt service requirements on these bonds including interest will be approximately \$1.7 billion in 2022. 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, 2021, is \$429.5 million. Interest due on these loans as of September 30, 2021, is \$33.3 million.

Michigan Economic Growth Authority (MEGA) Tax Credits, Poly-Silicon Energy Cost Credit, and Historic Preservation Credit Program

MEGA tax credits are awarded to businesses that commit to making capital investments that create and/or retain jobs in Michigan. During fiscal year 2015, a number of amendments were made to the MEGA Tax Credit Program that will cap and reduce the liability in future years.

The MEGA poly-silicon energy cost credit was established to stimulate the manufacturing of polycrystalline silicon to be used for solar cells and semiconductor microchips. The law allows a refundable credit awarded before 2009 to be claimed for a period of 12 years starting in 2012 (tax years 2012 – 2023).

The Historic Preservation Credit Program was established to provide tax incentives for homeowners, commercial property owners, and businesses to rehabilitate historic resources located in Michigan. The law allows the credit to be claimed as either a refundable accelerated credit or a non-refundable credit. Like other certificated credits, beginning January 1, 2012, the historic preservation credit is only available to taxpayers who had approved rehabilitation plans by December 31, 2011, but had not fully claimed the credit before January 1, 2012.

Michigan
Notes to the Financial Statements

As of September 30, 2021, an estimated \$4.6 billion in MEGA tax credits, poly-silicon energy cost credits, and historic preservation credits remained outstanding. The amount of MEGA tax credits, poly-silicon credits and historic preservation credits expected to be redeemed is estimated at \$576.5 million in fiscal year 2022; \$524.1 million in fiscal year 2023; \$508.9 million in fiscal year 2024; and the remainder in subsequent fiscal years. The State has recognized a liability of \$17.7 million in the government-wide statements. The liability represents certificated credits, eligible to be claimed, and not yet claimed as of December 1, 2021.

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, 2021, an estimated \$41.1 million in brownfield tax credits remained outstanding. The amount of brownfield tax credits expected to be redeemed is estimated at \$19.3 million in fiscal year 2022; \$0.0 in fiscal year 2023; \$9.0 million in fiscal year 2024; and the remainder in subsequent fiscal years. The State has recognized a liability of \$14.8 million in the government-wide statements. The liability represents certificated credits, eligible to be claimed, and not yet claimed as of December 1, 2021.

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, 2021, these commitments equaled \$2.8 billion; a portion of this balance, \$152.9 million, has been encumbered.

Encumbrance balances are comprised of grant agreements and other contracts the State has entered into with vendors for services or goods not yet performed or received as of year-end. A portion of these commitments will be funded with current fund balances. These amounts are included on the face of the financial statements in the restricted, committed, and assigned fund balance classifications. Resources provided by future bond proceeds, taxes, federal grants, and local and private revenues will fund the remaining commitments. The following table shows total governmental fund encumbrances as of September 30 (in millions):

	General Fund	School Aid Fund	Other Funds	Total
Restricted				
Education	\$ 7.3	\$ 5.6	\$ -	\$ 13.0
Public safety and corrections	21.3	-	-	21.3
Conservation, environment, recreation and agriculture	150.4	-	89.2	239.6
Health and human services	47.9	-	0.1	48.0
Transportation	-	-	639.2	639.2
Labor, commerce, and regulatory	34.0	-	16.9	50.9
General government	12.6	-	0.2	12.8
Committed				
Education	0.5	-	1.1	1.6
Public safety and corrections	24.9	-	-	24.9
Conservation, environment, recreation and agriculture	57.3	-	-	57.3
Health and human services	5.5	-	-	5.5
Transportation	18.1	-	-	18.1
Labor, commerce, and regulatory	25.7	-	-	25.7
General government	56.9	-	85.8	142.7
Assigned				
Education	0.6	-	-	0.6
Public safety and corrections	35.6	-	-	35.6
Conservation, environment, recreation and agriculture	37.1	-	-	37.1
Health and human services	37.0	-	-	37.0
Transportation	-	-	-	-
Labor, commerce, and regulatory	11.7	-	-	11.7
General government	16.6	-	-	16.6
Total Encumbrances	<u>\$ 600.9</u>	<u>\$ 5.6</u>	<u>\$ 832.5</u>	<u>\$ 1,439.1</u>

Discretely Presented Component Units

Student Loan Guarantees

The Michigan Guaranty Agency (MGA), a fiduciary fund of the Michigan Finance Authority, is contingently liable for student loans made by financial institutions that qualify for guaranty. The State, other than MGA, is not liable for these loans. The default ratio for loans guaranteed by MGA is below 5.0 percent for the fiscal year ended September 30, 2021. 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 \$179.2 million as of September 30, 2021. 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, 2021.

Multi-Family Mortgage Loans

As of June 30, 2021, the Michigan State Housing Development Authority (MSHDA) has commitments to issue multi-family mortgage loans in the amount of \$261.4 million and single-family mortgage loans in the amount of \$56.3 million.

MSHDA has committed up to approximately \$1.1 million per year for up to 30 years from the date of completion of the respective developments (subject to three years advance notice of termination) from its accumulated reserves and future income to subsidize operations or rents for certain tenants occupying units in certain developments funded under MSHDA's multi-family program.

In addition, MSHDA makes available up to approximately \$1.0 million per year for up to 30 years to subsidize rents in a similar fashion for 20.0 percent of the units in certain other developments financed or to be financed under MSHDA's multi-family mortgage lending program.

NOTE 26 – RISK MANAGEMENT

Primary Government

General

The State has elected not to purchase commercial insurance for many of the risks of losses to which it is exposed. The State is self-insured for most general liability and property losses, portions of its employee insurance benefit and employee bonding programs, automobile liability, and workers' compensation and unemployment compensation claims. Areas of risk where some level of insurance coverage is purchased include: aircraft liability, property and loss rental insurance that may be required by bond or lease agreements, portions of the State employee insurance benefits program, certain State artifacts, builder's risk coverage, boiler and machinery coverage, and employee bonding. Settled claims have not exceeded commercial coverage in any of the past ten fiscal years.

The State has established two internal service funds, which are described below, to account for certain aspects of the risk management program. Fund expenditures (expenses) are recognized in the paying funds in a manner similar to purchased commercial insurance. For other uninsured losses not covered by an internal service fund program, such as general liability and property losses, the State recognizes fund liabilities in the fund incurring the loss as follows: governmental funds record an expenditure when a loss is due and payable; proprietary funds record an expense when it is probable that a loss has occurred, and the amount can be reasonably estimated. As explained more fully in Note 15, losses for workers' compensation and certain types of litigation losses have been recognized as liabilities in the government-wide financial statements.

For unemployment claims, the Unemployment 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 2021, expenditures for payments to former State employees (not including university employees) totaled \$28.2 million. This includes both current year charges as well as adjustments to prior year charges which were either reclassified as unbillable to State agencies due to pandemic-related executive orders or offset by federal reimbursement under the Coronavirus Aid, Relief, and Economic Security Act programs. 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, employee bonding, and automobile liability, follow accounting standards established by the Governmental Accounting Standards Board. This results in a reporting which is very similar to that used in the private insurance industry. The various component programs within the two funds may incur deficits during a given year, but each program's surplus and unrestricted net position balance is considered in calculating future charges or benefit levels.

Risk Management Fund

This fund was established during fiscal year 1990 to account for insurance management activities implemented within the Department of Technology, Management and Budget. The automobile liability and administrative functions are accounted for as operating activities of this fund. Expenses and liabilities for claims, including incurred but not reported or not processed claims, have been recorded in the amount of \$8.0 million. This includes a long-term portion, which is recorded at \$5.0 million.

Michigan
Notes to the Financial Statements

Changes in the Risk Management Fund's claims for automobile liability for the fiscal years ending September 30, 2021 and 2020 are as follows (in millions):

	<u>2021</u>	<u>2020</u>
Balance - beginning	\$ 6.9	\$ 5.2
Current year claims and changes in estimates	1.9	3.7
Claim payments	<u>(0.8)</u>	<u>(2.0)</u>
Balance - ending	<u>\$ 8.0</u>	<u>\$ 6.9</u>

The Risk Management Fund also has general liability insurance with \$0.9 million recorded in long-term liabilities. General liability insurance amounts were previously reported as part of the Fund's automobile liability. The combined total for the automobile liability and general liability insurances is \$9.0 million in 2021 and \$7.8 million in 2020.

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, 2021 and 2020 are as follows (in millions):

	<u>2021</u>	<u>2020</u>
Balance - beginning	\$ 39.4	\$ 46.8
Current year claims and changes in estimates	12.1	3.0
Claim payments	<u>(8.8)</u>	<u>(10.4)</u>
Balance - ending	<u>\$ 42.7</u>	<u>\$ 39.4</u>

Workers' compensation is further described in Note 15.

State Sponsored Group Insurance Fund

The Department of Technology, Management and Budget and the Civil Service Commission use this fund to account for employee benefit programs, which are largely self-funded. Expenses and liabilities for claims, which include incurred but not reported or not processed benefit claims, based on preliminary estimates from the plan administrators, have been recorded as liabilities in the amount of \$125.2 million. This includes a long-term portion, which is recorded at a discounted present value of \$87.5 million. For all claims incurred prior to October 1, 2021, 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 \$41.9 million at September 30, 2021. Unrestricted net position totaled \$250.4 million at September 30, 2021.

Changes in the State Sponsored Group Insurance Fund's claims liability for employee benefit programs for the fiscal years ending September 30, 2021 and 2020 are as follows (in millions):

	<u>2021</u>	<u>2020</u>
Balance - beginning	\$ 127.3	\$ 131.1
Current year claims and changes in estimates	765.2	727.2
Claim payments	<u>(767.4)</u>	<u>(730.9)</u>
Balance - ending	<u>\$ 125.2</u>	<u>\$ 127.3</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 damage commonly covered by insurance. Loss coverages for comprehensive general liability and property 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. For all policy years through June 30, 1993, errors and omissions coverage was structured on a two-layer basis with no excess insurance provided. Effective July 1, 1993, MUSIC obtained excess insurance coverage from commercial carriers covering the third layer. For automobile liability there is no member retention. Comprehensive general liability, property, and automobile liability coverage is provided on an occurrence basis; errors and omissions coverage is provided on a claims-made basis.

NOTE 27 – PLEDGED REVENUES

As authorized by legislation, certain revenues of the primary government are pledged to secure debt of the State's discretely presented component units, and to pay the debt service on those bond issuances. In 2006, the Michigan Tobacco Settlement Finance Authority (MTSFA) was created to issue tobacco settlement bonds, the proceeds of which were used to provide funding for the 21st Century Jobs Trust Fund, as well as the School Aid Fund, the General Fund, and a reserve fund. MTSFA was reported as a blended component unit of the State; MTSFA subsequently was transferred by Executive Order 2010-2 to the Michigan Finance Authority (MFA), a discretely presented component unit of the State. The bonds were securitized by a portion of the State's Tobacco Settlement Revenues (TSRs), which were payable to the State under the Master Settlement Agreement entered into by participating cigarette manufacturers in 1998. Beginning April 1, 2008, 13.3 percent of the State's share of the TSRs was pledged to pay tobacco settlement bonds issued in 2006; beginning April 1, 2010, 10.8 percent of TSRs was pledged to pay tobacco settlement bonds issued as part of the 2007 tobacco securitization. From 2018-2025, the State's share of the settlement is \$348.3 million per year. The actual amount received by the State is less, and is affected by market and other factors related to cigarette manufacturing.

For the period ended September 30, 2021, the State's pledged revenue to MFA was \$75.2 million. A total amount of \$74.9 million was received in MFA's tobacco settlement debt service fund to contribute to annual debt service requirements of \$67.4 million. Shortfalls in the receipt of pledged revenue are made up by investment income if available or other resources; debt service on these bonds is payable solely from pledged TSRs.

NOTE 28 – DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The following table provides additional detail regarding deferred outflows of resources and deferred inflows of resources reported on the government-wide Statement of Net Position (in millions):

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
Deferred Outflows of Resources:				
Accumulated decrease in fair value of hedging derivative instruments	\$ -	\$ -	\$ -	\$ 109.7
Refunding of debt	37.3	-	37.3	104.1
Pension Related:				
Differences between expected and actual experience	31.9	-	31.9	0.7
Changes of assumptions	83.4	-	83.4	1.4
Net difference between projected and actual earnings on pension plan investments	23.1	0.1	23.2	1.0
Contributions subsequent to the measurement date	715.7	4.4	720.1	41.2
Total Pension Related	854.0	4.5	858.5	44.3
Other Postemployment Benefits (OPEB) Related:				
Differences between expected and actual experience	0.5	-	0.5	9.3
Changes of assumptions	1,674.6	10.4	1,685.0	58.1
Net difference between projected and actual earnings on OPEB plan investments	36.1	0.2	36.3	1.1
Changes in proportion and differences between contributions and proportionate share of contributions	43.4	1.2	44.5	7.8
Contributions subsequent to the measurement date	845.9	5.4	851.3	29.0
Total OPEB Related	2,600.5	17.2	2,617.6	105.4
Total Deferred Outflows of Resources	\$ 3,491.7	\$ 21.7	\$ 3,513.4	\$ 363.5
Deferred Inflows of Resources:				
Loan origination fees	\$ -	\$ -	\$ -	\$ 21.9
Refunding of debt	12.3	-	12.3	7.0
Irrevocable split-interest agreements	-	-	-	37.2
Service concession arrangements	-	-	-	114.3
Pension Related:				
Differences between expected and actual experience	0.3	-	0.3	0.6
Changes of assumptions	-	-	-	3.4
Net difference between projected and actual earnings on pension plan investments	0.7	-	0.7	9.6
Total Pension Related	1.1	-	1.1	13.6
OPEB Related:				
Differences between expected and actual experience	3,397.0	21.2	3,418.3	61.3
Changes of assumptions	57.1	0.4	57.5	71.6
Net difference between projected and actual earnings on OPEB plan investments	-	-	-	0.1
Changes in proportion and differences between contributions and proportionate share of contributions	57.5	3.4	60.9	14.2
Total OPEB Related	3,511.7	25.0	3,536.7	147.2
Total Deferred Inflows of Resources	\$ 3,525.1	\$ 25.0	\$ 3,550.1	\$ 341.1

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	\$ 3,509.0	\$ 742.8	\$ 22.0	\$ 4,273.7
Tobacco settlement receivables	13.1	-	154.0	167.1
School loan revolving program	33.3	-	-	33.3
Other	4.8	-	33.5	38.3
Total deferred inflows of resources	\$ 3,560.3	\$ 742.8	\$ 209.4	\$ 4,512.5

Service Concession Arrangements

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

NOTE 29 – SUBSEQUENT EVENTS

Short-Term Borrowing

On October 7, 2021, the State Building Authority (SBA) issued \$89.0 million of commercial paper notes bearing an interest rate of 0.1 percent. The notes matured on January 20, 2022.

On January 20, 2022, SBA issued \$149.4 million of commercial paper notes bearing an interest rate of 0.2 percent. The notes mature on April 28, 2022.

Short-Term Borrowing – Discretely Presented Component Units

Subsequent to June 30, 2021, the Michigan State Housing Development Authority drew \$100.0 million and repaid a total of \$60.0 million on its revolving line of credit.

On October 19, 2021, the Michigan Finance Authority issued a Drinking Water Revolving Fund Bond Anticipation Note allowing the Authority to draw up to \$50.0 million to fund disbursements.

In January, April, and June of 2021, the Venture Michigan Fund (VMF) repaid its short-term notes outstanding of \$60.0 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):

	Bonds Issued
Central Michigan University	\$ 29.8
Lake Superior State University	11.6
Michigan Finance Authority	126.2
Michigan State Housing Development Authority	288.6
Michigan Strategic Fund	82.7
Michigan Technological University	29.9
Northern Michigan University	34.4
Western Michigan University	33.6
Total	<u>\$ 636.8</u>

On June 30, 2021, VMF repaid its long-term notes outstanding of \$130.0 million.



FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

MAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Beginning budgetary fund balance - restated	\$ 5,373,578	\$ 5,373,578	\$ 5,373,578	\$ -
Resources (inflows):				
General Purpose Revenues:				
Taxes	10,026,400	12,014,122	12,014,122	-
Federal	10,000	8,342	8,342	-
Local	100	102	102	-
Licenses and permits	14,000	22,408	22,408	-
Services	7,000	3,328	3,328	-
Miscellaneous	98,000	64,149	64,149	-
Transfers in	237,000	413,021	413,021	-
Restricted Revenues:				
Taxes	4,212,646	5,788,847	5,788,847	-
Federal	21,884,636	26,198,466	26,198,466	-
Local	207,122	273,752	273,752	-
Licenses and permits	495,321	409,511	409,511	-
Services	383,726	348,608	348,608	-
Miscellaneous	1,359,421	684,853	684,853	-
Proceeds from sale of capital assets	-	3,214	3,214	-
Transfers in	35,883	66,229	66,229	-
Total Revenue Inflows	38,971,253	46,298,954	46,298,954	-
Amounts Available for Appropriation	44,344,831	51,672,532	51,672,532	-
Charges to Appropriations (outflows):				
Legislative Branch	254,547	189,409	189,340	69
Judicial Branch	315,088	269,586	269,465	121
Executive Branch:				
Agriculture and Rural Development	123,595	99,269	99,108	160
Attorney General	112,108	97,988	96,805	1,183
Civil Rights	18,113	16,028	15,608	420
Colleges and Universities Grants	1,353,876	1,487,018	1,480,675	6,343
Corrections	2,195,622	1,956,503	1,914,180	42,322
Education	523,069	571,043	563,352	7,691
Environment, Great Lakes, and Energy	596,348	539,759	539,719	40
Executive Office	7,114	7,114	6,890	224
Health and Human Services	28,492,727	30,606,744	30,271,853	334,891
Insurance and Financial Services	73,316	83,849	83,849	-
Labor and Economic Opportunity	865,629	1,117,324	1,116,927	397
Licensing and Regulatory Affairs	460,802	351,314	349,335	1,979
Military and Veterans Affairs	187,971	205,230	191,016	14,215
Natural Resources	157,548	110,208	108,698	1,510
State	258,880	249,680	246,874	2,806
State Police	761,818	1,284,210	1,277,476	6,733
Technology, Management and Budget	945,057	1,587,558	1,538,317	49,241
Transportation	28,577	26,174	26,174	-
Treasury	2,098,297	4,266,142	4,173,666	92,476
Intrafund expenditure reimbursements	-	(1,072,909)	(1,072,909)	-
Total Charges to Appropriations	39,830,101	44,049,239	43,486,418	562,821
Reconciling Items:				
Change in noncurrent assets	-	(7,817)	(7,817)	-
Net Reconciling Items	-	(7,817)	(7,817)	-
Ending budgetary fund balance	\$ 4,514,730	\$ 7,615,476	\$ 8,178,297	\$ 562,821

Michigan

SCHOOL AID FUND			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
\$ 1,191,856	\$ 1,191,856	\$ 1,191,856	\$ -
13,349,453	14,329,789	14,329,789	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	27,904	27,904	-
1,012,200	-	-	-
9,700	176,619	176,619	-
1,792,879	2,293,482	2,293,482	-
-	-	-	-
-	-	-	-
-	-	-	-
-	3,832	3,832	-
-	-	-	-
-	1,563,725	1,563,725	-
16,164,231	18,395,352	18,395,352	-
17,356,087	19,587,208	19,587,208	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
781,731	794,427	794,103	324
-	-	-	-
15,382,500	16,010,755	15,846,591	164,164
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	1	1	-
-	-	-	-
16,164,231	16,805,183	16,640,695	164,489
-	2,965	2,965	-
-	2,965	2,965	-
\$ 1,191,856	\$ 2,784,989	\$ 2,949,478	\$ 164,489

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

BUDGET-TO-GAAP RECONCILIATION

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	GENERAL FUND	SCHOOL AID FUND
Sources/inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 51,672,532	\$ 19,587,208
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.	(5,373,578)	(1,191,856)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	(3,214)	-
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(479,250)	(1,563,725)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	<u>\$ 45,816,490</u>	<u>\$ 16,831,627</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 43,486,418	\$ 16,640,695
Differences - Budget-to-GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	(103,844)	3,553
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(603,995)	(110,501)
Capital lease and financed purchase acquisitions are not outflows of budgetary resources but are recorded as capital outlay expenditures and other financing sources under GAAP.	30,009	-
Special items are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(11,424)	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	<u>\$ 42,797,164</u>	<u>\$ 16,533,747</u>

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

Statutory/Budgetary Presentation

The various funds and programs within funds utilize a number of different budgetary control processes. Annual legislative appropriations and revenue estimates are provided for most “operating” funds. Note 2 of the basic financial statements identifies the annually budgeted operating funds.

The original executive budget and original legislative appropriations provide general purpose (unrestricted) revenue estimates in order to demonstrate compliance with constitutional provisions. Revenues restricted by law or outside grantors to a specific program are estimated at a level of detail consistent with controlling related expenditure accounts.

For programs financed from restricted revenues, spending authorization is generally contingent upon recognition of the related revenue. Reductions of spending authority occur if revenues fall short of estimates. If revenues exceed the estimate, supplemental appropriations are required before the additional resources can be spent.

The budgetary comparison schedule presented for the General Fund and the School Aid Fund presents both the original and final appropriated budgets for fiscal year 2021, 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, 2020, 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 funds and permanent funds.

For budgetary purposes, capitalizable lease and financed purchase expenditures are recognized when payments are due, rather than upon lease inception as required by GAAP. This difference does not affect fund balance because the “other financing sources” recorded under GAAP at lease inception are not recorded on the statutory/budgetary basis.

Statewide Authorization Dispositions

Subsequent to the release of this report, the State publishes “Statewide Authorization Dispositions” to demonstrate its compliance with the legal level of budgetary control. The report includes line-item appropriation details for the General Fund and budgeted operating funds and is available by contacting the State Budget Office, Office of Financial Management at (517) 241-4010.

REQUIRED SUPPLEMENTARY INFORMATION**INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH**

As allowed by Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include the State's network of public transportation roads and bridges, including ancillary assets, such as guard rails, signs, lighting, culverts, fencing, and the like. As of fiscal year 2019, the State is responsible for maintaining approximately 29,386 lane miles of roads and currently maintains 4,844 bridges (spans in excess of 20 feet).

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets at least every three years and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved approximately at, or above, the established condition level.

Roads**Measurement Scale**

MDOT utilizes the Pavement Surface Evaluation and Rating (PASER) as the State's primary method to measure and monitor pavement conditions. The PASER Rating is a visual analysis conducted by trained road agency staff and includes a 10-point scale, as follows:

Rating	Asphalt	Concrete
10, 9, 8 = Good	New, like new construction, from no defects to occasional transverse crack, crack width tight (hairline) or sealed. Few if any longitudinal cracks on joints.	New, like new construction, from no defects to slight traffic wear, slight map cracking, minor surface defects, pop-outs, map cracking or slight scaling, isolated meander cracks, isolated cracks at manholes.
7, 6, 5 = Fair	Little or no crack erosion, little or no raveling, few if any patches in good condition or slight to moderate polishing or flushing, no patches or few, slight raveling or patching/wedging in good condition, moderate raveling, extensive to several flushing and polishing. Sound structural condition.	Minor surface scaling, some open joints, isolated settlement or heave areas or moderate surface scaling <25.0% of surface, several corner cracks tight or well-sealed or moderate to severe scaling or polishing between 25.0% to 50.0% of surface, spalling from shallow reinforcement, multiple corner cracks.
4, 3, 2, 1 = Poor	Severe surface raveling, multiple longitudinal and transverse cracks with slight crack erosion or longitudinal and transverse cracks showing extensive crack erosion, occasional potholes, patches in fair/poor condition or closely spaced cracks with erosion, frequent potholes, extensive patches in poor condition or loss of surface integrity, extensive surface distress.	Severe scaling, polishing, map cracking or spalling >50.0% of surface, corner cracks missing pieces or patches, pavement blowups or extensive patching in fair to poor condition or extensive and severely spalled slab cracks, extensive failed patches, joints failed, severe and extensive settlement and heaves or extensive potholes, total loss of pavement integrity.

Established Condition Level

No more than 30 percent of the pavements shall be rated as "Poor."

Assessed Conditions

Prior to fiscal year 2020 the State assessed the condition of the system of paved roads on a calendar year basis. The State now assesses the system of paved roads every two years. The following table reports the percentage of pavements meeting ratings of "Good" or "Poor," for the past three complete assessments. "Good" represents ratings of 10 through 5 above and "Poor" represents ratings of 4 through 1 on the PASER rating scale.

Rating	2019	2018	2017
Good	74.0%	73.0%	75.0%
Poor	26.0%	27.0%	25.0%

Bridges

Measurement Scale

MDOT utilizes the National Bridge Inventory (NBI) rating scale to monitor the condition of all bridges under its jurisdiction. The inventory rates bridges, including the deck, superstructure and substructure, using a 10-point scale:

Rating	Description
9	Excellent (no specific definition).
8	Very good. No problems noted.
7	Good. Some minor problems.
6	Satisfactory. Structural elements show some minor deterioration.
5	Fair. All primary structural elements are sound but may have minor section loss, cracking, spalling, or scour.
4	Poor. Advanced section loss, deterioration, spalling, or scour.
3	Serious. Loss of section, deterioration, spalling, or scour have seriously affected primary structural components. Local failures are possible. Fatigue cracks in steel or shear cracks in concrete may be present.
2	Critical. Advanced deterioration of primary structural elements. Fatigue cracks in steel or shear cracks in concrete may be present or scour may have removed substructure support. Unless closely monitored it may be necessary to close the bridge until corrective action is taken.
1	Imminent failure. Major deterioration or section loss present in critical structural components or obvious vertical or horizontal movement affecting structure stability. Bridge is closed to traffic, but corrective action may put it back in 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
2021	6.9%
2020	6.8%
2019	6.3%

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 (4,509) in fiscal year 2021 is less than the total (4,844) 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
2022	\$ 1,509.2	\$ -
2021	1,437.0	1,095.6
2020	1,073.1	1,194.2
2019	1,049.9	1,160.2
2018	919.4	1,072.1
2017	844.8	830.3

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LEGISLATIVE RETIREMENT SYSTEM

LAST SEVEN FISCAL YEARS*

(In Thousands)

	2021	2020	2019
Total Pension Liability			
Service cost	\$ -	\$ 39	\$ 77
Interest	9,614	11,051	10,555
Differences between expected and actual experience	1,780	480	66
Changes of assumptions	19,452	30,744	(3,055)
Benefit payments, including refunds of member contributions	(14,655)	(14,130)	(14,521)
Net Change in Total Pension Liability	16,191	28,183	(6,878)
Total Pension Liability - Beginning	267,871	239,688	246,565
Total Pension Liability - Ending	<u>\$ 284,062</u>	<u>\$ 267,871</u>	<u>\$ 239,688</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ -	\$ 8,063	\$ -
Contributions - member	1	2	1
Net investment income	6,636	3,320	8,630
Benefit payments, including refunds of member contributions	(14,655)	(14,130)	(14,521)
Pension plan administrative expense	(407)	(405)	(399)
Other	7	-	-
Net Changes in Plan Fiduciary Net Pension	(8,418)	(3,150)	(6,289)
Plan Fiduciary Net Position - Beginning	122,299	125,448	131,738
Plan Fiduciary Net Position - Ending	<u>\$ 113,880</u>	<u>\$ 122,299</u>	<u>\$ 125,448</u>
Net Pension Liability (Assets) - Ending	<u>\$ 170,182</u>	<u>\$ 145,572</u>	<u>\$ 114,239</u>
Plan fiduciary net position as a percentage of the total pension liability	40.1%	45.7%	52.3%
Covered payroll	\$ -	\$ 18	\$ 72
Net pension liability as a percentage of covered payroll	N/A	812300.1%	159363.2%

* Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

Michigan

2018	2017	2016	2015
\$ 86	\$ 74	\$ 62	\$ 57
10,213	11,025	11,839	11,297
(1,617)	1,899	406	-
(13,497)	18,937	20,080	24,547
(14,282)	(13,919)	(14,495)	(13,550)
(19,097)	18,016	17,891	22,351
265,662	247,646	229,755	207,404
<u>\$ 246,565</u>	<u>\$ 265,662</u>	<u>\$ 247,646</u>	<u>\$ 229,755</u>
\$ -	\$ -	\$ -	\$ -
4	4	3	6
15,841	11,325	(6,545)	14,868
(14,282)	(13,919)	(14,495)	(13,550)
(392)	(405)	(362)	(430)
7	-	-	-
1,177	(2,996)	(21,400)	893
130,560	133,557	154,957	154,063
<u>\$ 131,738</u>	<u>\$ 130,560</u>	<u>\$ 133,557</u>	<u>\$ 154,957</u>
<u>\$ 114,828</u>	<u>\$ 135,102</u>	<u>\$ 114,090</u>	<u>\$ 74,799</u>
53.4%	49.2%	53.9%	67.4%
\$ 72	\$ 72	\$ 72	\$ 72
160183.9%	188466.1%	159154.3%	104343.7%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)

LIABILITY AND RELATED RATIOS

LEGISLATIVE RETIREMENT SYSTEM

LAST FOUR FISCAL YEARS*

(In Thousands)

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

* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires the presentation of supplementary information for each of the 10 most recent fiscal years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

** The Legislative Retirement System does not base contributions to the other postemployment benefits plan on a measure of pay. Therefore, in accordance with GASB Statement No. 85, Omnibus 2017, covered-employee payroll is presented in this schedule instead of covered payroll.



REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
STATE POLICE RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS*
(In Thousands)

	2021	2020	2019
Total Pension Liability			
Service cost	\$ 25,867	\$ 24,907	\$ 24,094
Interest	152,466	150,682	149,156
Differences between expected and actual experience	18,204	17,082	7,959
Changes of assumptions	-	58,026	106,681
Benefit payments, including refunds of member contributions	(149,418)	(144,193)	(137,367)
Net Change in Total Pension Liability	47,119	106,504	150,523
Total Pension Liability - Beginning	2,303,656	2,197,152	2,046,629
Total Pension Liability - Ending	<u>\$ 2,350,775</u>	<u>\$ 2,303,656</u>	<u>\$ 2,197,152</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 79,165	\$ 78,510	\$ 84,930
Contributions - member	4,100	3,693	3,489
Net investment income	75,047	74,725	151,529
Benefit payments, including refunds of member contributions	(149,418)	(144,193)	(137,367)
Pension plan administrative expense	(633)	(725)	(749)
Other	-	-	4
Net Changes in Plan Fiduciary Net Pension	8,262	12,010	101,835
Plan Fiduciary Net Position - Beginning	1,504,408	1,492,399	1,390,564
Plan Fiduciary Net Position - Ending	<u>\$ 1,512,670</u>	<u>\$ 1,504,408</u>	<u>\$ 1,492,399</u>
Net Pension Liability (Assets) - Ending	<u>\$ 838,104</u>	<u>\$ 799,248</u>	<u>\$ 704,753</u>
Plan fiduciary net position as a percentage of the total pension liability	64.3%	65.3%	67.9%
Covered payroll	\$ 142,102	\$ 139,660	\$ 134,177
Net pension liability as a percentage of covered payroll	589.8%	572.3%	525.2%

* Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

Michigan

2018	2017	2016	2015
\$ 20,908	\$ 19,774	\$ 19,952	\$ 21,142
147,193	143,436	140,575	134,317
18,289	8,440	(6,998)	-
94,280	-	-	36,683
(130,208)	(119,094)	(115,469)	(110,551)
150,462	52,556	38,060	81,591
1,896,167	1,843,611	1,805,551	1,723,960
<u>\$ 2,046,629</u>	<u>\$ 1,896,167</u>	<u>\$ 1,843,611</u>	<u>\$ 1,805,551</u>
\$ 74,814	\$ 70,505	\$ 70,351	\$ 58,391
3,142	3,009	2,677	2,174
165,384	90,811	26,236	174,085
(130,208)	(119,094)	(115,469)	(110,551)
(666)	(575)	(561)	(575)
27	10	3	-
112,492	44,666	(16,762)	123,524
1,278,071	1,233,405	1,250,168	1,126,643
<u>\$ 1,390,564</u>	<u>\$ 1,278,071</u>	<u>\$ 1,233,405</u>	<u>\$ 1,250,168</u>
<u>\$ 656,066</u>	<u>\$ 618,096</u>	<u>\$ 610,206</u>	<u>\$ 555,384</u>
67.9%	67.4%	66.9%	69.2%
\$ 125,085	\$ 118,060	\$ 114,278	\$ 114,480
524.5%	523.5%	534.0%	485.1%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)

LIABILITY AND RELATED RATIOS

STATE POLICE RETIREMENT SYSTEM

LAST FOUR FISCAL YEARS*

(In Thousands)

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

* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires the presentation of supplementary information for each of the 10 most recent fiscal years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).



REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

STATE EMPLOYEES' RETIREMENT SYSTEM

LAST SEVEN FISCAL YEARS*

(In Thousands)

	2021	2020	2019
Total Pension Liability			
Service cost	\$ 62,891	\$ 64,690	\$ 71,912
Interest	1,220,112	1,244,463	1,226,594
Differences between expected and actual experience	27,308	25,071	115,726
Changes of assumptions	-	514,809	1,393,264
Benefit payments, including refunds of member contributions	(1,432,712)	(1,398,381)	(1,362,481)
Net Change in Total Pension Liability	(122,402)	450,651	1,445,015
Total Pension Liability - Beginning	18,895,538	18,444,887	16,999,872
Total Pension Liability - Ending	<u>\$ 18,773,136</u>	<u>\$ 18,895,538</u>	<u>\$ 18,444,887</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 613,729	\$ 600,083	\$ 650,740
Contributions - member	25,265	28,442	35,598
Net investment income	599,246	611,140	1,273,509
Benefit payments, including refunds of member contributions	(1,432,712)	(1,398,381)	(1,362,481)
Pension plan administrative expense	(5,956)	(6,988)	(6,488)
Other	73	(4,406)	64
Net Changes in Plan Fiduciary Net Pension	(200,356)	(170,109)	590,942
Plan Fiduciary Net Position - Beginning	12,227,892	12,398,002	11,807,059
Plan Fiduciary Net Position - Ending	<u>\$ 12,027,536</u>	<u>\$ 12,227,892</u>	<u>\$ 12,398,002</u>
Net Pension Liability (Assets) - Ending	<u>\$ 6,745,600</u>	<u>\$ 6,667,646</u>	<u>\$ 6,046,886</u>
Plan fiduciary net position as a percentage of the total pension liability	64.1%	64.7%	67.2%
Covered payroll**	\$ 3,380,365	\$ 3,220,895	\$ 3,115,261
Net pension liability as a percentage of covered payroll	199.6%	207.0%	194.1%

* Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

** GASB Statement No. 82, Pension Issues, which is effective for fiscal year 2017, states that the measure of payroll that is presented in schedules of required supplementary information required by GASB Statement No. 68 is covered payroll. GASB Statement No. 82 defines covered payroll as the payroll on which contributions to a pension plan are based. To match this definition, the amount reported as covered payroll in this schedule (based on the fiscal year 2017 measurement period) for the State Employees' Retirement System increased significantly from fiscal year 2017 to fiscal year 2018. Prior to fiscal year 2018, these amounts are reported as covered-employee payroll.

Michigan

2018	2017	2016	2015
\$ 68,311	\$ 74,042	\$ 80,413	\$ 84,040
1,251,600	1,250,117	1,242,353	1,206,258
19,798	3,441	55,072	-
710,646	-	-	406,962
(1,322,657)	(1,289,728)	(1,265,480)	(1,223,033)
727,697	37,872	112,358	474,227
16,272,175	16,234,303	16,121,945	15,647,718
<u>\$ 16,999,872</u>	<u>\$ 16,272,175</u>	<u>\$ 16,234,303</u>	<u>\$ 16,121,945</u>
\$ 703,131	\$ 716,465	\$ 749,332	\$ 705,100
40,839	46,666	46,688	47,527
1,411,395	781,528	232,588	1,529,626
(1,322,657)	(1,289,728)	(1,265,480)	(1,223,033)
(6,285)	(6,629)	(6,228)	(6,931)
294	278	55	-
826,716	248,580	(243,044)	1,052,290
10,980,343	10,731,762	10,974,806	9,922,516
<u>\$ 11,807,059</u>	<u>\$ 10,980,343</u>	<u>\$ 10,731,762</u>	<u>\$ 10,974,806</u>
<u>\$ 5,192,813</u>	<u>\$ 5,291,832</u>	<u>\$ 5,502,541</u>	<u>\$ 5,147,139</u>
69.5%	67.5%	66.1%	68.1%
\$ 3,050,238	\$ 872,358	\$ 946,977	\$ 1,006,633
170.2%	606.6%	581.1%	511.3%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)

LIABILITY AND RELATED RATIOS

STATE EMPLOYEES' RETIREMENT SYSTEM

LAST FOUR FISCAL YEARS*

(In Thousands)

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

* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires the presentation of supplementary information for each of the 10 most recent fiscal years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).



REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)

AND RELATED RATIOS

JUDGES' RETIREMENT SYSTEM

LAST SEVEN FISCAL YEARS*

(In Thousands)

	2021	2020	2019
Total Pension Liability			
Service cost	\$ 1,733	\$ 1,966	\$ 1,587
Interest	16,631	17,601	19,100
Differences between expected and actual experience	286	4	(1,498)
Changes of assumptions	-	10,077	26,653
Benefit payments, including refunds of member contributions	(24,251)	(24,111)	(23,958)
Net Change in Total Pension Liability	(5,601)	5,536	21,884
Total Pension Liability - Beginning	277,360	271,824	249,940
Total Pension Liability - Ending	<u>\$ 271,759</u>	<u>\$ 277,360</u>	<u>\$ 271,824</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 2,840	\$ 2,828	\$ 1,736
Contributions - member	500	566	653
Net investment income	12,933	13,036	28,280
Benefit payments, including refunds of member contributions	(24,251)	(24,111)	(23,958)
Pension plan administrative expense	(387)	(376)	(413)
Other	1	2	1
Net Changes in Plan Fiduciary Net Pension	(8,364)	(8,055)	6,299
Plan Fiduciary Net Position - Beginning	263,061	271,116	264,817
Plan Fiduciary Net Position - Ending	<u>\$ 254,697</u>	<u>\$ 263,061</u>	<u>\$ 271,116</u>
Net Pension Liability (Assets) - Ending	<u>\$ 17,061</u>	<u>\$ 14,298</u>	<u>\$ 707</u>
Plan fiduciary net position as a percentage of the total pension liability	93.7%	94.8%	99.7%
Covered payroll	\$ 9,263	\$ 10,206	\$ 12,047
Net pension liability as a percentage of covered payroll	184.2%	140.1%	5.9%

* Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

Michigan

2018	2017	2016	2015
\$ 1,862	\$ 2,036	\$ 2,439	\$ 2,747
19,688	19,743	19,771	19,569
(4,923)	(1,290)	924	-
-	2,423	-	3,246
(23,724)	(23,302)	(23,241)	(22,536)
(7,096)	(389)	(108)	3,025
257,036	257,426	257,534	254,509
<u>\$ 249,940</u>	<u>\$ 257,036</u>	<u>\$ 257,426</u>	<u>\$ 257,534</u>
\$ 1,020	\$ 2,180	\$ 2,634	\$ 3,164
697	805	902	1,025
32,258	18,425	5,840	37,166
(23,724)	(23,302)	(23,241)	(22,536)
(354)	(335)	(312)	(288)
10	15	3	-
9,907	(2,211)	(14,175)	18,530
254,910	257,121	271,296	252,766
<u>\$ 264,817</u>	<u>\$ 254,910</u>	<u>\$ 257,121</u>	<u>\$ 271,296</u>
<u>\$ (14,878)</u>	<u>\$ 2,126</u>	<u>\$ 304</u>	<u>\$ (13,762)</u>
106.0%	99.2%	99.9%	105.3%
\$ 12,685	\$ 14,757	\$ 17,518	\$ 18,803
-117.3%	14.4%	1.7%	-73.2%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)

LIABILITY AND RELATED RATIOS

JUDGES' RETIREMENT SYSTEM

LAST FOUR FISCAL YEARS*

(In Thousands)

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

* Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires the presentation of supplementary information for each of the 10 most recent fiscal years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

** The Judges' Retirement System does not base contributions to the other postemployment benefits plan on a measure of pay. Therefore, in accordance with GASB Statement No. 85, Omnibus 2017, covered-employee payroll is presented in this schedule instead of covered payroll.



REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

MILITARY RETIREMENT PROVISIONS

LAST SIX FISCAL YEARS*

(In Thousands)

	2021	2020	2019
Total Pension Liability			
Service cost	\$ 229	\$ 206	\$ 140
Interest	3,710	3,417	3,555
Changes of benefit terms	-	5,252	-
Differences between expected and actual experience	2,573	(610)	700
Changes of assumptions	-	-	2,719
Benefit payments, including refunds of member contributions	(3,989)	(3,895)	(3,939)
Net Change in Total Pension Liability	2,523	4,370	3,175
Total Pension Liability - Beginning	56,844	52,474	49,299
Total Pension Liability - Ending	<u>\$ 59,367</u>	<u>\$ 56,844</u>	<u>\$ 52,474</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 1,000	\$ 41,045	\$ 16,245
Net investment income	2,805	2,711	569
Benefit payments, including refunds of member contributions	(3,989)	(3,895)	(3,939)
Pension plan administrative expense	(203)	(223)	(396)
Other	1	1	123
Net Changes in Plan Fiduciary Net Pension	(387)	39,638	12,601
Plan Fiduciary Net Position - Beginning	56,588	16,950	4,349
Plan Fiduciary Net Position - Ending	<u>\$ 56,201</u>	<u>\$ 56,588</u>	<u>\$ 16,950</u>
Net Pension Liability (Assets) - Ending	<u>\$ 3,166</u>	<u>\$ 256</u>	<u>\$ 35,524</u>
Plan fiduciary net position as a percentage of the total pension liability	94.7%	99.5%	32.3%
Covered payroll	\$ 510	\$ 493	\$ 527
Net pension liability as a percentage of covered payroll	621.3%	52.0%	6739.5%

* Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, requires the presentation of supplementary information for each of the 10 most recent years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

Michigan

2018	2017	2016
\$ 110	\$ 403	\$ 357
3,609	2,829	3,564
-	-	-
58	-	(17,548)
2,505	(30,216)	7,086
(4,090)	(3,950)	(3,923)
2,192	(30,933)	(10,463)
47,107	78,040	88,503
<u>\$ 49,299</u>	<u>\$ 47,107</u>	<u>\$ 78,040</u>
\$ 5,245	\$ 7,780	\$ 4,267
78	12	-
(4,090)	(3,950)	(3,923)
(482)	(251)	(344)
7	-	-
758	3,591	-
3,591	-	-
<u>\$ 4,349</u>	<u>\$ 3,591</u>	<u>\$ -</u>
<u>\$ 44,950</u>	<u>\$ 43,515</u>	<u>\$ 78,040</u>
8.8%	7.6%	0.0%
\$ 466	\$ 469	\$ 484
9652.5%	9269.3%	16110.3%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB)

LIABILITY AND RELATED RATIOS

POST EMPLOYMENT LIFE INSURANCE BENEFITS

LAST FOUR FISCAL YEARS*

(In Thousands)

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

* Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires the presentation of supplementary information for each of the 10 most recent fiscal years. However, until a full 10-year trend is compiled, the State will present information for the years which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year end).

** Beginning balance has been restated. More detailed information can be found in Note 4.

The Post Employment Life Insurance Benefit plan is not a trust and has no assets.



REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR PENSIONS

LEGISLATIVE RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

(In Thousands)

	2021	2020	2019	2018
Actuarially determined contribution	\$ 9,556	\$ 9,292	\$ 9,348	\$ 8,237
Contributions in relation to the actuarially determined contribution	-	-	8,063	-
Contribution deficiency (excess)	<u>\$ 9,556</u>	<u>\$ 9,292</u>	<u>\$ 1,285</u>	<u>\$ 8,237</u>
Covered payroll	\$ -	\$ -	\$ 18	\$ 72
Contributions as a percentage of covered payroll	N/A	N/A	44993.7%	0.0%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2020.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2021:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	10 years, Open
Asset Valuation Method	Five-year smoothed fair value
Wage Inflation	4.0 percent
Projected Salary Increases	4.0 percent
Investment Rate of Return	7.0 percent
Retirement Age	Age-based tables of rates with a 100 percent probability of retirement once a member is subject to term limits.
Mortality	
Active	RP-2014 Employee Generational Mortality Tables, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
Retirees	RP-2014 Healthy Annuitant Generational Mortality Tables, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
Disability Retirement	RP-2014 Disabled Mortality Table, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.

Michigan

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 7,878	\$ 8,063	\$ 7,843	\$ 6,327	\$ 5,993	\$ 4,391
-	-	-	-	-	-
<u>\$ 7,878</u>	<u>\$ 8,063</u>	<u>\$ 7,843</u>	<u>\$ 6,327</u>	<u>\$ 5,993</u>	<u>\$ 4,391</u>
\$ 72	\$ 72	\$ 72	\$ 72	\$ 72	\$ 72
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS

LEGISLATIVE RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

(In Thousands)

	2021	2020	2019	2018
Actuarially determined contribution	\$ 7,532	\$ 7,907	\$ 10,172	\$ 11,632
Contributions in relation to the actuarially determined contribution	4,612	4,638	9,091	4,657
Contribution deficiency (excess)	\$ 2,920	\$ 3,270	\$ 1,081	\$ 6,975
Covered-employee payroll*	\$ 161	\$ 215	\$ 613	\$ 1,662
Contributions as a percentage of covered-employee payroll	2859.2%	2156.6%	1484.1%	280.2%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2020.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2021:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, closed
Remaining Amortization Period	20 years, as of October 1, 2020
Asset Valuation Method	Fair value
Wage Inflation	4.0 percent
Projected Salary Increases	4.0 percent
Investment Rate of Return	4.0 percent
Retirement Age	Age-based tables of rates with a 100 percent probability of retirement once a member is subject to term limits.
Mortality	
Active	RP-2014 Employee Generational Mortality Tables, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
Retirees	RP-2014 Healthy Annuitant Generational Mortality Tables, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
Disability Retirement	The RP-2014 Disabled Mortality Table, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017.
Healthcare Trend Rates	Pre-65: 7.5 percent trend, gradually decreasing to 3.5 percent in year 12. Post-65: 6.3 percent trend, gradually decreasing to 3.5 percent in year 12.
Excise Tax	No load was applied to the health care liabilities of current retirees to approximate the cost for future excise tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

* The Legislative Retirement System does not base contributions to the other postemployment benefits plan on a measure of pay. Therefore, in accordance with Governmental Accounting Standards Board Statement No. 85, Omnibus 2017, covered-employee payroll is presented in this schedule instead of covered payroll.

Michigan

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 11,337	\$ 10,464	\$ 9,363	\$ 9,382	\$ 9,630	\$ 9,674
4,572	4,538	4,473	4,323	4,240	7,840
<u>\$ 6,765</u>	<u>\$ 5,926</u>	<u>\$ 4,889</u>	<u>\$ 5,058</u>	<u>\$ 5,390</u>	<u>\$ 1,834</u>
\$ 1,662	\$ 1,662	\$ 1,734	\$ 2,497	\$ 3,312	\$ 3,587
275.1%	273.0%	258.0%	173.1%	128.0%	218.6%

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 81,078	\$ 78,929	\$ 77,400	\$ 78,531
Contributions in relation to the actuarially determined contribution	69,152	79,165	78,510	84,930
Contribution deficiency (excess)	<u>\$ 11,926</u>	<u>\$ (235)</u>	<u>\$ (1,110)</u>	<u>\$ (6,399)</u>
Covered payroll	\$ 131,332	\$ 142,102	\$ 139,660	\$ 134,177
Contributions as a percentage of covered payroll	52.7%	55.7%	56.2%	63.3%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2018.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2021:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	18 years, as of October 1, 2020
Asset Valuation Method	Five-year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	3.3 - 87.8 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.8 percent (6.9 percent for Hybrid plan) net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

Mortality

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

Michigan

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 72,632	\$ 70,858	\$ 63,271	\$ 61,401	\$ 57,668	\$ 52,276
74,814	70,505	70,351	58,391	49,004	40,687
<u>\$ (2,182)</u>	<u>\$ 353</u>	<u>\$ (7,080)</u>	<u>\$ 3,010</u>	<u>\$ 8,663</u>	<u>\$ 11,589</u>
\$ 125,085	\$ 118,060	\$ 114,278	\$ 114,480	\$ 110,244	\$ 104,876
59.8%	59.7%	61.6%	51.0%	44.5%	38.8%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS

STATE POLICE RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

(In Thousands)

	2021	2020	2019	2018
Actuarially determined contribution	\$ 54,198	\$ 53,928	\$ 59,785	\$ 58,368
Contributions* in relation to the actuarially determined contribution	48,792	58,303	60,395	56,779
Contribution deficiency (excess)	<u>\$ 5,405</u>	<u>\$ (4,375)</u>	<u>\$ (610)</u>	<u>\$ 1,589</u>
Covered payroll	\$ 131,332	\$ 142,102	\$ 139,660	\$ 134,177
Contributions as a percentage of covered payroll	37.2%	41.0%	43.2%	42.3%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2018.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2021:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	18 years, as of October 1, 2020
Asset Valuation Method	5 year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	3.3 - 87.8 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.9 percent net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	
Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 93.0 percent for males and 99.0 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Mortality Tables, scaled by 100 percent for males and 100 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Male and Female Disabled Annuitant Mortality Tables, scaled by 100 percent for males and 100 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Healthcare Trend Rates	8.3 percent trend, gradually decreasing to 3.5 percent in year 10
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

* From fiscal year 2012 through fiscal year 2017, contributions included both employer contributions and other governmental contributions.

Michigan

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 52,301	\$ 50,857	\$ 47,674	\$ 43,383	\$ 46,803	\$ 68,335
51,886	47,348	47,722	48,373	45,659	47,252
<u>\$ 415</u>	<u>\$ 3,509</u>	<u>\$ (48)</u>	<u>\$ (4,990)</u>	<u>\$ 1,144</u>	<u>\$ 21,083</u>
\$ 125,085	\$ 118,060	\$ 114,278	\$ 114,480	\$ 110,244	\$ 104,876
41.5%	40.1%	41.8%	42.3%	41.4%	45.1%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR PENSIONS
STATE EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(In Thousands)

	2021	2020	2019	2018
Actuarially determined contribution	\$ 670,167	\$ 601,956	\$ 592,909	\$ 627,621
Contributions in relation to the actuarially determined contribution	659,639	613,729	600,083	650,740
Contribution deficiency (excess)	<u>\$ 10,528</u>	<u>\$ (11,773)</u>	<u>\$ (7,175)</u>	<u>\$ (23,118)</u>
Covered payroll *	\$ 3,348,115	\$ 3,380,365	\$ 3,220,895	\$ 3,115,261
Contributions as a percentage of covered payroll	19.7%	18.2%	18.6%	20.9%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2018.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2021:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	16 years, as of October 1, 2020
Asset Valuation Method	Five-year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	2.8 - 11.8 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.7 percent net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

Mortality

Retirees	RP-2014 Healthy Annuitant Mortality Tables, scaled by 93.0 percent for males and 98.0 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Employee Mortality Tables, scaled by 100 percent for males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Disabled Annuitant Mortality Tables, scaled by 100 percent for males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

* Governmental Accounting Standards Board (GASB) Statement No. 82, Pension Issues, which became effective for fiscal year 2017, states that the measure of payroll that is presented in schedules of required supplementary information required by GASB Statement No. 68 is covered payroll. GASB Statement No. 82 defines covered payroll as the payroll on which contributions to a pension plan are based. To match this definition, the amount reported as covered payroll for the State Employees Retirement System increased significantly from fiscal year 2016 to fiscal year 2017. Prior to fiscal year 2017, these amounts are reported as covered-employee payroll.

Michigan

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 709,651	\$ 752,161	\$ 654,515	\$ 624,467	\$ 611,132	\$ 512,616
703,131	716,465	749,332	705,100	604,845	419,927
<u>\$ 6,520</u>	<u>\$ 35,697</u>	<u>\$ (94,817)</u>	<u>\$ (80,633)</u>	<u>\$ 6,287</u>	<u>\$ 92,689</u>
\$ 3,050,238	\$ 872,358	\$ 946,977	\$ 1,006,633	\$ 1,104,669	\$ 1,155,757
23.1%	82.1%	79.1%	70.0%	54.8%	36.3%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS

STATE EMPLOYEES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

(In Thousands)

	2021	2020	2019	2018
Actuarially determined contribution	\$ 778,656	\$ 681,397	\$ 762,743	\$ 744,210
Contributions* in relation to the actuarially determined contribution	774,406	703,567	765,235	688,884
Contribution deficiency (excess)	<u>\$ 4,251</u>	<u>\$ (22,170)</u>	<u>\$ (2,492)</u>	<u>\$ 55,326</u>
Covered payroll	\$ 3,348,115	\$ 3,380,365	\$ 3,220,895	\$ 3,115,261
Contributions as a percentage of covered payroll	23.1%	20.8%	23.8%	22.1%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2018.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2021:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	16 years, as of October 1, 2020
Asset Valuation Method	5 year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	2.8 - 11.8 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.9 percent net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

Mortality

Retirees	RP-2014 Healthy Annuitant Mortality Tables, scaled by 93.0 percent for males and 98.0 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Employee Mortality Tables, scaled by 100 percent and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Disabled Annuitant Mortality Tables, scaled by 100 percent for males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Healthcare Trend Rates	8.3 percent in year 1 graded to 3.5 percent in year 10
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

* From fiscal year 2012 through fiscal year 2017, contributions included both employer contributions and other governmental contributions.

Michigan

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 676,227	\$ 659,698	\$ 645,412	\$ 619,512	\$ 678,650	\$ 960,640
703,330	686,652	713,661	755,883	729,863	672,655
<u>\$ (27,103)</u>	<u>\$ (26,954)</u>	<u>\$ (68,249)</u>	<u>\$ (136,371)</u>	<u>\$ (51,213)</u>	<u>\$ 287,985</u>
\$ 3,050,238	\$ 2,989,101	\$ 3,029,113	\$ 2,857,324	\$ 2,881,140	\$ 2,895,193
23.1%	23.0%	23.6%	26.5%	25.3%	23.2%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR PENSIONS

JUDGES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

(In Thousands)

	2021	2020	2019	2018
Actuarially determined contribution	\$ 2,850	\$ 2,840	\$ 2,828	\$ 1,736
Contributions in relation to the actuarially determined contribution	2,850	2,840	2,828	1,736
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,868	\$ 9,263	\$ 10,206	\$ 12,047
Contributions as a percentage of covered payroll	36.2%	30.7%	27.7%	14.4%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2020.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2021:

Actuarial Cost Method	Entry-Age Normal (Term Cost for death and disability)
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	16 years, as of October 1, 2020
Asset Valuation Method	Five-year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	3.3 percent, including wage inflation at 2.8 percent
Investment Rate of Return	6.3 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 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Michigan

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,020	\$ 2,138	\$ 2,593	\$ 3,123	\$ 2,751	\$ 1,068
1,020	2,180	2,634	3,164	2,793	1,111
<u>\$ -</u>	<u>\$ (41)</u>	<u>\$ (41)</u>	<u>\$ (41)</u>	<u>\$ (42)</u>	<u>\$ (43)</u>
\$ 12,685	\$ 14,757	\$ 17,518	\$ 18,803	\$ 18,939	\$ 22,922
8.0%	14.8%	15.0%	16.8%	14.7%	4.8%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS

JUDGES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

(In Thousands)

	2021	2020	2019	2018
Actuarially determined contribution	\$ 207	\$ 398	\$ 818	\$ 559
Contributions* in relation to the actuarially determined contribution	216	398	7,557	539
Contribution deficiency (excess)	<u>\$ (9)</u>	<u>\$ -</u>	<u>\$ (6,739)</u>	<u>\$ 20</u>
Covered-employee payroll**	\$ 5,981	\$ 5,914	\$ 5,967	\$ 6,143
Contributions as a percentage of covered-employee payroll	3.6%	6.7%	126.7%	8.8%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2020.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2021:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	16 years, as of October 1, 2020
Asset Valuation Method	Five-year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	3.3 percent, including wage inflation at 2.8 percent
Investment Rate of Return	7.0 percent net of investment expenses.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

Mortality

Healthy Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Mortality Tables scaled by 100 percent for both males and females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Healthcare Cost Trend Rates	Pre-65: 7.5 percent trend, gradually decreasing to 3.5 percent in year 15; 3.0 percent year 120 Post-65: 6.3 percent trend, gradually decreasing to 3.5 percent in year 15; 3 percent year 120
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

* From fiscal year 2012 through fiscal year 2017, contributions included both employer contributions and other governmental contributions.

** The Judges' Retirement System does not base contributions to the other postemployment benefits plan on a measure of pay. Therefore, in accordance with Governmental Accounting Standards Board Statement No. 85, Omnibus 2017, covered-employee payroll is presented in this schedule instead of covered payroll.

Michigan

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 487	\$ 712	\$ 663	\$ 659	\$ 699	\$ 597
189	247	275	69	55	100
<u>\$ 298</u>	<u>\$ 465</u>	<u>\$ 388</u>	<u>\$ 591</u>	<u>\$ 644</u>	<u>\$ 497</u>
\$ 5,918	\$ 5,889	\$ 5,926	\$ 6,080	\$ 6,203	\$ 6,190
3.2%	4.2%	4.6%	1.1%	0.9%	1.6%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FOR PENSIONS

MILITARY RETIREMENT PROVISIONS

LAST TEN FISCAL YEARS

(In Thousands)

	2021	2020	2019	2018
Actuarially determined contribution	\$ 657	\$ 3,542	\$ 4,422	\$ 6,849
Contributions in relation to the actuarially determined contribution	657	1,000	41,045	16,245
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 2,542</u>	<u>\$ (36,623)</u>	<u>\$ (9,396)</u>
Covered payroll *	\$ 525	\$ 510	\$ 493	\$ 527
Contributions as a percentage of covered payroll	125.2%	196.3%	8325.4%	3081.9%

Valuation Date:

Actuarially determined contribution amounts are calculated as of September 30, 2018.

Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending September 30, 2021:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	18 years, as of October 1, 2020
Asset Valuation Method	5-year smoothed fair value
Price Inflation	2.3 percent
Projected Salary Increases	2.8 percent for Special Duty officers
Investment Rate of Return	6.8 percent net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

Mortality

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

* Covered payroll relates to the three active Special Duty officers (Generals). Non-special duty members receive \$600 in annual pension benefits, which is not based on a percentage of payroll. Therefore, contributions expressed as percentages of active member payroll are not useful.

Michigan

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 5,200	\$ 5,200	\$ 6,293	\$ 6,293	\$ 5,359	\$ 5,359
5,245	7,780	4,267	4,223	3,982	4,007
<u>\$ (45)</u>	<u>\$ (2,580)</u>	<u>\$ 2,026</u>	<u>\$ 2,071</u>	<u>\$ 1,377</u>	<u>\$ 1,351</u>
\$ 466	\$ 469	\$ 484	Unavailable	\$ 457	Unavailable
1126.3%	1657.3%	880.9%		871.2%	





FINANCIAL SECTION

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

Michigan

BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

SEPTEMBER 30, 2021

(In Thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTALS
ASSETS					
Current Assets:					
Cash	\$ 3,507	\$ -	\$ 24	\$ -	\$ 3,532
Equity in common cash	1,241,786	1,688	2,917,646	128,519	4,289,640
Taxes, interest, and penalties receivable	128,170	-	513	-	128,684
Amounts due from other funds	51,812	-	57,687	-	109,500
Amounts due from component units	-	-	939	-	939
Amounts due from federal agencies	129,360	-	215,678	-	345,038
Amounts due from local units	2,139	-	104,561	-	106,700
Inventories	414	-	19,906	-	20,320
Investments	-	143,450	50,713	-	194,163
Other current assets	229,543	12	8,018	6,219	243,791
Total Current Assets	<u>1,786,732</u>	<u>145,150</u>	<u>3,375,686</u>	<u>134,738</u>	<u>5,442,307</u>
Noncurrent Assets:					
Taxes, interest, and penalties receivable	3,772	-	-	-	3,773
Amounts due from local units	17,343	-	50,437	-	67,780
Investments	296,699	-	-	1,164,667	1,461,366
Other noncurrent assets	3,473	-	-	-	3,473
Total Noncurrent Assets	<u>321,287</u>	<u>-</u>	<u>50,437</u>	<u>1,164,667</u>	<u>1,536,392</u>
Total Assets	<u>\$ 2,108,020</u>	<u>\$ 145,150</u>	<u>\$ 3,426,123</u>	<u>\$ 1,299,405</u>	<u>\$ 6,978,698</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and other liabilities	\$ 456,772	\$ 28	\$ 430,460	\$ 19,284	\$ 906,544
Amounts due to other funds	92,716	-	107,410	40	200,166
Bonds and notes payable	-	-	80,700	-	80,700
Interest payable	-	-	15	-	15
Unearned revenue	11,228	-	4,697	-	15,926
Total Current Liabilities	<u>560,716</u>	<u>28</u>	<u>623,283</u>	<u>19,324</u>	<u>1,203,351</u>
Long-Term Liabilities:					
Unearned revenue	3	-	14	-	16
Total Long-Term Liabilities	<u>3</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>16</u>
Total Liabilities	<u>560,719</u>	<u>28</u>	<u>623,297</u>	<u>19,324</u>	<u>1,203,367</u>
DEFERRED INFLOWS OF RESOURCES	<u>209,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,432</u>
FUND BALANCES					
Nonspendable	272,483	-	19,906	871,079	1,163,468
Restricted	763,551	145,122	2,870,729	409,002	4,188,404
Committed	301,835	-	-	-	301,835
Unassigned	-	-	(87,808)	-	(87,808)
Total Fund Balances	<u>1,337,869</u>	<u>145,122</u>	<u>2,802,827</u>	<u>1,280,081</u>	<u>5,565,899</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,108,020</u>	<u>\$ 145,150</u>	<u>\$ 3,426,123</u>	<u>\$ 1,299,405</u>	<u>\$ 6,978,698</u>

Michigan

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTALS
REVENUES					
Taxes	\$ 3,527,392	\$ -	\$ 9,083	\$ -	\$ 3,536,475
From federal agencies	436,831	-	1,438,016	2	1,874,850
From local agencies	-	-	34,078	-	34,078
From services	4,845	-	3,657	-	8,503
From licenses and permits	251,267	-	7,821	-	259,088
Miscellaneous	546,680	2,473	73,946	152,841	775,941
Total Revenues	4,767,015	2,473	1,566,601	152,844	6,488,933
EXPENDITURES					
Current:					
General government	171,437	51	-	3,403	174,891
Education	79,804	592	111,587	-	191,983
Health and human services	44,074	-	-	574	44,648
Public safety and corrections	236	-	-	2,547	2,783
Conservation, environment, recreation, and agriculture	272,723	-	-	38,540	311,263
Labor, commerce, and regulatory	444,053	-	-	-	444,053
Transportation	2,193,701	191	1,358,157	-	3,552,049
Capital outlay	18,525	-	1,771,772	11,003	1,801,299
Debt service:					
Bond principal retirement	-	393,175	-	-	393,175
Bond interest and fiscal charges	-	231,810	-	-	231,810
Capital lease and financed purchase payments	1,426	-	1,589	8	3,022
Total Expenditures	3,225,977	625,819	3,243,105	56,075	7,150,975
Excess of Revenues over (under) Expenditures	1,541,038	(623,345)	(1,676,504)	96,769	(662,042)
OTHER FINANCING SOURCES (USES)					
Bonds and bond anticipation notes issued	-	23	1,006,247	-	1,006,270
Refunding bonds issued	-	54,150	-	-	54,150
Premium on bond issuance	-	15,913	231,944	-	247,857
Payment to refunded bond escrow agent	-	(68,958)	-	-	(68,958)
Capital lease and financed purchase acquisitions	-	-	204,803	-	204,803
Proceeds from sale of capital assets	29	-	846	1,593	2,467
Transfers from other funds	436,432	627,745	1,419,231	-	2,483,408
Transfers to other funds	(1,798,205)	(121)	(262,872)	(276)	(2,061,473)
Total Other Financing Sources (Uses)	(1,361,745)	628,751	2,600,200	1,318	1,868,524
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	179,293	5,406	923,696	98,086	1,206,482
Fund Balances - Beginning of fiscal year - restated	1,158,576	139,717	1,879,130	1,181,995	4,359,417
Fund Balances - End of fiscal year	\$ 1,337,869	\$ 145,122	\$ 2,802,827	\$ 1,280,081	\$ 5,565,899

Michigan

BALANCE SHEET
SPECIAL REVENUE FUNDS - BY CLASSIFICATION
 SEPTEMBER 30, 2021
 (In Thousands)

	TRANSPORTATION RELATED	CONSERVATION, ENVIRONMENT, AND RECREATION RELATED	REGULATORY AND ADMINISTRATIVE RELATED	OTHER STATE FUNDS	TOTALS
ASSETS					
Current Assets:					
Cash	\$ 3,287	\$ 214	\$ 6	\$ 1	\$ 3,507
Equity in common cash	394,150	406,027	130,812	310,798	1,241,786
Taxes, interest, and penalties receivable	127,801	369	-	-	128,170
Amounts due from other funds	48,543	-	3,269	-	51,812
Amounts due from federal agencies	40,397	3,292	85,594	77	129,360
Amounts due from local units	615	142	1,382	-	2,139
Inventories	-	414	-	-	414
Other current assets	7,986	40,075	27,165	154,317	229,543
Total Current Assets	<u>622,779</u>	<u>450,534</u>	<u>248,227</u>	<u>465,192</u>	<u>1,786,732</u>
Noncurrent Assets:					
Taxes, interest, and penalties receivable	3,772	-	-	-	3,772
Amounts due from local units	-	17,343	-	-	17,343
Investments	-	268,373	-	28,326	296,699
Other noncurrent assets	-	2,910	-	563	3,473
Total Noncurrent Assets	<u>3,772</u>	<u>288,626</u>	<u>-</u>	<u>28,889</u>	<u>321,287</u>
Total Assets	<u>\$ 626,551</u>	<u>\$ 739,160</u>	<u>\$ 248,227</u>	<u>\$ 494,082</u>	<u>\$ 2,108,020</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and other liabilities	\$ 328,512	\$ 23,667	\$ 103,262	\$ 1,331	\$ 456,772
Amounts due to other funds	34,239	1,352	57,108	16	92,716
Unearned revenue	2	9,223	2,004	-	11,228
Total Current Liabilities	<u>362,752</u>	<u>34,242</u>	<u>162,374</u>	<u>1,348</u>	<u>560,716</u>
Long-Term Liabilities:					
Unearned revenue	3	-	-	-	3
Total Long-Term Liabilities	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
Total Liabilities	<u>362,755</u>	<u>34,242</u>	<u>162,374</u>	<u>1,348</u>	<u>560,719</u>
DEFERRED INFLOWS OF RESOURCES	<u>21,959</u>	<u>32,657</u>	<u>442</u>	<u>154,373</u>	<u>209,431</u>
FUND BALANCES					
Nonspendable	-	244,356	15	28,113	272,483
Restricted	241,837	427,905	85,108	8,700	763,551
Committed	-	-	288	301,548	301,835
Total Fund Balances	<u>241,837</u>	<u>672,261</u>	<u>85,410</u>	<u>338,361</u>	<u>1,337,869</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 626,551</u>	<u>\$ 739,160</u>	<u>\$ 248,227</u>	<u>\$ 494,082</u>	<u>\$ 2,108,020</u>

Michigan

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

SPECIAL REVENUE FUNDS - BY CLASSIFICATION

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	TRANSPORTATION RELATED	CONSERVATION, ENVIRONMENT, AND RECREATION RELATED	REGULATORY AND ADMINISTRATIVE RELATED	OTHER STATE FUNDS	TOTALS
REVENUES					
Taxes	\$ 3,446,698	\$ 577	\$ 80,118	\$ -	\$ 3,527,392
From federal agencies	74,678	5,704	355,322	1,127	436,831
From services	4,787	3	55	-	4,845
From licenses and permits	37,568	196,152	17,547	-	251,267
Miscellaneous	10,407	186,133	117,462	232,678	546,680
Total Revenues	3,574,137	388,569	570,504	233,806	4,767,015
EXPENDITURES					
Current:					
General government	-	3,522	71,281	96,634	171,437
Education	-	-	-	79,804	79,804
Health and human services	-	-	-	44,074	44,074
Public safety and corrections	-	-	-	236	236
Conservation, environment, recreation, and agriculture	-	272,723	-	-	272,723
Labor, commerce, and regulatory	-	-	434,853	9,199	444,053
Transportation	2,193,701	-	-	-	2,193,701
Capital outlay	-	18,525	-	-	18,525
Debt service:					
Capital lease and financed purchase payments	-	172	1,254	-	1,426
Total Expenditures	2,193,701	294,941	507,388	229,947	3,225,977
Excess of Revenues over (under) Expenditures	1,380,436	93,627	63,116	3,859	1,541,038
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	29	-	-	-	29
Transfers from other funds	299,617	44,366	51,799	40,650	436,432
Transfers to other funds	(1,661,733)	(25,725)	(110,712)	(35)	(1,798,205)
Total Other Financing Sources (Uses)	(1,362,088)	18,641	(58,912)	40,615	(1,361,745)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	18,348	112,268	4,203	44,474	179,293
Fund Balances - Beginning of fiscal year - restated	223,489	559,993	81,207	293,887	1,158,576
Fund Balances - End of fiscal year	\$ 241,837	\$ 672,261	\$ 85,410	\$ 338,361	\$ 1,337,869

Michigan

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - BY CLASSIFICATION**
FISCAL YEAR ENDED SEPTEMBER 30, 2021
(In Thousands)

<u>Statutory/Budgetary Basis</u>	TRANSPORTATION RELATED			CONSERVATION, ENVIRONMENT, AND RECREATION RELATED		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
Taxes	\$ 3,446,698	\$ 3,446,698	\$ -	\$ 577	\$ 577	\$ -
From federal agencies	74,678	74,678	-	5,704	5,704	-
From services	4,787	4,787	-	3	3	-
From licenses and permits	37,568	37,568	-	196,152	196,152	-
Miscellaneous	10,407	10,407	-	56,149	56,149	-
Transfers in	299,617	299,617	-	44,366	44,366	-
Proceeds from sale of capital assets	29	29	-	-	-	-
Total Revenues and Other Sources	<u>3,873,782</u>	<u>3,873,782</u>	<u>-</u>	<u>302,950</u>	<u>302,950</u>	<u>-</u>
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Attorney General	-	-	-	-	-	-
Education	-	-	-	-	-	-
Health and Human Services	-	-	-	-	-	-
Labor and Economic Opportunity	-	-	-	-	-	-
Licensing and Regulatory Affairs	-	-	-	-	-	-
Military and Veterans Affairs	-	-	-	-	-	-
Natural Resources	-	-	-	312,085	299,657	12,428
State Police	-	-	-	-	-	-
Transportation	4,008,011	3,999,933	8,078	-	-	-
Treasury	-	-	-	3,432	3,279	153
Total Expenditures, Transfers Out, and Encumbrances	<u>4,008,011</u>	<u>3,999,933</u>	<u>8,078</u>	<u>315,517</u>	<u>302,936</u>	<u>12,581</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (134,229)</u>	<u>(126,151)</u>	<u>\$ 8,078</u>	<u>\$ (12,567)</u>	<u>14</u>	<u>\$ 12,581</u>
Reconciling Items:						
Encumbrances at September 30		144,499			30,561	
Funds not annually budgeted		-			81,693	
Net Reconciling Items		<u>144,499</u>			<u>112,254</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>18,348</u>			<u>112,268</u>	
FUND BALANCES (GAAP BASIS)						
Beginning balances - restated		<u>223,489</u>			<u>559,993</u>	
Ending balances (GAAP Basis)		<u>\$ 241,837</u>			<u>\$ 672,261</u>	

Michigan

REGULATORY AND ADMINISTRATIVE RELATED			OTHER STATE FUNDS			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 80,118	\$ 80,118	\$ -	\$ -	\$ -	\$ -	\$ 3,527,392	\$ 3,527,392	\$ -
355,322	355,322	-	1,127	1,127	-	436,831	436,831	-
55	55	-	-	-	-	4,845	4,845	-
17,547	17,547	-	-	-	-	251,267	251,267	-
105,449	105,449	-	223,169	223,169	-	395,174	395,174	-
51,799	51,799	-	40,650	40,650	-	436,432	436,432	-
-	-	-	-	-	-	29	29	-
610,291	610,291	-	264,946	264,946	-	5,051,969	5,051,969	-
-	-	-	527	393	133	527	393	133
-	-	-	79,804	79,804	-	79,804	79,804	-
-	-	-	45,295	44,165	1,130	45,295	44,165	1,130
416,513	416,148	365	-	-	-	416,513	416,148	365
11,592	11,355	236	-	-	-	11,592	11,355	236
-	-	-	150	57	93	150	57	93
-	-	-	-	-	-	312,085	299,657	12,428
-	-	-	854	185	669	854	185	669
-	-	-	-	-	-	4,008,011	3,999,933	8,078
178,995	178,995	-	367,117	96,008	271,108	549,543	278,282	271,262
607,099	606,498	601	493,746	220,612	273,134	5,424,374	5,129,979	294,395
\$ 3,191	3,792	\$ 601	\$ (228,800)	44,334	\$ 273,134	\$ (372,405)	(78,010)	\$ 294,395
	25			85			175,170	
	386			55			82,134	
	411			140			257,304	
	4,203			44,474			179,293	
	81,207			293,887			1,158,576	
\$ 85,410				338,361			1,337,869	



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, 2021
 (In Thousands)

	MICHIGAN TRANSPORTATION FUND	COMPREHENSIVE TRANSPORTATION FUND	TOTALS
ASSETS			
Current Assets:			
Cash	\$ 3,287	\$ -	\$ 3,287
Equity in common cash	131,546	262,604	394,150
Taxes, interest, and penalties receivable	127,801	-	127,801
Amounts due from other funds	-	48,543	48,543
Amounts due from federal agencies	-	40,397	40,397
Amounts due from local units	-	615	615
Other current assets	5,201	2,786	7,986
Total Current Assets	<u>267,835</u>	<u>354,944</u>	<u>622,779</u>
Noncurrent Assets:			
Taxes, interest, and penalties receivable	3,772	-	3,772
Total Noncurrent Assets	<u>3,772</u>	<u>-</u>	<u>3,772</u>
Total Assets	<u>\$ 271,607</u>	<u>\$ 354,944</u>	<u>\$ 626,551</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	\$ 215,472	\$ 113,040	\$ 328,512
Amounts due to other funds	34,176	63	34,239
Unearned revenue	-	2	2
Total Current Liabilities	<u>249,648</u>	<u>113,105</u>	<u>362,752</u>
Long-Term Liabilities:			
Unearned revenue	-	3	3
Total Long-Term Liabilities	<u>-</u>	<u>3</u>	<u>3</u>
Total Liabilities	<u>249,648</u>	<u>113,107</u>	<u>362,755</u>
DEFERRED INFLOWS OF RESOURCES	<u>21,959</u>	<u>-</u>	<u>21,959</u>
FUND BALANCES			
Restricted	-	241,837	241,837
Total Fund Balances	<u>-</u>	<u>241,837</u>	<u>241,837</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 271,607</u>	<u>\$ 354,944</u>	<u>\$ 626,551</u>

Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	MICHIGAN TRANSPORTATION FUND	COMPREHENSIVE TRANSPORTATION FUND	TOTALS
REVENUES			
Taxes	\$ 3,354,149	\$ 92,549	\$ 3,446,698
From federal agencies	-	74,678	74,678
From services	4,787	-	4,787
From licenses and permits	37,399	169	37,568
Miscellaneous	504	9,902	10,407
Total Revenues	3,396,840	177,298	3,574,137
EXPENDITURES			
Current:			
Transportation	1,795,825	397,876	2,193,701
Total Expenditures	1,795,825	397,876	2,193,701
Excess of Revenues over (under) Expenditures	1,601,015	(220,578)	1,380,436
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	29	29
Transfers from other funds	49,265	250,352	299,617
Transfers to other funds	(1,650,280)	(11,453)	(1,661,733)
Total Other Financing Sources (Uses)	(1,601,015)	238,927	(1,362,088)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	18,348	18,348
Fund Balances - Beginning of fiscal year	-	223,489	223,489
Fund Balances - End of fiscal year	\$ -	\$ 241,837	\$ 241,837

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED**
FISCAL YEAR ENDED SEPTEMBER 30, 2021
(In Thousands)

<u>Statutory/Budgetary Basis</u>	MICHIGAN TRANSPORTATION FUND		
	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES			
Taxes	\$ 3,354,149	\$ 3,354,149	\$ -
From federal agencies	-	-	-
From services	4,787	4,787	-
From licenses and permits	37,399	37,399	-
Miscellaneous	504	504	-
Transfers in	49,265	49,265	-
Proceeds from sale of capital assets	-	-	-
Total Revenues and Other Sources	3,446,105	3,446,105	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY			
Transportation	3,449,376	3,446,105	3,271
Total Expenditures, Transfers Out, and Encumbrances	3,449,376	3,446,105	3,271
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (3,271)	-	\$ 3,271
Reconciling Items:			
Encumbrances at September 30		-	
Net Reconciling Items		-	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		-	
FUND BALANCES (GAAP BASIS)			
Beginning balances - restated		-	
Ending balances (GAAP Basis)		\$ -	

Michigan

COMPREHENSIVE TRANSPORTATION FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 92,549	\$ 92,549	\$ -	\$ 3,446,698	\$ 3,446,698	\$ -
74,678	74,678	-	74,678	74,678	-
-	-	-	4,787	4,787	-
169	169	-	37,568	37,568	-
9,902	9,902	-	10,407	10,407	-
250,352	250,352	-	299,617	299,617	-
29	29	-	29	29	-
427,678	427,678	-	3,873,782	3,873,782	-
558,636	553,829	4,807	4,008,011	3,999,933	8,078
558,636	553,829	4,807	4,008,011	3,999,933	8,078
<u>\$ (130,958)</u>	<u>(126,151)</u>	<u>\$ 4,807</u>	<u>\$ (134,229)</u>	<u>(126,151)</u>	<u>\$ 8,078</u>
	<u>144,499</u>			<u>144,499</u>	
	<u>144,499</u>			<u>144,499</u>	
	<u>18,348</u>			<u>18,348</u>	
	<u>223,489</u>			<u>223,489</u>	
	<u>\$ 241,837</u>			<u>\$ 241,837</u>	



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 Legislature may appropriate up to \$6 million annually for use by the Game and Fish Protection Account of the Michigan Conservation and Recreation Legacy Fund. Mineral royalties from lands acquired by the Game and Fish Protection Account; direct sale proceeds; and other revenues, which, by statute, are retained for permanent investment, provide additional investment funding.

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, donations, investment income, and revenue from specialty license plate sales.

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.

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: 25 percent returned to the dealers and 75 percent to the Bottle Deposits Fund.

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, 2021

(In Thousands)

	MICHIGAN CONSERVATION AND RECREATION LEGACY FUND	MICHIGAN GAME AND FISH PROTECTION TRUST FUND
ASSETS		
Current Assets:		
Cash	\$ 214	\$ -
Equity in common cash	185,525	17,984
Taxes, interest, and penalties receivable	369	-
Amounts due from federal agencies	2,447	-
Amounts due from local units	142	-
Inventories	414	-
Other current assets	7,559	845
Total Current Assets	<u>196,670</u>	<u>18,829</u>
Noncurrent Assets:		
Amounts due from local units	-	-
Investments	7,870	252,490
Other noncurrent assets	-	-
Total Noncurrent Assets	<u>7,870</u>	<u>252,490</u>
Total Assets	<u>\$ 204,540</u>	<u>\$ 271,318</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and other liabilities	\$ 17,746	\$ -
Amounts due to other funds	1,001	-
Unearned revenue	3,637	-
Total Current Liabilities	<u>22,384</u>	<u>-</u>
Total Liabilities	<u>22,384</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	197,047
Restricted	182,156	74,271
Total Fund Balances	<u>182,156</u>	<u>271,318</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 204,540</u>	<u>\$ 271,318</u>

Michigan

MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND	FOREST DEVELOPMENT FUND	BOTTLE DEPOSITS FUND	TOTALS
\$ -	\$ -	\$ -	\$ 214
3,226	51,149	148,143	406,027
-	-	-	369
-	846	-	3,292
-	-	-	142
-	-	-	414
39	87	31,545	40,075
<u>3,265</u>	<u>52,082</u>	<u>179,688</u>	<u>450,534</u>
-	-	17,343	17,343
8,014	-	-	268,373
-	-	2,910	2,910
<u>8,014</u>	<u>-</u>	<u>20,253</u>	<u>288,626</u>
<u>\$ 11,279</u>	<u>\$ 52,082</u>	<u>\$ 199,941</u>	<u>\$ 739,160</u>
\$ 122	\$ 4,316	\$ 1,483	\$ 23,667
1	199	151	1,352
-	5,586	-	9,223
<u>123</u>	<u>10,101</u>	<u>1,634</u>	<u>34,242</u>
<u>123</u>	<u>10,101</u>	<u>1,634</u>	<u>34,242</u>
<u>-</u>	<u>-</u>	<u>32,657</u>	<u>32,657</u>
6,000	-	41,308	244,356
<u>5,156</u>	<u>41,981</u>	<u>124,341</u>	<u>427,905</u>
<u>11,156</u>	<u>41,981</u>	<u>165,650</u>	<u>672,261</u>
<u>\$ 11,279</u>	<u>\$ 52,082</u>	<u>\$ 199,941</u>	<u>\$ 739,160</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, 2021
(In Thousands)

	MICHIGAN CONSERVATION AND RECREATION LEGACY FUND	MICHIGAN GAME AND FISH PROTECTION TRUST FUND
REVENUES		
Taxes	\$ 577	\$ -
From federal agencies	5,091	-
From services	3	-
From licenses and permits	196,152	-
Miscellaneous	8,123	36,982
Total Revenues	209,946	36,982
EXPENDITURES		
Current:		
General government	3,279	243
Conservation, environment, recreation, and agriculture	200,958	260
Capital outlay	18,222	-
Debt service:		
Capital lease and financed purchase payments	44	-
Total Expenditures	222,503	503
Excess of Revenues over (under) Expenditures	(12,557)	36,479
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	44,366	-
Transfers to other funds	(3,179)	(21,552)
Total Other Financing Sources (Uses)	41,187	(21,552)
Excess Revenues and Other Sources over (under) Expenditures and Other Uses	28,630	14,927
Fund Balances - Beginning of fiscal year	153,526	256,391
Fund Balances - End of fiscal year	\$ 182,156	\$ 271,318

Michigan

MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND	FOREST DEVELOPMENT FUND	BOTTLE DEPOSITS FUND	TOTALS
\$ -	\$ -	\$ -	\$ 577
-	613	-	5,704
-	-	-	3
-	-	-	196,152
805	47,220	93,002	186,133
805	47,834	93,002	388,569
-	-	-	3,522
417	45,491	25,597	272,723
-	302	-	18,525
-	9	119	172
417	45,802	25,716	294,941
388	2,032	67,286	93,627
-	-	-	44,366
(2)	(472)	(520)	(25,725)
(2)	(472)	(520)	18,641
385	1,560	66,766	112,268
10,771	40,421	98,883	559,993
\$ 11,156	\$ 41,981	\$ 165,650	\$ 672,261

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, 2021
(In Thousands)

<u>Statutory/Budgetary Basis</u>	MICHIGAN CONSERVATION AND RECREATION LEGACY FUND			MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
Taxes	\$ 577	\$ 577	\$ -	\$ -	\$ -	\$ -
From federal agencies	5,091	5,091	-	-	-	-
From services	3	3	-	-	-	-
From licenses and permits	196,152	196,152	-	-	-	-
Miscellaneous	8,123	8,123	-	805	805	-
Transfers in	44,366	44,366	-	-	-	-
Total Revenues and Other Sources	<u>254,311</u>	<u>254,311</u>	<u>-</u>	<u>805</u>	<u>805</u>	<u>-</u>
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Natural Resources	251,830	242,944	8,886	587	506	81
Treasury	<u>3,432</u>	<u>3,279</u>	<u>153</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures, Transfers Out, and Encumbrances	<u>255,262</u>	<u>246,223</u>	<u>9,039</u>	<u>587</u>	<u>507</u>	<u>81</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (951)</u>	<u>8,089</u>	<u>\$ 9,039</u>	<u>\$ 218</u>	<u>298</u>	<u>\$ 81</u>
Reconciling Items:						
Encumbrances at September 30		20,541			87	
Funds not annually budgeted		<u>-</u>			<u>-</u>	
Net Reconciling Items		<u>20,541</u>			<u>87</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>28,630</u>			<u>385</u>	
FUND BALANCES (GAAP BASIS)						
Beginning balances		<u>153,526</u>			<u>10,771</u>	
Ending balances (GAAP Basis)		<u>\$ 182,156</u>			<u>\$ 11,156</u>	

Michigan

FUNDS NOT ANNUALLY BUDGETED

FOREST DEVELOPMENT FUND			MICHIGAN GAME AND FISH PROTECTION TRUST FUND	BOTTLE DEPOSITS FUND	TOTALS		
BUDGET	ACTUAL	VARIANCE	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 577	\$ 577	\$ -
613	613	-	-	-	5,704	5,704	-
-	-	-	-	-	3	3	-
-	-	-	-	-	196,152	196,152	-
47,220	47,220	-	-	-	56,149	56,149	-
-	-	-	-	-	44,366	44,366	-
<u>47,834</u>	<u>47,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,950</u>	<u>302,950</u>	<u>-</u>
59,668	56,206	3,461	-	-	312,085	299,657	12,428
-	-	-	-	-	3,432	3,279	153
<u>59,668</u>	<u>56,206</u>	<u>3,461</u>	<u>-</u>	<u>-</u>	<u>315,517</u>	<u>302,936</u>	<u>12,581</u>
<u>\$ (11,834)</u>	<u>(8,373)</u>	<u>\$ 3,461</u>	<u>-</u>	<u>-</u>	<u>\$ (12,567)</u>	<u>14</u>	<u>\$ 12,581</u>
	9,933		-	-		30,561	
	-		14,927	66,766		81,693	
	<u>9,933</u>		<u>14,927</u>	<u>66,766</u>		<u>112,254</u>	
	1,560		14,927	66,766		112,268	
	<u>40,421</u>		<u>256,391</u>	<u>98,883</u>		<u>559,993</u>	
<u>\$ 41,981</u>			<u>\$ 271,318</u>	<u>\$ 165,650</u>		<u>\$ 672,261</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

Created by Michigan Compiled Laws (MCL) Section 432.212, this fund provides the licensing, regulation, and control of casino gaming activities in Michigan via the five-member gaming control board created under MCL Section 432.204. Additional responsibilities include the performance of authorized inspections of tribal Class III gaming facilities and records pursuant to and in accordance with the provisions of the various tribal/state compacts as delegated by the Governor in November 2002; the licensing and regulation of live horse racing per Executive Order 2009-45; the licensing and regulation of Millionaire Party charitable gaming events per Executive Order 2012-4, the licensing and regulation of internet gaming per MCL 432.301-322, the licensing and regulation of internet sports betting per MCL 432.401-419, and the licensing and regulation of fantasy contests per MCL 432.502-516.

Michigan

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED

SEPTEMBER 30, 2021

(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	332	-	4,976	7,325	32,140
Amounts due from other funds	-	1,304	-	-	-
Amounts due from federal agencies	-	85,594	-	-	-
Amounts due from local units	-	1,111	271	-	-
Other current assets	-	308	6,016	344	1,032
Total Current Assets	<u>332</u>	<u>88,316</u>	<u>11,264</u>	<u>7,669</u>	<u>33,172</u>
Total Assets	<u>\$ 332</u>	<u>\$ 88,316</u>	<u>\$ 11,264</u>	<u>\$ 7,669</u>	<u>\$ 33,172</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and other liabilities	\$ -	\$ 49,889	\$ 380	\$ 746	\$ 10,729
Amounts due to other funds	-	38,427	71	9	5
Unearned revenue	-	-	-	1,289	419
Total Current Liabilities	<u>-</u>	<u>88,316</u>	<u>452</u>	<u>2,044</u>	<u>11,153</u>
Total Liabilities	<u>-</u>	<u>88,316</u>	<u>452</u>	<u>2,044</u>	<u>11,153</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	8	7
Restricted	332	-	10,812	5,617	22,012
Committed	-	-	-	-	-
Total Fund Balances	<u>332</u>	<u>-</u>	<u>10,812</u>	<u>5,625</u>	<u>22,019</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 332</u>	<u>\$ 88,316</u>	<u>\$ 11,264</u>	<u>\$ 7,669</u>	<u>\$ 33,172</u>

Michigan

SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND	STATE CONSTRUCTION CODE FUND	UTILITY CONSUMER REPRESENTATION FUND	UNEMPLOYMENT OBLIGATION TRUST FUND	STATE CASINO GAMING FUND	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 6
1,369	25,093	3,257	6,592	49,727	130,812
-	-	-	1,966	-	3,269
-	-	-	-	-	85,594
-	-	-	-	-	1,382
145	2	-	740	18,578	27,165
<u>1,514</u>	<u>25,096</u>	<u>3,257</u>	<u>9,298</u>	<u>68,310</u>	<u>248,227</u>
<u>\$ 1,514</u>	<u>\$ 25,096</u>	<u>\$ 3,257</u>	<u>\$ 9,298</u>	<u>\$ 68,310</u>	<u>\$ 248,227</u>
\$ 182	\$ 172	\$ 123	\$ -	\$ 41,041	\$ 103,262
2	54	4	-	18,536	57,108
296	-	-	-	-	2,004
<u>480</u>	<u>226</u>	<u>127</u>	<u>-</u>	<u>59,577</u>	<u>162,374</u>
<u>480</u>	<u>226</u>	<u>127</u>	<u>-</u>	<u>59,577</u>	<u>162,374</u>
-	-	-	442	-	442
-	-	-	-	-	15
1,034	24,869	3,131	8,856	8,445	85,108
-	-	-	-	288	288
<u>1,034</u>	<u>24,869</u>	<u>3,131</u>	<u>8,856</u>	<u>8,733</u>	<u>85,410</u>
<u>\$ 1,514</u>	<u>\$ 25,096</u>	<u>\$ 3,257</u>	<u>\$ 9,298</u>	<u>\$ 68,310</u>	<u>\$ 248,227</u>

Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2021
(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	-	355,322	-	-	-
From services	-	-	45	-	-
From licenses and permits	-	-	-	-	-
Miscellaneous	16	253	11,601	5,827	1,774
Total Revenues	16	355,575	11,645	5,827	1,774
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Labor, commerce, and regulatory	-	402,223	11,010	7,217	1,661
Debt service:					
Capital lease and financed purchase payments	-	1,049	42	91	50
Total Expenditures	-	403,273	11,052	7,307	1,711
Excess of Revenues over (under) Expenditures	16	(47,698)	593	(1,480)	63
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	49,362	-	-	-
Transfers to other funds	-	(1,664)	(135)	(22)	(13)
Total Other Financing Sources (Uses)	-	47,698	(135)	(22)	(13)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	16	-	459	(1,502)	50
Fund Balances - Beginning of fiscal year	316	-	10,353	7,126	21,968
Fund Balances - End of fiscal year	\$ 332	\$ -	\$ 10,812	\$ 5,625	\$ 22,019

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
\$ -	\$ -	\$ -	\$ -	\$ 80,118	\$ 80,118
-	-	-	-	-	355,322
-	11	-	-	-	55
-	14,071	-	-	3,476	17,547
<u>1,132</u>	<u>30</u>	<u>1,890</u>	<u>1,389</u>	<u>93,550</u>	<u>117,462</u>
<u>1,132</u>	<u>14,112</u>	<u>1,890</u>	<u>1,389</u>	<u>177,144</u>	<u>570,504</u>
-	-	1,030	-	70,251	71,281
1,068	11,228	444	4	-	434,853
<u>21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,254</u>
<u>1,089</u>	<u>11,228</u>	<u>1,473</u>	<u>4</u>	<u>70,251</u>	<u>507,388</u>
<u>43</u>	<u>2,884</u>	<u>416</u>	<u>1,386</u>	<u>106,892</u>	<u>63,116</u>
-	-	-	-	2,437	51,799
<u>(5)</u>	<u>(127)</u>	<u>(2)</u>	<u>-</u>	<u>(108,743)</u>	<u>(110,712)</u>
<u>(5)</u>	<u>(127)</u>	<u>(2)</u>	<u>-</u>	<u>(106,306)</u>	<u>(58,912)</u>
38	2,756	414	1,386	586	4,203
<u>996</u>	<u>22,113</u>	<u>2,717</u>	<u>7,470</u>	<u>8,147</u>	<u>81,207</u>
<u>\$ 1,034</u>	<u>\$ 24,869</u>	<u>\$ 3,131</u>	<u>\$ 8,856</u>	<u>\$ 8,733</u>	<u>\$ 85,410</u>

**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, 2021
(In Thousands)

<u>Statutory/Budgetary Basis</u>	HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND			MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From federal agencies	-	-	-	355,322	355,322	-
From services	-	-	-	-	-	-
From licenses and permits	-	-	-	-	-	-
Miscellaneous	16	16	-	253	253	-
Transfers in	-	-	-	49,362	49,362	-
Total Revenues and Other Sources	16	16	-	404,937	404,937	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Labor and Economic Opportunity	-	-	-	404,937	404,937	-
Licensing and Regulatory Affairs	-	-	-	-	-	-
Treasury	-	-	-	-	-	-
Total Expenditures, Transfers Out, and Encumbrances	-	-	-	404,937	404,937	-
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ 16	16	\$ -	\$ -	-	\$ -
Reconciling Items:						
Encumbrances at September 30		-			-	
Funds not annually budgeted		-			-	
Net Reconciling Items		-			-	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		16			-	
FUND BALANCES (GAAP BASIS)						
Beginning balances		316			-	
Ending balances (GAAP Basis)		\$ 332			\$ -	

This schedule continued on next page.

**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, 2021
(In Thousands)

<u>Statutory/Budgetary Basis</u>	STATE CASINO GAMING FUND		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES AND OTHER SOURCES			
Taxes	\$ 80,118	\$ 80,118	\$ -
From federal agencies	-	-	-
From services	-	-	-
From licenses and permits	3,476	3,476	-
Miscellaneous	93,550	93,550	-
Transfers in	2,437	2,437	-
Total Revenues and Other Sources	<u>179,581</u>	<u>179,581</u>	<u>-</u>
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY			
Labor and Economic Opportunity	-	-	-
Licensing and Regulatory Affairs	-	-	-
Treasury	178,995	178,995	-
Total Expenditures, Transfers Out, and Encumbrances	<u>178,995</u>	<u>178,995</u>	<u>-</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ 586</u>	<u>586</u>	<u>\$ -</u>
Reconciling Items:			
Encumbrances at September 30		-	
Funds not annually budgeted		-	
Net Reconciling Items		<u>-</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>586</u>	
FUND BALANCES (GAAP BASIS)			
Beginning balances		<u>8,147</u>	
Ending balances (GAAP Basis)		<u>\$ 8,733</u>	

Michigan

FUNDS NOT ANNUALLY BUDGETED

SECOND INJURY FUND	SELF-INSURERS' SECURITY FUND	SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND	UTILITY CONSUMER REPRESENTATION FUND	UNEMPLOYMENT OBLIGATION TRUST FUND	TOTALS		
ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,118	\$ 80,118	\$ -
-	-	-	-	-	355,322	355,322	-
-	-	-	-	-	55	55	-
-	-	-	-	-	17,547	17,547	-
-	-	-	-	-	105,449	105,449	-
-	-	-	-	-	51,799	51,799	-
-	-	-	-	-	610,291	610,291	-
-	-	-	-	-	416,513	416,148	365
-	-	-	-	-	11,592	11,355	236
-	-	-	-	-	178,995	178,995	-
-	-	-	-	-	607,099	606,498	601
-	-	-	-	-	\$ 3,191	3,792	\$ 601
-	-	-	-	-		25	
(1,502)	50	38	414	1,386		386	
(1,502)	50	38	414	1,386		411	
(1,502)	50	38	414	1,386		4,203	
7,126	21,968	996	2,717	7,470		81,207	
\$ 5,625	\$ 22,019	\$ 1,034	\$ 3,131	\$ 8,856		\$ 85,410	



SPECIAL REVENUE FUNDS – OTHER STATE FUNDS

21ST CENTURY JOBS TRUST FUND

Michigan Compiled Laws Section 12.257 created the 21st Century Jobs Trust Fund to account for the transfer of the net bond proceeds issued by the Michigan Tobacco Settlement Finance Authority. Executive Order 2010-2 moved the Authority to the Michigan Finance Authority. The bonds were issued to provide sufficient funds to purchase all or a portion of the State's receipts from the master settlement agreement between tobacco manufacturers and the State. Fund expenditures are used to reimburse the Michigan Strategic Fund for expenses related to revitalizing Michigan's economy and for other programs as determined by the Legislature. The fund may accept donations of money from any source; all interest earned is deposited into the State's General Fund. Beginning in fiscal year 2008 through 2023, the fund will also receive a portion of the tobacco settlement revenue received by the State.

MICHIGAN MERIT AWARD TRUST FUND

This fund was created by Michigan Compiled Laws (MCL) Section 12.259 to account for a portion of the revenue from the master settlement agreement between tobacco manufacturers and the State. The settlement reimburses the State for health care costs, which result from the use of tobacco products. The fund also consists of interest and earnings from trust fund investments and donations. Fund expenditures are used for programs, as determined by the Legislature.

All assets and liabilities of the Tobacco Settlement Trust Fund, established by MCL Section 12.253 and repealed as part of tobacco securitization legislation passed in November 2005, were transferred to the Michigan Merit Award Trust Fund in fiscal year 2006.

CHILDREN'S TRUST FUND

Michigan Compiled Laws (MCL) Section 21.171, established the Children's Trust Fund to support the State Child Abuse and Neglect Prevention Board (MCL Section 722.603) to coordinate and fund activities for the prevention of child abuse and neglect in the State. All money contributed to the fund in a fiscal year, plus up to 5.0 percent of the rolling average of the fund for the previous twelve quarters shall be available for disbursement if the rolling average of the fund is at least \$23.5 million. If the rolling average of the fund for the previous twelve quarters is less than \$23.5 million then up to 4.25 percent of the twelve-quarter rolling average is available for disbursement. In addition, money granted or received as gifts or donations to the trust fund is available for disbursement upon appropriation. Funds that are not available for disbursement are reported as nonspendable fund balance.

MILITARY FAMILY RELIEF FUND

Michigan Compiled Laws Section 35.1213 created this fund to provide assistance to families of certain members of the reserve components of the United States armed forces on active duty. A qualified individual or the individual's family shall apply to the Department of Military and Veterans Affairs for a grant from the fund. Funds are received primarily from taxpayer contributions on his or her annual State tax return designating \$5 or more of his or her refund to be credited to this fund.

COMMUNITY DISTRICT EDUCATION TRUST FUND

Michigan Compiled Laws Section (MCL) 12.262 created this fund to provide funding to community districts for the duration they are prohibited under MCL Section 380.386 from levying a school operating tax by offsetting the absence of local school operating revenue in the funding of the State portion of foundation allowances under MCL Section 388.1622b. Beginning in fiscal year 2017, \$72.0 million of tobacco settlement revenue shall be deposited into the fund each year until a total of \$617.0 million is deposited. If the earmarked tobacco settlement revenue is less than the amount necessary to offset the absence of local school operating revenue in a community district in the funding of the State portion of foundation allowances under MCL 388.1622b, then the General Fund will be required to reimburse the School Aid Fund for as long as that community district is prohibited from levying a school operating tax.

MISCELLANEOUS SPECIAL REVENUE FUNDS

The Miscellaneous Special Revenue Funds are made up of smaller individual special revenue funds that are not large enough to warrant separate presentation.

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS
 SEPTEMBER 30, 2021
 (In Thousands)

	21ST CENTURY JOBS TRUST FUND	MICHIGAN MERIT AWARD TRUST FUND	CHILDREN'S TRUST FUND
ASSETS			
Current Assets:			
Cash	\$ -	\$ -	\$ 1
Equity in common cash	270,799	31,704	810
Amounts due from federal agencies	-	-	77
Other current assets	56,250	43,751	238
Total Current Assets	<u>327,049</u>	<u>75,454</u>	<u>1,126</u>
Noncurrent Assets:			
Investments	-	-	27,885
Other noncurrent assets	-	294	-
Total Noncurrent Assets	<u>-</u>	<u>294</u>	<u>27,885</u>
Total Assets	<u>\$ 327,049</u>	<u>\$ 75,748</u>	<u>\$ 29,011</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	\$ -	\$ 1,173	\$ 149
Amounts due to other funds	-	9	5
Total Current Liabilities	<u>-</u>	<u>1,181</u>	<u>154</u>
Total Liabilities	<u>-</u>	<u>1,181</u>	<u>154</u>
DEFERRED INFLOWS OF RESOURCES	<u>56,250</u>	<u>44,004</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	26,824
Restricted	-	-	2,033
Committed	270,799	30,563	-
Total Fund Balances	<u>270,799</u>	<u>30,563</u>	<u>28,857</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 327,049</u>	<u>\$ 75,748</u>	<u>\$ 29,011</u>

Michigan

MILITARY FAMILY RELIEF FUND	COMMUNITY DISTRICT EDUCATION TRUST FUND	MISCELLANEOUS SPECIAL REVENUE FUNDS	TOTALS
\$ -	\$ -	\$ -	\$ 1
2,656	185	4,644	310,798
-	-	-	77
-	54,000	78	154,317
2,656	54,185	4,722	465,192
-	-	441	28,326
-	-	269	563
-	-	710	28,889
\$ 2,656	\$ 54,185	\$ 5,432	\$ 494,082
\$ -	\$ -	\$ 10	\$ 1,331
-	-	3	16
-	-	13	1,348
-	-	13	1,348
-	54,000	119	154,373
-	-	1,289	28,113
2,656	-	4,011	8,700
-	185	-	301,548
2,656	185	5,300	338,361
\$ 2,656	\$ 54,185	\$ 5,432	\$ 494,082

Michigan

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

SPECIAL REVENUE FUNDS - OTHER STATE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	21ST CENTURY JOBS TRUST FUND	MICHIGAN MERIT AWARD TRUST FUND	CHILDREN'S TRUST FUND
REVENUES			
From federal agencies	\$ -	\$ -	\$ 1,127
Miscellaneous	75,000	72,287	3,775
Total Revenues	75,000	72,287	4,902
EXPENDITURES			
Current:			
General government	95,083	1,288	15
Education	-	-	-
Health and human services	-	41,113	2,961
Public safety and corrections	-	179	-
Labor, commerce, and regulatory	-	-	-
Total Expenditures	95,083	42,579	2,976
Excess of Revenues over (under) Expenditures	(20,083)	29,708	1,926
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	40,650	-	-
Transfers to other funds	-	(22)	(6)
Total Other Financing Sources (Uses)	40,650	(22)	(6)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	20,567	29,686	1,920
Fund Balances - Beginning of fiscal year - restated	250,232	878	26,938
Fund Balances - End of fiscal year	\$ 270,799	\$ 30,563	\$ 28,857

Michigan

MILITARY FAMILY RELIEF FUND	COMMUNITY DISTRICT EDUCATION TRUST FUND	MISCELLANEOUS SPECIAL REVENUE FUNDS	TOTALS
\$ -	\$ -	\$ -	\$ 1,127
114	71,993	9,510	232,678
114	71,993	9,510	233,806
-	-	249	96,634
-	79,804	-	79,804
-	-	-	44,074
57	-	-	236
-	-	9,199	9,199
57	79,804	9,448	229,947
57	(7,810)	62	3,859
-	-	-	40,650
-	-	(7)	(35)
-	-	(7)	40,615
57	(7,810)	55	44,474
2,599	7,996	5,245	293,887
\$ 2,656	\$ 185	\$ 5,300	\$ 338,361

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, 2021
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>21ST CENTURY JOBS TRUST FUND</u>			<u>MICHIGAN MERIT AWARD TRUST FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES AND OTHER SOURCES						
From federal agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	75,000	75,000	-	72,287	72,287	-
Transfers in	40,650	40,650	-	-	-	-
Total Revenues and Other Sources	115,650	115,650	-	72,287	72,287	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Attorney General	-	-	-	527	393	133
Education	-	-	-	-	-	-
Health and Human Services	-	-	-	41,271	41,113	158
Military and Veterans Affairs	-	-	-	-	-	-
State Police	-	-	-	854	185	669
Treasury	365,882	95,083	270,799	1,220	911	309
Total Expenditures, Transfers Out, and Encumbrances	365,882	95,083	270,799	43,872	42,601	1,270
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (250,232)</u>	<u>20,567</u>	<u>\$ 270,799</u>	<u>\$ 28,415</u>	<u>29,686</u>	<u>\$ 1,270</u>
Reconciling Items:						
Encumbrances at September 30		-			-	
Funds not annually budgeted		-			-	
Net Reconciling Items		-			-	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>20,567</u>			<u>29,686</u>	
FUND BALANCES (GAAP BASIS)						
Beginning balances - restated		<u>250,232</u>			<u>878</u>	
Ending balances (GAAP Basis)		<u>\$ 270,799</u>			<u>\$ 30,563</u>	

Michigan

CHILDREN'S TRUST FUND			MILITARY FAMILY RELIEF FUND			COMMUNITY DISTRICT EDUCATION TRUST FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 1,127	\$ 1,127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,775	3,775	-	114	114	-	71,993	71,993	-
-	-	-	-	-	-	-	-	-
4,902	4,902	-	114	114	-	71,993	71,993	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	79,804	79,804	-
4,025	3,052	972	-	-	-	-	-	-
-	-	-	150	57	93	-	-	-
-	-	-	-	-	-	-	-	-
15	15	-	-	-	-	-	-	-
4,039	3,067	972	150	57	93	79,804	79,804	-
\$ 863	1,835	\$ 972	\$ (36)	57	\$ 93	\$ (7,810)	(7,810)	\$ -
-	85	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	85	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	1,920	-	-	57	-	-	(7,810)	-
-	-	-	-	-	-	-	-	-
-	26,938	-	-	2,599	-	-	7,996	-
\$ 28,857	-	-	\$ 2,656	-	-	\$ 185	-	-

This schedule continued on next page.

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS (Continued)**
FISCAL YEAR ENDED SEPTEMBER 30, 2021
(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	\$ -	\$ 1,127	\$ 1,127	\$ -
Miscellaneous	-	223,169	223,169	-
Transfers in	-	40,650	40,650	-
Total Revenues and Other Sources	-	264,946	264,946	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY				
Attorney General	-	527	393	133
Education	-	79,804	79,804	-
Health and Human Services	-	45,295	44,165	1,130
Military and Veterans Affairs	-	150	57	93
State Police	-	854	185	669
Treasury	-	367,117	96,008	271,108
Total Expenditures, Transfers Out, and Encumbrances	-	493,746	220,612	273,134
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	-	\$ (228,800)	44,334	\$ 273,134
Reconciling Items:				
Encumbrances at September 30	-		85	
Funds not annually budgeted	55		55	
Net Reconciling Items	55		140	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)	55		44,474	
FUND BALANCES (GAAP BASIS)				
Beginning balances - restated	5,245		293,887	
Ending balances (GAAP Basis)	\$ 5,300		\$ 338,361	

DEBT SERVICE FUNDS

COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND

This fund was administratively established to account for the debt service on all State Trunkline Fund (STF) related bond issues allowed for under Michigan Compiled Laws Section 247.661. The bonds are not general obligations of the State. The bonds are payable solely out of funds restricted for transportation purposes by Article 9, Section 9, of the State Constitution and irrevocably pledged by law for deposit in STF. Debt service requirements are funded by annual appropriations in STF.

COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND

This fund was administratively established to account for the debt service on all Comprehensive Transportation Fund (CTF) related bond issues allowed for under Michigan Compiled Laws Section 247.660b. The bonds are not general obligations of the State. The bonds are payable solely out of funds restricted for comprehensive transportation purposes by Article 9, Section 9, of the State Constitution and irrevocably pledged by law for deposit in CTF. Debt service requirements are funded by annual appropriations in CTF.

RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND

This fund was established pursuant to Michigan Compiled Laws (MCL) Sections 324.19506, 324.71506, and 324.95102 to service recreation and environmental protection bond issues. This fund also reflects debt service transactions related to State Park Improvement Fund (SPIF) revenue bonds, issued pursuant to MCL Section 324.74106.

Financing of debt retirement, interest expense, and paying agent fees is provided by annual legislative appropriation from the General Fund, transfers from SPIF representing state park revenues pledged for the payment of State Park Gross Revenue Bonds, and transfers from other funds as required by legislative appropriation or executive order.

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

SCHOOL LOAN BOND REDEMPTION FUND

Michigan Compiled Laws Section 388.922 created this fund to account for debt service on general obligation bonds issued to finance loans to local school districts. Financing of debt retirement, interest expense, and paying agent fees is provided by annual legislative appropriation from the General Fund or School Aid Fund.

STATE BUILDING AUTHORITY

The State Building Authority (SBA) was created pursuant to Michigan Compiled Laws Section 830.412 to issue bonds to finance the acquisition or renovation of buildings for use by the State or public institutions of higher education, as well as State furnishings and equipment.

SBA projects are financed by revenue bonds, the proceeds of which can only be used for construction, cost of borrowing and debt service on projects related to particular bond issues. The resources to finance 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, 2021
 (In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND	RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND
ASSETS			
Current Assets:			
Equity in common cash	\$ 38	\$ -	\$ 1,650
Investments	-	-	-
Other current assets	-	-	11
Total Current Assets	<u>38</u>	<u>-</u>	<u>1,661</u>
Total Assets	<u>\$ 38</u>	<u>\$ -</u>	<u>\$ 1,661</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	\$ 8	\$ -	\$ 3
Total Current Liabilities	<u>8</u>	<u>-</u>	<u>3</u>
Total Liabilities	<u>8</u>	<u>-</u>	<u>3</u>
FUND BALANCES			
Restricted	<u>30</u>	<u>-</u>	<u>1,658</u>
Total Fund Balances	<u>30</u>	<u>-</u>	<u>1,658</u>
Total Liabilities and Fund Balances	<u>\$ 38</u>	<u>\$ -</u>	<u>\$ 1,661</u>

SCHOOL LOAN BOND REDEMPTION FUND	STATE BUILDING AUTHORITY	TOTALS
\$ -	\$ -	\$ 1,688
-	143,450	143,450
-	1	12
-	143,451	145,150
<u>\$ -</u>	<u>\$ 143,451</u>	<u>\$ 145,150</u>
\$ -	\$ 17	\$ 28
-	17	28
-	17	28
-	143,434	145,122
-	143,434	145,122
<u>\$ -</u>	<u>\$ 143,451</u>	<u>\$ 145,150</u>

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

DEBT SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND	RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND
REVENUES			
Miscellaneous	\$ 2	\$ -	\$ 17
Total Revenues	2	-	17
EXPENDITURES			
Current:			
General government	-	-	51
Education	-	-	-
Transportation	190	-	-
Debt service:			
Bond principal retirement	131,230	11,930	69,135
Bond interest and fiscal charges	67,978	2,406	30,716
Total Expenditures	199,398	14,336	99,902
Excess of Revenues over (under) Expenditures	(199,396)	(14,336)	(99,884)
OTHER FINANCING SOURCES (USES)			
Bonds and bond anticipation notes issued	23	-	-
Refunding bonds issued	54,150	-	-
Premium on bond issuance	15,913	-	-
Payment to refunded bond escrow agent	(68,958)	-	-
Transfers from other funds	198,269	14,336	99,906
Transfers to other funds	-	-	-
Total Other Financing Sources (Uses)	199,396	14,336	99,906
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	-	22
Fund Balances - Beginning of fiscal year	30	-	1,636
Fund Balances - End of fiscal year	\$ 30	\$ -	\$ 1,658

SCHOOL LOAN BOND REDEMPTION FUND	STATE BUILDING AUTHORITY	TOTALS
\$ -	\$ 2,453	\$ 2,473
-	2,453	2,473
-	-	51
-	592	592
-	-	191
91,620	89,260	393,175
18,882	111,829	231,810
110,501	201,681	625,819
(110,501)	(199,228)	(623,345)
-	-	23
-	-	54,150
-	-	15,913
-	-	(68,958)
110,501	204,732	627,745
-	(121)	(121)
110,501	204,611	628,751
-	5,383	5,406
-	138,051	139,717
\$ -	\$ 143,434	\$ 145,122



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 reimbursements of expenditures to the SBA Advance Financing Fund, and 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 projects are reflected as "construction in progress" and completed 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 expenditures incurred for equipment, higher education, and State projects prior to the issuance of SBA bonds. Appropriation acts and concurrent resolutions provide temporary financing of such expenditures for legislatively authorized projects. Expenditures on behalf of SBA are recorded when incurred. At year-end, any deficit in the common cash pool is reclassified as an interfund liability. In addition to advance expenditures, expenditures financed by the General Fund or other sources related to the SBA projects are recorded in this fund.

SBA, in its separately issued statements, does not recognize liabilities for these projects until bonds or commercial paper are issued; therefore, no receivable from SBA is recognized in this fund prior to bond or commercial paper issuance. This results in the fund showing a year-end fund balance deficit. SBA will reimburse this fund by recording a transfer and the deficit attributable to the bonded projects will be eliminated when SBA issues bonds or obtains commercial paper.

The Site Preparation Economic Development Fund is created through the annual appropriations process to account for expenditures incurred to prepare and sell State owned sites declared as surplus that would provide economic benefit to the area or State. Expenditures are recorded when incurred. Sale proceeds of fund properties are deposited into the fund.

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
 SEPTEMBER 30, 2021
 (In Thousands)

	STATE TRUNKLINE FUND	STATE AERONAUTICS FUND	COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND
ASSETS				
Current Assets:				
Cash	\$ 24	\$ -	\$ -	\$ -
Equity in common cash	1,127,015	7,660	1,778,973	3,988
Taxes, interest, and penalties receivable	-	513	-	-
Amounts due from other funds	30,930	-	-	-
Amounts due from component units	935	-	-	-
Amounts due from federal agencies	96,514	59,080	-	-
Amounts due from local units	28,563	48	156	30
Inventories	19,906	-	-	-
Investments	-	-	-	-
Other current assets	7,983	34	-	-
Total Current Assets	<u>1,311,871</u>	<u>67,335</u>	<u>1,779,129</u>	<u>4,018</u>
Noncurrent Assets:				
Amounts due from local units	50,024	173	-	240
Total Noncurrent Assets	<u>50,024</u>	<u>173</u>	<u>-</u>	<u>240</u>
Total Assets	<u>\$ 1,361,895</u>	<u>\$ 67,508</u>	<u>\$ 1,779,129</u>	<u>\$ 4,258</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	\$ 230,434	\$ 49,952	\$ 34,523	\$ -
Amounts due to other funds	2,493	40	-	-
Bonds and notes payable	-	-	-	-
Interest payable	-	-	-	-
Unearned revenue	4,697	-	-	-
Total Current Liabilities	<u>237,625</u>	<u>49,993</u>	<u>34,523</u>	<u>-</u>
Long-Term Liabilities:				
Unearned revenue	14	-	-	-
Total Long-Term Liabilities	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>237,639</u>	<u>49,993</u>	<u>34,523</u>	<u>-</u>
FUND BALANCES				
Nonspendable	19,906	-	-	-
Restricted	1,104,350	17,515	1,744,606	4,258
Unassigned	-	-	-	-
Total Fund Balances	<u>1,124,256</u>	<u>17,515</u>	<u>1,744,606</u>	<u>4,258</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,361,895</u>	<u>\$ 67,508</u>	<u>\$ 1,779,129</u>	<u>\$ 4,258</u>

Michigan

TRANSPORTATION RELATED TRUST FUNDS	STATE BUILDING AUTHORITY	ADVANCE FINANCING FUNDS	TOTALS
\$ -	\$ -	\$ -	\$ 24
-	11	-	2,917,646
-	-	-	513
-	-	26,757	57,687
-	4	-	939
55,346	-	4,738	215,678
75,763	-	-	104,561
-	-	-	19,906
-	50,713	-	50,713
-	-	-	8,018
<u>131,110</u>	<u>50,729</u>	<u>31,495</u>	<u>3,375,686</u>
-	-	-	50,437
-	-	-	50,437
<u>\$ 131,110</u>	<u>\$ 50,729</u>	<u>\$ 31,495</u>	<u>\$ 3,426,123</u>
\$ 85,866	\$ 30	\$ 29,654	\$ 430,460
45,243	26,761	32,872	107,410
-	80,700	-	80,700
-	15	-	15
-	-	-	4,697
<u>131,110</u>	<u>107,506</u>	<u>62,526</u>	<u>623,283</u>
-	-	-	14
-	-	-	14
<u>131,110</u>	<u>107,506</u>	<u>62,526</u>	<u>623,297</u>
-	-	-	19,906
-	-	-	2,870,729
-	(56,777)	(31,031)	(87,808)
-	(56,777)	(31,031)	2,802,827
<u>\$ 131,110</u>	<u>\$ 50,729</u>	<u>\$ 31,495</u>	<u>\$ 3,426,123</u>

Michigan

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

CAPITAL PROJECTS FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	STATE TRUNKLINE FUND	STATE AERONAUTICS FUND	COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND
REVENUES				
Taxes	\$ -	\$ 9,083	\$ -	\$ -
From federal agencies	852,757	193,597	49,171	-
From local agencies	34,067	10	-	-
From services	3,501	156	-	-
From licenses and permits	7,407	414	-	-
Miscellaneous	52,743	9,573	1,390	3
Total Revenues	950,475	212,833	50,561	3
EXPENDITURES				
Current:				
Education	-	-	-	-
Transportation	817,735	212,860	124	386
Capital outlay	1,391,768	1,482	296,858	-
Debt service:				
Capital lease and financed purchase payments	1,589	-	-	-
Total Expenditures	2,211,092	214,343	296,981	386
Excess of Revenues over (under) Expenditures	(1,260,617)	(1,509)	(246,421)	(383)
OTHER FINANCING SOURCES (USES)				
Bonds and bond anticipation notes issued	-	-	799,977	-
Premium on bond issuance	-	-	208,645	-
Capital lease and financed purchase acquisitions	204,803	-	-	-
Proceeds from sale of capital assets	846	-	-	-
Transfers from other funds (Note 21)	1,412,731	6,000	-	376
Transfers to other funds (Note 21)	(203,788)	(3,536)	(55,181)	-
Total Other Financing Sources (Uses)	1,414,592	2,464	953,442	376
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	153,975	954	707,021	(7)
Fund Balances - Beginning of fiscal year - restated	970,281	16,561	1,037,585	4,264
Fund Balances - End of fiscal year	\$ 1,124,256	\$ 17,515	\$ 1,744,606	\$ 4,258

Michigan

TRANSPORTATION RELATED TRUST FUNDS	STATE BUILDING AUTHORITY	ADVANCE FINANCING FUNDS	TOTALS
\$ -	\$ -	\$ -	\$ 9,083
326,863	-	15,628	1,438,016
-	-	-	34,078
-	-	-	3,657
-	-	-	7,821
189	5,031	5,017	73,946
327,052	5,031	20,645	1,566,601
-	101,319	10,268	111,587
327,052	-	-	1,358,157
-	47,255	34,408	1,771,772
-	-	-	1,589
327,052	148,574	44,676	3,243,105
-	(143,542)	(24,031)	(1,676,504)
-	206,270	-	1,006,247
-	23,299	-	231,944
-	-	-	204,803
-	-	-	846
-	121	3	1,419,231
-	(367)	-	(262,872)
-	229,323	3	2,600,200
-	85,780	(24,028)	923,696
-	(142,558)	(7,003)	1,879,130
\$ -	\$ (56,777)	\$ (31,031)	\$ 2,802,827

Michigan

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

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>STATE TRUNKLINE FUND</u>			<u>STATE AERONAUTICS 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	\$ -	\$ -	\$ -	\$ 9,083	\$ 9,083	\$ -
From federal agencies	852,757	852,757	-	193,597	193,597	-
From local agencies	34,067	34,067	-	10	10	-
From services	3,501	3,501	-	156	156	-
From licenses and permits	7,407	7,407	-	414	414	-
Miscellaneous	52,743	52,743	-	9,573	9,573	-
Proceeds from sale of capital assets	846	846	-	-	-	-
Transfers in	1,412,731	1,412,731	-	6,000	6,000	-
Total Revenues and Other Sources	2,364,052	2,364,052	-	218,833	218,833	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Transportation	2,569,098	2,451,879	117,220	219,917	218,536	1,380
Total Expenditures, Transfers Out, and Encumbrances	2,569,098	2,451,879	117,220	219,917	218,536	1,380
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (205,047)</u>	<u>(87,827)</u>	<u>\$ 117,220</u>	<u>\$ (1,083)</u>	<u>297</u>	<u>\$ 1,380</u>
Reconciling Items:						
Encumbrances at September 30		241,802			657	
Funds not annually budgeted		-			-	
Net Reconciling Items		241,802			657	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		153,975			954	
FUND BALANCES (GAAP BASIS)						
Beginning balances - restated		970,281			16,561	
Ending balances (GAAP Basis)		<u>\$ 1,124,256</u>			<u>\$ 17,515</u>	

This schedule continued on next page.

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

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

<u>Statutory/Budgetary Basis</u>	TOTALS		
	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES			
Taxes	\$ 9,083	\$ 9,083	\$ -
From federal agencies	1,046,354	1,046,354	-
From local agencies	34,078	34,078	-
From services	3,657	3,657	-
From licenses and permits	7,821	7,821	-
Miscellaneous	62,316	62,316	-
Proceeds from sale of capital assets	846	846	-
Transfers in	1,418,731	1,418,731	-
Total Revenues and Other Sources	2,582,885	2,582,885	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY			
Transportation	2,789,015	2,670,415	118,600
Total Expenditures, Transfers Out, and Encumbrances	2,789,015	2,670,415	118,600
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (206,130)	(87,530)	\$ 118,600
Reconciling Items:			
Encumbrances at September 30		242,460	
Funds not annually budgeted		768,767	
Net Reconciling Items		1,011,227	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		923,696	
FUND BALANCES (GAAP BASIS)			
Beginning balances - restated		1,879,130	
Ending balances (GAAP Basis)		\$ 2,802,827	

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

Article 9, Section 35, of the State Constitution created the Michigan Natural Resources Trust Fund (MNRTF). The fund, established in 1985, operates under Sections 324.1901 - 324.1908 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.

Constitutional provisions limit all future 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 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.

The legislature is limited to appropriating no more than 50 percent of revenues from oil and gas bonuses, rentals, and royalties from State-owned land plus interest and earnings and any private contributions or other revenue to the endowment 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 expended.

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 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, 2021

(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	\$ 2,183	\$ 80,683	\$ 40,447	\$ 5,207	\$ 128,519
Other current assets	52	1,353	4,738	76	6,219
Total Current Assets	2,236	82,036	45,185	5,282	134,738
Noncurrent Assets:					
Investments	22,944	731,426	342,777	67,520	1,164,667
Total Noncurrent Assets	22,944	731,426	342,777	67,520	1,164,667
Total Assets	\$ 25,180	\$ 813,462	\$ 387,961	\$ 72,802	\$ 1,299,405
LIABILITIES					
Current Liabilities:					
Accounts payable and other liabilities	\$ 129	\$ 16,783	\$ 2,354	\$ 19	\$ 19,284
Amounts due to other funds	-	9	26	5	40
Total Current Liabilities	129	16,792	2,380	23	19,324
Total Liabilities	129	16,792	2,380	23	19,324
FUND BALANCES					
Nonspendable	18,000	500,000	303,079	50,000	871,079
Restricted	7,051	296,670	82,502	22,779	409,002
Total Fund Balances	25,051	796,670	385,582	72,779	1,280,081
Total Liabilities and Fund Balances	\$ 25,180	\$ 813,462	\$ 387,961	\$ 72,802	\$ 1,299,405

Michigan

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

PERMANENT FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	CHILDREN WITH SPECIAL NEEDS FUND	MICHIGAN NATURAL RESOURCES TRUST FUND	MICHIGAN STATE PARKS ENDOWMENT FUND	MICHIGAN VETERANS' TRUST FUND	TOTALS
REVENUES					
From federal agencies	\$ -	\$ -	\$ 2	\$ -	\$ 2
Miscellaneous	2,276	83,852	56,693	10,021	152,841
Total Revenues	2,276	83,852	56,695	10,021	152,844
EXPENDITURES					
Current:					
General government	10	3,056	288	50	3,403
Health and human services	574	-	-	-	574
Public safety and corrections	-	-	-	2,547	2,547
Conservation, environment, recreation, and agriculture	-	23,412	15,128	-	38,540
Capital outlay	-	5,672	5,331	-	11,003
Debt service:					
Capital lease and financed purchase payments	-	-	8	-	8
Total Expenditures	584	32,140	20,755	2,596	56,075
Excess of Revenues over (under) Expenditures	1,692	51,713	35,940	7,424	96,769
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	1,593	-	-	1,593
Transfers to other funds	-	(21)	(243)	(11)	(276)
Total Other Financing Sources (Uses)	-	1,572	(243)	(11)	1,318
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	1,692	53,285	35,697	7,413	98,086
Fund Balances - Beginning of fiscal year - restated	23,359	743,385	349,885	65,366	1,181,995
Fund Balances - End of fiscal year	\$ 25,051	\$ 796,670	\$ 385,582	\$ 72,779	\$ 1,280,081

Michigan

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

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

Statutory/Budgetary Basis	CHILDREN WITH SPECIAL NEEDS FUND			MICHIGAN NATURAL RESOURCES TRUST FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
From federal agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	2,276	2,276	-	83,852	83,852	-
Proceeds from sale of capital assets	-	-	-	1,593	1,593	-
Total Revenues and Other Sources	2,276	2,276	-	85,446	85,446	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Health and Human Services	574	574	-	-	-	-
Military and Veterans Affairs	-	-	-	-	-	-
Natural Resources	-	-	-	66,426	60,264	6,162
Treasury	25,011	10	25,001	3,093	3,056	37
Total Expenditures, Transfers Out, and Encumbrances	25,585	584	25,001	69,519	63,320	6,200
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ (23,309)	1,692	\$ 25,001	\$ 15,926	22,126	\$ 6,200
Reconciling Items:						
Encumbrances at September 30		-			31,159	
Net Reconciling Items		-			31,159	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		1,692			53,285	
FUND BALANCES (GAAP BASIS)						
Beginning balances		23,359			743,385	
Ending balances (GAAP Basis)		\$ 25,051			\$ 796,670	

Michigan

MICHIGAN STATE PARKS ENDOWMENT FUND			MICHIGAN VETERANS' TRUST FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 2	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 2	\$ -
56,693	56,693	-	10,021	10,021	-	152,841	152,841	-
-	-	-	-	-	-	1,593	1,593	-
56,695	56,695	-	10,021	10,021	-	154,437	154,437	-
-	-	-	-	-	-	574	574	-
-	-	-	3,255	2,558	697	3,255	2,558	697
28,854	26,558	2,296	-	-	-	95,280	86,822	8,459
288	288	-	50	50	-	28,442	3,403	25,038
29,142	26,846	2,296	3,304	2,608	697	127,551	93,357	34,193
\$ 27,553	29,849	\$ 2,296	\$ 6,716	7,413	\$ 697	\$ 26,887	61,080	\$ 34,193
5,848				-			37,007	
5,848				-			37,007	
35,697				7,413			98,086	
349,885				65,366			1,181,995	
\$ 385,582			\$ 72,779			\$ 1,280,081		



ENTERPRISE FUNDS

ATTORNEY DISCIPLINE SYSTEM

The Attorney Discipline System (ADS) consists of the Attorney Grievance Commission and the Attorney Discipline Board. This system provides the courts, legal profession, and the general public with a means to ensure that complaints against attorneys for potential violations of the Court Rules and the Michigan Rules of Professional Conduct are properly heard and investigated, and that sanctions are imposed where required. ADS is under the supervision of the Michigan Supreme Court which also approves the two agencies' budgets.

ADS receives revenue in the form of mandatory annual assessments on members of the State Bar of Michigan, provided for by Court Rules. This system also receives other revenue, primarily through the assessment of administrative fees and the recovery of costs, including subpoena fees and transcript costs.

LIQUOR PURCHASE REVOLVING FUND

Michigan Compiled Laws (MCL) Section 436.1221 authorized the Liquor Control Commission, within the Department of Licensing and Regulatory Affairs, to maintain a revolving fund that is to be derived from the money deposited to the credit of the commission with the State Treasurer. Under State monopoly, liquor is sold at wholesale through a State controlled, privately operated distribution system. The fund accounts for the sales of and the replenishing and transporting of the liquor stock. Administrative, warehousing, and delivery costs are paid for through the fund. At the end of each fiscal year, the net income of the fund is transferred to the General Fund in accordance with MCL Section 18.1435.

COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS
 SEPTEMBER 30, 2021
 (In Thousands)

	ATTORNEY DISCIPLINE SYSTEM	LIQUOR PURCHASE REVOLVING FUND	TOTALS
ASSETS			
Current Assets:			
Cash	\$ 3,750	\$ -	\$ 3,750
Equity in common cash	-	120,484	120,484
Inventories	-	4,631	4,631
Other current assets	179	13,214	13,394
Total Current Assets	<u>3,929</u>	<u>138,330</u>	<u>142,258</u>
Noncurrent Assets:			
Investments	6,011	-	6,011
Capital Assets:			
Buildings and equipment	1,484	162	1,645
Allowance for depreciation	(314)	(13)	(327)
Total capital assets	<u>1,170</u>	<u>149</u>	<u>1,319</u>
Other noncurrent assets	16	-	16
Total Noncurrent Assets	<u>7,196</u>	<u>149</u>	<u>7,345</u>
Total Assets	<u>11,125</u>	<u>138,479</u>	<u>149,604</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>542</u>	<u>7,302</u>	<u>7,843</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	602	143,687	144,289
Amounts due to other funds	-	118	118
Unearned revenue	1,064	-	1,064
Current portion of other long-term obligations	56	626	682
Total Current Liabilities	<u>1,723</u>	<u>144,430</u>	<u>146,153</u>
Long-Term Liabilities:			
Noncurrent portion of other			
long-term obligations	3,334	29,483	32,817
Total Long-Term Liabilities	<u>3,334</u>	<u>29,483</u>	<u>32,817</u>
Total Liabilities	<u>5,056</u>	<u>173,913</u>	<u>178,970</u>
DEFERRED INFLOWS OF RESOURCES	<u>564</u>	<u>9,060</u>	<u>9,623</u>
NET POSITION			
Net investment in capital assets	(195)	(12)	(208)
Restricted for other purposes	5,011	-	5,011
Unrestricted	1,230	(37,180)	(35,950)
Total Net Position	<u>\$ 6,047</u>	<u>\$ (37,193)</u>	<u>\$ (31,146)</u>

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

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	ATTORNEY DISCIPLINE SYSTEM	LIQUOR PURCHASE REVOLVING FUND	TOTALS
OPERATING REVENUES			
Operating revenues	\$ 5,365	\$ 1,587,738	\$ 1,593,102
Total Operating Revenues	5,365	1,587,738	1,593,102
OPERATING EXPENSES			
Salaries, wages, and other administrative	4,545	107,299	111,845
Depreciation	91	8	99
Purchases for resale	-	1,165,851	1,165,851
Premiums and claims	-	1	1
Other operating expenses	871	822	1,693
Total Operating Expenses	5,507	1,273,982	1,279,488
Operating Income (Loss)	(142)	313,756	313,614
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	10	149	159
Investment revenue (expense) - net	968	-	968
Interest expense	-	(31)	(31)
Other nonoperating expenses	-	(93)	(93)
Total Nonoperating Revenues (Expenses)	978	25	1,003
Income (Loss) Before Transfers	836	313,781	314,617
TRANSFERS			
Transfers to other funds	-	(313,792)	(313,792)
Total Transfers In (Out)	-	(313,792)	(313,792)
Change in net position	836	(11)	825
Total net position - Beginning of fiscal year - restated	5,211	(37,182)	(31,971)
Total net position - End of fiscal year	\$ 6,047	\$ (37,193)	\$ (31,146)

COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2021
(In Thousands)

	ATTORNEY DISCIPLINE SYSTEM	LIQUOR PURCHASE REVOLVING FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ -	\$ 1,589,813	\$ 1,589,813
Membership dues	5,431	-	5,431
Payments to employees	(4,530)	(13,657)	(18,187)
Payments to suppliers	(898)	(1,253,053)	(1,253,950)
Claims paid	-	(1)	(1)
Other receipts	125	-	125
Other payments	(102)	(916)	(1,017)
Net cash provided (used) by operating activities	27	322,187	322,213
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	(313,520)	(313,520)
Net cash provided (used) by noncapital financing activities	-	(313,520)	(313,520)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(7)	-	(7)
Capital lease payments (including imputed interest expense)	25	(31)	(6)
Net cash provided (used) by capital and related financing activities	18	(31)	(13)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(39)	-	(39)
Sale of investment securities	2,000	-	2,000
Interest and dividends on investments	10	149	159
Net cash provided (used) by investing activities	1,971	149	2,120
Net cash provided (used) - all activities	2,015	8,785	10,800
Cash and cash equivalents at beginning of year - restated	1,735	111,700	113,435
Cash and cash equivalents at end of year	\$ 3,750	\$ 120,485	\$ 124,234
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Per Statement of Net Position Classifications:			
Cash	\$ 3,750	\$ -	\$ 3,750
Equity in common cash	-	120,484	120,484
Cash and cash equivalents at end of year	\$ 3,750	\$ 120,485	\$ 124,234
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (142)	\$ 313,756	\$ 313,614
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	91	8	99
Pension expense	87	1,244	1,331
OPEB expense	33	(263)	(231)
Deferred outflows - contributions subsequent to measurement date	(193)	(3,315)	(3,508)
Other nonoperating expenses	-	(93)	(93)
Other reconciling items	(45)	(307)	(352)
Net Changes in Assets and Liabilities:			
Inventories	-	(4,096)	(4,096)
Other assets (net)	(25)	1,786	1,761
Accounts payable and other liabilities	(53)	13,467	13,414
Unearned revenue	273	-	273
Net cash provided (used) by operating activities	\$ 27	\$ 322,187	\$ 322,213
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Cost of capital assets acquisitions financed by capital leases	\$ 767	\$ -	\$ 767
Capital lease liabilities entered into during the year	(767)	-	(767)
Total noncash investing, capital, and financing activities	\$ -	\$ -	\$ -

INTERNAL SERVICE FUNDS

CORRECTIONAL INDUSTRIES REVOLVING FUND

Authorized by Michigan Compiled Laws (MCL) Section 800.325, this fund accounts for the financial transactions of multiple manufacturing and service processing industries employing inmates incarcerated in Michigan's correctional institutions. In 1980, MCL Section 800.326 expanded the fund's sales market to include institutions of this or any other state or political subdivision thereof, the federal government or its agencies, a foreign government or agencies of a foreign government, a private vendor that operates the youth correctional facility, and certain tax-exempt organizations.

The amendment allowed for a five-year phase-in of price setting which would provide a margin in direct and indirect costs to reach self-sufficiency. Since self-sufficiency was reached in 1985, the fund has supported the cost of civilian wages, salaries and other costs which were paid by the Department in the past. A solvent fund allows Industries to expand its operations to service more inmates.

Executive Order 1992-13 stipulates that the fund repay the General Fund for the cost of building and equipping prison factories included as part of new prison construction. The costs of buildings and equipment are to be repaid over 30 years and 10 years, respectively. A portion of the final payment was written off to the General Fund in fiscal year 2021 due to the closure of the Detroit Reentry Center.

STATE SPONSORED GROUP INSURANCE FUND

This fund was administratively established to reflect the financial transactions of the State sponsored insurance plans that provide health, long-term disability, life, vision, and dental coverage for participating employees. The plans' funding methods range from those where the State is fully self-insured to those where an outside carrier assumes partial risk on a contracted basis. A note to the financial statements entitled "Risk Management" provides additional information about this fund.

INFORMATION TECHNOLOGY FUND

This fund was created by administrative decision to provide telecommunication and information technology services for State agencies. During fiscal year 2002, the use of this fund was expanded to account for all information technology activities of the executive branch as prescribed in Executive Order 2001-03. User agencies are billed for equipment and services based on actual costs or rates established to cover actual costs.

OFFICE SERVICES REVOLVING FUND

Created in 1952, this fund operates under Michigan Compiled Laws Section 18.1269 to provide services in the following areas: printing, reproduction, microfilm and imaging, mailing, distribution of federal and state surplus property, delivery, and warehouse services. Other services may be added to this fund as determined to be advantageous to the State including but not limited to the purchase of bulk gas used by State agencies. The cost of the services or supplies is charged to user departments and agencies. Resultant revenue is credited to the revolving fund and is used for administration and operation of the program, including purchase of necessary equipment.

MOTOR TRANSPORT FUND

This fund was created by Michigan Compiled Laws Section 18.1213 to provide vehicle and travel services for State agencies. Activities include lease, purchase, replacement, and maintenance of automotive equipment. Vehicles are available to agencies on a permanently assigned basis or through the motor pool for short-term usage and are furnished to agencies at a rate sufficient to cover all costs of operation and maintenance. Agencies are billed on a monthly basis for services rendered.

RISK MANAGEMENT FUND

Administratively established, this fund accounts for certain centralized risk management functions performed by the Department of Technology, Management and Budget for other State agencies. Currently, the fund has assumed a degree of risk for the automotive liability. This activity and administrative functions are recorded as operating activity of the fund. An activity of the fund for which the fund assumes no risk is the centralized processing of workers' compensation payments for State agencies. Workers' compensation long-term claim liabilities are recorded in the Government-wide Financial Statements and the related current year workers' compensation expenditures are recorded in the applicable funds.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2021
 (In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	STATE SPONSORED GROUP INSURANCE FUND	INFORMATION TECHNOLOGY FUND
ASSETS			
Current Assets:			
Cash	\$ -	\$ -	\$ -
Equity in common cash	3,633	393,699	76,837
Amounts due from other funds	-	9	-
Amounts due from component units	-	-	287
Inventories	6,235	-	870
Other current assets	54	8,751	57,883
Total Current Assets	9,923	402,460	135,876
Noncurrent Assets:			
Capital Assets:			
Land and other non-depreciable assets	-	-	136,941
Buildings and equipment	24,327	-	973,479
Allowance for depreciation	(16,248)	-	(720,877)
Construction in progress	-	-	60
Total capital assets	8,079	-	389,603
Other noncurrent assets	-	1,700	34,357
Total Noncurrent Assets	8,079	1,700	423,959
Total Assets	18,002	404,160	559,836
DEFERRED OUTFLOWS OF RESOURCES	2,728	-	142,014
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	810	28,459	82,183
Amounts due to other funds	44	-	1,825
Interest payable	2,150	-	57
Unearned revenue	-	114	86,427
Current portion of other long-term obligations	262	37,638	18,675
Total Current Liabilities	3,266	66,211	189,167
Long-Term Liabilities:			
Unearned revenue	-	-	284,706
Noncurrent portion of other long-term obligations	12,529	87,542	622,557
Total Long-Term Liabilities	12,529	87,542	907,264
Total Liabilities	15,794	153,753	1,096,430
DEFERRED INFLOWS OF RESOURCES	4,116	-	176,086
NET POSITION			
Net investment in capital assets	8,079	-	381,605
Restricted for other purposes	-	-	-
Unrestricted	(7,260)	250,407	(952,272)
Total Net Position	\$ 820	\$ 250,407	\$ (570,667)

Michigan

OFFICE SERVICES REVOLVING FUND	MOTOR TRANSPORT FUND	RISK MANAGEMENT FUND	TOTAL
\$ 3	\$ -	\$ -	\$ 3
31,876	39	12,461	518,546
-	-	-	9
3,056	-	-	3,342
5,873	215	-	13,193
5,781	821	1,084	74,375
<u>46,590</u>	<u>1,075</u>	<u>13,545</u>	<u>609,469</u>
-	-	-	136,941
14,951	10,601	463	1,023,822
(12,231)	(8,842)	(150)	(758,348)
-	-	-	60
<u>2,719</u>	<u>1,759</u>	<u>313</u>	<u>402,474</u>
-	-	1,050	37,107
<u>2,719</u>	<u>1,759</u>	<u>1,363</u>	<u>439,580</u>
<u>49,309</u>	<u>2,835</u>	<u>14,908</u>	<u>1,049,049</u>
<u>6,938</u>	<u>2,783</u>	<u>1,188</u>	<u>155,651</u>
8,330	1,688	622	122,093
86	27	5	1,986
-	-	3	2,210
6	21	-	86,568
686	156	3,094	60,509
<u>9,108</u>	<u>1,892</u>	<u>3,723</u>	<u>273,366</u>
-	-	-	284,706
<u>29,563</u>	<u>10,885</u>	<u>8,791</u>	<u>771,867</u>
<u>29,563</u>	<u>10,885</u>	<u>8,791</u>	<u>1,056,573</u>
<u>38,671</u>	<u>12,776</u>	<u>12,515</u>	<u>1,329,940</u>
<u>8,999</u>	<u>2,557</u>	<u>575</u>	<u>192,334</u>
2,719	1,759	(143)	394,020
5,857	-	-	5,857
-	(11,476)	3,151	(717,450)
<u>\$ 8,576</u>	<u>\$ (9,716)</u>	<u>\$ 3,008</u>	<u>\$ (317,573)</u>

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

INTERNAL SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	STATE SPONSORED GROUP INSURANCE FUND	INFORMATION TECHNOLOGY FUND
OPERATING REVENUES			
Operating revenues	\$ 15,650	\$ 784,054	\$ 964,137
Total Operating Revenues	15,650	784,054	964,137
OPERATING EXPENSES			
Salaries, wages, and other administrative	5,915	21,343	770,635
Depreciation	512	-	103,334
Purchases for resale	-	-	-
Purchases for prison industries	7,094	-	-
Premiums and claims	-	778,902	1
Other operating expenses:			
Leased vehicles expense	-	-	-
Vehicle maintenance expense	-	-	-
Total other operating expenses	-	-	-
Total Operating Expenses	13,522	800,246	873,970
Operating Income (Loss)	2,128	(16,192)	90,167
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	-	435	-
Other nonoperating revenues	833	1,182	1,892
Interest expense	-	-	(791)
Other nonoperating expenses	(108)	-	(109)
Total Nonoperating Revenues (Expenses)	724	1,617	991
Income (Loss) Before Transfers	2,852	(14,575)	91,158
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital contributions	-	-	-
Transfers to other funds	(96)	-	(3,664)
Total Capital Contributions and Transfers In (Out)	(96)	-	(3,664)
Change in net position	2,757	(14,575)	87,494
Total net position - Beginning of fiscal year - restated	(1,937)	264,982	(658,161)
Total net position - End of fiscal year	\$ 820	\$ 250,407	\$ (570,667)

Michigan

OFFICE SERVICES REVOLVING FUND	MOTOR TRANSPORT FUND	RISK MANAGEMENT FUND	TOTALS
\$ 101,785	\$ 71,145	\$ 3,906	\$ 1,940,676
101,785	71,145	3,906	1,940,676
30,811	6,523	2,418	837,645
526	255	39	104,666
65,515	-	-	65,515
-	-	-	7,094
-	2,314	1,928	783,145
262	41,463	-	41,725
-	26,386	-	26,386
262	67,848	-	68,110
97,114	76,941	4,384	1,866,176
4,671	(5,796)	(478)	74,500
-	-	-	435
9	5,442	-	9,358
-	-	(111)	(903)
-	-	-	(217)
9	5,442	(111)	8,672
4,680	(354)	(590)	83,172
-	7	-	7
(220)	(78)	(11)	(4,069)
(220)	(71)	(11)	(4,062)
4,460	(424)	(601)	79,110
4,116	(9,292)	3,608	(396,683)
\$ 8,576	\$ (9,716)	\$ 3,008	\$ (317,573)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	STATE SPONSORED GROUP INSURANCE FUND	INFORMATION TECHNOLOGY FUND
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 15,595	\$ 794,973	\$ 951,365
Payments to employees	(5,864)	-	(272,068)
Payments to suppliers	(8,674)	(66,511)	(619,119)
Claims paid	-	(725,893)	(1)
Other receipts	10	215	1,916
Other payments	(218)	-	-
Net cash provided (used) by operating activities	849	2,784	62,093
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal subsidy	-	441	-
Loans or loan repayments from other funds	-	-	-
Loans or loan repayments to other funds	-	-	-
Transfers to other funds	(96)	-	(3,664)
Net cash provided (used) by noncapital financing activities	(96)	441	(3,664)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(33)	-	(52,555)
Capital lease payments (including imputed interest expense)	-	-	(4,615)
Net cash provided (used) by capital and related financing activities	(34)	-	(57,170)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	-	435	-
Net cash provided (used) by investing activities	-	435	-
Net cash provided (used) - all activities	720	3,659	1,259
Cash and cash equivalents at beginning of year	2,914	390,040	75,579
Cash and cash equivalents at end of year	\$ 3,633	\$ 393,699	\$ 76,837
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Per Statement of Net Position Classifications:			
Cash	\$ -	\$ -	\$ -
Equity in common cash	3,633	393,699	76,837
Cash and cash equivalents at end of year	\$ 3,633	\$ 393,699	\$ 76,837
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 2,128	\$ (16,192)	\$ 90,167
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	512	-	103,334
Pension expense	(261)	-	(20)
OPEB expense	(104)	-	5,421
Deferred outflows - contributions subsequent to measurement date	(1,284)	-	(63,752)
Other nonoperating revenues	833	741	1,892
Other nonoperating expenses	(108)	-	-
Other reconciling items	(184)	-	29
Net Changes in Assets and Liabilities:			
Inventories	626	-	(577)
Other assets (net)	(17)	9,295	(54,794)
Accounts payable and other liabilities	(1,291)	8,948	(6,767)
Unearned revenue	-	(8)	(12,839)
Net cash provided (used) by operating activities	\$ 849	\$ 2,784	\$ 62,093
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ (109)
Total noncash investing, capital, and financing activities	\$ -	\$ -	\$ (109)

Michigan

OFFICE SERVICES REVOLVING FUND	MOTOR TRANSPORT FUND	RISK MANAGEMENT FUND	TOTALS
\$ 101,844	\$ 71,274	\$ 27,444	\$ 1,962,494
(12,614)	(4,108)	(1,084)	(295,738)
(89,050)	(68,389)	(5,502)	(857,245)
-	(2,314)	(19,517)	(747,725)
454	5,378	-	7,973
(444)	-	-	(662)
190	1,841	1,341	69,098
-	-	-	441
64	-	-	64
-	(64)	-	(64)
(220)	(78)	(11)	(4,069)
(156)	(142)	(11)	(3,628)
(430)	(1,660)	-	(54,679)
-	-	(123)	(4,738)
(430)	(1,660)	(123)	(59,417)
-	-	-	435
-	-	-	435
(396)	39	1,206	6,487
32,275	-	11,254	512,062
\$ 31,879	\$ 39	\$ 12,461	\$ 518,549
\$ 3	\$ -	\$ -	\$ 3
31,876	39	12,461	518,546
\$ 31,879	\$ 39	\$ 12,461	\$ 518,549
\$ 4,671	\$ (5,796)	\$ (478)	\$ 74,500
526	255	39	104,666
692	737	644	1,791
(157)	331	189	5,680
(3,079)	(966)	(261)	(69,343)
9	5,442	-	8,917
-	-	-	(108)
1	-	(106)	(260)
(2,482)	11	-	(2,422)
148	1,593	(245)	(44,021)
(156)	213	1,559	2,506
18	21	-	(12,809)
\$ 190	\$ 1,841	\$ 1,341	\$ 69,098
\$ -	\$ -	\$ -	\$ (109)
\$ -	\$ -	\$ -	\$ (109)

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 (MCL) Section 38.1151 to account for deferred compensation plans that permit State of Michigan, Michigan Public School, and Education Achievement Authority employees to defer a portion of their income until future years. This fund also includes the State of Michigan 457 Personal Healthcare subfund created by MCL Section 38.68b for all employees hired after January 1, 2012 and those who opted out of the graded premium.

Prior to fiscal year 2016, this fund was titled the State of Michigan Deferred Compensation Funds and included a portion of the State of Michigan 401k Plan related to deferred compensation for State employees. Beginning with fiscal year 2016, this fund only includes amounts that are part of deferred compensation plans established in accordance with Section 457(b) of the Internal Revenue Code. This change occurred to improve comparability with the 457 Plan's separately issued financial statements.

LEGISLATIVE PENSION BENEFITS FUND

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

MCL Section 38.1018 amended LRS's enabling legislation to provide that individuals who first became a legislator or lieutenant governor on or after March 31, 1997, participate in the State's defined contribution plan.

LEGISLATIVE OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits (OPEB) of the Legislative Retirement System (LRS), a fiduciary component unit, created by Michigan Compiled Laws Section 38.1001. LRS's OPEB plan provides its members with health, dental, vision, and hearing insurance coverage. This fund includes health coverage for participants of both the defined benefit pension plan and the defined contribution retirement plan.

Pursuant to MCL Section 38.1075, the LRS OPEB plan became closed to new participants. All qualified participants must have completed six years of service before January 1, 2013, to qualify for health insurance in the plan.

STATE POLICE PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Michigan State Police Retirement System (MSPRS), a fiduciary component unit, created by Michigan Compiled Laws Section 38.1605, which is administered by a nine-member board under the direction of a chairperson elected from the membership. MSPRS's pension plan provides retirement, survivor and disability benefits to Michigan State Police officers. Financing is provided by investment income and by an annual legislative appropriation.

As a result of contract negotiations, a "pension plus" plan was created which pairs a guaranteed retirement income (defined benefit pension) with a flexible and transferable retirement savings (defined contribution) account for employees first hired on or after June 10, 2012.

STATE POLICE OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits (OPEB) of the Michigan State Police Retirement System (MSPRS), a fiduciary component unit, created by Michigan Compiled Laws Section 38.1605. MSPRS's OPEB plan provides retirees hired before June 10, 2012, with the option of receiving health, dental, and vision coverage. Employees hired on or after June 10, 2012, are accounted for within the State of Michigan 401k Plan's Personal Health Care Fund.

STATE EMPLOYEES' PENSION BENEFITS FUND

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

Effective March 31, 1997, MCL Section 38.13 closed the plan to new applicants. All new employees become members of the State's defined contribution plan. The law also allows returning employees and members who left state employment on or before March 31, 1997, to elect the defined benefit plan instead of the defined contribution plan.

STATE EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits (OPEB) of the State Employees' Retirement System (SERS), a fiduciary component unit, created by Michigan Compiled Laws Section 38.2. SERS's OPEB plan provides all retirees with the option of receiving health, dental, and vision coverage. This fund includes coverage for participants of both the defined benefit pension plan and the defined contribution retirement plan.

PUBLIC SCHOOL EMPLOYEES' PENSION BENEFITS FUND

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

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

MCLs Section 38.1304, et al were amended to create a new "pension plus" plan which pairs a guaranteed retirement income (defined benefit) with a flexible and transferable retirement savings (defined contribution) account for employees first hired after June 30, 2010.

Effective July 13, 2017, MCL Section 38.1305 et al., were amended to close the pension plus plan to employees hired after January 31, 2018 and a new, optional pension plus 2 was created. The pension plus 2 plan is similar to the pension plus plan, however, it contains a 50% contribution share from the employee and employer, both of which include the cost of future unfunded liabilities.

PUBLIC SCHOOL EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits (OPEB) of the Michigan Public School Employees' Retirement System (MPERS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.1321. MPERS's OPEB plan provides all retirees with the option of receiving health, dental, and vision coverage.

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

JUDGES' PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Michigan Judges Retirement System (MJRS), a fiduciary component unit, created by Michigan Compiled Laws (MCL) Section 38.2201. MJRS's pension plan provides retirement, survivor and disability benefits to judges in the judicial branch of State government. Financing comes from member contributions, court filing fees as provided under law, investment earnings, and legislative appropriations.

MCL Section 38.2401a, effective March 31, 1997, closed the plan to new entrants. Judges or state officials newly appointed or elected on or after March 31, 1997, become members of the State's defined contribution plan.

JUDGES' OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits (OPEB) of the Michigan Judges Retirement System (MJRS), a fiduciary component unit, created by Michigan Compiled Laws Section 38.2201. MJRS's OPEB plan provides all retirees with the option of receiving health, dental, and vision coverage. This fund includes health coverage for participants of both the defined benefit pension plan and the defined contribution retirement plan.

MILITARY PENSION BENEFITS FUND

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

STATE OF MICHIGAN 401K PLANS

This fund was established in accordance with Michigan Compiled Laws (MCL) Section 38.1151 as a defined contribution pension plan. Membership within the plan includes all State employees hired after March 31, 1997, Public School Reporting Units members hired after July 1, 2010, and for those members of the State Employees' Retirement (defined benefit) System, Judges' Retirement System, Legislative Retirement System, and Education Achievement Authority who elect to transfer to this plan. This fund also includes the State of Michigan 401k Personal Healthcare subfund created by MCL Section 38.68b for all employees hired after January 1, 2012, and those who opted out of the graded premium.

Prior to fiscal year 2016 this fund was titled the State of Michigan Defined Contribution Retirement Fund. Beginning with fiscal year 2016, this fund only includes amounts that are part of deferred compensation and defined contribution plans established in accordance with Section 401 of the Internal Revenue Code. This change occurred to improve comparability with the 401k Plan's separately issued financial statements.

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
 SEPTEMBER 30, 2021
 (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	\$ 9,308	\$ 2,235	\$ 512	\$ 5,422
Receivables:				
From participants	24,218	-	-	144
From employer	-	-	-	12,897
Other	320	-	-	-
Interest and dividends	-	30	-	23
Due from component unit	-	-	-	-
Due from other governmental	500	-	174	-
Sale of investments	-	66	-	-
Investments at Fair Value:				
Short-term investments	-	-	-	43,731
Fixed income	-	-	-	185,136
Domestic equities	-	27,894	8,577	421,094
Real estate	-	-	-	128,621
Alternative investments	-	12,890	3,964	-
Private equity pools	-	-	-	427,133
International equities	-	57	18	297,899
Absolute return	-	-	-	98,069
Mutual funds	139,147	81,511	25,064	-
Pooled investment funds	2,014,158	-	-	-
Separate accounts	940,792	-	-	-
Real return	-	-	-	222,400
Securities lending collateral	-	-	-	60,247
Total Assets	<u>3,128,443</u>	<u>124,684</u>	<u>38,308</u>	<u>1,902,817</u>
LIABILITIES				
Accounts payable and other liabilities	4,629	122	1	55
Amounts due to other funds	-	-	-	-
Obligations under security lending	-	-	-	60,247
Unearned revenue	<u>2,326</u>	<u>-</u>	<u>28</u>	<u>-</u>
Total Liabilities	<u>6,954</u>	<u>122</u>	<u>28</u>	<u>60,301</u>
NET POSITION				
Restricted for pension, postemployment health-care, and deferred compensation participants	<u>\$ 3,121,489</u>	<u>\$ 124,562</u>	<u>\$ 38,280</u>	<u>\$ 1,842,516</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
\$ 9,863	\$ 26,346	\$ 167,455	\$ 117,963	\$ 30,941	\$ 2,169
-	961	-	801	-	2
9,305	70,255	82,506	216,855	75,285	10
1,083	-	23,485	-	428,765	-
4	172	58	759	125	4
-	280	330	-	-	-
1,126	-	27,448	-	-	-
-	-	-	-	-	-
6,094	355,973	111,800	1,565,278	246,054	5,612
36,225	1,459,733	489,604	6,388,910	1,057,960	30,408
82,464	3,319,221	1,111,660	14,531,405	2,405,232	69,097
25,207	1,014,802	339,585	4,440,310	735,414	21,118
-	-	-	-	-	-
83,600	3,359,780	1,125,957	14,733,651	2,437,066	70,031
58,293	2,349,341	786,797	10,282,396	1,701,571	48,880
19,164	773,452	259,014	3,386,782	559,923	16,103
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
43,511	1,753,372	587,421	7,676,449	1,270,643	36,510
11,545	474,719	155,305	2,088,262	346,018	10,029
387,485	14,958,408	5,268,424	65,429,823	11,294,998	309,971
3,039	2,101	30,137	1,052	206,107	1
-	-	-	-	-	-
11,545	474,719	155,305	2,088,262	346,018	10,029
-	-	721	8,353	675	-
14,584	476,820	186,163	2,097,667	552,800	10,031
\$ 372,901	\$ 14,481,588	\$ 5,082,262	\$ 63,332,155	\$ 10,742,198	\$ 299,940

This statement continued on next page.

Michigan

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS (Continued)
 SEPTEMBER 30, 2021
 (In Thousands)

	JUDGES' OTHER POSTEMPLOYMENT BENEFITS FUND	MILITARY PENSION BENEFITS FUND	STATE OF MICHIGAN 401K PLANS	TOTALS
ASSETS				
Equity in common cash	\$ 1,952	\$ 865	\$ 382	\$ 375,413
Receivables:				
From participants	-	2	151,005	177,133
From employer	-	-	56,871	523,984
Other	25	-	478	454,156
Interest and dividends	-	1	-	1,176
Due from component unit	-	-	-	610
Due from other governmental	16	-	-	29,263
Sale of investments	-	-	-	66
Investments at Fair Value:				
Short-term investments	553	1,768	-	2,336,865
Fixed income	895	6,714	-	9,655,584
Domestic equities	2,401	15,466	-	21,994,512
Real estate	534	4,626	-	6,710,218
Alternative investments	-	-	-	16,854
Private equity pools	2,430	15,694	-	22,255,341
International equities	1,613	10,908	-	15,537,772
Absolute return	345	3,485	-	5,116,337
Mutual funds	-	-	543,547	789,269
Pooled investment funds	-	-	6,487,555	8,501,713
Separate accounts	-	-	2,238,499	3,179,292
Real return	1,132	8,113	-	11,599,550
Securities lending collateral	337	2,203	-	3,148,666
Total Assets	12,232	69,845	9,478,337	112,403,775
LIABILITIES				
Accounts payable and other liabilities	105	1	793	248,142
Amounts due to other funds	-	-	500	500
Obligations under security lending	337	2,203	-	3,148,666
Unearned revenue	7	-	-	12,111
Total Liabilities	450	2,204	1,293	3,409,418
NET POSITION				
Restricted for pension, postemployment health-care, and deferred compensation participants	\$ 11,782	\$ 67,641	\$ 9,477,044	\$ 108,994,357



Michigan

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

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(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	\$ 256,686	\$ 1	\$ -	\$ 3,850
From employers	209	-	4,612	69,152
From other governmental	-	-	227	-
From other systems	1,924	-	-	-
Total Contributions	258,818	1	4,838	73,002
Investment Income:				
Net increase (decrease) in the fair value of investments	470,985	22,587	6,195	375,031
Interest, dividends, and other	15,111	3,308	911	33,965
Securities lending income	-	-	-	279
Less Investment Expense:				
Investment activity expense	-	307	84	7,465
Securities lending expense	-	-	-	76
Net investment income (loss)	486,095	25,588	7,021	401,735
Miscellaneous income	1,194	285	974	-
Total Additions	746,108	25,874	12,833	474,737
DEDUCTIONS				
Benefits paid to participants or beneficiaries	78,239	14,819	-	155,315
Medical, dental, and life insurance for retirants	-	-	5,816	-
Refunds and transfers to other systems	102,584	50	-	113
Administrative and other expenses	7,399	384	106	677
Total Deductions	188,222	15,253	5,922	156,106
Change in net position	557,885	10,621	6,911	318,631
Net position - Beginning of fiscal year - restated	2,563,604	113,941	31,369	1,523,885
Net position - End of fiscal year	\$ 3,121,489	\$ 124,562	\$ 38,280	\$ 1,842,516

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
\$ -	\$ 23,881	\$ -	\$ 413,531	\$ 203,769	\$ 415
48,792	659,639	774,406	3,081,014	749,591	2,850
4,663	-	104,777	-	236,168	-
-	-	-	-	-	-
<u>53,456</u>	<u>683,521</u>	<u>879,183</u>	<u>3,494,544</u>	<u>1,189,528</u>	<u>3,264</u>
69,003	2,979,879	909,342	12,825,576	2,009,764	62,256
6,364	269,354	84,485	1,164,260	184,969	5,583
53	2,175	708	9,760	1,578	46
1,416	59,029	18,839	256,226	41,251	1,238
15	596	202	2,638	437	12
<u>73,989</u>	<u>3,191,784</u>	<u>975,495</u>	<u>13,740,731</u>	<u>2,154,623</u>	<u>66,635</u>
204	64	3,577	132	116	39
<u>127,648</u>	<u>3,875,368</u>	<u>1,858,255</u>	<u>17,235,408</u>	<u>3,344,266</u>	<u>69,939</u>
-	1,459,749	-	5,309,514	-	24,319
36,701	-	398,991	-	449,558	-
-	389	2,768	26,728	108	-
1,545	5,925	46,143	23,239	171,430	376
<u>38,246</u>	<u>1,466,062</u>	<u>447,902</u>	<u>5,359,481</u>	<u>621,095</u>	<u>24,695</u>
89,402	2,409,307	1,410,353	11,875,927	2,723,171	45,243
<u>283,499</u>	<u>12,072,281</u>	<u>3,671,909</u>	<u>51,456,229</u>	<u>8,019,027</u>	<u>254,697</u>
<u>\$ 372,901</u>	<u>\$ 14,481,588</u>	<u>\$ 5,082,262</u>	<u>\$ 63,332,155</u>	<u>\$ 10,742,198</u>	<u>\$ 299,940</u>

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, 2021

(In Thousands)

	JUDGES' OTHER POSTEMPLOYMENT BENEFITS FUND	MILITARY PENSION BENEFITS FUND	STATE OF MICHIGAN 401K PLANS	TOTALS
ADDITIONS				
Contributions:				
From participants	\$ 108	\$ -	\$ 314,600	\$ 1,216,840
From employers	216	657	357,303	5,748,441
From other governmental	103	-	-	345,938
From other systems	-	-	19,921	21,845
Total Contributions	428	657	691,824	7,333,064
Investment Income:				
Net increase (decrease) in the fair value of investments	2,168	14,016	1,620,377	21,367,178
Interest, dividends, and other	202	1,266	38,855	1,808,633
Securities lending income	2	10	-	14,612
Less Investment Expense:	-	-	-	-
Investment activity expense	46	278	-	386,179
Securities lending expense	-	3	-	3,978
Net investment income (loss)	2,325	15,012	1,659,232	22,800,265
Miscellaneous income	12	-	2,740	9,337
Total Additions	2,765	15,670	2,353,796	30,142,667
DEDUCTIONS				
Benefits paid to participants or beneficiaries	-	4,029	268,458	7,314,442
Medical, dental, and life insurance for retirants	83	-	-	891,150
Refunds and transfers to other systems	1	-	324,082	456,823
Administrative and other expenses	150	200	20,302	277,877
Total Deductions	234	4,230	612,842	8,940,292
Change in net position	2,531	11,440	1,740,954	21,202,375
Net position - Beginning of fiscal year - restated	9,252	56,201	7,736,090	87,791,982
Net position - End of fiscal year	\$ 11,782	\$ 67,641	\$ 9,477,044	\$ 108,994,357

PRIVATE-PURPOSE TRUST FUNDS

MICHIGAN EDUCATION SAVINGS PROGRAM

Michigan Compiled Laws Section 390.1473 established the Michigan Education Savings Program (MESP) as an entity within the Department of Treasury. MESP operates a college savings plan authorized by section 529 of the Internal Revenue Code. The plan is designed to collect and invest deposits made by contributors for purposes of financing tuition on behalf of future students. Investment earnings, held in trust by MESP, are Federal and State tax-deferred until the student is ready to attend college. The State offers a tax deduction for contributions made each year.

MICHIGAN ACHIEVING A BETTER LIFE EXPERIENCE PROGRAM

Michigan Compiled Laws Section 206.983 established the Michigan Achieving a Better Life Experience (MiABLE) Program within the Department of Treasury. MiABLE operates a disability 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 disability expenses on behalf of individuals with disabilities and their designated beneficiaries with disabilities. Any person may contribute into the program, as prescribed by law. Investment earnings are held in trust by MiABLE until the account owner is ready to withdraw for eligible expenses. The Federal and State governments offer a tax benefit for contributions made each year.

OTHER PRIVATE-PURPOSE TRUST FUNDS

The other private-purpose trust funds are made up of smaller individual private-purpose trust funds that are not large enough to warrant separate presentation.

COMBINING STATEMENT OF FIDUCIARY NET POSITION

PRIVATE-PURPOSE TRUST FUNDS

SEPTEMBER 30, 2021

(In Thousands)

	MICHIGAN EDUCATION SAVINGS PROGRAM	MICHIGAN ACHIEVING A BETTER LIFE EXPERIENCE PROGRAM	OTHER PRIVATE- PURPOSE TRUST FUNDS	TOTALS
ASSETS				
Cash	\$ 4,290	\$ 15,078	\$ -	\$ 19,367
Equity in common cash	-	-	602	602
Receivables	1,181	-	400	1,581
Investments at Fair Value:				
Mutual funds	6,656,850	16,195	-	6,673,045
Guaranteed funding agreements	1,720,675	-	-	1,720,675
Total Assets	8,382,996	31,273	1,002	8,415,271
LIABILITIES				
Accounts payable and other liabilities	7,414	95	-	7,509
Total Liabilities	7,414	95	-	7,509
NET POSITION				
Restricted for individuals, organizations, and other governments	\$ 8,375,582	\$ 31,179	\$ 1,002	\$ 8,407,762

Michigan

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

PRIVATE-PURPOSE TRUST FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	MICHIGAN EDUCATION SAVINGS PROGRAM	MICHIGAN ACHIEVING A BETTER LIFE EXPERIENCE PROGRAM	OTHER PRIVATE- PURPOSE TRUST FUNDS	TOTALS
ADDITIONS				
Contributions:				
From participants	\$ 798,164	\$ 14,358	\$ -	\$ 812,522
Total Contributions	798,164	14,358	-	812,522
Investment Income:				
Net increase (decrease) in the fair value of investments	895,811	1,837	-	897,648
Interest, dividends, and other	158,720	292	1	159,012
Net investment income (loss)	1,054,531	2,129	1	1,056,661
Total Additions	1,852,695	16,487	1	1,869,183
DEDUCTIONS				
Benefits paid to participants or beneficiaries	614,175	3,911	-	618,086
Administrative expense	10,731	277	-	11,008
Total Deductions	624,906	4,188	-	629,094
Change in net position	1,227,789	12,299	1	1,240,089
Net position - Beginning of fiscal year - restated	7,147,792	18,880	1,001	7,167,673
Net position - End of fiscal year	\$ 8,375,582	\$ 31,179	\$ 1,002	\$ 8,407,762



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). The 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. The MDOC processes all financial transaction activity for this fund including deposits, disbursements, and collection of court ordered charges, fees, restitution, and child support.

OTHER CUSTODIAL FUNDS

The Other Custodial Funds are made up of smaller individual custodial funds that are not large enough to warrant separate presentation.

COMBINING STATEMENT OF FIDUCIARY NET POSITION

CUSTODIAL FUNDS

SEPTEMBER 30, 2021

(In Thousands)

	INSURANCE CARRIER DEPOSITS FUND	CITY INCOME TAX - TRUST FUND	CHILD SUPPORT COLLECTION FUND
ASSETS			
Cash	\$ -	\$ -	\$ 58,473
Equity in common cash	3,333	18,526	-
Receivables	-	-	1
Other assets	254,599	-	-
Total Assets	257,932	18,526	58,473
LIABILITIES			
Accounts payable and other liabilities	7,273	18,526	58,095
Amounts due to other funds	-	-	379
Total Liabilities	7,273	18,526	58,473
NET POSITION			
Restricted for individuals, organizations, and other governments	\$ 250,659	\$ -	\$ -

ESCHEATS FUND	PRISONER ACCOUNTS FUND	OTHER CUSTODIAL FUNDS	TOTALS
\$ -	\$ 24	\$ 15	\$ 58,511
171,875	22,462	5,493	221,690
-	122	238	361
1,546	-	-	256,145
173,421	22,609	5,746	536,708
6,751	11,742	2,038	104,425
-	-	-	379
6,751	11,742	2,038	104,804
\$ 166,670	\$ 10,867	\$ 3,708	\$ 431,904

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

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

	INSURANCE CARRIER DEPOSITS FUND	CITY INCOME TAX - TRUST FUND	CHILD SUPPORT COLLECTION FUND
ADDITIONS			
Investment Income:			
Interest, dividends and other	\$ 6,670	\$ 28	\$ -
Net investment income (loss)	6,670	28	-
Other Additions:			
Child support receipts	-	-	1,567,986
City income tax collections	-	344,285	-
Collateral deposits and related additions	99,049	-	-
Escheated property	-	-	-
Prisoner deposits	-	-	-
Other additions and miscellaneous income	-	-	-
Total Other Additions	99,049	344,285	1,567,986
Total Additions	105,719	344,313	1,567,986
DEDUCTIONS			
Child support distributions	-	-	1,567,986
City income tax distributions	-	344,313	-
Collateral disbursements and related deductions	123,523	-	-
Escheated property distributions	-	-	-
Prisoner disbursements	-	-	-
Miscellaneous deductions	-	-	-
Transfers to other funds	-	-	-
Total Deductions	123,523	344,313	1,567,986
Special Items (Note 4)	-	-	-
Change in net position	(17,804)	-	-
Net position - Beginning of fiscal year - restated	268,463	-	-
Net position - End of fiscal year	\$ 250,659	\$ -	\$ -

ESCHEATS FUND	PRISONER ACCOUNTS FUND	OTHER CUSTODIAL FUNDS	TOTALS
\$ -	\$ -	\$ 1	\$ 6,699
-	-	1	6,699
-	-	-	1,567,986
-	-	-	344,285
-	-	-	99,049
267,059	-	-	267,059
-	82,923	-	82,923
420	-	11,110	11,531
267,479	82,923	11,110	2,372,833
267,479	82,923	11,111	2,379,531
-	-	-	1,567,986
-	-	-	344,313
-	-	-	123,523
115,224	-	-	115,224
-	78,239	-	78,239
-	-	8,589	8,589
104,011	-	1,877	105,888
219,235	78,239	10,466	2,343,761
-	-	(674)	(674)
48,244	4,685	(29)	35,096
118,426	6,182	3,737	396,808
\$ 166,670	\$ 10,867	\$ 3,708	\$ 431,904

COMPONENT UNITS – AUTHORITIES

FARM PRODUCE INSURANCE AUTHORITY

Michigan Compiled Laws (MCL) Section 285.315 created the Farm Produce Insurance Authority (FPIA) as a public body corporate. Operating under Sections 285.311 – 285.331 of the MCL, FPIA is governed and administered by a ten-member board of directors. FPIA administers a program in which producers of dry beans, grain, or corn may contribute to the Farm Produce Insurance Fund, a percentage of their net proceeds from all farm produce sold by the producer to a licensee in this State. Under this program the producer may recover from the fund for losses caused by the licensed grain dealer's financial failure.

MACKINAC BRIDGE AUTHORITY

Michigan Compiled Laws (MCL) Section 254.302 created the Mackinac Bridge Authority (MBA). MCL Section 254.314 empowered MBA to construct and operate a bridge between the lower and upper peninsulas of Michigan. Fares and earnings on investments finance the operation and maintenance of the bridge. State statutes require that MBA continue charging bridge tolls and repay State funds for all the subsidies provided in prior years.

MACKINAC ISLAND STATE PARK COMMISSION

Established in 1895 under Public Act 222 of 1895, the Mackinac Island State Park Commission currently operates under Sections 324.76701 – 324.73709 of the Michigan Compiled Laws. The Governor, with the advice and consent of the Senate, appoints the seven-member commission. The Commission is responsible for the management of the Mackinac Island, Michilimackinac, and Mill Creek State Parks and has the authority to issue revenue-dedicated bonds.

MICHIGAN EARLY CHILDHOOD INVESTMENT CORPORATION

The Michigan Early Childhood Investment Corporation was created by an interlocal agreement between the Department of Health and Human Services and participating intermediate school districts. The interlocal agreement was entered into pursuant to Sections 124.501 – 124.512 of the Michigan Compiled Laws. In 2018, the interlocal agreement was first amended and restated between the Department of Education and participating intermediate school districts. The Corporation's primary objective is to administer activities related to early childhood development.

The governing body of each participant shall appoint one member of the Corporation Board to serve at the will of the participant. The Corporation Board will also include fifteen members appointed by the Governor and the State Superintendent or his or her designee from within the Department. The Corporation will have an Executive Committee of 15 members of the Corporation Board. The members of the Executive Committee will include the State Superintendent, or his or her designated representative from within the Department serving as a member of the Corporation Board, and 14 members of the Corporation Board appointed by the Governor. The members of the Executive Committee appointed by the Governor must include at least one of the members of the Corporation Board appointed by a Participant. The Executive Committee shall exercise the powers of the Corporation.

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

The Michigan Economic Development Corporation (MEDC) is a public body corporate created pursuant to an agreement authorized under the Urban Cooperation Act of 1967 and Sections 124.501 – 124.512 of the Michigan Compiled Laws (MCL). MEDC was created by an interlocal agreement, as amended and restated, between participating local economic development organizations formed under the Economic Development Corporations Act, 125.1601 – 125.1636 of the MCL and the Michigan Strategic Fund. The MEDC is a separate legal entity whose purpose is to stimulate, coordinate and advance economic development in the State. Under the terms of the interlocal agreement, the governance of MEDC resides in an executive committee of 20 members appointed to eight-year, staggered terms before May 1, 2019, and for four-year terms after April 30, 2019.

MICHIGAN EDUCATION TRUST

The Michigan Education Trust (MET) operates a prepaid tuition program authorized by section 529 of the Internal Revenue Code. A purchaser enters into a contract with MET which provides that in return for a specified actuarially determined payment, MET will provide a Michigan child's undergraduate tuition at any Michigan public university or community college. The amount the purchaser is required to pay is based on several factors, among them are tuition costs, the child's age and grade in school, anticipated investment earnings, tuition rate increases, and the type of contract purchased.

Michigan Compiled Laws Section 390.1425, the Michigan Education Trust Act, created MET. MET is governed by a nine-member board that consists of the State Treasurer and eight other individuals appointed by the Governor with the advice and consent of the Senate. Although MET is administratively located within the Michigan Department of Treasury, the law provides its assets are not to be considered assets of the State and are not to be loaned or otherwise transferred or used by the State for any purpose other than the purposes specified in the law. The law and contracts also specifically provide that the State is not liable if MET becomes actuarially unsound. In that event, the contracts provide for refunds to participants.

MICHIGAN VETERANS' FACILITY AUTHORITY

Michigan Compiled Laws (MCL) Section 36.103 created the Michigan Veterans' Facility Authority (MVFA) to provide general oversight and governance of Michigan veteran homes and veterans' facilities. MVFA is a public body corporate and politic administered under the supervision of the Department of Military and Veterans Affairs, but exercises its prescribed statutory powers, duties, and functions independently of the department as an autonomous entity governed by a nine-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, 2021
 (In Thousands)

	FARM PRODUCE INSURANCE AUTHORITY	MACKINAC BRIDGE AUTHORITY	MACKINAC ISLAND STATE PARK COMMISSION	MICHIGAN EARLY CHILDHOOD INVESTMENT CORPORATION
ASSETS				
Current Assets:				
Cash	\$ 273	\$ 2,984	\$ 3,121	\$ 2,003
Equity in common cash	-	-	-	-
Amounts due from component units	-	-	-	-
Amounts due from primary government	-	-	-	847
Amounts due from federal government	-	-	-	-
Inventories	-	-	620	-
Investments	3,137	23,058	300	-
Other current assets	202	376	187	67
Total Current Assets	3,612	26,418	4,228	2,917
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	-	-	2,336	-
Investments	-	-	2,198	-
Mortgages and loans receivable	-	-	-	-
Investments	7,469	110,441	-	-
Land and property held for resale	-	-	-	-
Capital Assets:				
Land and other non-depreciable assets	-	125	372	-
Buildings, equipment, and other depreciable assets	-	13,998	16,875	968
Less accumulated depreciation	-	(8,174)	(12,922)	(438)
Infrastructure	-	102,967	-	-
Total capital assets	-	108,916	4,325	529
Other noncurrent assets	-	-	-	-
Total Noncurrent Assets	7,469	219,357	8,860	529
Total Assets	11,081	245,776	13,088	3,446
DEFERRED OUTFLOWS OF RESOURCES	-	3,941	1,087	-
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	10	1,553	163	435
Amounts due to component units	-	-	-	-
Amounts due to primary government	-	692	12	-
Bonds and notes payable	-	-	70	-
Interest payable	-	-	16	-
Unearned revenue	-	2,064	-	-
Current portion of other long-term obligations	-	88	-	39
Total Current Liabilities	10	4,397	260	473
Long-Term Liabilities:				
Unearned revenue	-	663	52	-
Bonds and notes payable	-	-	1,255	-
Noncurrent portion of other long-term obligations	-	17,536	4,737	-
Total Long-Term Liabilities	-	18,198	6,044	-
Total Liabilities	10	22,595	6,304	473
DEFERRED INFLOWS OF RESOURCES	-	5,316	1,784	-
NET POSITION				
Net investment in capital assets	-	108,916	3,005	529
Restricted For:				
Construction and debt service	-	-	3,838	-
Other purposes	-	-	1,143	1,069
Funds Held as Permanent Investments:				
Expendable	-	-	-	-
Unrestricted	11,071	112,890	(1,900)	1,375
Total Net Position	\$ 11,071	\$ 221,806	\$ 6,086	\$ 2,973

Michigan

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION	MICHIGAN EDUCATION TRUST	MICHIGAN VETERANS' FACILITY AUTHORITY	STATE BAR OF MICHIGAN	STATE LAND BANK AUTHORITY	VENTURE MICHIGAN FUND	TOTALS
\$ 25,240	\$ 143,033	\$ 842	\$ 6,883	\$ -	\$ 80,916	\$ 265,296
40,216	-	13,357	-	20,086	-	73,659
30,220	-	-	-	-	-	30,220
79	7,274	-	-	-	-	8,200
-	-	3,092	-	-	-	3,092
-	-	-	-	-	-	620
7,068	-	-	5,980	-	-	39,544
206	10,269	950	541	550	-	13,347
103,029	160,576	18,241	13,403	20,637	80,916	433,977
134	-	-	-	-	26,224	28,693
-	-	-	4,731	-	-	6,929
-	-	-	-	5,900	-	5,900
67,577	1,016,870	-	-	-	303,728	1,506,085
-	-	-	-	4,942	-	4,942
100	-	-	440	-	-	1,038
17,833	-	1,448	11,526	-	-	62,646
(13,375)	-	(1,061)	(8,623)	-	-	(44,592)
-	-	-	-	-	-	102,967
4,558	-	387	3,344	-	-	122,059
7,089	19,616	-	-	-	43,566	70,271
79,358	1,036,486	387	8,075	10,842	373,517	1,744,879
182,387	1,197,061	18,627	21,478	31,479	454,433	2,178,856
6,253	1,535	9,768	818	1,686	13,032	38,120
18,865	-	3,363	1,170	190	270	26,019
685	-	-	-	-	-	685
321	-	222	-	3,437	-	4,684
-	-	-	-	-	60,000	60,070
-	-	-	-	-	3,326	3,341
-	-	5,019	1,972	-	-	9,055
1,730	65,651	2,274	-	39	-	69,820
21,601	65,651	10,878	3,142	3,666	63,596	173,674
-	-	-	-	-	-	715
-	-	-	-	-	130,000	131,255
22,568	695,258	36	1,784	3,204	73,044	818,167
22,568	695,258	36	1,784	3,204	203,044	950,136
44,170	760,909	10,915	4,926	6,869	266,640	1,123,811
9,829	1,601	-	779	1,184	-	20,494
4,558	-	387	3,344	-	-	120,739
-	-	-	-	-	-	3,838
-	436,086	14,966	3,350	5,900	-	462,514
-	-	-	-	-	26,224	26,224
130,083	-	2,128	9,897	19,211	174,602	459,357
\$ 134,641	\$ 436,086	\$ 17,480	\$ 16,591	\$ 25,111	\$ 200,826	\$ 1,072,671

COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2021
(In Thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			
		CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS	NET (EXPENSE) REVENUE
Farm Produce Insurance Authority	\$ 947	\$ 288	\$ -	\$ -	\$ (659)
Mackinac Bridge Authority	13,604	24,172	-	-	10,568
Mackinac Island State Park Commission	3,916	5,257	24	389	1,754
Michigan Early Childhood Investment Corporation	5,959	301	5,709	-	50
Michigan Economic Development Corporation	110,637	-	121,773	-	11,137
Michigan Education Trust	33,898	1,551	143,898	-	111,550
Michigan Veterans' Facility Authority	74,643	5,410	32,027	-	(37,206)
State Bar of Michigan	11,443	11,308	-	-	(135)
State Land Bank Authority	2,372	-	-	-	(2,372)
Venture Michigan Fund	32,106	-	-	18,753	(13,353)
Total	<u>\$ 289,523</u>	<u>\$ 48,285</u>	<u>\$ 303,431</u>	<u>\$ 19,142</u>	<u>\$ 81,335</u>

GENERAL REVENUES						
INTEREST AND INVESTMENT EARNINGS (LOSS)	PAYMENTS FROM STATE OF MICHIGAN	OTHER	SPECIAL ITEMS	CHANGE IN NET POSITION	NET POSITION BEGINNING OF YEAR RESTATED	NET POSITION END OF YEAR
\$ 592	\$ -	\$ -	\$ -	\$ (67)	\$ 11,139	\$ 11,071
(1,460)	(250)	-	-	8,858	212,949	221,806
(3)	-	-	-	1,751	4,336	6,086
-	-	-	-	51	2,922	2,973
6,490	-	2,448	-	20,074	114,567	134,641
-	-	-	-	111,550	324,536	436,086
3	43,023	10	11,651	17,480	-	17,480
898	-	-	-	763	15,827	16,591
25	-	1,907	-	(439)	25,550	25,111
137,723	-	-	-	124,370	76,456	200,826
<u>\$ 144,267</u>	<u>\$ 42,773</u>	<u>\$ 4,365</u>	<u>\$ 11,651</u>	<u>\$ 284,391</u>	<u>\$ 788,280</u>	<u>\$ 1,072,671</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 (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 61. 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, 2021. 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, 2021

(In Thousands)

	CENTRAL MICHIGAN UNIVERSITY	EASTERN MICHIGAN UNIVERSITY	FERRIS STATE UNIVERSITY	GRAND VALLEY STATE UNIVERSITY
ASSETS				
Current Assets:				
Cash	\$ 69,335	\$ 21,102	\$ 28,726	\$ 73,907
Amounts due from primary government	58,780	19,292	10,537	79,072
Amounts due from federal government	2,296	8,348	167	16,233
Amounts due from local units	-	-	-	-
Inventories	2,696	291	845	1,625
Investments	4,053	-	47,234	38,684
Other current assets	29,951	25,393	13,561	15,809
Total Current Assets	<u>167,111</u>	<u>74,427</u>	<u>101,070</u>	<u>225,331</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and cash equivalents	-	-	23,155	1,423
Investments	-	99,803	55,715	194,566
Mortgages and loans receivable	-	-	11,153	-
Mortgages and loans receivable	-	3,137	-	456
Investments	456,757	24,055	104,553	224,998
Capital Assets:				
Land and other non-depreciable assets	14,433	14,035	6,597	80,049
Buildings, equipment, and other depreciable assets	1,047,469	1,010,552	554,202	1,157,011
Less accumulated depreciation	(512,722)	(394,391)	(241,808)	(455,211)
Construction in progress	12,432	12,519	5,767	19,560
Total capital assets	<u>561,612</u>	<u>642,716</u>	<u>324,758</u>	<u>801,409</u>
Other noncurrent assets	4,782	-	23	7,300
Total Noncurrent Assets	<u>1,023,152</u>	<u>769,711</u>	<u>519,357</u>	<u>1,230,152</u>
Total Assets	<u>1,190,263</u>	<u>844,138</u>	<u>620,427</u>	<u>1,455,483</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>18,652</u>	<u>46,510</u>	<u>8,169</u>	<u>18,606</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	68,884	38,739	29,975	94,871
Amounts due to primary government	4,744	100	-	93
Bonds and notes payable	7,030	3,974	6,762	14,499
Interest payable	1,484	5,270	1,240	753
Unearned revenue	12,950	20,083	7,533	36,458
Current portion of other long-term obligations	273	1,188	-	7,922
Total Current Liabilities	<u>95,365</u>	<u>69,354</u>	<u>45,510</u>	<u>154,595</u>
Long-Term Liabilities:				
Unearned revenue	-	14,314	527	3,193
Bonds and notes payable	144,846	339,217	116,534	251,358
Noncurrent portion of other long-term obligations	195,538	186,265	134,085	43,627
Total Long-Term Liabilities	<u>340,384</u>	<u>539,796</u>	<u>251,147</u>	<u>298,178</u>
Total Liabilities	<u>435,749</u>	<u>609,150</u>	<u>296,657</u>	<u>452,774</u>
DEFERRED INFLOWS OF RESOURCES	<u>6,390</u>	<u>55,251</u>	<u>188</u>	<u>14,999</u>
NET POSITION				
Net investment in capital assets	406,352	275,446	225,815	545,028
Restricted For:				
Education	28,629	-	13,381	26,318
Construction and debt service	6,750	-	-	2,356
Other purposes	-	66,823	-	-
Funds Held as Permanent Investments:				
Expendable	65,701	-	38,144	78,699
Nonexpendable	67,831	58,104	55,715	83,658
Unrestricted	<u>191,512</u>	<u>(174,127)</u>	<u>(1,304)</u>	<u>270,256</u>
Total Net Position	<u>\$ 766,775</u>	<u>\$ 226,247</u>	<u>\$ 331,751</u>	<u>\$ 1,006,316</u>

Michigan

LAKE SUPERIOR STATE UNIVERSITY	MICHIGAN TECHNOLOGICAL UNIVERSITY	NORTHERN MICHIGAN UNIVERSITY	OAKLAND UNIVERSITY	SAGINAW VALLEY STATE UNIVERSITY	TOTALS
\$ 13,604	\$ 24,491	\$ 40,053	\$ 52,452	\$ 78,716	\$ 402,387
2,799	9,903	9,074	9,740	18,691	217,888
813	4,082	10,037	3,683	1,126	46,785
-	-	7,542	64	-	7,606
449	1,118	901	1,656	76	9,657
4,794	-	2,092	-	-	96,857
1,467	7,931	7,934	18,694	7,718	128,459
23,926	47,524	77,633	86,289	106,328	909,639
-	11,168	-	79,714	6,001	121,461
-	177,644	-	104,266	-	631,994
-	-	-	629	-	11,782
1,475	6,208	2,272	-	-	13,548
38,053	51,836	155,893	253,522	160,501	1,470,169
3,615	17,360	82,785	4,625	2,077	225,575
191,872	444,687	469,736	932,409	493,508	6,301,445
(126,163)	(244,928)	(226,448)	(372,442)	(212,224)	(2,786,337)
9,840	4,434	1,318	39,706	13	105,589
79,163	221,553	327,391	604,297	283,373	3,846,271
613	27,180	2,626	7,174	8,927	58,625
119,303	495,590	488,182	1,049,601	458,802	6,153,850
143,229	543,115	565,815	1,135,890	565,130	7,063,489
842	5,578	5,067	19,090	3,507	126,021
2,718	16,286	19,548	31,387	23,450	325,858
73	416	162	693	-	6,281
1,160	3,996	5,522	15,306	8,517	66,766
554	800	-	5,317	188	15,606
565	3,903	7,766	18,824	4,737	112,817
411	6,883	2,672	2,948	100	22,396
5,481	32,283	35,670	74,476	36,991	549,725
-	-	-	7,657	6,735	32,426
38,068	81,305	78,654	396,351	83,519	1,529,852
22,925	92,832	81,882	54,722	5,377	817,254
60,993	174,137	160,536	458,730	95,631	2,379,532
66,473	206,420	196,206	533,205	132,622	2,929,257
35	12,246	64,382	13,853	442	167,787
42,576	135,790	174,672	273,853	194,402	2,273,934
26,742	56,556	3,405	37,280	44,972	237,283
395	2,531	-	-	150	12,182
2,485	-	-	-	3,612	72,920
3,531	56,986	49,999	33,956	-	327,016
12,574	106,282	3,440	44,996	57,696	490,297
(10,740)	(28,118)	78,778	217,836	134,740	678,834
\$ 77,563	\$ 330,026	\$ 310,294	\$ 607,921	\$ 435,572	\$ 4,092,466

Michigan

COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - STATE UNIVERSITIES
 FISCAL YEAR ENDED JUNE 30, 2021
 (In Thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			
		CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS	NET (EXPENSE) REVENUE
Central Michigan University	475,452	303,394	82,441	3,010	(86,608)
Eastern Michigan University	337,252	182,004	39,003	1,072	(115,173)
Ferris State University	225,638	137,383	36,017	-	(52,238)
Grand Valley State University	458,217	314,625	66,472	4,286	(72,834)
Lake Superior State University	46,873	23,215	14,234	1,584	(7,840)
Michigan Technological University	252,126	123,226	102,929	9,756	(16,216)
Northern Michigan University	167,397	100,215	11,540	-	(55,642)
Oakland University	349,352	241,038	42,854	3,991	(61,469)
Saginaw Valley State University	141,891	83,165	5,124	3,613	(49,989)
Total	<u>\$ 2,454,199</u>	<u>\$ 1,508,266</u>	<u>\$ 400,614</u>	<u>\$ 27,310</u>	<u>\$ (518,009)</u>

GENERAL REVENUES					
INTEREST AND INVESTMENT EARNINGS (LOSS)	PAYMENTS FROM STATE OF MICHIGAN	OTHER	CHANGE IN NET POSITION	NET POSITION BEGINNING OF YEAR	NET POSITION END OF YEAR
40,676	91,805	63,619	109,492	657,283	766,775
5,222	82,689	66,209	38,947	187,300	226,247
13,725	63,115	35,594	60,196	271,555	331,751
10,511	96,233	68,780	102,690	903,626	1,006,316
(4)	17,683	8,360	18,198	59,365	77,563
6,314	50,795	22,238	63,131	266,895	330,026
21,423	48,890	30,104	44,775	265,519	310,294
33,815	53,414	49,803	75,562	532,359	607,921
24,740	30,803	31,668	37,223	398,350	435,572
<u>\$ 156,422</u>	<u>\$ 535,427</u>	<u>\$ 376,375</u>	<u>\$ 550,215</u>	<u>\$ 3,542,251</u>	<u>\$ 4,092,466</u>



INDEX

This part of the State of Michigan's comprehensive annual 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	298
Changes in Net Position	300
Fund Balances – Governmental Funds	304
Changes in Fund Balances – Governmental Funds	306
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	308
Taxable Sales by Industry	310
Personal Income Tax Filers and Liability by Income Level	312
Sales Tax Payers by Industry	313
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	314
Ratios of Net General Obligation Bonded Debt Outstanding	316
Debt Service Coverage – Comprehensive Transportation Fund Related Bonds	318
Debt Service Coverage – State Trunkline Fund Related Bonds	320
Debt Service Coverage – State Building Authority	322
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	324
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	326
Operating Indicators by Function	328
Capital Assets by Function	332

SOURCES:

Unless otherwise noted, the information in these schedules is derived from the financial statements presented in the comprehensive annual financial reports for the relevant years.

Michigan

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(In Thousands)

(Accrual Basis of Accounting)

	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 18,198,345	\$ 19,649,694	\$ 20,279,584	\$ 20,578,869
Restricted	3,394,212	3,773,962	3,824,871	3,647,713
Unrestricted	(5,349,668)	(5,192,624)	(5,876,457)	(9,942,038)
Total governmental activities net position	<u>\$ 16,242,889</u>	<u>\$ 18,231,031</u>	<u>\$ 18,227,998</u>	<u>\$ 14,284,544</u>
Business-type activities				
Net investment in capital assets	\$ 355	\$ 813	\$ 606	\$ 1,557
Restricted	1,276,713	1,843,965	2,442,471	2,989,561
Unrestricted	5,926	5,538	5,834	(11,862)
Total business-type activities net position	<u>\$ 1,282,994</u>	<u>\$ 1,850,316</u>	<u>\$ 2,448,910</u>	<u>\$ 2,979,255</u>
Primary government				
Net investment in capital assets	\$ 18,198,700	\$ 19,650,507	\$ 20,280,190	\$ 20,580,426
Restricted	4,670,926	5,617,926	6,267,342	6,637,274
Unrestricted	(5,343,743)	(5,187,086)	(5,870,623)	(9,953,900)
Total primary government net position	<u>\$ 17,525,883</u>	<u>\$ 20,081,347</u>	<u>\$ 20,676,909</u>	<u>\$ 17,263,800</u>
Reconciliation of net position				
Beginning net position	\$ 13,229,354	\$ 17,525,883	\$ 20,081,347	\$ 20,676,909
Restatement of beginning net position	(2,954)	6,459	(36,068)	(4,780,332)
Beginning net position - restated	13,226,400	17,532,342	20,045,279	15,896,577
Statement of Activities - changes in net position	4,299,483	2,549,005	631,629	1,367,223
Ending net position	<u>\$ 17,525,883</u>	<u>\$ 20,081,347</u>	<u>\$ 20,676,909</u>	<u>\$ 17,263,800</u>

Michigan

2016	2017	2018	2019	2020	2021
\$ 21,162,152	\$ 21,736,440	\$ 21,014,252	\$ 21,599,362	\$ 21,305,928	\$ 21,253,248
3,772,413	4,152,864	4,218,412	4,267,930	5,651,877	8,099,736
(11,298,822)	(9,848,197)	(14,946,883)	(14,621,279)	(13,636,896)	(9,002,099)
<u>\$ 13,635,744</u>	<u>\$ 16,041,107</u>	<u>\$ 10,285,781</u>	<u>\$ 11,246,012</u>	<u>\$ 13,320,910</u>	<u>\$ 20,350,885</u>
\$ 1,257	\$ 1,183	\$ 969	\$ 1,058	\$ 646	\$ 263
3,526,823	3,994,553	4,525,760	5,006,011	1,491,560	1,173,186
(19,126)	(21,180)	(80,469)	(70,076)	(62,509)	(70,236)
<u>\$ 3,508,953</u>	<u>\$ 3,974,556</u>	<u>\$ 4,446,260</u>	<u>\$ 4,936,993</u>	<u>\$ 1,429,697</u>	<u>\$ 1,103,214</u>
\$ 21,163,409	\$ 21,737,623	\$ 21,015,221	\$ 21,600,419	\$ 21,306,575	\$ 21,253,511
7,299,236	8,147,417	8,744,173	9,273,941	7,143,436	9,272,922
(11,317,949)	(9,869,376)	(15,027,352)	(14,691,355)	(13,699,405)	(9,072,335)
<u>\$ 17,144,696</u>	<u>\$ 20,015,664</u>	<u>\$ 14,732,042</u>	<u>\$ 16,183,005</u>	<u>\$ 14,750,607</u>	<u>\$ 21,454,098</u>
\$ 17,263,800	\$ 17,144,696	\$ 20,015,664	\$ 14,732,042	\$ 16,183,005	\$ 14,750,607
(1,712,198)	-	(6,999,392)	(24,796)	305,808	(20,866)
15,551,601	17,144,696	13,016,272	14,707,246	16,488,813	14,729,740
1,593,095	2,870,968	1,715,770	1,475,759	(1,738,206)	6,724,358
<u>\$ 17,144,696</u>	<u>\$ 20,015,664</u>	<u>\$ 14,732,042</u>	<u>\$ 16,183,005</u>	<u>\$ 14,750,607</u>	<u>\$ 21,454,098</u>

Michigan

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(In Thousands)

(Accrual Basis of Accounting)

	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	\$ 2,491,270	\$ 2,093,352	\$ 2,455,999	\$ 3,240,918
Education	14,601,171	14,617,662	14,941,366	15,452,338
Health and human services	19,676,708	19,784,847	20,544,300	23,190,878
Public safety and corrections	2,816,575	2,663,440	2,638,272	2,685,500
Conservation, environment, recreation, and agriculture	657,527	593,446	714,019	609,306
Labor, commerce, and regulatory	956,357	965,696	956,256	953,030
Transportation	2,840,961	2,914,884	3,309,442	3,325,519
Tax credits (Note 16)	1,226,300	689,900	676,500	662,400
Intergovernmental-revenue sharing	1,032,243	1,077,514	1,120,593	1,210,557
Interest on long-term debt	196,040	178,561	174,522	162,859
Total governmental activities	46,495,152	45,579,303	47,531,269	51,493,305
Business-type activities:				
Liquor Purchase Revolving Fund	696,723	742,611	779,276	825,796
State Lottery Fund	1,654,234	1,758,718	1,868,607	1,990,582
Attorney Discipline System	4,818	4,846	4,798	4,710
Michigan Unemployment Compensation Funds	2,991,500	2,188,132	1,246,507	952,773
Total business-type activities	5,347,275	4,694,307	3,899,188	3,773,861
Total primary government expenses	<u>\$ 51,842,428</u>	<u>\$ 50,273,610</u>	<u>\$ 51,430,457</u>	<u>\$ 55,267,166</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 844,661	\$ 678,845	\$ 688,044	\$ 666,648
Education	15,688	7,206	9,388	(3,752)
Health and human services	129,069	107,657	152,511	162,768
Public safety and corrections	158,707	164,019	161,447	163,821
Conservation, environment, recreation, and agriculture	269,307	271,119	299,073	301,529
Labor, commerce, and regulatory	548,543	750,517	754,054	749,576
Transportation	91,690	96,842	96,727	100,403
Operating grants and contributions	17,373,332	17,194,905	17,981,852	20,431,030
Capital grants and contributions	845,873	867,155	850,174	926,670
Total governmental activities program revenues	<u>\$ 20,276,870</u>	<u>\$ 20,138,265</u>	<u>\$ 20,993,270</u>	<u>\$ 23,498,693</u>
Business-type activities:				
Charges for services:				
Liquor Purchase Revolving Fund	\$ 856,717	\$ 912,112	\$ 957,054	\$ 1,021,890
State Lottery Fund	2,430,281	2,491,131	2,608,920	2,785,133
Attorney Discipline System	5,166	4,887	4,867	4,024
Michigan Unemployment Compensation Funds	3,529,515	2,776,790	1,809,854	1,461,988
Operating grants and contributions	251,786	21,710	59,881	67,628
Total business-type activities program revenues	<u>7,073,466</u>	<u>6,206,631</u>	<u>5,440,576</u>	<u>5,340,663</u>
Total primary government program revenues	<u>\$ 27,350,336</u>	<u>\$ 26,344,896</u>	<u>\$ 26,433,845</u>	<u>\$ 28,839,356</u>
Net (Expenses)/Revenues				
Governmental activities	\$ (26,218,282)	\$ (25,441,038)	\$ (26,538,000)	\$ (27,994,612)
Business-type activities	<u>1,726,190</u>	<u>1,512,324</u>	<u>1,541,388</u>	<u>1,566,801</u>
Total primary government net expenses	<u>\$ (24,492,092)</u>	<u>\$ (23,928,714)</u>	<u>\$ (24,996,612)</u>	<u>\$ (26,427,810)</u>

Michigan

2016	2017	2018	2019	2020	2021
\$ 3,044,493	\$ 2,595,165	\$ 3,334,891	\$ 3,210,082	\$ 2,882,398	\$ 3,200,292
15,831,480	16,114,081	16,727,675	17,059,677	17,831,607	18,754,267
23,441,412	23,020,839	24,071,364	25,613,513	26,420,104	29,794,548
2,664,726	2,686,252	2,899,797	3,269,546	3,078,647	3,221,781
753,361	783,971	932,250	990,650	1,575,468	937,084
746,550	890,781	821,050	951,297	980,383	1,802,776
3,377,660	3,483,622	3,891,092	4,460,862	5,204,891	4,908,241
672,400	696,500	696,100	895,100	936,500	884,600
1,213,432	1,259,005	1,289,064	1,327,717	1,241,267	1,451,332
415,468	272,742	287,506	259,781	224,617	255,201
52,160,983	51,802,959	54,950,789	58,038,224	60,375,882	65,210,122
872,902	903,150	953,854	1,007,701	1,180,694	1,274,106
2,229,995	2,424,850	2,654,651	2,833,493	3,082,442	3,633,130
5,019	4,898	5,077	5,307	5,534	5,507
914,081	859,638	793,535	785,553	25,367,742	14,440,513
4,021,996	4,192,536	4,407,117	4,632,053	29,636,413	19,353,255
<u>\$ 56,182,979</u>	<u>\$ 55,995,495</u>	<u>\$ 59,357,906</u>	<u>\$ 62,670,277</u>	<u>\$ 90,012,294</u>	<u>\$ 84,563,377</u>
\$ 658,741	\$ 694,819	\$ 627,297	\$ 683,878	\$ 632,904	\$ 691,916
6,947	5,662	24,025	11,462	6,312	6,034
155,276	159,544	174,607	166,326	176,825	168,279
169,789	170,323	168,028	167,635	153,967	185,258
296,694	318,319	360,981	328,642	330,842	391,044
788,169	794,170	789,277	784,214	390,859	349,349
105,108	94,683	134,043	100,933	88,316	105,114
20,660,821	20,244,084	20,636,711	21,581,071	25,735,099	29,864,862
878,642	953,635	863,854	1,014,734	1,187,137	981,719
<u>\$ 23,720,187</u>	<u>\$ 23,435,239</u>	<u>\$ 23,778,822</u>	<u>\$ 24,838,895</u>	<u>\$ 28,702,263</u>	<u>\$ 32,743,575</u>
\$ 1,082,256	\$ 1,123,654	\$ 1,181,472	\$ 1,252,065	\$ 1,459,240	\$ 1,587,738
3,118,137	3,347,126	3,591,929	3,897,405	4,256,618	5,057,975
4,045	4,082	4,699	5,334	5,336	5,365
1,383,410	1,291,128	1,276,504	1,207,485	21,748,077	14,001,625
78,660	74,694	90,410	132,247	137,422	14,159
5,666,507	5,840,685	6,145,014	6,494,536	27,606,694	20,666,862
<u>\$ 29,386,694</u>	<u>\$ 29,275,924</u>	<u>\$ 29,923,836</u>	<u>\$ 31,333,430</u>	<u>\$ 56,308,956</u>	<u>\$ 53,410,437</u>
\$ (28,440,795)	\$ (28,367,720)	\$ (31,171,967)	\$ (33,199,329)	\$ (31,673,619)	\$ (32,466,547)
1,644,511	1,648,149	1,737,897	1,862,482	(2,029,719)	1,313,606
<u>\$ (26,796,285)</u>	<u>\$ (26,719,571)</u>	<u>\$ (29,434,070)</u>	<u>\$ (31,336,847)</u>	<u>\$ (33,703,338)</u>	<u>\$ (31,152,941)</u>

Michigan

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (Continued)

(In Thousands)

(Accrual Basis of Accounting)

	2012	2013	2014	2015
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
General:				
Sales and use	\$ 2,735,674	\$ 2,620,176	\$ 2,993,426	\$ 3,250,886
Personal income	6,119,213	6,946,947	6,078,008	7,260,820
Single business, Michigan business, and corporate income	1,294,287	859,612	562,739	892,039
Tobacco products	586,108	587,598	578,154	586,133
Beer, wine, and liquor	133,276	139,728	143,105	144,449
Insurance company	290,383	302,015	362,287	322,988
Quality assurance assessment	955,029	974,563	971,377	1,017,823
Essential services assessment	-	-	-	-
Penalties and interest	163,496	172,049	117,734	131,601
Marihuana excise	-	-	-	-
Insurance provider assessment	-	-	-	-
Other	412,904	503,413	514,504	433,640
Restricted For Educational Purposes:				
Sales and use	5,515,083	5,668,592	5,872,729	5,905,831
Personal income	2,121,630	2,479,897	2,276,581	2,557,141
Education, property, and real estate transfers	1,939,493	1,908,481	2,033,711	2,110,325
Tobacco products	371,774	373,296	357,389	360,645
Beer, wine, and liquor	41,065	44,069	45,722	48,706
Casino Gaming Wagering	115,753	110,667	106,903	110,785
Other	59,568	56,503	65,172	61,643
Restricted For Transportation Purposes:				
Sales and use	98,101	212,970	102,026	90,806
Personal income	-	-	-	-
Gasoline and diesel fuel	940,099	953,108	958,745	1,003,958
Motor vehicle weight	875,952	906,633	940,637	977,958
Other	5,027	5,034	5,052	6,383
Unrestricted investment and interest earnings	710	1,204	990	1,187
Miscellaneous	659,801	628,204	517,297	500,891
Contributions to permanent fund principal	20,359	22,847	23,865	18,261
Special items	-	-	-	-
Transfers	1,000,841	945,115	942,883	999,812
Total governmental activities	26,455,626	27,422,722	26,571,035	28,794,710
Business-type activities:				
Taxes	15,737	-	-	-
Investment earnings	139	112	87	133
Miscellaneous	3,320,915	-	3	1
Transfers	(1,000,841)	(945,115)	(942,883)	(999,812)
Total business-type activities	2,335,949	(945,003)	(942,793)	(999,677)
Total primary government	\$ 28,791,575	\$ 26,477,719	\$ 25,628,241	\$ 27,795,033
Changes in Net Position				
Governmental activities	\$ 237,344	\$ 1,981,683	\$ 33,035	\$ 800,098
Business-type activities	4,062,139	567,322	598,595	567,124
Total primary government	\$ 4,299,483	\$ 2,549,005	\$ 631,630	\$ 1,367,223

NOTE: Starting with fiscal year 2021, the Restricted for Educational Purposes Beer, wine, and liquor tax is included in Other taxes.
The Marihuana Excise Tax, established in fiscal year 2020, was previously included in Other within the General taxes section.

Michigan

	2016	2017	2018	2019	2020	2021
\$	3,281,008	\$ 2,733,120	\$ 2,899,347	\$ 2,898,982	\$ 2,891,029	\$ 3,759,702
	7,332,173	7,435,551	8,109,910	8,526,451	7,891,855	9,266,721
	760,979	1,427,291	942,942	1,409,618	979,259	1,900,058
	590,507	589,959	567,634	563,157	567,482	576,296
	157,421	160,271	164,204	172,133	193,699	211,291
	329,871	371,233	393,357	327,420	467,761	390,843
	1,135,257	1,128,006	1,250,422	1,410,904	1,264,403	1,347,956
	-	-	99,290	111,214	121,991	125,783
	120,116	104,375	194,309	128,295	96,894	130,608
	-	-	-	-	-	120,472
	-	-	-	602,602	603,781	639,422
	495,183	592,077	554,313	229,796	214,254	287,685
	6,023,300	6,209,309	6,455,104	6,616,765	6,604,996	7,785,684
	2,647,832	2,723,883	2,948,984	2,907,833	3,123,542	3,642,034
	2,174,946	2,278,142	2,339,504	2,466,383	2,524,085	2,756,169
	360,017	357,202	339,070	328,327	328,318	327,852
	52,247	54,048	56,405	60,254	70,174	-
	112,868	113,219	115,423	117,257	67,011	90,572
	58,943	63,633	61,328	65,456	67,867	146,342
	84,499	95,229	103,275	107,728	99,672	97,438
	-	-	-	264,000	468,000	600,000
	1,005,121	1,362,260	1,469,228	1,462,292	1,319,661	1,363,609
	1,018,280	1,210,628	1,295,268	1,353,613	1,344,763	1,399,595
	6,133	4,855	4,535	4,702	4,327	4,193
	4,403	11,021	25,327	40,019	20,726	13,465
	621,777	545,398	740,953	614,858	619,530	893,687
	16,075	19,468	19,675	18,759	9,019	11,316
	-	-	-	-	-	(11,651)
	1,118,001	1,182,908	1,222,917	1,375,539	1,478,612	1,640,198
	29,506,957	30,773,084	32,372,724	34,184,356	33,442,709	39,517,338
	-	-	-	-	-	-
	423	331	(25)	3,789	1,015	159
	-	31	57	-	20	-
	(1,118,001)	(1,182,908)	(1,222,917)	(1,375,539)	(1,478,612)	(1,640,198)
	(1,117,577)	(1,182,545)	(1,222,884)	(1,371,750)	(1,477,577)	(1,640,039)
\$	28,389,380	\$ 29,590,539	\$ 31,149,840	\$ 32,812,606	\$ 31,965,132	\$ 37,877,299
\$	1,066,162	\$ 2,405,364	\$ 1,200,757	\$ 985,026	\$ 1,769,090	\$ 7,050,791
	526,933	465,604	515,013	490,733	(3,507,296)	(326,433)
\$	1,593,095	\$ 2,870,968	\$ 1,715,770	\$ 1,475,759	\$ (1,738,206)	\$ 6,724,358

Michigan

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(In Thousands)

(Modified Accrual Basis of Accounting)

	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 237,955	\$ 221,614	\$ 189,095	\$ 115,937
Restricted	364,497	376,977	383,025	395,945
Committed	805,402	933,666	998,674	1,108,240
Assigned	68,583	137,947	206,875	176,405
Unassigned	979,205	1,186,647	306,382	694,734
Total general fund	<u>\$ 2,455,642</u>	<u>\$ 2,856,852</u>	<u>\$ 2,084,052</u>	<u>\$ 2,491,262</u>
All Other Governmental Funds				
Nonspendable	\$ 951,453	\$ 968,433	\$ 992,581	\$ 1,016,322
Restricted	2,086,927	2,200,564	2,250,773	1,989,423
Committed	196,931	322,056	547,466	352,699
Unassigned	(144,804)	(13,216)	(106,128)	(56,951)
Total all other governmental funds	<u>\$ 3,090,508</u>	<u>\$ 3,477,837</u>	<u>\$ 3,684,691</u>	<u>\$ 3,301,493</u>
Reconciliation of governmental fund balances				
Beginning fund balances	\$ 4,998,240	\$ 5,546,150	\$ 6,334,689	\$ 5,768,743
Restatement of beginning fund balances	(15,602)	-	-	-
Beginning fund balances - restated	4,982,638	5,546,150	6,334,689	5,768,743
Excess of revenues and other sources over (under) expenditures and other uses	563,512	788,538	(565,945)	24,011
Ending fund balances	<u>\$ 5,546,150</u>	<u>\$ 6,334,689</u>	<u>\$ 5,768,743</u>	<u>\$ 5,792,755</u>

Michigan

2016	2017	2018	2019	2020	2021
\$ 76,746	\$ 63,135	\$ 17,813	\$ 22,306	\$ 249,010	\$ 218,787
467,486	598,414	591,065	653,888	782,072	830,075
1,378,378	1,482,000	2,128,981	2,425,716	2,041,315	2,939,874
151,555	176,986	176,480	135,304	99,794	131,292
604,388	622,538	788,321	916,168	2,363,049	4,362,765
<u>\$ 2,678,554</u>	<u>\$ 2,943,074</u>	<u>\$ 3,702,660</u>	<u>\$ 4,153,382</u>	<u>\$ 5,535,239</u>	<u>\$ 8,482,793</u>
\$ 1,030,282	\$ 1,047,393	\$ 1,063,885	\$ 1,087,207	\$ 1,108,636	\$ 1,163,468
2,048,762	2,378,356	2,453,833	2,388,941	4,397,613	7,160,039
289,534	312,162	363,400	305,419	261,081	301,835
(62,012)	6,918	(63,301)	(104,507)	(149,561)	(87,808)
<u>\$ 3,306,566</u>	<u>\$ 3,744,829</u>	<u>\$ 3,817,817</u>	<u>\$ 3,677,060</u>	<u>\$ 5,617,769</u>	<u>\$ 8,537,535</u>
\$ 5,792,755	\$ 5,985,120	\$ 6,687,903	\$ 7,520,477	\$ 7,830,442	\$ 11,153,008
24,182	-	-	-	-	(6,645)
<u>5,816,936</u>	<u>5,985,120</u>	<u>6,687,903</u>	<u>7,520,477</u>	<u>7,830,442</u>	<u>11,146,363</u>
168,184	702,783	832,574	309,965	3,322,566	5,873,965
<u>\$ 5,985,120</u>	<u>\$ 6,687,903</u>	<u>\$ 7,520,477</u>	<u>\$ 7,830,442</u>	<u>\$ 11,153,008</u>	<u>\$ 17,020,328</u>

Michigan

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(In Thousands)

(Modified Accrual Basis of Accounting)

	2012	2013	2014	2015
Revenues				
Taxes	\$ 24,769,943	\$ 25,239,420	\$ 25,335,788	\$ 27,176,341
From federal agencies	17,830,166	17,800,913	18,524,648	21,096,200
From local agencies	102,776	109,771	100,372	105,270
From services	314,059	322,553	326,560	330,508
From licenses and permits	481,994	501,581	511,416	527,500
Special Medicaid reimbursements	186,194	134,353	133,909	120,904
Miscellaneous	1,896,663	1,721,838	1,714,576	1,734,331
Total revenues	<u>45,581,795</u>	<u>45,830,430</u>	<u>46,647,268</u>	<u>51,091,052</u>
Expenditures				
General government	1,937,876	1,870,041	2,066,169	2,741,135
Education	14,636,439	14,652,527	14,973,104	15,493,658
Health and human services	19,585,310	19,787,851	20,600,683	23,287,158
Public safety and corrections	2,567,504	2,604,520	2,669,883	2,707,199
Conservation, environment, recreation, and agriculture	582,955	571,371	681,072	615,656
Labor, commerce, and regulatory	923,059	961,279	961,934	978,003
Transportation	2,149,628	2,362,335	2,611,213	2,604,129
Tax credits	1,226,300	689,900	676,500	662,400
Capital outlay	1,045,060	1,013,461	1,113,770	1,160,142
Intergovernmental - revenue sharing	1,032,243	1,077,514	1,120,593	1,210,557
Debt service:				
Bond principal retirement	342,241	404,396	452,631	468,085
Bond interest and fiscal charges	346,861	339,908	317,873	305,687
Structured settlement payments	-	-	-	-
Capital lease and financed purchase payments	56,327	58,990	63,028	66,939
Total expenditures	<u>46,431,804</u>	<u>46,394,092</u>	<u>48,308,452</u>	<u>52,300,750</u>
Excess of revenues over (under) expenditures	(850,008)	(563,662)	(1,661,184)	(1,209,697)
Other Financing Sources (Uses)				
Bonds and bond anticipation notes issued	-	-	-	177,965
Bonds and notes issued	360,260	377,326	85,295	-
Refunding bonds issued	163,035	508,109	295,085	969,870
Premium on bond issuance	22,071	38,495	47,579	156,548
Discount on bond issuance	(1,339)	(14)	-	(298)
Payment to refunded bond escrow agent	(172,223)	(537,743)	(299,121)	(1,107,996)
Capital lease and financed purchase acquisitions	34,567	18,285	18,846	25,373
Proceeds from sale of capital assets	3,160	4,148	3,466	5,250
Transfers from other funds	2,956,635	3,115,335	3,354,150	3,024,769
Transfers to other funds	(1,952,646)	(2,171,741)	(2,410,062)	(2,017,772)
Total other financing sources (uses)	<u>1,413,520</u>	<u>1,352,200</u>	<u>1,095,238</u>	<u>1,233,709</u>
Special items	-	-	-	-
Net change in fund balances	<u>\$ 563,512</u>	<u>\$ 788,538</u>	<u>\$ (565,945)</u>	<u>\$ 24,011</u>
Debt service as a percentage of noncapital expenditures (1)	1.6%	1.8%	1.7%	1.6%

NOTE: (1) Noncapital expenditures are calculated as total expenditures less capital outlay expenditures less capital expenditures in current expenditure functions. Capital expenditures in current expenditure functions are identified in the process of reconciling Governmental Funds to Governmental Activities.

Michigan

2016	2017	2018	2019	2020	2021
\$ 27,804,517	\$ 28,530,168	\$ 30,359,702	\$ 31,519,313	\$ 31,401,952	\$ 35,845,853
21,198,341	20,717,668	21,004,796	22,064,601	26,475,081	30,375,140
114,454	103,722	108,513	117,086	144,259	147,946
339,877	358,373	364,475	364,935	351,341	360,439
570,150	577,757	585,765	619,452	622,910	691,007
115,621	188,933	149,350	175,942	153,051	159,986
2,038,138	1,982,759	2,111,796	2,013,900	1,459,166	1,556,679
52,181,098	52,459,380	54,684,397	56,875,229	60,607,760	69,137,049
2,931,623	2,555,020	2,764,946	2,755,260	2,923,223	3,167,215
15,831,979	16,117,415	16,707,956	17,059,690	17,827,446	18,761,439
23,516,873	23,070,385	23,925,010	25,269,773	26,301,845	30,009,386
2,670,637	2,694,120	2,725,056	2,800,651	2,963,209	3,286,293
753,725	787,112	895,072	892,066	915,403	1,009,593
1,230,828	1,270,025	1,259,349	1,343,644	1,071,869	1,718,878
2,650,069	2,753,765	2,934,340	3,311,343	3,429,999	3,569,828
672,400	696,500	696,100	895,100	936,500	884,600
1,106,163	1,223,968	1,297,519	1,619,894	1,992,422	1,894,460
1,213,432	1,259,005	1,289,064	1,327,717	1,241,267	1,451,332
452,695	423,751	415,853	432,071	431,330	393,175
276,369	288,859	281,758	259,750	246,455	231,810
-	-	-	-	-	15,000
68,982	69,414	72,168	74,334	106,972	88,876
53,375,775	53,209,340	55,264,192	58,041,294	60,387,940	66,481,886
(1,194,677)	(749,959)	(579,795)	(1,166,065)	219,820	2,655,164
172,195	228,560	149,200	67,478	1,051,090	1,006,270
-	-	-	-	-	-
1,425,395	-	-	168,102	807,065	54,150
294,178	18,999	4,108	29,111	286,681	247,857
(2,773)	-	-	-	-	-
(1,674,399)	-	-	(185,167)	(827,914)	(68,958)
19,322	14,480	23,383	10,788	300,768	234,812
3,111	3,764	8,454	5,724	1,967	5,682
3,184,970	3,586,039	3,515,528	3,814,588	4,308,350	4,526,382
(2,059,139)	(2,399,099)	(2,288,305)	(2,434,594)	(2,825,261)	(2,775,970)
1,362,860	1,452,742	1,412,368	1,476,030	3,102,746	3,230,226
-	-	-	-	-	(11,424)
\$ 168,184	\$ 702,783	\$ 832,574	\$ 309,965	\$ 3,322,566	\$ 5,873,965
1.5%	1.5%	1.4%	1.3%	1.3%	1.1%

Michigan

PERSONAL INCOME BY INDUSTRY

LAST TEN FISCAL YEARS

(In Millions)

	2011	2012	2013	2014
Farm earnings	\$ 2,392	\$ 1,880	\$ 2,170	\$ 1,515
Forestry, fishing, and related activities	294	345	346	415
Mining	1,334	1,220	1,121	1,261
Utilities	2,668	2,710	2,753	2,928
Construction	10,163	11,586	12,839	14,049
Manufacturing	38,682	42,205	43,657	44,437
Wholesale trade	12,954	13,717	14,284	14,723
Retail trade	15,065	15,430	15,683	16,111
Transportation and warehousing	6,933	7,312	7,602	8,015
Information	4,476	4,531	4,786	5,070
Finance and insurance	11,958	12,378	12,874	12,912
Real estate and rental and leasing	4,540	5,776	6,542	6,826
Professional, scientific, and technical services	24,842	26,399	27,778	29,183
Management of companies and enterprises	6,308	6,498	7,000	7,445
Administrative and waste services	11,718	12,433	12,674	13,031
Educational services	3,030	3,220	3,270	3,452
Health care and social assistance	32,829	33,671	34,081	34,645
Arts, entertainment, and recreation	2,094	2,077	2,204	2,332
Accommodation and food services	6,419	7,176	7,574	7,895
Other services, except public administration	9,716	10,193	10,190	10,455
Government and government enterprises	41,491	40,420	40,738	40,330
Total earnings by place of work	249,904	261,177	270,168	277,033
Total earnings by place of work	249,904	261,177	270,168	277,033
less: Contributions for government social insurance	27,060	27,419	31,177	32,943
plus: Adjustment for residence	1,699	1,856	1,920	2,034
Net earnings by place of residence	224,543	235,614	240,911	246,123
Net earnings by place of residence	224,543	235,614	240,911	246,123
plus: Dividends, interest, and rent	61,710	66,868	70,341	73,827
plus: Personal current transfer receipts	82,656	82,085	83,073	85,395
Total Personal Income	\$ 368,910	\$ 384,567	\$ 394,325	\$ 405,346
Statutory Tax Rate (blended rate)	4.4%	4.4%	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 2020 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

2015	2016	2017	2018	2019	2020
\$ 1,144	\$ 1,040	\$ 1,015	\$ 972	\$ 987	\$ 1,769
458	503	508	503	471	486
937	606	598	736	807	740
2,991	3,205	3,366	3,615	3,809	4,107
15,087	15,947	17,262	18,308	18,416	18,497
46,950	49,228	51,658	54,225	55,889	52,240
15,611	15,816	16,337	17,000	17,328	17,173
17,048	17,663	18,283	18,930	19,352	19,582
8,489	8,808	9,270	10,210	11,274	11,472
5,260	5,270	5,140	5,387	5,581	5,634
13,484	14,521	15,219	15,957	16,260	17,646
7,423	7,720	7,529	7,508	8,039	8,338
31,114	32,630	33,817	35,307	36,079	36,054
7,911	8,304	9,705	10,392	10,561	10,503
13,366	13,437	13,881	14,561	14,722	14,217
3,462	3,594	3,585	3,570	3,642	3,582
35,885	37,556	38,721	40,081	41,190	41,559
2,312	2,438	2,574	2,743	3,140	2,598
8,467	9,058	9,547	10,116	10,324	8,598
10,919	11,122	11,348	11,802	12,002	11,793
42,047	42,231	43,238	44,114	44,898	45,688
290,364	300,697	312,604	326,039	334,771	332,275
290,364	300,697	312,604	326,039	334,771	332,275
34,327	35,463	36,641	38,578	39,855	39,873
2,120	2,229	2,299	2,481	2,524	2,470
258,157	267,463	278,263	289,943	297,441	294,873
258,157	267,463	278,263	289,943	297,441	294,873
80,025	82,800	82,818	85,189	88,778	88,737
90,363	93,269	93,730	96,741	102,449	142,150
\$ 428,545	\$ 443,532	\$ 454,811	\$ 471,873	\$ 488,668	\$ 525,760
4.3%	4.3%	4.3%	4.3%	4.3%	4.3%

Michigan

TAXABLE SALES BY INDUSTRY

LAST TEN FISCAL YEARS

(In Millions)

	2011	2012	2013	2014
Farming	\$ 58.5	\$ 61.7	\$ 69.4	\$ 79.2
Agricultural	216.2	238.1	254.3	349.8
Mining	145.7	156.1	136.2	152.1
Construction	534.1	601.6	617.9	665.3
Manufacturing	2,738.4	3,131.6	3,514.0	3,435.2
Transportation and utilities	12,860.4	12,412.4	12,763.8	11,567.7
Wholesale trade	2,861.1	2,727.9	2,652.0	2,574.0
Retail trade	85,484.6	90,639.0	94,582.1	93,964.6
Finance, insurance, and real estate	254.6	263.4	355.8	386.7
Services	5,831.0	6,092.7	6,223.3	6,412.5
State and local government	93.3	178.5	187.3	187.6
Other classifications	1,048.7	1,290.4	1,255.7	1,433.4
Total	<u>\$ 112,126.5</u>	<u>\$ 117,793.5</u>	<u>\$ 122,611.9</u>	<u>\$ 121,208.3</u>
Direct Sales Tax Rate	6.0%	6.0%	6.0%	6.0%

NOTES: Taxable sales were imputed from fiscal year sales tax cash collections by industry, and do not align with final reported revenue that includes accrual items.

Industries were categorized by using the Standard Industrial Classification through fiscal year 2014, and beginning in fiscal year 2015 using the North American Industry Classification System. The switch in classification system results in a significant increase reported by service firms and less reported by firms classified as retailers.

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

SOURCE: Michigan Department of Treasury.

Michigan

2015	2016	2017	2018	2019	2020
\$ 32.6	\$ 148.1	\$ 152.8	\$ 134.9	\$ 148.8	\$ 168.3
330.0	65.4	69.9	81.7	83.8	90.0
139.2	112.9	109.2	173.0	187.9	209.6
1,064.1	1,375.4	1,493.0	1,609.8	1,590.4	1,615.7
5,593.7	4,998.2	5,264.1	5,571.0	5,591.2	5,490.2
11,447.0	10,541.2	10,749.4	11,553.2	11,510.3	11,696.0
5,136.3	6,861.6	7,507.8	11,094.2	11,273.9	11,559.9
79,923.2	73,330.2	75,988.5	78,650.3	78,696.5	80,541.2
1,901.3	2,813.5	2,787.3	2,451.9	3,299.1	2,745.1
16,925.4	23,323.8	23,615.8	24,107.3	24,687.5	22,460.1
323.6	243.3	252.2	201.8	194.2	188.2
1,677.0	2,078.5	2,348.8	685.6	2,322.7	1,331.4
<u>\$ 124,493.4</u>	<u>\$ 125,892.1</u>	<u>\$ 130,338.9</u>	<u>\$ 136,314.6</u>	<u>\$ 139,586.3</u>	<u>\$ 138,095.7</u>
6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

Michigan

PERSONAL INCOME TAX FILERS AND LIABILITY BY INCOME LEVEL

TAX YEARS 2010 AND 2019

Adjusted Gross Income (AGI) Group	Tax Year 2010				Tax Year 2019			
	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	2,929,201	65.7%	\$ 86	1.6%	2,852,815	58.5%	\$ 537	5.9%
\$50,001 - \$100,000	998,141	22.4%	1,913	36.3%	1,111,313	22.8%	2,264	25.0%
\$100,001 - \$250,000	462,621	10.4%	2,073	39.4%	759,734	15.6%	3,530	39.0%
\$250,001 - \$1,000,000	61,480	1.4%	834	15.8%	133,283	2.7%	1,774	19.6%
\$1,000,001 and higher	8,490	0.2%	359	6.8%	18,326	0.4%	942	10.4%
Total	4,459,933	100.0%	\$ 5,265	100.0%	4,875,471	100.0%	\$ 9,047	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 2010 personal income tax amount refers to tax amount net of nonrefundable credits, and net of Home Heating Credits (HHC), Homestead Property Tax Credits (HPTC), MI Earned Income Tax (EITC), Farmland Preservation, Adoption, Stillbirth, and Energy Efficient Home Improvement credits.

Tax year 2019 personal income tax amount refers to tax amount net of nonrefundable credits, and net of HHC, HPTC, Michigan Earned Income Tax, Farmland Preservation, and Historic Preservation Credits.

Tax year 2019 is the most recent year for which data is available.

SOURCE: Michigan Department of Treasury.

Michigan

SALES TAX PAYERS BY INDUSTRY

FISCAL YEARS 2011 AND 2020

	2011				2020			
	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	528	0.5%	\$ 3.5	0.1%	825	0.7%	\$ 10.1	0.1%
Agricultural	1,512	1.5%	13.0	0.2%	491	0.4%	5.4	0.1%
Mining	279	0.3%	8.7	0.1%	236	0.2%	12.6	0.2%
Construction	2,386	2.4%	32.0	0.5%	3,708	3.0%	96.9	1.2%
Manufacturing	6,012	6.0%	164.3	2.5%	12,053	9.6%	329.4	4.0%
Transportation and utilities	1,219	1.2%	616.6	9.4%	1,027	0.8%	701.8	8.5%
Wholesale trade	2,324	2.3%	171.7	2.6%	6,874	5.5%	693.6	8.4%
Retail trade	61,373	61.4%	5,129.1	78.1%	43,712	34.9%	4,832.5	58.3%
Finance, insurance, and real estate	386	0.4%	15.3	0.2%	3,365	2.7%	164.7	2.0%
Services	23,177	23.2%	349.9	5.3%	46,850	37.4%	1,347.6	16.3%
State and local government	288	0.3%	5.6	0.1%	313	0.3%	11.3	0.1%
Other classifications	533	0.5%	62.1	1.0%	5,794	4.6%	79.9	1.0%
Total	100,017	100.0%	\$ 6,571.8	100.0%	125,248	100.0%	\$ 8,285.7	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.

Industries were categorized using the Standard Industrial Classification through fiscal year 2014 and beginning in fiscal year 2015 using the North American Industry Classification System. The switch in classification system results in a significant increase in tax reported by service firms and less reported by firms classified as retailers.

Due to confidentiality issues, the names of the ten largest revenue payers are not available. These categories are intended to provide alternative information regarding the sources of the State's sales tax revenue.

Fiscal year 2020 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					DIRECT BORROWING - FINANCED PURCHASES
	GENERAL OBLIGATION BONDS	REVENUE BONDS	STATE BUILDING AUTHORITY BONDS	CAPITAL LEASES		
2012	\$ 1,998.4	\$ 2,317.4	\$ 3,171.9	\$ 416.2		\$ -
2013	2,034.3	2,188.8	3,251.1	407.3		-
2014	1,988.6	2,065.8	3,165.2	393.6		-
2015	1,790.5	1,916.0	3,272.4	453.6		-
2016	1,700.4	1,798.4	3,289.0	527.0		37.9
2017	1,634.4	1,623.7	3,303.1	500.3		64.8
2018	1,607.0	1,446.9	3,199.5	488.6		60.2
2019	1,422.3	1,262.2	3,170.1	453.2		48.9
2020	1,439.5	2,088.3	3,191.4	420.2		242.3
2021	1,268.9	2,914.3	3,322.1	398.5		472.3

NOTES: Article 9, Section 15 of the State Constitution allows for long-term borrowing by the State for specific purposes in amounts as may be provided by acts of the Legislature adopted by a vote of two-thirds of the members in each house and approved by a majority of the people voting at a general election. The debts of public bodies corporate and politic created by law are not general obligation debts and liabilities of the State. Details regarding the State's debt can be found in the bonds and notes payable note of the financial statements.

SOURCES: U.S. Census Bureau, Population Division.
Department of Technology, Management and Budget.
U.S. Department of Commerce, Bureau of Economic Analysis.
Department of Treasury.

BUSINESS-
TYPE
ACTIVITIES

CAPITAL LEASES	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
\$ -	\$ 7,903.8	2.0%	\$ 799
-	7,881.4	2.0%	795
-	7,613.2	1.9%	767
-	7,432.5	1.7%	748
-	7,352.7	1.6%	739
0.6	7,127.0	1.6%	715
0.8	6,803.0	1.4%	681
1.3	6,358.0	1.3%	637
1.2	7,383.0	1.4%	733
1.9	8,378.0	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
2012	\$ 1,998.4	\$ 1.4	\$ 1,997.0	0.5%	\$ 202
2013	2,034.3	1.5	2,032.8	0.5%	205
2014	1,988.6	1.6	1,987.0	0.5%	200
2015	1,790.5	1.7	1,788.8	0.4%	180
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%	144
2021	1,268.9	1.7	1,267.2	Unavailable	Unavailable

SOURCES: U.S. Census Bureau, Population Division.
Department of Technology, Management and Budget.
U.S. Department of Commerce, Bureau of Economic Analysis.
Department of Treasury.



Michigan

DEBT SERVICE COVERAGE COMPREHENSIVE TRANSPORTATION FUND RELATED BONDS LAST TEN FISCAL YEARS (In Millions)

	2012	2013	2014	2015
Constitutionally Restricted				
Transportation Fund Revenues:				
Motor Fuel Taxes	\$ 945.9	\$ 950.9	\$ 958.8	\$ 1,003.8
Registration Taxes	876.1	906.5	940.6	978.1
Miscellaneous Fees	35.0	36.1	37.4	38.8
Total	1,857.0	1,893.5	1,936.8	2,020.7
Less Deductions	138.0	133.2	135.3	143.5
Remaining Balance	1,719.0	1,760.4	1,801.5	1,877.2
Portion of Balance Credited to Comprehensive Transportation Fund (excluding interest)	157.0	161.4	165.5	172.5
Motor Vehicle Related Sales Tax Revenues	\$ 1,406.5	\$ 1,476.3	\$ 1,462.7	\$ 1,301.9
Allocation to Comprehensive Transportation Fund	98.1	103.0	102.0	90.8
Constitutionally Restricted Revenues Credited to Comprehensive Transportation Fund	\$ 255.1	\$ 264.4	\$ 267.5	\$ 263.3
Plus Other Revenues (primarily interest)	0.6	1.1	1.1	1.5
Money Available for Debt Service	\$ 255.8	\$ 265.4	\$ 268.6	\$ 264.8
Debt Service:				
Principal	\$ 14.0	\$ 13.9	\$ 14.5	\$ 15.9
Interest	9.3	8.6	7.9	7.3
Actual Annual Debt Service (1)	23.4	22.4	22.4	23.2
Debt Service Coverage	10.9 x	11.8 x	12.0 x	11.4 x

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

SOURCE: Michigan Department of Transportation.

Michigan

2016	2017	2018	2019	2020	2021
\$ 1,011.0	\$ 1,359.5	\$ 1,467.9	\$ 1,460.1	\$ 1,318.4	\$ 1,354.1
1,018.3	1,210.0	1,294.9	1,354.2	1,345.1	1,400.0
<u>40.6</u>	<u>44.8</u>	<u>42.0</u>	<u>41.3</u>	<u>35.4</u>	<u>42.2</u>
2,069.9	2,614.3	2,804.8	2,855.6	2,698.9	2,796.3
<u>144.7</u>	<u>161.6</u>	<u>161.6</u>	<u>163.1</u>	<u>158.6</u>	<u>162.2</u>
1,925.2	2,452.6	2,643.1	2,692.5	2,540.3	2,634.1
<u>176.9</u>	<u>229.8</u>	<u>248.7</u>	<u>254.0</u>	<u>240.4</u>	<u>249.1</u>
\$ 1,211.5	\$ 1,255.1	\$ 1,378.0	\$ 1,388.5	\$ 1,291.3	\$ 1,326.9
<u>84.5</u>	<u>87.5</u>	<u>96.1</u>	<u>96.9</u>	<u>90.1</u>	<u>92.5</u>
\$ 261.4	\$ 317.4	\$ 344.9	\$ 350.9	\$ 330.5	\$ 341.7
<u>6.4</u>	<u>1.1</u>	<u>2.6</u>	<u>4.9</u>	<u>5.3</u>	<u>4.7</u>
<u>\$ 267.9</u>	<u>\$ 318.5</u>	<u>\$ 347.4</u>	<u>\$ 355.8</u>	<u>\$ 335.8</u>	<u>\$ 346.3</u>
\$ 16.5	\$ 17.2	\$ 18.1	\$ 18.9	\$ 11.3	\$ 11.9
<u>6.2</u>	<u>5.7</u>	<u>4.8</u>	<u>3.9</u>	<u>3.0</u>	<u>2.4</u>
<u>22.7</u>	<u>22.9</u>	<u>22.9</u>	<u>22.8</u>	<u>14.3</u>	<u>14.3</u>
11.8 x	13.9 x	15.2 x	15.6 x	23.4 x	24.2 x

Michigan

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

	2012	2013	2014	2015
Constitutionally Restricted Transportation Fund Revenues:				
Motor Fuel Taxes	\$ 945.9	\$ 950.9	\$ 958.8	\$ 1,003.8
Registration Taxes	876.1	906.5	940.6	978.1
Miscellaneous Fees	35.0	36.1	37.4	38.8
Total	1,857.0	1,893.5	1,936.8	2,020.7
Less Deductions:				
Local Bridge Debt Service	3.3	3.0	2.4	2.3
Legally Dedicated State Trunkline Fund Debt Service	43.0	43.0	43.0	43.0
Collection Costs	48.6	43.9	46.4	53.2
Recreation Improvement Fund	16.4	16.4	16.5	17.2
Comprehensive Transportation Fund (excluding interest)	157.0	161.4	165.5	172.5
Local Program Fund	33.0	33.0	33.0	33.0
Movable Bridge Fund	-	-	-	-
Local Agency Wetlands Mitigation Fund	-	-	-	-
Local Bridge Fund	26.8	26.8	26.9	27.8
Economic Development Fund	40.3	40.3	40.3	40.3
Miscellaneous	-	-	-	-
Total Deductions	368.4	367.8	374.1	389.3
Constitutionally Restricted Revenues				
Available for Distribution	1,488.6	1,525.7	1,562.8	1,631.5
Plus Income Tax Redirection	-	-	-	-
Plus Marihuana Excise Tax	-	-	-	-
Plus Other Revenues (primarily interest)	1.2	1.1	1.1	1.4
Total Money Available for Distribution	1,489.8	1,526.8	1,563.8	1,632.9
Distributions to:				
Cities and Villages	326.0	334.2	342.3	357.2
County Road Commissions	569.3	584.5	598.9	625.4
State Trunkline Fund	592.5	607.7	622.6	650.3
Money Available for Debt Service:				
State Trunkline Fund	592.5	607.7	622.6	650.3
Legally Dedicated State Trunkline Fund Debt Service	43.0	43.0	43.0	43.0
Economic Development Fund	40.3	40.3	40.3	40.3
Local Program Fund	33.0	33.0	33.0	33.0
Local Bridge Fund	3.3	3.0	2.4	2.3
Miscellaneous	35.4	133.0	35.7	26.4
Total Available for Debt Service	747.4	860.1	777.0	795.4
Debt Service:				
Principal	\$ 86.3	\$ 88.5	\$ 106.5	\$ 111.4
Interest	75.6	73.2	59.2	48.7
Actual Annual Debt Service (1)	161.9	161.8	165.7	160.1
Debt Service Coverage	4.6 x	5.3 x	4.7 x	5.0 x

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

SOURCE: Michigan Department of Transportation.

Michigan

2016	2017	2018	2019	2020	2021
\$ 1,011.0	\$ 1,359.5	\$ 1,467.9	\$ 1,460.1	\$ 1,318.4	\$ 1,354.1
1,018.3	1,210.0	1,294.9	1,354.2	1,345.1	1,400.0
40.6	44.8	42.0	41.3	35.4	42.2
2,069.9	2,614.3	2,804.8	2,855.6	2,698.9	2,796.3
2.4	2.4	2.3	2.3	2.4	2.3
43.0	50.0	50.0	50.0	50.0	50.0
53.1	58.4	56.4	58.2	58.8	61.2
17.6	22.5	24.4	24.3	21.7	22.4
176.9	229.8	248.7	254.0	240.4	249.1
33.0	33.0	33.0	33.0	33.0	33.0
5.0	5.0	5.1	5.2	5.3	5.4
2.0	2.0	1.0	2.0	2.0	2.0
28.5	28.3	28.5	28.3	25.7	26.3
40.3	40.3	40.3	40.3	40.3	40.3
-	-	0.4	-	-	-
401.9	471.8	490.1	497.6	479.6	492.0
1,668.0	2,142.5	2,314.7	2,357.9	2,219.3	2,304.3
-	-	-	264.0	468.0	600.0
-	-	-	-	-	49.3
2.4	3.4	3.5	5.2	2.9	0.5
1,670.4	2,145.9	2,318.1	2,627.1	2,690.2	2,954.1
365.9	470.2	509.9	578.2	593.5	651.3
639.6	825.1	891.3	1,011.8	1,037.0	1,139.7
664.9	850.5	917.0	1,037.1	1,059.7	1,163.1
664.9	850.5	917.0	1,037.1	1,059.7	1,163.1
43.0	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	2.4	2.3	2.3	2.4	2.3
31.8	38.5	62.1	38.8	24.7	20.4
815.4	1,014.7	1,104.6	1,201.4	1,210.0	1,309.1
\$ 116.4	\$ 121.8	\$ 127.2	\$ 133.9	\$ 97.5	\$ 102.4
45.8	39.9	33.6	26.8	20.9	41.6
162.2	161.8	160.8	160.7	118.4	144.0
5.0 x	6.3 x	6.9 x	7.5 x	10.2 x	9.1 x

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

	2012	2013	2014	2015
Revenue - Lease and Rental Payments	\$ 234.3	\$ 234.4	\$ 231.0	\$ 230.9
Less: Operating Expenses	<u>1.6</u>	<u>1.3</u>	<u>1.1</u>	<u>1.0</u>
Net Available Revenue	<u><u>232.7</u></u>	<u><u>233.1</u></u>	<u><u>229.9</u></u>	<u><u>229.9</u></u>
Debt Service:				
Principal	\$ 96.2	\$ 126.6	\$ 102.2	\$ 139.5
Interest	<u>121.0</u>	<u>124.8</u>	<u>118.5</u>	<u>121.7</u>
Actual Annual Debt Service (1)	<u>217.2</u>	<u>251.4</u>	<u>220.6</u>	<u>261.2</u>
Debt Service Coverage	1.1 x	0.9 x	1.0 x	0.9 x

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

Michigan

2016	2017	2018	2019	2020	2021
\$ 224.4	\$ 216.7	\$ 225.1	\$ 224.2	\$ 219.6	\$ 204.4
0.8	1.0	1.6	1.5	1.5	0.6
<u>223.6</u>	<u>215.7</u>	<u>223.5</u>	<u>222.7</u>	<u>218.1</u>	<u>203.8</u>
<u><u>223.6</u></u>	<u><u>215.7</u></u>	<u><u>223.5</u></u>	<u><u>222.7</u></u>	<u><u>218.1</u></u>	<u><u>203.8</u></u>
\$ 108.8	\$ 87.1	\$ 95.8	\$ 99.7	\$ 115.5	\$ 89.3
117.3	133.2	141.6	140.5	141.7	111.8
<u>226.1</u>	<u>220.2</u>	<u>237.4</u>	<u>240.2</u>	<u>257.2</u>	<u>201.1</u>
1.0 x	1.0 x	0.9 x	0.9 x	0.8 x	1.0 x

Michigan

DEMOGRAPHIC AND ECONOMIC INDICATORS

LAST TEN CALENDAR YEARS

	2011	2012	2013	2014
Population (a)				
(in thousands)				
Michigan	9,882	9,897	9,913	9,930
United States	311,557	313,831	315,994	318,301
Total Personal Income (b)				
(in billions)				
Michigan	\$ 373.9	\$ 389.5	\$ 393.6	\$ 411.0
United States	\$ 13,330.4	\$ 14,003.3	\$ 14,189.2	\$ 14,969.5
Per Capita Income (b)				
Michigan	\$ 37,829	\$ 39,355	\$ 39,696	\$ 41,383
United States	\$ 42,783	\$ 44,614	\$ 44,894	\$ 47,017
Unemployment Rate (c)				
Michigan	10.0%	9.0%	8.7%	7.2%
United States	8.9%	8.1%	7.4%	6.2%
Michigan estimated wage and salary employees (c)				
(in thousands)				
Goods Producing:				
Mining and Logging	7.4	7.8	8.0	8.3
Construction	125.3	128.2	133.5	141.8
Manufacturing	501.9	530.5	548.7	574.7
Total Goods Producing	634.6	666.5	690.2	724.8
Service-Providing:				
Private Service-Providing				
Trade, Transportation, and Utilities:				
Wholesale Trade	154.4	158.6	162.5	165.8
Retail Trade	448.6	449.3	455.4	461.4
Transportation, Warehousing and Utilities	118.3	121.7	125.7	130.6
Information	53.2	53.3	55.3	57.5
Financial Activities:				
Finance and Insurance	144.5	148.6	153.9	154.3
Real Estate and Rental and Leasing	48.9	48.2	49.4	50.6
Professional and Business Services:				
Professional, Scientific, and Technical Services	242.8	253.6	263.3	271.7
Management of Companies and Enterprises	52.5	54.4	56.9	58.5
Administrative, Support Services, and Waste Management	267.8	280.9	291.6	294.5
Educational and Health Services:				
Educational Services	73.5	73.1	73.4	72.4
Health Care and Social Assistance	552.2	563.4	569.9	573.0
Leisure and Hospitality:				
Accommodation and Food Services	332.8	341.9	350.3	357.5
Other	47.7	46.9	47.9	49.0
Other Services	167.3	169.3	170.5	169.5
Total Private Service-Providing	2,704.4	2,763.4	2,825.9	2,866.1
Government	617.4	608.5	598.5	595.8
Total Service-Providing	3,321.8	3,371.9	3,424.4	3,461.8
Total Wage and Salary Employment	3,956.4	4,038.3	4,114.6	4,186.6

NOTES: Wage and Salary Employment based on North American Industry Classification System.
Components in Wage and Salary Employment may not total due to truncation.
Calendar year 2020 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.
2011-2019 figures are from December 2019 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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
9,932	9,951	9,973	9,984	9,987	10,077
320,635	322,941	324,986	326,688	328,240	331,449
\$ 433.7	\$ 446.0	\$ 458.8	\$ 476.5	\$ 492.0	\$ 530.8
\$ 15,681.2	\$ 16,092.7	\$ 16,845.0	\$ 17,681.2	\$ 18,402.0	\$ 19,607.4
\$ 43,655	\$ 44,809	\$ 45,983	\$ 47,708	\$ 49,277	\$ 53,259
\$ 48,891	\$ 49,812	\$ 51,811	\$ 54,098	\$ 56,047	\$ 59,510
5.4%	5.0%	4.6%	4.2%	4.1%	9.9%
5.3%	4.9%	4.4%	3.9%	3.7%	8.1%
7.7	7.2	7.1	7.3	7.3	6.5
148.3	155.1	162.2	169.1	173.6	164.8
591.7	605.7	616.1	628.6	626.3	557.1
747.7	768.0	785.4	805.0	807.2	728.5
167.1	168.5	170.6	171.8	172.0	161.2
467.6	473.2	473.3	470.0	464.3	427.7
135.5	138.7	142.5	149.2	158.7	157.6
56.6	57.3	56.5	56.0	55.4	50.4
156.8	161.6	165.0	165.9	169.0	172.3
51.3	52.8	54.2	54.9	56.1	50.9
277.8	285.8	294.1	298.5	299.4	286.9
61.1	63.8	66.6	68.8	70.5	68.9
298.0	296.4	289.2	292.1	284.7	240.5
72.3	72.0	72.6	74.5	73.7	66.6
581.7	596.1	605.7	611.3	615.4	573.1
363.5	373.5	379.1	380.2	381.9	288.1
50.2	51.7	53.1	53.4	53.6	35.0
167.3	167.7	165.7	166.0	166.6	143.4
2,906.8	2,959.1	2,988.0	3,012.5	3,021.3	2,722.5
594.2	599.4	603.7	608.5	614.3	581.5
3,501.0	3,558.5	3,591.7	3,621.1	3,635.6	3,304.0
4,248.6	4,326.5	4,377.2	4,426.1	4,442.7	4,032.5

Michigan

CLASSIFIED EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

	2012	2013	2014	2015
General government	7,026	7,273	7,377	6,888
Education	476	518	518	515
Health and human services	14,055	14,885	14,516	14,046
Public safety and corrections	16,689	16,561	16,154	16,019
Conservation, environment, recreation, and agriculture	3,049	3,033	3,050	3,119
Labor, commerce, and regulatory	3,756	2,899	2,817	3,431
Transportation	2,632	2,570	2,573	2,570
Total	47,683	47,739	47,003	46,588

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 approximately 2,000 classified employees for the 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
7,016	7,090	7,155	7,181	7,194	6,991
507	504	505	503	498	494
13,858	14,083	14,273	14,406	14,241	14,067
16,125	15,916	15,716	15,743	15,558	14,918
3,185	3,247	3,305	3,370	3,363	3,333
3,402	3,390	3,405	3,537	4,094	4,451
<u>2,600</u>	<u>2,594</u>	<u>2,597</u>	<u>2,583</u>	<u>2,574</u>	<u>2,566</u>
46,692	46,825	46,956	47,324	47,522	46,819

Michigan

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

	2012	2013	2014	2015
General government				
Tax forms processed	8,539,957	8,360,575	8,432,444	8,253,892
Passenger, commercial, and recreational vehicle registrations	8,435,868	8,496,407	8,543,342	8,604,852
Driver licenses issued	1,969,253	1,956,686	1,811,237	1,907,776
Education				
K-12 students	1,550,206	1,533,722	1,522,119	1,506,953
Public university students	264,913	263,817	262,537	261,989
Community college students	164,828	154,118	143,829	133,895
Human services				
Food assistance program recipients (1)	1,828,384	1,775,646	1,680,721	1,571,403
Family independence program recipients (1)	154,941	129,185	89,957	71,156
Day care recipients (1)	50,028	43,246	35,501	29,624
Children in foster care	13,504	13,902	13,209	13,246
State disability assistance recipients (1)	8,713	7,845	6,723	5,600
Finalized adoptions (yearly total) (2)	2,554	2,361	2,185	1,815
Juvenile justice youth served	801	790	729	668
Open child support cases with support orders established	774,463	771,108	760,284	683,193
Public safety and corrections				
Inmates, parolees, and probationers (as of 9/30)	112,049	108,738	106,966	104,345
State police patrol miles driven	17,633,319	18,852,703	21,249,946	22,731,503
Criminal offender DNA samples entered into federal indexing database (calendar year)	16,098	21,283	14,776	20,930
National Guard members (as of 9/30)	11,156	10,901	10,537	10,001
Veteran homes average daily census	690	665	649	610
Conservation, environment, recreation and agriculture				
Hunting and/or fishing license holders (3)	1,851,287	1,919,692	1,947,508	1,838,505
Camping nights in State parks	987,189	1,021,712	939,105	1,022,791
Population impacted by water purification projects	463,457	691,102	677,175	821,323
Underground storage tank releases closed	184	285	488	427
Scrap tires collected (passenger tire equivalent)	161,704	522,869	183,359	369,305
Labor, commerce, and regulatory				
Processed applications for new and renewal occupational licenses	125,603	135,734	341,132	128,071
Building related permits issued	19,221	17,783	17,066	18,051
Building related safety inspections conducted	49,614	58,223	56,098	52,578
Occupational safety and health enforcement inspections conducted	5,393	5,276	4,764	4,352
Alleged occupational safety and health violations identified	14,261	12,915	10,419	8,170
Financial and insurance service providers chartered	390,005	225,927	255,121	277,147
Health services				
Medicaid recipients (1)	1,875,544	1,854,880	1,842,957	1,706,468
Healthy Michigan Plan recipients	-	-	286,311 (10)	544,377
Women, Infants, and Children Food and Nutrition Program recipients (1)	255,954	254,126	251,713	244,829
Children's special health care services recipients (1)	29,958	31,083	33,550	33,512
Mentally ill/developmental disability service recipients (1)	242,884	251,019	241,329	236,291
Substance abuse service recipients	70,145	70,664	71,248	70,173

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 2021 are for the licensing year ending March 31, 2021.

(4) Amount estimated.

SOURCES: Various State departments.

Michigan

2016	2017	2018	2019	2020	2021
8,843,031	8,957,609	9,517,077	9,316,186	9,283,382	9,544,308
8,726,870	8,828,958	8,778,306	9,402,232	9,319,373	9,979,637
1,995,736	1,998,160	1,877,592	1,985,920	1,894,352	2,221,625
1,494,001	1,489,357	1,481,205	1,467,416	1,458,064	1,403,932
260,817	259,711	257,535	256,090	255,155	247,444
125,388	124,868	120,724	116,340	108,318	102,319
1,473,614	1,375,434	1,281,862	1,180,070	1,254,475	1,270,920
55,379	48,120	41,914	36,584	46,341	29,522
30,941	32,217	34,218	35,225	33,151	25,377
13,145	13,329	14,149	13,830	12,875	11,807
4,664	3,991	3,339	3,032	3,677	1,941
2,109	1,998	2,002	2,191	1,767	1,650 (4)
639	640	617	560	495	434
694,706	685,058	674,643	642,177	621,773	607,000
101,853	98,666	96,579	92,954	83,637	74,325
22,532,597	22,762,373	23,622,792	24,531,668	25,813,004	23,766,986
37,856	33,421	32,121	27,414	22,702	21,662 (4)
10,242	10,451	10,532	10,640	10,824	10,945
589	499	453	384	364	276
1,836,298	1,827,091	1,815,201	1,763,571	1,725,335	1,699,891
1,034,109	1,155,052	1,163,997	1,151,830	1,010,580	1,431,236 (4)
1,181,115	806,760	76,472	4,018,604	4,916,705	3,775,442
344	249	218	166	165	157
212,528	203,162	277,578	342,947	427,940	336,736 (4)
148,606	167,118	169,267	206,962	217,085	286,525
16,718	17,747	18,346	19,372	19,745	22,092
55,731	41,649	35,930	35,159	32,380	31,338
4,662	4,547	4,375	4,479	3,186	3,350
9,326	9,311	8,309	9,551	7,328	8,594
298,370	310,436	336,604	338,972	358,138	389,173
1,710,770	1,775,073	1,769,624	1,742,904	1,772,810	1,919,493
597,225	650,000	671,601	662,818	699,225	887,942
234,546	224,106	213,964	205,434	213,881	207,317
33,206	33,622	35,835	39,163	41,504	41,665
228,444	231,307	240,434	232,945	237,702	Unavailable
72,306	72,627	75,875	76,947	66,844	68,440 (4)

Michigan

OPERATING INDICATORS BY FUNCTION (Continued)

LAST TEN FISCAL YEARS

	2012	2013	2014	2015
Transportation				
Annual vehicle miles of travel on				
State Trunkline roads (8)	48,700,000,000	49,400,000,000	50,000,000,000	51,100,000,000
Miles of intercity bus travel receiving State funding	1,094,911	1,110,733	1,109,738	1,112,920
Miles of local bus travel receiving State funding	104,317,459	101,203,565	100,071,938	101,441,015
Railroad crossing maintenance/safety inspections	2,644	1,970	1,624	1,787
Tax credits				
Taxpayers claiming refundable credits (5) (7)	1,882,600	1,840,900	1,802,100	1,757,100
Intergovernmental-revenue sharing				
Township grants	1,240	1,240	1,240	1,240
City grants	277	277	277	279
Village grants	256	256	256	254
County grants (6)	50	62	63	74
Liquor Purchase Revolving Fund				
Annual retail liquor licenses issued (9)	15,961	16,026	15,989	15,940
Liquor sales volume (cases)	7,373,714	7,532,846	7,709,480	8,043,595
Beer sales volume (barrels)	6,318,295	6,206,452	6,221,433	6,302,160
Wine sales volume (liters)	84,253,865	88,096,394	92,044,380	92,562,421
Pre-mixed spirit drink sales volume (liters)	1,076,369	1,058,511	1,074,364	1,142,527
State Lottery Fund				
Retailers	10,879	10,848	10,684	10,654
Winners greater than \$600	44,904	52,365	56,735	68,359
Millionaire prizewinners	31	36	39	42
Michigan Unemployment Compensation Funds				
Individuals receiving benefits (calendar year)	527,507	449,388	370,980	306,158

- NOTES: (5) Tax credits are reported based on the tax year. Credits claimed during tax year 2020, for example, are reported above in fiscal year 2020.
- (6) County grants were suspended beginning in fiscal year 2005. Instead, each county expends from its revenue sharing reserve fund created by State statute in 2004. Each fiscal year, counties are allowed only to expend from the fund the amount the Department of Treasury certifies them to spend. Once a county has exhausted its revenue sharing reserve fund, the county will return to revenue sharing.
- (7) Amount estimated and rounded to nearest hundred.
- (8) Amount estimated and rounded to nearest one hundred million on a calendar-year basis.
- (9) In fiscal year 2017, the Liquor Control Commission implemented the Alcohol Information Management System which includes Specially Designated Merchant licenses that were issued in conjunction with other license types.
- (10) The first year of the Healthy Michigan plan was fiscal year 2014. Amount is a nine month average for fiscal year 2014.

SOURCES: Various State departments.

Michigan

2016	2017	2018	2019	2020	2021
51,400,000,000	52,900,000,000	54,300,000,000	54,200,000,000	53,900,000,000	44,500,000,000
1,056,684	972,876	960,280	946,945	506,270	846,766
102,988,003	108,598,150	115,451,020	113,284,035	90,541,252	84,970,663 ⁽⁴⁾
3,256	2,250	2,379	2,191	2,155	2,690
1,783,300	1,733,200	1,856,300	1,907,300	1,789,200	Unavailable
1,240	1,240	1,240	1,240	1,240	1,240
280	280	280	280	280	280
253	253	253	253	253	253
76	78	78	81	81	81
15,921	25,727	26,351	29,495	29,403	29,570
8,370,191	8,549,809	8,898,383	9,046,819	10,552,801	10,911,821
6,221,883	6,064,592	6,024,082	5,917,199	6,001,106	5,924,098
95,465,899	96,255,115	97,473,694	98,009,016	102,679,536	103,006,225
1,385,629	1,553,193	1,726,361	2,436,149	4,428,526	8,059,177
10,650	10,645	10,792	10,508	10,492	10,423
74,352	82,435	91,984	94,046	115,829	139,050
46	38	39	42	42	70
286,449	272,373	241,828	253,518	2,361,468	1,180,796 ⁽⁴⁾

Michigan

CAPITAL ASSETS BY FUNCTION

LAST TEN FISCAL YEARS

	2012	2013	2014	2015
General government				
Buildings (2)	239	240	240	241
Vehicles	783	927	974	972
Education				
Buildings (2)	27	27	28	28
Vehicles	28	27	29	32
Health and Human services				
Buildings (2)	420	459	443	439
Vehicles	1,317	1,546	1,682	1,708
Public safety and corrections				
Buildings (2)	1,255	1,254	1,254	1,253
Vehicles	3,433	3,547	3,700	3,705
Conservation, environment, recreation, and agriculture				
Buildings (2)	335	325	327	330
Vehicles	3,853	3,985	4,053	4,159
Environmental quality air-monitoring instruments	202	231	229	229
Environmental quality lab/analyzing equipment	156	159	143	147
Natural resources acres of land (1)	4,586,922	4,595,866	4,592,910	4,597,121
Harbors	19	19	19	19
Hatcheries	6	6	6	6
State park & recreation areas	101	101	102	102
Labor, commerce, and regulatory				
Buildings (2)	112	45	45	70
Vehicles	585	484	495	493
Transportation				
Buildings (2)	374	373	373	372
Vehicles	1,707	1,692	1,682	1,674
Highway lane miles (calendar year)	27,437	27,424	27,459	27,488
Heavy equipment owned	2,150	2,150	2,156	2,185

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

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

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

Michigan

2016	2017	2018	2019	2020	2021
240	243	241	171	168	178
988	990	1,059	1,011	992	884
28	28	28	2	2	2
35	33	35	35	37	37
441	442	439	136	98	96
1,698	1,729	1,746	1,791	1,688	1,690
1,261	1,259	1,254	635	630	592
3,924	3,977	4,057	4,082	4,044	4,101
327	326	326	327	324	326
4,275	4,528	4,005	4,027	3,623	3,591
248	278	294	283	332	341
156	166	217	229	234	239
4,590,035	4,594,015	4,594,482	4,590,515	4,594,121	4,593,468
19	19	19	19	19	19
6	6	6	6	6	6
103	103	102	102	102	103
69	66	65	20	35	36
574	601	636	696	796	784
373	373	374	239	249	249
1,682	1,691	1,729	1,758	1,780	1,772
27,452	29,702	29,748	29,711	29,386	29,386
2,222	2,258	2,343	2,425	2,506	2,549





OTHER INFORMATION

Michigan

COMBINED SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES
GENERAL AND SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2021
(In Thousands)

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>
TAXES			
Sales	\$ 9,410,565	\$ 2,460,408	\$ 6,950,157
Personal income	12,744,577	8,686,323	4,058,254
Single business, Michigan business, and corporate income	1,675,992	1,675,992	-
Use	2,135,698	1,259,609	876,089
State education (property)	2,265,956	-	2,265,956
Real estate transfer	490,330	-	490,330
Tobacco products	890,145	568,119	322,026
Beer and wine	51,545	51,545	-
Liquor	234,300	157,582	76,718
Casino gaming wagering	90,572	-	90,572
Telephone and telegraph company	32,398	32,398	-
Commercial mobile radio service	42,983	42,983	-
Insurance company	390,848	390,848	-
Motor vehicle registration	1,403,514	3,499	1,400,015
Gasoline	1,111,575	-	1,111,575
Diesel fuel	240,846	-	240,846
Gas and oil severance	22,186	22,186	-
Industrial facilities	41,919	-	41,919
Convention hotel accommodation	9,740	9,740	-
Airport parking	20,956	20,956	-
Quality assurance assessment	1,344,793	1,344,793	-
Essential services assessment	125,783	125,783	-
Penalties and interest	137,791	137,791	-
Marihuana excise	120,472	120,472	-
Insurance provider assessment	619,816	619,816	-
Environmental protection regulatory fee	57,122	57,122	-
Michigan State Housing Development Authority payment in lieu of taxes	14,731	-	14,731
Internet gaming - commercial	78,287	3,270	75,017
Other	31,330	11,734	19,596
	<u>35,836,770</u>	<u>17,802,969</u>	<u>18,033,800</u>
FROM FEDERAL AGENCIES			
Department of Health and Human Services	18,324,921	18,323,793	1,127
Department of Education	1,704,708	179,525	1,525,183
Department of Agriculture	5,073,923	4,305,013	768,910
Department of the Treasury	2,032,330	2,032,330	-
Department of Labor	513,515	158,211	355,304
Department of Housing and Urban Development	13,044	13,044	-
Department of Energy	17,528	17,528	-
Department of Transportation	103,574	28,897	74,678
Department of Interior	33,606	28,909	4,697
Department of Defense	89,887	89,887	-
Department of Justice	103,883	103,883	-
Department of Homeland Security	594,825	594,441	383
Social Security Administration	101,626	101,626	-
Environmental Protection Agency	204,218	204,208	9
Other	25,535	25,514	21
	<u>28,937,122</u>	<u>26,206,808</u>	<u>2,730,313</u>
FROM LOCAL AGENCIES			
Counties	83,775	83,775	-
Cities, villages, and townships	8,704	8,704	-
School districts	2,545	2,545	-
Other	18,845	18,845	-
	<u>113,869</u>	<u>113,869</u>	<u>-</u>

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>
SPECIAL MEDICAID REIMBURSEMENTS	\$ 159,986	\$ 159,986	\$ -
FROM SERVICES			
Charges for providing vehicle and driver services	161,012	156,225	4,787
Revenues for patient, ward, and inmate care	27,392	27,392	-
Other	168,378	168,320	58
	<u>356,782</u>	<u>351,936</u>	<u>4,845</u>
FROM LICENSES AND PERMITS			
Liquor retailer, manufacturer, and wholesaler licenses	24,498	24,498	-
Motor vehicle operator and chauffeur licenses	67,096	66,927	169
Examination fees - financial institutions and insurance industry	39,774	39,774	-
Motor vehicle related	39,330	2,702	36,628
Hunting, fishing, and trapping licenses	66,075	-	66,075
Public utilities assessment fees	32,477	32,477	-
Regulatory licenses and permits	185,536	171,465	14,071
Corporation franchise fees	37,434	37,434	-
Recreation user fees and permits	129,245	1,817	127,428
Other	61,721	54,825	6,896
	<u>683,186</u>	<u>431,919</u>	<u>251,267</u>
MISCELLANEOUS			
Income from investments	53,697	18,241	35,456
Tobacco settlement proceeds	236,824	17,508	219,317
Various fines, fees, and assessments	113,446	75,344	38,102
Court fines, fees, and assessments	159,255	146,178	13,077
Oil and gas royalties, fees, assignments, and rentals	5,373	3,884	1,489
Sale of forest products on tax reverted land	53,628	-	53,628
Child support	36,228	36,228	-
Unclaimed bottle deposits	82,059	-	82,059
Unemployment obligation assessment	1,381	-	1,381
Low-income energy efficiency program	50,376	50,376	-
School bond loan repayment interest	32,620	32,620	-
Internet gaming payments - tribal	53,364	-	53,364
Other	449,168	368,624	80,544
	<u>1,327,418</u>	<u>749,002</u>	<u>578,416</u>
Total Revenues	<u>67,415,131</u>	<u>45,816,490</u>	<u>21,598,642</u>
OTHER FINANCING SOURCES			
Capital lease and financed purchase acquisitions	30,009	30,009	-
Proceeds from sale of capital assets	3,243	3,214	29
Transfers From Other Funds:			
From Liquor Purchase Revolving Fund	313,792	313,792	-
From State Lottery Fund	1,427,044	5,941	1,421,104
From other funds	738,570	159,517	579,053
Total Other Financing Sources	<u>2,512,658</u>	<u>512,473</u>	<u>2,000,185</u>
Total Revenue and Other Financing Sources (GAAP Basis)	<u>\$ 69,927,789</u>	<u>\$ 46,328,963</u>	<u>\$ 23,598,827</u>

Michigan

SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL PURPOSE</u>	<u>RESTRICTED REVENUES</u>
TAXES			
Sales	\$ 2,460,408	\$ 978,253	\$ 1,482,155
Personal income	8,686,323	7,577,427	1,108,896
Single business, Michigan business, and corporate income	1,675,992	1,212,292	463,699
Use	1,259,609	1,258,251	1,358
Tobacco products	568,119	177,018	391,101
Beer and wine	51,545	51,545	-
Liquor	157,582	80,535	77,048
Telephone and telegraph company	32,398	32,398	-
Commercial mobile radio service	42,983	-	42,983
Insurance company	390,848	354,791	36,057
Motor vehicle registration	3,499	-	3,499
Gas and oil severance	22,186	20,936	1,250
Convention hotel accommodation	9,740	-	9,740
Airport parking	20,956	-	20,956
Quality assurance assessment	1,344,793	10,604	1,334,189
Essential services assessment	125,783	125,783	-
Penalties and interest	137,791	130,447	7,344
Marihuana excise	120,472	895	119,577
Insurance provider assessment	619,816	-	619,816
Environmental protection regulatory fee	57,122	-	57,122
Internet gaming - commercial	3,270	-	3,270
Other	11,734	2,947	8,787
	<u>17,802,969</u>	<u>12,014,122</u>	<u>5,788,847</u>
FROM FEDERAL AGENCIES			
Department of Health and Human Services	18,323,793	4,266	18,319,527
Department of Education	179,525	913	178,612
Department of Agriculture	4,305,013	-	4,305,013
Department of the Treasury	2,032,330	-	2,032,330
Department of Labor	158,211	806	157,405
Department of Housing and Urban Development	13,044	79	12,965
Department of Energy	17,528	-	17,528
Department of Transportation	28,897	297	28,600
Department of Interior	28,909	5	28,904
Department of Defense	89,887	-	89,887
Department of Justice	103,883	178	103,704
Department of Homeland Security	594,441	205	594,236
Social Security Administration	101,626	-	101,626
Environmental Protection Agency	204,208	-	204,208
Other	25,514	1,593	23,921
	<u>26,206,808</u>	<u>8,342</u>	<u>26,198,466</u>
FROM LOCAL AGENCIES			
Counties	83,775	53	83,722
Cities, villages, and townships	8,704	-	8,704
School districts	2,545	49	2,496
Other	18,845	-	18,845
	<u>113,869</u>	<u>102</u>	<u>113,766</u>

<u>SOURCE</u>	<u>TOTAL</u>	<u>GENERAL PURPOSE</u>	<u>RESTRICTED REVENUES</u>
SPECIAL MEDICAID REIMBURSEMENTS	<u>\$ 159,986</u>	<u>\$ -</u>	<u>\$ 159,986</u>
FROM SERVICES			
Charges for providing vehicle and driver services	156,225	40	156,185
Revenues for patient, ward, and inmate care	27,392	2,373	25,019
Other	<u>168,320</u>	<u>915</u>	<u>167,405</u>
	<u>351,936</u>	<u>3,328</u>	<u>348,608</u>
FROM LICENSES AND PERMITS			
Liquor retailer, manufacturer, and wholesaler licenses	24,498	1,995	22,503
Motor vehicle operator and chauffeur licenses	66,927	12,917	54,011
Examination fees - financial institutions and insurance industry	39,774	-	39,774
Motor vehicle related	2,702	9	2,693
Public utilities assessment fees	32,477	-	32,477
Regulatory licenses and permits	171,465	6,926	164,539
Corporation franchise fees	37,434	-	37,434
Recreation user fees and permits	1,817	441	1,376
Other	<u>54,825</u>	<u>121</u>	<u>54,704</u>
	<u>431,919</u>	<u>22,408</u>	<u>409,511</u>
MISCELLANEOUS			
Income from investments	18,241	395	17,846
Tobacco settlement proceeds	17,508	-	17,508
Various fines, fees, and assessments	75,344	2,367	72,977
Court fines, fees, and assessments	146,178	15,829	130,349
Oil and gas royalties, fees, assignments, and rentals	3,884	-	3,884
Child support	36,228	-	36,228
Low-income energy efficiency program	50,376	-	50,376
School bond loan repayment interest	32,620	-	32,620
Other	<u>368,624</u>	<u>45,557</u>	<u>323,067</u>
	<u>749,002</u>	<u>64,149</u>	<u>684,853</u>
Total Revenues	<u>45,816,490</u>	<u>12,112,452</u>	<u>33,704,037</u>
OTHER FINANCING SOURCES			
Capital lease and financed purchase acquisitions	30,009	-	30,009
Proceeds from sale of capital assets	3,214	-	3,214
Transfers From Other Funds:			
From Liquor Purchase Revolving Fund	313,792	313,591	201
From State Lottery Fund	5,941	4,507	1,433
From other funds	<u>159,517</u>	<u>94,923</u>	<u>64,594</u>
Total Other Financing Sources	<u>512,473</u>	<u>413,021</u>	<u>99,452</u>
Total Revenue and Other Financing Sources (GAAP Basis)	<u>46,328,963</u>	<u>12,525,473</u>	<u>33,803,489</u>
BUDGETARY BASIS ADJUSTMENTS			
Capital lease and financed purchase acquisitions	<u>(30,009)</u>	<u>-</u>	<u>(30,009)</u>
Total Revenue and Other Financing Sources (Budgetary Basis)	<u>\$ 46,298,954</u>	<u>\$ 12,525,473</u>	<u>\$ 33,773,480</u>

Michigan

SOURCE AND DISPOSITION OF GENERAL FUND AUTHORIZATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

BRANCH AND DEPARTMENT	CURRENT LEGISLATIVE APPROPRIATION	BUDGETARY TRANSFERS IN/OUT	BUDGETARY ADJUSTMENT	UNEXPENDED FROM PRIOR YEAR	RESTRICTED REVENUE ADDITIONS	LESS: TIMING DIFFERENCES* RESTRICTED REVENUE NOT AUTHORIZED/USED
Legislative Branch	\$ 189,027	\$ -	\$ 666	\$ 56,258	\$ 13,440	\$ (3,050)
Judicial Branch	202,634	-	-	33,153	72,113	(36,917)
Executive Branch:						
Agriculture and Rural Development	63,617	-	-	57,177	51,266	(53,750)
Attorney General	41,298	-	-	12,944	70,875	(21,122)
Civil Rights	14,792	-	-	122	1,753	-
Colleges and Universities Grants	1,275,141	-	-	10,014	202,134	-
Corrections	1,809,258	-	-	200,644	243,867	(8,159)
Education	144,532	-	-	12,403	441,339	(19,424)
Environment, Great Lakes, and Energy	59,444	-	78	526,168	435,013	(393,290)
Executive Office	7,114	-	-	941	-	-
Health and Human Services	4,661,285	-	-	264,117	25,991,047	(209,557)
Insurance and Financial Services	25,000	-	-	31,023	85,118	(57,291)
Labor and Economic Opportunity	251,426	-	-	50,364	851,210	(31,365)
Licensing and Regulatory Affairs	149,606	-	-	176,845	258,261	(195,580)
Marshall Plan for Talent	-	-	-	33,193	74	(33,267)
Military and Veterans Affairs	84,280	-	-	23,142	104,730	(4,444)
Natural Resources	51,697	-	-	61,002	59,287	(21,146)
State	12,598	-	-	39,097	250,641	(47,356)
State Police	454,477	-	-	96,039	874,211	(114,512)
Technology, Management and Budget	1,075,972	-	-	1,107,086	1,036,312	(1,412,646)
Transportation	-	-	8,651	42,783	-	(506)
Treasury	400,667	-	-	140,692	3,834,868	(52,513)
Intrafund expenditure reimbursements	-	-	-	-	-	-
Total	<u>\$ 10,973,865</u>	<u>\$ -</u>	<u>\$ 9,394</u>	<u>\$ 2,975,205</u>	<u>\$ 34,877,559</u>	<u>\$ (2,715,896)</u>

* Timing differences are subtracted from Gross Spending Authority in order to show an annualized Budget that is comparable to the current year's Actual uses. Timing differences consist of unused authorizations for multi-year projects (capital outlay and work projects) and restricted revenue not authorized/used, which includes revenues that by statute, are restricted for use to a particular program or activity. Generally, the expenditure of the restricted revenue is subject to annual legislative appropriation. However, the restricted revenue may also be used in subsequent years to finance expenditures in multi-year appropriations and for encumbrances carried forward.

Restricted revenue balances authorized in the Variances category represent restricted revenue carry-overs that could have been used in the current period but were not.

For budgetary purposes, encumbrance authorization is considered use of spending authority in the year the State incurs an obligation.

NOTE: This schedule was prepared on the Statutory/Budgetary basis.

Michigan

GROSS SPENDING AUTHORITY	LESS: TIMING DIFFERENCES* MULTI-YEAR PROJECTS	"BUDGET"	"ACTUAL"		"VARIANCES"		
		AS PRESENTED IN STATEMENTS	EXPENDED/ TRANSFERRED	ENCUMBERED BALANCES FORWARD	RESTRICTED REVENUE BALANCES AUTHORIZED	LAPSES	OVEREXPENDED
\$ 256,340	\$ (66,348)	\$ 189,992	\$ 189,606	\$ 317	\$ 58	\$ 11	\$ -
270,983	(551)	270,431	267,277	3,034	-	121	-
118,310	(6,922)	111,388	97,281	13,947	-	160	-
103,994	(5,992)	98,003	96,623	197	-	1,183	-
16,667	(593)	16,074	15,545	109	-	420	-
1,487,289	(271)	1,487,018	1,480,675	-	-	6,343	-
2,245,610	(245,442)	2,000,168	1,911,660	46,185	17,150	25,172	-
578,850	(6,312)	572,538	563,871	976	-	7,691	-
627,412	(74,584)	552,828	502,226	50,562	-	40	-
8,055	-	8,055	7,766	65	-	224	-
30,706,893	(73,391)	30,633,501	30,256,794	41,816	-	334,891	-
83,849	-	83,849	83,849	-	-	-	-
1,121,635	-	1,121,635	1,102,409	18,829	20	377	-
389,131	(35,846)	353,286	346,355	4,951	390	1,589	-
-	-	-	-	-	-	-	-
207,708	(1,333)	206,376	190,248	1,913	12,315	1,900	-
150,840	(15,493)	135,347	114,060	19,776	-	1,510	-
254,980	(5,254)	249,726	246,853	68	132	2,674	-
1,310,215	(24,265)	1,285,951	1,267,781	11,437	-	6,733	-
1,806,725	(202,680)	1,604,045	1,523,600	31,204	7,614	41,626	-
50,927	(11,100)	39,828	21,864	17,964	-	-	-
4,323,713	(52,587)	4,271,126	4,169,141	9,510	47,212	45,264	-
-	-	(1,072,909)	(1,072,909)	-	-	-	-
<u>\$ 46,120,127</u>	<u>\$ (828,964)</u>	<u>\$ 44,218,254</u>	<u>\$ 43,382,574</u>	<u>\$ 272,858</u>	<u>\$ 84,890</u>	<u>\$ 477,931</u>	<u>\$ -</u>
Prior Year encumbrances		(169,015)	(169,015)				
Amount reported on Budgetary Comparison Schedule		<u>\$ 44,049,239</u>	<u>\$ 43,213,559</u>	<u>\$ 272,858</u>	<u>\$ 84,890</u>	<u>\$ 477,931</u>	<u>\$ -</u>

Michigan

SOURCE AND DISPOSITION OF GENERAL FUND/GENERAL PURPOSE AUTHORIZATIONS

FISCAL YEAR ENDED SEPTEMBER 30, 2021

(In Thousands)

BRANCH AND DEPARTMENT	CURRENT LEGISLATIVE APPROPRIATION*	BUDGETARY TRANSFERS IN/OUT	BUDGETARY ADJUSTMENT	UNEXPENDED FROM PRIOR YEAR
Legislative Branch	\$ 189,027	\$ -	\$ 666	\$ 52,676
Judicial Branch	202,634	-	-	2,292
Executive Branch:				
Agriculture and Rural Development	63,617	-	-	14,419
Attorney General	41,298	-	-	6,853
Civil Rights	14,792	-	-	122
Colleges and Universities Grants	1,275,141	-	-	10,014
Corrections	1,809,258	-	-	188,636
Education	144,532	-	-	7,904
Environment, Great Lakes, and Energy	59,444	-	78	128,498
Executive Office	7,114	-	-	941
Health and Human Services	4,661,285	-	-	66,254
Insurance and Financial Services	25,000	-	-	-
Labor and Economic Opportunity	251,426	-	-	4,471
Licensing and Regulatory Affairs	149,606	-	-	10,138
Military and Veterans Affairs	84,280	-	-	4,080
Natural Resources	51,697	-	-	36,940
State	12,598	-	-	4,629
State Police	454,477	-	-	26,328
Technology, Management and Budget	1,075,972	-	-	188,163
Transportation	-	-	8,651	42,230
Treasury	400,667	-	-	22,644
Total	<u>\$ 10,973,865</u>	<u>\$ -</u>	<u>\$ 9,394</u>	<u>\$ 818,230</u>

* The amounts in the "Current Legislative Appropriation" column include certain appropriations that do not appear as line-item appropriations in the budget bills. These appropriations are authorized in narrative "boilerplate" language in the budget bills. "Boilerplate" appropriations include interfund borrowing, interest on general obligation notes and bonds, and certain interfund transfers.

"Boilerplate" appropriations accounted for \$535.7 million of the "Current Legislative Appropriation."

Michigan

GROSS SPENDING AUTHORITY	"ACTUAL"			"VARIANCES"	
	EXPENDED/ TRANSFERRED	ENCUMBERED BALANCES FORWARD	MULTI-YEAR PROJECT BALANCES FORWARD	LAPSES	OVEREXPENDED
\$ 242,369	\$ 175,693	\$ 317	\$ 66,348	\$ 11	\$ -
204,926	201,220	3,034	551	121	-
78,036	57,007	13,947	6,922	160	-
48,152	40,780	197	5,992	1,183	-
14,914	13,792	109	593	420	-
1,285,155	1,278,541	-	271	6,343	-
1,997,895	1,681,095	46,185	245,442	25,172	-
152,435	137,456	976	6,312	7,691	-
188,020	62,834	50,562	74,584	40	-
8,055	7,766	65	-	224	-
4,727,540	4,277,441	41,816	73,391	334,891	-
25,000	25,000	-	-	-	-
255,897	236,691	18,829	-	377	-
159,743	117,357	4,951	35,846	1,589	-
88,360	83,214	1,913	1,333	1,900	-
88,637	51,857	19,776	15,493	1,510	-
17,226	9,231	68	5,254	2,674	-
480,804	438,370	11,437	24,265	6,733	-
1,264,135	988,624	31,204	202,680	41,626	-
50,880	21,817	17,964	11,100	-	-
423,312	315,951	9,510	52,587	45,264	-
<u>\$ 11,801,489</u>	<u>\$ 10,221,737</u>	<u>\$ 272,858</u>	<u>\$ 828,964</u>	<u>\$ 477,931</u>	<u>\$ -</u>

Michigan

REVENUE, BOND PROCEEDS, AND CAPITAL LEASE AND FINANCED PURCHASE ACQUISITIONS

GENERAL AND SPECIAL REVENUE FUNDS

LAST TEN YEARS

SEPTEMBER 30, 2021

(In Thousands)

<u>SOURCE</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
TAXES				
Sales	\$ 6,955,198	\$ 7,050,204	\$ 7,362,620	\$ 7,246,989
Personal Income (net of tax credits)	6,921,033	8,271,838	8,020,054	8,987,939
Amount reported as tax credits	1,226,300	689,900	676,500	662,400
Single Business, Michigan Business, and Corporate Income	1,321,782	721,602	419,554	891,594
Use	1,428,284	1,300,590	1,639,442	2,062,838
State Education (Property)	1,789,672	1,771,083	1,804,238	1,857,684
Real Estate Transfer	150,106	202,323	233,416	258,398
Tobacco Products	963,181	957,485	940,337	954,481
Beer, Wine, and Liquor	175,181	182,878	189,792	194,692
Casino Gaming Wagering	115,753	110,667	106,903	110,785
Insurance Company	290,385	301,883	362,397	322,999
Health Insurance Claims Assessment	176,419	270,489	271,861	225,888
Motor Vehicle and Fuel	1,825,091	1,860,582	1,902,612	1,985,186
Quality Assurance Assessment	959,267	969,767	975,786	1,007,464
Penalties and Interest	167,882	171,092	115,439	128,723
Marihuana Excise	-	-	-	-
Insurance Provider Assessment	-	-	-	-
Other	299,383	292,011	309,781	271,896
Total Taxes	24,764,916	25,124,393	25,330,732	27,169,955
FEDERAL AGENCIES	16,612,723	16,598,202	17,259,668	19,800,600
LOCAL AGENCIES	85,394	87,578	89,644	90,672
SPECIAL MEDICAID REIMBURSEMENTS	186,194	134,353	133,909	120,904
SERVICES	310,275	318,403	322,271	326,488
LICENSES AND PERMITS	464,072	484,059	494,595	510,359
MISCELLANEOUS	1,716,779	1,594,097	1,558,174	1,629,833
Total Revenue	44,140,354	44,341,085	45,188,992	49,648,811
PROCEEDS FROM BOND ISSUES AND BOND ANTICIPATION NOTES	270,001	200,000	97,651	-
CAPITAL LEASE AND FINANCED PURCHASE ACQUISITIONS	34,567	17,224	18,371	25,373
PROCEEDS FROM SALE OF CAPITAL ASSETS	2,848	3,064	1,626	3,008
Total Revenue, Bond Proceeds, Capital Lease and Financed Purchase Acquisitions, and Proceeds from Sale of Capital Assets	\$ 44,447,770	\$ 44,561,373	\$ 45,306,640	\$ 49,677,192

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.

(3) The Marihuana Excise Tax, established in fiscal year 2020, was previously included in Other Taxes.

Michigan

2016	2017	2018	2019	2020	2021
\$ 7,299,628	\$ 7,791,774	\$ 8,074,032	\$ 8,243,168	\$ 8,299,005	\$ 9,410,565
9,372,028	9,454,968	10,162,211	10,432,233	10,501,800	11,859,977
672,400	696,500	696,100	895,100	936,500	884,600
763,498	900,848	1,036,594	1,199,866	1,019,636	1,675,992
2,056,124	1,266,699	1,486,178	1,358,473	1,368,751	2,135,698
1,897,292	1,964,780	1,989,481	2,114,632	2,189,928	2,265,956
289,314	317,056	350,281	350,113	335,402	490,330
946,651	946,048	917,994	889,591	904,170	890,145
208,689	214,028	222,938	231,999	266,476	285,845
112,868	113,219	115,423	117,257	67,011	90,572
329,806	371,279	393,367	327,439	467,757	390,848
228,475	300,111	331,920	1,113	1,794	396
2,032,947	2,573,013	2,766,327	2,816,068	2,665,684	2,755,935
1,138,810	1,136,099	1,245,149	1,392,069	1,261,031	1,344,793
124,391	115,911	178,622	128,905	93,545	137,791
-	-	-	-	-	120,472
-	-	-	602,602	608,376	619,816
325,461	355,297	381,389	403,107	401,153	477,040
27,798,384	28,517,631	30,348,004	31,503,734	31,388,019	35,836,770
20,027,958	19,508,727	19,957,136	20,827,638	24,795,182	28,937,122
93,888	90,457	91,962	99,633	123,397	113,869
115,621	188,933	149,350	175,942	153,051	159,986
335,812	354,324	360,831	361,118	347,899	356,782
551,984	567,595	568,448	601,648	615,590	683,186
1,847,842	1,711,460	1,831,961	1,732,463	1,270,446	1,327,418
50,771,488	50,939,127	53,307,693	55,302,176	58,693,584	67,415,131
100,215	138,395	151,484	-	182,230	-
18,423	14,473	22,994	10,275	94,866	30,009
2,543	2,656	6,236	5,053	1,751	3,243
\$ 50,892,669	\$ 51,094,652	\$ 53,488,407	\$ 55,317,504	\$ 58,972,432	\$ 67,448,383

SCHEDULE OF EXPENDITURES BY FUNCTION
GENERAL AND SPECIAL REVENUE FUNDS - STATE FUNDS
 LAST TEN YEARS
 SEPTEMBER 30, 2021
 (In Thousands)

	2012	2013	2014	2015
Current:				
General government	\$ 1,935,857	\$ 1,868,138	\$ 2,064,016	\$ 2,738,104
Education	14,540,137	14,604,622	14,909,901	15,366,390
Health and human services	19,585,310	19,787,851	20,600,683	23,287,158
Public safety and corrections	2,564,921	2,601,307	2,666,541	2,704,901
Conservation, environment, recreation, and agriculture	563,310	545,565	656,061	586,028
Labor, commerce, and regulatory	923,059	961,279	961,934	978,003
Transportation	1,180,615	1,395,444	1,532,228	1,527,057
Tax credits	1,226,300	689,900	676,500	662,400
Capital outlay	26,765	35,676	70,695	237,442
Intergovernmental - revenue sharing	1,032,243	1,077,514	1,120,593	1,210,557
Debt service:				
Structured settlement payments	-	-	-	-
Capital lease and financed purchase payments	55,867	58,357	62,237	66,295
Total Expenditures	<u>\$ 43,634,383</u>	<u>\$ 43,625,653</u>	<u>\$ 45,321,388</u>	<u>\$ 49,364,335</u>

Michigan

2016	2017	2018	2019	2020	2021
\$ 2,927,185	\$ 2,551,534	\$ 2,761,629	\$ 2,751,034	\$ 2,919,734	\$ 3,163,760
15,726,589	16,078,445	16,673,594	16,995,495	17,745,565	18,649,260
23,516,873	23,070,385	23,925,010	25,269,773	26,301,845	30,008,812
2,668,747	2,692,527	2,723,546	2,798,756	2,961,431	3,283,746
721,772	748,228	842,420	831,194	877,975	971,053
1,230,828	1,270,025	1,259,349	1,343,644	1,071,869	1,718,878
1,617,799	1,703,525	1,854,936	2,203,682	2,046,341	2,211,480
672,400	696,500	696,100	895,100	936,500	884,600
212,705	55,534	122,461	194,591	254,005	111,686
1,213,432	1,259,005	1,289,064	1,327,717	1,241,267	1,451,332
-	-	-	-	-	15,000
68,377	68,826	71,700	73,740	85,307	87,279
<u>\$ 50,576,708</u>	<u>\$ 50,194,535</u>	<u>\$ 52,219,810</u>	<u>\$ 54,684,725</u>	<u>\$ 56,441,839</u>	<u>\$ 62,556,887</u>

INDEX OF FUNDS AND COMPONENT UNITS

	<u>Page</u>
21 st Century Jobs Trust Fund	228
Advance Financing Funds	243
Attorney Discipline System	256
Bottle Deposits Fund	211
Central Michigan University	292
Child Support Collection Fund	280
Children with Special Needs Fund	250
Children's Trust Fund	228
City Income Tax – Trust Fund	280
Combined Comprehensive Transportation Bond and Interest Redemption Fund	236
Combined Comprehensive Transportation Bond Proceeds Fund	242
Combined State Trunkline Bond and Interest Redemption Fund	236
Combined State Trunkline Bond Proceeds Fund	242
Community District Education Trust Fund	229
Comprehensive Transportation Fund	204
Correctional Industries Revolving Fund	260
Eastern Michigan University	292
Escheats Fund	281
Farm Produce Insurance Authority	286
Ferris State University	292
Forest Development Fund	211
General Fund	36
Grand Valley State University	292
Homeowner Construction Lien Recovery Fund	218
Information Technology Fund	260
Insurance Carrier Deposits Fund	280
Judges' Other Postemployment Benefits Fund	270
Judges' Pension Benefits Fund	269
Lake Superior State University	293
Legislative Other Postemployment Benefits Fund	268
Legislative Pension Benefits Fund	268
Liquor Purchase Revolving Fund	256
Mackinac Bridge Authority	286
Mackinac Island State Park Commission	286
Michigan Achieving a Better Life Experience Program	276
Michigan Conservation and Recreation Legacy Fund	210
Michigan Early Childhood Investment Corporation	286
Michigan Economic Development Corporation	287
Michigan Education Savings Program	276
Michigan Education Trust	287
Michigan Employment Security Act – Administration Fund	218
Michigan Finance Authority	52
Michigan Game and Fish Protection Trust Fund	210
Michigan Merit Award Trust Fund	228
Michigan Natural Resources Trust Fund	250
Michigan Nongame Fish and Wildlife Trust Fund	211
Michigan State Housing Development Authority	52
Michigan State Parks Endowment Fund	250

Michigan

	<u>Page</u>
Michigan Strategic Fund.....	52
Michigan Technological University	293
Michigan Transportation Fund.....	204
Michigan Unemployment Compensation Funds	42
Michigan Veterans' Trust Fund	250
Michigan Veterans' Facility Authority.....	287
Military Family Relief Fund	229
Military Pension Benefits Fund	270
Miscellaneous Special Revenue Funds.....	229
Motor Transport Fund.....	261
Northern Michigan University	293
Oakland University	293
Office Services Revolving Fund	261
Other Custodial Funds	281
Other Private-Purpose Trust Funds	276
Prisoner Accounts Fund.....	281
Public School Employees' Other Postemployment Benefits Fund	269
Public School Employees' Pension Benefits Fund	269
Recreation and Environmental Protection Bond Redemption Fund	236
Risk Management Fund	261
Safety Education and Training Fund	218
Saginaw Valley State University.....	293
School Aid Fund.....	36
School Loan Bond Redemption Fund.....	237
Second Injury Fund	218
Self-Insurers' Security Fund	218
Silicosis, Dust Disease, and Logging Industry Compensation Fund	219
State Aeronautics Fund.....	242
State Bar of Michigan	287
State Building Authority	237 & 243
State Casino Gaming Fund	219
State Construction Code Fund	219
State Employees' Other Postemployment Benefits Fund.....	269
State Employees' Pension Benefits Fund	269
State Land Bank Authority.....	287
State Lottery Fund.....	42
State of Michigan 401K Plans	270
State of Michigan 457 Plans.....	268
State Police Other Postemployment Benefits Fund	269
State Police Pension Benefits Fund	268
State Sponsored Group Insurance Fund.....	260
State Trunkline Fund.....	242
Transportation Related Trust Funds.....	243
Unemployment Obligation Trust Fund.....	219
Utility Consumer Representation Fund.....	219
Venture Michigan Fund	287
Western Michigan University.....	53

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