

MICHIGAN FINANCES STILL IN PERIL

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THE FINANCIAL STATE OF MICHIGAN

Repeated decisions by state officials have left the state with a staggering debt burden of \$53.3 billion, according to Truth in Accounting's (TIA) analysis of the most recent financial filings. That burden equates to \$17,100 for every Michigan taxpayer.

These statistics are troubling, but what's more troubling is that state government officials continue to obscure large amounts of retirement debt on their balance sheets, despite new rules to increase financial transparency. This skewed financial data gives state residents a false impression of their state's overall financial health.

Here's the truth:

\$53.3
billion

money needed
to pay bills

-\$17,100

taxpayer
burden™

D

Michigan's
financial grade

Data included in this report is derived from the state of Michigan's 2016 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

MICHIGAN FINANCIAL BREAKDOWN

FAST FACTS

- + Michigan has \$26 billion available in assets to pay \$79.2 billion worth of bills.
- + The outcome: A \$53.3 billion shortfall and a \$17,100 taxpayer burden™.
- + The state reports \$9.8 billion of retirement debt on its balance sheet. However, our analysis indicates that an additional \$34.8 billion of liabilities related to the public school employees retirement system should be included.

THE STATE'S BILLS EXCEED ITS ASSETS

Assets	\$67,205,135,000
<i>Minus:</i> Capital assets	-\$27,793,871,000
Restricted assets	-\$13,460,162,000
Assets available to pay bills	\$25,951,102,000
<i>Minus:</i> Bills	-\$79,249,231,231
Money needed to pay bills	-\$53,298,129,231
Each taxpayer's share of this debt	-\$17,100

BILLS THE STATE HAS ACCUMULATED

Bonds	\$21,121,800,000
Other liabilities	\$11,662,579,231
<i>Minus:</i> Debt related to capital assets	-\$4,149,762,000
Unfunded pension benefits	\$31,600,094,000
Unfunded retiree health care	\$19,014,520,000
Bills	\$79,249,231,231

GRADE: D

Bottom line: Michigan does not have enough money to pay its bills, so it has received a "D" for its finances from Truth in Accounting. A "D" grade is given to states with a taxpayer burden™ between \$5,000 & \$20,000. Because of Michigan's balanced budget requirement, their taxpayer burden should be \$0.

Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information. To be knowledgeable participants in their government and its budget process, citizens need truthful and transparent financial information.