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Fiscal Health in Michigan Counties

MAC Finance and General Government Committee
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Our study

- Examines F-65 data from 2022-2024
- Calculate common financial indicators to measure various aspects of fiscal health
- Results supplemented with findings from Michigan Public Policy Survey of county and other local officials

Main findings

- Short-term indicators
 - healthy reserves, adequate cash, balanced budgets
 - looking pretty good, but some signs of decline
- Long-term indicators
 - debt burden, pension/OPEB, per capita spending
 - show mixed picture, with some improvements and some areas of concern

Fiscal Health in the Short-Term

Cash and Budgetary Solvency Indicators

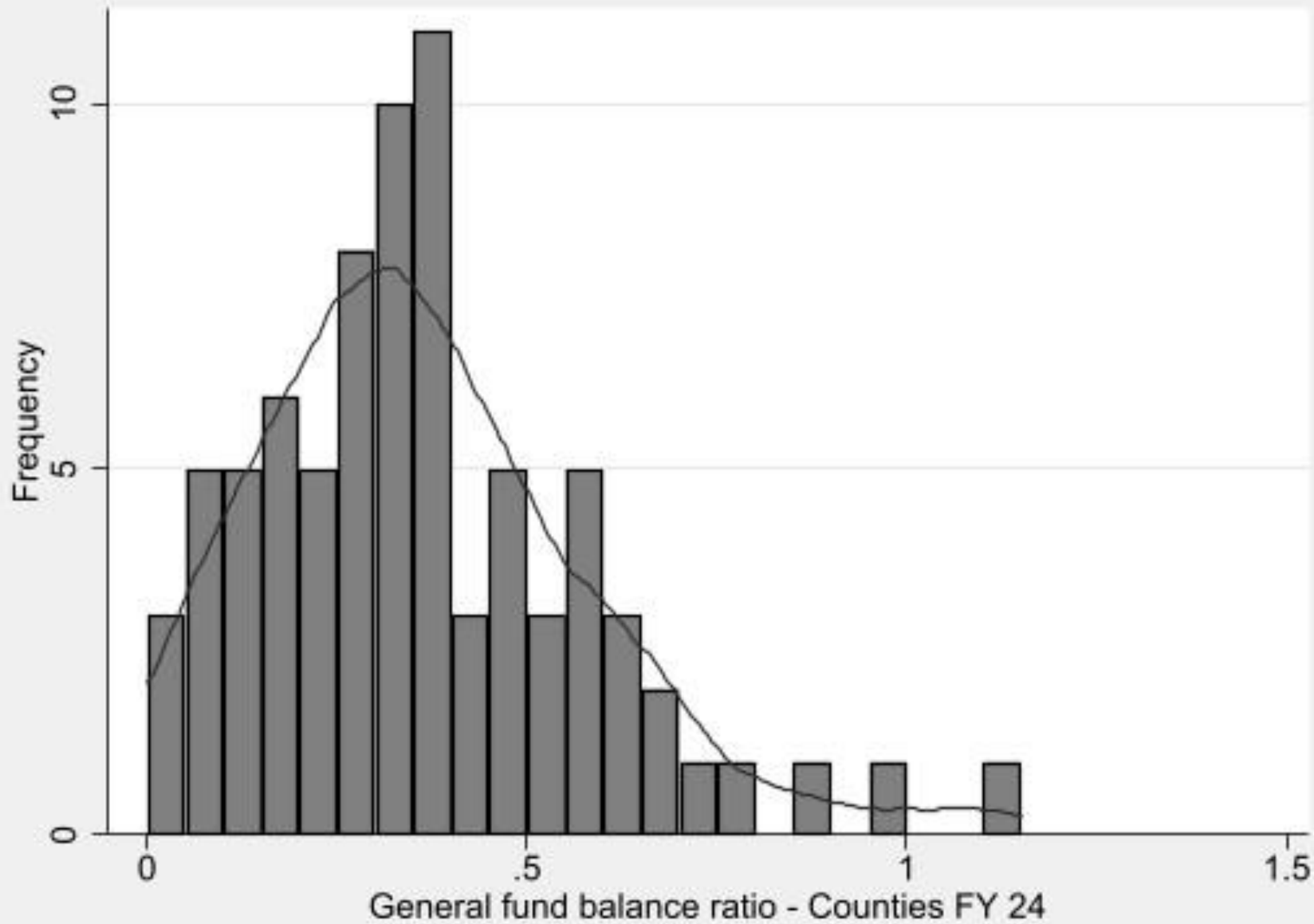
Cash solvency indicators

Unrestricted general fund balance ratio (median), by jurisdiction type and population size

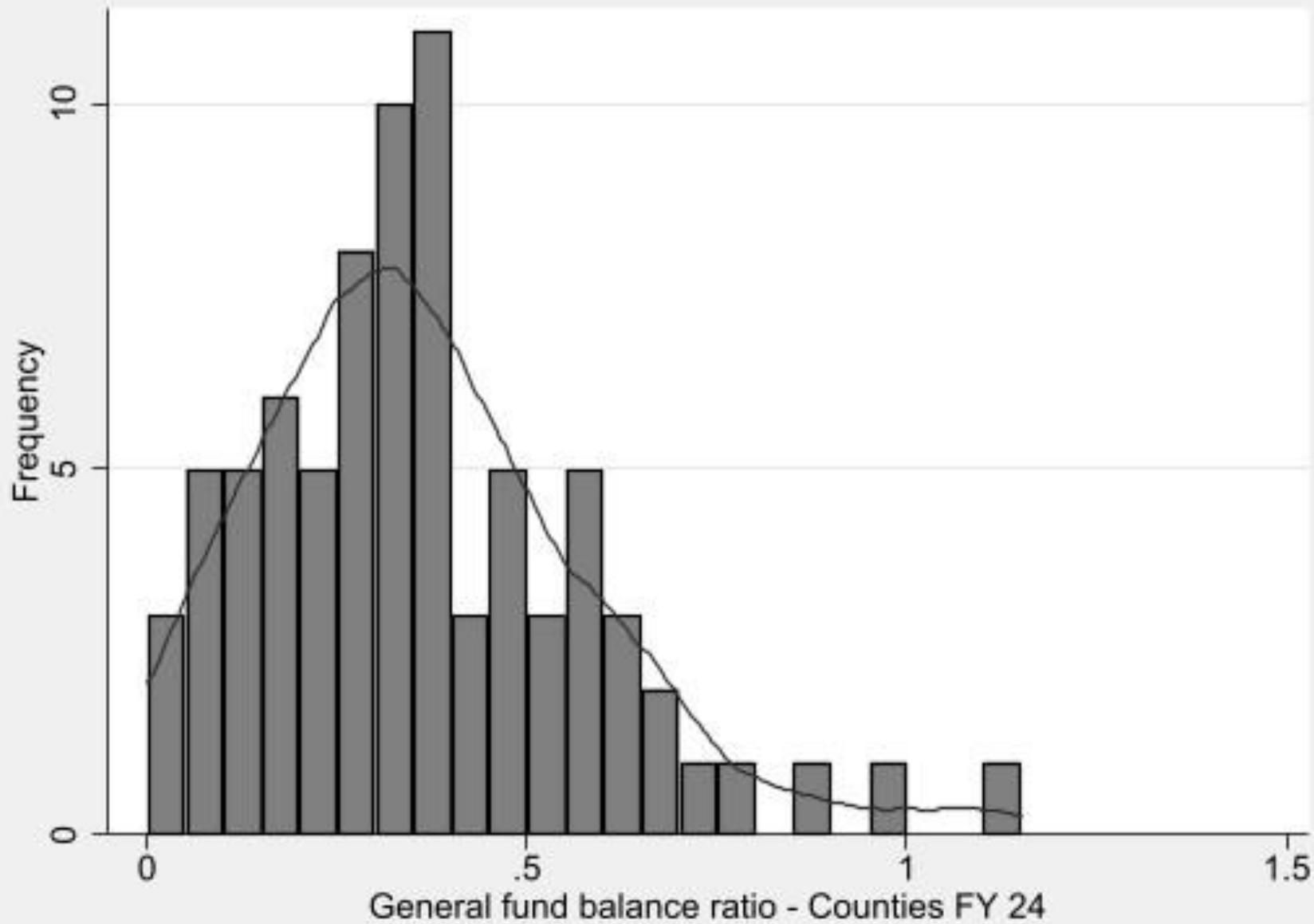
	FY 2022	FY 2023	FY 2024
Counties	0.279	0.312	0.332

Days of cash on hand for governmental funds (medians), by jurisdiction type and population size

	FY 2022	FY 2023	FY 2024
Counties	213.47	193.06	167.89



Thirteen counties (16.5%) are below the GFOA recommended unrestricted general fund balance minimum of 15-20% of revenue.



Spring 2025 MPPS:

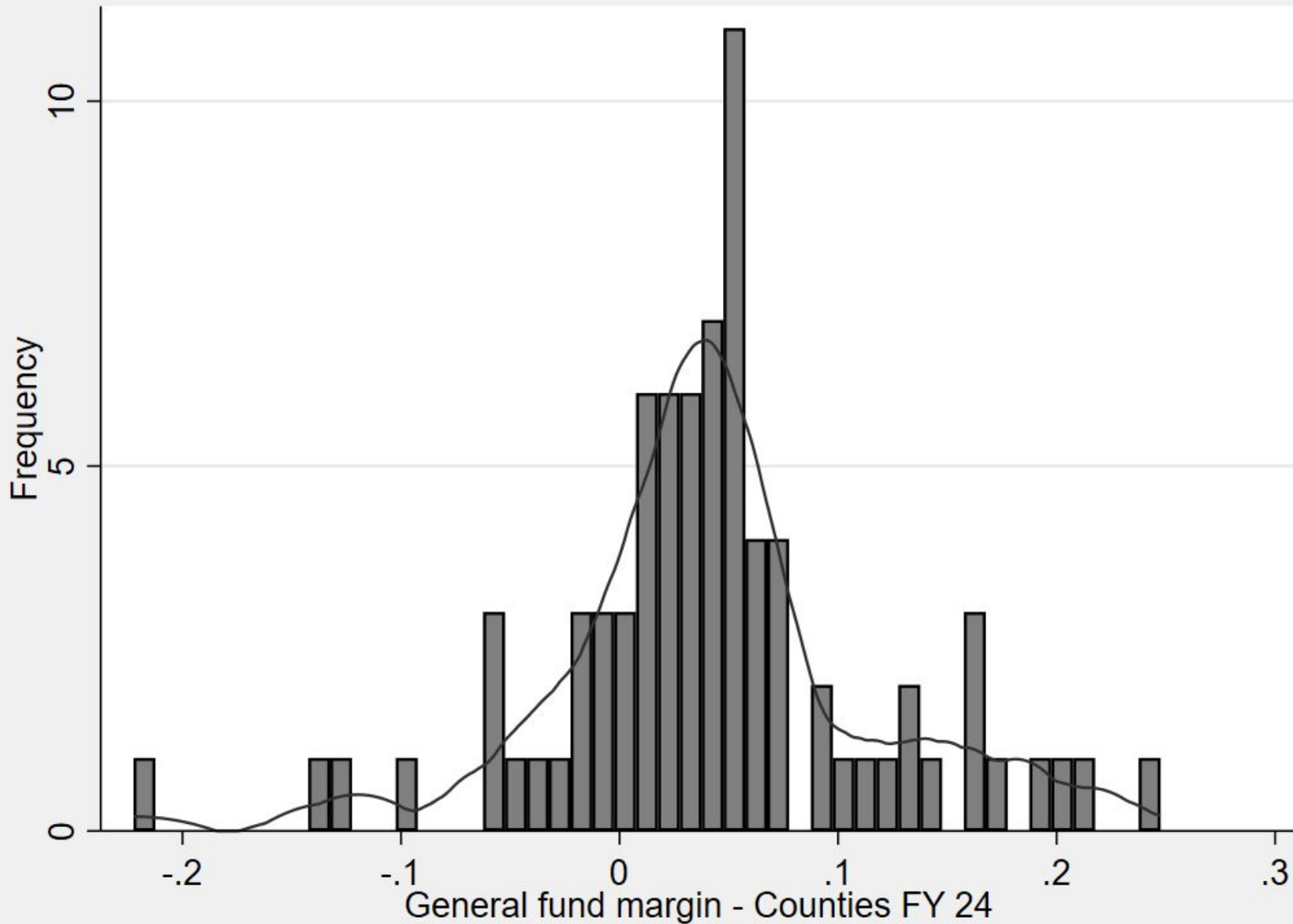
75% of counties believe their fund balance is “about right” and 16% believe it is “too low”

65% of counties have a formal fund balance policy

Budget solvency indicators

	Median General Fund Margin			Median General Fund Balance Growth		
	FY 2022	FY 2023	FY 2024	FY 2022	FY 2023	FY 2024
Counties	0.036	0.052	0.039	0.102	0.146	0.079

	Median Enterprise Fund Balance Growth			Median Enterprise Fund Margin		
	FY 2022	FY 2023	FY 2024	FY 2022	FY 2023	FY 2024
Counties	0.039	0.045	0.061	0.142	0.154	0.194



Margins between zero and 5% are typical, although the range is wide. The important thing is that fluctuations in fund balance are planned and understood.

Summary of short-term solvency

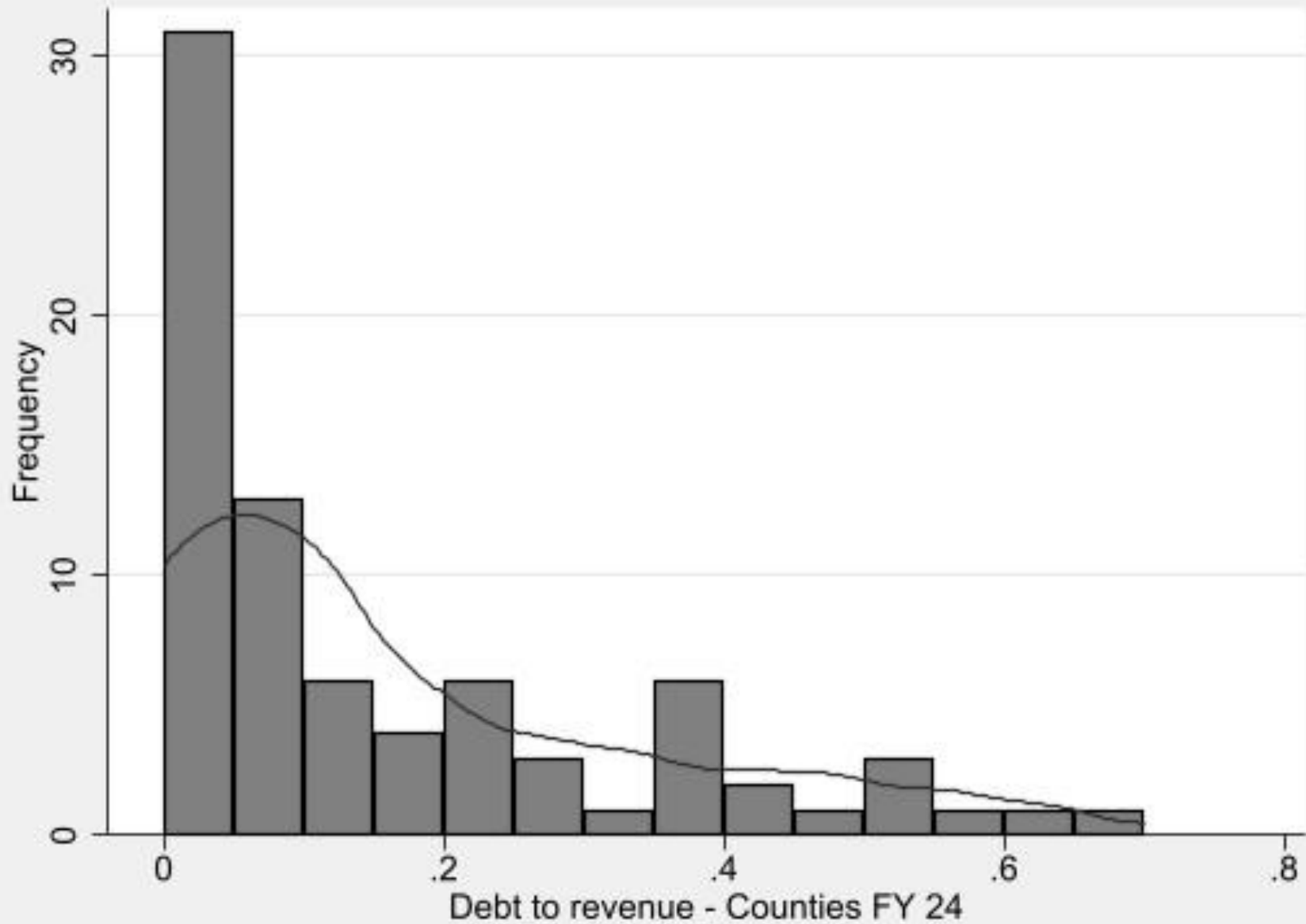
- General fund balances are generally healthy
- Counties saw a 25% decrease in days of cash on hand from FY 2023 (193) to FY 2024 (168), likely due to spending down ARPA and other pandemic aid
- Most counties have been able to balance their budgets and grow fund balances

Fiscal Health in the Long-Term

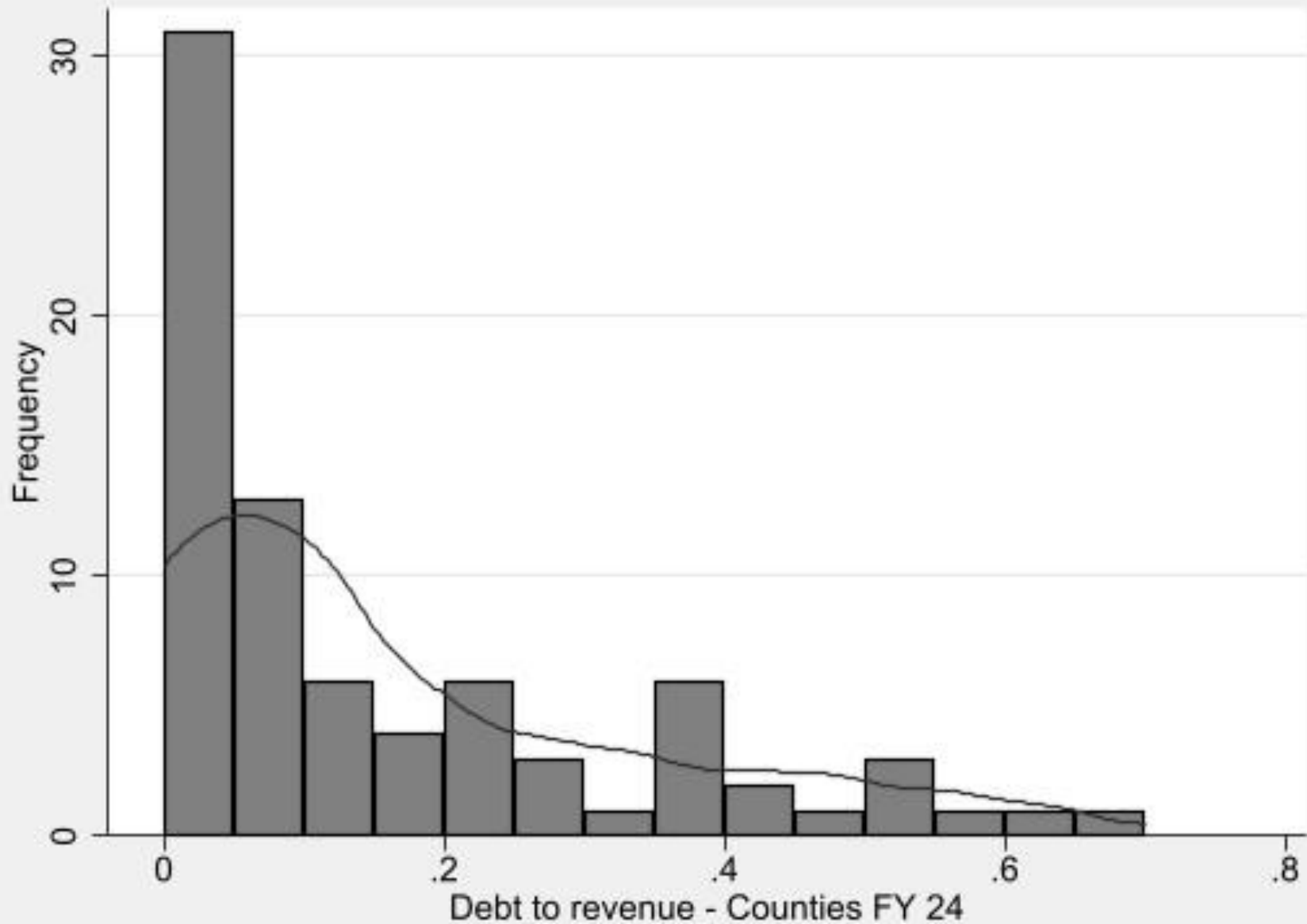
Long-Term and Service Solvency Indicators

Long-term solvency indicators: Debt

	Median Debt to Revenue Ratio			Median Total Debt Per Capita		
	FY 2022	FY 2023	FY 2024	FY 2022	FY 2023	FY 2024
Counties	0.107	0.108	0.094	\$135.88	\$167.05	\$167.03
Cities	0.496	0.493	0.444	\$1205.53	\$1214.24	\$1244.80
Villages	0.481	0.486	0.444	\$823.90	\$887.71	\$901.98
Townships	0	0	0	\$0	\$0	\$0



Debt to revenue ratios below 1.0 are usually not a cause for concern



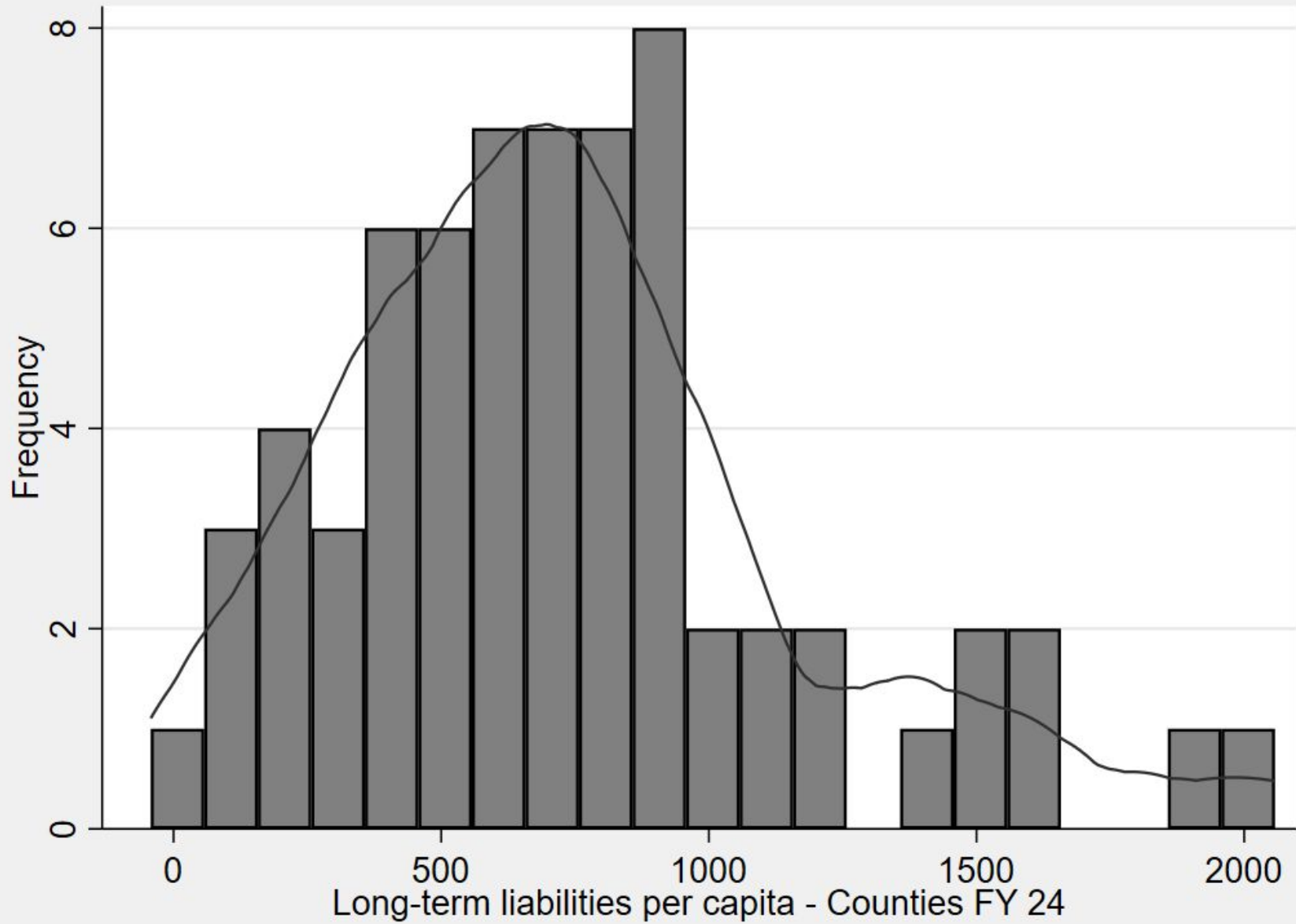
Spring 2025 MPPS:

63% of counties report no change in ability to repay debt, with 18% reporting an increase

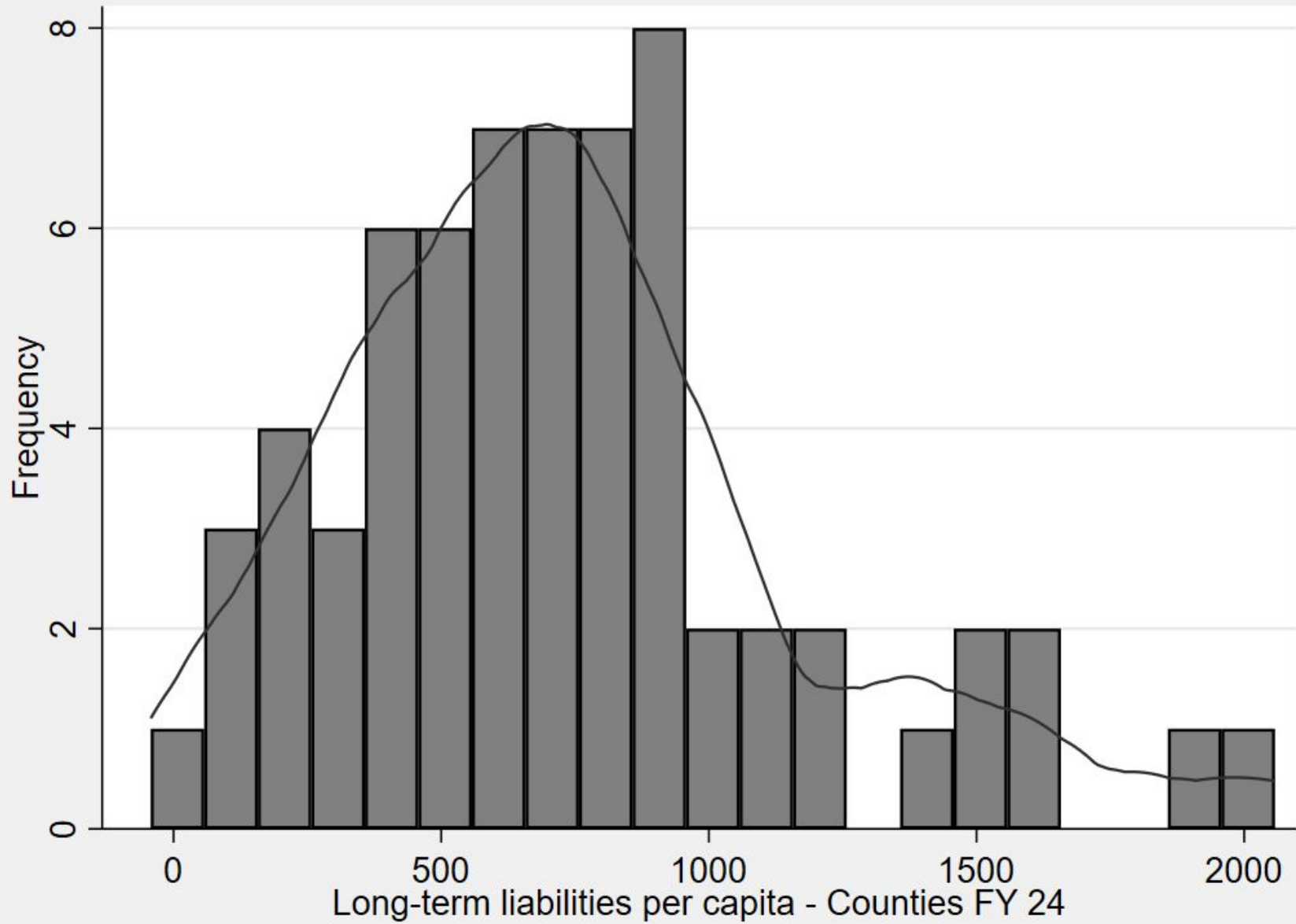
27% of counties report having policies (beyond state law) on maximum amount of debt and debt service that should be outstanding at any time

Long-term solvency indicators: All long-term liabilities

	Median Long-Term Liabilities Per Capita		
	FY 2022	FY 2023	FY 2024
Counties	\$682.75	\$722.81	\$667.25
Cities	\$2892.38	\$2976.73	\$2908.70
Villages	\$2516.59	\$2410.30	\$2609.14
Townships	\$1224.49	\$1072.68	\$1116.83



Pension and OPEB obligations make up about two-thirds of long-term liabilities for the typical county.



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A few outliers have large amounts of long-term liabilities per capita

Long-term solvency indicators: Pension and OPEB funded ratios

Table 8

Pension and OPEB funded ratios (medians), by jurisdiction type

	Median General Employee Pension Funded Ratio			Median OPEB Funded Ratio		
	FY 2022	FY 2023	FY 2024	FY 2022	FY 2023	FY 2024
Counties	0.751	0.712	0.725	0.32	0.405	0.625
Cities	0.722	0.666	0.70	0.25	0.316	0.38
Villages	0.80	0.712	0.748	0.195	0.198	0.227
Townships	0.79	0.729	0.749	0.245	0.71	0.636

Pension and OPEB - MPPS findings

- 71% of counties report that pension costs have increased
- 52% of counties report that retiree health benefit costs have increased

Service solvency indicators: Spending

	Median Expenditures Per Capita			Median Capital Assets Per Capita		
	FY 2022	FY 2023	FY 2024	FY 2022	FY 2023	FY 2024
Counties	\$702.85	\$873.84	\$911.12	\$285.58	\$367.09	\$449.28
Cities	\$1227.30	\$1302.15	\$1482.40	\$1688.80	\$1938	\$1951.05
Villages	\$776.17	\$847.03	\$958.65	\$1158.21	\$1185	\$1373.42
Townships	\$310.11	\$380.46	\$408.86	\$183.92	\$205.83	\$253.52

Service solvency indicators: Revenue

	Median Share of General Fund Revenue								
	Property Tax			Charges			Revenue Sharing		
	FY 2022	FY 2023	FY 2024	FY 2022	FY 2023	FY 2024	FY 2022	FY 2023	FY 2024
Counties	0.58	0.563	0.588	0.108	0.088	0.089	0.052	0.052	0.053
Cities	0.51	0.487	0.482	0.075	0.08	0.071	0.165	0.155	0.139
Villages	0.427	0.435	0.426	0.053	0.037	0.036	0.236	0.222	0.206
Townships	0.296	0.279	0.282	0.026	0.02	0.021	0.461	0.416	0.389

Summary of long-term solvency

- For most counties, ordinary debt levels are relatively low, but increasing
- Pension and OPEB liabilities make up about two-thirds of total long-term liabilities for the typical county
- OPEB funding has improved dramatically since FY 2022

Long-term solvency: Issues to watch

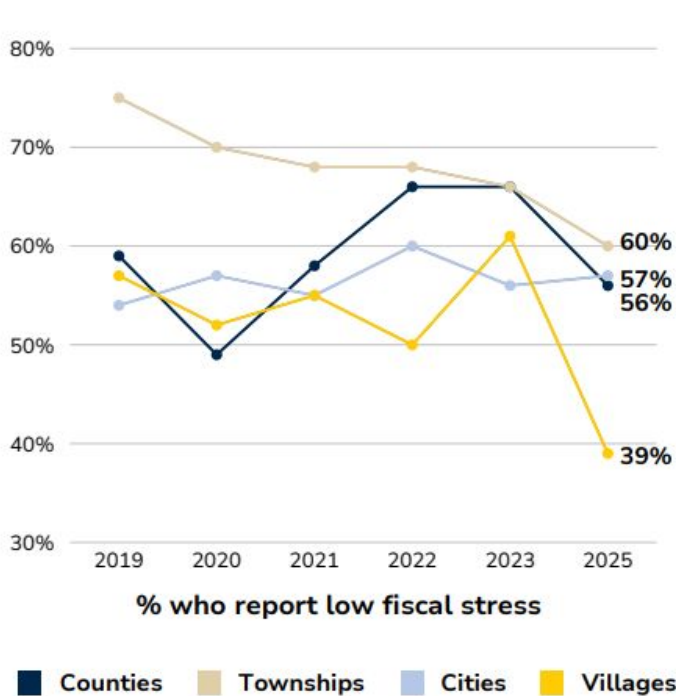
- Capacity/staffing issues - Most counties would like to adopt formal long-term financial planning processes
- Revenue constraints - Property tax limitations and lagging response to economic growth and inflation
- Economic conditions - 88% of counties concerned about impact of external economic conditions on budgeting

Additional Insights from the MPPS

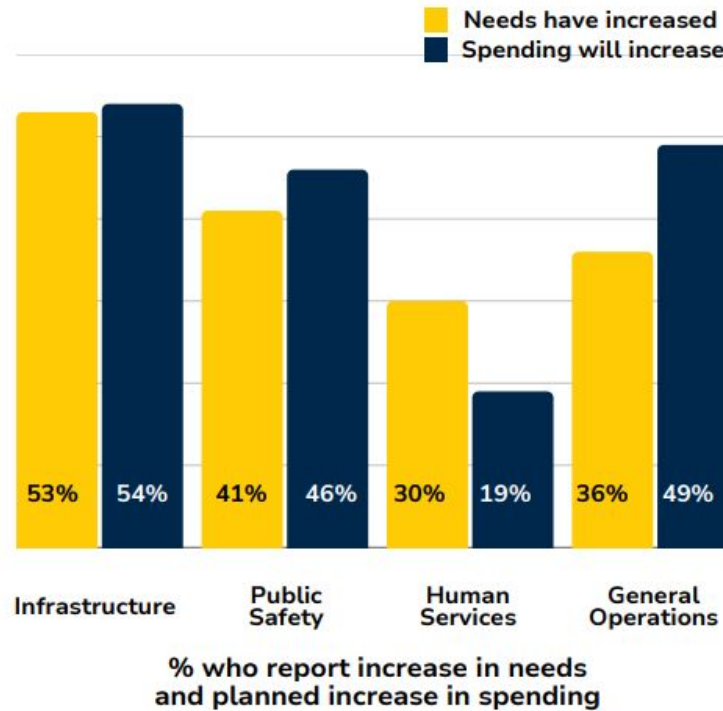
From the Spring 2025 Michigan Public Policy Survey

Michigan local leaders report an overall decline in their fiscal health

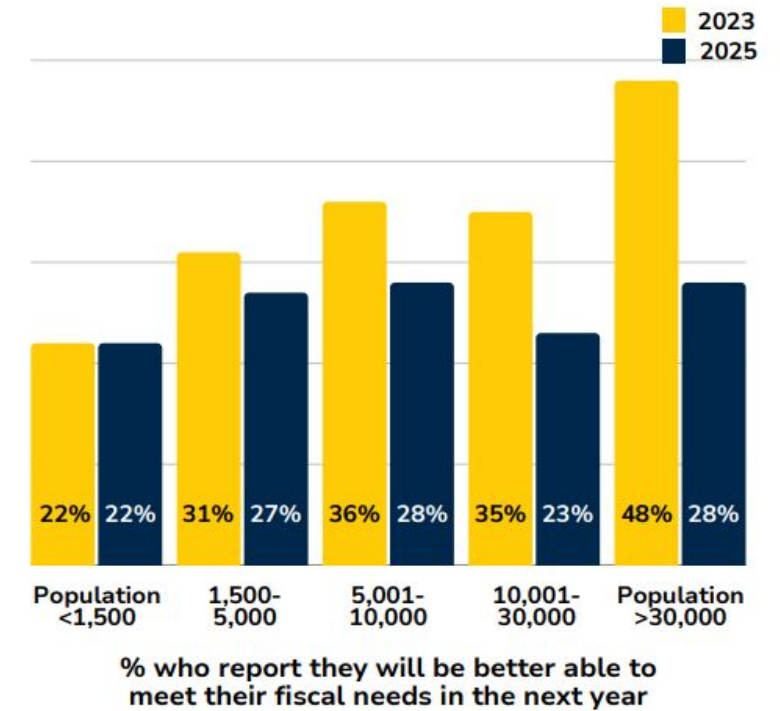
1 Village officials report a steep decline in fiscal health in 2025; townships reporting slow decline since 2019



2 Government officials plan on increasing spending to assist with increased public service needs, except for human services



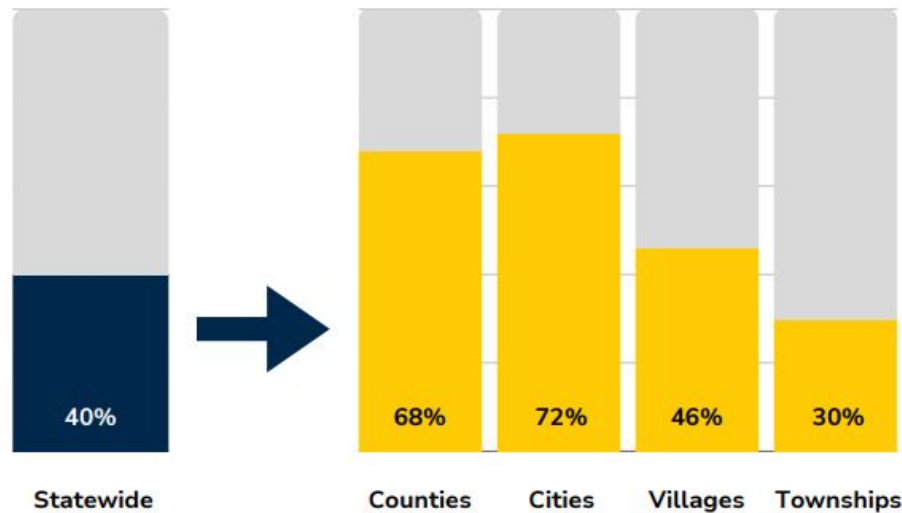
3 Fewer large local governments are optimistic for fiscal improvement next year



From the Spring 2025 Michigan Public Policy Survey

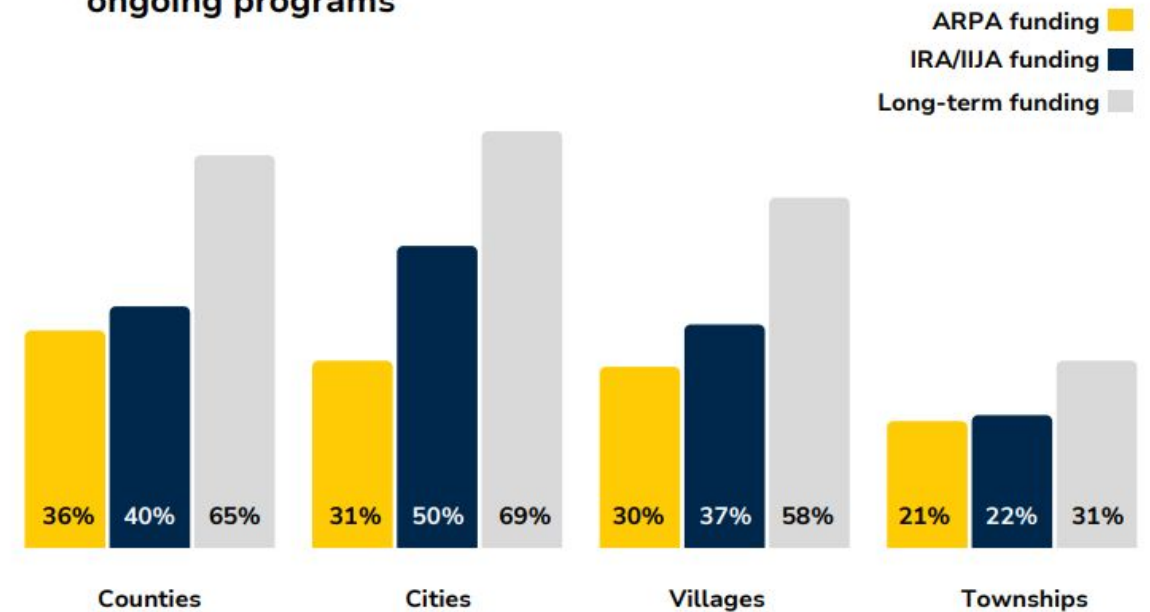
Michigan local governments' concerns about the potential loss of federal and state funding

1 40% of all Michigan local leaders say their government could face fiscal problems as funding streams dry up, but much higher for cities and counties



% say cuts would be a somewhat or significant problem

2 Michigan local leaders are most worried about federal or state funding reductions for ongoing programs

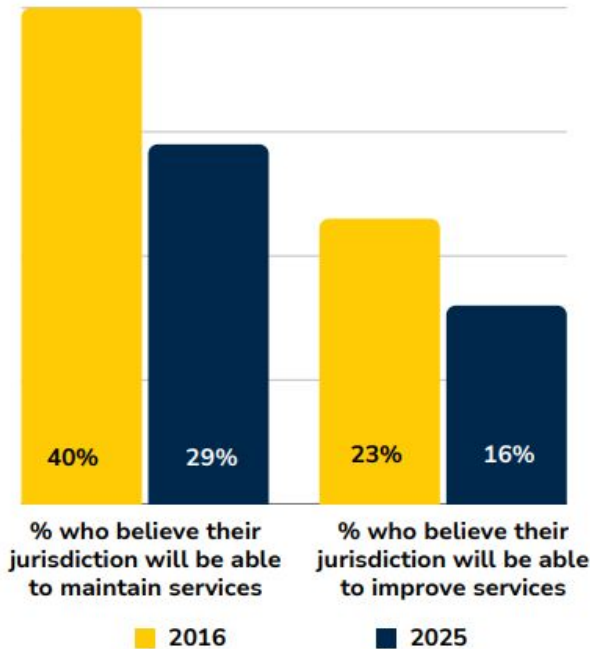


% say cuts would be a somewhat or significant problem

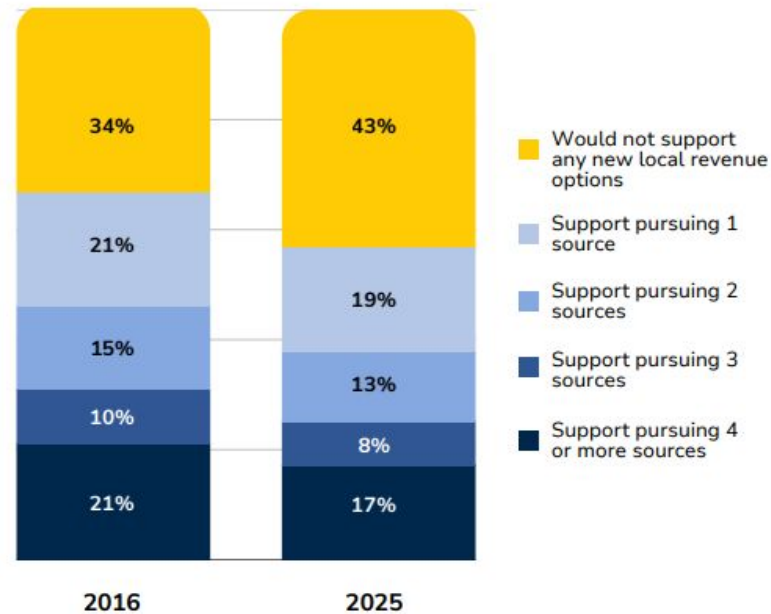
From the Spring 2025 Michigan Public Policy Survey

Michigan local leaders are more concerned about revenues, but less interested in local tax options

1 Few local officials say Michigan's system for funding local government is adequate



2 Support for introducing or increasing local tax options has declined since 2016



3 A majority of local officials believe their residents prefer service cuts to tax hikes, except for public safety

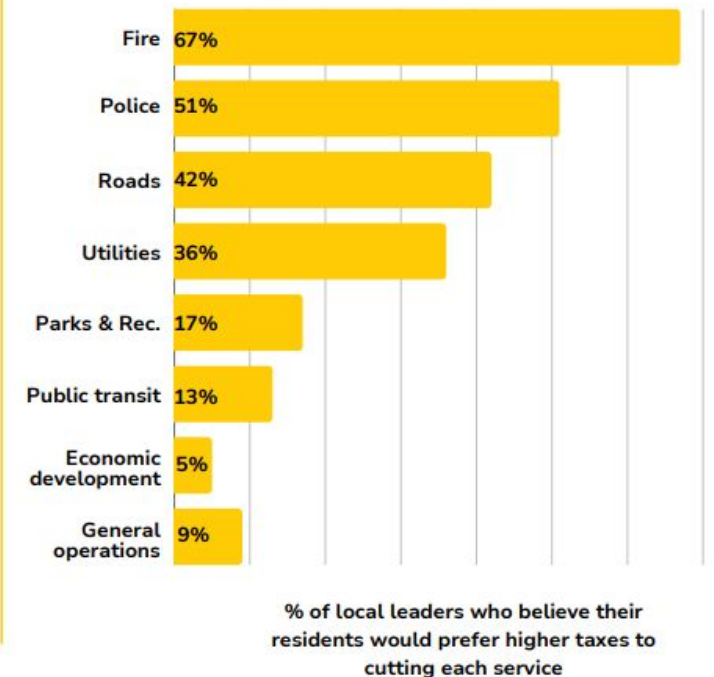
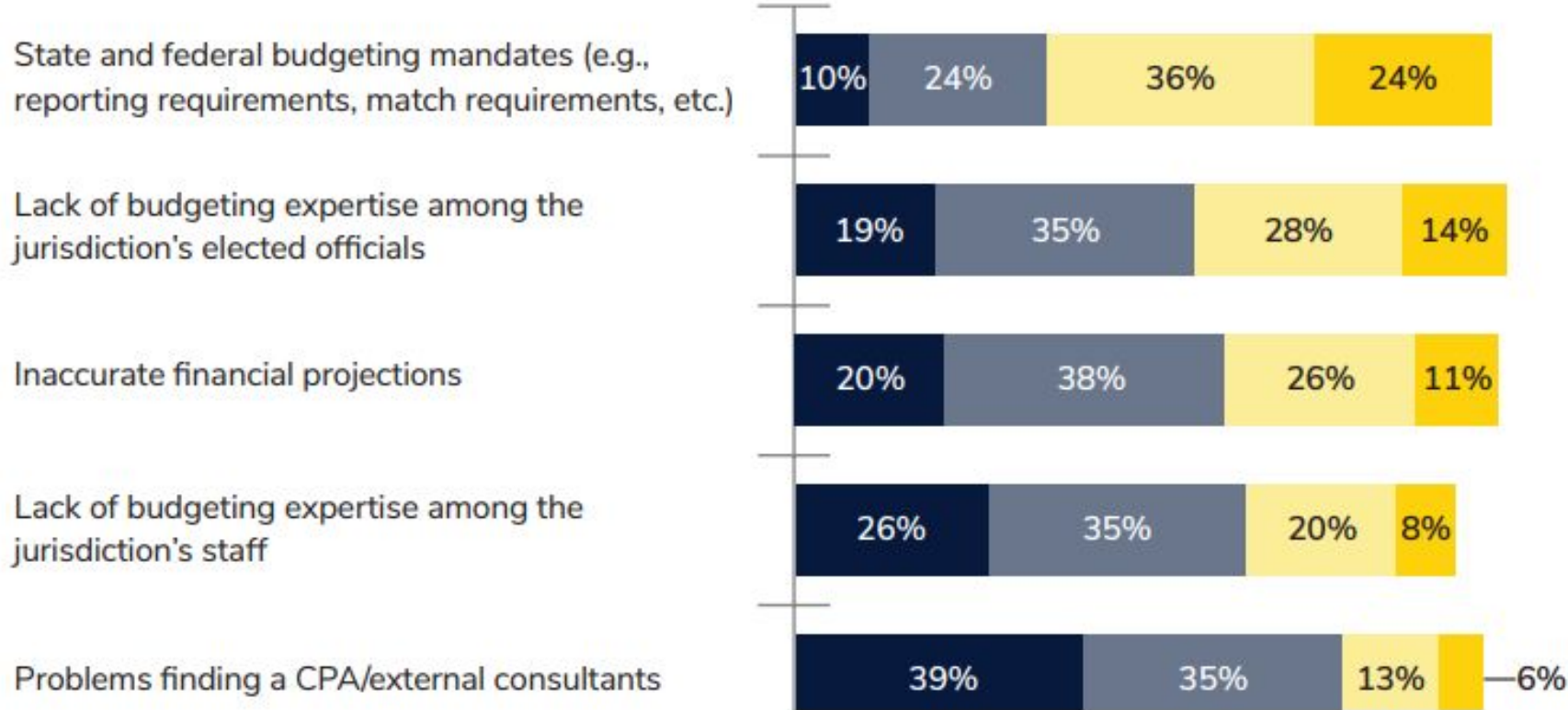


Figure 1

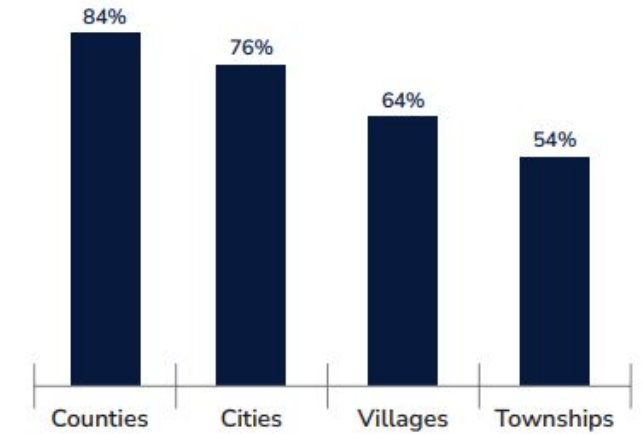
Local officials' concerns regarding various technical factors affecting their jurisdiction's budgeting



Note: Responses for "not applicable" and "don't know" not shown.

Figure 2a

Percentage "somewhat" or "very" concerned about state and federal budgeting mandates, by jurisdiction type



Contact and additional information

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[The Fiscal Health of Michigan Local Governments 2024](#)

[Michigan Public Policy Survey](#)

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