

MICHIGAN DEPARTMENT OF TRANSPORTATION

ANNUAL FINANCIAL REPORT

Fiscal Years Ended September 30, 2010 & 2009

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Mission: Providing the highest quality integrated transportation services for economic benefit and improved quality of life.

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MICHIGAN DEPARTMENT OF TRANSPORTATION
ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

TABLE OF CONTENTS

Page

I. INTRODUCTORY SECTION

Title Page.....	I
Table of Contents.....	III
Letter of Transmittal.....	IV

II. FINANCIAL SECTION

General Purpose Financial Statements

Combined Balance Sheet - All Fund Types and Account Groups.....	2
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Fund Types	3
Notes to Financial Statements.....	4

Supplemental Financial Data - Combining Financial Statements and Schedules

Special Revenue Funds:	
Descriptions of Special Revenue Funds.....	26
Combining Balance Sheet.....	32
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	36
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual	40
Debt Service Funds:	
Descriptions of Debt Service Funds.....	48
Combining Balance Sheet.....	49
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	50

III. STATISTICAL SECTION

Schedule of Revenues and Expenditures by Fund - Special Revenue Funds.....	52
Schedule of Revenues, Expenditures and Changes in Fund Balance - Economic Development Fund.....	54
Construction and Capital Property Acquisitions by Functional Activity.....	56
Schedule of Expenditures of Federal Awards.....	60
Notes to Schedule of Expenditures of Federal Awards.....	62
Graphic Presentations	63

Statements and schedules are rounded to thousands of dollars. Because of this, they may not add to the totals.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

RICK SNYDER
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

April 11, 2011

State Transportation Commission
and
Kirk T. Steudle, Director
Michigan Department of Transportation

We are pleased to submit the Annual Financial Report for the Michigan Department of Transportation (Department) for the fiscal years ended September 30, 2009 and 2010. This report is prepared by the Bureau of Finance and Administration, which is responsible for both the accuracy of the data and the completeness and fairness of the presentation. The data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of the Department's operations.

This report is in compliance with the State of Michigan Financial Management Guide, which requires state agencies issuing financial reports to be consistent with the State of Michigan Comprehensive Annual Financial Report. In complying with state agency reporting guidelines, this report does not fully comply with all generally accepted accounting principles. For example, the combined balance sheet does not include long-term obligations or capitalized assets, but all disclosures necessary to enable the reader to gain a reasonable understanding of the Department's financial affairs are included. A summary of the Department's financial information follows.

FINANCIAL UPDATE

During fiscal year (FY) 2010, the Department continued to deliver high quality products and services with a focus on safety even as revenues remained steady and costs for materials and services increase. The State of Michigan's economic situation continues to pose financial challenges for the Department. With population declining and automobile sales still at historically low levels, the revenues from vehicle registrations increased only slightly for FY 2010. Gasoline and diesel fuel consumption for FY 2010 declined slightly. These factors contributed to a minimal increase of .3 million in revenues deposited in the Michigan Transportation Fund (MTF), the first such increase in the last five years. Minimal revenue increases for FY 2011 and FY 2012 are forecasted as well. Total MTF revenue in FY 2010 was \$1.8 billion. Between FY 2009 and FY 2010, a decrease of \$1.9 million in gasoline and diesel taxes collected was offset by an increase of \$2.4 million in vehicle registration taxes.

In FY 2010, the Comprehensive Transportation Fund (CTF) received \$155.2 million total MTF revenue, a \$0.1 million or 0.1 percent decrease compared to FY 2009 in MTF revenues for public transportation services. The CTF also receives \$76.8 million in sales tax revenue from vehicle-related sales, which was a decrease of \$6.1 million or 7.4 percent in FY 2010. This sales tax reduction was mostly due to a \$5.7 million redirection to the State's General Fund. The amount of aviation fuel tax revenue deposited in the Aeronautics Fund decreased by \$0.3 million, or 4.7 percent, over the previous fiscal year. Aviation fuel tax revenues have not been at these low levels in more than 20 years.

In 2005, the authorizations that provided federal transportation dollars for highway and transit programs were replaced with the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). Michigan received \$788.7 million in apportionments and \$763.7 million in new obligation authority for FY 2010 for the highway program.

During FY 2009, the Federal Government provided assistance in the form of the American Recovery and Reinvestment Act (ARRA). The Department received authorization to expend \$850 million on state and local roads, of which the entire amount was obligated on time as the result of coordinated efforts by many Department staff. As of September 30, 2010, \$28.9 million was available for rural and intercity bus capital projects, \$30.4 million for airport improvements, and \$40.3 million for high speed rail projects.

PROGRAM OVERVIEW

Due to continued low levels of state revenues, the Department faced a challenge in matching future federal aid for the road and bridge program. As a result the department cut \$22 million dollars from non-capital expenditures to be used to leverage future federal aid. In addition, Trunkline bonds were refinanced during FY 2010, saving an additional \$5.9 million.

In FY 2010, the Department focused on the utilization of the newly available funds provided by ARRA, in addition to delivering the existing planned program. The Department continues to exceed its goals for pavement and bridge condition ratings. Currently, pavement and bridge conditions are rated at 91 percent and 90 percent good and fair, respectively. The overall system health of trunkline pavements remains at 10.2 years average remaining life at the end of FY 2010. Asset management technology and strategies continue to enhance accurate forecasting of pavement condition and assist prioritization of future projects. Over \$1.2 billion was spent on capital outlay expenditures for roads and bridges in FY 2010.

In FY 2010, the Department's focus continued to be on preservation of existing public transportation services by distributing \$166.6 million in CTF monies for local transit operations, and allocating over \$10 million in CTF funds plus another \$10 million in toll credits to match over \$106 million in federal transit capital funds. In FY 2010, state and federal funds were used to maintain intercity bus services in nearly 100 Michigan communities. State funds continued to support passenger rail services along two existing corridors. A combination of state and federal funds was used to improve intercity bus facilities, and the closing of both private and public railgrade crossings increased safety for rail passengers. Safety was also the focus of the Department's ongoing safety certification of private motor bus and limousine carriers.

In FY 2010, the Department's Freight Services and Safety Division continued to make targeted capital investments designed to help maintain efficient freight service on the 530 miles of state-owned rail lines operated, under contract, by four railroad companies. Nearly 28 miles of main-line track were improved, enhancing the safety and efficiency of the line and helping ensure continued rail access to shippers. The Department provided funding for 39 grade crossing safety enhancement projects and three crossing closure efforts on roads under county, city, or village jurisdiction, investing approximately \$7.8 million in the interest of motorist safety. Through the Freight Economic Development Program, the Department loaned monies for one project, investing .4 million to provide rail access for an expanding business. The Department also provided nearly .5 million in legislatively mandated operating assistance to the Detroit-Wayne County Port Authority for administrative and marketing expenditures.

In FY 2010, the Department conducted 78 federally required inspections of Automated Weather Observation Systems (AWOS), at 39 airports, installed and certified one AWOS at an additional airport, and upgraded five AWOS systems with the latest technology. It also serviced and accomplished 16 federally required inspections at four Very High Frequency Omni Range ground navigation system (VOR) locations, maintaining a required 98 percent reliability rate. The Department conducts annual inspections at 220 public-use airport and heliports. The Department licenses 235 public-use landing sites, 214 aircraft dealers, 63 flight schools, 77 hospital heliports, and the on-demand temporary landing sites. In 2010 approximately 6,800 aircraft were registered.

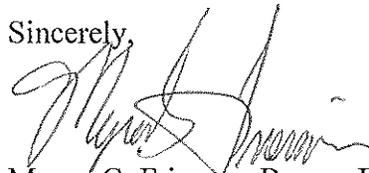
During FY 2010, the Department contracted for 145 airport improvement projects totaling \$118.9 million, all having significant safety benefits. In addition to the safety benefit, the projects are developed to either preserve the existing infrastructure or expand the runway capacity.

CONCLUSION

In FY 2010, \$3.8 billion was expended from all revenue sources to address Michigan's transportation needs. The Department's challenge continues to be making wise investment decisions with its limited resources to maximize the results achieved. This has fostered many innovative ideas in the Department and will undoubtedly promote even more in the future.

We wish to express our appreciation to the many people whose dedicated efforts made possible the preparation of this report. Their combined efforts have produced a report that will enable decision-makers and concerned citizens to better understand and evaluate the Department's financial condition.

Sincerely,



Myron G. Frierson, Bureau Director
Finance and Administration



GENERAL PURPOSE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
 SEPTEMBER 30, 2010 and 2009
 (In Thousands)

GOVERNMENTAL FUND TYPES

	SPECIAL REVENUE		DEBT SERVICE		TOTALS (Memorandum Only)	
	2010	2009	2010	2009	2010	2009
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 2,344	\$ 335	\$ -	\$ -	\$ 2,344	\$ 335
Equity in Common Cash	508,243	319,487	-	-	508,243	319,487
Receivables:						
Taxes, interest, and penalties (at net)	101,376	108,571	-	-	101,376	108,571
Federal aid	236,528	265,834	-	-	236,528	265,834
Local units	52,838	95,662	-	-	52,838	95,662
Other funds	359,575	735,347	-	-	359,575	735,347
Component Units	1,950	1,576	-	-	1,950	1,576
Other Current Assets	3,123	4,712	-	-	3,123	4,712
Inventories	16,810	8,184	-	-	16,810	8,184
	<u>1,282,788</u>	<u>1,539,708</u>	<u>-</u>	<u>-</u>	<u>1,282,788</u>	<u>1,539,708</u>
Total Current Assets						
Noncurrent Assets:						
Receivables:						
Taxes	3,293	5,861	-	-	3,293	5,861
Federal aid	-	-	-	-	-	-
Local units	35,059	36,652	-	-	35,059	36,652
Advances to other funds	-	-	-	-	-	-
Land contracts	445	622	-	-	445	622
Miscellaneous	653	834	-	-	653	834
	<u>39,451</u>	<u>43,968</u>	<u>-</u>	<u>-</u>	<u>39,451</u>	<u>43,968</u>
Total Noncurrent Assets						
Total Assets	<u>\$ 1,322,239</u>	<u>\$ 1,583,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,322,239</u>	<u>\$ 1,583,676</u>
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants outstanding	\$ 6,980	\$ 4,033	\$ -	\$ -	\$ 6,980	\$ 4,033
Accounts payable	477,741	486,380	-	-	477,741	486,380
Contract reserve payable	4,750	3,959	-	-	4,750	3,959
Due to other funds and Components	42,916	55,945	-	-	42,916	55,945
Deposits, permits and other liabilities	23,499	35,412	-	-	23,499	35,412
Deferred revenue	13,623	15,526	-	-	13,623	15,526
	<u>569,510</u>	<u>601,255</u>	<u>-</u>	<u>-</u>	<u>569,510</u>	<u>601,255</u>
Total Current Liabilities						
Long-Term Liabilities:						
Deferred revenue	4,391	7,317	-	-	4,391	7,317
Advances from other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>573,901</u>	<u>608,572</u>	<u>-</u>	<u>-</u>	<u>573,901</u>	<u>608,572</u>
Fund Balance:						
Reserved for encumbrances	76,896	105,520	-	-	76,896	105,520
Reserved for restricted revenue balances	192,528	148,328	-	-	192,528	148,328
Reserved for multi-year projects	144,169	270,730	-	-	144,169	270,730
Reserved for revolving funds	32,459	37,841	-	-	32,459	37,841
Reserved for construction & debt service	145,498	116,470	-	-	145,498	116,470
Reserved for noncurrent assets	21,707	22,998	-	-	21,707	22,998
	<u>613,256</u>	<u>701,888</u>	<u>-</u>	<u>-</u>	<u>613,256</u>	<u>701,888</u>
Total Reserves						
Unreserved	135,081	273,216	-	-	135,081	273,216
	<u>748,337</u>	<u>975,104</u>	<u>-</u>	<u>-</u>	<u>748,337</u>	<u>975,104</u>
Total Fund Balances						
Total Liabilities and Fund Balances	<u>\$ 1,322,239</u>	<u>\$ 1,583,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,322,239</u>	<u>\$ 1,583,676</u>

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

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 FISCAL YEARS ENDED SEPTEMBER 30, 2010 and 2009
 (In Thousands)

	GOVERNMENTAL FUND TYPES				TOTALS (Memorandum Only)	
	SPECIAL REVENUE		DEBT SERVICE		2010	2009
	2010	2009	2010	2009		
REVENUES						
Taxes	\$ 1,886,372	\$ 1,892,277	\$ -	\$ -	\$ 1,886,372	\$ 1,892,277
License and permits	36,412	34,970	-	-	36,412	34,970
Federal aid	1,531,103	1,370,423	-	-	1,531,103	1,370,423
Local participation	16,540	17,434	-	-	16,540	17,434
Interest earnings	2,566	8,874	-	-	2,566	8,874
Services	4,025	3,827	-	-	4,025	3,827
Non-operating revenue-bridges	2,928	3,077	-	-	2,928	3,077
Miscellaneous	59,692	47,497	-	-	59,692	47,497
Total Revenues	<u>3,539,638</u>	<u>3,378,379</u>	<u>-</u>	<u>-</u>	<u>3,539,638</u>	<u>3,378,379</u>
EXPENDITURES						
Administration and Operations:						
Administration and maintenance	494,021	517,566	-	-	494,021	517,566
Bus operating assistance grants	197,613	184,709	-	-	197,613	184,709
Other grants	1,080,756	1,088,921	-	-	1,080,756	1,088,921
Airport development	132,781	123,812	-	-	132,781	123,812
Non-operating expenditures-bridges	2,777	2,923	-	-	2,777	2,923
Trust fund construction activity	370,918	277,365	-	-	370,918	277,365
Capital lease payments	171	171	-	-	171	171
Costs of issuance	-	-	1,023	426	1,023	426
Bond principal retirement	-	-	96,311	55,900	96,311	55,900
Bond interest and fiscal charges	-	-	142,482	120,503	142,482	120,503
Total Administration and Operations	<u>2,279,038</u>	<u>2,195,466</u>	<u>239,816</u>	<u>176,828</u>	<u>2,518,854</u>	<u>2,372,295</u>
Capital Outlay:						
Roads and bridges	1,204,213	1,150,359	-	-	1,204,213	1,150,359
Other capital outlay	13,259	13,143	-	-	13,259	13,143
Total Capital Outlay	<u>1,217,473</u>	<u>1,163,502</u>	<u>-</u>	<u>-</u>	<u>1,217,473</u>	<u>1,163,502</u>
Total Expenditures	<u>3,496,510</u>	<u>3,358,968</u>	<u>239,816</u>	<u>176,828</u>	<u>3,736,326</u>	<u>3,535,797</u>
Excess of Revenues Over (Under) Expenditures	<u>43,127</u>	<u>19,410</u>	<u>(239,816)</u>	<u>(176,828)</u>	<u>(196,689)</u>	<u>(157,418)</u>
OTHER FINANCING SOURCES						
Michigan Transportation Fund distribution	742,643	742,457	-	-	742,643	742,457
Grants and transfers from other funds	244,245	210,063	238,793	176,403	483,038	386,466
Capital Lease Acquisitions	-	-	-	-	-	-
Proceeds from sale of capital assets	308	800	-	-	308	800
Proceeds from bonds and notes issued	4,000	281,910	142,190	42,335	146,190	324,245
Premium on bonds issued	-	-	9,321	2,268	9,321	2,268
Total Other Financing Sources	<u>991,195</u>	<u>1,235,229</u>	<u>390,304</u>	<u>221,005</u>	<u>1,381,499</u>	<u>1,456,235</u>
OTHER FINANCING USES						
Michigan Transportation Fund distribution	742,643	742,457	-	-	742,643	742,457
Grants and transfers to other funds	279,653	230,058	-	-	279,653	230,058
Discount on bonds issued	-	1,914	-	-	-	1,914
Debt service	238,793	191,780	-	-	238,793	191,780
Payment to refunded bond escrow agent	-	-	150,488	44,177	150,488	44,177
Total Other Financing Uses	<u>1,261,089</u>	<u>1,166,209</u>	<u>150,488</u>	<u>44,177</u>	<u>1,411,577</u>	<u>1,210,386</u>
Excess of Other Financing Sources Over (Under) Other Financing Uses	<u>(269,894)</u>	<u>69,021</u>	<u>239,816</u>	<u>176,828</u>	<u>(30,078)</u>	<u>245,849</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>(226,767)</u>	<u>88,431</u>	<u>-</u>	<u>-</u>	<u>(226,767)</u>	<u>88,431</u>
Fund balances-Beginning of fiscal year	975,104	886,673	-	-	975,104	886,673
Fund balances-End of fiscal year	<u>\$ 748,337</u>	<u>\$ 975,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748,337</u>	<u>\$ 975,104</u>

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

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 1: Significant Accounting Policies

A. Reporting Entity

These financial statements report the financial activity of transportation related funds administered by the Department of Transportation (Department). Department administered funds by classification are:

Special Revenue

State Aeronautics Fund
State Trunkline Fund
Michigan Transportation Fund
Transportation Related Trust Fund
Blue Water Bridge Fund
Comprehensive Transportation Fund
Combined State Trunkline Bond Proceeds Fund
Combined Comprehensive Transportation Bond Proceeds Fund

Debt Service

Combined State Trunkline Bond and Interest Redemption Fund
Combined Comprehensive Transportation Bond and Interest Redemption Fund

The funds above are a part of the State of Michigan reporting entity and are reported in the State of Michigan Comprehensive Annual Financial Report (SOMCAFR). The SOMCAFR provides general disclosures regarding summary of significant accounting policies, treasurer's common cash, pension benefits, compensated absences (annual leave and sick leave accumulations), general long-term obligations, interfund receivables and payables, contingencies, and commitments.

Note 1 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

The Michigan Department of Transportation (MDOT) and the St. Mary's River Bridge Company (SMRBC), a Canadian Corporation, share ownership of the International Bridge. The Sault Ste. Marie Bridge Authority (SSMBA) is the international non-profit entity with eight members, four from Michigan and four from Canada, created by an intergovernmental agreement to set policy and oversee bridge operations. The Agreement became effective September 1, 2009 and shall remain in effect until September 30, 2017, and is automatically renewed for successive ten-year periods thereafter unless, one year prior to the renewal date, an Owner gives written notice to the other Owner that it elects not to renew the Agreement. The Agreement is subject to written notice of cancellation upon one year written notice by MDOT or the SMRBC.

This is a revised intergovernmental agreement between MDOT and SMRBC, whereby the SSMBA replaced the Joint International Bridge Authority (JIBA), as established on September 1, 2000.

The International Bridge Administration (IBA) is a special administrative entity within MDOT created to carry out the policy decisions of the SSMBA, and, under the direction and supervision of MDOT, to enter into contracts and manage and operate the bridge on a daily basis. The IBA is made up of MDOT employees who are responsible for the administration, operation, repair, and improvement of the International Bridge. Revenue from bridge tolls covers the expenses of the IBA.

Summary financial information for the JIBA audit periods ending December 31, 2008 and eight months ending August 31, 2009, and the SSMBA's four months ending December 31, 2009 follows (In Thousands):

	<u>December 31, 2009</u>	<u>August 31, 2009</u>	<u>December 31, 2008</u>
Assets	\$ 8,251	\$ 5,785	\$ 6,460
Liabilities	4,763	2,649	2,315
Total Equity	3,488	3,135	4,145
Total Revenues and Other Sources	2,263	3,847	5,324
Total Expenditures and Other Uses	1,911	4,856	7,227
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 352	\$ (1,010)	\$ (1,903)

The Mackinac Bridge Authority (Authority), a component unit of the State of Michigan, is reported in the SOMCAFR and is not reported in these statements. The Authority issues its own audited financial statements. Further information regarding the relationship between the Department and the Authority is provided in Note 11 of this report.

Note 1 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

B. Basis of Presentation

The financial transactions of the Department are recorded in individual funds in the Michigan Administrative Information System (MAIN). The various transportation funds are combined in the SOMCAFR into fund types described as follows:

Governmental Fund Types

Special Revenue Funds: This fund group includes operating funds that account for the proceeds of certain specific revenue sources, which are legally restricted for specified purposes.

Debt Service Funds: This group accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

TOTALS (MEMORANDUM ONLY)

Amounts in the "total - memorandum only" columns represent summations of the fund types and account groups and are presented only for analytical purposes. The summations include interfund transactions, which have not been eliminated, and the captioned "amounts to be provided," which are not assets in the usual sense. Consequently, amounts shown in the "total - memorandum only" columns are not comparable to a consolidation.

C. Basis of Accounting

The financial statements contained in this report are prepared on the modified accrual basis of accounting. The modified accrual basis of accounting, fiscal year ends, and accounting practices are explained in more detail in the SOMCAFR.

D. Calculation Practice

Amounts recorded in the Department's financial statements are rounded to thousands of dollars, unless otherwise noted. Because of this, the amounts may not add to the totals.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 2: Equity in Common Cash

Custodial Credit Risk: All of MDOT’s deposits are managed by the State Treasurer. “Equity in common cash” represents an interest in the State’s common cash pool, which is used by most State funds as a short-term investment vehicle. MDOT’s deposits are included in the State of Michigan equity in common cash.

MDOT’s common cash balances were as follows (in thousands) as of September 30:

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Equity in Common Cash	\$508,243	\$319,487	\$0	\$0

The balances for the Special Revenue Funds averaged approximately \$902.7 million and \$869.2 million during fiscal year 2010 and 2009, respectively.

The Governmental Accounting Standards Board (GASB) requires certain disclosures related to custodial credit risk for deposits. Custodial credit risk of deposits is the risk that, in the event of a bank failure, MDOT’s deposits will not be returned to it. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized, collateralized with securities held by pledging financial institutions, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in MDOT’s name. The State Treasurer evaluates each financial institution it deposits common cash funds with and assesses the level of risk of each institution. The State Treasurer's policy requires 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. Only those institutions with an acceptable estimated risk are used as depositories.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 3: Current Receivables

A. Contested Receivables

Current receivables recorded in the financial statements represent amounts due to the Department as of September 30, 2010 and 2009, and are expected to be collected within 12 months. Receivables not due for collection within 12 months are classified as noncurrent assets with an offsetting deferred revenue or fund balance reserve. Due to the uncertainty associated with contested receivables in litigation or pending litigation, these receivables are recorded in an allowance for doubtful accounts, with the net amount reported in the financial statements. Receivables referred to Treasury for collection will no longer be classified as a receivable with a corresponding entry to allowance for doubtful accounts, but will instead be written-off as uncollectible at the time of referral.

	<u>Contested Receivables</u>	
	(In Thousands)	
	<u>2010</u>	<u>2009</u>
State Aeronautics Fund	\$2,268	\$3,104
State Trunkline Fund	700	609
Comprehensive Transportation Fund	<u>1</u>	<u>3</u>
Total Allowance for Doubtful Accounts	<u>\$2,969</u>	<u>\$3,716</u>

B. Taxes Receivable

In the Michigan Transportation Fund, the net amount of current receivables, \$178.6 million and \$190.0 million, and allowances for uncollectible receivables, \$78.0 million and \$82.0 million, were recorded for motor fuel taxes due to the fund as of September 30, 2010 and 2009, respectively. The reporting of a gross receivable net of a related allowance for uncollectible accounts is consistent with the treatment of other taxes receivable reported in the SOMCAFR.

C. Federal Highway Administration (FHWA) Receivable

The Department recorded federal aid receivables in the State Trunkline Fund, State Trunkline Bond Proceeds Fund, and Transportation Related Trust Fund totaling \$190.0 million and \$198.9 million for the fiscal years ending September 30, 2010 and 2009, respectively. No noncurrent federal aid receivables were recorded for the fiscal years ending September 30, 2010 and 2009.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 4: Capital Assets

Capital assets owned by the Department, including property, plant, equipment, and infrastructure items (roads, bridges, ramps, railroads, rest areas, and welcome centers) are reported in the government-wide financial statements of the SOMCAFR. The capital assets reported by the Department have been expanded due to the implementation of GASB Statement No. 34. For more information on the reporting of capital assets under this Statement, see Note 9 of the SOMCAFR.

Classification: The following tables summarize, by major class of asset, fiscal year 2010 changes in reported costs for the Department's capital assets (In Millions):

	Changes in Capital Assets Fiscal Year 2010				
	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
<u>Capital assets, not depreciated:</u>					
Roads	\$10,854.2	\$354.6	(\$204.3)	--	\$11,004.5
Land	2,966.9	11.4	--	--	2,978.3
Bridges	1,654.1	136.4	(51.7)	--	1,738.7
Construction in Progress	1,389.7	613.1	(267.4)	6.5	1,741.9
<u>Capital assets, depreciated:</u>					
Ramps	637.4	--	--	--	637.4
Equipment	137.2	5.1	(3.5)	(1.2)	137.6
Buildings	155.1	3.9	--	3.7	162.6
Railroads	32.5	--	--	--	32.5
Rest Areas & Welcome Centers	85.6	3.1	(1.3)	--	87.4
Land Improvements	7.4	5.7	--	--	13.2
Airports	1.9	--	--	--	1.9
<u>Less accumulated depreciation for:</u>					
Ramps	(416.7)	(25.5)	--	--	(442.2)
Equipment	(84.0)	(7.6)	3.3	1.3	(87.0)
Buildings	(62.9)	(3.8)	--	(0.3)	(67.0)
Railroads	(22.6)	(0.8)	--	--	(23.5)
Rest Areas & Welcome Centers	(33.2)	(2.0)	1.1	--	(34.0)
Land Improvements	(1.3)	(0.4)	--	--	(1.8)
Airports	(0.7)	(0.1)	--	--	(0.8)
 Total Capital Assets	 <u>\$17,300.5</u>	 <u>\$1,093.0</u>	 <u>(\$523.8)</u>	 <u>\$10.0</u>	 <u>\$17,879.6</u>

Note 4 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Funding Source: Following is a summary of funding sources for investments in capital assets as of September 30, 2010 (In Millions):

<u>Fund</u>	<u>Investment</u>
State Trunkline Fund	\$ 17,835.1
Comprehensive Transportation Fund	24.8
State Aeronautics Fund	<u>19.8</u>
Total Investment in Capital Assets	<u>\$ 17,879.6</u>

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 5: General Long-Term Obligations

A. **Revenue Dedicated Bonded Debt**

The Department has periodically issued long-term bonds for specific purposes, with the pledge that financing of debt requirements is to come strictly from designated revenue sources, including State Trunkline Funds (STF), Comprehensive Transportation Funds (CTF) and federal grants. The State of Michigan's general credit does not support such issues. Public Act 51 of 1951, as amended, provides that monies deposited in the STF and/or the CTF are appropriated for specific purposes, with debt service being the first priority. A sufficient portion of the STF and the CTF is appropriated to pay, when due, the principal of and interest outstanding on bonds and notes. The STF Series 1992 A and B bond issues included capital appreciation bonds (zero coupon bonds) with an ultimate maturity value of \$41.1 million. These bonds are recorded in the amount of \$38.6 million, which is the accreted value at September 30, 2010. These bonds mature in the years 2011 to 2013.

Revenue Dedicated Bonded Debt Department of Transportation (In Thousands)						
	Amounts <u>Issued</u>	<u>Outstanding</u>		Maturities		Average Interest Rate %
		<u>9/30/10</u>	<u>9/30/09</u>	<u>First Year</u>	<u>Last Year</u>	
<u>Comprehensive Transportation Fund Bonds:</u>						
Series 2001 A (Refunding)	\$ 27,765	\$ 23,750	\$ 25,145	2008	2022	5.01
Series 2002 A (Refunding)	89,620	6,950	13,925	2003	2011	5.07
Series 2002 B	82,310	4,460	4,945	2004	2012	5.13
Series 2003	35,020	14,905	15,870	2004	2023	3.61
Series 2005 (Refunding)	62,180	62,175	62,175	2009	2023	5.15
Series 2006 and Refunding	53,685	51,610	51,840	2007	2031	4.54
Series 2009 (Refunding)	<u>42,335</u>	<u>42,335</u>	<u>42,335</u>	2012	2019	4.11
Total Comprehensive Transportation Fund Bonds:	\$ 392,915	\$ 206,185	\$ 216,235			
<u>State Trunkline Fund Bonds:</u>						
Series 1992 A	\$ 253,618	\$ 34,131	\$ 44,157	2000	2013	5.76
Series 1992 B (Refunding)	99,592	4,515	5,841	2000	2013	5.68
Series 1998 A (Refunding)	377,890	206,335	364,905	2006	2019	5.03
Series 2001 A	308,200	14,115	20,620	2003	2012	4.96
Series 2002 (Refunding)	97,870	59,335	62,200	2004	2022	4.71
Series 2004 (Refunding)	103,450	98,305	98,350	2006	2022	4.13
Series 2004	185,710	63,225	76,155	2008	2019	4.36
Series 2005 (Refunding)	223,020	223,015	223,020	2010	2023	5.10
Series 2005 B (Refunding)	378,250	348,080	378,250	2010	2019	4.81
Series 2006	244,525	208,715	221,235	2008	2022	4.74
Series 2009 and Refunding	146,190	146,190	--	2018	2027	4.76
Total State Trunkline Fund Bonds:	\$ 2,418,315	\$ 1,405,961	\$ 1,494,734			
<u>Grant Anticipation Bonds:</u>						
Series 2007	\$ 485,115	\$ 474,585	\$ 481,610	2009	2027	4.87
Series 2009 B Taxable Build America Bonds	<u>281,910</u>	<u>281,910</u>	<u>281,910</u>	2012	2027	7.63
Total Grant Anticipation Bonds:	\$ 767,025	\$ 756,495	\$ 763,520			
Total Revenue Dedicated Bonded Debt	\$ <u>3,578,255</u>	\$ <u>2,368,641</u>	\$ <u>2,474,489</u>			

Note 5 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

Advance Refunding and Defeasance

The Department has issued refunding bond issues to finance the advance refunding of selected bond issues. A portion of the proceeds of the refunding issues were placed in trust and used to purchase securities of the U.S. Government and related agencies at various interest rates and maturities sufficient to meet all debt service requirements of the refunded debt. These assets are administered by a trustee and are restricted for the retirement of the refunded debt. The liability for the refunded bonds and the related securities and escrow accounts are not included in the accompanying financial statements, as the Department defeased its obligation for payment of the refunded bonded debt upon completion of the refunding transaction.

The following table summarizes the defeased bonds outstanding at September 30, 2010 and 2009:
 Summary of Refunding Transactions
 (In Millions)

<u>Bond Series</u>	<u>Amount Refunded</u>	<u>Balance with Trustee</u>	
		<u>2010</u>	<u>2009</u>
State Trunkline Fund Bonds:			
Series 2001A	\$245.8	\$245.8	\$245.8
Series 2004	<u>85.2</u>	<u>85.2</u>	<u>85.2</u>
Total State Trunkline Fund Bonds	<u>\$331.1</u>	<u>\$331.1</u>	<u>\$331.1</u>
Comprehensive Transportation Fund Bonds:			
Series 2002B	\$ 64.4	\$ 56.2	\$ 59.3
Series 2003	<u>11.4</u>	<u>10.4</u>	<u>10.9</u>
Total Comprehensive Transportation Fund Bonds	<u>\$ 75.8</u>	<u>\$ 66.6</u>	<u>\$ 70.1</u>
Total	<u>\$406.9</u>	<u>\$397.6</u>	<u>\$401.2</u>

Note 5 continued on next page.

**MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

B. Debt Service Requirements

The following table summarizes debt service requirements for outstanding bonds (In Thousands):

FISCAL YEARS ENDING SEPTEMBER 30	STATE TRUNKLINE FUND			COMPREHENSIVE TRANSPORTATION FUND			GRANT ANTICIPATION BONDS			COMBINED TOTAL		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2011	\$91,910	\$68,239	\$160,149	\$10,160	\$9,981	\$20,141	\$7,340	\$46,015	\$53,355	\$109,410	\$124,235	\$233,645
2012	95,840	64,305	160,145	14,020	9,452	23,472	7,700	45,666	53,366	117,560	119,424	236,984
2013	99,985	60,130	160,115	14,635	8,838	23,473	8,045	45,345	53,390	122,665	114,313	236,978
2014	104,730	55,340	160,070	15,275	8,193	23,468	8,450	44,985	53,435	128,455	108,519	236,974
2015	110,725	49,532	160,257	15,960	7,509	23,469	8,655	44,595	53,250	135,340	101,636	236,976
2016	116,430	43,784	160,214	16,645	6,824	23,469	9,075	44,215	53,290	142,150	94,823	236,973
2017	122,520	37,695	160,215	17,470	6,031	23,501	9,515	43,776	53,291	149,505	87,502	237,007
2018	128,510	31,685	160,195	18,360	5,143	23,503	9,990	43,325	53,315	156,860	80,153	237,013
2019	134,885	25,275	160,160	19,305	4,198	23,503	10,545	42,801	53,346	164,735	72,274	237,009
2020	96,560	18,121	114,681	11,775	3,220	14,995	56,390	42,247	98,637	164,725	63,589	228,314
2021	97,720	13,118	110,838	12,390	2,608	14,998	33,375	39,287	72,662	143,485	55,013	198,498
2022	102,875	7,934	110,809	13,035	1,965	15,000	35,160	37,535	72,695	151,070	47,433	198,503
2023	75,870	3,378	79,248	2,635	1,356	3,991	45,500	35,689	81,189	124,005	40,422	164,427
2024	11,980	1,182	13,162	2,770	1,226	3,996	109,950	33,300	143,250	124,700	35,708	160,408
2025	12,590	569	13,159	2,910	1,088	3,998	117,220	26,034	143,254	132,720	27,690	160,410
2026	2,570	192	2,762	3,055	942	3,997	135,375	18,271	153,646	141,000	19,406	160,406
2027	2,700	64	2,764	3,210	789	3,999	144,210	9,434	153,644	150,120	10,287	160,407
2028	-	-	-	3,370	629	3,999	-	-	-	3,370	629	3,999
2029	-	-	-	3,535	460	3,995	-	-	-	3,535	460	3,995
2030	-	-	-	3,715	284	3,999	-	-	-	3,715	284	3,999
2031	-	-	-	1,955	98	2,053	-	-	-	1,955	98	2,053
TOTAL	\$1,408,400	\$480,544	\$1,888,944	\$206,185	\$80,833	\$287,018	\$756,495	\$642,520	\$1,399,015	\$2,371,080	\$1,203,897	\$3,574,977

C. Other General Long-Term Obligations

Capital Leases:

Capitalized lease liabilities are described in more detail in Note 6.

Compensated Absences:

Compensated absences liabilities are detailed in Note 7.

Claims and Judgments:

The liability recorded for claims and judgments consists of projected amounts for highway-related negligence cases based upon historical loss ratios. It should be stressed that the Department continues to vigorously contest all of these claims and that the Department 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 losses exceed the projected amounts).

Note 5 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

Changes in General Long-term Obligations:

Changes in general long-term obligations (In Thousands) for the fiscal years ended September 30, 2010 and 2009, are summarized as follows:

	Revenue Dedicated Debt - Oversight Entity		Capital Lease Obligations	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Bonds and Capital Lease Obligations:				
Balance – Beginning	\$ 2,474,489	\$ 2,256,895	\$ 723	\$ 784
New bond issues/capital lease additions and adjustments	146,190	324,245	--	--
Accretion on Capital Appreciation Bonds	2,342	3,369	--	--
Bond principal retirements/ capital lease payments and adjustments	<u>(254,380)</u>	<u>(110,020)</u>	<u>(67)</u>	<u>(61)</u>
Balance – Ending	<u>\$ 2,368,641</u>	<u>\$ 2,474,489</u>	<u>\$ 656</u>	<u>\$ 723</u>

	Claims and Judgments		Compensated Absences Liabilities	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Other Obligations:				
Balance - Beginning	\$ 438	\$ 360	\$ 34,300	\$ 34,022
Net increase (decrease) in estimated liabilities	<u>2,256</u>	<u>78</u>	<u>972</u>	<u>278</u>
Balance - Ending	<u>\$ 2,694</u>	<u>\$ 438</u>	<u>\$ 35,272</u>	<u>\$ 34,300</u>

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 6: Leases

The Department leases office facilities under noncancelable leasing arrangements. 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 such clauses will be exercised is considered remote. Leases that are in the nature of acquisitions are classified as "capital" leases, therefore assets and liabilities are recorded at lease inception. Other leases are classified as "operating" leases, and these are treated as rent commitments rather than acquisitions.

Actual rental expenditures incurred under operating leases totaled \$812,781 and \$887,249 during fiscal years 2010 and 2009, respectively.

Summary of the noncancelable operating and capital leasing commitments to maturity for fiscal year 2010 follows (In Thousands):

Noncancelable Lease Commitments
 As of September 30, 2010

Fiscal Year Ended September 30	Operating <u>Leases</u>	<u>Capital Leases</u>			<u>Total</u>
		<u>Principal</u>	<u>Interest</u>	<u>Executory</u>	
2011	\$ 840	\$ 74	\$ 97	\$ 58	\$ 229
2012	599	83	88	58	229
2013	397	93	79	58	229
2014	283	104	67	58	229
2015	110	76	54	51	181
<u>2016- 2020</u>	<u>32</u>	<u>226</u>	<u>73</u>	<u>132</u>	<u>432</u>
Total	<u>\$ 2,261</u>	<u>\$ 656</u>	<u>\$ 458</u>	<u>\$ 415</u>	<u>\$ 1,528</u>

The schedule above is consistent with SOMCAFR in that it does not include leases for state owned buildings, leases for an amount less than \$10,000, lease extensions less than 12 months and lease payment changes less than \$200.

All of the capital leases above are related to governmental fund operations and the total of capital lease principal is recorded in the government-wide statements of the SOMCAFR.

Note 6 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

The historical cost of assets acquired under capital leases, which are included in the government-wide statements of the SOMCAFR, at September 30, 2010 and 2009 follows (In Thousands):

	<u>2010</u>	<u>2009</u>
Buildings	\$1,098	\$ 1,098

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 7: Employee Benefits - Retirement and Compensated Absences

A. Retirement Contributions

Department of Transportation employees are members of the State Employees' Retirement System. Retirement contributions are expended from the Department's special revenue funds to the State Employees' Retirement Fund, the State Employees' Other Postemployment Benefits Fund and the State Employees' Defined Contribution Retirement Fund.

The Department's retirement contributions were as follows (In Thousands):

	<u>2010</u>	<u>2009</u>
State Trunkline Fund	\$43,470	\$41,662
Comprehensive Transportation Fund	1,301	1,186
State Aeronautics Fund	1,006	934
Blue Water Bridge	<u>527</u>	<u>502</u>
 Total Department of Transportation Contributions	 <u>\$46,304</u>	 <u>\$44,284</u>

B. Compensated Absences

The Department has accrued liabilities for compensated absences as required by GASB. Liabilities related to governmental fund types are recorded in the government-wide statements in the SOMCAFR, unless the liability is "due and payable" (i.e., liabilities are recognized in the year employee leaves State service) at year-end. The amount "due and payable" is reflected in the "Accounts payable" line of the applicable fund's balance sheet.

Note 7 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STAMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

The following table summarizes Department of Transportation related compensated absences liabilities as of September 30, 2010 and 2009 (In Thousands):

	<u>Sick Leave</u>		<u>Annual Leave</u>		<u>Banked Leave</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
State Trunkline Fund	\$8,403	\$8,667	\$18,143	\$17,911	\$6,277	\$5,261	\$32,823	\$31,840
Comprehensive Transportation Fund	417	402	587	574	240	211	1,243	1,186
State Aeronautics Fund	362	380	433	417	176	171	970	969
Blue Water Bridge	<u>60</u>	<u>112</u>	<u>137</u>	<u>154</u>	<u>38</u>	<u>39</u>	<u>235</u>	<u>305</u>
TOTAL	<u>\$9,242</u>	<u>\$9,561</u>	<u>\$19,299</u>	<u>\$19,057</u>	<u>\$6,731</u>	<u>\$5,682</u>	<u>\$35,272</u>	<u>\$34,300</u>

If a Department employee transfers to another department, the related compensated absence liability is assumed by the employee's new department.

Compensated absences liabilities for persons employed at the Michigan Welcome Centers have been included in the Department's totals. The operation of the Centers is overseen by the Michigan Economic Development Corporation while the funding authorization is included in the Department's annual appropriation bill.

For a more detailed explanation of retirement benefits, other post-employment benefits and compensated absence accruals, refer to Notes 10, 11 and 1, respectively, of the SOMCAFR.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 8: Excess of Expenditures Over Appropriation

Budgetary control for State Trunkline Fund, Blue Water Bridge Fund, State Aeronautics Fund, Michigan Transportation Fund, and Comprehensive Transportation Fund expenditures is established by line-item appropriation within each fund's total appropriation.

The Department incurred no overexpenditures in fiscal year 2010 or in fiscal year 2009.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 9: Interfund Transactions by the Michigan Transportation Fund

MDOT's most significant interfund transaction is the distribution of Michigan Transportation Fund (MTF) revenues to the State Trunkline Fund (STF) and Comprehensive Transportation Fund (CTF). This distribution is in accordance with section 247.660 of Public Act 51 of 1951, as amended.

MTF collects various taxes such as gasoline taxes, diesel taxes, motor carrier taxes, and vehicle license taxes. Before the distribution is calculated, various deductions are taken from MTF's total gross receipts. These deductions include funding for debt service payments, the Rail Grade crossing program, administrative costs for divisions within MDOT, and grants with other State agencies.

CTF receives ten percent of the remaining balance from MTF. After CTF's balance is distributed, additional deductions are taken for the Local Bridge program, the Economic Development program, and the Local Road program. Three of the four cents a gallon that MTF receives for gasoline taxes is then added to the total. The remaining penny is dedicated to bridge repair and is distributed evenly between STF and the Local Bridge fund. STF receives 39.1 percent of the remaining balance.

Other transactions from MTF are also required by P.A. 51 of 1951, or the current year's appropriation bill. See the table below for MTF's interfund transactions in fiscal years 2010 and 2009.

<u>Interfund Transactions</u>	<u>2010</u>	<u>2009</u>
MTF Distribution – STF	\$587,437,841	\$587,168,145
MTF Distribution - CTF	155,205,057	155,288,492
Other State agencies	45,348,525	45,074,081
Debt Service	43,000,000	43,000,000
Economic Development Program	40,275,000	40,275,000
Local Road Program	33,000,000	33,000,000
Local Bridge Fund	30,484,921	29,799,503
Transportation Planning	7,775,933	7,876,981
Design and Engineering Services	4,922,272	4,753,877
Rail Grade Crossing Program	3,000,000	3,000,000
Freight and Safety Services	1,742,575	1,681,320
Finance, Contracts and Support Services	1,625,200	1,804,000
Enhancement Program	<u>184,285</u>	<u>170,276</u>
Total	<u>\$954,001,609</u>	<u>\$952,891,675</u>

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 10: Reserved Fund Balance

A comparative analysis of the State Trunkline Fund reserved fund balance at September 30, 2010 and September 30, 2009 follows (In Thousands):

	<u>2010</u>	<u>2009</u>
Budgetary carry-forwards:		
Encumbrances	\$ 38,685	\$ 61,914
Restricted Revenues	189,746	146,360
Capital Outlay:		
Facilities	14,345	27,543
Institutional Roads	1,041	1,752
Road and Bridge	<u>109,020</u>	<u>229,550</u>
Total Capital Outlay Reserves	124,406	258,845
Construction and Debt Service	145,498	116,470
Revolving Loan Program	22,490	22,193
Noncurrent Assets:		
Capital Equipment Loans	10,068	12,651
Maintenance Advances	<u>11,639</u>	<u>10,348</u>
Total Noncurrent Assets	<u>21,707</u>	<u>22,998</u>
 Total Reserved Fund Balance	 <u>\$ 542,531</u>	 <u>\$ 628,782</u>

For a more detailed explanation of reserved fund balance, refer to the SOMCAFR note 22.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 11: Component Unit - Mackinac Bridge Authority

The Mackinac Bridge Authority (Authority), which is reported as a governmental component unit in the SOMCAFR, has over the years received \$75.3 million of subsidies for operations (\$12.3 million) and debt service (\$63.0 million). These subsidies were provided by the State Trunkline Fund and the Michigan Transportation Fund, respectively, both of which are special revenue funds. The Authority redeemed its remaining bonds on July 1, 1986.

State statutes require that the Authority continue charging bridge tolls and begin repaying the State Trunkline Fund and the Michigan Transportation Fund for the subsidies provided. These repayments would continue until such time as the subsidies have been completely returned. Executive Order 1986-14 created the Governor's Mackinac Bridge Task Force to develop an advisory proposal concerning reimbursement of the subsidies, future funding of repair and renovation costs, and the bridge toll structure. The Authority 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 and because the repayment commitment is long-term and budgetary in nature. Repayments may be authorized by the Authority after consideration of the Authority's annual needs for its operations and planned repairs and improvements.

The Authority repaid \$11,500,000 between fiscal years 1993 and 2009, with an additional \$250,000 repaid in fiscal year 2010, to the Michigan Transportation Fund. These repayments come directly from the revenue generated by bridge tolls and are not included as a financing use of the State Trunkline Fund. A balance of \$51,250,000 is owed to the Michigan Transportation Fund and a balance of \$12,306,172 is owed to the State Trunkline Fund.

For the fiscal year ended September 30, 2010, a current receivable of \$1,950,411.10 is recorded in the State Trunkline Fund's balance sheet as an amount due from component units for the authority's reimbursement of payroll and related expenses. An account payable due to the Department is recorded in the Authority's balance sheet.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note 12: Contingencies and Commitments

A. Litigation

The Department is party to various legal proceedings seeking damages and other relief including injunctive or mandatory relief. The ultimate disposition of such legal proceedings is not presently determinable, but such ultimate disposition and consequences of all these legal proceedings will not, themselves, in the opinion of the State of Michigan's Attorney General, have a materially adverse effect on the Department's financial position.

The Department accrues fund liabilities at year-end related to settled cases where the outcome and dollar amount of the claim is final. For unsettled cases, liability recognition or disclosure is recorded at the statewide level, dependent on whether the loss is probable or reasonably possible.

In March 2002, the County Road Association of Michigan (CRAM) and the Chippewa County Road Commission filed a lawsuit against John M. Engler, et al concerning the provisions of Executive Order 2001-9. The lawsuit challenged the constitutionality of the reduction of funds by the Executive Order that would, in effect, make more funds available to the Department of State and the Department of the Treasury to offset their expenses. In part, the lawsuit challenges the constitutionality of that use of the funds. Additionally, funds were transferred from the Economic Development Fund to the General Fund. A trial was conducted and an appeal taken by both parties. The Court of Appeals dismissed the appeal based on sovereign immunity and on the grounds that CRAM lacked standing to bring the suit. In effect, the State prevailed. CRAM then filed an Application for Leave to Appeal to the Supreme Court. CRAM's Application for Leave to Appeal was denied by the Supreme Court on September 29, 2010. CRAM then filed a motion for reconsideration, which was denied on December 29, 2010.

For more information, see Note 24 of the financial statements included in the fiscal year 2010 SOMCAFR.

B. Federal Grants

Federal revenues are generally subject to review and audit by grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agencies for expenditures disallowed under the terms of the grant. As of September 30, 2010 and 2009 the Department estimates the disallowance of recognized revenues will not be material to the financial statements.

Note 12 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

C. Construction Projects

The Department has entered into construction contracts for transportation related special revenue funds and trust funds. As of September 30, 2010 and 2009 the balances remaining on these contracts equaled \$795.9 million and \$888.9 million, respectively. As of September 30, 2010 and 2009, the balances remaining on these contracts, less the Transportation Related Trust Funds equaled \$668.0 million and \$795.7 million, respectively. As of September 30, 2010 and 2009, the balances remaining on these contracts in the State Trunkline Fund equaled \$592.8 million and \$707.7 million, respectively.

D. Advance Construction

Under an agreement with FHWA, the Department has, over a period of years, qualified a number of construction projects without placing them under a reimbursement agreement. These deferred federal aid projects may be converted to current reimbursement at the option of the Department, provided that there are adequate federal aid allocations. The arrangement was worked out between the states and the federal government so that the states could obtain federal reimbursement not received during the construction period, in case a relatively greater amount of federal aid became available at some later date or to assist in balancing the federal aid from year to year. At the end of fiscal year 2009, the Department had \$580.6 million of State Trunkline expenditures on projects not under reimbursement agreement. \$38.1 million of these expenditures were placed under reimbursement agreement by the end of fiscal year 2010. The remaining \$542.5 million is included in the fiscal year 2010 amount below. At the end of fiscal year 2010, the Department had \$672.2 million of State Trunkline expenditures on projects not under reimbursement agreement.



FUND DESCRIPTIONS

**COMBINING FINANCIAL STATEMENTS
AND
SCHEDULES**

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

MICHIGAN TRANSPORTATION FUND

This fund, established by Public Act 51 of 1951, Section 10, as amended, is administered jointly by the Department of Transportation and the Department of State. In addition, some of the fund revenue is collected by the Department of Treasury. The fund is a receiving fund for the several tax revenues dedicated to highway purposes. Transfers are made to state agencies to pay the cost of collection of the dedicated revenues and to the State Trunkline Fund, Comprehensive Transportation Fund, the Economic Development Sub-Fund, Local Bridge Sub-Fund, and the Recreation Improvement Sub-Fund in accordance with the statutory formula. Expenditures consist of grants to counties, cities, and villages for highway purposes in accordance with statutory formula.

STATE TRUNKLINE FUND

This fund provides for construction and maintenance of highways. Its overall budget is subject to annual legislative review and appropriation, but the Transportation Commission has significant discretion in determining the funding of individual projects. Major financing sources are transfers from the Michigan Transportation Fund, federal aid, and local participation. Expenditures and transfers are for administration, highway maintenance and construction, debt service, and various contractual obligations. In accordance with the annual appropriation act, unencumbered balances at fiscal year end are transferred to the road and bridge construction account.

In fiscal year 1988, the Economic Development Fund (EDF), a sub-fund, was created within the State Trunkline Fund. The statements for the State Trunkline Fund include the financial activity for EDF. A separate schedule summarizing EDF activity is included in the Statistical Section of this report.

BLUE WATER BRIDGE FUND

The fund was administratively established to account for the Blue Water Bridge project. Through provisions of Section 1012 in the federal Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991, the State Trunkline Fund received federal funds to be loaned to the Blue Water Bridge Fund for construction of the Blue Water Bridge project. Repayment of the \$45 million loan began in 1998. The loan was fully repaid during fiscal year 2007.

COMPREHENSIVE TRANSPORTATION FUND

The Comprehensive Transportation Fund was created for the purpose of planning, developing and funding public transportation systems within the State. It was created by Public Acts 326, 327, and 328 of 1972, and Public Act 197 of 1973. In 1975, Public Acts 195, 196, and 239 were enacted, providing further additions and amendments to the laws governing this fund. Fund revenues consist primarily of federal revenues, a portion of vehicle-related sales tax, and transfers from the Michigan

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Transportation Fund. Expenditures and transfers are for administration, transit and intercity bus operating and capital assistance, debt service, and rail freight services and safety programs. In accordance with statutory provisions, any unencumbered balance at fiscal year end lapses and reverts to the fund for appropriation in the following fiscal year.

STATE AERONAUTICS FUND

This fund, established by Public Act 327 of 1945, administers development and capital improvement projects for local airports. Its budget is subject to annual legislative review and appropriation. Financing consists mostly of federal revenues, airport parking taxes, and aviation fuel taxes. Expenditures and transfers are for administration and local airport improvement project costs. At fiscal year end, in accordance with the annual appropriation act, any unencumbered balance lapses and reverts to the fund for appropriation in the following fiscal year.

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND

A separate fund is established to account for the proceeds of each bond issue. Revenue and expenditure data by individual proceeds fund is available in the Statistical Section, Schedule of Revenues and Expenditures by Fund.

The Combined State Trunkline Fund Bond Proceeds Fund consists of the following funds:

2001 BUILD MICHIGAN III BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$308.2 million of state trunkline bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for state trunkline purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund. The proceeds are to be used to finance the construction of various trunkline transportation projects and to pay the costs of issuance of the bonds.

2009 JOBS TODAY AND ECONOMIC STIMULUS TAXABLE BUILD AMERICA GRANT ANTICIPATION BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$281.9 million of taxable Build America grant anticipation bonds. The Series 2009 Bonds will be secured by a pledge of, and be payable solely from, (i) the State's share of federal reimbursements for projects administered by the Department and other eligible federal assistance that the Department shall receive from the Federal Highway Administration with respect to federally-aided highway construction projects under or in

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND (continued)

accordance with Title 23 of the United States Code or any successor highway program established under federal law, and (ii) the moneys in the Note Payment Fund. Proceeds from the sale of the Series 2009 Bonds together with investment earnings on such proceeds and other available moneys will be used to pay a portion of the costs of certain transportation projects, and to pay the costs of issuance of the Series 2009 Bonds.

2009 STATE TRUNKLINE FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$4.0 million of state trunkline bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for state trunkline purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund. The proceeds of the sale of the bonds together with investment earnings on such proceeds will be used for the purpose of paying a portion of the costs of certain transportation projects, and to pay costs of issuance of the bonds.

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND

A separate fund is established to account for the proceeds of each bond issue. Revenue and expenditure data by individual proceeds fund is available in the Statistical Section, Schedule of Revenues and Expenditures by Fund.

The Combined Comprehensive Transportation Bond Proceeds Fund consists of the following funds:

2002 COMPREHENSIVE TRANSPORTATION FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$82.3 million of comprehensive transportation bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of the funds restricted as to use for comprehensive transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the Comprehensive Transportation Fund.

2003 COMPREHENSIVE TRANSPORTATION FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$35.0 million of comprehensive transportation bonds. The

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND
(continued)

bonds are not general obligations of the State of Michigan but are payable solely out of the funds restricted as to use for comprehensive transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the Comprehensive Transportation Fund.

2006 COMPREHENSIVE TRANSPORTATION FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$35.0 million of comprehensive transportation bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of the funds restricted as to use for comprehensive transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the Comprehensive Transportation Fund.

TRANSPORTATION RELATED TRUST FUND

To achieve administrative efficiencies, effective October 1, 1990, the Special Federal Bridge Replacement Trust Fund, the Federal County Road Trust Fund, the Federal Urban Transportation System Trust Fund, and the Highway Topics and Safety Program Trust Fund were combined in a single trust fund. The Metropolitan Planning Fund was added in fiscal year 2000. The functions and purposes of these funds, although combined in a single fund, remain unchanged. The following sub-funds are included:

SPECIAL FEDERAL BRIDGE REPLACEMENT TRUST FUND

This fund was established in conjunction with the Federal Highway Act of 1970, Section 144. The fund accounts for the federal and state funding used to upgrade state and locally-owned bridges.

FEDERAL COUNTY ROAD TRUST FUND

This fund was established in conjunction with the Federal Highway Act of 1944, as amended. The fund accounts for the federal and state money expended to meet the road construction needs of rural areas and communities with populations less than 5,000.

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

TRANSPORTATION RELATED TRUST FUND (continued)

FEDERAL URBAN TRANSPORTATION SYSTEM TRUST FUND

This fund was created to administer provisions of the Federal Highway Act of 1970, as amended. The fund accounts for the federal and state money expended to meet the road construction needs of communities with populations 5,000 or more.

HIGHWAY TOPICS AND SAFETY PROGRAM TRUST FUND

This fund was established in conjunction with the Federal Highway Acts of 1968 and 1973. The fund accounts for federal and state money used to fund urban and road safety projects.

METROPOLITAN PLANNING FUND

This fund was established by the Federal Highway Act of 1973, Sections 112 and 134, to account for federal funds that reimburse local regional planning agencies for operating expenses.

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2010 and 2009
 (In Thousands)

	MICHIGAN TRANSPORTATION FUND		STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)	
	2010	2009	2010	2009
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 137	\$ 28
Equity in Common Cash	133,747	-	162,327	-
Taxes, interest, and penalties (at net)	100,665	108,044	-	-
Federal aid	-	-	135,516	153,944
Local units	-	-	18,251	43,826
Other funds	-	129,604	341,676	564,232
Component Units	-	-	1,950	1,576
Other Current Assets	12	1	2,763	4,121
Inventories	-	-	16,810	8,184
	<u>234,423</u>	<u>237,649</u>	<u>679,430</u>	<u>775,910</u>
Noncurrent Assets:				
Receivables:				
Taxes	3,293	5,627	-	-
Federal aid	-	-	-	-
Local units	-	-	30,400	31,373
Advances to other funds	-	-	-	-
Land contracts	-	-	445	622
Miscellaneous	-	-	-	-
	<u>3,293</u>	<u>5,627</u>	<u>30,845</u>	<u>31,995</u>
Total Noncurrent Assets	<u>3,293</u>	<u>5,627</u>	<u>30,845</u>	<u>31,995</u>
Total Assets	<u>\$ 237,716</u>	<u>\$ 243,276</u>	<u>\$ 710,275</u>	<u>\$ 807,905</u>
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	\$ 301	\$ 363	\$ 5,737	\$ 3,167
Accounts payable	196,361	192,398	168,308	173,553
Contract reserve payable	-	-	2,730	2,641
Amounts due to other funds	28,261	32,389	1,528	3,807
Deposits, permits and other liabilities	-	-	1,726	2,054
Deferred revenue	9,500	12,500	2,483	1,515
	<u>234,423</u>	<u>237,649</u>	<u>182,513</u>	<u>186,737</u>
Total Current Liabilities	<u>234,423</u>	<u>237,649</u>	<u>182,513</u>	<u>186,737</u>
Long-Term Liabilities:				
Deferred revenue	3,293	5,627	445	622
Advances from other funds	-	-	-	-
	<u>3,293</u>	<u>5,627</u>	<u>445</u>	<u>622</u>
Total Liabilities	<u>237,716</u>	<u>243,276</u>	<u>182,959</u>	<u>187,358</u>
Fund Balances:				
Reserved for encumbrances	-	-	38,685	61,914
Reserved for restricted revenue balances	-	-	189,746	146,360
Reserved for multi-year projects	-	-	124,406	258,845
Reserved for revolving loan programs	-	-	22,490	22,193
Reserved for construction & debt service	-	-	145,498	116,470
Reserved for noncurrent assets	-	-	21,707	22,998
	<u>-</u>	<u>-</u>	<u>542,531</u>	<u>628,782</u>
Total Reserved	<u>-</u>	<u>-</u>	<u>542,531</u>	<u>628,782</u>
Unreserved	-	-	(15,215)	(8,235)
	<u>-</u>	<u>-</u>	<u>527,317</u>	<u>620,547</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>527,317</u>	<u>620,547</u>
Total Liabilities and Fund Balances	<u>\$ 237,716</u>	<u>\$ 243,276</u>	<u>\$ 710,275</u>	<u>\$ 807,905</u>

BLUE WATER BRIDGE FUND		COMPREHENSIVE TRANSPORTATION FUND		STATE AERONAUTICS FUND		COMBINED TRUNKLINE FUND BOND PROCEEDS FUND	
2010	2009	2010	2009	2010	2009	2010	2009
\$ 64	\$ 48	\$ -	\$ 26	\$ -	\$ 9	\$ -	\$ -
28,149	-	44,618	43,859	18,590	15,705	66,560	197,174
-	-	-	-	710	527	-	-
-	-	17,982	13,908	28,558	53,009	237	195
-	-	1,209	1,048	8,953	25,410	510	615
-	14,784	17,899	26,728	-	-	-	-
-	-	-	-	-	-	-	-
257	481	47	71	45	37	-	-
-	-	-	-	-	-	-	-
<u>28,471</u>	<u>15,313</u>	<u>81,756</u>	<u>85,639</u>	<u>56,857</u>	<u>94,697</u>	<u>67,307</u>	<u>197,985</u>
-	-	-	-	-	234	-	-
-	-	4,410	5,055	250	223	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	653	834	-	-	-	-
-	-	5,063	5,889	250	457	-	-
<u>\$ 28,471</u>	<u>\$ 15,313</u>	<u>\$ 86,819</u>	<u>\$ 91,528</u>	<u>\$ 57,107</u>	<u>\$ 95,154</u>	<u>\$ 67,307</u>	<u>\$ 197,985</u>
\$ 4	\$ 2	\$ 91	\$ 212	\$ 28	\$ 28	\$ 44	\$ -
303	450	22,039	21,224	27,311	52,151	9,303	6,147
-	-	-	-	14	22	321	212
-	-	48	107	37	83	-	-
-	-	1,567	2,850	7,550	20,258	-	-
998	865	2	2	6	7	635	637
<u>1,304</u>	<u>1,317</u>	<u>23,746</u>	<u>24,395</u>	<u>34,946</u>	<u>72,550</u>	<u>10,302</u>	<u>6,996</u>
-	-	653	834	-	234	-	-
-	-	-	-	-	-	-	-
<u>1,304</u>	<u>1,317</u>	<u>24,399</u>	<u>25,229</u>	<u>34,946</u>	<u>72,784</u>	<u>10,302</u>	<u>6,996</u>
67	120	33,722	37,052	4,422	6,434	-	-
-	-	1,994	1,180	788	788	-	-
11,885	5,641	-	-	7,878	6,244	-	-
-	-	7,769	13,448	2,200	2,200	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>11,952</u>	<u>5,761</u>	<u>43,486</u>	<u>51,680</u>	<u>15,288</u>	<u>15,666</u>	<u>-</u>	<u>-</u>
<u>15,215</u>	<u>8,235</u>	<u>18,935</u>	<u>14,620</u>	<u>6,873</u>	<u>6,704</u>	<u>57,004</u>	<u>190,989</u>
<u>27,166</u>	<u>13,995</u>	<u>62,420</u>	<u>66,300</u>	<u>22,161</u>	<u>22,370</u>	<u>57,004</u>	<u>190,989</u>
<u>\$ 28,471</u>	<u>\$ 15,313</u>	<u>\$ 86,819</u>	<u>\$ 91,528</u>	<u>\$ 57,107</u>	<u>\$ 95,154</u>	<u>\$ 67,307</u>	<u>\$ 197,985</u>

ASSETS	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND		TRANSPORTATION RELATED TRUST FUND		TOTALS	
	2010	2009	2010	2009	2010	2009
Current Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 2,142	\$ 224	\$ 2,344	\$ 335
Equity in Common Cash	54,252	62,749	-	-	508,243	319,487
Taxes, interest, and penalties (at net)	-	-	-	-	101,376	108,571
Federal aid	-	-	54,235	44,779	236,528	265,834
Local units	-	-	23,915	24,763	52,838	95,662
Other funds	-	-	-	-	359,575	735,347
Component Units	-	-	-	-	1,950	1,576
Other Current Assets	-	-	-	-	3,123	4,712
Inventories	-	-	-	-	16,810	8,184
Total Current Assets	<u>54,252</u>	<u>62,749</u>	<u>80,292</u>	<u>69,766</u>	<u>1,282,788</u>	<u>1,539,708</u>
Noncurrent Assets:						
Receivables:						
Taxes	-	-	-	-	3,293	5,861
Federal aid	-	-	-	-	-	-
Local units	-	-	-	-	35,059	36,652
Bus and rail lease purchase	-	-	-	-	-	-
Land contracts	-	-	-	-	445	622
Miscellaneous	-	-	-	-	653	834
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,451</u>	<u>43,968</u>
Total Assets	<u>\$ 54,252</u>	<u>\$ 62,749</u>	<u>\$ 80,292</u>	<u>\$ 69,766</u>	<u>\$ 1,322,239</u>	<u>\$ 1,583,676</u>
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants outstanding	\$ -	\$ -	\$ 775	\$ 261	\$ 6,980	\$ 4,033
Accounts payable	1,983	1,846	52,133	38,610	477,741	486,380
Contract reserve payable	-	-	1,685	1,084	4,750	3,959
Amounts due to other funds	-	-	13,043	19,560	42,916	55,945
Deposits, permits and other liabilities	-	-	12,656	10,250	23,499	35,412
Deferred revenue	-	-	-	-	13,623	15,526
Total Current Liabilities	<u>1,983</u>	<u>1,846</u>	<u>80,292</u>	<u>69,766</u>	<u>569,510</u>	<u>601,255</u>
Long-Term Liabilities:						
Deferred revenue	-	-	-	-	4,391	7,317
Advances from other funds	-	-	-	-	-	-
Total Liabilities	<u>1,983</u>	<u>1,846</u>	<u>80,292</u>	<u>69,766</u>	<u>573,901</u>	<u>608,572</u>
Fund Balances:						
Reserved for encumbrances	-	-	-	-	76,896	105,520
Reserved for restricted revenue balances	-	-	-	-	192,528	148,328
Reserved for multi-year projects	-	-	-	-	144,169	270,730
Reserved for Revolving Loan Programs	-	-	-	-	32,459	37,841
Reserved for construction & debt service	-	-	-	-	145,498	116,470
Reserved for noncurrent assets	-	-	-	-	21,707	22,998
Total Reserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>613,256</u>	<u>701,888</u>
Unreserved	<u>52,269</u>	<u>60,903</u>	<u>-</u>	<u>-</u>	<u>135,081</u>	<u>273,216</u>
Total Fund Balances	<u>52,269</u>	<u>60,903</u>	<u>-</u>	<u>-</u>	<u>748,337</u>	<u>975,104</u>
Total Liabilities and Fund Balances	<u>\$ 54,252</u>	<u>\$ 62,749</u>	<u>\$ 80,292</u>	<u>\$ 69,766</u>	<u>\$ 1,322,239</u>	<u>\$ 1,583,676</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS**

FISCAL YEARS ENDED SEPTEMBER 30, 2010 and 2009
(In Thousands)

	MICHIGAN TRANSPORTATION FUND		STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)	
	2010	2009	2010	2009
REVENUES				
Taxes	\$ 1,804,172	\$ 1,803,699	\$ -	\$ -
License and permits	30,366	29,676	5,357	4,654
Federal aid	-	-	934,843	916,841
Local participation	-	-	16,115	16,254
Interest earnings on common cash	349	1,745	1,452	5,583
Services	3,396	3,323	54	17
Non-operating revenue-bridges	-	-	2,928	3,077
Miscellaneous	739	250	25,527	27,908
Total Revenues	<u>1,839,023</u>	<u>1,838,692</u>	<u>986,277</u>	<u>974,335</u>
EXPENDITURES				
Administration and Operations:				
Administration and maintenance	8,436	8,226	465,378	487,098
Bus operating assistance grants	-	-	-	-
Other grants	886,176	886,099	120,765	135,861
Airport development	-	-	-	-
Non-operating expenditures-bridges	-	-	2,777	2,923
Trust fund construction activity	-	-	-	-
Capital lease payments	-	-	171	171
Total Administration and Operations	<u>894,612</u>	<u>894,325</u>	<u>589,092</u>	<u>626,052</u>
Capital Outlay:				
Roads and bridges	-	-	1,066,208	1,026,357
Other capital outlay	-	-	12,884	12,252
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>1,079,091</u>	<u>1,038,609</u>
Total Expenditures	<u>894,612</u>	<u>894,325</u>	<u>1,668,183</u>	<u>1,664,661</u>
Excess of Revenues Over (Under) Expenditures	<u>944,410</u>	<u>944,367</u>	<u>(681,905)</u>	<u>(690,326)</u>
OTHER FINANCING SOURCES				
Michigan transportation fund distribution	-	-	587,438	587,168
Grants and transfers from other funds	1,155	299	222,588	186,705
Capital Lease Acquisitions	-	-	-	-
Proceeds from sale of capital assets	-	-	308	800
Proceeds from bonds and notes issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Total Other Financing Sources	<u>1,155</u>	<u>299</u>	<u>810,334</u>	<u>774,673</u>
OTHER FINANCING USES				
Michigan transportation fund distribution	742,643	742,457	-	-
Grants and transfers to other funds	202,923	202,209	5,563	4,861
Discount on bonds issued	-	-	-	-
Debt service	-	-	216,095	156,481
Total Other Financing Uses	<u>945,566</u>	<u>944,666</u>	<u>221,658</u>	<u>161,341</u>
Excess of Other Financing Sources Over (Under) Other Financing Uses	<u>(944,410)</u>	<u>(944,367)</u>	<u>588,675</u>	<u>613,332</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	-	(93,230)	(76,994)
Fund balances-Beginning of fiscal year	-	-	620,547	697,541
Fund balances-End of fiscal year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>527,317</u>	\$ <u>620,547</u>

BLUE WATER BRIDGE FUND		COMPREHENSIVE TRANSPORTATION FUND		STATE AERONAUTICS FUND		COMBINED TRUNKLINE FUND BOND PROCEEDS FUND	
2010	2009	2010	2009	2010	2009	2010	2009
\$ -	\$ -	\$ 76,778	\$ 82,887	\$ 5,422	\$ 5,692	\$ -	\$ -
-	-	363	323	325	318	-	-
-	-	50,217	33,820	118,528	115,840	58,534	27,076
-	-	-	-	15	44	410	1,135
53	131	85	260	61	207	388	362
-	-	-	-	575	488	-	-
-	-	-	-	-	-	-	-
<u>19,080</u>	<u>12,782</u>	<u>1,755</u>	<u>833</u>	<u>10,111</u>	<u>3,301</u>	<u>448</u>	<u>625</u>
<u>19,133</u>	<u>12,913</u>	<u>129,198</u>	<u>118,124</u>	<u>135,038</u>	<u>125,889</u>	<u>59,781</u>	<u>29,198</u>
2,871	4,893	10,140	8,837	6,643	6,615	459	628
-	-	197,613	184,709	-	-	-	-
-	-	52,293	49,713	-	-	2,074	9,604
-	-	-	-	130,897	121,903	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,871</u>	<u>4,893</u>	<u>260,046</u>	<u>243,259</u>	<u>137,539</u>	<u>128,518</u>	<u>2,533</u>	<u>10,232</u>
895	3,394	-	-	-	-	137,110	120,608
-	-	-	-	139	527	-	-
<u>895</u>	<u>3,394</u>	<u>-</u>	<u>-</u>	<u>139</u>	<u>527</u>	<u>137,110</u>	<u>120,608</u>
<u>3,766</u>	<u>8,287</u>	<u>260,046</u>	<u>243,259</u>	<u>137,679</u>	<u>129,045</u>	<u>139,643</u>	<u>130,841</u>
<u>15,366</u>	<u>4,626</u>	<u>(130,848)</u>	<u>(125,136)</u>	<u>(2,641)</u>	<u>(3,156)</u>	<u>(79,862)</u>	<u>(101,642)</u>
-	-	155,205	155,288	-	-	-	-
-	-	1,743	1,681	6,000	6,000	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,000	281,910
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>156,948</u>	<u>156,970</u>	<u>6,000</u>	<u>6,000</u>	<u>4,000</u>	<u>281,910</u>
-	-	-	-	-	-	-	-
55	56	12,894	94	96	55	58,122	22,783
-	-	-	-	-	-	-	1,914
<u>2,141</u>	<u>1,977</u>	<u>17,085</u>	<u>29,892</u>	<u>3,472</u>	<u>3,431</u>	<u>-</u>	<u>-</u>
<u>2,196</u>	<u>2,033</u>	<u>29,979</u>	<u>29,985</u>	<u>3,568</u>	<u>3,486</u>	<u>58,122</u>	<u>24,697</u>
<u>(2,196)</u>	<u>(2,033)</u>	<u>126,969</u>	<u>126,984</u>	<u>2,432</u>	<u>2,514</u>	<u>(54,122)</u>	<u>257,213</u>
13,171	2,593	(3,880)	1,849	(209)	(642)	(133,984)	155,570
13,995	11,402	66,300	64,451	22,370	23,012	190,989	35,418
<u>\$ 27,166</u>	<u>\$ 13,995</u>	<u>\$ 62,420</u>	<u>\$ 66,300</u>	<u>\$ 22,161</u>	<u>\$ 22,370</u>	<u>\$ 57,004</u>	<u>\$ 190,989</u>

	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND		TRANSPORTATION RELATED TRUST FUND		TOTALS	
	2010	2009	2010	2009	2010	2009
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,886,372	\$ 1,892,277
License and permits	-	-	-	-	36,412	34,970
Federal aid	-	-	368,980	276,845	1,531,103	1,370,423
Local participation	-	-	-	-	16,540	17,434
Interest earnings on common cash	177	585	-	-	2,566	8,874
Services	-	-	-	-	4,025	3,827
Non-operating revenue-bridges	-	-	-	-	2,928	3,077
Miscellaneous	94	1,278	1,937	519	59,692	47,497
Total Revenues	271	1,863	370,918	277,365	3,539,638	3,378,379
EXPENDITURES						
Administration and Operations:						
Administration and maintenance	94	1,270	-	-	494,021	517,566
Bus operating assistance grants	-	-	-	-	197,613	184,709
Other grants	19,448	7,644	-	-	1,080,756	1,088,921
Airport development	1,884	1,909	-	-	132,781	123,812
Non-operating expenditures-bridges	-	-	-	-	2,777	2,923
Trust fund construction activity	-	-	370,918	277,365	370,918	277,365
Capital lease payments	-	-	-	-	171	171
Total Administration and Operations	21,426	10,823	370,918	277,365	2,279,038	2,195,466
Capital Outlay:						
Roads and bridges	-	-	-	-	1,204,213	1,150,359
Other capital outlay	237	364	-	-	13,259	13,143
Total Capital Outlay	237	364	-	-	1,217,473	1,163,502
Total Expenditures	21,663	11,186	370,918	277,365	3,496,510	3,358,968
Excess of Revenues Over (Under) Expenditures	(21,393)	(9,323)	-	-	43,127	19,410
OTHER FINANCING SOURCES						
Michigan transportation fund distribution	-	-	-	-	742,643	742,457
Grants and transfers from other funds and Components	12,758	15,378	-	-	244,245	210,063
Capital Lease Acquisitions	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	308	800
Proceeds from bonds issued	-	-	-	-	4,000	281,910
Premium on bond issues	-	-	-	-	-	-
Total Other Financing Sources	12,758	15,378	-	-	991,195	1,235,229
OTHER FINANCING USES						
Michigan transportation fund distribution	-	-	-	-	742,643	742,457
Grants and transfers to other funds and Components	-	-	-	-	279,653	230,058
Discount on bonds issued	-	-	-	-	-	1,914
Debt service	-	-	-	-	238,793	191,780
Total Other Financing Uses	-	-	-	-	1,261,089	1,166,209
Excess of Other Financing Sources Over (Under) Other Financing Uses	12,758	15,378	-	-	(269,894)	69,021
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(8,634)	6,054	-	-	(226,767)	88,431
Fund balances-Beginning of fiscal year	60,903	54,849	-	-	975,104	886,673
Fund balances-End of fiscal year	\$ 52,269	\$ 60,903	\$ -	\$ -	\$ 748,337	\$ 975,104

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2010
 (In Thousands)

(Statutory/Budgetary Basis)	MICHIGAN TRANSPORTATION FUND			STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes	\$ 1,804,172	\$ 1,804,172	\$ -	\$ -	\$ -	\$ -
License and permits	30,366	30,366	-	5,357	5,357	-
Federal aid	-	-	-	934,843	934,843	-
Local participation	-	-	-	16,115	16,115	-
Interest earnings	349	349	-	1,452	1,452	-
Services	3,396	3,396	-	54	54	-
Non-operating revenue-bridges	-	-	-	2,928	2,928	-
Miscellaneous and Service revenue	739	739	-	25,527	25,527	-
Total Revenues	<u>1,839,023</u>	<u>1,839,023</u>	<u>-</u>	<u>986,277</u>	<u>986,277</u>	<u>-</u>
EXPENDITURES AND ENCUMBRANCES						
Administration	8,632	8,436	196	538,978	482,695	56,283
Bus operating assistance grants	-	-	-	-	-	-
Other grants	891,314	886,176	5,138	126,208	125,967	241
Airport development	-	-	-	-	-	-
Nonoperating expenditure-bridges	-	-	-	2,928	2,777	151
Total Administration and Operations	<u>899,946</u>	<u>894,612</u>	<u>5,334</u>	<u>668,115</u>	<u>611,440</u>	<u>56,675</u>
Roads and bridges	-	-	-	1,080,477	1,080,477	-
Other capital outlay	-	-	-	25,745	14,950	10,795
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,106,222</u>	<u>1,095,428</u>	<u>10,795</u>
Total Expenditures and Encumbrances	<u>899,946</u>	<u>894,612</u>	<u>5,334</u>	<u>1,774,337</u>	<u>1,706,867</u>	<u>67,470</u>
Excess of Revenue Over(Under) Expenditures and Encumbrances	<u>939,076</u>	<u>944,410</u>	<u>5,334</u>	<u>(788,060)</u>	<u>(720,590)</u>	<u>67,470</u>
OTHER FINANCING SOURCES						
Michigan transportation fund distribution	-	-	-	587,438	587,438	-
Grants and transfers from other funds	1,155	1,155	-	222,588	222,588	-
Proceeds of sale of capital assets	-	-	-	308	308	-
Total Financing Sources	<u>1,155</u>	<u>1,155</u>	<u>-</u>	<u>810,334</u>	<u>810,334</u>	<u>-</u>
OTHER FINANCING USES						
Michigan transportation fund distribution	746,465	742,643	3,822	-	-	-
Grants and transfers to other funds	204,526	202,923	1,603	5,697	5,563	134
Discount on bonds issued	-	-	-	-	-	-
Debt service	-	-	-	216,107	216,095	12
Total Financing Uses	<u>950,991</u>	<u>945,566</u>	<u>5,425</u>	<u>221,804</u>	<u>221,658</u>	<u>146</u>
Excess Other Financial Sources Over(Under) Other Financial Uses	<u>(949,836)</u>	<u>(944,410)</u>	<u>5,425</u>	<u>588,529</u>	<u>588,675</u>	<u>146</u>
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses	<u>\$ (10,759)</u>	<u>-</u>	<u>\$ 10,759</u>	<u>\$ (199,531)</u>	<u>(131,915)</u>	<u>\$ 67,616</u>
RECONCILING ITEMS						
Encumbrances at September 30		-			38,685	
Funds not annually budgeted		-			-	
Net Reconciling Items		<u>-</u>			<u>38,685</u>	
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis)		<u>-</u>			<u>(93,230)</u>	
FUND BALANCES (GAAP BASIS)						
Beginning balance		-			620,547	
Ending balances (GAAP Basis)		<u>\$ -</u>			<u>\$ 527,317</u>	

BLUE WATER BRIDGE FUND			COMPREHENSIVE TRANSPORTATION FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 76,778	\$ 76,778	\$ -
-	-	-	363	363	-
-	-	-	50,217	50,217	-
-	-	-	-	-	-
53	53	-	85	85	-
-	-	-	-	-	-
-	-	-	-	-	-
19,080	19,080	-	1,755	1,755	-
<u>19,133</u>	<u>19,133</u>	<u>-</u>	<u>129,198</u>	<u>129,198</u>	<u>-</u>
5,412	2,890	2,522	12,528	10,764	1,763
-	-	-	198,913	198,911	3
-	-	-	85,205	84,094	1,111
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,412</u>	<u>2,890</u>	<u>2,522</u>	<u>296,646</u>	<u>293,769</u>	<u>2,877</u>
943	943	-	-	-	-
-	-	-	-	-	-
<u>943</u>	<u>943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,355</u>	<u>3,833</u>	<u>2,522</u>	<u>296,646</u>	<u>293,769</u>	<u>2,877</u>
<u>12,778</u>	<u>15,299</u>	<u>2,522</u>	<u>(167,448)</u>	<u>(164,571)</u>	<u>2,877</u>
-	-	-	155,205	155,205	-
-	-	-	1,743	1,743	-
-	-	-	-	-	-
-	-	-	<u>156,948</u>	<u>156,948</u>	<u>-</u>
-	-	-	-	-	-
55	55	-	13,000	12,894	106
-	-	-	-	-	-
<u>2,150</u>	<u>2,141</u>	<u>9</u>	<u>29,843</u>	<u>17,085</u>	<u>12,758</u>
<u>2,205</u>	<u>2,196</u>	<u>9</u>	<u>42,843</u>	<u>29,979</u>	<u>12,864</u>
<u>(2,205)</u>	<u>(2,196)</u>	<u>9</u>	<u>114,104</u>	<u>126,969</u>	<u>12,864</u>
\$ <u>10,573</u>	\$ <u>13,104</u>	\$ <u>2,531</u>	\$ <u>(53,343)</u>	\$ <u>(37,602)</u>	\$ <u>15,741</u>
	67			33,722	
	-			-	
	<u>67</u>			<u>33,722</u>	
	<u>13,171</u>			<u>(3,880)</u>	
	<u>13,995</u>			<u>66,300</u>	
\$	<u>27,166</u>		\$	<u>62,420</u>	

(Statutory/Budgetary Basis)	STATE AERONAUTICS FUND			COMBINED TRUNKLINE FUND BOND PROCEEDS FUND
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	
REVENUES				
Taxes	\$ 5,422	\$ 5,422	\$ -	\$ -
License and permits	325	325	-	-
Federal aid	118,528	118,528	-	-
Local participation	15	15	-	-
Interest earnings	61	61	-	-
Services	575	575	-	-
Non-operating revenue-bridges	-	-	-	-
Miscellaneous	10,111	10,111	-	-
Total Revenues	135,038	135,038	-	-
EXPENDITURES AND ENCUMBRANCES				
Administration	8,260	6,651	1,608	-
Bus operating assistance grants	-	-	-	-
Other grants	-	-	-	-
Airport development	136,026	135,160	866	-
Nonoperating expenditure-bridges	-	-	-	-
Total Administration and Operations	144,286	141,812	2,474	-
Roads and bridges	-	-	-	-
Other capital outlay	309	289	20	-
Total Capital Outlay	309	289	20	-
Total Expenditures and Encumbrances	144,595	142,101	2,494	-
Excess of Revenue Over(Under) Expenditures and Encumbrances	(9,557)	(7,063)	2,494	-
OTHER FINANCING SOURCES				
Michigan transportation fund distribution	-	-	-	-
Grants and transfers from other funds and components	6,000	6,000	-	-
Proceeds from sale of capital assets	-	-	-	-
Total Financing Sources	6,000	6,000	-	-
OTHER FINANCING USES				
Michigan transportation fund distribution	-	-	-	-
Grants and transfers to other funds and components	150	96	54	-
Discount on bonds issued	-	-	-	-
Debt service	3,472	3,472	-	-
Total Financing Uses	3,622	3,568	54	-
Excess Other Financial Sources Over(Under) Other Financial Uses	2,378	2,432	54	-
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses	\$ (7,180)	(4,631)	\$ 2,549	-
RECONCILING ITEMS				
Encumbrances at September 30		4,422		-
Funds not annually budgeted		-		(133,984)
Net Reconciling Items		4,422		(133,984)
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis)		(209)		(133,984)
FUND BALANCES (GAAP BASIS)				
Beginning balance		22,370		190,989
Ending balances (GAAP Basis)		\$ 22,161		\$ 57,004

Funds not Annually Budgeted

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUND	TOTALS		
		BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ 1,886,372	\$ 1,886,372	\$ -
-	-	36,412	36,412	-
-	-	1,103,589	1,103,589	-
-	-	16,130	16,130	-
-	-	2,001	2,001	-
-	-	4,025	4,025	-
-	-	2,928	2,928	-
-	-	57,212	57,212	-
-	-	3,108,669	3,108,669	-
-	-	573,810	511,437	62,373
-	-	198,913	198,911	3
-	-	1,102,727	1,096,237	6,490
-	-	136,026	135,160	866
-	-	2,928	2,777	151
-	-	2,014,405	1,944,523	69,882
-	-	1,081,420	1,081,420	-
-	-	26,055	15,240	10,815
-	-	1,107,475	1,096,660	10,815
-	-	3,121,880	3,041,183	80,697
-	-	(13,211)	67,486	80,697
-	-	742,643	742,643	-
-	-	231,486	231,486	-
-	-	308	308	-
-	-	974,437	974,437	-
-	-	746,465	742,643	3,822
-	-	223,428	221,531	1,898
-	-	-	-	-
-	-	251,572	238,793	12,780
-	-	1,221,466	1,202,967	18,499
-	-	(247,029)	(228,530)	18,499
-	-	\$ (260,240)	(161,044)	\$ 99,196
-	-	-	76,896	-
(8,634)	-	-	(142,619)	-
(8,634)	-	-	(65,722)	-
(8,634)	-	-	(226,767)	-
60,903	-	-	975,104	-
\$ 52,269	\$ -	-	\$ 748,337	-

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2009
 (In Thousands)

(Statutory/Budgetary Basis)	MICHIGAN TRANSPORTATION FUND			STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes	\$ 1,803,699	\$ 1,803,699	\$ -	\$ -	\$ -	\$ -
License and permits	29,676	29,676	-	4,654	4,654	-
Federal aid	-	-	-	916,841	916,841	-
Local participation	-	-	-	16,254	16,254	-
Interest earnings	1,745	1,745	-	5,583	5,583	-
Services	3,323	3,323	-	17	17	-
Non-operating revenue-bridges	-	-	-	3,077	3,077	-
Miscellaneous and Service revenue	250	250	-	27,908	27,908	-
Total Revenues	<u>1,838,692</u>	<u>1,838,692</u>	<u>-</u>	<u>974,335</u>	<u>974,335</u>	<u>-</u>
EXPENDITURES AND ENCUMBRANCES						
Administration	8,649	8,226	423	537,700	514,212	23,488
Bus operating assistance grants	-	-	-	-	-	-
Other grants	931,571	886,099	45,472	140,027	139,856	171
Airport development	-	-	-	-	-	-
Nonoperating expenditure-bridges	-	-	-	3,077	2,923	155
Total Administration and Operations	<u>940,220</u>	<u>894,325</u>	<u>45,895</u>	<u>680,804</u>	<u>656,990</u>	<u>23,813</u>
Roads and bridges	-	-	-	1,065,212	1,050,442	14,771
Other capital outlay	-	-	-	19,365	19,143	222
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,084,578</u>	<u>1,069,585</u>	<u>14,993</u>
Total Expenditures and Encumbrances	<u>940,220</u>	<u>894,325</u>	<u>45,895</u>	<u>1,765,382</u>	<u>1,726,575</u>	<u>38,807</u>
Excess of Revenue Over(Under) Expenditures and Encumbrances	898,472	944,367	45,895	(791,047)	(752,240)	38,807
OTHER FINANCING SOURCES						
Michigan transportation fund distribution	-	-	-	587,168	587,168	-
Grants and transfers from other funds	299	299	-	186,705	186,705	-
Proceeds of sale of capital assets	-	-	-	800	800	-
Total Financing Sources	<u>299</u>	<u>299</u>	<u>-</u>	<u>774,673</u>	<u>774,673</u>	<u>-</u>
OTHER FINANCING USES						
Michigan transportation fund distribution	763,688	742,457	21,231	-	-	-
Grants and transfers to other funds	205,195	202,209	2,986	5,044	4,861	183
Discount on bonds issued	-	-	-	-	-	-
Debt service	-	-	-	156,481	156,481	-
Total Financing Uses	<u>968,883</u>	<u>944,666</u>	<u>24,218</u>	<u>161,525</u>	<u>161,341</u>	<u>183</u>
Excess Other Financial Sources Over(Under) Other Financial Uses	(968,585)	(944,367)	24,218	613,149	613,332	183
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses	<u>\$ (70,113)</u>	<u>-</u>	<u>\$ 70,113</u>	<u>\$ (177,898)</u>	<u>(138,908)</u>	<u>\$ 38,990</u>
RECONCILING ITEMS						
Encumbrances at September 30		-			61,914	
Funds not annually budgeted		-			-	
Net Reconciling Items		<u>-</u>			<u>61,914</u>	
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis)		<u>-</u>			<u>(76,994)</u>	
FUND BALANCES (GAAP BASIS)						
Beginning balance		-			697,541	
Ending balances (GAAP Basis)		<u>\$ -</u>			<u>\$ 620,547</u>	

BLUE WATER BRIDGE FUND			COMPREHENSIVE TRANSPORTATION FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 82,887	\$ 82,887	\$ -
-	-	-	323	323	-
-	-	-	33,820	33,820	-
-	-	-	-	-	-
131	131	-	260	260	-
-	-	-	-	-	-
-	-	-	-	-	-
12,782	12,782	-	833	833	-
12,913	12,913	-	118,124	118,124	-
5,846	4,933	913	11,570	10,473	1,097
-	-	-	185,853	185,745	109
-	-	-	86,643	84,094	2,549
-	-	-	-	-	-
-	-	-	-	-	-
5,846	4,933	913	284,065	280,311	3,754
7,148	3,474	3,675	-	-	-
-	-	-	-	-	-
7,148	3,474	3,675	-	-	-
12,995	8,407	4,588	284,065	280,311	3,754
(82)	4,506	4,588	(165,942)	(162,188)	3,754
-	-	-	155,288	155,288	-
-	-	-	1,681	1,681	-
-	-	-	-	-	-
-	-	-	156,970	156,970	-
-	-	-	-	-	-
56	56	-	95	94	1
-	-	-	-	-	-
1,977	1,977	-	29,892	29,892	-
2,033	2,033	-	29,987	29,985	1
(2,033)	(2,033)	-	126,983	126,984	1
\$ (2,115)	2,473	\$ 4,588	\$ (38,959)	(35,203)	\$ 3,756
	120			37,052	
	-			-	
	120			37,052	
	2,593			1,849	
	11,402			64,451	
\$	<u>13,995</u>		\$	<u>66,300</u>	

(Statutory/Budgetary Basis)	STATE AERONAUTICS FUND			COMBINED TRUNKLINE FUND BOND PROCEEDS FUND
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	
REVENUES				
Taxes	\$ 5,692	\$ 5,692	\$ -	\$ -
License and permits	318	318	-	-
Federal aid	115,840	115,840	-	-
Local participation	44	44	-	-
Interest earnings	207	207	-	-
Services	488	488	-	-
Non-operating revenue-bridges	-	-	-	-
Miscellaneous and Service revenue	3,301	3,301	-	-
Total Revenues	125,889	125,889	-	-
EXPENDITURES AND ENCUMBRANCES				
Administration	8,219	6,639	1,580	-
Bus operating assistance grants	-	-	-	-
Other grants	-	-	-	-
Airport development	130,800	128,159	2,642	-
Nonoperating expenditure-bridges	-	-	-	-
Total Administration and Operations	139,020	134,798	4,222	-
Roads and bridges	-	-	-	-
Other capital outlay	682	682	-	-
Total Capital Outlay	682	682	-	-
Total Expenditures and Encumbrances	139,702	135,480	4,222	-
Excess of Revenue Over(Under) Expenditures and Encumbrances	(13,812)	(9,590)	4,222	-
OTHER FINANCING SOURCES				
Michigan transportation fund distribution	-	-	-	-
Grants and transfers from other funds and components	6,000	6,000	-	-
Proceeds from sale of capital assets	-	-	-	-
Total Financing Sources	6,000	6,000	-	-
OTHER FINANCING USES				
Michigan transportation fund distribution	-	-	-	-
Grants and transfers to other funds and components	56	55	1	-
Discount on bonds issued	-	-	-	-
Debt service	3,431	3,431	-	-
Total Financing Uses	3,487	3,486	1	-
Excess Other Financial Sources Over(Under) Other Financial Uses	2,513	2,514	1	-
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses	\$ (11,299)	(7,076)	\$ 4,223	-
RECONCILING ITEMS				
Encumbrances at September 30		6,434		-
Funds not annually budgeted		-		155,570
Net Reconciling Items		6,434		155,570
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis)		(642)		155,570
FUND BALANCES (GAAP BASIS)				
Beginning balance		23,012		35,418
Ending balances (GAAP Basis)		\$ 22,370		\$ 190,989

Funds not Annually Budgeted

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUND	TOTALS		
		BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ 1,892,277	\$ 1,892,277	\$ -
-	-	34,970	34,970	-
-	-	1,066,501	1,066,501	-
-	-	16,299	16,299	-
-	-	7,926	7,926	-
-	-	3,827	3,827	-
-	-	3,077	3,077	-
-	-	45,074	45,074	-
-	-	3,069,952	3,069,952	-
-	-	571,984	544,483	27,501
-	-	185,853	185,745	109
-	-	1,158,240	1,110,048	48,192
-	-	130,800	128,159	2,642
-	-	3,077	2,923	155
-	-	2,049,955	1,971,357	78,598
-	-	1,072,361	1,053,915	18,446
-	-	20,047	19,825	222
-	-	1,092,408	1,073,740	18,668
-	-	3,142,363	3,045,097	97,266
-	-	(72,411)	24,855	97,266
-	-	742,457	742,457	-
-	-	194,685	194,685	-
-	-	800	800	-
-	-	937,942	937,942	-
-	-	763,688	742,457	21,231
-	-	210,446	207,274	3,172
-	-	-	-	-
-	-	191,781	191,780	-
-	-	1,165,915	1,141,511	24,403
-	-	(227,973)	(203,569)	24,403
-	-	\$ (300,384)	(178,715)	\$ 121,669
-	-	-	105,520	-
6,054	-	-	161,625	-
6,054	-	-	267,145	-
6,054	-	-	88,431	-
54,849	-	-	886,673	-
\$ 60,903	\$ -	\$ -	\$ 975,104	\$ -

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF DEBT SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND

This fund was established pursuant to Public Act 51 of 1951, as amended, to account for debt service on all State Trunkline Fund related bond issues. The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund. Debt service requirements are funded by annual appropriations in the State Trunkline Fund.

COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND

This fund was established pursuant to Public Act 51 of 1951, as amended, to account for debt service on all Comprehensive Transportation Fund related bond issues. The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for comprehensive transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the Comprehensive Transportation Fund. Debt service requirements are funded by annual appropriations in the Comprehensive Transportation Fund.



FINANCIAL SCHEDULES

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUNDS
LAST TEN YEARS
 SEPTEMBER 30, 2010
 (In Thousands)

	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>
REVENUES AND OTHER SOURCES:				
Michigan Transportation Fund	\$ 1,913,540	\$ 1,974,234	\$ 2,000,406	\$ 2,064,583
State Trunkline Fund				
Economic Development	113,111	114,264	111,868	106,607
Road and Bridge Program	1,439,365	1,367,935	1,317,848	1,429,449
Blue Water Bridge Fund	12,493	11,478	12,254	13,989
Comprehensive Transportation Fund	270,656	270,695	273,277	267,928
Aeronautics Fund	133,811	155,619	122,359	144,580
Transportation Related Trust Fund	244,625	277,726	281,796	266,271
1989 State Trunkline Bond Proceeds Fund	112	41	719	152
1992 State Trunkline Bond Proceeds Fund	11,914	5,087	2,168	2,419
1992 State Trunkline Critical Bridge Bond Proceeds Fund	13	2	-	-
1992 Comprehensive Transportation Bond Proceeds Fund	609	104	15	-
1994 State Trunkline Bond Proceeds Fund	3,110	486	918	71
1996 State Trunkline Bond Proceeds Fund	3	154	-	-
2001 Build Michigan III Bond Proceeds Fund	330,576	49,090	14,684	27,691
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds Fund	410,848	218,262	13,040	9,477
2002 & 2003 Comprehensive Transportation Bond Proceeds Fund	-	89,179	37,641	1,164
2004 State Trunkline Bond Proceeds Fund	-	-	-	201,896
Economic Stimulus Bonds	-	-	-	-
Jobs Today Bond Proceeds Fund	-	-	-	-
TOTAL REVENUES AND OTHER SOURCES	\$ <u>4,884,786</u>	\$ <u>4,534,356</u>	\$ <u>4,188,993</u>	\$ <u>4,536,277</u>
EXPENDITURES AND OTHER USES:				
Michigan Transportation Fund	\$ 1,913,540	\$ 1,974,234	\$ 2,000,406	\$ 2,064,583
State Trunkline Fund				
Economic Development	108,988	109,955	102,399	121,527
Traditional Program	1,385,715	1,277,342	1,286,783	1,288,226
Blue Water Bridge Fund	12,482	10,326	8,869	7,421
Comprehensive Transportation Fund	281,121	288,324	262,820	283,459
Aeronautics Fund	131,899	159,609	117,691	138,712
Transportation Related Trust Fund	244,625	277,726	281,796	266,271
1989 State Trunkline Bond Proceeds Fund	132	314	625	1,271
1992 State Trunkline Bond Proceeds Fund	12,667	5,970	2,194	5,495
1992 State Trunkline Critical Bridge Bond Proceeds Fund	1	262	-	-
1992 Comprehensive Transportation Bond Proceeds Fund	5,176	5,474	1,773	-
1994 State Trunkline Bond Proceeds Fund	3,688	520	1,164	3,997
1996 State Trunkline Bond Proceeds Fund	(74)	-	-	-
2001 Build Michigan III Bond Proceeds Fund	75,734	113,740	76,606	51,124
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds Fund	164,805	259,282	169,588	58,497
2002 & 2003 Comprehensive Transportation Bond Proceeds Fund	-	671	21,340	23,201
2004 State Trunkline Bond Proceeds Fund	-	-	-	63,416
Economic Stimulus Bonds	-	-	-	-
Jobs Today Bond Proceeds Fund	-	-	-	-
TOTAL EXPENDITURES AND OTHER USES	\$ <u>4,340,498</u>	\$ <u>4,483,749</u>	\$ <u>4,334,054</u>	\$ <u>4,377,200</u>

<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>
\$ 1,976,798	\$ 1,967,920	\$ 1,943,436	\$ 1,889,569	\$ 1,838,990	\$ 1,840,178
118,205	98,526	95,899	71,997	76,031	77,173
1,612,110	1,588,113	1,668,203	1,518,646	1,672,977	1,719,438
15,081	14,758	14,225	15,959	12,913	19,133
252,284	260,424	262,128	277,606	275,093	286,146
164,574	135,989	134,785	124,725	131,889	141,038
239,403	174,024	205,607	292,120	277,365	370,918
891	49	41	-	-	-
947	85	194	3,624	4	330
-	-	-	-	-	-
-	-	-	-	-	-
374	20	111	4	1	(4)
-	-	-	-	-	-
11,765	7,019	3,857	1,224	1,396	684
67,623	93,546	53,841	32,191	(2)	9
2,531	40,425	5,855	2,586	17,241	13,029
6,152	269,072	10,402	77,806	4,614	60
-	-	-	-	150,174	4,295
-	73	501,507	25,863	154,922	58,407
<u>\$ 4,468,738</u>	<u>\$ 4,650,043</u>	<u>\$ 4,900,091</u>	<u>\$ 4,333,920</u>	<u>\$ 4,613,608</u>	<u>\$ 4,530,834</u>

\$ 1,976,798	\$ 1,967,920	\$ 1,943,436	\$ 1,889,569	\$ 1,838,990	\$ 1,840,178
113,014	90,141	85,342	75,250	78,341	71,563
1,572,956	1,618,331	1,540,590	1,702,452	1,747,662	1,818,278
7,709	13,870	10,145	12,815	10,320	5,962
253,451	254,045	261,237	270,758	273,245	290,025
166,954	135,473	135,402	123,681	132,531	141,247
239,403	174,024	205,607	292,120	277,365	370,918
635	14	1,089	-	-	-
880	6,078	196	2,087	(10)	488
-	-	-	-	-	-
-	-	-	-	-	-
411	(520)	439	5	1	2
-	-	-	-	-	-
56,489	13,663	28,249	11,992	18,936	30
66,207	94,827	53,781	32,163	29	-
16,205	19,900	27,413	15,805	11,186	21,663
115,184	132,305	159,271	66,624	18,914	3,176
-	-	-	-	8,303	114,089
-	83,336	222,486	234,404	109,365	79,981
<u>\$ 4,586,296</u>	<u>\$ 4,603,407</u>	<u>\$ 4,674,683</u>	<u>\$ 4,729,725</u>	<u>\$ 4,525,178</u>	<u>\$ 4,757,600</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
ECONOMIC DEVELOPMENT FUND
 FISCAL YEARS ENDED SEPTEMBER 30, 2010 and 2009
 (In Thousands)

	2010	2009
REVENUES AND OTHER SOURCES		
Licenses and permits	\$ 312	\$ 898
Federal aid	26,504	33,072
Local participation	863	193
Interest earnings	409	1,456
Michigan Transportation Fund distribution	40,275	40,275
Miscellaneous	916	136
Operating Transfers In	-	-
	69,280	76,031
EXPENDITURES AND OTHER USES		
Administration	450	474
Forest roads	5,000	5,040
Target industries-state takeovers	12,306	20,690
Rural county urban system	2,543	2,978
Urban county congestion	11,359	8,036
Rural county primary	22,369	26,674
Debt service	9,210	14,450
	63,237	78,341
Total Expenditures and Other Uses		
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	6,043	(2,309)
Fund Balances-Beginning of fiscal year	105,559	107,869
Fund Balances-End of fiscal year	\$ 111,602	\$ 105,559

The Economic Development Fund was created as a subfund of the State Trunkline Fund during FY 1988. The amounts shown above have been reported as part of the State Trunkline Fund in previous schedules of this report. This supplementary schedule was prepared to provide additional information pertaining specifically to the Economic Development Fund.

License and permit revenue was reduced in FY 2008 because of a \$13 million transfer to the State's General fund that was required by P.A. 346 of 2008 and P.A. 364 of 2008. License and permit revenue was reduced in FY 2009 because of a \$18 million transfer to the State's General fund that was required by P.A. 137 of 2009 and P.A. 136 of 2009.

MICHIGAN DEPARTMENT OF TRANSPORTATION
CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS
BY FUNCTIONAL ACTIVITY
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	<u>Totals</u>	<u>Preliminary Engineering</u>	<u>Right-of-Way</u>
STATE TRUNKLINE FUND			
Road and Bridges	\$ 1,096,308	\$ 107,776	\$ 25,165
Economic Development Fund	61,286	212	1,731
Work Orders	<u>9,504</u>	<u>-</u>	<u>-</u>
Sub-Total	<u>1,167,097</u>	<u>107,988</u>	<u>26,896</u>
BLUE WATER BRIDGE FUND			
	<u>895</u>	<u>149</u>	<u>82</u>
Sub-Total	<u>895</u>	<u>149</u>	<u>82</u>
AERONAUTICS FUND			
Airport Development	117,369	17,903	8,145
Work Orders	<u>57</u>	<u>-</u>	<u>-</u>
Sub-Total	<u>117,426</u>	<u>17,903</u>	<u>8,145</u>
COMPREHENSIVE TRANS FUND			
Rail Freight	1,454	-	-
Bus Transit	45,895	-	-
Intercity Bus, Rail, Water	<u>1,328</u>	<u>-</u>	<u>-</u>
Sub-Total	<u>48,677</u>	<u>-</u>	<u>-</u>
BOND FUNDS			
State Trunkline Fund	139,184	849	270
Comprehensive Trans Fund	18,044	282	-
Aeronautics Fund	<u>1,884</u>	<u>(138)</u>	<u>822</u>
Sub-Total	<u>159,113</u>	<u>993</u>	<u>1,092</u>
Total Capital Acquisitions	<u>\$ 1,493,208</u>	<u>\$ 127,033</u>	<u>\$ 36,214</u>

<u>Utility Relocation</u>	<u>Physical Construction</u>	<u>Construction Supervision</u>	<u>Other Activities</u>
\$ 1,640	\$ 874,006	\$ 81,845	\$ -
-	52,125	1,725	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,640	926,131	83,570	20,872
<u>-</u>	<u>609</u>	<u>55</u>	<u>-</u>
<u>-</u>	<u>609</u>	<u>55</u>	<u>-</u>
-	85,257	6,064	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>57</u>
<u>-</u>	<u>85,257</u>	<u>6,064</u>	<u>57</u>
-	-	-	1,454
-	-	-	45,895
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,328</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>48,677</u>
-	128,543	9,477	45
-	13,987	-	3,775
<u>-</u>	<u>1,235</u>	<u>(39)</u>	<u>5</u>
<u>-</u>	<u>143,765</u>	<u>9,437</u>	<u>3,826</u>
\$ <u><u>1,640</u></u>	\$ <u><u>1,155,763</u></u>	\$ <u><u>99,127</u></u>	\$ <u><u>73,431</u></u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS
BY FUNCTIONAL ACTIVITY
FISCAL YEAR ENDED SEPTEMBER 30, 2009
(In Thousands)

	<u>Totals</u>	<u>Preliminary Engineering</u>	<u>Right-of-Way</u>
STATE TRUNKLINE FUND			
Roads and bridges	\$ 1,063,366	\$ 116,369	\$ 43,850
Economic development fund	69,654	241	2,126
Work orders - state facilities	<u>8,450</u>	<u>-</u>	<u>-</u>
Subtotal	<u>1,141,470</u>	<u>116,611</u>	<u>45,976</u>
BLUE WATER BRIDGE FUND			
	<u>3,394</u>	<u>288</u>	<u>123</u>
Subtotal	<u>3,394</u>	<u>288</u>	<u>123</u>
STATE AERONAUTICS AND GENERAL FUNDS			
Airport development	126,042	14,470	12,504
Work orders - state facilities	<u>16</u>	<u>-</u>	<u>-</u>
Subtotal	<u>126,058</u>	<u>14,470</u>	<u>12,504</u>
COMPREHENSIVE TRANSPORTATION FUND			
Rail freight	3,692	-	-
Bus transit	25,822	-	-
Intercity bus, rail, water	<u>4,350</u>	<u>-</u>	<u>-</u>
Subtotal	<u>33,864</u>	<u>-</u>	<u>-</u>
BOND PROCEEDS FUNDS			
State Trunkline Fund	155,538	1,130	4,385
Comprehensive Transportation Fund	5,500	197	-
Aeronautics Fund	<u>3,131</u>	<u>886</u>	<u>599</u>
Subtotal	<u>164,170</u>	<u>2,213</u>	<u>4,985</u>
Total Capital Acquisitions	<u>\$ 1,468,955</u>	<u>\$ 133,581</u>	<u>\$ 63,587</u>

<u>Utility Relocation</u>	<u>Physical Construction</u>	<u>Construction Supervision</u>	<u>Other Activities</u>
\$ 1,662	\$ 823,265	\$ 74,685	\$ 3,535
-	61,224	1,061	5,001
-	-	-	8,450
<u>1,662</u>	<u>884,489</u>	<u>75,746</u>	<u>16,987</u>
-	2,482	501	-
-	2,482	501	-
-	90,422	8,647	-
-	-	-	16
-	90,422	8,647	16
-	-	-	3,692
-	-	-	25,822
-	-	-	4,350
-	-	-	33,864
-	111,104	11,744	27,174
-	2,953	-	2,351
-	1,141	32	473
-	115,198	11,776	29,998
<u>\$ 1,662</u>	<u>\$ 1,092,591</u>	<u>\$ 96,670</u>	<u>\$ 80,865</u>

Michigan Department of Transportation
 Schedule of Expenditures of Federal Awards
 Fiscal Year Ended September 30, 2010

Grantor Agency/ Assistance Program Title	Federal	CFDA* Program Number	Pass Through Entity	Pass- Through Entity Identification Number	Directly Expended by Department	Distributed to Subrecipients	Total Expended and Distributed
<u>U.S. Department of Transportation</u>							
Highway Planning and Construction Cluster							
Direct Programs:							
Highway Planning and Construction - ARRA		20.205			523,878	7,905	531,782
Highway Planning and Construction (Notes 1 and 2)		20.205			780,554	40,640	821,194
Total Highway Planning and Construction Cluster					1,304,431	48,545	1,352,976
Federal Transit Cluster							
Direct Programs:							
Federal Transit: Capital Investment Grants		20.500			694	10,779	11,473
Federal Transit: Formula Grants - ARRA		20.507				208	208
Total Federal Transit Cluster					694	10,987	11,680
Transit Services Programs Cluster							
Direct Programs:							
Capital Assistance Program for Elderly Persons and Persons with Disabilities		20.513				3,678	3,678
Job Access - Reverse Commute Program		20.516				2,002	2,002
New Freedom Program		20.521				929	929
Total Transit Services Programs Cluster						6,608	6,608
Direct Programs:							
Airport Improvement Program - ARRA		20.106			1		1
Airport Improvement Program (Note 3)		20.106			33,907	37	33,944
High Speed Ground Transportation: Next Generation High Speed Rail Program		20.312			693		693
High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants - ARRA		20.319				20	20
Metropolitan Transportation Planning		20.505				2,528	2,528
Formula Grants for Other Than Urbanized Areas - ARRA		20.509			56	12,109	12,165
Formula Grants for Other Than Urbanized Areas		20.509			1,795	16,869	18,664
State Planning and Research		20.515			28	323	351
Paul S. Sarbanes Transit in the Parks		20.520				121	121
Total Direct Programs					36,480	32,006	68,486
Total U.S. Department of Transportation					1,341,605	98,146	1,439,751
U.S. Department of Commerce							
Direct Program:							
Geodetic Surveys and Services		11.400					
Total U.S. Department of Commerce							
U.S. Department of Homeland Security							
Direct Program:							
Port Security Grant Program		97.056			602		602
Total U.S. Department of Homeland Security					602		602
Total Expenditures of Federal Awards					1,342,206	98,146	1,440,352

*CFDA is defined as Catalog of Federal Domestic Assistance.

Michigan Department of Transportation
Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2009
(in Thousands)

Grantor Agency/ Federal Assistance Program Title (1)	CFDA* Program Number (2)	Pass Through Entity (3)	Pass- Through Entity Identification Number (4)	Directly Expended by Department 2009 (5)	Distributed To Sub-Recipients 2009 (6)	Total Expended and Distributed 2009 (7)
Federal Highway Administration:						
Highway Planning and Construction - ARRA	20.205			122,578	2,350	124,928
Highway Planning and Construction	20.205			1,053,578	44,267	1,097,845
Total Federal Highway Administration				1,176,156	46,617	1,222,773
National Oceanic & Atmospheric Admin.:						
Geodetic Surveys and Services	11.400			59	-	59
Total National Oceanic & Atmospheric Admin.				59	-	59
Department of Homeland Security:						
State Domestic Preparedness Equipment Support Program	97.004			1,538	-	1,538
Total Department of Homeland Security				1,538	-	1,538
Federal Aviation Administration:						
Airport Improvement Program - ARRA	20.106			2,441	-	2,441
Airport Improvement Program	20.106			85,401	-	85,401
Total Federal Aviation Administration				87,841	-	87,841
Federal Railroad Administration:						
Next Generation High Speed Rail Program	20.312			871	-	871
Total Federal Railroad Administration				871	-	871
Federal Transit Administration:						
Section 5309 - Capital Investment Grants	20.500			29	6,955	6,984
Section 5311 - Formula Grants for Other Than Urbanized Areas/Operating	20.509			843	1,676	2,519
Section 5311 - Formula Grants for Other Than Urbanized Areas/Capital - ARRA	20.509			-	68	68
Section 5311 - Formula Grants for Other Than Urbanized Areas/Capital	20.509			909	13,580	14,489
Section 5303 - Metropolitan Planning Grants	20.505			-	2,579	2,579
Section 5310 - Elderly and Persons with Disabilities Program	20.513			-	5,775	5,775
Sections 5313(b) and 5304 - State Planning and Research Program	20.515			141	403	544
Section 5316 - Job Access and Reverse Commute Program	20.516			3	1,844	1,848
Section 5317 - New Freedom Program	20.521			-	725	725
Total Federal Transit Administration				1,925	33,606	35,531
DEPARTMENT TOTAL				1,268,390	80,223	1,348,613

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009

1. MDOT refinanced the outstanding GARVEE Notes into long-term State Trunkline Fund (STF) funded bonds. The debt service on the original GARVEE Notes was to be paid with the conversion of Advanced Construction (A/C) projects. As a result a large balance of GARVEE A/C projects existed which would not be needed for debt service. MDOT converted these projects earlier than scheduled and receipted in the federal revenue. This \$3,652,798 and \$4,691 of revenue was recorded as STF revenue during fiscal year 2010 and 2009, respectively. No expenditures in MAIN related to this conversion are reflected in the Federal funds so a reconciling item is necessary for the Schedule of Expenditures of Federal Awards (SEFA).

2. The State Infrastructure Bank (SIB) program was enacted by the U.S. Congress in 1995 as part of the U.S. Department of Transportation's continuing effort to increase infrastructure investment in the transportation sector. A SIB is an investment fund at the state or multi-state level with the ability to make loans to public and private entities to carry out highway construction or transit capital projects. The Federal Highway Administration (FHWA) deposited a percentage of funds apportioned to the State of Michigan in fiscal years 1998 – 2005 in an MDOT account strictly used for SIB activity. A state match equal to 25% of the federal deposit was required. These monies along with interest earnings are to remain in the SIB account and be used for purposes included in the cooperative agreement between the FHWA, Federal Transit Administration (FTA) and MDOT. At the end of fiscal years 2010 and 2009, the total amount of federal, state and interest earnings equal \$22,490,007 and \$22,193,206, respectively.

Five loans were granted in fiscal year 2010 totaling \$3,935,244. Four loans were granted in fiscal year 2009 totaling \$2,825,320.

3. Federal expenditures to primary airports in the amounts \$75,081,137 and \$81,032,597 for fiscal years 2010 and 2009, respectively, are not included in the SEFA report under the Airport Improvement Program (CFDA 20.106). MDOT is channeling the Federal Aviation Administration (FAA) funds to the primary airports, per P.A. 345 of 1945. The FAA determined that MDOT has no oversight responsibility for grants to primary airports. Primary airport expenditures will not be reported in the SEFA because compliance with federal regulations is the responsibility of the primary airport and not MDOT. Primary airports had expenditures of American Recovery and Reinvestment Act (ARRA) grants totaling \$15,730,828 and \$10,205,079 for fiscal years 2010 and 2009, respectively.



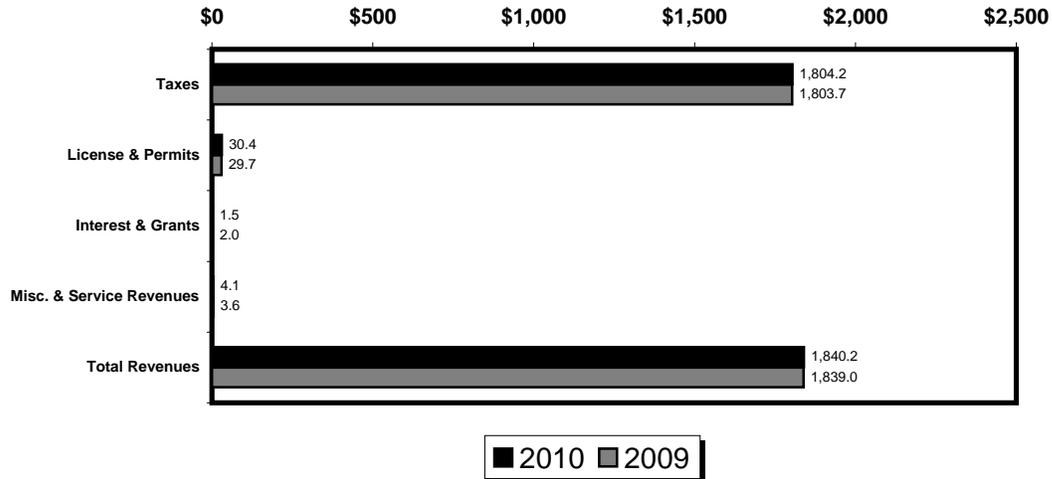
GRAPHIC PRESENTATIONS

MICHIGAN DEPARTMENT OF TRANSPORTATION MICHIGAN TRANSPORTATION FUND GRAPHICS

FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009

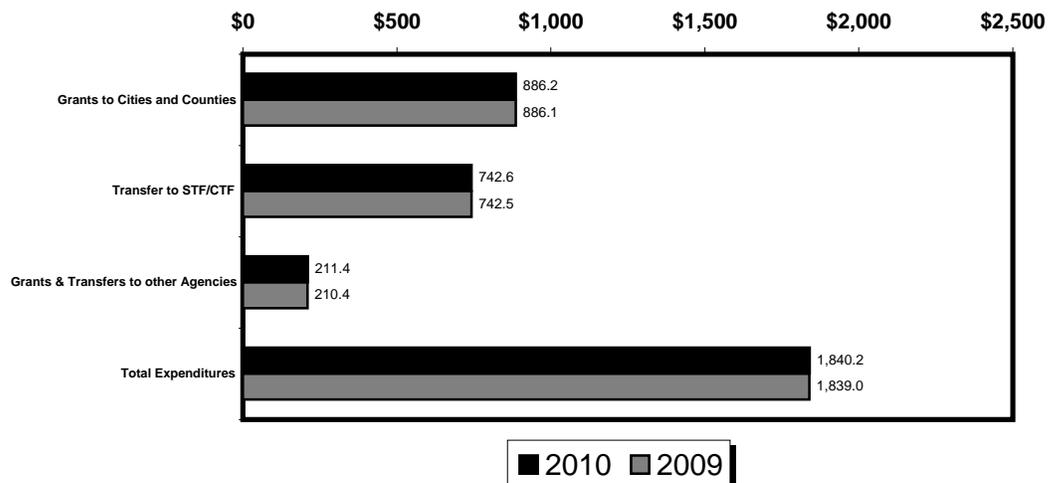
REVENUES AND OTHER SOURCES

In Millions



EXPENDITURES AND OTHER USES

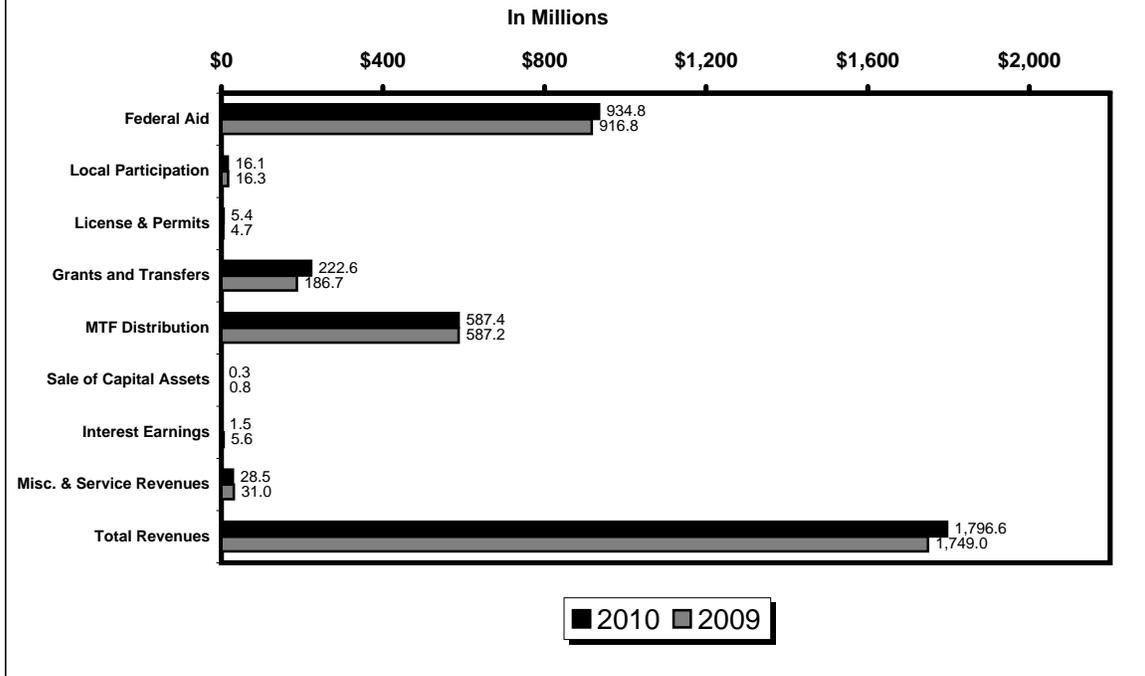
In Millions



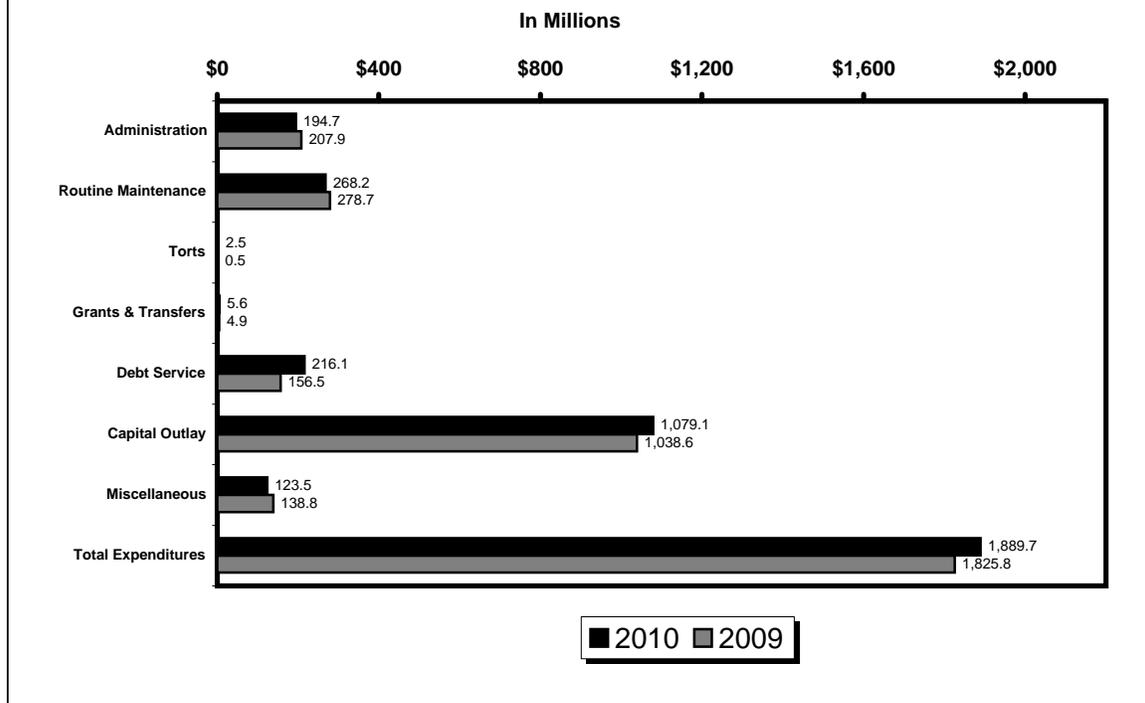
MICHIGAN DEPARTMENT OF TRANSPORTATION STATE TRUNKLINE FUND GRAPHICS

Includes Economic Development Fund
FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009

REVENUES AND OTHER SOURCES



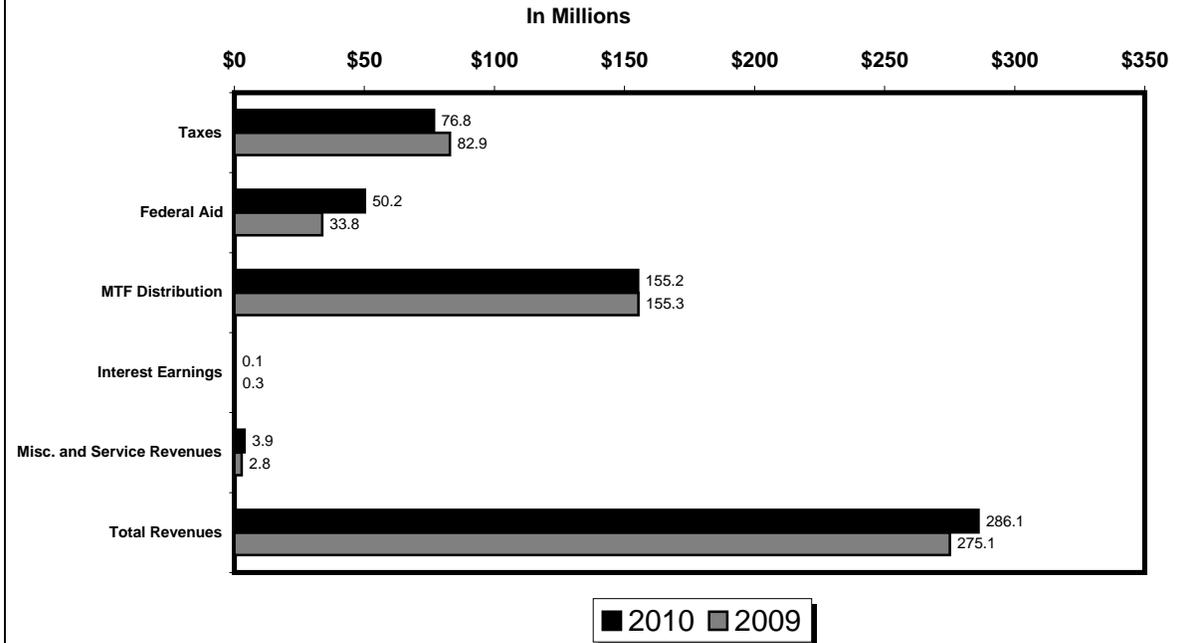
EXPENDITURES AND OTHER USES



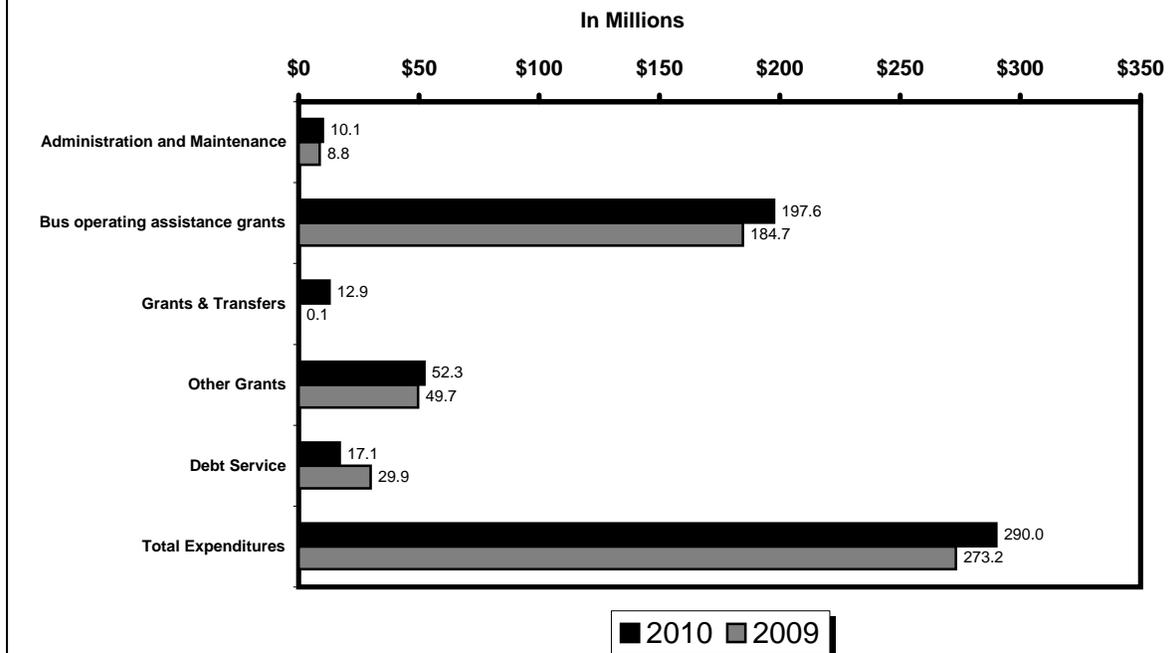
MICHIGAN DEPARTMENT OF TRANSPORTATION COMPREHENSIVE TRANSPORTATION FUND GRAPHICS

FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009

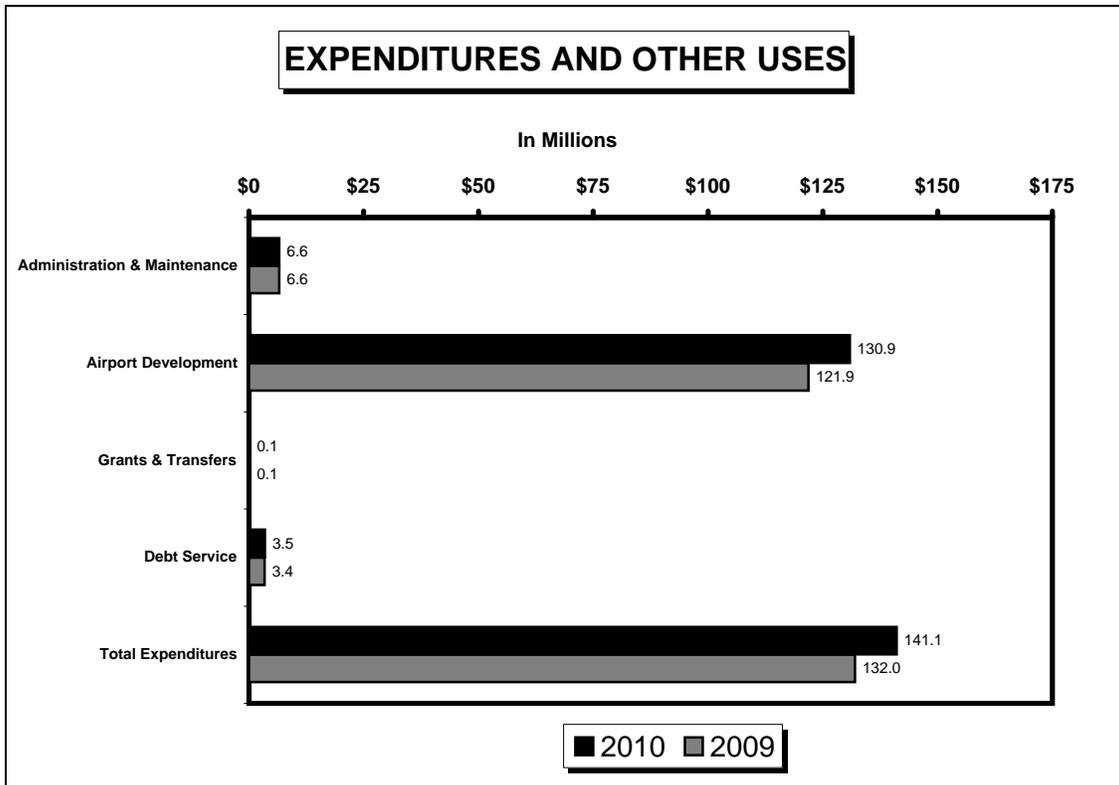
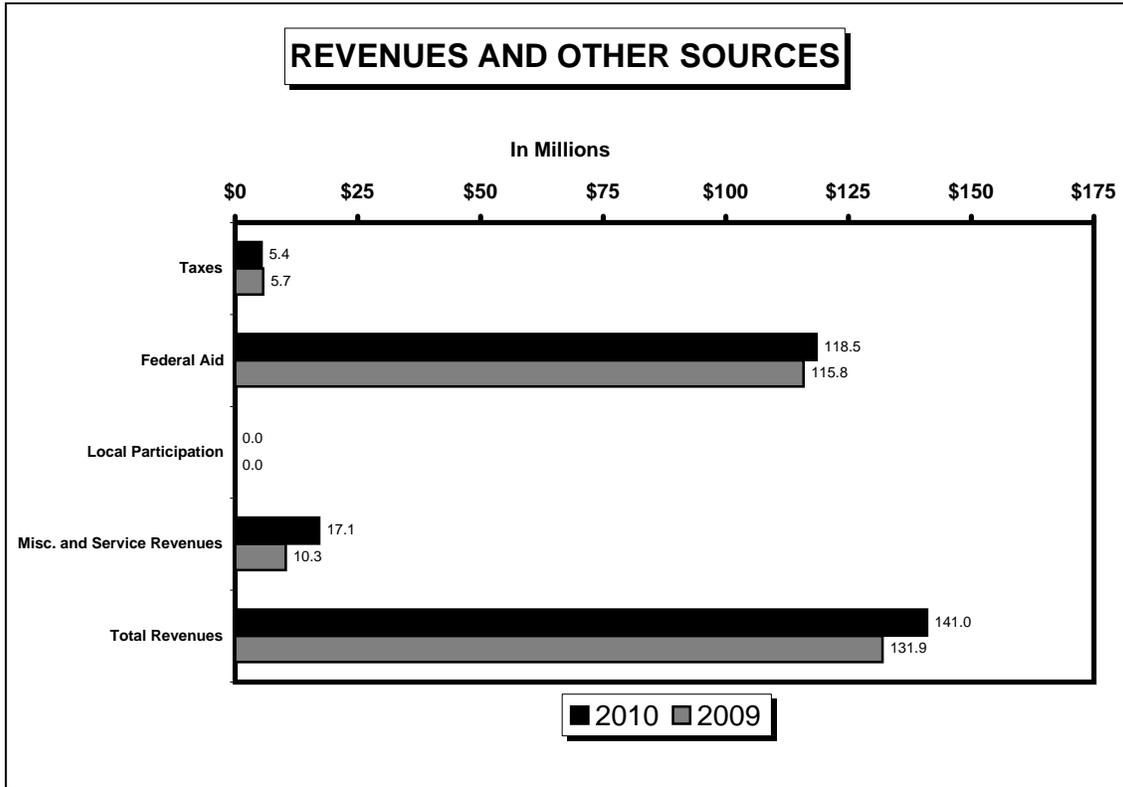
REVENUES AND OTHER SOURCES



EXPENDITURES AND OTHER USES

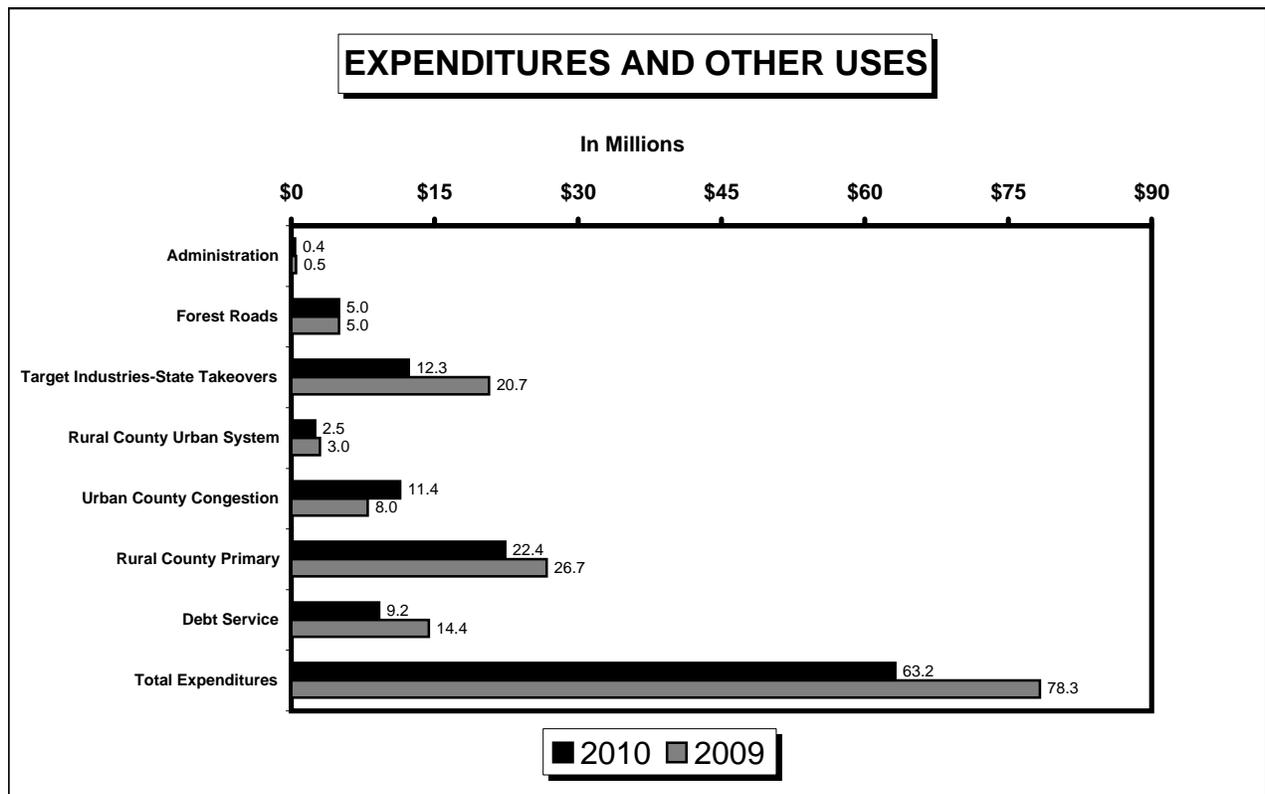
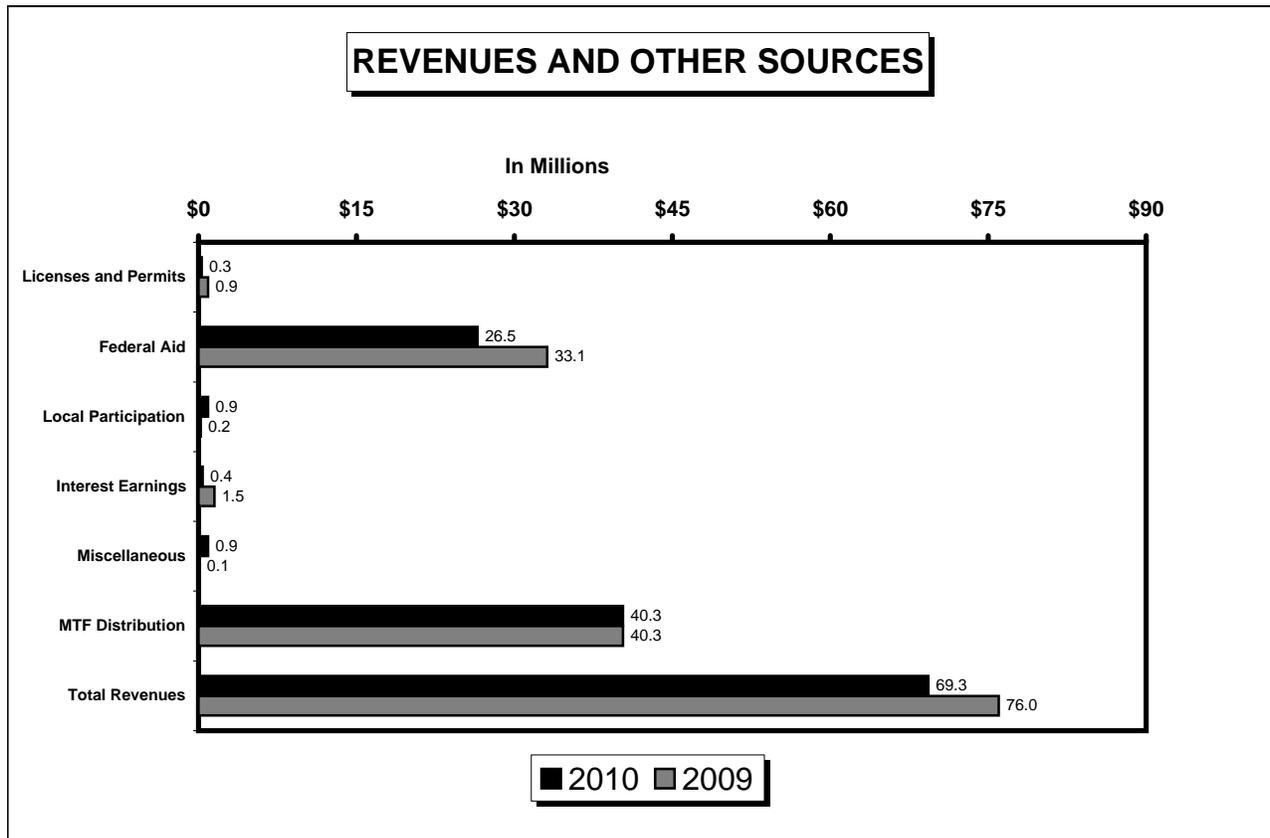


MICHIGAN DEPARTMENT OF TRANSPORTATION
STATE AERONAUTICS FUND GRAPHICS
 FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009

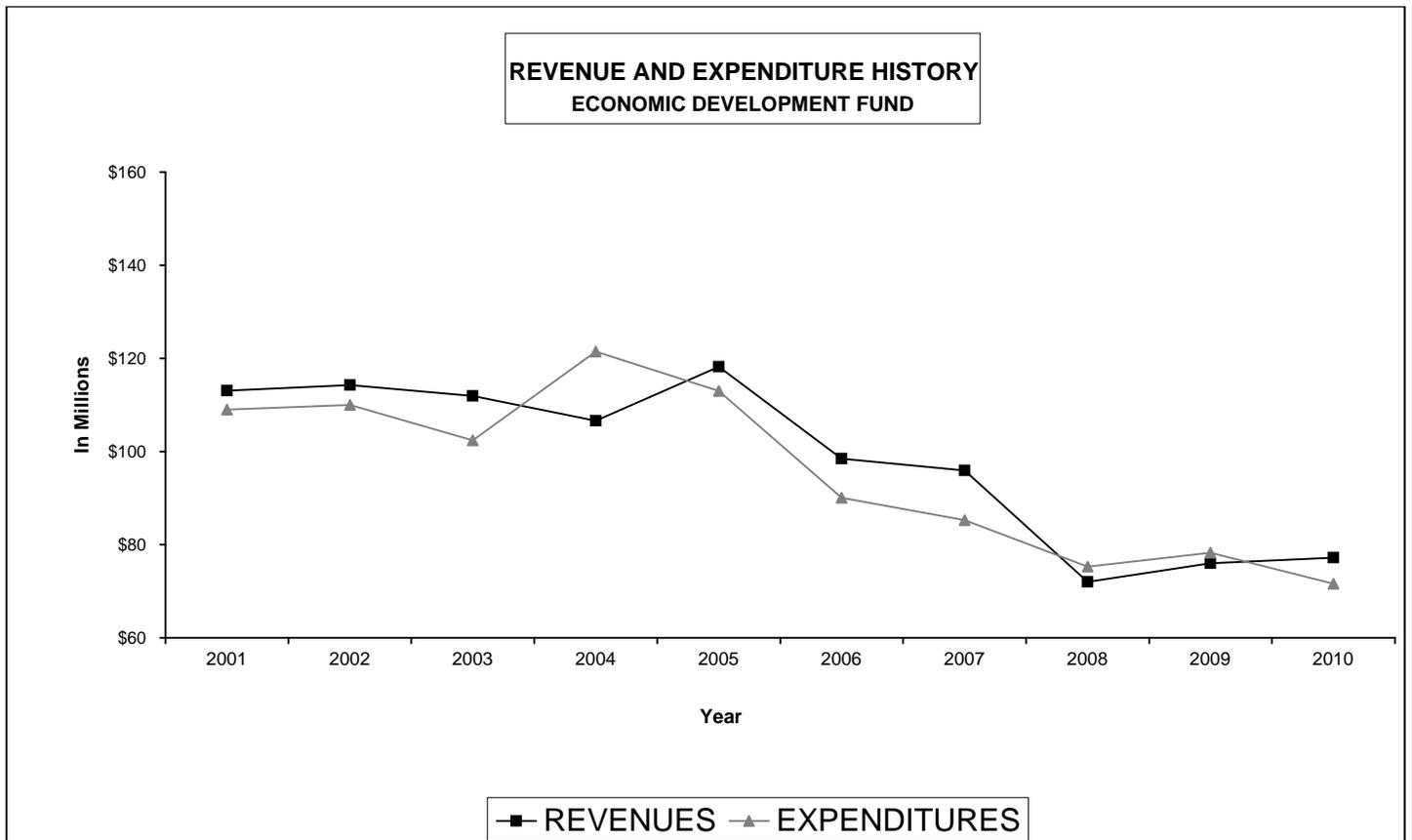
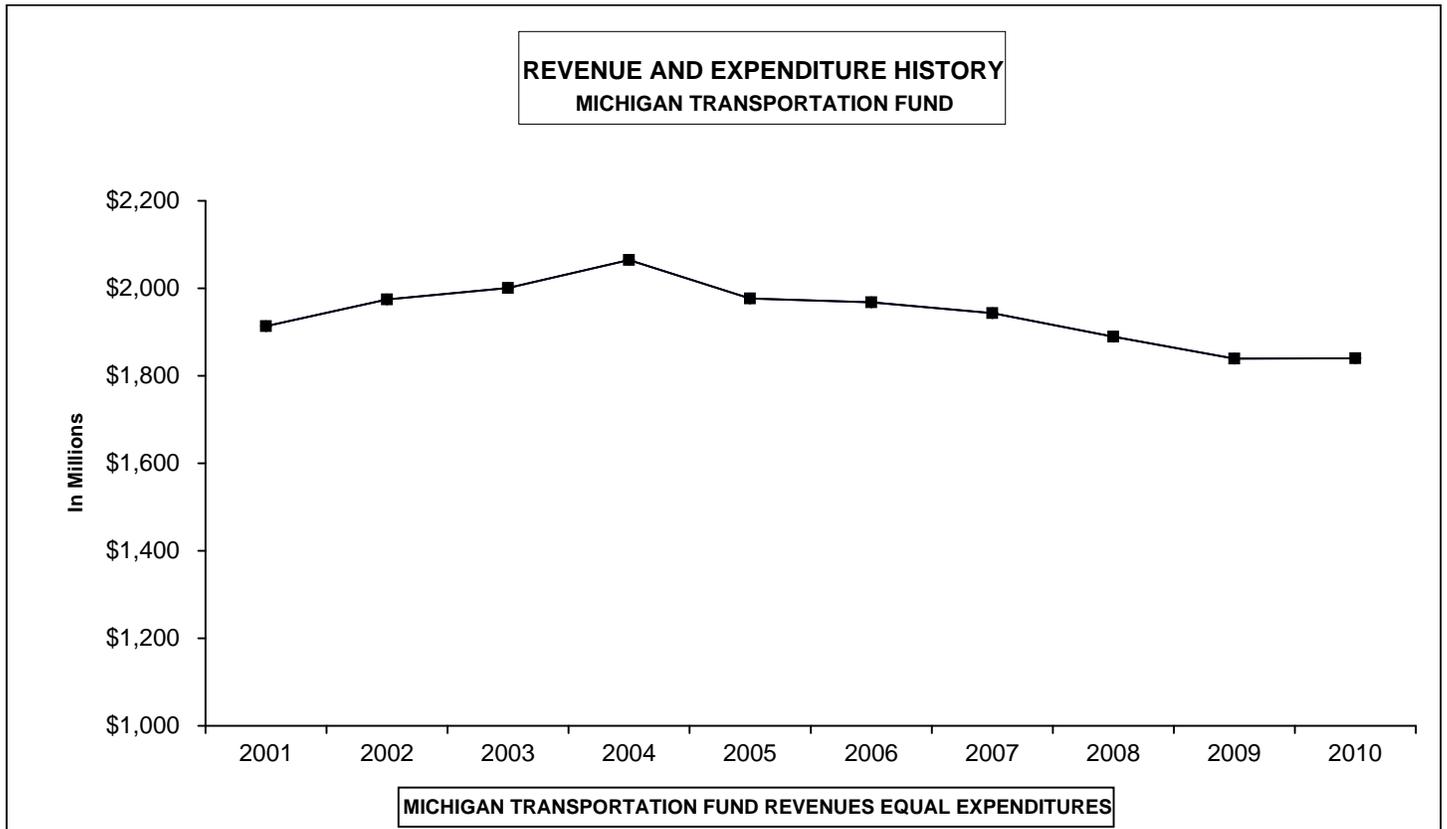


MICHIGAN DEPARTMENT OF TRANSPORTATION ECONOMIC DEVELOPMENT FUND GRAPHICS

FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009



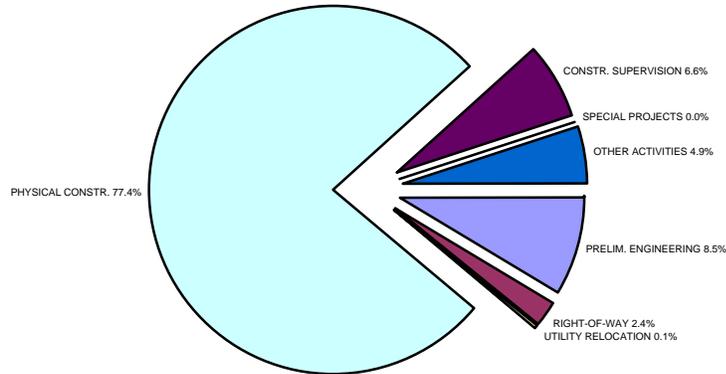
MICHIGAN DEPARTMENT OF TRANSPORTATION TEN YEAR REVENUE AND EXPENDITURE HISTORY



**MICHIGAN DEPARTMENT OF TRANSPORTATION
TOTAL TRANSPORTATION
CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS
BY FUNCTIONAL ACTIVITY**

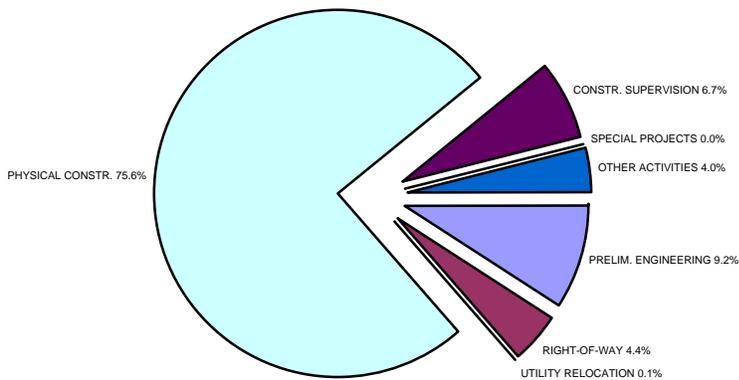
FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009

2010



<u>FISCAL YEAR 2010</u>	<u>AMOUNT</u>
(In Thousands)	
PRELIM. ENGINEERING	\$ 127,033
RIGHT-OF-WAY	\$ 36,214
UTILITY RELOCATION	\$ 1,640
PHYSICAL CONSTR.	\$ 1,155,763
CONSTR. SUPERVISION	\$ 99,127
SPECIAL PROJECTS	\$ -
OTHER ACTIVITIES	\$ 73,431
TOTAL	\$ 1,493,208

2009



<u>FISCAL YEAR 2009</u>	<u>AMOUNT</u>
(In Thousands)	
PRELIM. ENGINEERING	\$ 133,581
RIGHT-OF-WAY	\$ 63,587
UTILITY RELOCATION	\$ 1,662
PHYSICAL CONSTR.	\$ 1,092,591
CONSTR. SUPERVISION	\$ 96,670
SPECIAL PROJECTS	\$ -
OTHER ACTIVITIES	\$ 58,082
TOTAL	\$ 1,446,174