MICHIGAN DEPARTMENT OF TRANSPORTATION

ANNUAL FINANCIAL REPORT

Fiscal Years Ended September 30, 2005 & 2004

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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
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2005

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

JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

Kirk T. Steudle
DIRECTOR

March 9, 2006

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

I am pleased to submit the Annual Financial Report for the Michigan Department of Transportation (MDOT) for the fiscal years ended September 30, 2004 and 2005. 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 Department of Management and Budget's Administrative Guide to State Government, 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. However, these departures from generally accepted accounting principles are not material; 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

The United States economy grew stronger as gross domestic product increased and unemployment decreased. The State of Michigan's economic recovery continues to lag due to restructuring. As a result of the economy and one time revenues received in FY 2004 for permanent trailer registration fees, transportation revenues decreased in Fiscal Year (FY) 2005. The revenues deposited in the Michigan Transportation Fund (MTF) decreased by $85.1 million or 4.1 percent in FY 2005. Disbursements from MTF to the State Trunkline Fund, counties and cities/villages decreased 7.7 percent, 4.8 percent and 5.0 percent, respectively.

The Comprehensive Transportation Fund (CTF) received a $1 million or 0.6 percent increase in MTF revenues for public transportation services. CTF also receives sales tax revenue from vehicle-related sales, which had a substantial decrease of $8 million or 12.4 percent in FY 2005, due to legislation that redirected $10 million of sales tax away from CTF. The amount of aviation fuel tax revenue deposited in the Aeronautics Fund decreased by $1 million or 13.0 percent over the previous fiscal year.

Despite revenue decline, the department effectively managed available revenues by reducing administrative and debt service costs. The department took advantage of recent declines in interest rates and refinanced $232 million of outstanding State Trunkline Fund (STF) bonds as well as $65.1 million of outstanding Comprehensive Transportation Fund (CTF) bonds. This resulted in savings of $12.5 million and $2.4 million, respectively, for MDOT. The department continues to maintain a strong fiscal plan which supports the five year road and bridge program. MDOT issued new STF bonds totaling $378 million to pay off $400 million in GARVEE Notes. The department continues to maintain an AA rating from Standard and Poor's.

In 2005, the authorizations that provided federal transportation dollars were replaced with a new law, Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA:LU). This new act increased the federal gas tax dollars returned to Michigan from 90.5 cents to 92 cents on the dollar. This will result in an increase of approximately $239 million in federal dollars over the life of this new act. However, SAFETEA:LU also included more earmarked projects than ever before leaving MDOT with less flexible federal dollars. In addition, an increase of $37 million per year will be provided for transit programs. Several new programs for the safety and security of Michigan's citizens were included in this act including a border infrastructure program, highway safety program and Safe Routes to School program.

PROGRAM OVERVIEW

In FY 2005, MDOT continued the Preserve First Program, which focuses resources on improving the condition of existing roads and bridges. The goal is to have 95 percent of freeway roads and bridges and 85 percent of non-freeway roads and bridges under MDOT's control in good condition by 2007. The advanced use of computer technology continues to enhance accurate forecasting of pavement condition and helps prioritize future projects. Over $1.1 billion was spent on capital outlay expenditures for roads and bridges in FY 2005.

One of the department's major safety goals is to reduce cross median crashes on freeways by establishing barriers. MDOT is also committed to improving driver safety by upgrading signs and pavement markings for better nighttime visibility, installing rumble strips on road shoulders, and upgrading guardrails.

The department provided over $168 million for local bus operations including specialized services and transportation to work programs. In addition to operating assistance, $23.7 million in CTF funds were provided as matching funds for $141 million in federal funds used for transit infrastructure. Environmental stewardship continues to be a focus of the department with such programs as the MichiVan vanpooling program and providing support for alternative fuel source transit busses. The department also regulates and provides funding for safety enhancements at approximately 5,000 public railroad grade crossings. Funds are provided for railgrade crossing improvement projects and loans and grants for railroad rehabilitation and track construction and extensions for economic development.

In FY 2005, more than $164 million was spent to improve air transportation in Michigan, an increase of 19.9 percent over FY 2004. These improvements included grants for capital improvements and equipment that emphasized safety, security and communications, capital grants for airport improvements to infrastructure and runway capacity. Funds also were used to conduct safety seminars, inspect landing sites and airports, register aircraft and dealers and publish and distribute the Michigan Airport Directory and Aeronautical Chart.

CONCLUSION

In FY 2005, $3.8 billion was expended from all sources to address Michigan's transportation needs. MDOT's challenge continues to be making wise investment decisions with its resources to maximize the results achieved. This has fostered many inventive and innovative ideas at MDOT in the past, and will no doubt promote even more in the future.

I wish to express my appreciation to the many people whose dedicated efforts made possible the preparation of this report. I believe 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, 2005 and 2004
(In Thousands)

	GOVERNMENTAL FUND TYPES					
	SPECIAL REVENUE		DEBT SERVICE		TOTALS (Memorandum Only)	
	2005	2004	2005	2004	2005	2004
ASSETS						
Current Assets:						
Cash and cash equivalents	$ 175	$ 966	$ -	$ -	$ 175	$ 966
Equity in Common Cash	348,021	478,953	455	61	348,477	479,015
Receivables:						
Taxes,interest,and penalties(at net)	112,154	119,596	-	-	112,154	119,596
Federal aid	171,469	156,655	-	-	171,469	156,655
Local units	80,280	57,466	-	-	80,280	57,466
Other funds and Component Units	864,195	905,195	-	-	864,195	905,195
Miscellaneous	16,212	14,048	-	-	16,212	14,048
Inventories	6,447	5,921	-	-	6,447	5,921
Total Current Assets	1,598,953	1,738,801	455	61	1,599,409	1,738,862
Noncurrent Assets:						
Receivables:						
Taxes	1,707	1,381	-	-	1,707	1,381
Federal aid	-	-	-	-	-	-
Local units	41,463	42,720	-	-	41,463	42,720
Advances to other funds	19,783	21,689	-	-	19,783	21,689
Land contracts	956	1,908	-	-	956	1,908
Miscellaneous	1,357	1,766	-	-	1,357	1,766
Total Noncurrent Assets	65,266	69,465	-	-	65,266	69,465
Total Assets	$ 1,664,219	$ 1,808,265	$ 455	$ 61	$ 1,664,675	$ 1,808,326
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants outstanding	$ 16,701	$ 17,902	$ 267	$ -	$ 16,968	$ 17,902
Accounts payable	456,868	470,829	188	61	457,056	470,890
Contract reserve payable	9,538	10,350	-	-	9,538	10,350
Due to other funds and Components	85,255	91,437	-	-	85,255	91,437
Deposits,permits and other liabilities	4,717	490	-	-	4,717	490
Deferred revenue	44,535	50,339	-	-	44,535	50,339
Total Current Liabilities	617,614	641,346	455	61	618,069	641,407
Long-Term Liabilities:						
Deferred revenue	16,390	17,243	-	-	16,390	17,243
Advances from other funds	19,783	21,689	-	-	19,783	21,689
Total Liabilities	653,787	680,277	455	61	654,242	680,339
Fund Balance:						
Reserved for encumbrances	117,916	60,134	-	-	117,916	60,134
Reserved for unencumbered restricted revenue balances	175,579	203,157	-	-	175,579	203,157
Reserved for unencumbered capital outlay and work projects	403,769	399,706	-	-	403,769	399,706
Reserved for revolving funds	28,937	28,940	-	-	28,937	28,940
Reserved for construction & debt service	83,917	70,272	-	-	83,917	70,272
Reserved for noncurrent assets	28,477	28,683	-	-	28,477	28,683
Total Reserves	838,594	790,892	-	-	838,594	790,892
Unreserved	171,838	337,096	-	-	171,838	337,096
Total Fund Balances	1,010,433	1,127,988	-	-	1,010,433	1,127,988
Total Liabilities and Fund Balances	$ 1,664,219	$ 1,808,265	$ 455	$ 61	$ 1,664,675	$ 1,808,326

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, 2005 and 2004

(In Thousands)

	GOVERNMENTAL FUND TYPES				TOTALS (Memorandum Only)	
	SPECIAL REVENUE		DEBT SERVICE			
	2005	2004	2005	2004	2005	2004
REVENUES						
Taxes	$ 1,996,149	$ 2,079,758	$ -	$ -	$ 1,996,149	$ 2,079,758
License and permits	50,494	70,893	-	-	50,494	70,893
Federal aid	1,104,363	941,219	-	-	1,104,363	941,219
Local participation	155,635	130,262	-	-	155,635	130,262
Interest earnings	32,761	13,321	-	-	32,761	13,321
Non-operating revenue-bridges	2,386	2,142	-	-	2,386	2,142
Miscellaneous revenue	59,398	43,692	1	-	59,399	43,692
Total Revenues	3,401,187	3,281,288	1	-	3,401,187	3,281,288
EXPENDITURES						
Administration and Operations:						
Administration and maintenance	450,195	403,907	-	-	450,195	403,907
Bus operating assistance grants	172,129	172,628	-	-	172,129	172,628
Other grants	1,145,713	1,237,611	-	-	1,145,713	1,237,611
Airport development	154,254	129,759	-	-	154,254	129,759
Non-operating expenditures-bridges	2,323	2,078	-	-	2,323	2,078
Trust fund construction activity	239,074	265,507	-	-	239,074	265,507
Capital lease payments	160	160	-	-	160	160
Costs of issuance	-	-	4,201	881	4,201	881
Bond principal retirement	-	-	68,591	40,220	68,591	40,220
Bond interest and fiscal charges	-	-	76,975	65,244	76,975	65,244
Total Administration and Operations	2,163,847	2,211,650	149,767	106,345	2,313,615	2,317,995
Capital Outlay:						
Roads and bridges	1,165,123	973,529	-	-	1,165,123	973,529
Other capital outlay	17,008	11,783	-	-	17,008	11,783
Total Capital Outlay	1,182,132	985,312	-	-	1,182,132	985,312
Total Expenditures	3,345,979	3,196,962	149,767	106,345	3,495,746	3,303,307
Excess of Revenues Over (Under) Expenditures	55,208	84,326	(149,767)	(106,345)	(94,559)	(22,019)
OTHER FINANCING SOURCES						
Michigan Transportation Fund distribution	817,726	871,063	-	-	817,726	871,063
Grants and transfers from other funds	242,524	175,780	145,567	105,464	388,091	281,244
Proceeds from sale of capital assets	7,304	6,903	-	-	7,304	6,903
Proceeds from bonds and notes issued	-	185,710	663,450	103,450	663,450	289,160
Premium on bonds issued	-	15,535	58,629	9,736	58,629	25,270
Total Other Financing Sources	1,067,553	1,254,991	867,646	218,650	1,935,199	1,473,640
OTHER FINANCING USES						
Michigan Transportation Fund distribution	817,726	871,063	-	-	817,726	871,063
Grants and transfers to other funds	277,024	203,710			277,024	203,711
Debt service	145,567	105,464	-	-	145,567	105,464
Payment to refunded bond escrow agent	-	-	717,879	112,305	717,879	112,305
Total Other Financing Uses	1,240,316	1,180,237	717,879	112,305	1,958,195	1,292,542
Excess of Other Financing Sources Over (Under) Other Financing Uses	(172,763)	74,753	149,767	106,345	(22,996)	181,098
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(117,555)	159,079	-	-	(117,555)	159,079
Fund balances-Beginning of fiscal year	1,127,988	968,909	-	-	1,127,988	968,909
Fund balances-End of fiscal year	$ 1,010,433	$ 1,127,988	$ -	$ -	$ 1,010,433	$ 1,127,988

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

MICHIGAN DEPARTMENT OF TRANSPORTATION

COMBINED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

SPECIAL REVENUE FUNDS

FISCAL YEARS ENDED SEPTEMBER 30, 2005 and 2004

(In Thousands)

	2005		
(Statutory/Budgetary Basis)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	$ 1,996,149	$ 1,996,149	$ -
License and permits	50,494	50,494	-
Federal aid	898,136	898,136	-
Local participation	70,288	70,288	-
Interest earnings	25,226	25,226	-
Non-operating revenue-bridges	2,386	2,386	-
Miscellaneous revenue	58,005	58,005	-
Total Revenues	3,100,686	3,100,686	-
EXPENDITURES AND ENCUMBRANCES			
Administration and maintenance	509,685	470,304	39,381
Bus operating assistance grants	173,619	173,384	235
Other grants	1,232,923	1,162,364	70,559
Airport development	156,872	156,460	412
Non-operating expenditure-bridges	2,386	2,323	63
Total Administration and Operations	2,075,486	1,964,835	110,651
Roads and bridges	1,062,613	1,061,670	943
Other capital outlay	84,741	22,298	62,443
Total Capital Outlay	1,147,354	1,083,968	63,386
Total Expenditures and Encumbrances	3,222,840	3,048,803	174,037
Excess Revenue Over (Under) Expenditures and Encumbrances	(122,154)	51,883	174,037
OTHER FINANCING SOURCES			
Michigan Transportation Fund distribution	817,726	817,726	-
Grants and transfers from other funds	220,641	220,641	-
Proceeds from sale of capital assets	-	-	-
Total Other Financing Sources	1,038,367	1,038,367	-
OTHER FINANCING USES			
Michigan Transportation Fund distribution	841,426	817,726	23,701
Grants and transfers to other funds	197,837	196,703	1,134
Debt service	162,980	145,567	17,413
Total Other Financing Uses	1,202,243	1,159,995	42,248
Excess Other Financial Sources Over (Under) Other Financial Uses	(163,876)	(121,629)	42,248
Excess of Revenue and Other Financial Sources Over (Under) Expenditures, Encumbrances and Other Financial Uses	$ (286,031)	(69,746)	$ 216,284
RECONCILING ITEMS			
Encumbrances at September 30		117,916	
Funds not annually budgeted		(165,725)	
Net Reconciling Items		(47,809)	
Excess of Revenue and Other Financial Sources Over (Under) Expenditures and Other Financial Uses (GAAP Basis)		(117,555)	
FUND BALANCES (GAAP BASIS)			
Beginning balance		1,127,988	
Ending balances		$ 1,010,433	

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

	2004		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	$ 2,079,758	$ 2,079,758	$ -
	70,893	70,893	-
	724,369	724,369	-
	56,093	56,093	-
	9,806	9,806	-
	2,142	2,142	-
	43,322	43,322	-
	2,986,383	2,986,383	-
	473,933	427,931	46,003
	174,630	174,628	2
	1,302,808	1,243,605	59,203
	131,625	131,462	163
	2,143	2,078	64
	2,085,139	1,979,704	105,435
	801,827	801,657	171
	66,901	14,864	52,037
	868,728	816,521	52,208
	2,953,867	2,796,225	157,642
	32,515	190,158	157,642
	871,063	871,063	-
	162,754	162,788	35
	6,903	6,903	-
	1,040,720	1,040,754	35
	896,795	871,063	25,732
	182,289	191,310	(9,021)
	112,598	105,464	7,134
	1,191,681	1,167,837	23,844
	(150,961)	(127,082)	23,879
	$ (118,446)	63,075	$ 181,521
		60,134	
		35,870	
		96,004	
		159,079	
		968,909	
		$ 1,127,988	

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 above funds 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.

On September 1, 2000, the International Bridge Authority paid off the 40 year bonds which financed the construction of the International Bridge at Sault Ste. Marie, Michigan. As a result, the International Bridge Authority was dissolved, and the Michigan Department of Transportation (MDOT) and the St. Mary's River Bridge Company (SMRBC), a Canadian Corporation, share ownership of the International Bridge. A 40 year intergovernmental agreement between MDOT and SMRBC went into effect on September 1, 2000. This agreement formed the Joint International Bridge Authority (JIBA) and the International Bridge Administration (IBA). The JIBA is a non-profit organization with six members. Three members are selected by the Governor of Michigan and three by SMRBC, which is controlled by the Minister of Transport. 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. Neither owner is required to provide financial support for the bridge.

Summary financial information for the International Bridge Authority's audit periods ending December 31, 2004 & December 31, 2003 follows (In Thousands):

	December 31, 2004	December 31, 2003
Assets	$ 6,083	$ 3,877
Liabilities	1,373	828
Total Equity	4,710	3,050
Total Revenues and Other Sources	5,397	5,367
Total Expenditures and Other Uses	3,737	4,699
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,661	668

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 10 of this report.

Note 1 continued on next page.

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.

Note 1 continued on next page.

E. Reserved Fund Balance

A comparative analysis of the State Trunkline Fund reserved fund balance at September 30, 2005 and September 30, 2004, follows (In Thousands):

	FY 2005	FY 2004
Reserves:		
Capital Outlay:		
Facilities	$ 20,596	$ 19,925
Institutional Roads	492	1,112
Rail Grade Crossing	--	--
Local Bridge	--	--
Road and Bridge	358,656	355,630
Total Capital Outlay Reserves	379,744	376,667
Encumbrances	86,835	26,915
Restricted Revenue	168,620	194,967
Work Projects	2,172	3,201
Revolving Loan Program	15,174	15,400
Construction and Debt Service	83,917	70,272
Noncurrent Assets:		
Capital Equipment Loans	19,510	20,645
Maintenance Advances	8,966	8,037
Local Unit Loans	--	--
Total Noncurrent Assets	28,477	28,683
Total Reserved Fund Balance	$ 764,938	$ 716,104

Notes continued on next page.

Note 2: Budgeting and Budgetary Control

The SOMCAFR provides disclosures regarding budgetary control. The budget column of the budget to actual statement represents legislative authorization after adjustments for carry-overs, transfers, and restricted revenue shortfalls. "Favorable variances" generally reflect unused general purpose spending authority ("lapses") and/or unused restricted revenue authority, which carry over as a reservation of fund balance. "Unfavorable variances" reflect budgetary overdrafts. If both favorable and unfavorable variances exist for a particular line, the amount shown is the net variance.

In 2005 and 2004, amounts were appropriated in the Blue Water Bridge Fund for operational costs and for partial repayment of the loan due to the State Trunkline Fund. Loan repayments made in fiscal years 2005 and 2004 were $2.5 million and $5.0 million, respectively. The repayment reduced amounts due to other funds. No expenditures were incurred and the related appropriation lapsed.

Notes continued on next page.

Note 3: Current Receivables

A. Contested Receivables

Current receivables recorded in the financial statements represent amounts due to the Department as of September 30, 2005 and 2004, and will be collected within 12 months. Receivables not due for collection within 12 months are classified as long-term 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.

	Contested Receivables (In Thousands)	
	2005	2004
State Aeronautics Fund	$1,882	$ 553
State Trunkline Fund	--	9
Comprehensive Transportation Fund	--	3,208
State Trunkline Bond Proceeds Fund	--	--
Transportation Related Trust Fund	--	--
Total Allowance for Doubtful Accounts	$1,882	$3,770

Note 3 continued on next page.

B. Taxes Receivable

In the Michigan Transportation Fund, the net amount of current receivables, $231.8 million and $240.4 million, and allowances for uncollectible receivables, $114.9 million and $117.0 million, were recorded for motor fuel taxes due to the fund as of September 30, 2005 and 2004, 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 $134.1 million and $124.1 million for the fiscal years ending September 30, 2005 and 2004, respectively. Of those amounts, $10.3 million and $7.3 million, respectively, were recorded from the "To-Be-Billed Summary". The "To-Be-Billed Summary" consists primarily of project costs that exceeded the contract amounts agreed to by the FHWA and represent federal funds earned by the Department but not requested for reimbursement. Consistent with past practices, contract amounts will be increased as federal aid becomes available. No long-term federal aid receivables were recorded for fiscal year ending September 30, 2005.

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 2004, the Department had $492.4 million of State Trunkline expenditures on projects not under reimbursement agreement. $179.8 million of these expenditures were placed under reimbursement agreement by the end of fiscal year 2005. The remaining $312.6 million is included in the fiscal year 2005 amount below. At the end of fiscal year 2005, the Department had $451.1 million of State Trunkline expenditures on projects not under reimbursement agreement.

Notes continued on next page.

Note 4: General Long-Term Obligations

A. Revenue Dedicated Bonded Debt

The Department has periodically issued long-term bonds for specific purposes, with the stipulation that financing of debt requirements is to come strictly from designated revenue sources. 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 State Trunkline Fund and/or the Comprehensive Transportation Fund are appropriated for specific purposes in order of priority. A sufficient portion of the State Trunkline Fund and the Comprehensive Transportation Fund is irrevocably appropriated to pay, when due, the principal of and interest outstanding on bonds and notes. The State Trunkline Series 1989-A, and the State Trunkline Series 1992 A and B bond issues included capital appreciation bonds (zero coupon bonds) with an ultimate maturity value of $23.8 million and $97.7 million, respectively. These bonds are recorded in the amounts of $20.3 million and $78.2 million, respectively, which are the accreted values at September 30, 2005. These bonds mature in the years 2004 to 2009, and 2006 to 2013, respectively.

Revenue Dedicated Bonded Debt
Department of Transportation (In Thousands)

	Amounts Issued	Outstanding 9/30/05	Outstanding 9/30/04	Maturities First Year	Maturities Last Year	Average Interest Rate %
MI Comprehensive Transportation:						
1996 (Series A Refunding)	22,650	19,110	20,225	1998	2014	5.07
1998 (Series A Refunding)	38,640	37,645	38,640	2005	2011	4.81
2001 (Series A Refunding)	27,765	27,765	27,765	2008	2022	5.01
2002 (Series A Refunding)	89,620	56,275	67,855	2003	2011	5.07
2002 (Series B)	82,310	23,900	79,630	2004	2012	5.13
2003 (Series A)	35,020	22,295	33,540	2004	2023	3.61
2005 (Series A Refunding)	62,180	62,180	--	2009	2023	5.15
State Trunkline Funds:						
1989 (Series A)	135,779	20,313	24,589	1994	2009	6.75
1992 (Series A & B)	353,210	78,209	73,521	2000	2013	5.72
1994 (Series A)	150,000	--	3,285	1996	2006	5.50
1996 (Series A)	54,500	2,345	3,410	1998	2007	5.76
1998 (Series A Refunding)	377,890	377,890	377,890	2006	2027	5.03
2001 (Series A)	308,200	45,225	197,760	2003	2012	4.96
2002 (Series A Refunding)	97,870	73,405	86,030	2004	2022	4.71
2004 (Series A Refunding)	103,450	103,450	103,450	2006	2022	4.13
2004	185,710	100,480	185,710	2008	2019	4.36
2005 (Series A Refunding)	223,020	223,020	--	2010	2023	5.10
2005 (Series B Refunding)	378,250	378,250	--	2010	2019	4.81
Total Revenue Dedicated Bonded Debt	**$ 2,726,064**	**$ 1,651,757**	**$ 1,323,299**			

Note 4 continued on next page.

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, 2005 and 2004:

Summary of Refunding Transactions
(In Millions)

Bond Series	Amount Refunded	Balance with Trustee 2005	Balance with Trustee 2004
State Trunkline Fund Bonds:			
Series 1994A	123.8	--	123.8
Series 1996A	45.2	45.2	45.2
Series 2001A	245.8	245.8	99.3
Series 2004	85.2	85.2	--
Total State Trunkline Fund Bonds	$500.0	$376.3	$268.3
Comprehensive Transportation Fund Bonds:			
Series 2002B	55.2	52.9	--
Series 2003	9.9	9.9	--
Total Comprehensive Transportation Fund Bonds	$65.1	$62.9	$--
Total	$565.1	$439.2	$268.3

Note 4 continued on next page.

B. Revenue Dedicated Notes Payable

The Department issued Grant Anticipation Notes in fiscal years ending 2001 and 2002. The Notes have variable rates that may bear interest at a daily interest rate, a weekly rate, note interest term rate, long-term interest rate, or an ARS interest rate. The Notes are issued in accordance with the authorization provided in P.A. 51 of 1951, as amended. The principal and interest on the Notes are payable solely from and are secured by an irrevocable pledge of the State share of all federal grants received each year under the Federal-Aid Highway Program.

Revenue Dedicated Notes Payable
Department of Transportation (In Thousands)

	Amounts Issued	Outstanding 9/30/05	Outstanding 9/30/04	Maturities
2001 (Series A, B, C, D)	400,000	--	400,000	2008
2002 (Series A, B, C, D)	200,000	172,000	200,000	2009
Total Revenue Dedicated Notes Payable	**$ 600,000**	**$ 172,000**	**$ 600,000**	

Note 4 continued on next page.

C. Other General Long-Term Obligations

Capital Leases:

Capitalized lease liabilities are described in more detail in Note 5.

Compensated Absences:

Compensated absences liabilities are detailed in Note 6.

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 4 continued on next page.

Changes in General Long-term Obligations:

Changes in general long-term obligations (In Thousands) for the fiscal year ended September 30, 2005 and 2004, are summarized as follows:

	Revenue Dedicated Debt - Oversight Entity		Capital Lease Obligations	
	2005	2004	2005	2004
Bonds and Capital Lease Obligations:				
Balance - Beginning	$ 1,323,299	$ 1,175,750	$ 826	$ 918
New bond issues/capital lease additions and adjustments	663,450	289,160	--	--
Accretion on Capital Appreciation Bonds	2,474	4,407	--	--
Bond principal retirements/ capital lease payments and adjustments	(337,466)	(146,018)	(100)	(92)
Balance - Ending	$ 1,651,757	$ 1,323,299	$ 726	$ 826

	Claims and Judgments		Compensated Absences Liabilities	
Other Obligations:	2005	2004	2005	2004
Balance - Beginning	$ 1,383	$ 1,283	$ 32,902	$ 27,431
Net increase (decrease) in estimated liabilities	93	100	3,914	5,471
Balance - Ending	$ 1,477	$ 1,383	$ 36,816	$ 32,902

Notes continued on next page.

Note 5: 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 $1,973,063 and $1,264,618 during fiscal years 2005 and 2004, respectively.

Summary of the noncancelable operating and capital leasing commitments to maturity for fiscal year 2005 follows (In Thousands):

Noncancelable Lease Commitments
Fiscal Year 2005

Fiscal Year Ended September 30	Operating Leases	Capital Leases			
		Principal	Interest	Executory	Total
2006	$ 1,127	$ 109	$ 50	$ 56	$ 216
2007	935	120	40	56	216
2008	883	132	28	56	216
2009	353	78	18	27	124
2010	192	47	15	11	73
2011 - 2017	--	239	31	49	319
Total	$ 3,490	$ 726	$ 182	$ 255	$ 1,163

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

Note 5 continued on next page.

The historical cost of assets acquired under capital leases, which are included in the government-wide statements of the SOMCAFR, at September 30, 2005 and 2004, follows (In Thousands):

	2005	2004
Buildings	$1,320	$1,320
Equipment	--	--
TOTAL	$1,320	$1,320

Notes continued on next page.

Note 6: 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 Department's retirement contributions were as follows (In Thousands):

	2005	2004
State Trunkline Fund	$32,740	$24,392
Comprehensive Transportation Fund	1,013	848
State Aeronautics Fund	765	555
Total Department of Transportation Contributions	$34,519	$25,796

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.

In 2004, the State instituted a banked leave time program whereby employees work a regular schedule, but receive pay for a reduced number of hours. The unpaid hours accrue to a banked leave time account. Employees will be compensated for the unpaid hours upon separation, death, or retirement from State service. The value of unused banked leave time hours will be contributed to the employee's State of Michigan 401(k) or 457 plan based on the hourly rate earned at the time of separation from State service.

Note 6 continued on next page.

The following table summarizes Department of Transportation related compensated absences liabilities as of September 30, 2005 and 2004 (In Thousands):

	Sick Leave		Annual Leave		Banked Leave		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
State Trunkline Fund	$11,961	$12,815	$15,102	$13,452	$7,153	$4,191	$34,216	$30,458
Comprehensive Transportation Fund	515	548	518	530	245	162	1,279	1,240
State Aeronautics Fund	514	515	341	326	209	124	1,065	964
Blue Water Bridge	88	88	125	110	44	41	257	239
TOTAL	$13,078	$13,965	$16,087	$14,418	$7,651	$4,519	$36,816	$32,902

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

Beginning in fiscal year 2005, 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. The amounts reported for fiscal year ended September 30, 2004 were not restated to reflect this change.

For a more detailed explanation of retirement benefits and compensated absence accruals, refer to the SOMCAFR.

Notes continued on next page.

Note 7: 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 2005 changes in reported costs for the Department's capital assets (In Millions):

Changes in Capital Assets
Fiscal Year 2005

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Capital assets, not depreciated:					
Roads	$10,416.6	$394.4	$(59.1)	$48.0	$10,799.9
Land & Land Improvements	2,841.0	65.0	--	--	2,906.0
Bridges	1,282.7	112.9	(49.8)	--	1,345.8
Construction in Progress	1,088.0	339.3	(555.3)	0.9	872.8
Capital assets, depreciated:					
Ramps	512.7	16.2	(1.8)	--	527.1
Equipment	114.8	10.6	(4.7)	(0.3)	120.5
Buildings	130.2	3.1	--	--	133.4
Railroads	35.0	--	--	--	35.0
Rest Areas & Welcome Centers	60.2	2.1	(0.6)	--	61.7
Land Improvements	2.8	--	--	--	2.8
Airports	1.9	--	--	--	1.9
Less accumulated depreciation for:					
Ramps	(309.4)	(20.8)	1.8	--	(328.3)
Equipment	(83.0)	(5.2)	3.7	0.1	(84.4)
Buildings	(43.6)	(3.4)	--	--	(46.9)
Railroads	(20.0)	(0.9)	--	--	(20.8)
Rest Areas & Welcome Centers	(27.7)	(1.4)	0.5	--	(28.5)
Land Improvements	(0.8)	(0.1)	--	--	(0.9)
Airports	(0.4)	(0.1)	--	--	(0.5)
Total Capital Assets	$16,001.1	$912.0	$(665.3)	$48.7	$16,296.5

Note 7 continued on next page.

Funding Source: Following is a summary of funding sources for investments in capital assets as of September 30, 2005 (In Millions):

Fund	Investment @ 9/30/2005
State Trunkline Fund	$ 16,248.3
Comprehensive Transportation Fund	30.2
State Aeronautics Fund	18.0
Total Investment in Capital Assets	**$ 16,296.5**

Notes continued on next page.

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 2005 or in fiscal year 2004.

Notes continued on next page.

Note 9: Interfund Transfers by the Michigan Transportation Fund

Interfund transfers are reported as other financing sources and uses on our Schedule of Revenues, Expenditures, and Changes in Fund Balances.

MDOT's most significant interfund transfer 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 MDOT receives for gasoline taxes is then added to the total. STF receives 39.1 percent of the remaining balance.

Other transfers 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 transfers in fiscal years 2005 and 2004.

Interfund Transactions	FY 05	FY 04
MTF Distribution – STF	$650,381,648	$704,709,704
MTF Distribution - CTF	167,344,123	166,353,223
Other State agencies	38,421,794	38,434,855
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	19,446,812	7,205,620
Planning	6,987,043	6,281,351
Highways	2,840,466	2,130,592
Rail Grade Crossing	3,000,000	3,000,000
Railroad Safety & Tariffs	1,726,700	1,641,069
Finance and Administration	1,310,450	1,127,500
Worker's Compensation	--	81,500
Office of Information Management	87,699	22,990
Total	$1,007,821,736	$1,047,263,405

Notes continued on next page.

Note 10: 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 $10,250,000 between fiscal years 1993 and 2004, with an additional $250,000 repaid in fiscal year 2005, 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 $52,500,000 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, 2005, a current receivable of $807,846.90 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.

Note 11: 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 A. Engler, et al concerning the provisions of Executive Order 2001-9. The lawsuit challenges the constitutionality of the reduction of funds by Executive Order that would have otherwise been spent under the Michigan Transportation Fund and the Comprehensive Transportation Fund, but, under the Executive Order would make additional funds available in the General Fund.

The case is in the appeal process.

For more information, see Note 23 of the financial statements included in the fiscal year 2005 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, 2005 and 2004 the Department estimates the disallowance of recognized revenues will not be material to the financial statements.

Note 11 continued on next page.

C. Construction Projects

The Department has entered into construction contracts for transportation related special revenue funds and trust funds. As of September 30, 2005 and 2004 the balances remaining on these contracts equaled $558.1 million and $545.5 million, respectively. As of September 30, 2005 and 2004, the balances remaining on these contracts, less the trust fund equaled $500.4 million and $472.3 million, respectively. As of September 30, 2005 and 2004, the balances remaining on these contracts in the State Trunkline Fund equaled $442.6 million and $386.5 million, respectively.

MDOT
Michigan Department of Transportation

FUND DESCRIPTIONS

COMBINING FINANCIAL STATEMENTS
AND
SCHEDULES

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2005

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 the General Fund to pay the cost of collection of the dedicated revenues and to the State Trunkline Fund, Comprehensive Transportation Fund, the Economic Development 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 ISTEA Act 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. Repayments of the loan are expected to occur each fiscal year. The term of the loan will not exceed 30 years from the time the loan was obligated.

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2005

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 and local revenues, a portion of vehicle-related sales tax, and transfers from the Michigan 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 and local contributions 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:

1989 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 $136 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 State Transportation Commission approved issuance of $136 million of Series A bonds in 1989. Approximately $100 million of the proceeds are to be used for Transportation Economic Development Fund projects, and approximately $30 million of the proceeds are to be used for the purchase of right-of-ways.

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND (continued)

1992 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 $205.2 million of state trunkline 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 state trunkline purposes by Section 9 Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund.

1994 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 $150 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. Approximately $149.2 million of the proceeds are to be used to finance the construction of various trunkline transportation projects.

1996 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 $54.5 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.

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.

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND (continued)

2001 & 2002 BUILD MICHIGAN II GRANT ANTICIPATION NOTES

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 $400 million of state trunkline notes. The notes will be secured by a pledge of, and be payable solely from the State of Michigan'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 accordance with Title 23 of the United States Code or any success highway program established under federal law, and the moneys in the Note Payment Fund. Proceeds of the notes will be used to provide the Department with funds to advance and accelerate the completion of the Build Michigan II highway program.

2004 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 $185.7 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.

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.

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND (cont.)

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 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, state, and local 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, state, and local money expended to meet the road construction needs of rural areas and communities with populations less than 5,000.

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, state, and local 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, state, and local money used to fund urban and road safety projects.

TRANSPORTATION RELATED TRUST FUND (continued)

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, 2005 and 2004

(In Thousands)

	MICHIGAN TRANSPORTATION FUND		STATE TRUNKLINE FUND	
ASSETS	2005	2004	2005	2004
Current Assets:				
Cash and cash equivalents	$ -	$ -	$ 32	$ 164
Equity in Common Cash	114,897	81,974	-	-
Receivables:				
Taxes,interest,and penalties(at net)	111,413	118,843	-	-
Federal aid	-	-	108,142	84,545
Local units	-	-	27,801	21,958
Other funds and component units	70,063	106,785	756,148	765,962
Miscellaneous	6,975	4,639	8,516	7,848
Inventories	-	-	6,447	5,921
Total Current Assets	303,347	312,242	907,087	886,398
Noncurrent Assets:				
Receivables:				
Taxes	1,707	1,381	-	-
Federal aid	-	-	-	-
Local units	-	-	35,265	35,881
Advances to other funds	-	-	19,783	21,689
Land contracts	-	-	956	1,908
Miscellaneous	-	-	-	-
Total Noncurrent Assets	1,707	1,381	56,005	59,478
Total Assets	$ 305,054	$ 313,623	$ 963,091	$ 945,877
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	$ 718	$ 3,549	$ 11,905	$ 12,648
Accounts payable	231,920	238,628	153,390	169,275
Contract reserve payable	-	-	5,769	9,997
Amounts due to other funds	52,619	52,475	2,239	1,689
Deposits,permits and other liabilities	-	-	1,091	490
Deferred revenue	18,089	17,589	7,085	13,765
Total Current Liabilities	303,347	312,242	181,479	207,863
Long-Term Liabilities:				
Deferred revenue	1,707	1,381	13,326	14,095
Advances from other funds	-	-	-	-
Total Liabilities	305,054	313,623	194,805	221,959
Fund Balances:				
Reserved for encumbrances	-	-	86,835	26,915
Reserved for unencumbered restricted revenue balances	-	-	168,620	194,967
Reserved for unencumbered capital outlay and work projects	-	-	381,916	379,868
Reserved for revolving loan programs	-	-	15,174	15,400
Reserved for construction & debt service	-	-	83,917	70,272
Reserved for noncurrent assets	-	-	28,477	28,683
Total Reserved	-	-	764,938	716,104
Unreserved	-	-	3,349	7,814
Total Fund Balances	-	-	768,287	723,918
Total Liabilities and Fund Balances	$ 305,054	$ 313,623	$ 963,091	$ 945,877

BLUE WATER BRIDGE FUND		COMPREHENSIVE TRANSPORTATION FUND		STATE AERONAUTICS FUND		COMBINED TRUNKLINE FUND BOND PROCEEDS FUND	
2005	2004	2005	2004	2005	2004	2005	2004
$ 134	$ 365	$ 8	$ 12	$ -	$ -	$ 1	$ 16
-	-	38,432	41,852	17,350	19,343	103,384	250,759
-	-	-	-	741	752	-	-
-	-	5,414	8,326	31,957	24,265	3,529	3,265
-	-	958	905	17,457	18,877	4,019	774
26,341	20,836	11,644	11,612	-	-	-	-
196	4	483	1,333	10	43	-	13
-	-	-	-	-	-	-	-
26,670	21,205	56,939	64,040	67,516	63,281	110,933	254,826
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	5,676	6,189	522	650	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,357	1,766	-	-	-	-
-	-	7,033	7,955	522	650	-	-
$ 26,670	$ 21,205	$ 63,971	$ 71,995	$ 68,038	$ 63,931	$ 110,933	$ 254,826
$ 7	$ -	$ 1,455	$ 302	$ 482	$ 927	$ 13	$ 88
399	397	7,107	18,348	28,703	28,815	12,180	4,595
-	-	24	28	936	-	488	30
2,224	2,224	70	51	51	35	-	-
-	-	3,626	-	-	-	-	-
991	976	-	-	15,797	9,706	875	682
3,620	3,597	12,282	18,728	45,969	39,483	13,555	5,396
-	-	1,357	1,766	-	-	-	-
19,783	21,689	-	-	-	-	-	-
23,404	25,286	13,638	20,495	45,969	39,483	13,555	5,396
999	206	27,846	31,274	2,236	1,739	-	-
-	-	6,959	8,190	-	-	-	-
5,615	3,526	-	563	16,238	15,748	-	-
-	-	11,563	11,340	2,200	2,200	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,615	3,732	46,369	51,367	20,673	19,688	-	-
(3,349)	(7,814)	3,964	133	1,396	4,760	97,379	249,430
3,266	(4,081)	50,333	51,500	22,069	24,448	97,379	249,430
$ 26,670	$ 21,205	$ 63,971	$ 71,995	$ 68,038	$ 63,931	$ 110,933	$ 254,826

	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND		TRANSPORTATION RELATED TRUST FUND		TOTALS	
ASSETS	2005	2004	2005	2004	2005	2004
Current Assets:						
Cash and cash equivalents	$ -	$ -	$ -	$ 409	$ 175	$ 966
Equity in Common Cash	73,958	85,026	-	-	348,021	478,953
Receivables:						
Taxes,interest,and penalties(at net)	-	-	-	-	112,154	119,596
Federal aid	-	-	22,427	36,254	171,469	156,655
Local units	-	-	30,044	14,952	80,280	57,466
Other funds and component units	-	-	-	-	864,195	905,195
Miscellaneous	-	-	33	169	16,212	14,048
Inventories	-	-	-	-	6,447	5,921
Total Current Assets	73,958	85,026	52,504	51,783	1,598,953	1,738,801
Noncurrent Assets:						
Receivables:						
Taxes	-	-	-	-	1,707	1,381
Federal aid	-	-	-	-	-	-
Local units	-	-	-	-	41,463	42,720
Bus and rail lease purchase	-	-	-	-	19,783	21,689
Land contracts	-	-	-	-	956	1,908
Miscellaneous	-	-	-	-	1,357	1,766
Total Noncurrent Assets	-	-	-	-	65,266	69,465
Total Assets	$ 73,958	$ 85,026	$ 52,504	$ 51,783	$ 1,664,219	$ 1,808,265
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants outstanding	$ 376	$ -	$ 1,747	$ 387	$ 16,701	$ 17,902
Accounts payable	4,268	2,208	18,901	8,563	456,868	470,829
Contract reserve payable	214	45	2,107	250	9,538	10,350
Amounts due to other funds	-	-	28,051	34,962	85,255	91,437
Deposits,permits and other liabilities	-	-	-	-	4,717	490
Deferred revenue	-	-	1,698	7,621	44,535	50,339
Total Current Liabilities	4,858	2,253	52,504	51,783	617,614	641,346
Long-Term Liabilities:						
Deferred revenue	-	-	-	-	16,390	17,243
Advances from other funds	-	-	-	-	19,783	21,689
Total Liabilities	4,858	2,253	52,504	51,783	653,787	680,277
Fund Balances:						
Reserved for encumbrances	-	-	-	-	117,916	60,134
Reserved for unencumbered restricted revenue balances	-	-	-	-	175,579	203,157
Reserved for unencumbered capital outlay and work projects	-	-	-	-	403,769	399,706
Reserved for Revolving Loan Programs	-	-	-	-	28,937	28,940
Reserved for construction & debt service	-	-	-	-	83,917	70,272
Reserved for noncurrent assets	-	-	-	-	28,477	28,683
Total Reserved	-	-	-	-	838,594	790,892
Unreserved	69,100	82,773	-	-	171,838	337,096
Total Fund Balances	69,100	82,773	-	-	1,010,433	1,127,988
Total Liabilities and Fund Balances	$ 73,958	$ 85,026	$ 52,504	$ 51,783	$ 1,664,219	$ 1,808,265

MICHIGAN DEPARTMENT OF TRANSPORTATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

SPECIAL REVENUE FUNDS

FISCAL YEARS ENDED SEPTEMBER 30, 2005 and 2004

(In Thousands)

	MICHIGAN TRANSPORTATION FUND		STATE TRUNKLINE FUND	
	2005	2004	2005	2004
REVENUES				
Taxes	$ 1,932,507	$ 2,007,077	$ -	$ -
License and permits	34,579	51,355	15,339	18,934
Federal aid	-	-	753,863	587,495
Local participation	-	-	46,788	38,588
Interest earnings on common cash	6,328	2,874	17,492	6,205
Non-operating revenue-bridges	-	-	2,386	2,142
Miscellaneous revenue	3,014	250	31,535	22,816
Total Revenues	1,976,427	2,061,556	867,403	676,179
EXPENDITURES				
Administration and Operations:				
Administration and maintenance	8,797	8,074	415,075	372,779
Bus operating assistance grants	-	-	-	-
Other grants	960,180	1,009,246	125,507	134,924
Airport development	-	-	-	-
Non-operating expenditures-bridges	-	-	2,323	2,078
Trust fund construction activity	-	-	-	-
Capital lease payments	-	-	160	160
Total Administration and Operations	968,977	1,017,320	543,065	509,942
Capital Outlay:				
Roads and bridges	-	-	1,005,748	801,086
Other capital outlay	-	-	16,729	11,783
Total Capital Outlay	-	-	1,022,477	812,869
Total Expenditures	968,977	1,017,320	1,565,542	1,322,811
Excess of Revenues Over (Under) Expenditures	1,007,451	1,044,236	(698,139)	(646,632)
OTHER FINANCING SOURCES				
Michigan transportation fund distribution	-	-	650,382	704,710
Grants and transfers from other funds	371	3,027	205,226	148,264
Proceeds from sale of capital assets	-	-	7,304	6,903
Proceeds from bonds and notes issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Total Other Financing Sources	371	3,027	862,912	859,877
OTHER FINANCING USES				
Michigan transportation fund distribution	817,726	871,063	-	-
Grants and transfers to other funds	190,096	176,200	6,306	14,260
Debt service	-	-	114,122	72,682
Total Other Financing Uses	1,007,822	1,047,263	120,428	86,942
Excess of Other Financing Sources Over (Under) Other Financing Uses	(1,007,451)	(1,044,236)	742,483	772,935
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	-	44,344	126,303
Fund balances-Beginning of fiscal year	-	-	723,918	597,615
Fund balances-End of fiscal year	$ -	$ -	$ 768,262	$ 723,918

BLUE WATER BRIDGE FUND		COMPREHENSIVE TRANSPORTATION FUND		STATE AERONAUTICS FUND		COMBINED TRUNKLINE FUND BOND PROCEEDS FUND	
2005	2004	2005	2004	2005	2004	2005	2004
$ -	$ -	$ 56,924	$ 64,960	$ 6,719	$ 7,721	$ -	$ -
-	-	277	290	300	314	-	-
-	-	20,450	29,670	123,823	107,205	51,467	29,060
-	-	10	4	23,490	17,501	4,369	2,975
652	249	(19)	98	772	381	5,178	2,117
-	-	-	-	-	-	-	-
14,428	13,706	5,557	4,766	3,471	1,784	874	363
15,081	13,955	83,200	99,787	158,574	134,906	61,888	34,514
4,882	4,886	10,681	11,053	9,691	7,114	599	
-	-	172,129	172,628	-	-	-	-
-	-	44,154	70,491	-	-	-	-
-	-	-	-	154,254	129,759	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,882	4,886	226,964	254,172	163,945	136,873	599	
297	29	-	-	-	-	159,078	172,414
-	-	-	-	279	-	-	-
297	29	-	-	279	-	159,078	172,414
5,180	4,915	226,964	254,172	164,224	136,873	159,676	172,414
9,901	9,040	(143,764)	(154,385)	(5,650)	(1,968)	(97,789)	(137,900)
-	-	167,344	166,353	-	-	-	-
-	35	1,740	1,788	6,000	9,674	25,866	5,948
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	185,710
-	-	-	-	-	-	-	15,535
-	35	169,084	168,141	6,000	9,674	25,866	207,192
-	-	-	-	-	-	-	-
25	3	218	795	57	52	80,129	11,386
2,504	2,504	26,269	28,492	2,672	1,787	-	-
2,529	2,506	26,487	29,287	2,729	1,838	80,129	11,386
(2,529)	(2,471)	142,597	138,855	3,271	7,836	(54,263)	195,806
7,372	6,568	(1,167)	(15,530)	(2,379)	5,868	(152,052)	57,906
(4,081)	(10,650)	51,500	67,030	24,448	18,580	249,430	191,524
$ 3,290	$ (4,081)	$ 50,333	$ 51,500	$ 22,069	$ 24,448	$ 97,379	$ 249,430

	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND		TRANSPORTATION RELATED TRUST FUND		TOTALS	
	2005	2004	2005	2004	2005	2004
REVENUES						
Taxes	$ -	$ -	$ -	$ -	$ 1,996,149	$ 2,079,758
License and permits	-	-	-	-	50,494	70,893
Federal aid	-	-	154,760	187,790	1,104,363	941,219
Local participation	-	-	80,978	71,194	155,635	130,262
Interest earnings on common cash	2,203	1,162	153	237	32,761	13,321
Non-operating revenue-bridges	-	-	-	-	2,386	2,142
Miscellaneous revenue	328	2	191	5	59,398	43,692
Total Revenues	2,532	1,164	236,082	259,226	3,401,187	3,281,288
EXPENDITURES						
Administration and Operations:						
Administration and maintenance	328	-	141	-	450,195	403,907
Bus operating assistance grants	-	-	-	-	172,129	172,628
Other grants	15,872	22,950	-	-	1,145,713	1,237,611
Airport development	-	-	-	-	154,254	129,759
Non-operating expenditures-bridges	-	-	-	-	2,323	2,078
Trust fund construction activity	-	-	239,074	265,507	239,074	265,507
Capital lease payments	-	-	-	-	160	160
Total Administration and Operations	16,201	22,950	239,215	265,507	2,163,847	2,211,650
Capital Outlay:						
Roads and bridges	-	-	-	-	1,165,123	973,529
Other capital outlay	-	-	-	-	17,008	11,783
Total Capital Outlay	-	-	-	-	1,182,132	985,312
Total Expenditures	16,201	22,950	239,215	265,507	3,345,979	3,196,962
Excess of Revenues Over (Under) Expenditures	(13,669)	(21,785)	(3,133)	(6,281)	55,208	84,326
OTHER FINANCING SOURCES						
Michigan transportation fund distribution	-	-	-	-	817,726	871,063
Grants and transfers from other funds and Components	-	-	3,321	7,044	242,524	175,780
Proceeds from sale of capital assets	-	-	-	-	7,304	6,903
Proceeds from bonds issued	-	-	-	-	-	185,710
Premium on bond issues	-	-	-	-	-	15,535
Total Other Financing Sources	-	-	3,321	7,044	1,067,553	1,254,991
OTHER FINANCING USES						
Michigan transportation fund distribution	-	-	-	-	817,726	871,063
Grants and transfers to other funds and Components	4	251	188	763	277,024	203,710
Debt service	-	-	-	-	145,567	105,464
Total Other Financing Uses	4	251	188	763	1,240,316	1,180,237
Excess of Other Financing Sources Over (Under) Other Financing Uses	(4)	(251)	3,133	6,281	(172,763)	74,753
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(13,673)	(22,036)	-	-	(117,555)	159,079
Fund balances-Beginning of fiscal year	82,773	104,809	-	-	1,127,988	968,909
Fund balances-End of fiscal year	$ 69,100	$ 82,773	$ -	$ -	$ 1,010,433	$ 1,127,988

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, 2005

(In Thousands)

	MICHIGAN TRANSPORTATION FUND			STATE TRUNKLINE FUND		
(Statutory/Budgetary Basis)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE
REVENUES						
Taxes	$ 1,932,507	$ 1,932,507	$ -	$ -	$ -	$ -
License and permits	34,579	34,579	-	15,339	15,339	-
Federal aid	-	-	-	753,863	753,863	-
Local participation	-	-	-	46,788	46,788	-
Interest earnings	6,328	6,328	-	17,492	17,492	-
Nonoperating revenue-bridges	-	-	-	2,386	2,386	-
Miscellaneous revenue	3,014	3,014	-	31,535	31,535	-
Total Revenues	1,976,427	1,976,427	-	867,403	867,403	-
EXPENDITURES AND ENCUMBRANCES						
Administration	9,270	8,797	473	465,564	435,542	30,023
Bus operating assistance grants	-	-	-	-	-	-
Other grants	986,831	960,180	26,651	165,979	131,940	34,039
Airport development	-	-	-	-	-	-
Nonoperating expenditure-bridges	-	-	-	2,386	2,323	63
Total Administration and Operations	996,101	968,977	27,124	633,930	569,805	64,125
Roads and bridges	-	-	-	1,061,496	1,060,552	943
Other capital outlay	-	-	-	84,462	22,019	62,443
Total Capital Outlay	-	-	-	1,145,958	1,082,572	63,386
Total Expenditures and Encumbrances	996,101	968,977	27,124	1,779,888	1,652,377	127,511
Excess of Revenue Over(Under) Expenditures and Encumbrances	980,327	1,007,451	27,124	(912,485)	(784,974)	127,511
OTHER FINANCING SOURCES						
Michigan transportation fund distribution	-	-	-	650,382	650,382	-
Grants and transfers from other funds	371	371	-	212,530	212,530	-
Total Financing Sources	371	371	-	862,912	862,912	-
OTHER FINANCING USES						
Michigan transportion fund distribution	841,426	817,726	23,701	-	-	-
Grants and transfers to other funds	195,668	190,096	5,572	2,029	6,306	(4,277)
Debt service	-	-	-	129,306	114,122	15,185
Total Financing Uses	1,037,094	1,007,822	29,272	131,335	120,428	10,907
Excess Other Financial Sources Over(Under) Other Financial Uses	(1,036,723)	(1,007,451)	29,272	731,576	742,483	10,907
Excess of Revenue and Other Financial Sources Over(Under) Expenditures,Encumbrances and Other Financial Uses	$ (56,396)	-	$ 56,396	$ (180,909)	(42,490)	$ 138,418
(Statutory/Budgetary Basis)						
Encumbrances at September 30		-			86,835	
Funds not annually budgeted		-			-	
Net Reconciling Items		-			86,835	
Excess of Revenue and Other Financial Sources Over(Under)Expenditures and Other Financial Uses (GAAP Basis)		-			44,344	
FUND BALANCES (GAAP BASIS)						
Beginning of fiscal year		-			723,918	
End of fiscal year		$ -			$ 768,262	

	BLUE WATER BRIDGE FUND			COMPREHENSIVE TRANSPORTATION FUND		
:)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	$ -	$ -	$ -	$ 56,924	$ 56,924	$ -
	-	-	-	277	277	-
	-	-	-	20,450	20,450	-
	-	-	-	10	10	-
	652	652	-	(19)	(19)	-
	-	-	-	-	-	-
	14,428	14,428	-	5,557	5,557	-
	15,081	15,081	-	83,200	83,200	-
	10,701	5,062	5,639	12,879	11,183	1,697
	-	-	-	173,619	173,384	235
	-	-	-	80,113	70,244	9,869
	-	-	-	-	-	-
	-	-	-	-	-	-
	10,701	5,062	5,639	266,612	254,811	11,801
	1,117	1,117	-	-	-	-
	-	-	-	-	-	-
	1,117	1,117	-	-	-	-
	11,818	6,179	5,639	266,612	254,811	11,801
	3,262	8,902	5,639	(183,412)	(171,611)	11,801
	-	-	-	167,344	167,344	-
	-	-	-	1,740	1,740	-
	-	-	-	169,084	169,084	-
	-	-	-	-	-	-
	-	25	(25)	90	218	(128)
	2,507	2,504	3	28,494	26,269	2,225
	2,507	2,529	(22)	28,584	26,487	2,097
	(2,507)	(2,529)	(22)	140,500	142,597	2,097
	$ 756	6,372	$ 5,617	$ (42,912)	(29,014)	$ 13,898
		999			27,846	
		-			-	
		999			27,846	
		7,372			(1,167)	
		(4,081)			51,500	
		$ 3,290			$ 50,333	

(Statutory/Budgetary Basis)	STATE AERONAUTICS FUND BUDGET	STATE AERONAUTICS FUND ACTUAL	STATE AERONAUTICS FUND VARIANCE FAVORABLE (UNFAVORABLE)	COMBINED TRUNKLINE FUND BOND PROCEEDS FUND ACTUAL
REVENUES				
Taxes	$ 6,719	$ 6,719	$ -	$ -
License and permits	300	300	-	-
Federal aid	123,823	123,823	-	-
Local participation	23,490	23,490	-	-
Interest earnings	772	772	-	-
Nonoperating revenue-bridges	-	-	-	-
Miscellaneous revenue	3,471	3,471	-	-
Total Revenues	158,574	158,574	-	-
EXPENDITURES AND ENCUMBRANCES				
Administration	11,270	9,721	1,549	-
Bus operating assistance grants	-	-	-	-
Other grants	-	-	-	-
Airport development	156,872	156,460	412	-
Nonoperating expenditure-bridges	-	-	-	-
Total Administration and Operations	168,142	166,181	1,962	-
Roads and bridges	-	-	-	-
Other capital outlay	279	279	-	-
Total Capital Outlay	279	279	-	-
Total Expenditures and Encumbrances	168,421	166,460	1,962	-
Excess of Revenue Over(Under) Expenditures and Encumbrances	(9,847)	(7,885)	1,962	-
OTHER FINANCING SOURCES				
Michigan transportation fund distribution	-	-	-	-
Grants and transfers from other funds and components	6,000	6,000	-	-
Total Financing Sources	6,000	6,000	-	-
OTHER FINANCING USES				
Michigan transportion fund distribution	-	-	-	-
Grants and transfers to other funds and components	50	57	(7)	-
Debt service	2,673	2,672	-	-
Total Financing Uses	2,723	2,729	(7)	-
Excess Other Financial Sources Over(Under) Other Financial Uses	3,277	3,271	(7)	-
Excess of Revenue and Other Financial Sources Over(Under) Expenditures,Encumbrances and Other Financial Uses	$ (6,569)	(4,615)	$ 1,955	-
(Statutory/Budgetary Basis)				
Encumbrances at September 30		2,236		-
Funds not annually budgeted		-		(152,052)
Net Reconciling Items		2,236		(152,052)
Excess of Revenue and Other Financial Sources Over(Under)Expenditures and Other Financial Uses (GAAP Basis)		(2,379)		(152,052)
FUND BALANCES (GAAP BASIS)				
Beginning of fiscal year		24,448		249,430
End of fiscal year		$ 22,069		$ 97,379

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUND	TOTALS		
ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ -	$ -	$ 1,996,149	$ 1,996,149	$ -
-	-	50,494	50,494	-
-	-	898,136	898,136	-
-	-	70,288	70,288	-
-	-	25,226	25,226	-
-	-	2,386	2,386	-
-	-	58,005	58,005	-
-	-	3,100,686	3,100,686	-
-	-	509,685	470,304	39,381
-	-	173,619	173,384	235
-	-	1,232,923	1,162,364	70,559
-	-	156,872	156,460	412
-	-	2,386	2,323	63
-	-	2,075,486	1,964,835	110,651
-	-	1,062,613	1,061,670	943
-	-	84,741	22,298	62,443
-	-	1,147,354	1,083,968	63,386
-	-	3,222,840	3,048,803	174,037
-	-	(122,154)	51,883	174,037
-	-	817,726	817,726	-
-	-	220,641	220,641	-
-	-	1,038,367	1,038,367	-
-	-	841,426	817,726	23,701
-	-	197,837	196,703	1,134
-	-	162,980	145,567	17,413
-	-	1,202,243	1,159,995	42,248
-	-	(163,876)	(121,629)	42,248
-	-	$ (286,031)	(69,746)	$ 216,284
-			117,916	
(13,673)	-		(165,725)	
(13,673)	-		(47,809)	
(13,673)	-		(117,555)	
82,773	-		1,127,988	
$ 69,100	$ -		$ 1,010,433	

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, 2004

(In Thousands)

	MICHIGAN TRANSPORTATION FUND			STATE TRUNKLINE FUND		
(Statutory/Budgetary Basis)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes	$ 2,007,077	$ 2,007,077	$ -	$ -	$ -	$ -
License and permits	51,355	51,355	-	18,934	18,934	-
Federal aid	-	-	-	587,495	587,495	-
Local participation	-	-	-	38,588	38,588	-
Interest earnings	2,874	2,874	-	6,205	6,205	-
Nonoperating revenue-bridges	-	-	-	2,142	2,142	-
Miscellaneous revenue	250	250	-	22,816	22,816	-
Total Revenues	2,061,556	2,061,556	-	676,179	676,179	-
EXPENDITURES AND ENCUMBRANCES						
Administration	7,966	8,074	(108)	434,980	396,434	38,546
Bus operating assistance grants	-	-	-	-	-	-
Other grants	1,009,386	1,009,246	141	181,105	134,927	46,178
Airport development	-	-	-	-	-	-
Nonoperating expenditure-bridges	-	-	-	2,143	2,078	64
Total Administration and Operations	1,017,352	1,017,320	32	618,228	533,440	84,788
Roads and bridges	-	-	-	801,593	801,422	171
Other capital outlay	-	-	-	66,901	14,864	52,037
Total Capital Outlay	-	-	-	868,494	816,286	52,208
Total Expenditures and Encumbrances	1,017,352	1,017,320	32	1,486,722	1,349,725	136,996
Excess of Revenue Over(Under) Expenditures and Encumbrances	1,044,204	1,044,236	32	(810,543)	(673,546)	136,996
OTHER FINANCING SOURCES						
Michigan transportation fund distribution	-	-	-	704,710	704,710	-
Grants and transfers from other funds	3,027	3,027	-	148,264	148,264	-
Proceeds from sale of capital assets	-	-	-	6,903	6,903	-
Total Financing Sources	3,027	3,027	-	859,877	859,877	-
OTHER FINANCING USES						
Michigan transportion fund distribution	896,795	871,063	25,732	-	-	-
Grants and transfers to other funds	180,115	176,200	3,914	2,029	14,260	(12,231)
Debt service	-	-	-	79,587	72,682	6,905
Total Financing Uses	1,076,909	1,047,263	29,646	81,616	86,942	(5,326)
Excess Other Financial Sources Over(Under) Other Financial Uses	(1,073,882)	(1,044,236)	29,646	778,261	772,935	(5,326)
Excess of Revenue and Other Financial Sources Over(Under) Expenditures,Encumbrances and Other Financial Uses	$ (29,678)	-	$ 29,678	$ (32,281)	99,388	$ 131,670
(Statutory/Budgetary Basis)						
Encumbrances at September 30		-			26,915	
Funds not annually budgeted		-			-	
Net Reconciling Items		-			26,915	
Excess of Revenue and Other Financial Sources Over(Under)Expenditures and Other Financial Uses (GAAP Basis)		-			126,303	
FUND BALANCES (GAAP BASIS)						
Beginning of fiscal year		-			597,615	
End of fiscal year		$ -			$ 723,918	

BLUE WATER BRIDGE FUND			COMPREHENSIVE TRANSPORTATION FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ -	$ -	$ -	$ 64,960	$ 64,960	$ -
-	-	-	290	290	-
-	-	-	29,670	29,670	-
-	-	-	4	4	-
249	249	-	98	98	-
-	-	-	-	-	-
13,706	13,706	-	4,766	4,766	-
13,955	13,955	-	99,787	99,787	-
10,348	4,886	5,462	12,231	11,386	845
-	-	-	174,630	174,628	2
-	-	-	112,316	99,432	12,884
-	-	-	-	-	-
-	-	-	-	-	-
10,348	4,886	5,462	299,178	285,446	13,732
235	235	-	-	-	-
-	-	-	-	-	-
235	235	-	-	-	-
10,583	5,121	5,462	299,178	285,446	13,732
3,372	8,834	5,462	(199,391)	(185,659)	13,732
-	-	-	166,353	166,353	-
-	35	35	1,788	1,788	-
-	-	-	-	-	-
-	35	35	168,141	168,141	-
	-	-	-	-	-
-	3	(3)	95	795	(699)
2,504	2,504		28,721	28,492	229
2,504	2,506	(2)	28,816	29,287	(471)
(2,504)	(2,471)	32	139,326	138,855	(471)
$ 868	6,362	$ 5,494	$ (60,065)	(46,804)	$ 13,261
	206			31,274	
	-			-	
	206			31,274	
	6,568			(15,530)	
	(10,650)			67,030	
	$ (4,081)			$ 51,500	

(Statutory/Budgetary Basis)	STATE AERONAUTICS FUND BUDGET	STATE AERONAUTICS FUND ACTUAL	STATE AERONAUTICS FUND VARIANCE FAVORABLE (UNFAVORABLE)	COMBINED TRUNKLINE FUND BOND PROCEEDS FUND ACTUAL
REVENUES				
Taxes	$ 7,721	$ 7,721	$ -	$ -
License and permits	314	314	-	-
Federal aid	107,205	107,205	-	-
Local participation	17,501	17,501	-	-
Interest earnings	381	381	-	-
Nonoperating revenue-bridges	-	-	-	-
Miscellaneous revenue	1,784	1,784	-	-
Total Revenues	134,906	134,906	-	-
EXPENDITURES AND ENCUMBRANCES				
Administration	8,408	7,151	1,257	-
Bus operating assistance grants	-	-	-	-
Other grants	-	-	-	-
Airport development	131,625	131,462	163	-
Nonoperating expenditure-bridges	-	-	-	-
Total Administration and Operations	140,033	138,613	1,420	-
Roads and bridges	-	-	-	-
Other capital outlay	-	-	-	-
Total Capital Outlay	-	-	-	-
Total Expenditures and Encumbrances	140,033	138,613	1,420	-
Excess of Revenue Over(Under) Expenditures and Encumbrances	(5,127)	(3,707)	1,420	-
OTHER FINANCING SOURCES				
Michigan transportation fund distribution	-	-	-	-
Grants and transfers from other funds and components	9,674	9,674	-	-
Proceeds from sale of capital assets	-	-	-	-
Total Financing Sources	9,674	9,674	-	-
OTHER FINANCING USES				
Michigan transportion fund distribution	-	-	-	-
Grants and transfers to other funds and components	50	52	(2)	-
Debt service	1,787	1,787	-	-
Total Financing Uses	1,837	1,838	(2)	-
Excess Other Financial Sources Over(Under) Other Financial Uses	7,837	7,836	(2)	-
Excess of Revenue and Other Financial Sources Over(Under) Expenditures,Encumbrances and Other Financial Uses	$ 2,710	4,129	$ 1,418	-
(Statutory/Budgetary Basis)				
Encumbrances at September 30		1,739		-
Funds not annually budgeted		-		57,906
Net Reconciling Items		1,739		57,906
Excess of Revenue and Other Financial Sources Over(Under)Expenditures and Other Financial Uses (GAAP Basis)		5,868		57,906
FUND BALANCES (GAAP BASIS)				
Beginning of fiscal year		18,580		191,524
End of fiscal year		$ 24,448		$ 249,430

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUND	TOTALS		
ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ -	$ -	$ 2,079,758	$ 2,079,758	$ -
-	-	70,893	70,893	-
-	-	724,369	724,369	-
-	-	56,093	56,093	-
-	-	9,806	9,806	-
-	-	2,142	2,142	-
-	-	43,322	43,322	-
-	-	2,986,383	2,986,383	-
-	-	473,933	427,931	46,003
-	-	174,630	174,628	2
-	-	1,302,808	1,243,605	59,203
-	-	131,625	131,462	163
-	-	2,143	2,078	64
-	-	2,085,139	1,979,704	105,435
-	-	801,827	801,657	171
-	-	66,901	14,864	52,037
-	-	868,728	816,521	52,208
-	-	2,953,867	2,796,225	157,642
-	-	32,515	190,158	157,642
-	-	871,063	871,063	-
-	-	162,754	162,788	35
-	-	6,903	6,903	-
-	-	1,040,720	1,040,754	35
-	-	896,795	871,063	25,732
-	-	182,289	191,310	(9,021)
-	-	112,598	105,464	7,134
-	-	1,191,681	1,167,837	23,844
-	-	(150,961)	(127,082)	23,879
-	-	$ (118,446)	63,075	$ 181,521
-			60,134	
(22,036)	-		35,870	
(22,036)	-		96,004	
(22,036)	-		159,079	
104,809	-		968,909	
$ 82,773	$ -		$ 1,127,988	

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF DEBT SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2005

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. As of October 1, 1986, the debt service funds for the outstanding bond issues were merged by equity transfer into this debt service fund. The funds merged include the 1983 State Trunkline Fund Bond and Interest Redemption Fund, the 1984 State Trunkline Fund Bond and Interest Redemption Fund, the 1986 State Trunkline Refunding Bond and Interest Redemption Fund, and the Michigan Trunkline Bond and Interest Redemption Fund, Series II through IX. All subsequent State Trunkline Fund related bond issues are accounted for in this fund.

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. As of October 1, 1986, the debt service funds for outstanding bond issues were merged by equity transfer into this debt service fund. The funds merged include the Comprehensive Transportation Bond and Interest Redemption Fund, and the 1986 Comprehensive Transportation Refunding Bond and Interest Redemption Fund. All subsequent Comprehensive Transportation Fund related bond issues are accounted for in this fund.

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.

MICHIGAN DEPARTMENT OF TRANSPORTATION

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS

SEPTEMBER 30, 2005 and 2004

(In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND		TOTALS	
	2005	2004	2005	2004	2005	2004
ASSETS						
Current Assets:						
Equity in Common Cash	$ 455	$ 61	$ -	$ -	$ 455	$ 61
Amounts due from other funds	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Assets	$ 455	$ 61	$ -	$ -	$ 455	$ 61
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants Outstanding	$ 267	$ -	$ -	$ -	$ 267	$ -
Accounts payable and other liabilities	188	61	-	-	188	61
Amounts due to other funds	-	-	-	-	-	-
Total Liabilities	455	61	-	-	455	61
Fund Balances:						
Unreserved	-	-	-	-	-	-
Total Fund Balances	-	-	-	-	-	-
Total Liabilities and Fund Balances	$ 455	$ 61	$ -	$ -	$ 455	$ 61

MICHIGAN DEPARTMENT OF TRANSPORTATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

DEBT SERVICE FUNDS

FISCAL YEARS ENDED SEPTEMBER 30, 2005 and 2004

(In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND		TOTALS	
	2005	2004	2005	2004	2005	2004
REVENUES						
Interest earnings	$ 1	$ -	$ -	$ -	$ 1	$ -
Total Revenues	1	-	-	-	1	-
EXPENDITURES						
Costs of issuance	3,621	881	580	-	4,201	881
Bond principal retirement	53,026	23,895	15,565	16,325	68,591	40,220
Bond interest and fiscal charges	63,599	51,291	13,376	13,954	76,975	65,244
Total Expenditures	120,247	76,066	29,520	30,279	149,767	106,345
Excess of Revenues Over (Under) Expenditures	(120,246)	(76,066)	(29,520)	(30,278)	(149,767)	(106,345)
OTHER FINANCING SOURCES						
Proceeds from refunding bond issues	601,270	103,450	62,180	-	663,450	103,450
Premium on bonds issued	50,815	9,736	7,815	-	58,629	9,736
Transfer from State Trunkline Fund	116,626	75,186	-	-	116,626	75,186
Transfer from Comprehensive Transportation Fund	-	-	28,941	30,279	28,941	30,279
Total Other Financing Sources	768,710	188,371	98,935	30,279	867,646	218,650
OTHER FINANCING USES						
Transfer to Treasury for operations	-	-	-	-	-	-
Payment to refunded bond escrow agent	648,464	112,305	69,415	-	717,879	112,305
Total Other Financing Uses	648,464	112,305	69,415	-	717,879	112,305
Excess of Other Sources Over (Under) Other Uses	120,246	76,066	29,520	30,278	149,767	106,345
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-	-	-	-
Fund balances-Beginning of fiscal year	-	-	-	-	-	-
Fund balances-End of fiscal year	$ -	$ -	$ -	$ -	$ -	$ -

MDOT
Michigan Department of Transportation

FINANCIAL SCHEDULES

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUNDS
LAST TEN YEARS
SEPTEMBER 30, 2005
(In Thousands)

	1995-1996	1996-1997	1997-1998	1998-1999
REVENUES AND OTHER SOURCES:				
Michigan Transportation Fund	$ 1,402,386	$ 1,531,558	$ 1,760,457	$ 1,844,829
State Trunkline Fund				
Economic Development	111,438	100,715	100,287	114,030
Traditional Program	704,757	924,447	1,155,026	1,251,440
Blue Water Bridge Fund	1,386	536	10,580	11,454
Comprehensive Transportation Fund	219,502	228,497	226,155	243,990
Aeronautics Fund	94,190	91,272	70,615	74,229
Transportation Related Trust Fund	-	-	-	-
1989 State Trunkline Bond Proceeds Fund	2,381	324	253	5,508
1992 State Trunkline Bond Proceeds Fund	64,312	35,622	18,373	12,288
1992 State Trunkline Critical Bridge Bond Proceeds Fund	132	111	104	76
1992 Comprehensive Transportation Bond Proceeds Fund	-	1,064	900	1,985
1994 State Trunkline Bond Proceeds Fund	149,869	103,710	40,051	10,615
1996 State Trunkline Bond Proceeds Fund	-	56,391	2,079	(119)
2001 Build Michigan III Bond Proceeds	-	-	-	-
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds	-	-	-	-
2002 & 2003 Comprehensive Transportation Bond Proceeds Fund	-	-	-	-
2004 State Trunkline Bond Proceeds	-	-	-	-
TOTAL REVENUES AND OTHER SOURCES	$ 2,750,353	$ 3,074,247	$ 3,384,879	$ 3,570,324
EXPENDITURES AND OTHER USES:				
Michigan Transportation Fund	$ 1,402,385	$ 1,531,558	$ 1,760,457	$ 1,844,829
State Trunkline Fund				
Economic Development	145,609	124,129	109,345	115,337
Traditional Program	641,136	879,185	1,089,716	1,363,640
Blue Water Bridge Fund	30,001	-	5,271	5,220
Comprehensive Transportation Fund	199,578	223,501	267,159	237,021
Aeronautics Fund	92,574	83,243	71,914	99,057
Transportation Related Trust Fund	-	-	-	-
1989 State Trunkline Bond Proceeds Fund	4,405	1,066	1,519	3,126
1992 State Trunkline Bond Proceeds Fund	73,640	43,521	23,027	16,050
1992 State Trunkline Critical Bridge Bond Proceeds Fund	4,094	157	580	242
1992 Comprehensive Transportation Bond Proceeds Fund	-	6,569	3,545	2,395
1994 State Trunkline Bond Proceeds Fund	198,243	119,378	52,368	14,228
1996 State Trunkline Bond Proceeds Fund	-	12,695	19,862	23,776
2001 Build Michigan III Bond Proceeds	-	-	-	-
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds	-	-	-	-
2002 & 2003 Comprehensive Transportation Bond Proceeds Fund	-	-	-	-
2004 State Trunkline Bond Proceeds	-	-	-	-
TOTAL EXPENDITURES AND OTHER USES	$ 2,791,664	$ 3,025,002	$ 3,404,762	$ 3,724,921

1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
$ 1,892,570	$ 1,913,540	$ 1,974,234	$ 2,000,406	$ 2,064,583	$ 1,976,798
109,260	113,111	114,264	111,868	106,607	118,205
1,537,389	1,439,365	1,367,935	1,317,848	1,429,449	1,612,110
16,535	12,493	11,478	12,254	13,989	15,081
249,647	270,656	270,695	273,277	267,928	252,284
93,818	133,811	155,619	122,359	144,580	164,574
224,680	244,625	277,726	281,796	266,271	239,403
3,514	112	41	719	152	891
15,312	11,914	5,087	2,168	2,419	947
85	13	2	-	-	-
730	609	104	15	-	-
6,984	3,110	486	918	71	374
9	3	154	-	-	-
-	330,576	49,090	14,684	27,691	11,765
-	410,848	218,262	13,040	9,477	67,623
-	-	89,179	37,641	1,164	2,531
-	-	-	-	201,896	6,152
$ 4,150,531	$ 4,884,786	$ 4,534,356	$ 4,188,993	$ 4,536,277	$ 4,468,738

$ 1,892,570	$ 1,913,540	$ 1,974,234	$ 2,000,406	$ 2,064,583	$ 1,976,798
87,927	108,988	109,955	102,399	121,527	113,014
1,493,359	1,385,715	1,277,342	1,286,783	1,288,226	1,572,956
7,728	12,482	10,326	8,869	7,421	7,709
241,984	281,121	288,324	262,820	283,459	253,451
90,195	131,899	159,609	117,691	138,712	166,954
224,680	244,625	277,726	281,796	266,271	239,403
1,582	132	314	625	1,271	635
18,886	12,667	5,970	2,194	5,495	880
1,123	1	262	-	-	-
1,013	5,176	5,474	1,773	-	-
8,281	3,688	520	1,164	3,997	411
2,257	(74)	-	-	-	-
-	75,734	113,740	76,606	51,124	56,489
-	164,805	259,282	169,588	58,497	66,207
-	-	671	21,340	23,201	16,205
-	-	-	-	63,416	115,184
$ 4,071,584	$ 4,340,498	$ 4,483,749	$ 4,334,054	$ 4,377,200	$ 4,586,296

MICHIGAN DEPARTMENT OF TRANSPORTATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ECONOMIC DEVELOPMENT FUND

FISCAL YEARS ENDED SEPTEMBER 30, 2005 and 2004

(In Thousands)

	2005	2004
REVENUES AND OTHER SOURCES		
Licenses and permits	$ 12,707	$ 13,607
Federal aid	42,445	36,535
Local participation	17,147	14,700
Interest earnings	3,453	1,491
Michigan Transportion Fund distribution	40,275	40,275
Miscellaneous	163	
Operating Transfers In	2,015	-
Total Revenues and Other Sources	118,205	106,607
EXPENDITURES AND OTHER USES		
Administration	800	536
Forest roads	5,021	5,029
Target industries-state takeovers	18,553	27,899
Rural county urban system	2,233	4,145
Urban county congestion	35,156	34,416
Rural county primary	36,551	34,742
Debt service	14,699	14,761
Total Expenditures and Other Uses	113,014	121,527
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	5,191	(14,920)
Fund Balances-Beginning of fiscal year	86,664	101,584
Fund Balances-End of fiscal year	$ 91,855	$ 86,664

The Economic Development Fund was created as a subfund of the State Trunkline Fund during fiscal year 1987-88. 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.

MICHIGAN DEPARTMENT OF TRANSPORTATION

SCHEDULE OF DEBT SERVICE REQUIREMENTS ON THE OUTSTANDING BONDS AND NOTES

STATE TRUNKLINE FUND AND COMPREHENSIVE TRANSPORTATION FUND

SEPTEMBER 30, 2005

(In Thousands)

Bonds

FISCAL YEARS ENDING	STATE TRUNKLINE FUND			COMPREHENSIVE TRANSPORTATION FUND			COMBINED TOTAL		
SEPTEMBER 30	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2006	29,835	64,774	94,609	19,090	12,517	31,607	48,925	77,291	126,216
2007	30,385	64,414	94,799	20,075	11,554	31,629	50,460	75,968	126,428
2008	42,970	63,753	106,723	21,170	10,509	31,679	64,140	74,262	138,402
2009	44,150	62,559	106,709	22,220	9,468	31,688	66,370	72,027	138,397
2010	75,690	61,193	136,883	23,445	8,234	31,679	99,135	69,427	168,562
2011	78,795	58,101	136,896	24,655	7,020	31,675	103,450	65,121	168,571
2012	82,080	54,823	136,903	12,195	6,032	18,227	94,275	60,855	155,130
2013	85,555	51,338	136,893	12,735	5,410	18,145	98,290	56,748	155,038
2014	89,590	47,302	136,892	13,375	4,755	18,130	102,965	52,057	155,022
2015	94,790	42,282	137,072	8,110	4,067	12,177	102,900	46,349	149,249
2016	99,710	37,364	137,074	8,515	3,656	12,171	108,225	41,020	149,245
2017	104,925	32,147	137,072	8,950	3,224	12,174	113,875	35,371	149,246
2018	110,040	27,034	137,074	9,400	2,770	12,170	119,440	29,804	149,244
2019	115,500	21,569	137,069	9,875	2,293	12,168	125,375	23,862	149,237
2020	73,275	15,524	88,799	10,400	1,771	12,171	83,675	17,295	100,970
2021	77,095	11,702	88,797	10,950	1,228	12,178	88,045	12,931	100,976
2022	81,180	7,619	88,799	11,515	657	12,172	92,695	8,276	100,971
2023	76,650	3,587	80,237	2,495	124	2,619	79,145	3,710	82,855
2024	12,800	1,350	14,150	-	-	-	12,800	1,350	14,150
2025	13,455	694	14,149	-	-	-	13,455	694	14,149
2026	3,485	270	3,755	-	-	-	3,485	270	3,755
2027	3,665	92	3,757	-	-	-	3,665	92	3,757
TOTAL	$ 1,425,620	$ 729,491	$ 2,155,111	$ 249,170	$ 95,289	$ 344,459	$ 1,674,790	$ 824,781	$ 2,499,571

Notes

FISCAL YEARS ENDING SEPTEMBER 30	PRINCIPAL	INTEREST*	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2006	44,000	6,880	50,880	-	-	-	44,000	6,880	50,880
2007	44,880	5,120	50,000	-	-	-	44,880	5,120	50,000
2008	46,675	3,325	50,000	-	-	-	46,675	3,325	50,000
2009	36,445	1,458	37,903	-	-	-	36,445	1,458	37,903
TOTAL	$ 172,000	$ 16,783	$ 188,783	$ -	$ -	$ -	$ 172,000	$ 16,783	$ 188,783

*Interest payments are estimated at 4%.

MICHIGAN DEPARTMENT OF TRANSPORTATION

CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS

BY FUNCTIONAL ACTIVITY

FISCAL YEAR ENDED SEPTEMBER 30, 2005

(In Thousands)

	Totals	Preliminary Engineering	Right-of-Way
STATE TRUNKLINE FUND			
Roads and bridges	$ 1,014,880	$ 117,124	$ 21,678
Economic development fund	97,515	932	6,803
Work orders - state facilities	7,391	-	-
Subtotal	1,119,786	118,056	28,481
BLUE WATER BRIDGE FUND	297	248	47
Subtotal	297	248	47
STATE AERONAUTICS AND GENERAL FUNDS			
Airport development	160,800	(7,442)	11,946
Subtotal	160,800	(7,442)	11,946
COMPREHENSIVE TRANSPORTATION FUND			
Rail freight	4,321	-	-
Bus transit	27,147	-	-
Intercity bus, rail, water	8,600	-	-
Subtotal	40,068	-	-
BOND FUNDS			
1989 State Trunkline	635	203	-
1992 State Trunkline	880	218	523
1992 Comprehensive Transportation	-	-	-
1994 State Trunkline	411	95	24
1996 State Trunkline	-	-	-
2001 State Trunkline BM3	171,673	3,045	2,109
2001 & 2002 State Trunkline BM2	66,207	-	-
2002 & 2003 Comprehensive Transportation	16,205	(326)	184
Subtotal	256,010	3,235	2,839
Total Capital Acquisitions	$ 1,576,961	$ 114,097	$ 43,313

Utility Relocation	Physical Construction	Construction Supervision	Special Projects	Other Activities
$ 927	$ 803,699	$ 69,886	$ 1	$ 1,564
-	85,170	2,813	-	1,797
-	-	-	-	7,391
927	888,869	72,699	1	10,752
-	48	1	-	(47)
-	48	1	-	(47)
-	136,427	18,489	-	1,381
-	136,427	18,489	-	1,381
-	-	-	-	4,321
-	-	-	-	27,147
-	-	-	-	8,600
-	-	-	-	40,068
-	0	-	-	432
-	103	-	-	36
-	-	-	-	-
-	277	3	-	12
-	-	-	-	-
14	128,696	10,547	-	27,262
-	3,061	703	-	62,443
-	11,389	1,144	-	3,814
14	143,526	12,397	-	93,997
$ 941	$ 1,168,870	$ 103,587	$ 1	$ 146,152

MICHIGAN DEPARTMENT OF TRANSPORTATION

CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS

BY FUNCTIONAL ACTIVITY

FISCAL YEAR ENDED SEPTEMBER 30, 2004

(In Thousands)

	Totals	Preliminary Engineering	Right-of-Way
STATE TRUNKLINE FUND			
Roads and bridges	$ 801,257	$ 111,346	$ 19,661
Economic development fund	106,230	1,702	3,469
Work orders - state facilities	7,243	-	-
Subtotal	914,731	113,049	23,131
BLUE WATER BRIDGE FUND	29	-	(2)
Subtotal	29	-	(2)
STATE AERONAUTICS AND GENERAL FUNDS			
Airport development	133,158	21,845	9,259
Subtotal	133,158	21,845	9,259
COMPREHENSIVE TRANSPORTATION FUND			
Rail freight	8,859	-	-
Bus transit	33,884	-	-
Intercity bus, rail, water	5,478	-	-
Subtotal	48,220	-	-
BOND FUNDS			
1989 State Trunkline	1,271	1,241	-
1992 State Trunkline	5,495	1,333	111
1992 Comprehensive Transportation	-	-	-
1994 State Trunkline	3,997	(32)	3
1996 State Trunkline	-	-	-
2001 State Trunkline BM3	114,540	9,830	2,171
2001 & 2002 State Trunkline BM2	58,497	-	-
2002 & 2003 Comprehensive Transportation	23,201	1,206	17
Subtotal	207,001	13,579	2,303
Total Capital Acquisitions	$ 1,303,139	$ 148,472	$ 34,691

Utility Relocation	Physical Construction	Construction Supervision	Special Projects	Other Activities
$ 1,608	$ 634,672	$ 58,246	$ 53	$ (24,330)
-	80,944	1,496	-	18,618
-	-	-	-	7,243
1,608	715,616	59,743	53	1,531
-	-	11	-	19
-	-	11	-	19
-	92,112	4,841	-	5,101
-	92,112	4,841	-	5,101
-	-	-	-	8,859
-	-	-	-	33,884
-	-	-	-	5,478
-	-	-	-	48,220
-	0	-	-	30
-	4,045	(2)	-	7
-	-	-	-	-
-	3,545	470	-	11
-	-	-	-	-
-	90,625	7,613	-	4,301
-	25,563	3,392	-	29,541
-	14,260	728	-	6,989
-	138,038	12,202	-	40,880
$ 1,608	$ 945,766	$ 76,797	$ 53	$ 95,751

Michigan Department of Transportation
Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2005
(In Thousands)

Grantor Agency/ Federal Assistance Program Title	CFDA Program Number	Pass Through Entity	Pass-Through Entity Identification Number	Directly Expended by Department 2005	Distributed To Sub-Recipients 2005	Total Expended and Distributed 2005
Federal Highway Administration:						
Highway Planning and Construction	20.205			$ 925,741	$ 36,801	$ 962,542
Total Federal Highway Administration				$ 925,741	$ 36,801	$ 962,542
Federal Motor Carrier Safety Administration:						
National Motor Carrier Safety	20.218	State Police	97-0066	$ 62	$ -	$ 62
Total Federal Motor Carrier Safety Administration				$ 62	$ -	$ 62
Federal Aviation Administration:						
Airport Improvement Program	20.106			$ 86,084	$ 40,220	$ 126,304
Total Federal Aviation Administration				$ 86,084	$ 40,220	$ 126,304
Federal Railroad Administration:						
Next Generation High Speed Rail Program	20.312			$ 1,513	$ -	$ 1,513
Total Federal Railroad Administration				$ 1,513	$ -	$ 1,513
Federal Transit Administration:						
Section 5309 - Capital Investment Grants	20.500			$ 64	$ 5,394	$ 5,458
Section 5311 - Public Transportation for Non-Urbanized Areas/Operating	20.509			-	6,062	6,062
Section 5311 - Public Transportation for Non-Urbanized Areas/Capital	20.509			957	1,521	2,478
Section 5303 - Metropolitan Planning Grants	20.505			-	1,201	1,201
Section 5307 - Urbanized Area Formula Program	20.507			-	731	731
Section 5310 - Elderly and Persons with Disabilities Program	20.513			60	3,750	3,810
Section 5313(b) - State Planning and Research Program	20.515			6	226	232
Section 5314 - Transit Planning and Research Program	20.514			3	2	4
Section 3037 - Job Access and Reverse Commute Program	20.516			-	112	112
Total Federal Transit Administration				$ 1,090	$ 18,998	$ 20,088
DEPARTMENT TOTAL				$ 1,014,490	$ 96,019	$ 1,110,509

Michigan Department of Transportation
Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2004
(In Thousands)

Grantor Agency/ Federal Assistance Program Title	CFDA Program Number	Pass Through Entity	Pass-Through Entity Identification Number	Directly Expended by Department 2004	Distributed To Sub-Recipients 2004	Total Expended and Distributed 2004
Federal Highway Administration:						
Highway Planning and Construction	20.205			$ 770,229	$ 39,704	$ 809,932
Total Federal Highway Administration				$ 770,229	$ 39,704	$ 809,932
Federal Motor Carrier Safety Administration:						
National Motor Carrier Safety	20.218	State Police	97-0066	$ 115	$ -	$ 115
Total Federal Motor Carrier Safety Administration				$ 115	$ -	$ 115
Federal Aviation Administration:						
Airport Improvement Program	20.106			$ 56,996	$ 51,433	$ 108,429
Total Federal Aviation Administration				$ 56,996	$ 51,433	$ 108,429
Federal Railroad Administration:						
Next Generation High Speed Rail Program	20.312			$ 949	$ -	$ 949
Total Federal Railroad Administration				$ 949	$ -	$ 949
Federal Transit Administration:						
Section 5309 - Capital Investment Grants	20.500			$ 185	$ 14,618	$ 14,803
Section 5311 - Public Transportation for Non-Urbanized Areas/Operating	20.509			-	6,883	6,883
Section 5311 - Public Transportation for Non-Urbanized Areas/Capital	20.509			987	2,638	3,625
Section 5303 - Metropolitan Planning Grants	20.505			4	1,865	1,869
Section 5307 - Urbanized Area Formula Program	20.507			-	-	-
Section 5310 - Elderly and Persons with Disabilities Program	20.513			-	2,677	2,677
Section 5313(b) - State Planning and Research Program	20.515			98	298	397
Section 3037 - Job Access and Reverse Commute Program	20.516			-	265	265
Total Federal Transit Administration				$ 1,274	$ 29,244	$ 30,518
DEPARTMENT TOTAL				$ 829,563	$ 120,381	$ 949,944

MICHIGAN DEPARTMENT OF TRANSPORTATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEARS ENDED SEPTEMBER 30, 2005 AND 2004

(A) The Department changed the format of the Schedule of Expenditures of Federal Awards (SEFA) to be consistent with the reporting model provided by the State of Michigan in fiscal year 2004.

(B) The Department's method of reporting accrued expenditures was revised in fiscal year 2004. Previously, all accrued expenditures were reported as directly expended by the Department. The Department will now determine if accrued expenditures should be reported as directly expended or as distributions to sub-recipients on an individual basis.

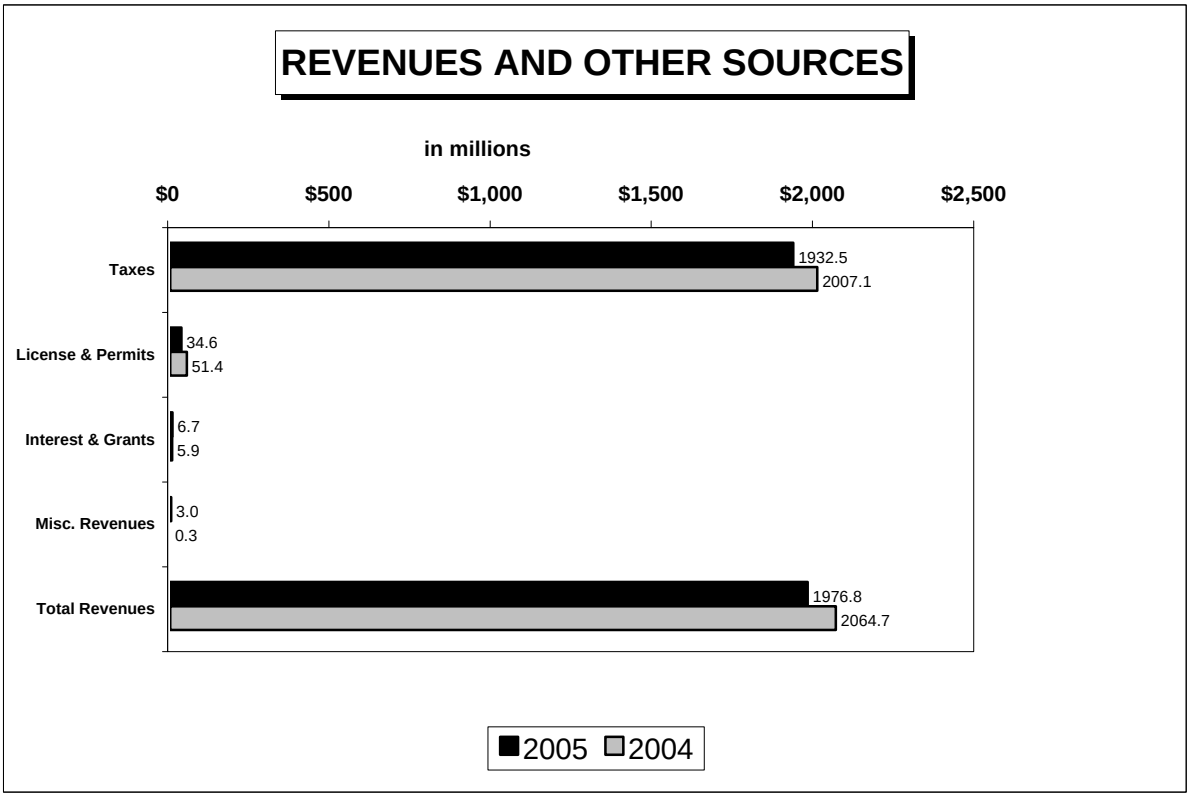
MDOT
Michigan Department of Transportation

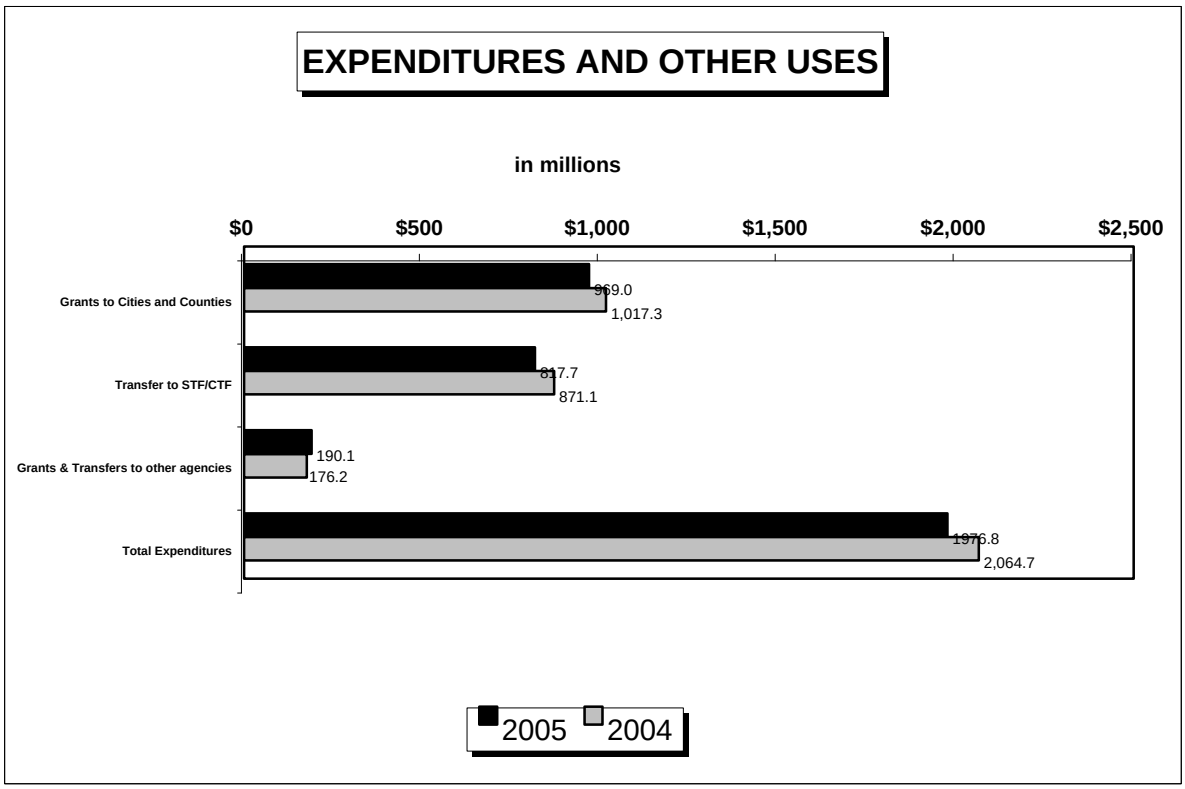
GRAPHIC PRESENTATIONS

MICHIGAN DEPARTMENT OF TRANSPORTATION

MICHIGAN TRANSPORTATION FUND GRAPHICS

FISCAL YEARS ENDED SEPTEMBER 30, 2005 AND 2004





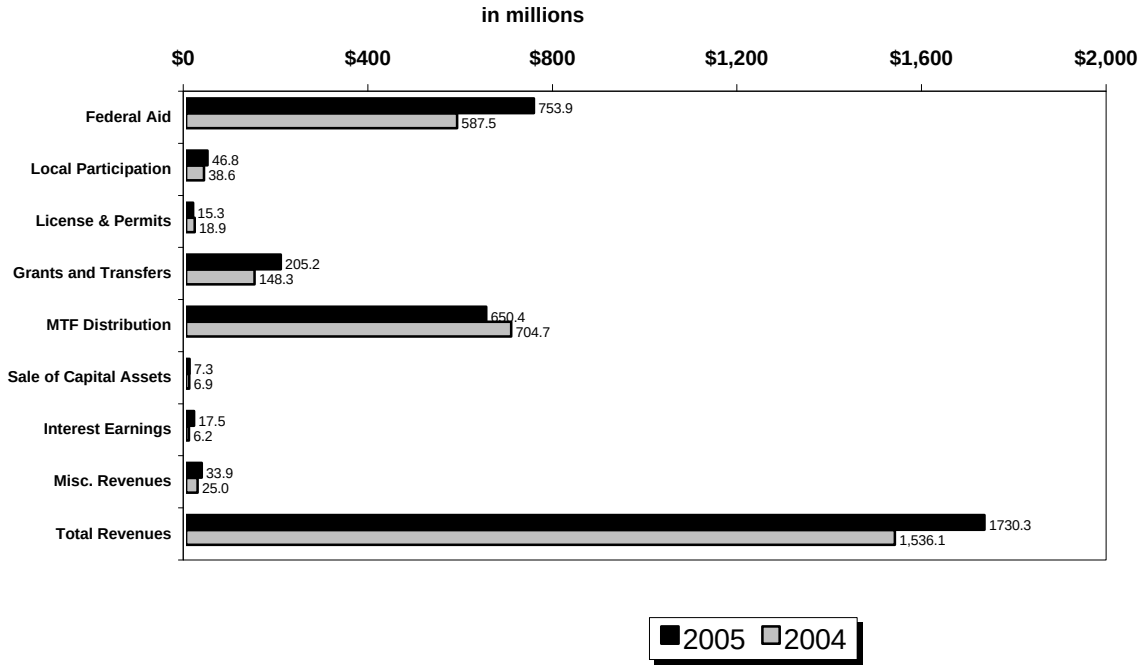
MICHIGAN DEPARTMENT OF TRANSPORTATION

STATE TRUNKLINE FUND GRAPHICS

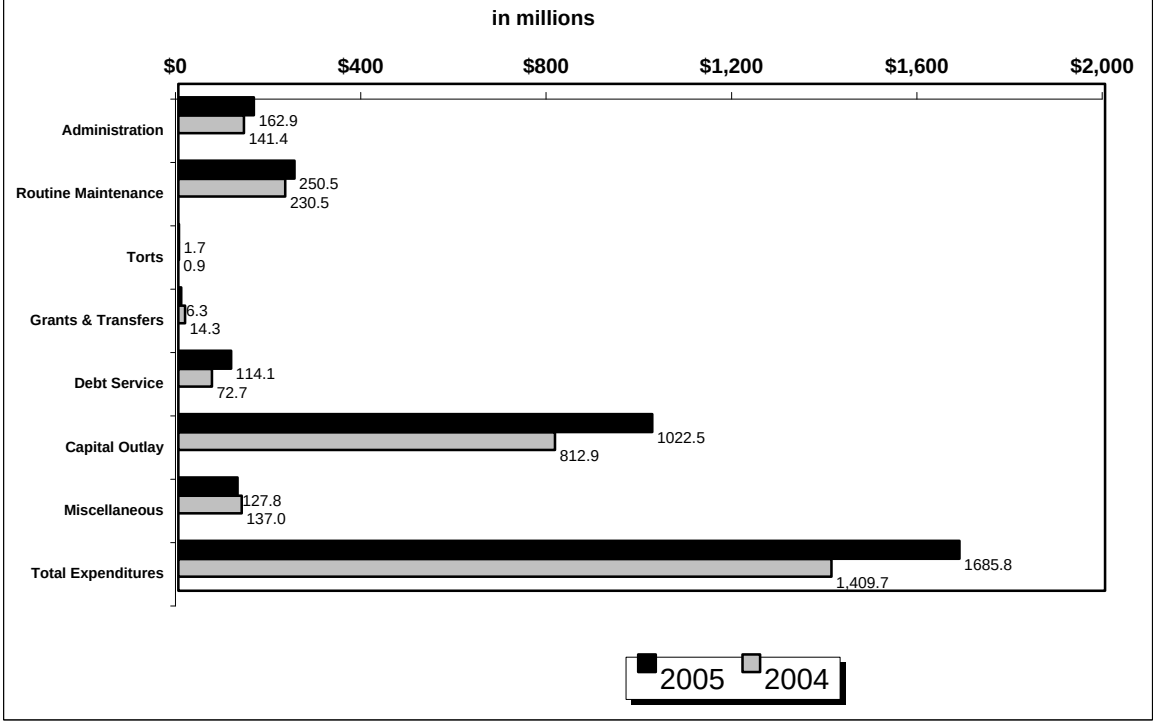
Includes Economic Development Fund

FISCAL YEARS ENDED SEPTEMBER 30, 2005 AND 2004

REVENUES AND OTHER SOURCES



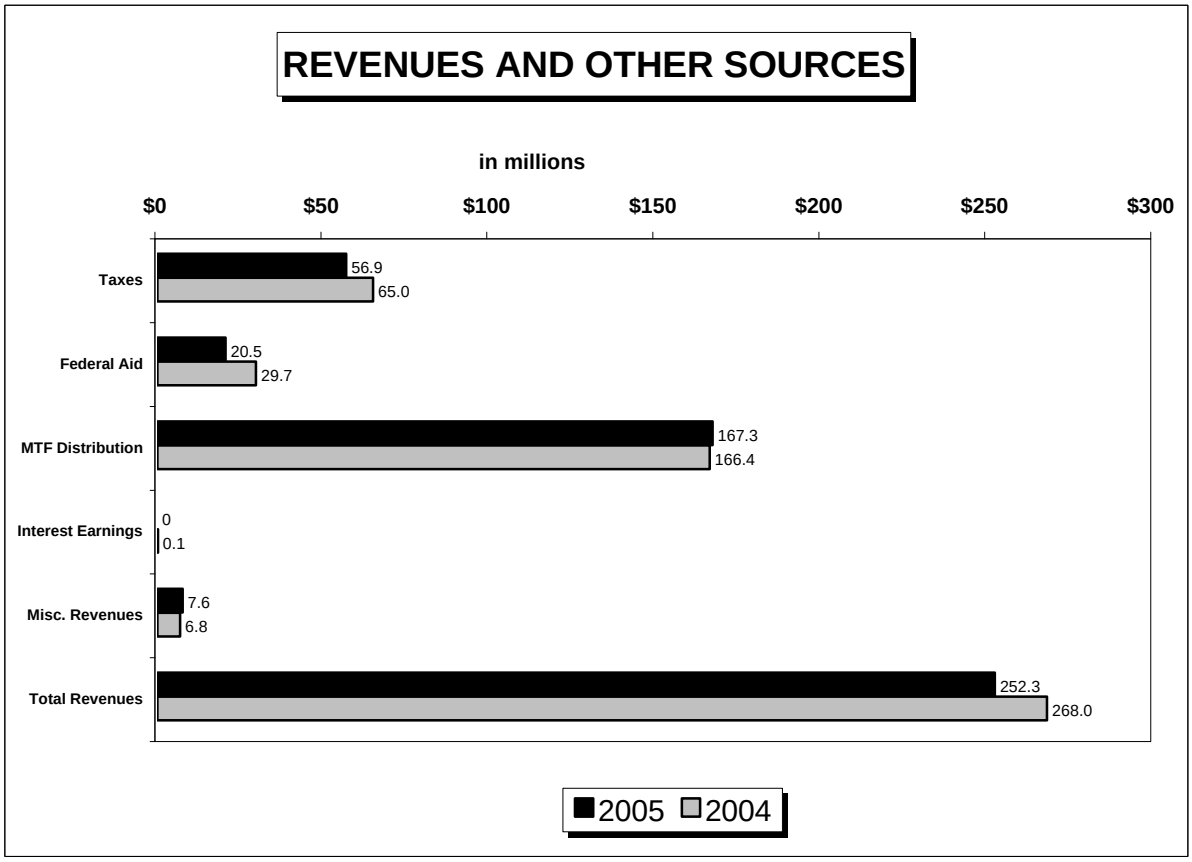
EXPENDITURES AND OTHER USES

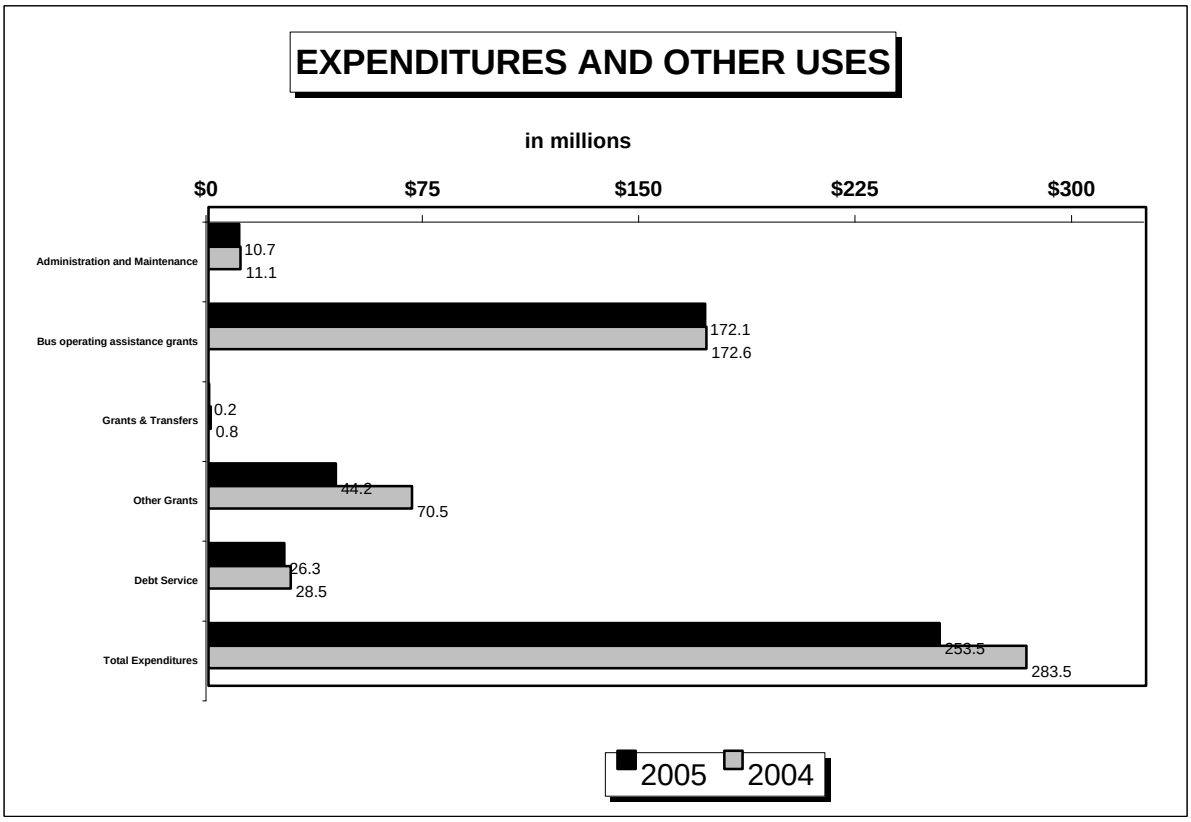


MICHIGAN DEPARTMENT OF TRANSPORTATION

COMPREHENSIVE TRANSPORTATION FUND GRAPHICS

FISCAL YEARS ENDED SEPTEMBER 30, 2005 AND 2004

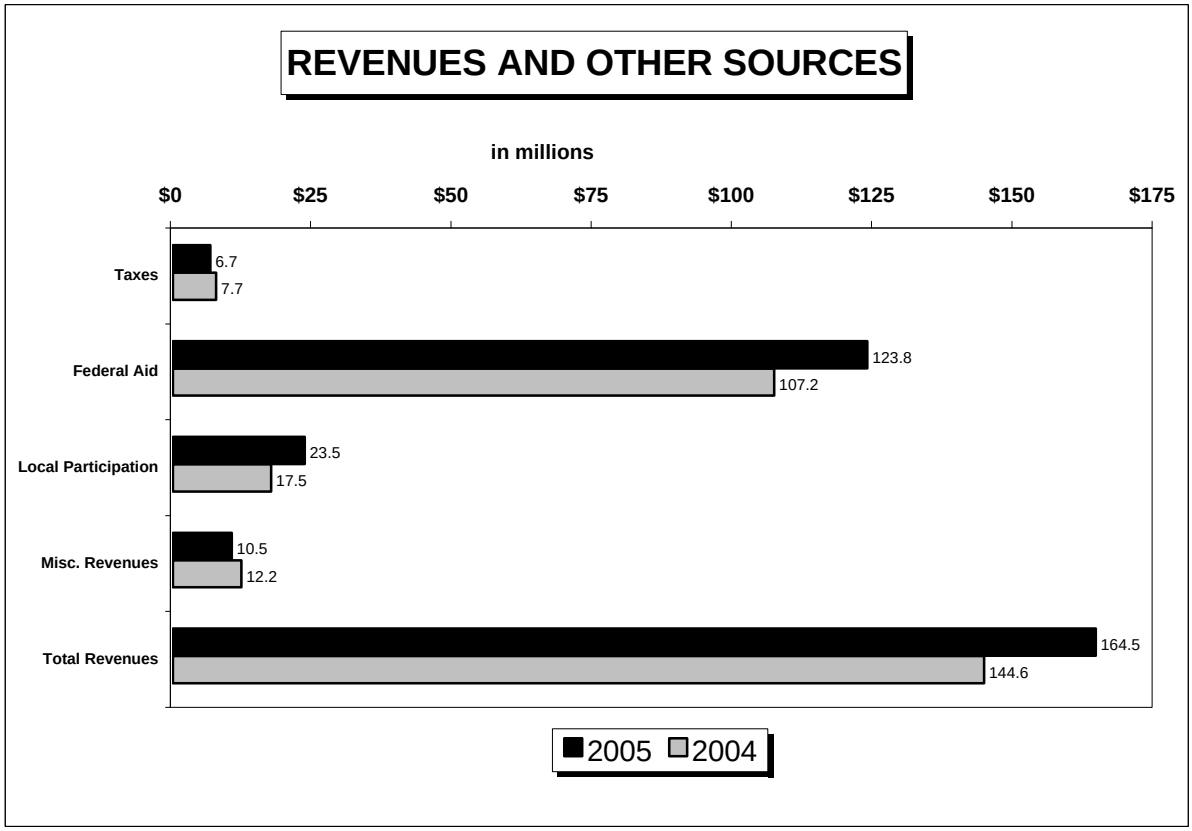


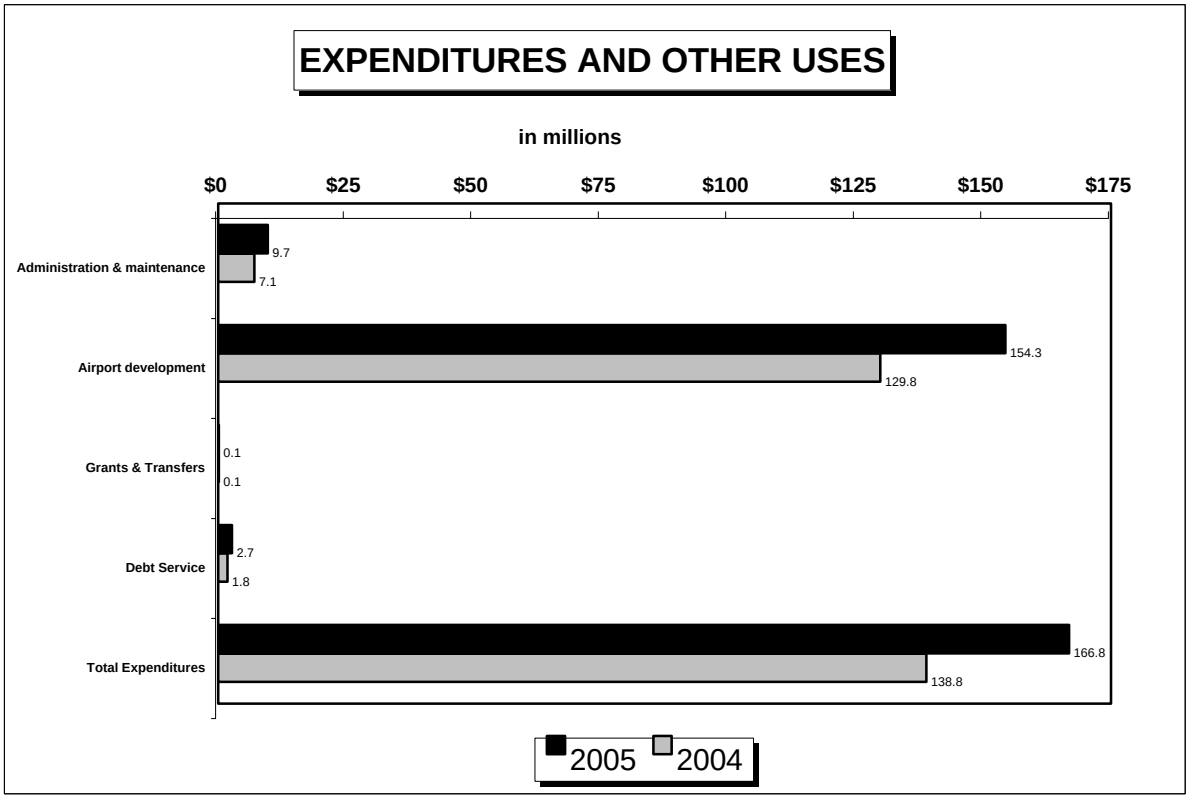


MICHIGAN DEPARTMENT OF TRANSPORTATION

STATE AERONAUTICS FUND GRAPHICS

FISCAL YEARS ENDED SEPTEMBER 30, 2005 AND 2004

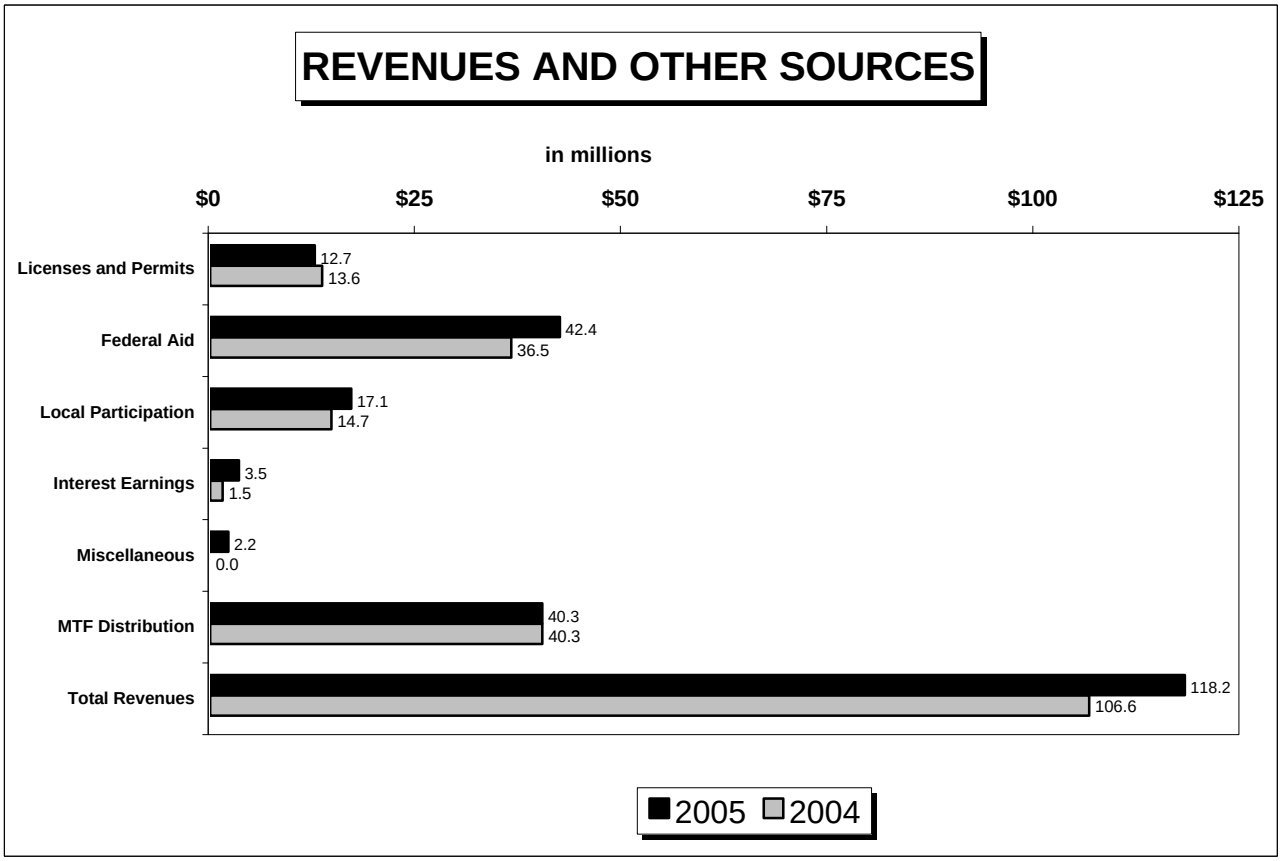


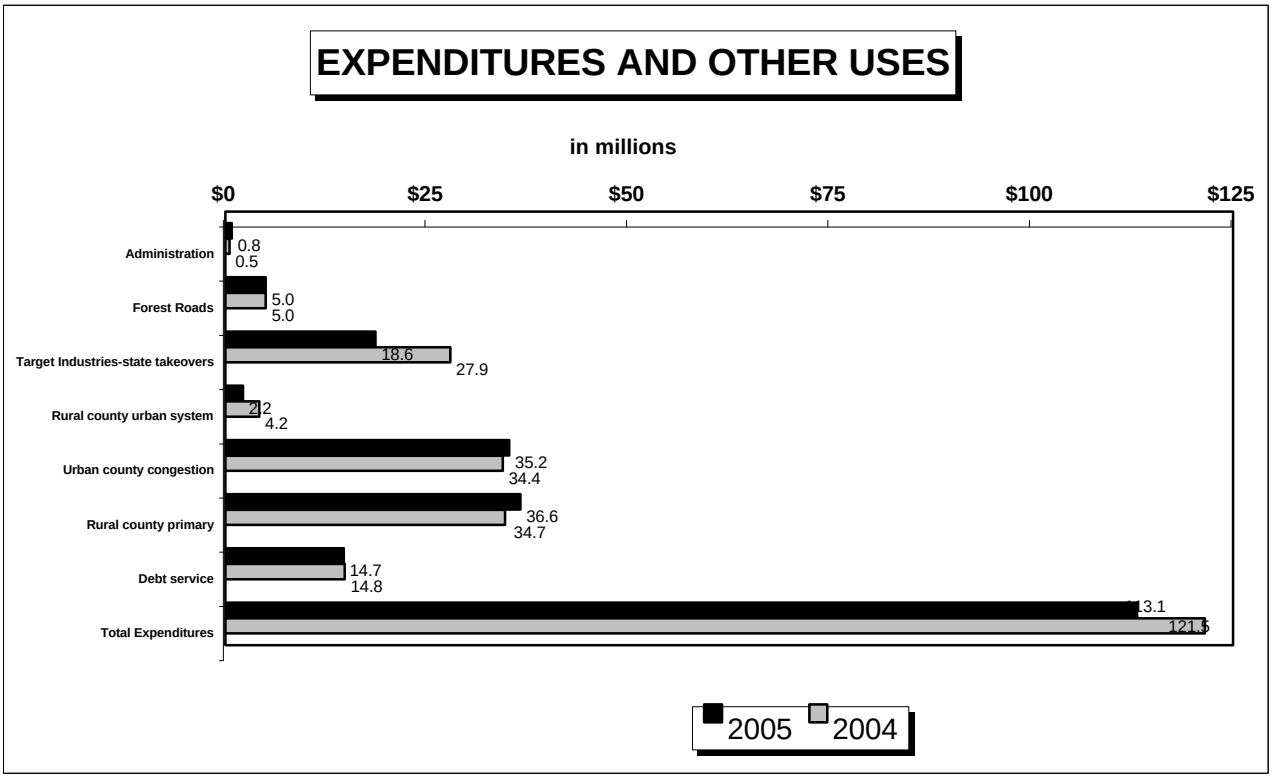


MICHIGAN DEPARTMENT OF TRANSPORTATION

ECONOMIC DEVELOPMENT FUND GRAPHICS

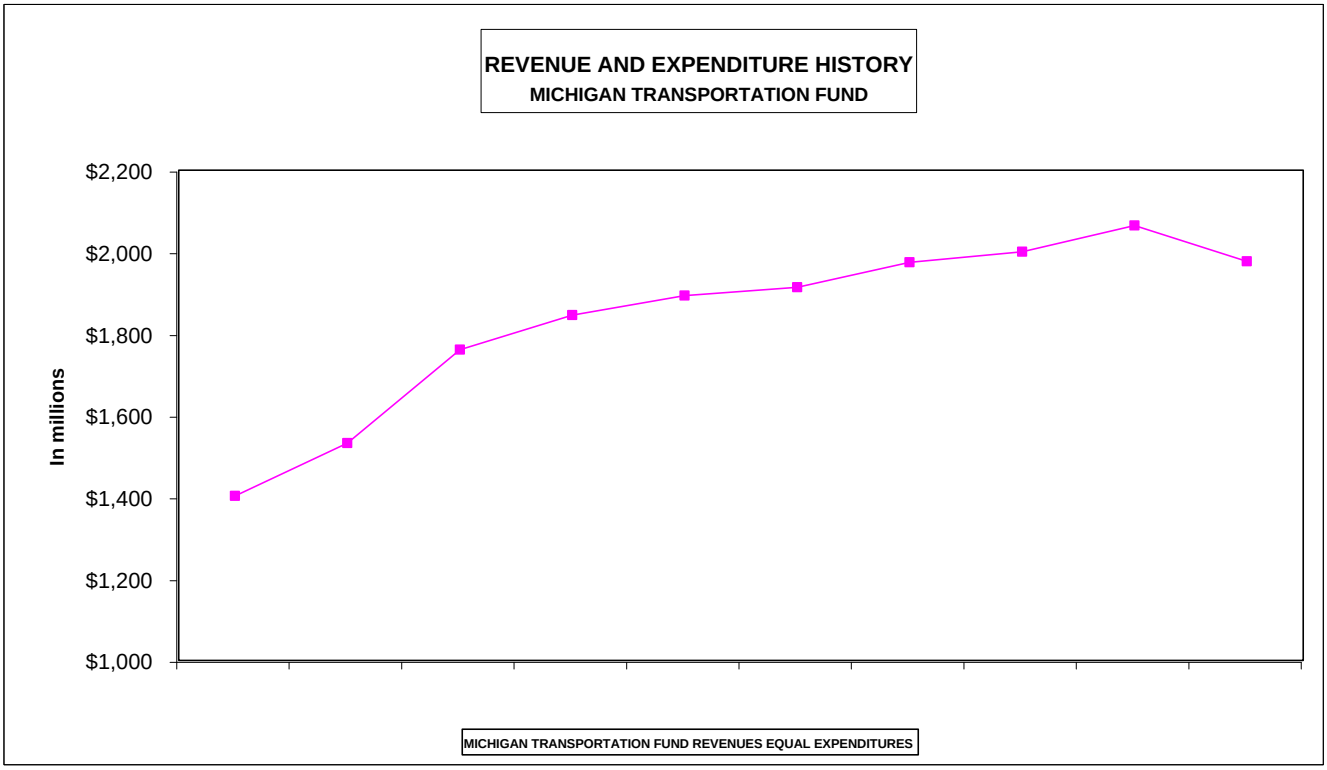
FISCAL YEARS ENDED SEPTEMBER 30, 2005 AND 2004

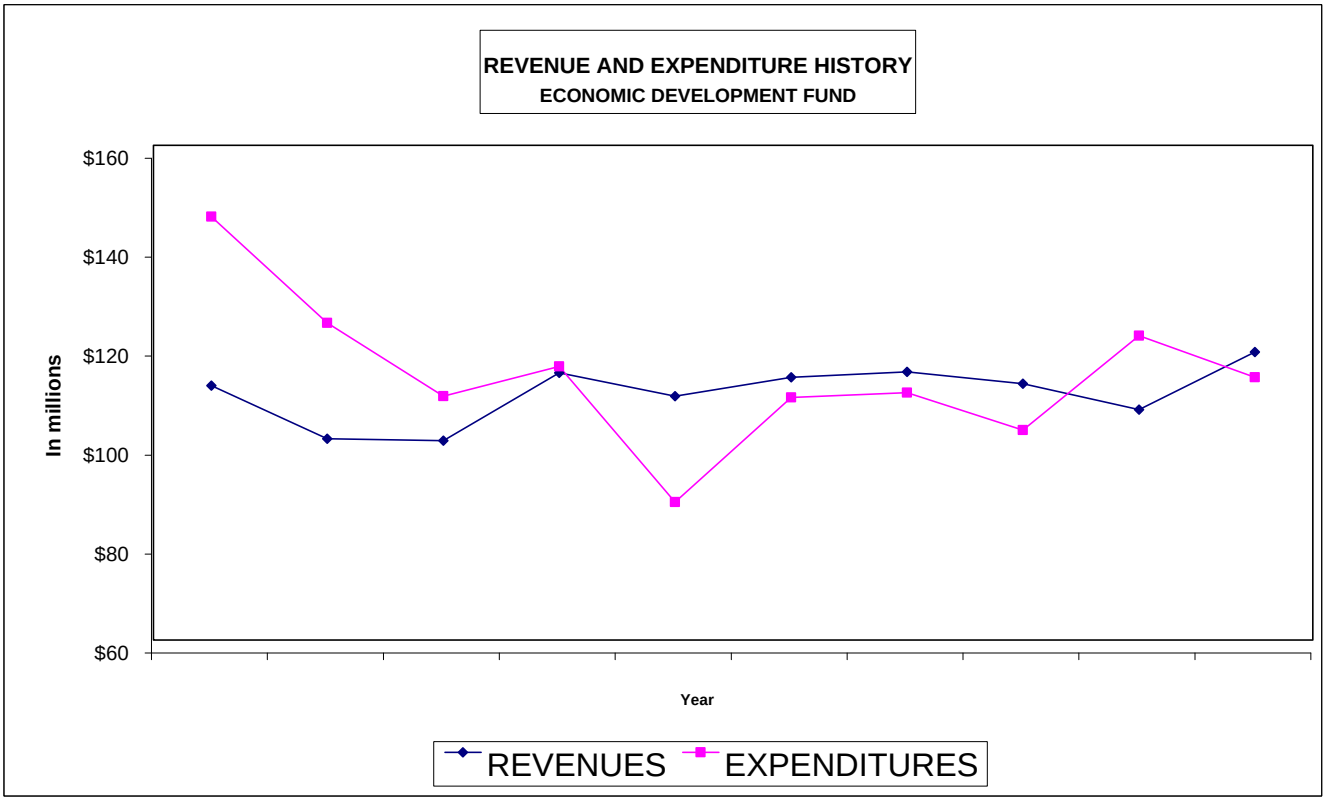




MICHIGAN DEPARTMENT OF TRANSPORTATION

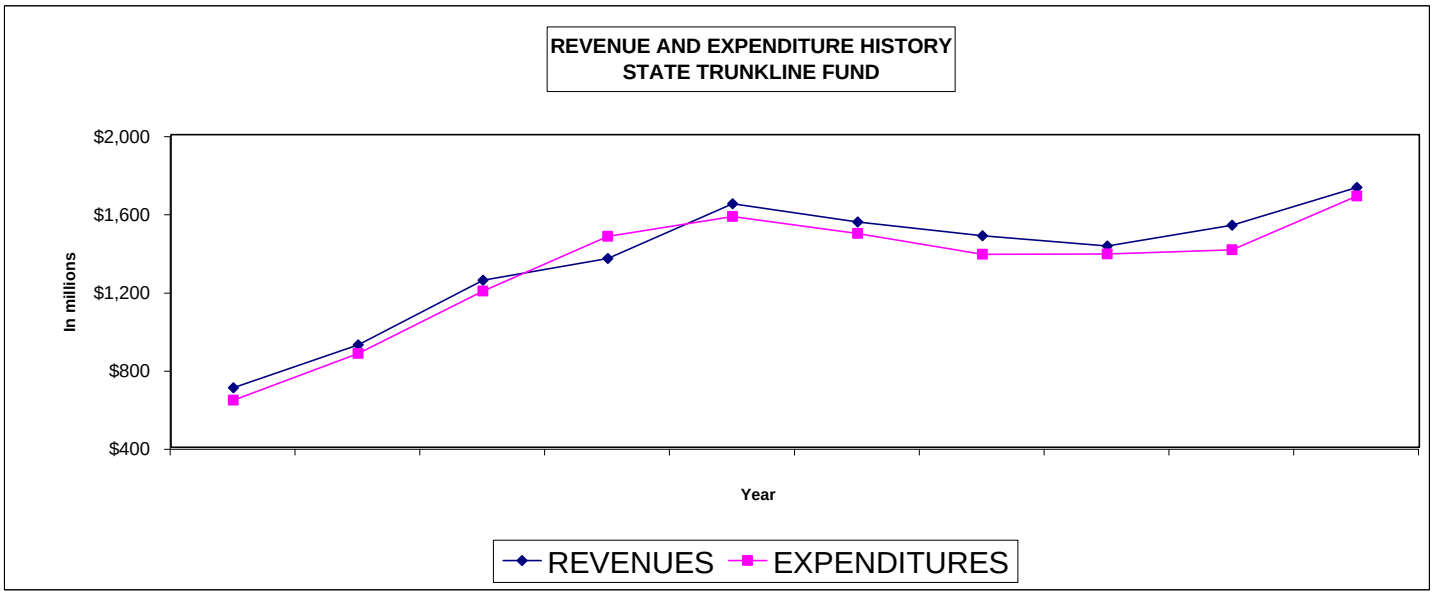
TEN YEAR REVENUE AND EXPENDITURE HISTORY

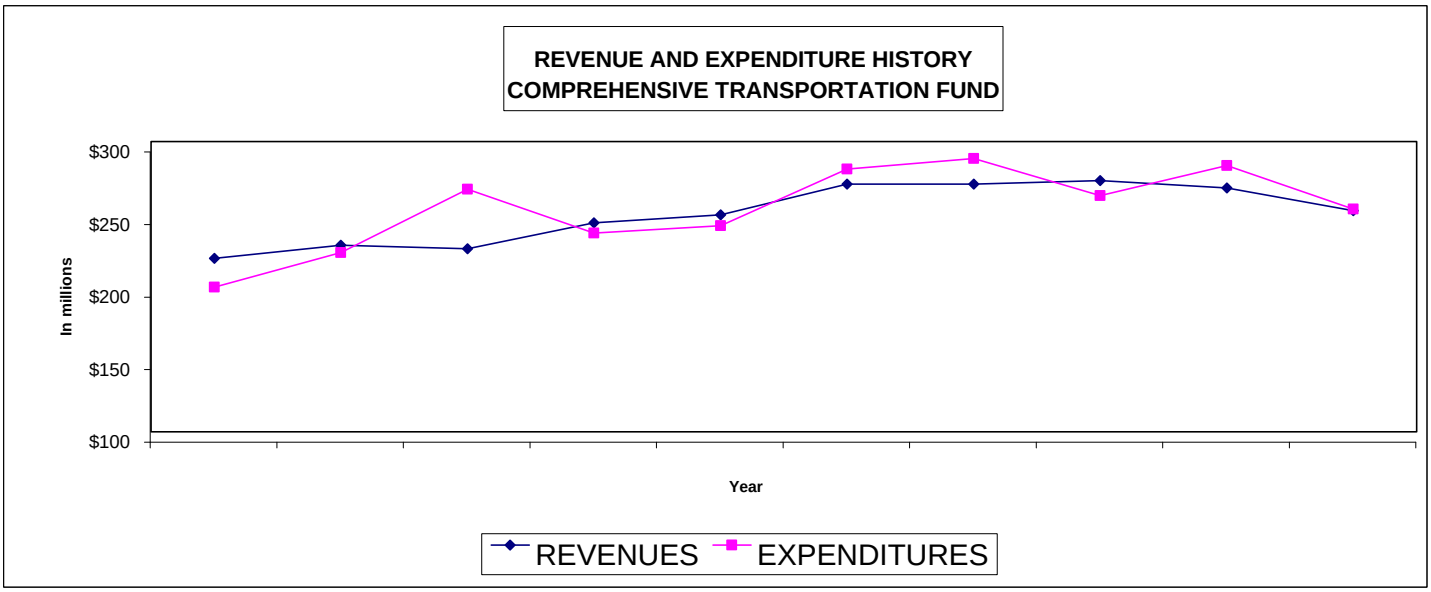


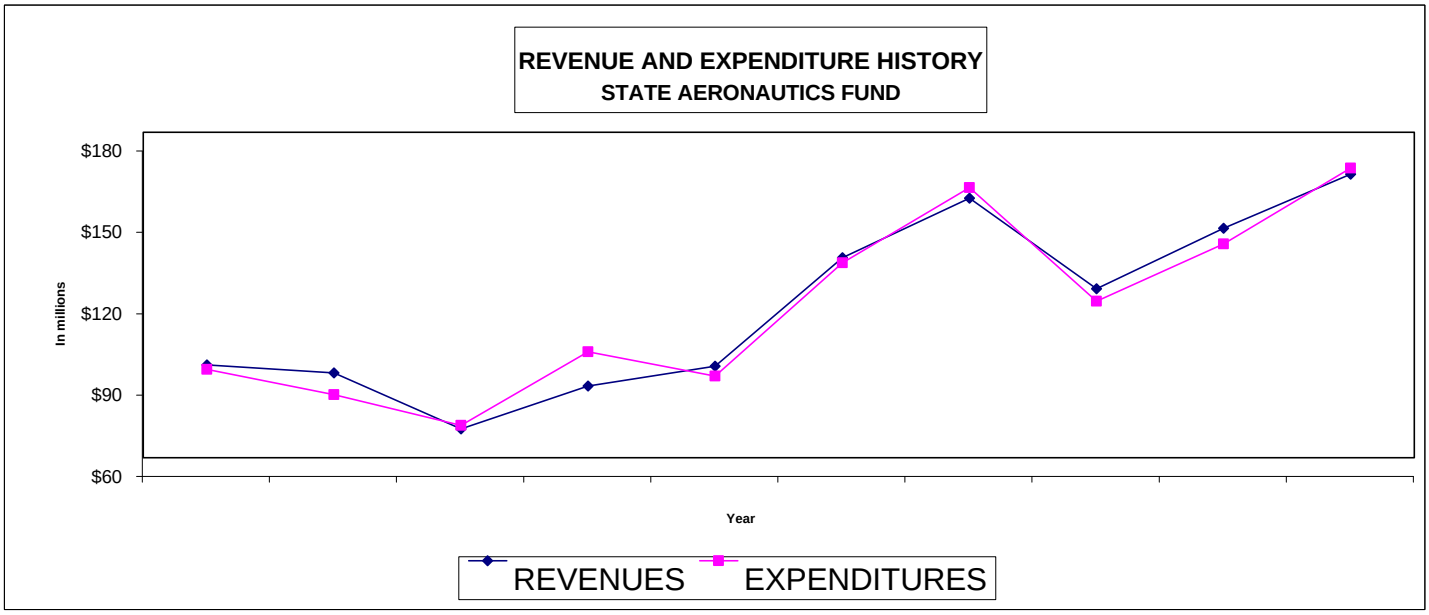


MICHIGAN DEPARTMENT OF TRANSPORTATION

TEN YEAR REVENUE AND EXPENDITURE HISTORY





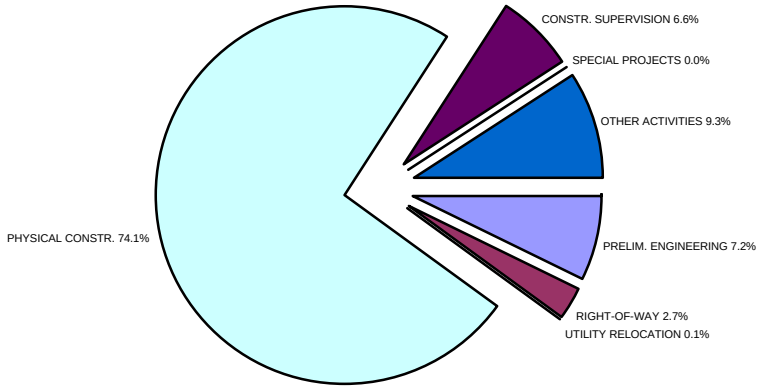


MICHIGAN DEPARTMENT OF TRANSPORTATION

TOTAL TRANSPORTATION
CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS
BY FUNCTIONAL ACTIVITY

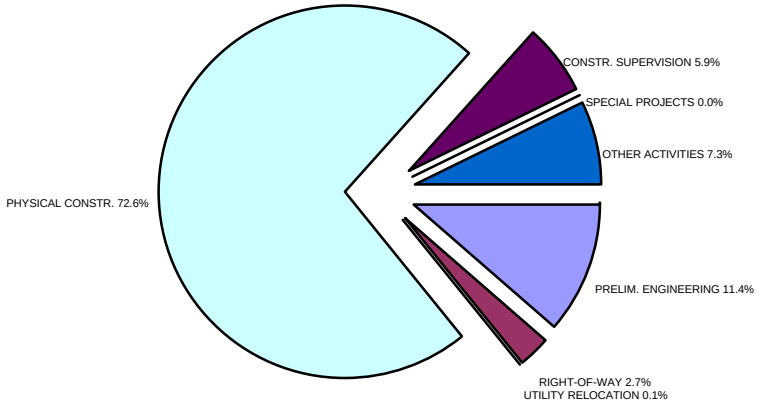
FISCAL YEARS ENDED SEPTEMBER 30, 2005 AND 2004

2005



FISCAL YEAR 2005 (In Thousands)	AMOUNT
PRELIM. ENGINEERING	$ 114,097
RIGHT-OF-WAY	$ 43,313
UTILITY RELOCATION	$ 941
PHYSICAL CONSTR.	$ 1,168,870
CONSTR. SUPERVISION	$ 103,587
SPECIAL PROJECTS	$ 1
OTHER ACTIVITIES	$ 146,152
TOTAL	$ 1,576,961

2004



FISCAL YEAR 2004 (In Thousands)	AMOUNT
PRELIM. ENGINEERING	$ 148,472
RIGHT-OF-WAY	34,691
UTILITY RELOCATION	1,608
PHYSICAL CONSTR.	945,766
CONSTR. SUPERVISION	76,797
SPECIAL PROJECTS	53
OTHER ACTIVITIES	95,751
TOTAL	$ 1,303,138