

MICHIGAN DEPARTMENT OF TRANSPORTATION

ANNUAL FINANCIAL REPORT

Fiscal Years Ended September 30, 2007 & 2006

Prepared by:

Finance and Administration
Myron Frierson, Bureau Director

Financial Operations Division
Edward A. Timpf, Administrator
Ann Dennis, CPA, Manager
Patrick McCarthy, CPA, Supervisor
Brian Hurtekant
Kim Korroch
Kari Linn
Tom Morris

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

Total copies printed 50
Total cost of printing \$341.69
Total cost per copy \$6.83

MICHIGAN DEPARTMENT OF TRANSPORTATION
ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED SEPTEMBER 30, 2007

TABLE OF CONTENTS

Page

I. INTRODUCTORY SECTION

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

II. FINANCIAL SECTION

General Purpose Financial Statements

Combined Balance Sheet - All Fund Types and Account Groups.....	2
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Fund Types.....	3
Combined Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Special Revenue Funds.....	4
Notes to Financial Statements.....	6

Supplemental Financial Data - Combining Financial Statements and Schedules

Special Revenue Funds:	
Descriptions of Special Revenue Funds.....	28
Combining Balance Sheet.....	34
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	38
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual	42
Debt Service Funds:	
Descriptions of Debt Service Funds.....	50
Combining Balance Sheet.....	51
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	52

III. STATISTICAL SECTION

Schedule of Revenues and Expenditures by Fund - Special Revenue Funds.....	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - Economic Development Fund.....	56
Schedule of Debt Service Requirements on Outstanding Bonds	57
Construction and Capital Property Acquisitions by Functional Activity.....	58
Schedule of Expenditures of Federal Awards.....	62
Graphic Presentations	66

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



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

March 3, 2008

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

We are pleased to submit the Annual Financial Report for the Michigan Department of Transportation (Department) for the fiscal years ended September 30, 2006 and 2007. 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. For example, the combined balance sheet does not include long-term obligations or capitalized assets, but all disclosures necessary to enable the reader to gain a reasonable understanding of the Department's financial affairs are included. A summary of the Department's financial information follows.

FINANCIAL UPDATE

During fiscal year (FY) 2007, the Department delivered products and services with slightly lower revenues. The State of Michigan's economic situation continues to pose financial challenges for the Department. Increased retail prices for gasoline resulted in reduced fuel consumption for FY 2007. These factors contributed to a decrease in revenues deposited in the Michigan Transportation Fund (MTF) for the third straight year. Further revenue declines for FY 2008 and FY 2009 are forecasted as well. Total MTF revenue decreased from \$1.967 billion in FY 2006 to \$1.943 billion in FY 2007, a 1.2 percent decrease. Between FY 2006 and FY 2007, a decrease of \$27.5 million in gasoline and diesel taxes collected was only partially offset by an increase of \$4.1 million in vehicle registration taxes. Revenues from fuel taxes and registration taxes collected were 5.2 percent and 6.0 percent, respectively, lower than estimates initially prepared by the Economic Revenue Forecasting Division of the Department of Treasury.

In FY 2007, the Comprehensive Transportation Fund (CTF) received \$164.7 million total MTF revenue, a \$0.7 million or 0.4 percent decrease compared to FY 2006 in MTF revenues for public transportation services. The CTF also receives \$67.7 million in sales tax revenue from vehicle-related sales, which had a slight increase of \$1.3 million or 1.9 percent in FY 2007. The amount of aviation fuel tax revenue deposited in the Aeronautics Fund increased by \$0.4 million, or 6.0 percent, over the previous fiscal year. Aviation fuel tax revenues are still below FY 2005 levels.

The Department issued \$485 million of bonds in August 2007 to support the Governor's Jobs Today economic stimulus package. Due to favorable market conditions, the Department recognized a premium of \$18.7 million on those bonds. The bonds were sold pledging future federal revenues to cover debt service as it becomes due. The Department currently maintains a coverage ratio for outstanding debt service of 7.1 times, or better, for both STF and CTF bonds, well within the State Transportation Commission's and Michigan Compiled Law's required limits of four and two times coverage, respectively.

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). Michigan received \$1.143 billion in FY 2007 apportionments and \$1.068 million in new obligation authority for FY 2007.

PROGRAM OVERVIEW

In FY 2007, the Department began the Jobs Today Program, which focuses resources on improving the condition of existing roads and bridges while providing economic stimulus for the state's economy. MDOT successfully exceeded the ten-year statewide pavement condition goal of having 90 percent of the state trunkline network in good condition by FY 2007. The state trunkline network is currently at 92 percent good. The overall system health of trunkline pavements has improved from 6.8 years average remaining life in 1996 to 9.6 years average remaining life at the end of FY 2007, this represents a 41 percent improvement. The statewide freeway bridge condition continues to improve and is projected to be at 87 percent good and fair by FY 2008. Asset management technology and strategies continue to enhance accurate forecasting of pavement condition and assist prioritization of future projects. Over \$1.3 billion was spent on capital outlay expenditures for roads and bridges in FY 2007.

The Department's comprehensive highway safety program focused on improving traffic control devices and driver information systems in an effort to improve driver safety. As part of the Department's FY 2007 highway safety program, \$63 million was committed to the design, construction, and placement of signs, pavement markings, guardrail, traffic signals, and other safety improvement projects. As a result of the FY 2007 highway safety program, the Department estimates, over a three-year period, the number of crash reductions at 313 minor injury and property damage crashes, and 52 severe injuries and fatalities.

Accomplishments in FY 2007 included adding 150 million feet of pavement markings statewide and replacing special markings in approximately 40 of Michigan's 83 counties. The Department also upgraded signs on 211 miles of non-freeway facilities and 147 miles of freeway. The Department replaced or upgraded deteriorated, non-standard guardrail, and crash attenuators along 117 miles of roadway; installed nine new traffic signals, upgraded or modernized 256 traffic signals and beacons, 18 school devices, four fire station warning devices, and re-timed 126 signals, predominantly, along eight high volume traffic corridors.

In FY 2007, the Department's focus continued to be on preservation of existing public transportation services by distributing \$166.6 million in CTF monies for local transit operations and over \$11 million in CTF, plus \$10 million in toll credits to match \$99 million in federal transit capital funds. State and federal funds were used to maintain intercity bus services and state funds continued to support Michigan's passenger rail services. Passenger rail ridership continued to increase in FY 2007. Safety of the public transportation system was advanced through continued investments in the Incremental Train Controlled System signal system to allow 95 mph speeds in portions of western Michigan. The investment of state and federal funds for the closing of both private and public crossings increased safety for rail passengers. Safety was also the focus of the Department's ongoing oversight of private motor bus and limousine carriers. The Department's public transportation program focused on environmental stewardship with continued growth in the MichiVan Vanpool Program and financial support of local agency advancements in the area of "green" transit facilities and "green" transit buses and bikes on transit projects. Transit facility renovations also assisted with community redevelopment in several areas of the state. Transit agencies continued to have success in the passage of local millages, including three millages for newly formed transit authorities.

In FY 2007, the Freight Services and Safety Division continued to make targeted capital investments designed to help maintain freight service on the 650 miles of state-owned rail lines operated, under contract, by five railroad companies. Through the Freight Economic Development Program, the Department loaned money for four projects, investing nearly \$800,000 to provide rail access for new and expanding businesses. The Department provided funding for 47 grade crossing safety enhancement projects on roads under county, city, or village jurisdiction; four crossing closure efforts and four "crossing elimination through track relocation" projects, investing a total of approximately \$8.1 million. The Department also provided \$500,000 in legislatively mandated operating assistance to the Detroit-Wayne County Port Authority for administrative and marketing expenditures.

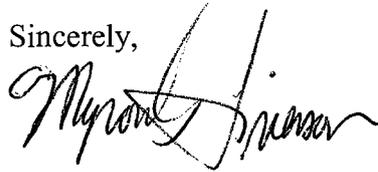
During FY 2007, the Department contracted for 106 airport improvement projects, all having significant safety benefits. In addition to the safety benefit, 66 percent of the projects were developed to preserve the existing infrastructure and 34 percent were to expand the runway capacity. These projects totaled \$73 million. Through the All Weather Airport Access Program, 61 percent of eligible airports in Michigan now have achieved all weather accessibility. Annual inspections at 220 public use airports and heliports were conducted and licenses provided for 237 public use landing sites, 77 hospital heliports, 84 flight schools, and 214 aircraft dealers. Approximately 6,600 aircraft were registered. Important safety publications, the *Michigan Aeronautical Chart* (distributed to 18,000 pilots) and the *Airport Directory* were dispersed to registered aircraft owners. Additionally, over 1,800 charts and 2,100 directories were sold.

CONCLUSION

In FY 2007, \$3.9 billion was expended from all sources to address Michigan's transportation needs. The Department's challenge continues to be making wise investment decisions with its limited resources to maximize the results achieved. This has fostered many innovative ideas in the Department and will undoubtedly promote even more in the future.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Myron G. Frierson". The signature is written in a cursive style with a large initial "M" and a long, sweeping underline.

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, 2007 and 2006
 (In Thousands)

	GOVERNMENTAL FUND TYPES				TOTALS	
	SPECIAL REVENUE		DEBT SERVICE		(Memorandum Only)	
	2007	2006	2007	2006	2007	2006
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 521	\$ 153	\$ -	\$ -	\$ 521	\$ 153
Equity in Common Cash	491,281	161,811	124	27	491,405	161,838
Receivables:						
Taxes, interest, and penalties (at net)	92,927	106,407	-	-	92,927	106,407
Federal aid	163,402	144,858	-	-	163,402	144,858
Local units	111,305	88,831	-	-	111,305	88,831
Other funds and Component Units	1,020,121	1,188,946	-	-	1,020,121	1,188,946
Miscellaneous	4,277	14,895	-	-	4,277	14,895
Inventories	6,683	7,028	-	-	6,683	7,028
Total Current Assets	1,890,518	1,712,929	124	27	1,890,642	1,712,955
Noncurrent Assets:						
Receivables:						
Taxes	4,122	1,923	-	-	4,122	1,923
Federal aid	-	-	-	-	-	-
Local units	37,876	42,264	-	-	37,876	42,264
Advances to other funds	-	-	-	-	-	-
Land contracts	2,286	2,154	-	-	2,286	2,154
Miscellaneous	1,039	1,158	-	-	1,039	1,158
Total Noncurrent Assets	45,324	47,499	-	-	45,324	47,499
Total Assets	\$ 1,935,842	\$ 1,760,427	\$ 124	\$ 27	\$ 1,935,966	\$ 1,760,454
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants outstanding	\$ 10,369	\$ 5,424	\$ 10	\$ -	\$ 10,379	\$ 5,424
Accounts payable	535,315	494,649	114	27	535,429	494,676
Contract reserve payable	3,701	6,272	-	-	3,701	6,272
Due to other funds and Components	56,555	163,130	-	-	56,555	163,130
Deposits, permits and other liabilities	27,702	1,493	-	-	27,702	1,493
Deferred revenue	12,275	27,155	-	-	12,275	27,155
Total Current Liabilities	645,917	698,123	124	27	646,041	698,149
Long-Term Liabilities:						
Deferred revenue	7,447	5,235	-	-	7,447	5,235
Advances from other funds	-	-	-	-	-	-
Total Liabilities	653,365	703,358	124	27	653,488	703,384
Fund Balance:						
Reserved for encumbrances	143,241	126,802	-	-	143,241	126,802
Reserved for unencumbered restricted revenue balances	358,591	195,121	-	-	358,591	195,121
Reserved for unencumbered capital outlay and work projects	282,818	356,624	-	-	282,818	356,624
Reserved for revolving funds	36,000	34,518	-	-	36,000	34,518
Reserved for construction & debt service	115,854	85,121	-	-	115,854	85,121
Reserved for noncurrent assets	25,646	28,831	-	-	25,646	28,831
Total Reserves	962,150	827,016	-	-	962,150	827,016
Unreserved	320,328	230,054	-	-	320,328	230,054
Total Fund Balances	1,282,478	1,057,069	-	-	1,282,478	1,057,069
Total Liabilities and Fund Balances	\$ 1,935,842	\$ 1,760,427	\$ 124	\$ 27	\$ 1,935,966	\$ 1,760,454

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, 2007 and 2006
 (In Thousands)

	GOVERNMENTAL FUND TYPES				TOTALS (Memorandum Only)	
	SPECIAL REVENUE		DEBT SERVICE		2007	2006
	2007	2006	2007	2006		
REVENUES						
Taxes	\$ 1,973,563	\$ 1,995,393	\$ -	\$ -	\$ 1,973,563	\$ 1,995,393
License and permits	50,025	51,285	-	-	50,025	51,285
Federal aid	1,229,657	1,124,346	-	-	1,229,657	1,124,346
Local participation	23,030	18,536	-	-	23,030	18,536
Interest earnings	41,516	42,986	1	-	41,517	42,986
Non-operating revenue-bridges	2,790	2,629	-	-	2,790	2,629
Miscellaneous and Service revenue	51,312	58,860	-	-	51,313	58,860
Total Revenues	3,371,893	3,294,034	1	-	3,371,894	3,294,034
EXPENDITURES						
Administration and Operations:						
Administration and maintenance	474,015	457,179	-	-	474,015	457,179
Bus operating assistance grants	184,089	181,209	-	-	184,089	181,209
Other grants	1,188,253	1,141,190	-	-	1,188,253	1,141,190
Airport development	124,242	126,525	-	-	124,242	126,525
Non-operating expenditures-bridges	2,716	2,560	-	-	2,716	2,560
Trust fund construction activity	205,607	174,024	-	-	205,607	174,024
Capital lease payments	78	151	-	-	78	151
Costs of issuance	-	-	-	161	-	161
Bond principal retirement	-	-	92,224	126,979	92,224	126,979
Bond interest and fiscal charges	-	-	99,402	91,739	99,402	91,739
Total Administration and Operations	2,179,000	2,082,836	191,627	218,879	2,370,626	2,301,715
Capital Outlay:						
Roads and bridges	1,238,296	1,185,804	-	-	1,238,296	1,185,804
Other capital outlay	15,589	9,374	-	-	15,589	9,374
Total Capital Outlay	1,253,885	1,195,178	-	-	1,253,885	1,195,178
Total Expenditures	3,432,885	3,278,014	191,627	218,879	3,624,511	3,496,893
Excess of Revenues Over (Under) Expenditures	(60,992)	16,020	(191,625)	(218,878)	(252,617)	(202,858)
OTHER FINANCING SOURCES						
Michigan Transportation Fund distribution	789,736	796,897	-	-	789,736	796,897
Grants and transfers from other funds	231,844	264,534	191,626	218,718	423,470	483,251
Proceeds from sale of capital assets	2,840	2,650	-	-	2,840	2,650
Proceeds from bonds and notes issued	485,115	279,540	-	18,670	485,115	298,210
Premium on bonds issued	18,662	12,388	-	63	18,662	12,451
Total Other Financing Sources	1,528,197	1,356,009	191,626	237,451	1,719,823	1,593,460
OTHER FINANCING USES						
Michigan Transportation Fund distribution	789,736	796,897	-	-	789,736	796,897
Grants and transfers to other funds	260,435	309,777	-	-	260,435	309,777
Debt service	191,626	218,718	-	-	191,626	218,718
Payment to refunded bond escrow agent	-	-	-	18,573	-	18,573
Total Other Financing Uses	1,241,797	1,325,392	-	18,573	1,241,797	1,343,965
Excess of Other Financing Sources Over (Under) Other Financing Uses	286,400	30,617	191,626	218,878	478,026	249,495
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	225,408	46,637	-	-	225,408	46,637
Fund balances-Beginning of fiscal year	1,057,069	1,010,433	-	-	1,057,069	1,010,433
Fund balances-End of fiscal year	\$ <u>1,282,478</u>	\$ <u>1,057,069</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,282,478</u>	\$ <u>1,057,069</u>

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, 2007 and 2006
 (In Thousands)

(Statutory/Budgetary Basis)	2007		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
REVENUES			
Taxes	\$ 1,973,563	\$ 1,973,563	\$ -
License and permits	50,025	50,025	-
Federal aid	971,919	971,919	-
Local participation	18,347	18,347	-
Interest earnings	32,853	32,853	-
Non-operating revenue-bridges	2,790	2,790	-
Miscellaneous and Service revenue	44,796	44,796	-
Total Revenues	<u>3,094,292</u>	<u>3,094,292</u>	<u>-</u>
EXPENDITURES AND ENCUMBRANCES			
Administration and maintenance	537,903	502,260	35,643
Bus operating assistance grants	184,089	184,089	-
Other grants	1,266,888	1,191,726	75,162
Airport development	135,071	130,137	4,934
Non-operating expenditure-bridges	2,790	2,716	75
Total Administration and Operations	<u>2,126,741</u>	<u>2,010,927</u>	<u>115,814</u>
Roads and bridges	901,693	901,693	-
Other capital outlay	20,110	19,973	137
Total Capital Outlay	<u>921,803</u>	<u>921,666</u>	<u>137</u>
Total Expenditures and Encumbrances	<u>3,048,544</u>	<u>2,932,593</u>	<u>115,951</u>
Excess Revenue Over (Under) Expenditures and Encumbrances	<u>45,748</u>	<u>161,699</u>	<u>115,951</u>
OTHER FINANCING SOURCES			
Michigan Transportation Fund distribution	789,736	789,736	-
Grants and transfers from other funds	231,808	231,808	-
Proceeds from sale of capital assets	2,840	2,840	-
Total Other Financing Sources	<u>1,024,384</u>	<u>1,024,384</u>	<u>-</u>
OTHER FINANCING USES			
Michigan Transportation Fund distribution	843,096	789,736	53,360
Grants and transfers to other funds	210,010	205,436	4,574
Debt service	205,410	191,626	13,784
Total Other Financing Uses	<u>1,258,516</u>	<u>1,186,798</u>	<u>71,718</u>
Excess Other Financial Sources Over (Under) Other Financial Uses	<u>(234,132)</u>	<u>(162,414)</u>	<u>71,718</u>
Excess of Revenue and Other Financial Sources Over (Under) Expenditures, Encumbrances and Other Financial Uses	<u>\$ (188,385)</u>	<u>\$ (716)</u>	<u>\$ 187,669</u>
RECONCILING ITEMS			
Encumbrances at September 30		143,241	
Funds not annually budgeted		82,883	
Net Reconciling Items		<u>226,124</u>	
Excess of Revenue and Other Financial Sources Over (Under) Expenditures and Other Financial Uses (GAAP Basis)		<u>225,408</u>	
FUND BALANCES (GAAP BASIS)			
Beginning balance		1,057,069	
Ending balances (GAAP Basis)		<u>\$ 1,282,478</u>	

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

2006		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 1,995,393	\$ 1,995,393	\$ -
51,285	51,285	-
851,800	851,800	-
16,140	16,140	-
33,054	33,054	-
2,629	2,629	-
51,348	51,348	-
-	-	-
<u>3,001,649</u>	<u>3,001,649</u>	<u>-</u>
524,623	479,886	44,737
181,579	181,209	370
1,231,626	1,165,659	65,968
135,008	133,268	1,740
2,629	2,560	69
<u>2,075,465</u>	<u>1,962,580</u>	<u>112,884</u>
998,886	998,539	347
13,189	13,040	149
<u>1,012,076</u>	<u>1,011,579</u>	<u>496</u>
<u>3,087,540</u>	<u>2,974,160</u>	<u>113,380</u>
<u>(85,892)</u>	<u>27,489</u>	<u>113,380</u>
796,897	796,897	-
264,534	264,534	-
2,650	2,650	-
<u>1,064,081</u>	<u>1,064,081</u>	<u>-</u>
830,452	796,897	33,555
220,675	216,806	3,869
229,864	218,718	11,146
<u>1,280,991</u>	<u>1,232,422</u>	<u>48,570</u>
<u>(216,910)</u>	<u>(168,341)</u>	<u>48,570</u>
<u>\$ (302,802)</u>	<u>(140,852)</u>	<u>\$ 161,950</u>
	126,802	
	<u>60,687</u>	
	187,488	
	<u>46,637</u>	
	<u>1,010,433</u>	
\$	<u>1,057,069</u>	

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

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.

NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

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, 2006 and December 31, 2005 follows (In Thousands):

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Assets	\$ 6,221	\$ 6,491
Liabilities	1,290	1,376
Total Equity	4,931	5,115
Total Revenues and Other Sources	4,831	5,915
Total Expenditures and Other Uses	5,015	5,510
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (184)	\$ 405

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.

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:

Note 1 continued on next page.

FISCAL YEAR ENDED SEPTEMBER 30, 2007

Governmental Fund Types

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

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

TOTALS (MEMORANDUM ONLY)

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

C. Basis of Accounting

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

D. Calculation Practice

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

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

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 2007 and 2006, 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 2007 and 2006 were \$2.2 million and \$20.1 million, respectively. The repayment reduced amounts due to other funds. No expenditures were incurred and the related appropriation lapsed. The final loan payment was made in fiscal year 2007.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2007

Note 3: Current Receivables

A. Contested Receivables

Current receivables recorded in the financial statements represent amounts due to the Department as of September 30, 2007 and 2006, and are expected to be collected within 12 months. Receivables not due for collection within 12 months are classified as noncurrent assets with an offsetting deferred revenue or fund balance reserve. Due to the uncertainty associated with contested receivables in litigation or pending litigation, these receivables are recorded in an allowance for doubtful accounts, with the net amount reported in the financial statements. Receivables referred to Treasury for collection will no longer be classified as a receivable with a corresponding entry to allowance for doubtful accounts, but will instead be written-off as uncollectible at the time of referral.

	<u>Contested Receivables</u>	
	(In Thousands)	
	<u>2007</u>	<u>2006</u>
State Aeronautics Fund	\$3,550	\$2,774
State Trunkline Fund	6,012	--
Comprehensive Transportation Fund	8	--
State Trunkline Bond Proceeds Fund	--	--
Transportation Related Trust Fund	<u> </u> --	<u> </u> --
Total Allowance for Doubtful Accounts	<u>\$9,570</u>	<u>\$2,774</u>

Note 3 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

B. Taxes Receivable

In the Michigan Transportation Fund, the net amount of current receivables, \$200.4 million and \$226.4 million, and allowances for uncollectible receivables, \$109.2 million and \$114.2 million, were recorded for motor fuel taxes due to the fund as of September 30, 2007 and 2006, 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 \$115.9 million and \$107.6 million for the fiscal years ending September 30, 2007 and 2006, respectively. No noncurrent federal aid receivables were recorded for fiscal year ending September 30, 2007 and 2006.

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 2006, the Department had \$395.2 million of State Trunkline expenditures on projects not under reimbursement agreement. \$262.0 million of these expenditures were placed under reimbursement agreement by the end of fiscal year 2007. The remaining \$133.2 million is included in the fiscal year 2007 amount below. At the end of fiscal year 2007, the Department had \$358.2 million of State Trunkline expenditures on projects not under reimbursement agreement.

Notes continued on next page.

NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

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 \$11.9 million and \$76.3 million, respectively. These bonds are recorded in the amounts of \$10.8 million and \$65.0 million, respectively, which are the accreted values at September 30, 2007. 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		Maturities		Averag Interest Rate %
		9/30/07	9/30/06	First Year	Last Year	
<u>MI Comprehensive Transportation:</u>						
1998 (Series A Refunding)	38,640	29,700	33,730	2005	2011	4.81
2001 (Series A Refunding)	27,765	27,765	27,765	2008	2022	5.01
2002 (Series A Refunding)	89,620	36,130	46,485	2003	2011	5.07
2002 (Series B)	82,310	17,895	20,970	2004	2012	5.13
2003 (Series A)	35,020	19,665	21,025	2004	2023	3.61
2005 (Series A Refunding)	62,180	62,180	62,180	2009	2023	5.15
Series 2006 and Refunding	53,685	52,275	53,685	2007	2031	4.54
<u>State Trunkline Funds:</u>						
1989 (Series A)	135,779	10,849	15,743	1994	2009	6.75
1992 (Series A & B)	353,210	64,968	71,791	2000	2013	5.72
1996 (Series A)	54,500	--	1,210	1998	2007	5.76
1998 (Series A Refunding)	377,890	374,410	376,955	2006	2027	5.03
2001 (Series A)	308,200	32,715	38,340	2003	2012	4.96
2002 (Series A Refunding)	97,870	68,615	72,845	2004	2022	4.71
2004 (Series A Refunding)	103,450	99,740	99,820	2006	2022	4.13
2004	185,710	100,480	100,480	2008	2019	4.36
2005 (Series A Refunding)	223,020	223,020	223,020	2010	2023	5.10
2005 (Series B Refunding)	378,250	378,250	378,250	2010	2019	4.81
Series 2006	244,525	244,525	244,525	2008	2022	4.74
Series 2007	485,115	485,115	--	2009	2027	4.87
Total Revenue						
Dedicated Bonded Debt	\$ 3,336,739	\$ 2,328,298	\$ 1,888,819			

Note 4 continued on next page.

FISCAL YEAR ENDED SEPTEMBER 30, 2007

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, 2007 and 2006:
 Summary of Refunding Transactions
 (In Millions)

<u>Bond Series</u>	<u>Amount Refunded</u>	<u>Balance with Trustee</u>	
		<u>2007</u>	<u>2006</u>
State Trunkline Fund Bonds:			
Series 1996A	\$ 45.2	\$ --	\$ 45.2
Series 2001A	245.8	245.8	245.8
Series 2004	<u>85.2</u>	<u>85.2</u>	<u>85.2</u>
Total State Trunkline Fund Bonds	<u>\$376.3</u>	<u>\$331.1</u>	<u>\$376.3</u>
Comprehensive Transportation Fund Bonds:			
Series 2002B	\$ 55.2	\$ 52.9	\$ 52.9
Series 2003	<u>9.9</u>	<u>9.9</u>	<u>9.9</u>
Total Comprehensive Transportation Fund Bonds	<u>\$ 65.1</u>	<u>\$ 62.8</u>	<u>\$ 62.8</u>
Total	<u>\$441.4</u>	<u>\$393.9</u>	<u>\$439.1</u>

Note 4 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

B. Debt Service Requirements

For a detailed schedule of debt service requirements, refer to the SOMCAFR, Note 12.

C. Revenue Dedicated Notes Payable

The Department issued \$200.0 million of Grant Anticipation Notes in fiscal year ending 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 were 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. As of September 30, 2007 and September 30, 2006, there was \$32.0 million and \$84.0 million, respectively, outstanding in four series maturing in 2009.

D. 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).

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2007

Changes in General Long-term Obligations:

Changes in general long-term obligations (In Thousands) for the fiscal years ended September 30, 2007 and 2006, are summarized as follows:

	Revenue Dedicated Debt - Oversight Entity		Capital Lease Obligations	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Bonds and Capital Lease Obligations:				
Balance – Beginning	\$ 1,888,819	\$ 1,651,757	\$ 530	\$ 726
New bond issues/capital lease additions and adjustments	485,115	298,210	--	--
Accretion on Capital Appreciation Bonds	4,979	5,702	--	--
Bond principal retirements/ capital lease payments and adjustments	<u>(50,615)</u>	<u>(66,850)</u>	<u>(156)</u>	<u>(196)</u>
Balance – Ending	<u>\$ 2,328,298</u>	<u>\$ 1,888,819</u>	<u>\$ 374</u>	<u>\$ 530</u>

Other Obligations:	Claims and Judgments		Compensated Absences Liabilities	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Balance - Beginning	\$ 1,543	\$ 1,477	\$ 34,909	\$ 36,816
Net increase (decrease) in estimated liabilities	<u>(792)</u>	<u>66</u>	<u>(1,570)</u>	<u>(1,907)</u>
Balance - Ending	<u>\$ 751</u>	<u>\$ 1,543</u>	<u>\$ 33,339</u>	<u>\$ 34,909</u>

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2007

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 \$1,164,625 and \$1,282,728 during fiscal years 2007 and 2006, respectively.

Summary of the noncancelable operating and capital leasing commitments to maturity for fiscal year 2007 follows (In Thousands):

Noncancelable Lease Commitments
 Fiscal Year 2007

Fiscal Year Ended September 30	Operating Leases	Capital Leases			
		Principal	Interest	Executory	Total
2008	\$ 1,874	\$ 42	\$ 20	\$ 11	\$ 73
2009	1,269	45	17	11	73
2010	962	47	15	11	73
2011	284	50	12	11	73
2012	--	53	9	11	73
<u>2013- 2016</u>	<u>--</u>	<u>136</u>	<u>9</u>	<u>27</u>	<u>172</u>
Total	<u>\$ 4,389</u>	<u>\$ 374</u>	<u>\$ 83</u>	<u>\$ 82</u>	<u>\$ 539</u>

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.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

The historical cost of assets acquired under capital leases, which are included in the government-wide statements of the SOMCAFR, at September 30, 2007 and 2006, follows (In Thousands):

	<u>2007</u>	<u>2006</u>
Buildings	\$ 634	\$1,069
Equipment	<u> --</u>	<u> --</u>
TOTAL	<u>\$ 634</u>	<u>\$1,069</u>

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2007

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 and the State Employees' Defined Contribution Retirement Fund.

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

	<u>2007</u>	<u>2006</u>
State Trunkline Fund	\$30,785	\$35,896
Comprehensive Transportation Fund	779	972
State Aeronautics Fund	637	805
Blue Water Bridge	<u>372</u>	<u>386</u>
 Total Department of Transportation Contributions	 <u>\$32,573</u>	 <u>\$38,059</u>

B. Compensated Absences

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

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.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STAMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2007

The following table summarizes Department of Transportation related compensated absences liabilities as of September 30, 2007 and 2006 (In Thousands):

	<u>Sick Leave</u>		<u>Annual Leave</u>		<u>Banked Leave</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
State Trunkline Fund	\$9,020	\$10,649	\$16,061	\$15,651	\$5,849	\$6,193	\$30,930	\$32,492
Comprehensive Transportation Fund	448	454	579	484	225	205	1,252	1,142
State Aeronautics Fund	351	455	358	365	177	203	886	1,024
Blue Water Bridge	<u>98</u>	<u>90</u>	<u>136</u>	<u>127</u>	<u>37</u>	<u>35</u>	<u>271</u>	<u>251</u>
TOTAL	<u>\$9,917</u>	<u>\$11,647</u>	<u>\$17,134</u>	<u>\$16,626</u>	<u>\$6,288</u>	<u>\$6,636</u>	<u>\$33,339</u>	<u>\$34,909</u>

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.

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

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

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 2007 changes in reported costs for the Department's capital assets (In Millions):

	Changes in Capital Assets Fiscal Year 2007				
	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
<u>Capital assets, not depreciated:</u>					
Roads	\$10,915.7	\$97.1	(\$56.7)	\$ --	\$10,956.1
Land & Land Improvements	2,919.1	14.9		--	2,933.9
Bridges	1,464.2	160.5	(44.1)	--	1,580.6
Construction in Progress	917.5	344.6	(304.5)	--	957.6
<u>Capital assets, depreciated:</u>					
Ramps	536.5	45.3	(0.3)	--	581.4
Equipment	129.2	11.5	(4.0)	(7.2)	129.6
Buildings	136.3	1.4	(0.9)	2.0	138.8
Railroads	35.0	--	(2.5)	--	32.5
Rest Areas & Welcome Centers	65.1	10.4	(1.5)	--	74.0
Land Improvements	2.8	--	--	--	2.8
Airports	1.9	--	--	--	1.9
<u>Less accumulated depreciation for:</u>					
Ramps	(349.1)	(22.4)	0.3	--	(371.1)
Equipment	(82.6)	(6.2)	3.9	8.8	(76.2)
Buildings	(49.4)	(3.5)	0.4	(0.2)	(52.8)
Railroads	(21.7)	(0.8)	1.5	--	(21.0)
Rest Areas & Welcome Centers	(30.0)	(1.6)	1.0	--	(30.6)
Land Improvements	(1.0)	(0.1)	--	--	(1.1)
Airports	(0.6)	(0.1)	--	--	(0.6)
 Total Capital Assets	 <u>\$16,588.9</u>	 <u>\$651.0</u>	 <u>(\$407.4)</u>	 <u>\$3.3</u>	 <u>\$16,835.8</u>

Note 7 continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

Funding Source: Following is a summary of funding sources for investments in capital assets as of September 30, 2007 (In Millions):

<u>Fund</u>	<u>Investment</u>
State Trunkline Fund	\$ 16,784.7
Comprehensive Transportation Fund	30.7
State Aeronautics Fund	<u>20.4</u>
Total Investment in Capital Assets	<u>\$ 16,835.8</u>

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

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 2007 or in fiscal year 2006.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2007

Note 9: Interfund Transactions by the Michigan Transportation Fund

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

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

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

Other transactions from MTF are also required by P.A. 51 of 1951, or the current year's appropriation bill. See the table below for MTF's interfund transactions in fiscal years 2007 and 2006.

<u>Interfund Transactions</u>	<u>FY 07</u>	<u>FY 06</u>
MTF Distribution – STF	\$624,986,264	\$631,537,663
MTF Distribution - CTF	164,749,547	165,412,758
Other State agencies	46,538,098	58,434,213
Debt Service	43,000,000	43,000,000
Economic Development Program	40,275,000	40,275,000
Local Road Program	33,000,000	33,000,000
Local Bridge Fund	31,117,133	31,359,986
Transportation Planning	7,494,586	7,731,291
Design and Engineering Services	3,566,696	2,934,415
Rail Grade Crossing Program	3,000,000	3,000,000
Freight and Safety Services	1,840,224	1,810,472
Finance, Contracts and Support Services	1,187,566	1,240,874
Enhancement Program	<u>141,835</u>	<u>--</u>
Total	<u>\$1,000,896,947</u>	<u>\$1,019,736,671</u>

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

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 \$10,750,000 between fiscal years 1993 and 2006, with an additional \$250,000 repaid in fiscal year 2007, 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 \$52,000,000 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, 2007, a current receivable of \$1,335,187.80 is recorded in the State Trunkline Fund's balance sheet as an amount due from component units for the authority's reimbursement of payroll and related expenses. An account payable due to the Department is recorded in the Authority's balance sheet.

Notes continued on next page.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

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 challenged the constitutionality of the reduction of funds by the Executive Order that would, in effect, make more funds available to the Department of State and the Department of the Treasury to offset their expenses. In part, the lawsuit challenges the constitutionality of that use of the funds. Additionally, funds were transferred from the Economic Development Fund to the General Fund. A trial has been conducted and the final procedures leading to a decision by the trial court are underway.

For more information, see Note 23 of the financial statements included in the fiscal year 2007 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, 2007 and 2006 the Department estimates the disallowance of recognized revenues will not be material to the financial statements.

C. Construction Projects

The Department has entered into construction contracts for transportation related special revenue funds and trust funds. As of September 30, 2007 and 2006 the balances remaining on these contracts equaled \$901.3 million and \$765.2 million, respectively. As of September 30, 2007 and 2006, the balances remaining on these contracts, less the Transportation Related Trust Funds equaled \$821.3 million and \$691.5 million, respectively. As of September 30, 2007 and 2006, the balances remaining on these contracts in the State Trunkline Fund equaled \$482.9 million and \$562.8 million, respectively.

Notes continued on next page.

NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

Note12: Reserved Fund Balance

A comparative analysis of the State Trunkline Fund reserved fund balance at September 30, 2007 and September 30, 2006 follows (In Thousands):

	<u>FY 2007</u>	<u>FY 2006</u>
Budgetary carry-forwards:		
Encumbrances	\$ 95,647	\$ 80,032
Restricted Revenues	355,990	185,279
Capital Outlay:		
Facilities	28,508	20,819
Institutional Roads	1,356	953
Rail Grade Crossing	--	--
Local Bridge	--	--
Road and Bridge	<u>245,259</u>	<u>323,810</u>
Total Capital Outlay Reserves	275,123	345,582
Work Projects	--	2,193
Construction and Debt Service	115,854	85,121
Revolving Loan Program	21,133	20,468
Noncurrent Assets:		
Capital Equipment Loans	16,180	19,237
Maintenance Advances	<u>9,466</u>	<u>9,594</u>
Total Noncurrent Assets	<u>25,646</u>	<u>28,831</u>
 Total Reserved Fund Balance	 <u>\$ 889,393</u>	 <u>\$ 747,506</u>

For a more detailed explanation of reserved fund balance, refer to the SOMCAFR note 21.



FUND DESCRIPTIONS

COMBINING FINANCIAL STATEMENTS
AND
SCHEDULES

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

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. The loan was fully repaid during fiscal year 2007.

COMPREHENSIVE TRANSPORTATION FUND

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

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

operating and capital assistance, debt service, and rail freight services and safety programs. In accordance with statutory provisions, any unencumbered balance at fiscal year end lapses and reverts to the fund for appropriation in the following fiscal year.

STATE AERONAUTICS FUND

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

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND

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

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

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.

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

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND (continued)

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.

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.

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.

2006 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 \$244.5 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.

2007 JOBS TODAY GRANT ANTICIPATION BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$485.1 million of grant anticipation bonds. The Series 2007 bonds will be secured by a pledge of, and be payable solely from, (i) the State's share of federal reimbursements for projects administered by the Department and

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND (continued)

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 successor highway program established under federal law, and (ii) the moneys in the Note Payment Fund. Proceeds from the sale of the Series 2007 Bonds together with investment earnings on such proceeds and other available moneys will be used to pay a portion of the costs of the Jobs Today highway program, and to pay the costs of issuance of the Series 2007 Bonds.

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND

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

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

2002 COMPREHENSIVE TRANSPORTATION FUND BOND PROCEEDS FUND

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

2003 COMPREHENSIVE TRANSPORTATION FUND BOND PROCEEDS FUND

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

2006 COMPREHENSIVE TRANSPORTATION FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$35.0 million of comprehensive transportation bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of the

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND (continued)

funds restricted as to use for comprehensive transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the Comprehensive Transportation Fund.

TRANSPORTATION RELATED TRUST FUND

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

SPECIAL FEDERAL BRIDGE REPLACEMENT TRUST FUND

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

FEDERAL COUNTY ROAD TRUST FUND

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

FEDERAL URBAN TRANSPORTATION SYSTEM TRUST FUND

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

HIGHWAY TOPICS AND SAFETY PROGRAM TRUST FUND

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

METROPOLITAN PLANNING FUND

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

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2007 and 2006

(In Thousands)

ASSETS	MICHIGAN TRANSPORTATION FUND		STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)	
	2007	2006	2007	2006
Current Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 92	\$ 10
Equity in Common Cash	64,320	-	-	-
Taxes, interest, and penalties (at net)	92,393	105,792	-	-
Federal aid	-	-	82,328	80,011
Local units	-	-	49,583	22,343
Other funds and component units	104,390	175,181	897,599	752,608
Miscellaneous	(1,199)	6,391	5,050	8,192
Inventories	-	-	6,683	7,028
	<u>259,905</u>	<u>287,364</u>	<u>1,041,336</u>	<u>870,192</u>
Total Current Assets				
Noncurrent Assets:				
Receivables:				
Taxes	4,118	1,923	-	-
Federal aid	-	-	-	-
Local units	-	-	32,604	36,654
Advances to other funds	-	-	-	-
Land contracts	-	-	2,286	2,154
Miscellaneous	-	-	-	-
	<u>4,118</u>	<u>1,923</u>	<u>34,891</u>	<u>38,808</u>
Total Noncurrent Assets				
	<u>4,118</u>	<u>1,923</u>	<u>34,891</u>	<u>38,808</u>
Total Assets	<u>\$ 264,023</u>	<u>\$ 289,287</u>	<u>\$ 1,076,226</u>	<u>\$ 909,000</u>
 LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	\$ 394	\$ 342	\$ 8,592	\$ 3,396
Accounts payable	216,991	221,666	171,434	141,841
Contract reserve payable	-	-	2,431	4,197
Amounts due to other funds	38,120	47,941	1,560	2,580
Deposits, permits and other liabilities	-	-	962	527
Deferred revenue	4,400	17,414	4,361	7,877
	<u>259,905</u>	<u>287,364</u>	<u>189,340</u>	<u>160,417</u>
Total Current Liabilities				
Long-Term Liabilities:				
Deferred revenue	4,118	1,923	2,286	2,154
Advances from other funds	-	-	-	-
	<u>4,118</u>	<u>1,923</u>	<u>2,286</u>	<u>2,154</u>
Total Liabilities	<u>264,023</u>	<u>289,287</u>	<u>191,627</u>	<u>162,571</u>
Fund Balances:				
Reserved for encumbrances	-	-	95,647	80,032
Reserved for unencumbered restricted revenue balances	-	-	355,990	185,279
Reserved for unencumbered capital outlay and work projects	-	-	275,123	347,776
Reserved for revolving loan programs	-	-	21,133	20,468
Reserved for construction & debt service	-	-	115,854	85,121
Reserved for noncurrent assets	-	-	25,646	28,831
	<u>-</u>	<u>-</u>	<u>889,393</u>	<u>747,507</u>
Total Reserved				
Unreserved	<u>-</u>	<u>-</u>	<u>(4,793)</u>	<u>(1,078)</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>884,600</u>	<u>746,429</u>
Total Liabilities and Fund Balances	<u>\$ 264,023</u>	<u>\$ 289,287</u>	<u>\$ 1,076,226</u>	<u>\$ 909,000</u>

BLUE WATER BRIDGE FUND		COMPREHENSIVE TRANSPORTATION FUND		STATE AERONAUTICS FUND		COMBINED TRUNKLINE FUND BOND PROCEEDS FUND	
2007	2006	2007	2006	2007	2006	2007	2006
\$ 79	\$ 142	\$ 59	\$ 1	\$ 2	\$ -	\$ 9	\$ -
-	-	51,972	45,216	15,460	21,738	287,788	-
-	-	-	-	534	615	-	-
-	-	9,335	6,979	38,134	30,298	949	914
-	-	1,141	1,045	22,473	20,073	2,254	3,340
9,697	7,617	8,435	10,609	-	-	-	242,932
167	199	213	65	45	49	-	-
-	-	-	-	-	-	-	-
<u>9,943</u>	<u>7,958</u>	<u>71,156</u>	<u>63,913</u>	<u>76,648</u>	<u>72,772</u>	<u>290,999</u>	<u>247,186</u>
-	-	-	-	-	-	-	-
-	-	-	-	4	-	-	-
-	-	4,904	5,206	368	404	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,039	1,158	-	-	-	-
-	-	5,943	6,364	372	404	-	-
<u>\$ 9,943</u>	<u>\$ 7,958</u>	<u>\$ 77,099</u>	<u>\$ 70,277</u>	<u>\$ 77,020</u>	<u>\$ 73,176</u>	<u>\$ 290,999</u>	<u>\$ 247,186</u>
\$ 11	\$ -	\$ 240	\$ 93	\$ 255	\$ 1,457	\$ -	\$ 3
595	342	15,165	11,272	44,010	48,617	46,471	25,365
-	-	10	9	158	463	121	409
-	2,180	35	67	23	56	-	83,262
-	-	3,007	966	10,593	-	-	-
1,079	1,257	-	-	8	-	2,428	606
<u>1,684</u>	<u>3,779</u>	<u>18,457</u>	<u>12,407</u>	<u>55,048</u>	<u>50,592</u>	<u>49,019</u>	<u>109,646</u>
-	-	1,039	1,158	4	-	-	-
-	-	-	-	-	-	-	-
<u>1,684</u>	<u>3,779</u>	<u>19,496</u>	<u>13,565</u>	<u>55,052</u>	<u>50,592</u>	<u>49,019</u>	<u>109,646</u>
619	1,453	41,036	38,489	5,938	6,827	-	-
-	-	745	6,287	1,856	3,555	-	-
2,846	1,648	-	-	4,849	7,200	-	-
-	-	12,667	11,850	2,200	2,200	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,465</u>	<u>3,101</u>	<u>54,448</u>	<u>56,627</u>	<u>14,844</u>	<u>19,781</u>	<u>-</u>	<u>-</u>
<u>4,793</u>	<u>1,078</u>	<u>3,155</u>	<u>86</u>	<u>7,124</u>	<u>2,803</u>	<u>241,981</u>	<u>137,540</u>
<u>8,258</u>	<u>4,179</u>	<u>57,603</u>	<u>56,712</u>	<u>21,968</u>	<u>22,584</u>	<u>241,981</u>	<u>137,540</u>
<u>\$ 9,943</u>	<u>\$ 7,958</u>	<u>\$ 77,099</u>	<u>\$ 70,277</u>	<u>\$ 77,020</u>	<u>\$ 73,176</u>	<u>\$ 290,999</u>	<u>\$ 247,186</u>

ASSETS	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND		TRANSPORTATION RELATED TRUST FUND		TOTALS	
	2007	2006	2007	2006	2007	2006
Current Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 281	\$ -	\$ 521	\$ 153
Equity in Common Cash	71,740	94,858	-	-	491,281	161,811
Taxes, interest, and penalties (at net)	-	-	-	-	92,927	106,407
Federal aid	-	-	32,656	26,655	163,402	144,858
Local units	-	-	35,855	42,030	111,305	88,831
Other funds and component units	-	-	-	-	1,020,121	1,188,946
Miscellaneous	-	-	-	-	4,277	14,895
Inventories	-	-	-	-	6,683	7,028
Total Current Assets	<u>71,740</u>	<u>94,858</u>	<u>68,792</u>	<u>68,686</u>	<u>1,890,518</u>	<u>1,712,929</u>
Noncurrent Assets:						
Receivables:						
Taxes	-	-	-	-	4,122	1,923
Federal aid	-	-	-	-	-	-
Local units	-	-	-	-	37,876	42,264
Bus and rail lease purchase	-	-	-	-	-	-
Land contracts	-	-	-	-	2,286	2,154
Miscellaneous	-	-	-	-	1,039	1,158
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,324</u>	<u>47,499</u>
Total Assets	<u>\$ 71,740</u>	<u>\$ 94,858</u>	<u>\$ 68,792</u>	<u>\$ 68,686</u>	<u>\$ 1,935,842</u>	<u>\$ 1,760,427</u>
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants outstanding	\$ 1	\$ 6	\$ 876	\$ 127	\$ 10,369	\$ 5,424
Accounts payable	3,650	5,183	36,999	40,363	535,315	494,649
Contract reserve payable	21	43	960	1,152	3,701	6,272
Amounts due to other funds	-	-	16,817	27,043	56,555	163,130
Deposits, permits and other liabilities	-	-	13,140	-	27,702	1,493
Deferred revenue	-	-	-	-	12,275	27,155
Total Current Liabilities	<u>3,673</u>	<u>5,233</u>	<u>68,792</u>	<u>68,686</u>	<u>645,917</u>	<u>698,123</u>
Long-Term Liabilities:						
Deferred revenue	-	-	-	-	7,447	5,235
Advances from other funds	-	-	-	-	-	-
Total Liabilities	<u>3,673</u>	<u>5,233</u>	<u>68,792</u>	<u>68,686</u>	<u>653,365</u>	<u>703,358</u>
Fund Balances:						
Reserved for encumbrances	-	-	-	-	143,241	126,802
Reserved for unencumbered restricted revenue balances	-	-	-	-	358,591	195,121
Reserved for unencumbered capital outlay and work projects	-	-	-	-	282,818	356,624
Reserved for Revolving Loan Programs	-	-	-	-	36,000	34,518
Reserved for construction & debt service	-	-	-	-	115,854	85,121
Reserved for noncurrent assets	-	-	-	-	25,646	28,831
Total Reserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>962,150</u>	<u>827,016</u>
Unreserved	<u>68,068</u>	<u>89,625</u>	<u>-</u>	<u>-</u>	<u>320,328</u>	<u>230,054</u>
Total Fund Balances	<u>68,068</u>	<u>89,625</u>	<u>-</u>	<u>-</u>	<u>1,282,478</u>	<u>1,057,069</u>
Total Liabilities and Fund Balances	<u>\$ 71,740</u>	<u>\$ 94,858</u>	<u>\$ 68,792</u>	<u>\$ 68,686</u>	<u>\$ 1,935,842</u>	<u>\$ 1,760,427</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS

FISCAL YEARS ENDED SEPTEMBER 30, 2007 and 2006
(In Thousands)

	MICHIGAN TRANSPORTATION FUND		STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)	
	2007	2006	2007	2006
REVENUES				
Taxes	\$ 1,899,550	\$ 1,923,013	\$ -	\$ -
License and permits	32,786	33,105	16,611	17,499
Federal aid	-	-	833,073	709,456
Local participation	-	-	18,317	16,113
Interest earnings on common cash	6,933	7,602	24,843	23,692
Non-operating revenue-bridges	-	-	2,790	2,629
Miscellaneous and Service revenue	3,187	3,194	22,653	27,416
Total Revenues	1,942,456	1,966,913	918,287	796,805
EXPENDITURES				
Administration and Operations:				
Administration and maintenance	8,741	9,346	443,376	426,416
Bus operating assistance grants	-	-	-	-
Other grants	942,536	948,101	163,964	138,025
Airport development	-	-	-	-
Non-operating expenditures-bridges	-	-	2,716	2,560
Trust fund construction activity	-	-	-	-
Capital lease payments	-	-	78	151
Total Administration and Operations	951,277	957,447	610,134	567,151
Capital Outlay:				
Roads and bridges	-	-	841,838	943,671
Other capital outlay	-	-	15,148	9,366
Total Capital Outlay	-	-	856,986	953,037
Total Expenditures	951,277	957,447	1,467,119	1,520,188
Excess of Revenues Over (Under) Expenditures	991,179	1,009,466	(548,832)	(723,383)
OTHER FINANCING SOURCES				
Michigan transportation fund distribution	-	-	624,986	631,485
Grants and transfers from other funds	979	1,007	217,989	255,717
Proceeds from sale of capital assets	-	-	2,840	2,633
Proceeds from bonds and notes issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Total Other Financing Sources	979	1,007	845,815	889,834
OTHER FINANCING USES				
Michigan transportation fund distribution	789,736	796,897	-	-
Grants and transfers to other funds	202,423	213,575	2,873	3,088
Debt service	-	-	155,939	185,196
Total Other Financing Uses	992,159	1,010,473	158,812	188,284
Excess of Other Financing Sources Over (Under) Other Financing Uses	(991,179)	(1,009,466)	687,003	701,550
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	-	138,171	(21,833)
Fund balances-Beginning of fiscal year	-	-	746,429	768,262
Fund balances-End of fiscal year	\$ -	\$ -	\$ 884,600	\$ 746,429

BLUE WATER BRIDGE FUND		COMPREHENSIVE TRANSPORTATION FUND		STATE AERONAUTICS FUND		COMBINED TRUNKLINE FUND BOND PROCEEDS FUND	
2007	2006	2007	2006	2007	2006	2007	2006
\$ -	\$ -	\$ 67,678	\$ 66,405	\$ 6,335	\$ 5,974	\$ -	\$ -
-	-	314	374	315	308	-	-
-	-	26,171	24,945	112,674	117,398	56,823	98,953
-	-	-	-	30	27	4,683	2,395
237	816	233	171	607	773	4,223	6,192
-	-	-	-	-	-	-	-
13,987	13,942	1,143	1,306	3,825	5,491	409	6,736
<u>14,225</u>	<u>14,758</u>	<u>95,538</u>	<u>93,201</u>	<u>123,785</u>	<u>129,971</u>	<u>66,138</u>	<u>114,275</u>
5,143	4,756	8,410	8,750	6,498	6,249	430	1,308
-	-	184,089	181,209	-	-	-	-
-	-	39,737	35,518	-	-	16,076	-
-	-	-	-	124,242	126,525	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,143</u>	<u>4,756</u>	<u>232,236</u>	<u>225,477</u>	<u>130,740</u>	<u>132,774</u>	<u>16,505</u>	<u>1,308</u>
2,452	6,708	-	-	-	-	394,007	235,425
-	-	122	8	264	-	-	-
<u>2,452</u>	<u>6,708</u>	<u>122</u>	<u>8</u>	<u>264</u>	<u>-</u>	<u>394,007</u>	<u>235,425</u>
<u>7,594</u>	<u>11,464</u>	<u>232,358</u>	<u>225,485</u>	<u>131,004</u>	<u>132,774</u>	<u>410,512</u>	<u>236,733</u>
<u>6,630</u>	<u>3,294</u>	<u>(136,820)</u>	<u>(132,284)</u>	<u>(7,218)</u>	<u>(2,803)</u>	<u>(344,374)</u>	<u>(122,457)</u>
-	-	164,750	165,413	-	-	-	-
-	-	1,840	1,810	11,000	6,000	36	-
-	-	-	-	-	17	-	-
-	-	-	-	-	-	485,115	244,525
-	-	-	-	-	-	18,662	11,064
<u>-</u>	<u>-</u>	<u>166,590</u>	<u>167,223</u>	<u>11,000</u>	<u>6,017</u>	<u>503,813</u>	<u>255,589</u>
-	-	-	-	-	-	-	-
23	22	72	74	46	47	54,999	92,971
<u>2,528</u>	<u>2,383</u>	<u>28,808</u>	<u>28,486</u>	<u>4,352</u>	<u>2,652</u>	<u>-</u>	<u>-</u>
<u>2,551</u>	<u>2,405</u>	<u>28,880</u>	<u>28,560</u>	<u>4,398</u>	<u>2,699</u>	<u>54,999</u>	<u>92,971</u>
<u>(2,551)</u>	<u>(2,405)</u>	<u>137,710</u>	<u>138,663</u>	<u>6,602</u>	<u>3,318</u>	<u>448,814</u>	<u>162,619</u>
4,080	888	891	6,379	(616)	515	104,441	40,161
4,179	3,290	56,712	50,333	22,584	22,069	137,540	97,379
<u>\$ 8,258</u>	<u>\$ 4,179</u>	<u>\$ 57,603</u>	<u>\$ 56,712</u>	<u>\$ 21,968</u>	<u>\$ 22,584</u>	<u>\$ 241,981</u>	<u>\$ 137,540</u>

	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND		TRANSPORTATION RELATED TRUST FUND		TOTALS	
	2007	2006	2007	2006	2007	2006
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,973,563	\$ 1,995,393
License and permits	-	-	-	-	50,025	51,285
Federal aid	-	-	200,915	173,594	1,229,657	1,124,346
Local participation	-	-	-	-	23,030	18,536
Interest earnings on common cash	4,437	3,733	3	7	41,516	42,986
Non-operating revenue-bridges	-	-	-	-	2,790	2,629
Miscellaneous and Service revenue	1,418	354	4,689	423	51,312	58,860
Total Revenues	5,855	4,086	205,607	174,024	3,371,893	3,294,034
EXPENDITURES						
Administration and Operations:						
Administration and maintenance	1,417	354	-	-	474,015	457,179
Bus operating assistance grants	-	-	-	-	184,089	181,209
Other grants	25,941	19,546	-	-	1,188,253	1,141,190
Airport development	-	-	-	-	124,242	126,525
Non-operating expenditures-bridges	-	-	-	-	2,716	2,560
Trust fund construction activity	-	-	205,607	174,024	205,607	174,024
Capital lease payments	-	-	-	-	78	151
Total Administration and Operations	27,358	19,900	205,607	174,024	2,179,000	2,082,836
Capital Outlay:						
Roads and bridges	-	-	-	-	1,238,296	1,185,804
Other capital outlay	55	-	-	-	15,589	9,374
Total Capital Outlay	55	-	-	-	1,253,885	1,195,178
Total Expenditures	27,413	19,900	205,607	174,024	3,432,885	3,278,014
Excess of Revenues Over (Under) Expenditures	(21,557)	(15,813)	-	-	(60,992)	16,020
OTHER FINANCING SOURCES						
Michigan transportation fund distribution	-	-	-	-	789,736	796,897
Grants and transfers from other funds and Compo	-	-	-	-	231,844	264,534
Proceeds from sale of capital assets	-	-	-	-	2,840	2,650
Proceeds from bonds issued	-	35,015	-	-	485,115	279,540
Premium on bond issues	-	1,323	-	-	18,662	12,388
Total Other Financing Sources	-	36,338	-	-	1,528,197	1,356,009
OTHER FINANCING USES						
Michigan transportation fund distribution	-	-	-	-	789,736	796,897
Grants and transfers to other funds and Compone	-	-	-	-	260,435	309,777
Debt service	-	-	-	-	191,626	218,718
Total Other Financing Uses	-	-	-	-	1,241,797	1,325,392
Excess of Other Financing Sources Over (Under) Other Financing Uses	-	36,338	-	-	286,400	30,617
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(21,557)	20,525	-	-	225,408	46,637
Fund balances-Beginning of fiscal year	89,625	69,100	-	-	1,057,069	1,010,433
Fund balances-End of fiscal year	\$ <u>68,068</u>	\$ <u>89,625</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,282,478</u>	\$ <u>1,057,069</u>

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, 2007
 (In Thousands)

(Statutory/Budgetary Basis)	MICHIGAN TRANSPORTATION FUND			STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes	\$ 1,899,550	\$ 1,899,550	\$ -	\$ -	\$ -	\$ -
License and permits	32,786	32,786	-	16,611	16,611	-
Federal aid	-	-	-	833,073	833,073	-
Local participation	-	-	-	18,317	18,317	-
Interest earnings	6,933	6,933	-	24,843	24,843	-
Non-operating revenue-bridges	-	-	-	2,790	2,790	-
Miscellaneous and Service revenue	3,187	3,187	-	22,653	22,653	-
Total Revenues	<u>1,942,456</u>	<u>1,942,456</u>	<u>-</u>	<u>918,287</u>	<u>918,287</u>	<u>-</u>
EXPENDITURES AND ENCUMBRANCES						
Administration	10,144	8,741	1,404	497,244	473,223	24,021
Bus operating assistance grants	-	-	-	-	-	-
Other grants	1,011,544	942,536	69,007	170,800	168,429	2,372
Airport development	-	-	-	-	-	-
Nonoperating expenditure-bridges	-	-	-	2,790	2,716	75
Total Administration and Operations	<u>1,021,688</u>	<u>951,277</u>	<u>70,411</u>	<u>670,834</u>	<u>644,367</u>	<u>26,467</u>
Roads and bridges	-	-	-	898,813	898,813	-
Other capital outlay	-	-	-	19,724	19,587	137
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>918,537</u>	<u>918,400</u>	<u>137</u>
Total Expenditures and Encumbrances	<u>1,021,688</u>	<u>951,277</u>	<u>70,411</u>	<u>1,589,371</u>	<u>1,562,767</u>	<u>26,604</u>
Excess of Revenue Over(Under) Expenditures and Encumbrances	<u>920,768</u>	<u>991,179</u>	<u>70,411</u>	<u>(671,084)</u>	<u>(644,479)</u>	<u>26,604</u>
OTHER FINANCING SOURCES						
Michigan transportation fund distribution	-	-	-	624,986	624,986	-
Grants and transfers from other funds	979	979	-	217,989	217,989	-
Proceeds of sale of capital assets	-	-	-	2,840	2,840	-
Total Financing Sources	<u>979</u>	<u>979</u>	<u>-</u>	<u>845,815</u>	<u>845,815</u>	<u>-</u>
OTHER FINANCING USES						
Michigan transportation fund distribution	843,096	789,736	53,360	-	-	-
Grants and transfers to other funds	207,160	202,423	4,738	2,700	2,873	(173)
Debt service	-	-	-	168,116	155,939	12,177
Total Financing Uses	<u>1,050,257</u>	<u>992,159</u>	<u>58,098</u>	<u>170,816</u>	<u>158,812</u>	<u>12,004</u>
Excess Other Financial Sources Over(Under) Other Financial Uses	<u>(1,049,277)</u>	<u>(991,179)</u>	<u>58,098</u>	<u>674,999</u>	<u>687,003</u>	<u>12,004</u>
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses	<u>\$ (128,509)</u>	<u>-</u>	<u>\$ 128,509</u>	<u>\$ 3,915</u>	<u>42,523</u>	<u>\$ 38,608</u>
RECONCILING ITEMS						
Encumbrances at September 30		-			95,647	
Funds not annually budgeted		-			-	
Net Reconciling Items		<u>-</u>			<u>95,647</u>	
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis)		<u>-</u>			<u>138,171</u>	
FUND BALANCES (GAAP BASIS)						
Beginning balance		-			746,429	
Ending balances (GAAP Basis)		<u>\$ -</u>			<u>\$ 884,600</u>	

BLUE WATER BRIDGE FUND			COMPREHENSIVE TRANSPORTATION FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 67,678	\$ 67,678	\$ -
-	-	-	314	314	-
-	-	-	26,171	26,171	-
-	-	-	-	-	-
237	237	-	233	233	-
-	-	-	-	-	-
<u>13,987</u>	<u>13,987</u>	<u>-</u>	<u>1,143</u>	<u>1,143</u>	<u>-</u>
<u>14,225</u>	<u>14,225</u>	<u>-</u>	<u>95,538</u>	<u>95,538</u>	<u>-</u>
11,741	5,333	6,408	10,392	8,422	1,970
-	-	-	184,089	184,089	-
-	-	-	84,544	80,761	3,783
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,741</u>	<u>5,333</u>	<u>6,408</u>	<u>279,025</u>	<u>273,272</u>	<u>5,753</u>
<u>2,881</u>	<u>2,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>122</u>	<u>122</u>	<u>-</u>
<u>2,881</u>	<u>2,881</u>	<u>-</u>	<u>122</u>	<u>122</u>	<u>-</u>
<u>14,622</u>	<u>8,213</u>	<u>6,408</u>	<u>279,147</u>	<u>273,394</u>	<u>5,753</u>
<u>(397)</u>	<u>6,011</u>	<u>6,408</u>	<u>(183,609)</u>	<u>(177,856)</u>	<u>5,753</u>
-	-	-	164,750	164,750	-
-	-	-	1,840	1,840	-
-	-	-	-	-	-
-	-	-	<u>166,590</u>	<u>166,590</u>	<u>-</u>
-	-	-	-	-	-
-	23	(23)	95	72	23
<u>2,879</u>	<u>2,528</u>	<u>351</u>	<u>28,808</u>	<u>28,808</u>	<u>-</u>
<u>2,879</u>	<u>2,551</u>	<u>328</u>	<u>28,903</u>	<u>28,880</u>	<u>23</u>
<u>(2,879)</u>	<u>(2,551)</u>	<u>328</u>	<u>137,687</u>	<u>137,710</u>	<u>23</u>
\$ <u>(3,276)</u>	<u>3,460</u>	\$ <u>6,736</u>	\$ <u>(45,922)</u>	<u>(40,145)</u>	\$ <u>5,776</u>
	619			41,036	
	-			-	
	<u>619</u>			<u>41,036</u>	
	<u>4,080</u>			<u>891</u>	
	<u>4,179</u>			<u>56,712</u>	
	\$ <u>8,258</u>		\$ <u>57,603</u>		

(Statutory/Budgetary Basis)	STATE AERONAUTICS FUND			COMBINED TRUNKLINE FUND BOND PROCEEDS FUND
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Taxes	\$ 6,335	\$ 6,335	\$ -	\$ -
License and permits	315	315	-	-
Federal aid	112,674	112,674	-	-
Local participation	30	30	-	-
Interest earnings	607	607	-	-
Non-operating revenue-bridges	-	-	-	-
Miscellaneous and Service revenue	3,825	3,825	-	-
Total Revenues	123,785	123,785	-	-
EXPENDITURES AND ENCUMBRANCES				
Administration	8,382	6,541	1,840	-
Bus operating assistance grants	-	-	-	-
Other grants	-	-	-	-
Airport development	135,071	130,137	4,934	-
Nonoperating expenditure-bridges	-	-	-	-
Total Administration and Operations	143,453	136,678	6,774	-
Roads and bridges	-	-	-	-
Other capital outlay	264	264	-	-
Total Capital Outlay	264	264	-	-
Total Expenditures and Encumbrances	143,717	136,942	6,774	-
Excess of Revenue Over(Under) Expenditures and Encumbrances	(19,931)	(13,157)	6,774	-
OTHER FINANCING SOURCES				
Michigan transportation fund distribution	-	-	-	-
Grants and transfers from other funds and components	11,000	11,000	-	-
Proceeds from sale of capital assets	-	-	-	-
Total Financing Sources	11,000	11,000	-	-
OTHER FINANCING USES				
Michigan transportation fund distribution	-	-	-	-
Grants and transfers to other funds and components	55	46	9	-
Debt service	5,607	4,352	1,256	-
Total Financing Uses	5,662	4,398	1,265	-
Excess Other Financial Sources Over(Under) Other Financial Uses	5,338	6,602	1,265	-
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses	\$ (14,594)	(6,554)	\$ 8,039	-
RECONCILING ITEMS				
Encumbrances at September 30		5,938		-
Funds not annually budgeted		-		104,441
Net Reconciling Items		5,938		104,441
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis)		(616)		104,441
FUND BALANCES (GAAP BASIS)				
Beginning balance		22,584		137,540
Ending balances (GAAP Basis)		\$ 21,968		\$ 241,981

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND		TRANSPORTATION RELATED TRUST FUND	TOTALS		
ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	
\$ -	\$ -	\$ 1,973,563	\$ 1,973,563	\$ -	
-	-	50,025	50,025	-	
-	-	971,919	971,919	-	
-	-	18,347	18,347	-	
-	-	32,853	32,853	-	
-	-	2,790	2,790	-	
-	-	44,796	44,796	-	
-	-	3,094,292	3,094,292	-	
-	-	537,903	502,260	35,643	
-	-	184,089	184,089	-	
-	-	1,266,888	1,191,726	75,162	
-	-	135,071	130,137	4,934	
-	-	2,790	2,716	75	
-	-	2,126,741	2,010,927	115,814	
-	-	901,693	901,693	-	
-	-	20,110	19,973	137	
-	-	921,803	921,666	137	
-	-	3,048,544	2,932,593	115,951	
-	-	45,748	161,699	115,951	
-	-	789,736	789,736	-	
-	-	231,808	231,808	-	
-	-	2,840	2,840	-	
-	-	1,024,384	1,024,384	-	
-	-	843,096	789,736	53,360	
-	-	210,010	205,436	4,574	
-	-	205,410	191,626	13,784	
-	-	1,258,516	1,186,798	71,718	
-	-	(234,132)	(162,414)	71,718	
-	-	\$ (188,385)	(716)	\$ 187,669	
-	-	-	143,241	-	
(21,557)	-	-	82,883	-	
(21,557)	-	-	226,124	-	
(21,557)	-	-	225,408	-	
89,625	-	-	1,057,069	-	
\$ 68,068	\$ -	-	\$ 1,282,478	-	

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, 2006
 (In Thousands)

(Statutory/Budgetary Basis)	MICHIGAN TRANSPORTATION FUND			STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Taxes	\$ 1,923,013	\$ 1,923,013	\$ -	\$ -	\$ -	\$ -
License and permits	33,105	33,105	-	17,499	17,499	-
Federal aid	-	-	-	709,456	709,456	-
Local participation	-	-	-	16,113	16,113	-
Interest earnings	7,602	7,602	-	23,692	23,692	-
Non-operating revenue-bridges	-	-	-	2,629	2,629	-
Miscellaneous and Service revenue	3,194	3,194	-	27,416	27,416	-
Total Revenues	1,966,913	1,966,913	-	796,805	796,805	-
EXPENDITURES AND ENCUMBRANCES						
Administration	9,777	9,346	430	485,025	450,079	34,946
Bus operating assistance grants	-	-	-	-	-	-
Other grants	1,004,653	948,101	56,553	146,158	143,924	2,234
Airport development	-	-	-	-	-	-
Nonoperating expenditure-bridges	-	-	-	2,629	2,560	69
Total Administration and Operations	1,014,430	957,447	56,983	633,811	596,562	37,249
Roads and bridges	-	-	-	991,099	990,752	347
Other capital outlay	-	-	-	13,055	12,906	149
Total Capital Outlay	-	-	-	1,004,154	1,003,658	496
Total Expenditures and Encumbrances	1,014,430	957,447	56,983	1,637,965	1,600,220	37,745
Excess of Revenue Over(Under)						
Expenditures and Encumbrances	952,483	1,009,466	56,983	(841,161)	(803,415)	37,745
OTHER FINANCING SOURCES						
Michigan transportation fund distribution	-	-	-	631,485	631,485	-
Proceeds from sale of capital assets	-	-	-	2,633	2,633	-
Grants and transfers from other funds	1,007	1,007	-	255,717	255,717	-
Total Other Financing Sources	1,007	1,007	-	889,834	889,834	-
OTHER FINANCING USES						
Michigan transportation fund distribution	830,452	796,897	33,555	-	-	-
Grants and transfers to other funds	218,535	213,575	4,960	2,000	3,088	(1,088)
Debt service	-	-	-	193,968	185,196	8,772
Total Other Financing Uses	1,048,987	1,010,473	38,514	195,968	188,284	7,684
Excess Other Financial Sources Over(Under)						
Other Financial Uses	(1,047,980)	(1,009,466)	38,514	693,866	701,550	7,684
Excess of Revenue and Other Financial Sources and Other Financial Uses	\$ (95,497)	-	\$ 95,497	\$ (147,295)	(101,865)	\$ 45,429
RECONCILING ITEMS						
Encumbrances at September 30		-			80,032	
Funds not annually budgeted		-			-	
Net Reconciling Items		-			80,032	
Excess of Revenue and Other Financial Sources Over(Under)Expenditures and Other Financial Uses (GAAP Basis)		-			(21,833)	
FUND BALANCES (GAAP BASIS)						
Beginning balance		-			768,262	
Ending balances (GAAP Basis)		\$ -			\$ 746,429	

BLUE WATER BRIDGE FUND			COMPREHENSIVE TRANSPORTATION FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 66,405	\$ 66,405	\$ -
-	-	-	374	374	-
-	-	-	24,945	24,945	-
-	-	-	-	-	-
816	816	-	171	171	-
-	-	-	-	-	-
<u>13,942</u>	<u>13,942</u>	<u>-</u>	<u>1,306</u>	<u>1,306</u>	<u>-</u>
<u>14,758</u>	<u>14,758</u>	<u>-</u>	<u>93,201</u>	<u>93,201</u>	<u>-</u>
11,023	5,131	5,892	10,284	9,001	1,283
-	-	-	181,579	181,209	370
-	-	-	80,815	73,635	7,181
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,023</u>	<u>5,131</u>	<u>5,892</u>	<u>272,678</u>	<u>263,844</u>	<u>8,834</u>
<u>7,787</u>	<u>7,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>130</u>	<u>130</u>	<u>-</u>
<u>7,787</u>	<u>7,787</u>	<u>-</u>	<u>130</u>	<u>130</u>	<u>-</u>
<u>18,810</u>	<u>12,918</u>	<u>5,892</u>	<u>272,808</u>	<u>263,974</u>	<u>8,834</u>
<u>(4,052)</u>	<u>1,840</u>	<u>5,892</u>	<u>(179,607)</u>	<u>(170,773)</u>	<u>8,834</u>
-	-	-	165,413	165,413	-
-	-	-	-	-	-
-	-	-	<u>1,810</u>	<u>1,810</u>	<u>-</u>
-	-	-	<u>167,223</u>	<u>167,223</u>	<u>-</u>
-	-	-	-	-	-
-	22	(22)	90	74	16
<u>2,383</u>	<u>2,383</u>	<u>-</u>	<u>28,844</u>	<u>28,486</u>	<u>357</u>
<u>2,383</u>	<u>2,405</u>	<u>(22)</u>	<u>28,934</u>	<u>28,560</u>	<u>373</u>
<u>(2,383)</u>	<u>(2,405)</u>	<u>(22)</u>	<u>138,290</u>	<u>138,663</u>	<u>373</u>
\$ <u>(6,435)</u>	<u>(565)</u>	\$ <u>5,870</u>	\$ <u>(41,318)</u>	<u>(32,110)</u>	\$ <u>9,207</u>
	1,453			38,489	
	-			-	
	<u>1,453</u>			<u>38,489</u>	
	<u>888</u>			<u>6,379</u>	
	<u>3,290</u>			<u>50,333</u>	
\$ <u><u>4,179</u></u>			\$ <u><u>56,712</u></u>		

(Statutory/Budgetary Basis)	STATE AERONAUTICS FUND			COMBINED TRUNKLINE FUND BOND PROCEEDS FUND
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Taxes	\$ 5,974	\$ 5,974	\$ -	\$ -
License and permits	308	308	-	-
Federal aid	117,398	117,398	-	-
Local participation	27	27	-	-
Interest earnings	773	773	-	-
Non-operating revenue-bridges	-	-	-	-
Miscellaneous and Service revenue	5,491	5,491	-	-
Total Revenues	129,971	129,971	-	-
EXPENDITURES AND ENCUMBRANCES				
Administration	8,515	6,329	2,186	-
Bus operating assistance grants	-	-	-	-
Other grants	-	-	-	-
Airport development	135,008	133,268	1,740	-
Nonoperating expenditure-bridges	-	-	-	-
Total Administration and Operations	143,523	139,597	3,926	-
Roads and bridges	-	-	-	-
Other capital outlay	4	4	-	-
Total Capital Outlay	4	4	-	-
Total Expenditures and Encumbrances	143,527	139,601	3,926	-
Excess of Revenue Over(Under) Expenditures and Encumbrances	(13,555)	(9,630)	3,926	-
OTHER FINANCING SOURCES				
Michigan transportation fund distribution	-	-	-	-
Proceeds from sale of capital assets	17	17	-	-
Grants and transfers from other funds and components	6,000	6,000	-	-
Total Other Financing Sources	6,017	6,017	-	-
OTHER FINANCING USES				
Michigan transportation fund distribution	-	-	-	-
Grants and transfers to other funds and components	50	47	3	-
Debt service	4,669	2,652	2,017	-
Total Other Financing Uses	4,719	2,699	2,020	-
Excess Other Financial Sources Over(Under) Other Financial Uses	1,298	3,318	2,020	-
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses	\$ (12,257)	(6,312)	\$ 5,946	-
RECONCILING ITEMS				
Encumbrances at September 30		6,827		-
Funds not annually budgeted		-		40,161
Net Reconciling Items		6,827		40,161
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis)		515		40,161
FUND BALANCES (GAAP BASIS)				
Beginning balance		22,069		97,379
Ending balances (GAAP Basis)		\$ 22,584		\$ 137,540

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND		TRANSPORTATION RELATED TRUST FUND	TOTALS		VARIANCE FAVORABLE (UNFAVORABLE)
ACTUAL	ACTUAL	BUDGET	ACTUAL		
\$ -	\$ -	\$ 1,995,393	\$ 1,995,393	\$ -	
-	-	51,285	51,285	-	
-	-	851,800	851,800	-	
-	-	16,140	16,140	-	
-	-	33,054	33,054	-	
-	-	2,629	2,629	-	
-	-	51,348	51,348	-	
-	-	3,001,649	3,001,649	-	
-	-	524,623	479,886		44,737
-	-	181,579	181,209		370
-	-	1,231,626	1,165,659		65,968
-	-	135,008	133,268		1,740
-	-	2,629	2,560		69
-	-	2,075,465	1,962,580		112,884
-	-	998,886	998,539		347
-	-	13,189	13,040		149
-	-	1,012,076	1,011,579		496
-	-	3,087,540	2,974,160		113,380
-	-	(85,892)	27,489		113,380
-	-	796,897	796,897		-
-	-	2,650	2,650		-
-	-	264,534	264,534		-
-	-	1,064,081	1,064,081		-
-	-	830,452	796,897		33,555
-	-	220,675	216,806		3,869
-	-	229,864	218,718		11,146
-	-	1,280,991	1,232,422		48,570
-	-	(216,910)	(168,341)		48,570
-	-	\$ (302,802)	(140,852)	\$	161,950
-	-		126,802		
20,525	-		60,687		
20,525	-		187,488		
20,525	-		46,637		
69,100	-		1,010,433		
\$ 89,625	\$ -		\$ 1,057,069		

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF DEBT SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2007

COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND

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

COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND

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

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
 SEPTEMBER 30, 2007 and 2006
 (In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND		TOTALS	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
ASSETS						
Current Assets:						
Equity in Common Cash	\$ 124	\$ 27	\$ -	\$ -	\$ 124	\$ 27
Amounts due from other funds	-	-	-	-	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 124</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124</u>	<u>\$ 27</u>
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants Outstanding	\$ 10	\$ -	\$ -	\$ -	\$ 10	\$ -
Accounts payable and other liabilities	114	27	-	-	114	27
Amounts due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>124</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>124</u>	<u>27</u>
Fund Balances:						
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 124</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124</u>	<u>\$ 27</u>



FINANCIAL SCHEDULES

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUNDS
LAST TEN YEARS
 SEPTEMBER 30, 2007
 (In Thousands)

	<u>1997-1998</u>	<u>1998-1999</u>	<u>1999-2000</u>	<u>2000-2001</u>
REVENUES AND OTHER SOURCES:				
Michigan Transportation Fund	\$ 1,760,457	\$ 1,844,829	\$ 1,892,570	\$ 1,913,540
State Trunkline Fund				
Economic Development	100,287	114,030	109,260	113,111
Traditional Program	1,155,026	1,251,440	1,537,389	1,439,365
Blue Water Bridge Fund	10,580	11,454	16,535	12,493
Comprehensive Transportation Fund	226,155	243,990	249,647	270,656
Aeronautics Fund	70,615	74,229	93,818	133,811
Transportation Related Trust Fund	-	-	224,680	244,625
1989 State Trunkline Bond Proceeds Fund	253	5,508	3,514	112
1992 State Trunkline Bond Proceeds Fund	18,373	12,288	15,312	11,914
1992 State Trunkline Critical Bridge Bond Proceeds Fund	104	76	85	13
1992 Comprehensive Transportation Bond Proceeds Fund	900	1,985	730	609
1994 State Trunkline Bond Proceeds Fund	40,051	10,615	6,984	3,110
1996 State Trunkline Bond Proceeds Fund	2,079	(119)	9	3
2001 Build Michigan III Bond Proceeds Fund	-	-	-	330,576
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds Fund	-	-	-	410,848
2002 & 2003 Comprehensive Transportation Bond Proceeds Fund	-	-	-	-
2004 State Trunkline Bond Proceeds Fund	-	-	-	-
Jobs Today Bond Proceeds Fund	-	-	-	-
TOTAL REVENUES AND OTHER SOURCES	\$ <u>3,384,879</u>	\$ <u>3,570,324</u>	\$ <u>4,150,531</u>	\$ <u>4,884,786</u>
EXPENDITURES AND OTHER USES:				
Michigan Transportation Fund	\$ 1,760,457	\$ 1,844,829	\$ 1,892,570	\$ 1,913,540
State Trunkline Fund				
Economic Development	109,345	115,337	87,927	108,988
Traditional Program	1,089,716	1,363,640	1,493,359	1,385,715
Blue Water Bridge Fund	5,271	5,220	7,728	12,482
Comprehensive Transportation Fund	267,159	237,021	241,984	281,121
Aeronautics Fund	71,914	99,057	90,195	131,899
Transportation Related Trust Fund	-	-	224,680	244,625
1989 State Trunkline Bond Proceeds Fund	1,519	3,126	1,582	132
1992 State Trunkline Bond Proceeds Fund	23,027	16,050	18,886	12,667
1992 State Trunkline Critical Bridge Bond Proceeds Fund	580	242	1,123	1
1992 Comprehensive Transportation Bond Proceeds Fund	3,545	2,395	1,013	5,176
1994 State Trunkline Bond Proceeds Fund	52,368	14,228	8,281	3,688
1996 State Trunkline Bond Proceeds Fund	19,862	23,776	2,257	(74)
2001 Build Michigan III Bond Proceeds Fund	-	-	-	75,734
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds Fund	-	-	-	164,805
2002 & 2003 Comprehensive Transportation Bond Proceeds Fund	-	-	-	-
2004 State Trunkline Bond Proceeds Fund	-	-	-	-
Jobs Today Bond Proceeds Fund	-	-	-	-
TOTAL EXPENDITURES AND OTHER USES	\$ <u>3,404,762</u>	\$ <u>3,724,921</u>	\$ <u>4,071,584</u>	\$ <u>4,340,498</u>

<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>
\$ 1,974,234	\$ 2,000,406	\$ 2,064,583	\$ 1,976,798	\$ 1,967,920	\$ 1,943,436
114,264	111,868	106,607	118,205	98,526	95,899
1,367,935	1,317,848	1,429,449	1,612,110	1,588,113	1,668,203
11,478	12,254	13,989	15,081	14,758	14,225
270,695	273,277	267,928	252,284	260,424	262,128
155,619	122,359	144,580	164,574	135,989	134,785
277,726	281,796	266,271	239,403	174,024	205,607
41	719	152	891	49	41
5,087	2,168	2,419	947	85	194
2	-	-	-	-	-
104	15	-	-	-	-
486	918	71	374	20	111
154	-	-	-	-	-
49,090	14,684	27,691	11,765	7,019	3,857
218,262	13,040	9,477	67,623	93,546	53,841
89,179	37,641	1,164	2,531	40,425	5,855
-	-	201,896	6,152	269,072	10,402
-	-	-	-	73	501,507
<u>\$ 4,534,356</u>	<u>\$ 4,188,993</u>	<u>\$ 4,536,277</u>	<u>\$ 4,468,738</u>	<u>\$ 4,650,043</u>	<u>\$ 4,900,091</u>

\$ 1,974,234	\$ 2,000,406	\$ 2,064,583	\$ 1,976,798	\$ 1,967,920	\$ 1,943,436
109,955	102,399	121,527	113,014	90,141	85,342
1,277,342	1,286,783	1,288,226	1,572,956	1,618,331	1,540,590
10,326	8,869	7,421	7,709	13,870	10,145
288,324	262,820	283,459	253,451	254,045	261,237
159,609	117,691	138,712	166,954	135,473	135,402
277,726	281,796	266,271	239,403	174,024	205,607
314	625	1,271	635	14	1,089
5,970	2,194	5,495	880	6,078	196
262	-	-	-	-	-
5,474	1,773	-	-	-	-
520	1,164	3,997	411	(520)	439
-	-	-	-	-	-
113,740	76,606	51,124	56,489	13,663	28,249
259,282	169,588	58,497	66,207	94,827	53,781
671	21,340	23,201	16,205	19,900	27,413
-	-	63,416	115,184	132,305	159,271
-	-	-	-	83,336	222,486
<u>\$ 4,483,749</u>	<u>\$ 4,334,054</u>	<u>\$ 4,377,200</u>	<u>\$ 4,586,296</u>	<u>\$ 4,603,407</u>	<u>\$ 4,674,683</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ECONOMIC DEVELOPMENT FUND
FISCAL YEARS ENDED SEPTEMBER 30, 2007 and 2006
(In Thousands)

	2007	2006
REVENUES AND OTHER SOURCES		
Licenses and permits	\$ 10,986	\$ 12,337
Federal aid	35,893	40,724
Local participation	367	80
Interest earnings	4,616	4,614
Michigan Transportation Fund distribution	40,275	40,275
Miscellaneous	2,987	496
Operating Transfers In	776	-
 Total Revenues and Other Sources	 95,899	 98,526
EXPENDITURES AND OTHER USES		
Administration	468	812
Forest roads	5,040	5,034
Target industries-state takeovers	12,820	7,962
Rural county urban system	4,096	1,368
Urban county congestion	19,791	29,471
Rural county primary	28,784	30,864
Debt service	14,342	14,630
 Total Expenditures and Other Uses	 85,342	 90,141
 Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	 10,558	 8,385
 Fund Balances-Beginning of fiscal year	 100,564	 92,179
Fund Balances-End of fiscal year	\$ 111,121	\$ 100,564

The Economic Development Fund was created as a subfund of the State Trunkline Fund during fiscal year 1987-1988. The amounts 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, 2007
 (In Thousands)

Bonds

FISCAL YEARS ENDING SEPTEMBER 30	STATE TRUNKLINE FUND			COMPREHENSIVE TRANSPORTATION FUND			COMBINED TOTAL		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
	2008	\$ 54,330	\$ 101,688	\$ 156,018	\$ 21,275	\$ 12,041	\$ 33,316	\$ 75,605	\$ 113,729
2009	59,585	98,873	158,458	22,325	10,997	33,322	81,910	109,870	191,780
2010	95,235	96,763	191,998	23,555	9,760	33,315	118,790	106,523	225,313
2011	99,250	92,746	191,996	24,765	8,544	33,309	124,015	101,290	225,305
2012	103,535	88,463	191,998	12,310	7,553	19,863	115,845	96,016	211,861
2013	108,030	83,968	191,998	12,790	6,990	19,780	120,820	90,958	211,778
2014	113,180	78,818	191,998	13,365	6,401	19,766	126,545	85,219	211,764
2015	119,380	72,619	191,999	9,215	5,784	14,999	128,595	78,403	206,998
2016	125,505	66,492	191,997	9,670	5,329	14,999	135,175	71,820	206,995
2017	132,035	59,963	191,998	10,145	4,851	14,996	142,180	64,814	206,994
2018	138,495	53,503	191,998	10,650	4,347	14,997	149,145	57,850	206,995
2019	145,430	46,568	191,998	11,190	3,808	14,998	156,620	50,376	206,996
2020	150,020	38,975	188,995	11,775	3,220	14,995	161,795	42,196	203,991
2021	131,845	31,150	162,995	12,390	2,608	14,998	144,235	33,759	177,994
2022	138,780	24,219	162,999	13,035	1,965	15,000	151,815	26,184	177,999
2023	122,150	17,780	139,930	2,635	1,356	3,991	124,785	19,136	143,921
2024	59,845	13,155	73,000	2,770	1,226	3,996	62,615	14,381	76,996
2025	62,970	10,029	72,999	2,910	1,088	3,998	65,880	11,116	76,996
2026	65,990	7,006	72,996	3,055	942	3,997	69,045	7,948	76,993
2027	69,450	3,545	72,995	3,210	789	3,999	72,660	4,335	76,995
2028	-	-	-	3,370	629	3,999	3,370	629	3,999
2029	-	-	-	3,535	460	3,995	3,535	460	3,995
2030	-	-	-	3,715	284	3,999	3,715	284	3,999
2031	-	-	-	1,955	98	2,053	1,955	98	2,053
TOTAL	\$ 2,095,040	\$ 1,086,324	\$ 3,181,364	\$ 245,610	\$ 101,069	\$ 346,679	\$ 2,340,650	\$ 1,187,392	\$ 3,528,042

Notes

FISCAL YEARS ENDING SEPTEMBER 30	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2008	\$ 32,000	\$ 106	\$ 32,106	\$ -	\$ -	\$ -	\$ 32,000	\$ 106	\$ 32,106
TOTAL	\$ 32,000	\$ 106	\$ 32,106	\$ -	\$ -	\$ -	\$ 32,000	\$ 106	\$ 32,106

MICHIGAN DEPARTMENT OF TRANSPORTATION
CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS
BY FUNCTIONAL ACTIVITY
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)

	<u>Totals</u>	<u>Preliminary Engineering</u>	<u>Right-of-Way</u>	
STATE TRUNKLINE FUND				
Roads and bridges	\$ 892,475	\$ 124,175	\$ 28,240	\$
Economic development fund	86,030	257	5,742	
Work orders - state facilities	9,449	-	-	
	<u>987,954</u>	<u>124,432</u>	<u>33,982</u>	
Subtotal	<u>987,954</u>	<u>124,432</u>	<u>33,982</u>	
BLUE WATER BRIDGE FUND				
	<u>2,452</u>	<u>204</u>	<u>62</u>	
Subtotal	<u>2,452</u>	<u>204</u>	<u>62</u>	
STATE AERONAUTICS AND GENERAL FUNDS				
Airport development	<u>150,106</u>	<u>8,914</u>	<u>19,975</u>	
Subtotal	<u>150,106</u>	<u>8,914</u>	<u>19,975</u>	
COMPREHENSIVE TRANSPORTATION FUND				
Rail freight	5,173	-	-	
Bus transit	16,484	-	-	
Intercity bus, rail, water	5,406	-	-	
	<u>27,063</u>	<u>-</u>	<u>-</u>	
Subtotal	<u>27,063</u>	<u>-</u>	<u>-</u>	
BOND PROCEEDS FUNDS				
State Trunkline Fund	465,081	4,127	4,797	
Comprehensive Transportation Fund	5,767	427	-	
Aeronautics Fund	20,229	1,246	5,155	
	<u>491,077</u>	<u>5,800</u>	<u>9,952</u>	
Subtotal	<u>491,077</u>	<u>5,800</u>	<u>9,952</u>	
Total Capital Acquisitions	\$ <u><u>1,658,652</u></u>	\$ <u><u>139,350</u></u>	\$ <u><u>63,971</u></u>	\$

<u>Utility Relocation</u>	<u>Physical Construction</u>	<u>Construction Supervision</u>	<u>Special Projects</u>	<u>Other Activities</u>
1,950	\$ 676,281	\$ 57,950	\$ -	\$ 3,880
-	72,363	2,615	-	5,053
-	-	-	-	9,449
<u>1,950</u>	<u>748,644</u>	<u>60,565</u>	<u>-</u>	<u>18,382</u>
-	2,122	64	-	-
-	2,122	64	-	-
-	103,465	9,473	-	8,279
-	103,465	9,473	-	8,279
-	-	-	-	5,173
-	-	-	-	16,484
-	-	-	-	5,406
-	-	-	-	27,063
28	372,337	24,840	-	58,952
-	1,781	-	-	3,559
-	12,579	1,233	-	16
<u>28</u>	<u>386,697</u>	<u>26,073</u>	<u>-</u>	<u>62,527</u>
<u>1,978</u>	<u>\$ 1,240,928</u>	<u>\$ 96,175</u>	<u>\$ -</u>	<u>\$ 116,251</u>

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

FISCAL YEAR ENDED SEPTEMBER 30, 2006

(In Thousands)

	<u>Totals</u>	<u>Preliminary Engineering</u>	<u>Right-of-Way</u>
STATE TRUNKLINE FUND			
Roads and bridges	\$ 968,073	\$ 126,038	\$ 16,548
Economic development fund	90,609	655	3,497
Work orders - state facilities	8,358	-	-
Subtotal	<u>1,067,040</u>	<u>126,693</u>	<u>20,045</u>
BLUE WATER BRIDGE FUND			
Subtotal	<u>6,708</u>	<u>155</u>	<u>6,298</u>
STATE AERONAUTICS AND GENERAL FUNDS			
Airport development	<u>134,174</u>	<u>7,386</u>	<u>7,947</u>
Subtotal	<u>134,174</u>	<u>7,386</u>	<u>7,947</u>
COMPREHENSIVE TRANSPORTATION FUND			
Rail freight	2,189	-	-
Bus transit	12,652	-	-
Intercity bus, rail, water	6,838	-	-
Subtotal	<u>21,679</u>	<u>-</u>	<u>-</u>
BOND PROCEEDS FUNDS			
State Trunkline Fund	328,824	2,804	615
Comprehensive Transportation Fund	10,503	563	-
Aeronautics Fund	9,042	543	2,062
Subtotal	<u>348,370</u>	<u>3,909</u>	<u>2,676</u>
Total Capital Acquisitions	<u>\$ 1,577,971</u>	<u>\$ 138,143</u>	<u>\$ 36,966</u>

<u>Utility Relocation</u>	<u>Physical Construction</u>	<u>Construction Supervision</u>	<u>Special Projects</u>	<u>Other Activities</u>
\$ 1,394	\$ 750,096	\$ 65,655	\$ -	\$ 8,343
-	78,825	1,795	-	5,838
-	-	-	-	8,358
<u>1,394</u>	<u>828,921</u>	<u>67,450</u>	<u>-</u>	<u>22,539</u>
-	225	10	-	20
-	225	10	-	20
-	106,565	11,714	-	562
-	106,565	11,714	-	562
-	-	-	-	2,189
-	-	-	-	12,652
-	-	-	-	6,838
-	-	-	-	21,679
-	213,945	14,671	-	96,790
-	4,257	5	-	5,679
-	5,104	982	-	351
-	223,306	15,658	-	102,821
<u>\$ 1,394</u>	<u>\$ 1,159,017</u>	<u>\$ 94,832</u>	<u>\$ -</u>	<u>\$ 147,621</u>

Michigan Department of Transportation
Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2007
(In Thousands)

Grantor Agency/ Assistance Program Title	Federal	CFDA* Program Number	Pass Through Entity	Pass- Through Entity Identificati on Number	Directly Expended by Department 2007	Distributed To Sub- Recipients 2007	Total Expended and Distributed 2007
Federal Highway Administration:							
Highway Planning and Construction		20.205			\$ 1,054,886	\$ 41,051	\$ 1,054,886
Total Federal Highway Administration					\$ 1,054,886	\$ 41,051	\$ 1,054,886
Federal Motor Carrier Safety Administration:							
National Motor Carrier Safety		20.218	St Police	97-0066	\$ -	\$ -	\$ -
Total Federal Motor Carrier Safety Administration					\$ -	\$ -	\$ -
Federal Aviation Administration:							
Airport Improvement Program		20.106			\$ 41,504	\$ 73,999	\$ 115,504
Total Federal Aviation Administration					\$ 41,504	\$ 73,999	\$ 115,504
Federal Railroad Administration:							
Next Generation High Speed Rail Program		20.312			\$ 87	\$ -	\$ 87
Total Federal Railroad Administration					\$ 87	\$ -	\$ 87
Federal Transit Administration:							
Section 5309 - Capital Investment Grants		20.500			\$ -	\$ 3,916	\$ 3,916
Section 5311 - Public Transportation for Non-Urbanized Areas/Operating		20.509			460	14,965	15,424
Section 5311 - Public Transportation for Non-Urbanized Areas/Capital		20.509			637	1,434	2,071
Section 5303 - Metropolitan Planning Grants		20.505			-	2,174	2,174
Section 5307 - Urbanized Area Formula Program		20.507			1,340	-	1,340
Section 5310 - Elderly and Persons with Disabilities Program		20.513			-	2,950	2,950
Sections 5313(b) and 5304 - State Planning and Research Program		20.515			1	191	193
Section 5314 - Transit Planning and Research Program		20.514			-	-	-
Section 3037 - Job Access and Reverse Commute Program		20.516			-	398	398
Total Federal Transit Administration					\$ 2,438	\$ 26,029	\$ 28,466
DEPARTMENT TOTAL					\$ 1,098,915	\$ 141,079	\$ 1,239,994

Michigan Department of Transportation
Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2006
(In Thousands)

Grantor Agency/ Federal Assistance Program Title	CFDA Program Number	Pass Through Entity	Pass- Through Entity Identification Number	Directly Expended by Department 2006	Distributed To Sub- Recipients 2006	Total Expended and Distributed 2006
Federal Highway Administration:						
Highway Planning and Construction	20.205			\$ 944,895	\$ 31,391	\$ 976,286
Total Federal Highway Administration				\$ 944,895	\$ 31,391	\$ 976,286
Federal Motor Carrier Safety Administration:						
National Motor Carrier Safety	20.218	State Police	97-0066	\$ -	\$ -	\$ -
Total Federal Motor Carrier Safety Administration				\$ -	\$ -	\$ -
Federal Aviation Administration:						
Airport Improvement Program	20.106			\$ 75,388	\$ 47,066	\$ 122,454
Total Federal Aviation Administration				\$ 75,388	\$ 47,066	\$ 122,454
Federal Railroad Administration:						
Next Generation High Speed Rail Program	20.312			\$ 1,050	\$ -	\$ 1,050
Total Federal Railroad Administration				\$ 1,050	\$ -	\$ 1,050
Federal Transit Administration:						
Section 5309 - Capital Investment Grants	20.500			\$ (31)	\$ 3,777	\$ 3,746
Section 5311 - Public Transportation for Non-Urbanized Areas/Operating	20.509			-	14,337	14,337
Section 5311 - Public Transportation for Non-Urbanized Areas/Capital	20.509			513	2,136	2,648
Section 5303 - Metropolitan Planning Grants	20.505			-	2,305	2,305
Section 5307 - Urbanized Area Formula Program	20.507			-	67	67
Section 5310 - Elderly and Persons with Disabilities Program	20.513			-	2,737	2,737
Sections 5313(b) and 5304 - State Planning and Research Program	20.515			-	111	111
Section 5314 - Transit Planning and Research Program	20.514			-	-	-
Section 3037 - Job Access and Reverse Commuter Program	20.516			-	49	49
Total Federal Transit Administration				\$ 482	\$ 25,518	\$ 26,000
DEPARTMENT TOTAL				\$ 1,021,816	\$ 103,975	\$ 1,125,791

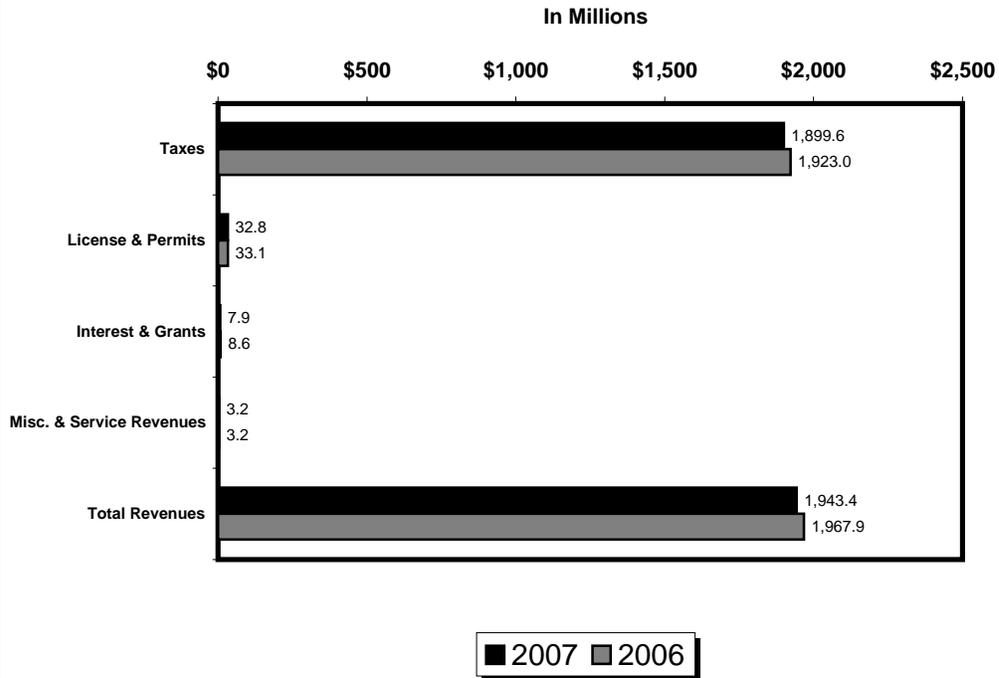


GRAPHIC PRESENTATIONS

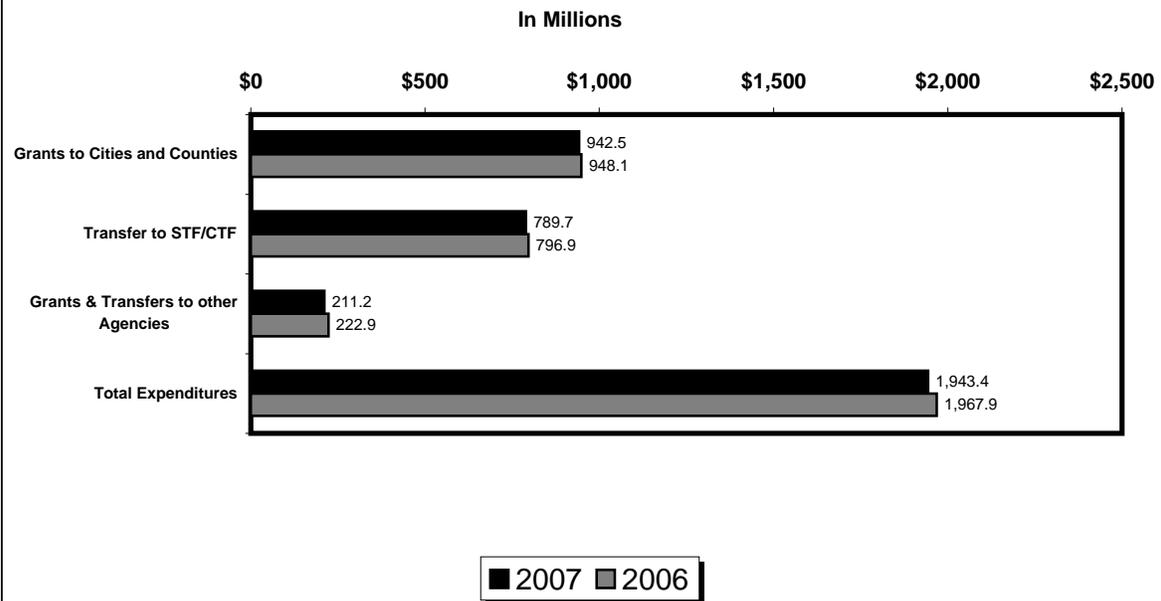
MICHIGAN DEPARTMENT OF TRANSPORTATION MICHIGAN TRANSPORTATION FUND GRAPHICS

FISCAL YEARS ENDED SEPTEMBER 30, 2007 AND 2006

REVENUES AND OTHER SOURCES

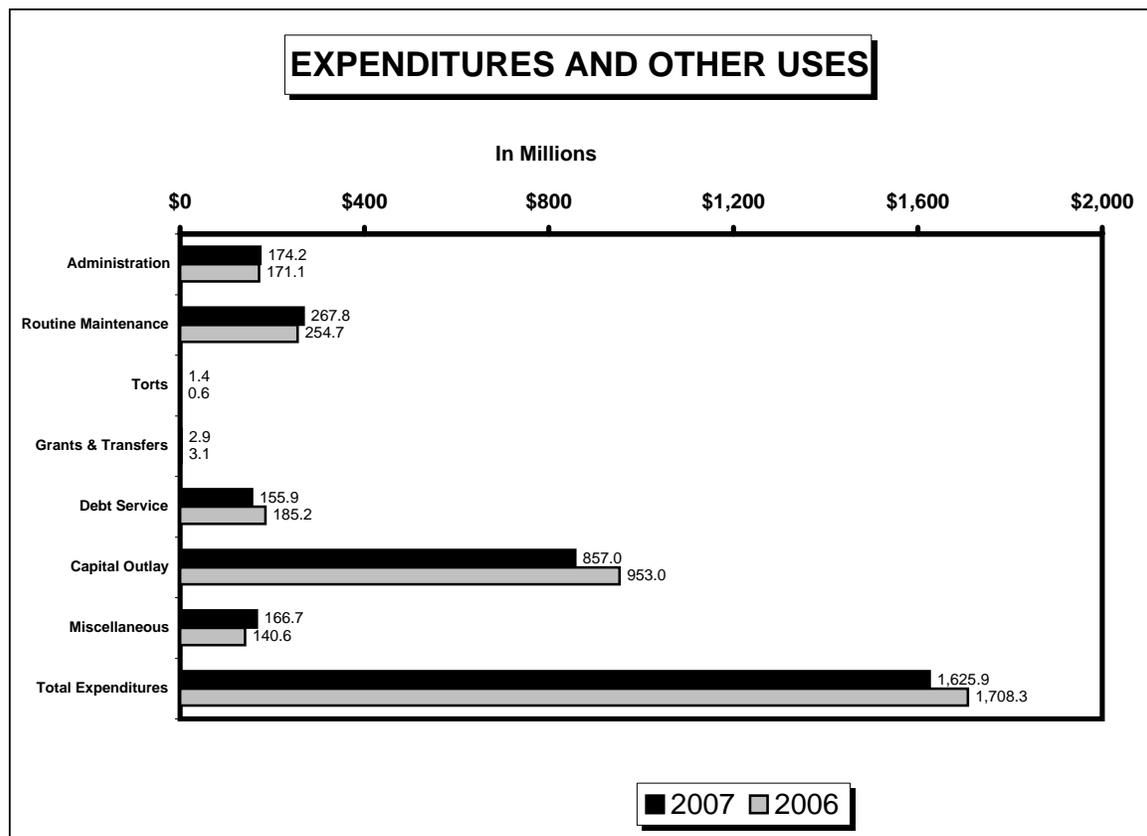
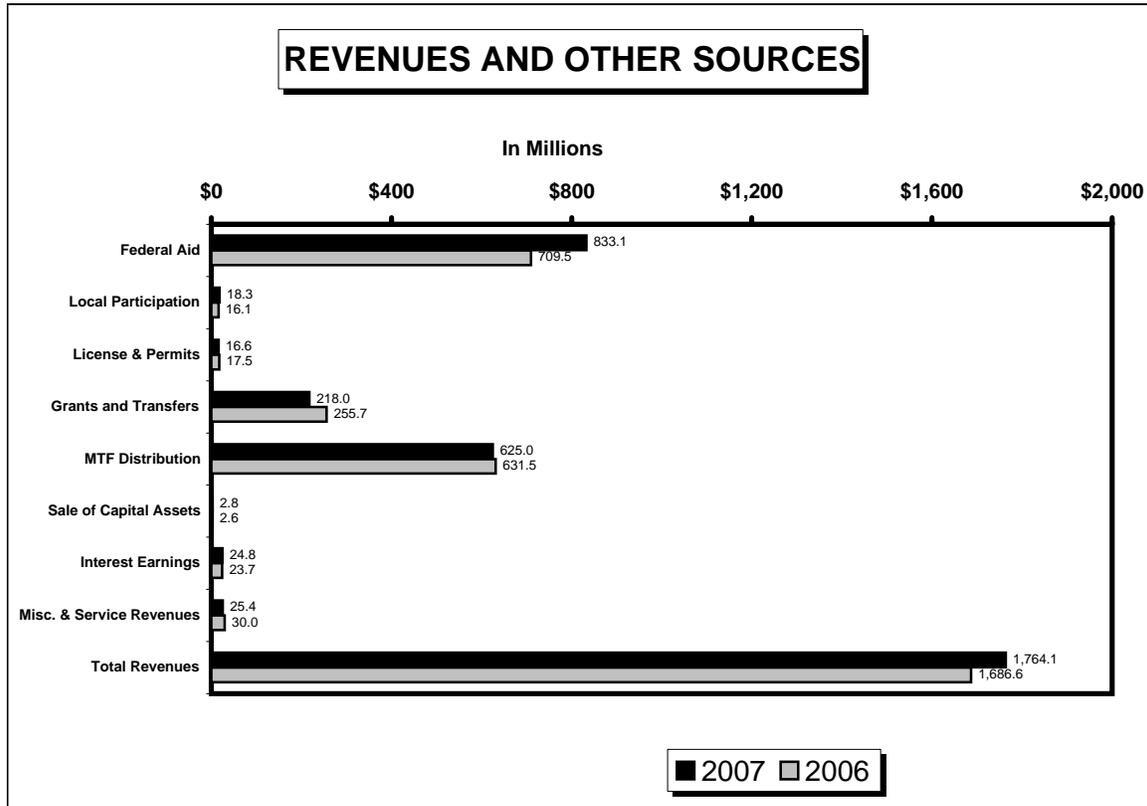


EXPENDITURES AND OTHER USES



MICHIGAN DEPARTMENT OF TRANSPORTATION STATE TRUNKLINE FUND GRAPHICS

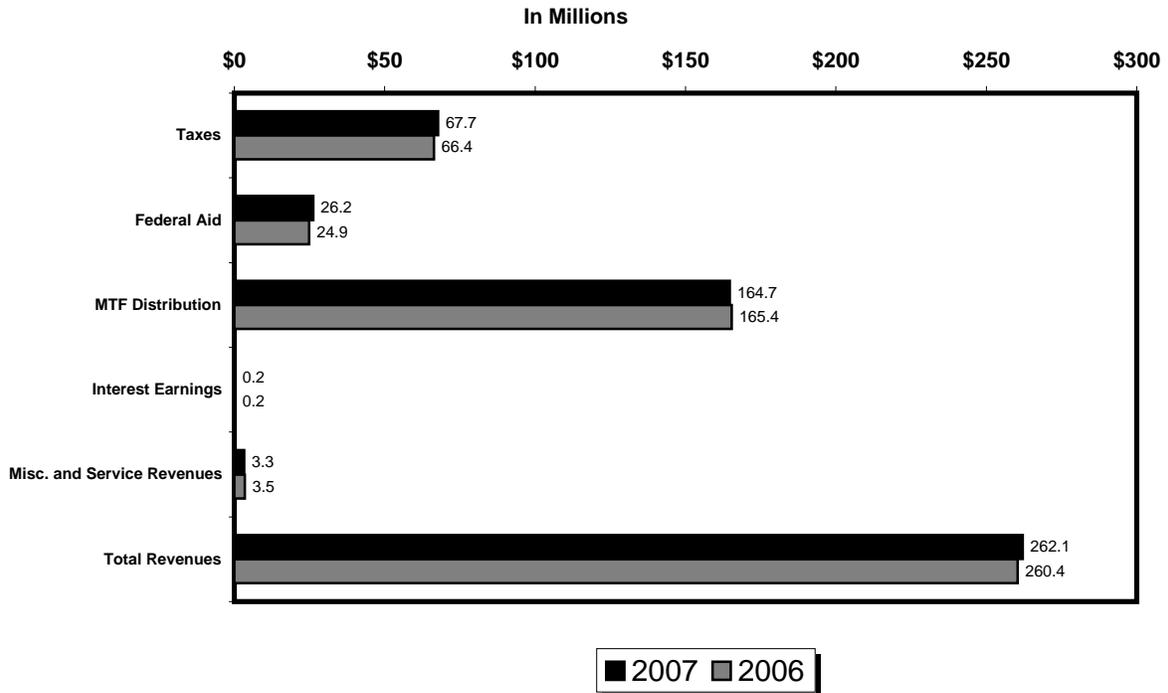
Includes Economic Development Fund
FISCAL YEARS ENDED SEPTEMBER 30, 2007 AND 2006



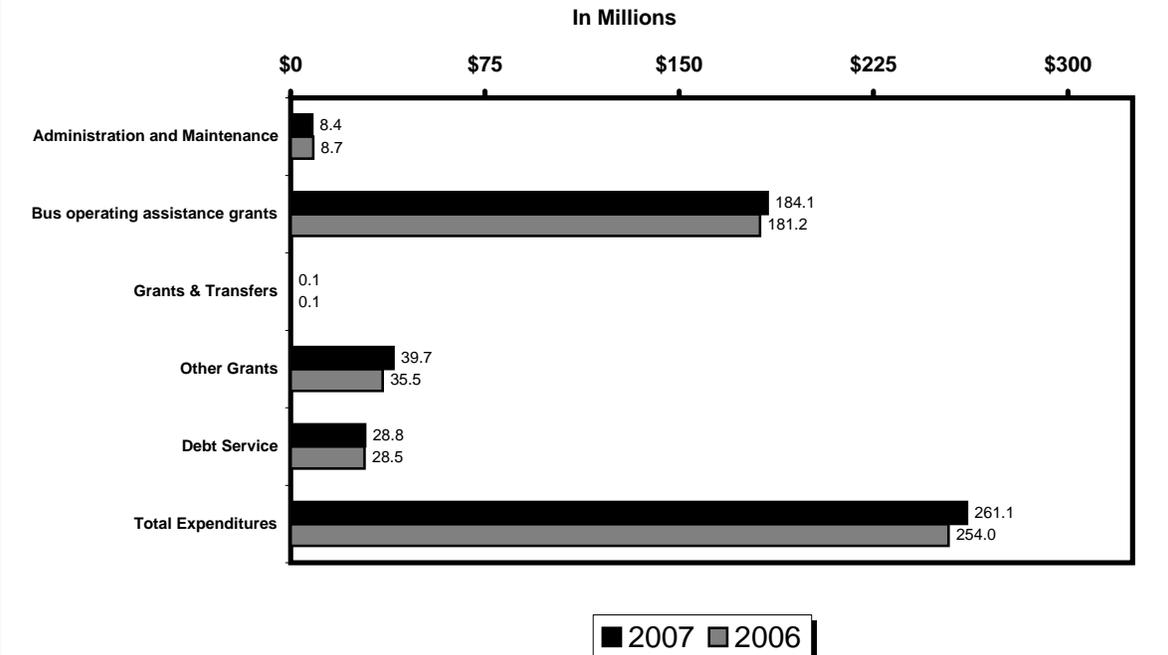
MICHIGAN DEPARTMENT OF TRANSPORTATION COMPREHENSIVE TRANSPORTATION FUND GRAPHICS

FISCAL YEARS ENDED SEPTEMBER 30, 2007 AND 2006

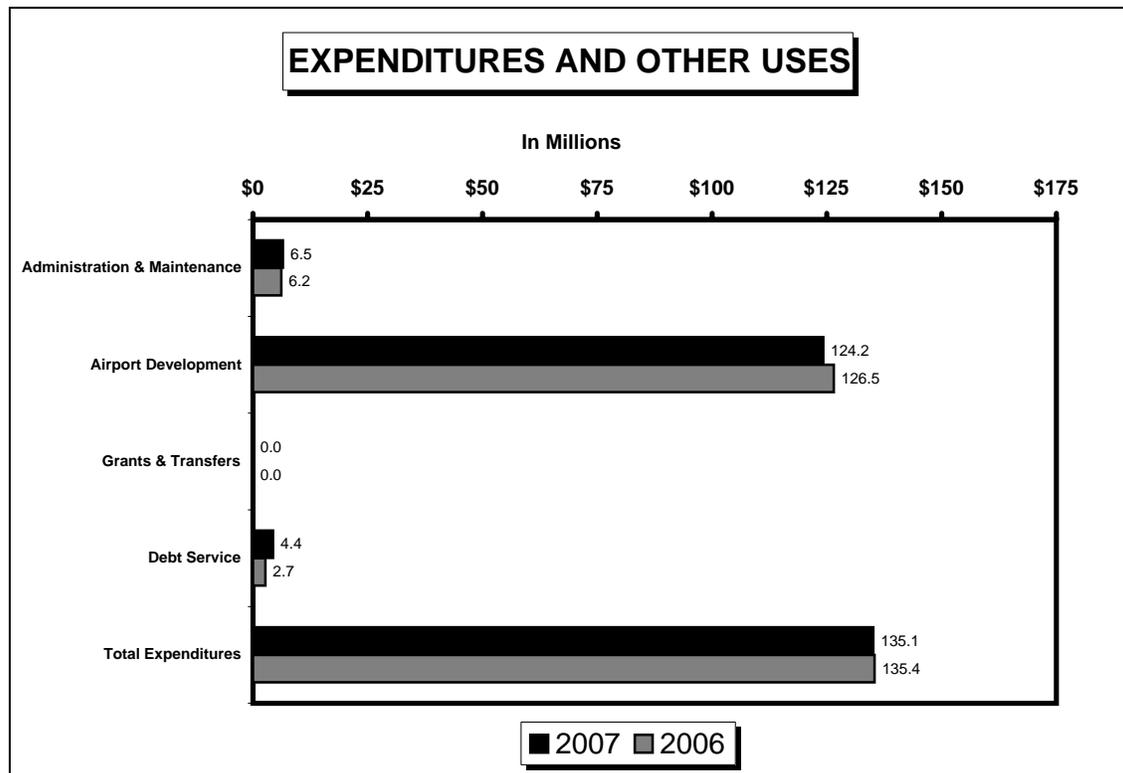
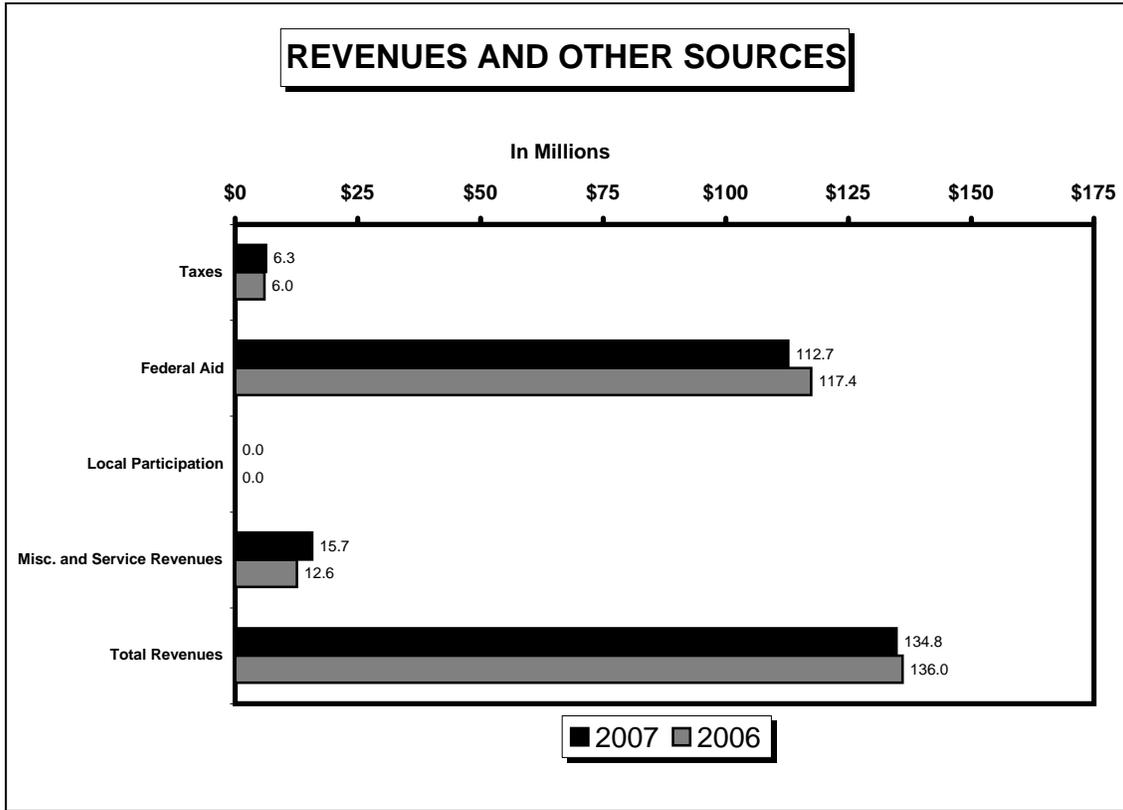
REVENUES AND OTHER SOURCES



EXPENDITURES AND OTHER USES



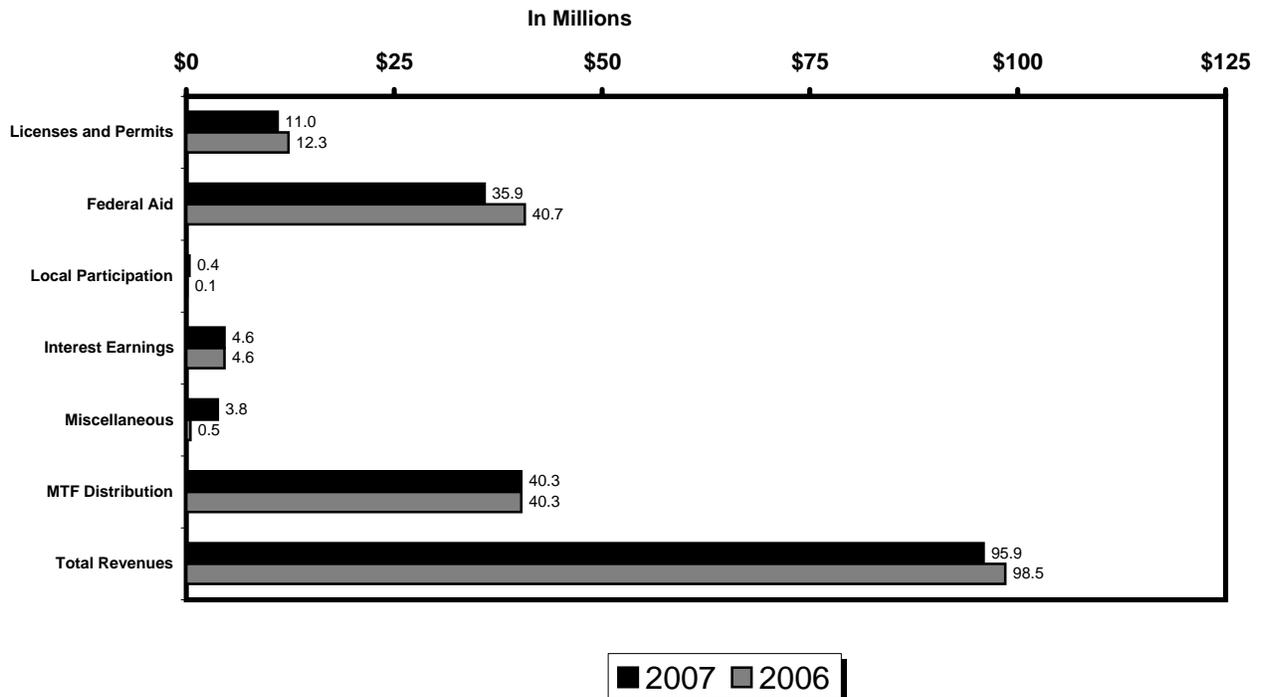
MICHIGAN DEPARTMENT OF TRANSPORTATION
STATE AERONAUTICS FUND GRAPHICS
 FISCAL YEARS ENDED SEPTEMBER 30, 2007 AND 2006



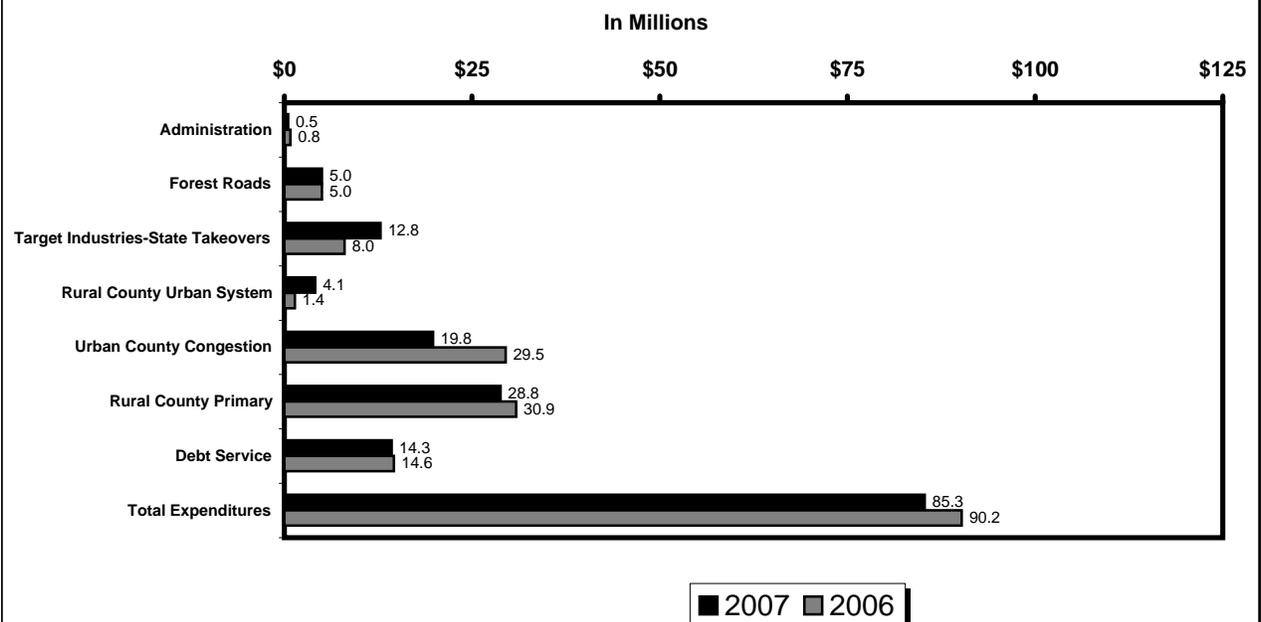
MICHIGAN DEPARTMENT OF TRANSPORTATION ECONOMIC DEVELOPMENT FUND GRAPHICS

FISCAL YEARS ENDED SEPTEMBER 30, 2007 AND 2006

REVENUES AND OTHER SOURCES

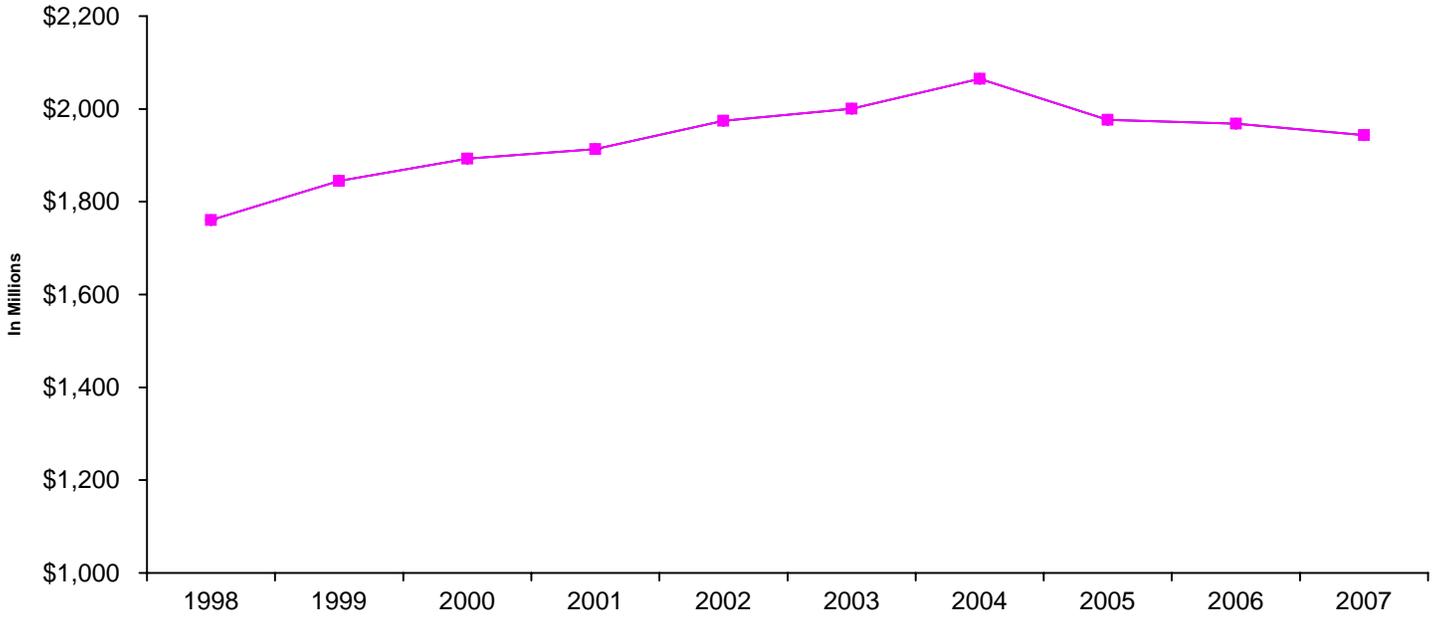


EXPENDITURES AND OTHER USES



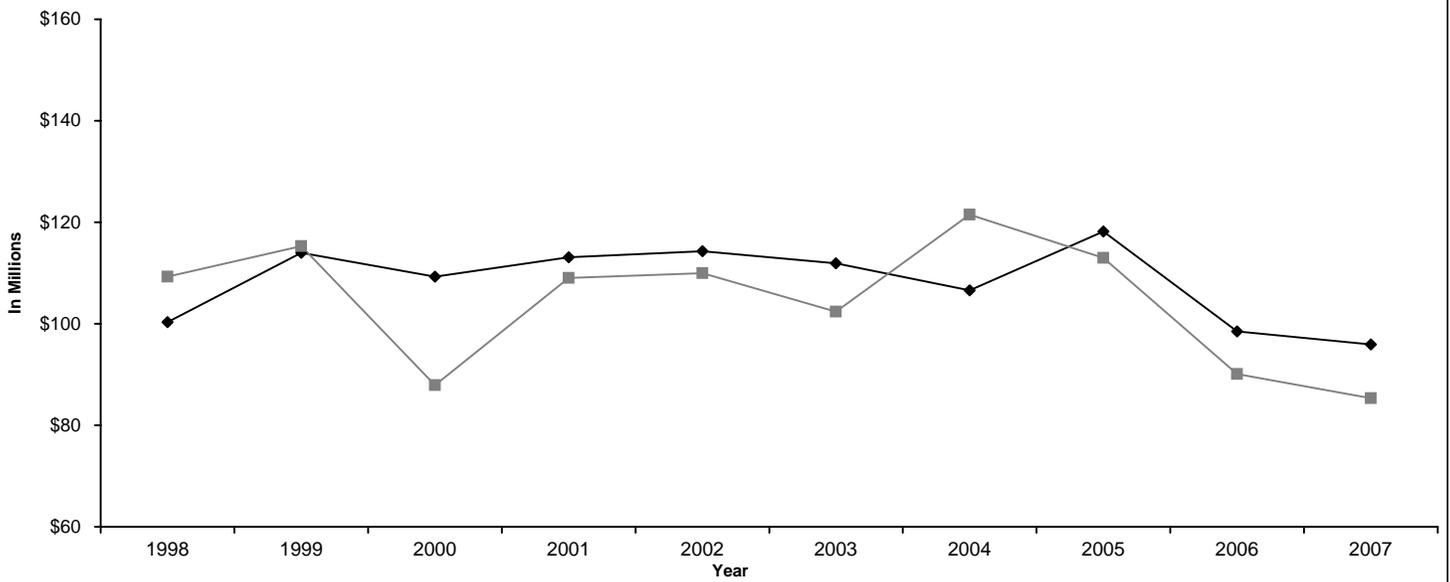
MICHIGAN DEPARTMENT OF TRANSPORTATION TEN YEAR REVENUE AND EXPENDITURE HISTORY

**REVENUE AND EXPENDITURE HISTORY
MICHIGAN TRANSPORTATION FUND**



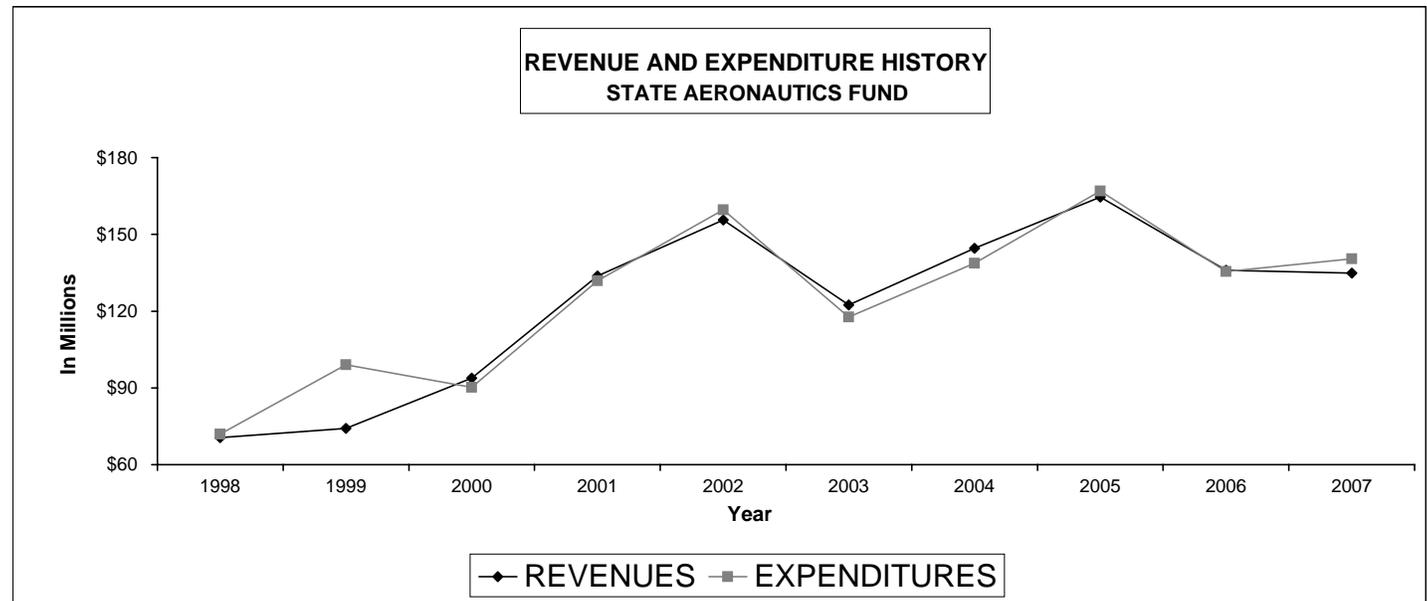
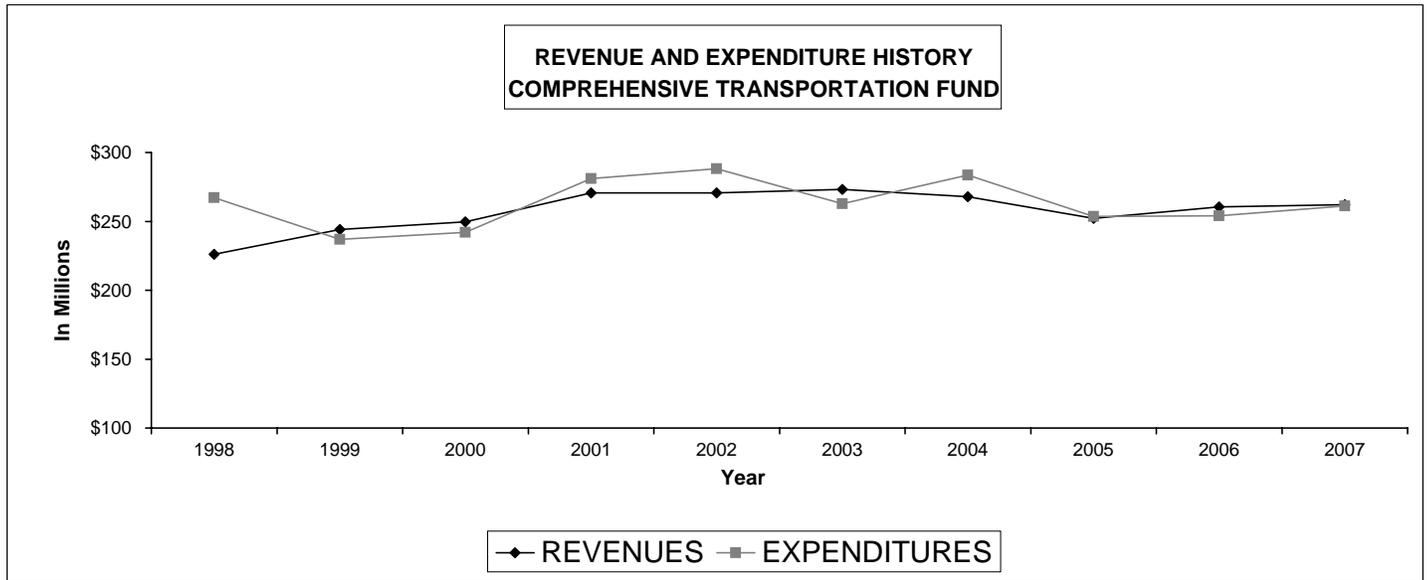
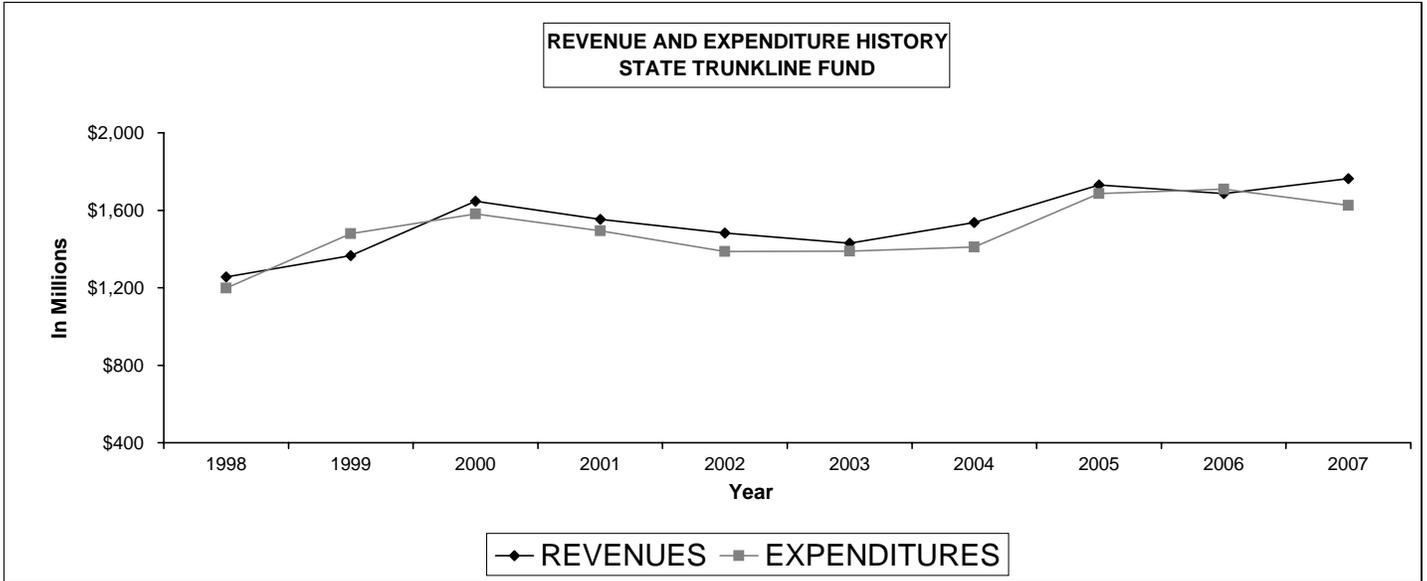
MICHIGAN TRANSPORTATION FUND REVENUES EQUAL EXPENDITURES

**REVENUE AND EXPENDITURE HISTORY
ECONOMIC DEVELOPMENT FUND**



◆ REVENUES ■ EXPENDITURES

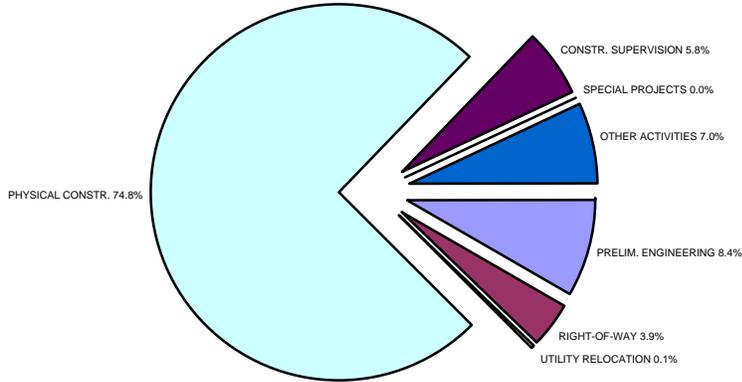
MICHIGAN DEPARTMENT OF TRANSPORTATION TEN YEAR REVENUE AND EXPENDITURE HISTORY



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

FISCAL YEARS ENDED SEPTEMBER 30, 2007 AND 2006

2007

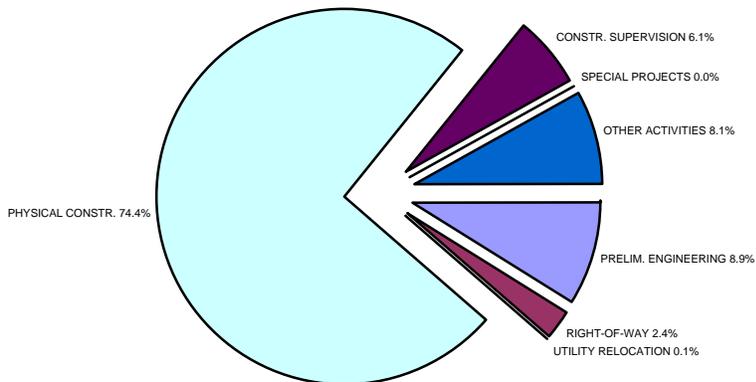


FISCAL YEAR 2007 AMOUNT

(In Thousands)

PRELIM. ENGINEERING	\$ 139,350
RIGHT-OF-WAY	\$ 63,971
UTILITY RELOCATION	\$ 1,978
PHYSICAL CONSTR.	\$ 1,240,928
CONSTR. SUPERVISION	\$ 96,175
SPECIAL PROJECTS	\$ -
OTHER ACTIVITIES	\$ 116,251
TOTAL	\$ 1,658,652

2006



FISCAL YEAR 2006 AMOUNT

(In Thousands)

PRELIM. ENGINEERING	\$ 138,309
RIGHT-OF-WAY	\$ 36,967
UTILITY RELOCATION	\$ 1,394
PHYSICAL CONSTR.	\$ 1,158,851
CONSTR. SUPERVISION	\$ 94,833
SPECIAL PROJECTS	\$ -
OTHER ACTIVITIES	\$ 126,515
TOTAL	\$ 1,556,869