

2012

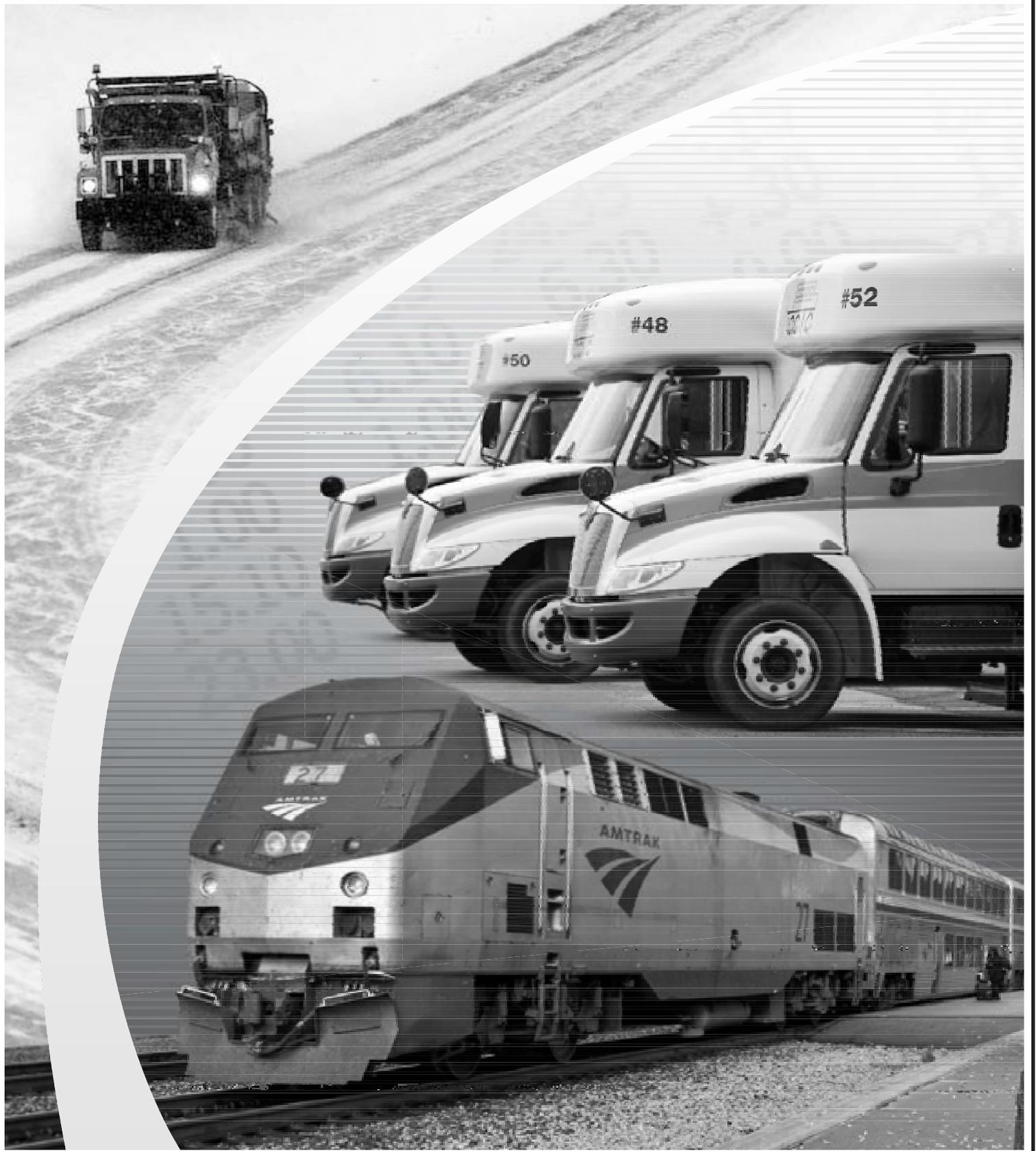


MDOT

Michigan Department of Transportation

FISCAL YEAR ENDING SEPTEMBER 30, 2012

ANNUAL FINANCIAL REPORT



MICHIGAN DEPARTMENT OF TRANSPORTATION

ANNUAL FINANCIAL REPORT

Fiscal Years Ended September 30, 2012 & 2011

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

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MICHIGAN DEPARTMENT OF TRANSPORTATION
ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

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



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

RICK SNYDER
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

May 31, 2013

State Transportation Commission
Attn: Chairman Jung
P. O. Box 30050
Lansing, Michigan 48909

Kirk T. Steudle, Director
Michigan Department of Transportation
425 W. Ottawa
Lansing, Michigan 48913

Dear State Transportation Commission and Director Steudle:

We are pleased to submit the Annual Financial Report for the Michigan Department of Transportation (Department) for the fiscal years (FY) ending September 30, 2011 and 2012. This report is prepared by the Bureau of Finance and Administration, which is responsible for both the accuracy of the data and the completeness and fairness of the presentation. The data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of the Department's operations.

This report is in compliance with the State of Michigan Financial Management Guide, which requires state agencies issuing financial reports to be consistent with the State of Michigan Comprehensive Annual Financial Report.

FINANCIAL UPDATE

During FY 2012, the Department continued to deliver high quality products and services while seeing a moderate increase to State revenues. Federal Aid revenues decreased significantly in FY2012 by approximately \$200 million in the State Trunkline Fund (STF).

Although improving, the State of Michigan's economic situation continues to pose financial challenges for the Department. Improving automobile sales contributed to an increase in vehicle registration revenue but was offset by declining fuel tax revenue. These factors contributed to a net increase of \$5.8 million in revenue deposited in the Michigan Transportation Fund (MTF). Total MTF revenue in FY 2012 was \$1.8 billion. Between FY 2011 and FY 2012, there was an increase of \$16.4 million in vehicle registration taxes and a decrease of \$11.1 million in gasoline and diesel taxes collected.

In FY 2012, the Comprehensive Transportation Fund (CTF) received \$157.0 million total in MTF revenue, a \$.3 million increase compared to FY 2011 in MTF revenues for public transportation services. In FY2012, the CTF also received \$98.1 million in sales tax revenue from vehicle-related sales, which was an increase of \$8.1 million compared to FY2011.

In FY 2012, aviation fuel tax revenue deposited in the State Aeronautics Fund decreased by \$0.6 million over the previous fiscal year, reaching historically low levels.

In FY 2012, the federal act that provided federal transportation dollars for highway and transit programs was replaced with the Moving Ahead for Progress in the 21st Century Act (MAP-21). Michigan received \$763.7 million in apportionments and \$680.4 million in new obligation authority for FY 2012 for the highway program.

Due to continued low levels of state revenues, the Department faces a challenge in matching future federal aid for the road and bridge program. In FY 2012, the Department addressed these challenges by continuing the FY 2011 reduction of administrative costs and using \$50 million of one-time toll credits, an innovative financing technique to match federal aid. The Department expects to match federal aid in FY 2013 using a one-time appropriation of state sales tax and General Fund revenue.

PROGRAM OVERVIEW

The Department's Transportation Program supports the creation of jobs, growth of the economy, preservation of our environment, the safety and security of the transportation system, and implements the direction set by the State Transportation Commission. In FY 2012, the Department was confronted with increased project costs, stretched budgets, and an aging infrastructure. Currently, pavement and bridge conditions are rated at 87 percent and 94 percent good and fair, respectively. The overall system health of trunkline pavements remains at 8.2 years average remaining life at the end of FY 2012. Asset management technology and strategies continue to enhance accurate forecasting of pavement condition and assist in prioritization of future projects.

The FY 2012 capital program provided Michigan travelers with approximately 174 route miles of improved roads and 228 rehabilitated and maintained bridges. There were 68 projects obligated for the reconstruction and rehabilitation of trunkline roads. Additionally, the Department managed the good and fair roads by extending the life of approximately 1,100 miles of pavement through the Capital Preventive Maintenance Program. With the FY 2012 Highway Program investment, the Department will continue to positively influence Michigan's economy by supporting about 13,000 jobs.

The FY 2012 Highway Capital and Maintenance Programs invested \$1.01 billion to maintain the 9,700 mile state trunkline system, including pre-construction phases (project scoping, environmental clearance, design, right-of-way acquisition) and construction projects. Pavement

preservation activities, including road rehabilitation and reconstruction and capital preventive maintenance totaled \$451 million. Bridge preservation activities, including bridge rehabilitation and reconstruction and bridge capital preventive maintenance, will total \$233 million. Capacity Improvements and New Roads investments totaled \$62 million. Routine maintenance activities total an estimated \$267 million; this includes pothole filling, snow plowing, sweeping, and grass cutting.

In FY 2012, the Department's focus continued to be on preservation of existing public transportation services by distributing \$166.6 million in CTF monies for local transit operations, and allocating \$16.7 million in CTF funds plus another \$9.4 million in bond proceeds to match approximately \$104.4 million in federal transit capital funds. In FY 2012, state and federal funds were used to maintain intercity bus services in nearly 100 Michigan communities, improve intercity bus facilities, and replace intercity buses. Safety was also the focus of the Department's ongoing safety certification of private motor bus and limousine carriers.

In FY 2012, State and federal funds were also used to maintain intercity passenger rail service to 22 Michigan communities, improve and replace intercity passenger rail facilities, and spur economic development along Michigan's rail lines. The Department distributed approximately \$8.6 million in CTF monies to support passenger rail services along two existing corridors. Another \$11.6 million was expended to complete negotiations and the preliminary tasks involved in the acquisition of the accelerated rail corridor between Kalamazoo and Dearborn, while \$3.9 million was invested in stabilization work along that corridor. The three intermodal station facilities for which Michigan received \$40 million in American Recovery and Reinvestment Act (ARRA) funding continued to progress. The Battle Creek renovation was completed, and construction has begun on the other two station facilities.

In FY 2012, the Department continued to make targeted capital investments designed to help maintain efficient freight service on the 530 miles of state-owned rail lines operated, under contract, by four railroad companies. A project was begun to improve approximately 11 miles of main-line track, enhancing the safety and efficiency of the line and helping ensure continued rail access to shippers. A number of smaller projects were undertaken as well. The Department provided funding for 50 grade crossing safety enhancement projects on roads under county, city, or village jurisdiction, investing a total of \$12.8 million in the interest of motorist safety. Through the Freight Economic Development Program, the Department approved loans for six projects, investing nearly \$2.1 million to provide rail access for new or expanding businesses. The Department also provided nearly \$500,000 in legislatively mandated operating assistance to the Detroit-Wayne County Port Authority for administrative and marketing expenditures.

During FY 2012, the Department approved 177 airport improvement projects totaling \$72.5 million. The value of these investments is a significant increase over the 141 projects totaling \$57.8 million approved in FY 2011. This was due to carry over funding from the previous year's Airport Improvement Program (AIP) at the federal level. In addition to projects that benefit

aviation safety, some projects are developed to either preserve the existing infrastructure or expand the runway capacity as well as projects outside the federal program. Statewide airport pavement inspections revealed that 85 percent of primary runways at Tier 1 category airports remain in “good or better” condition (continuing to be up from 75 percent in year 2000).

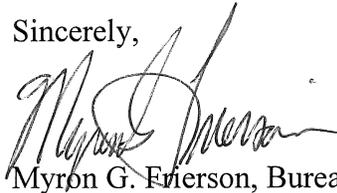
A reauthorization of Federal Aviation Administration funding was enacted on February 14, 2012. The Act – “FAA Modernization and Reform Act of 2012”, authorized funding for aeronautics projects through FY 2014. The Act reduced the federal participation in project expenditures from 95 percent to 90 percent. The Department is developing strategies to address this additional demand for matching funds.

CONCLUSION

In FY 2012, \$3.4 billion was expended from all revenue sources to address Michigan’s transportation needs. The Department strives to make 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 all the individuals whose dedicated efforts made the preparation of this report possible. Their combined efforts have produced a report that will enable decision-makers and concerned citizens to better understand and evaluate the Department's financial condition.

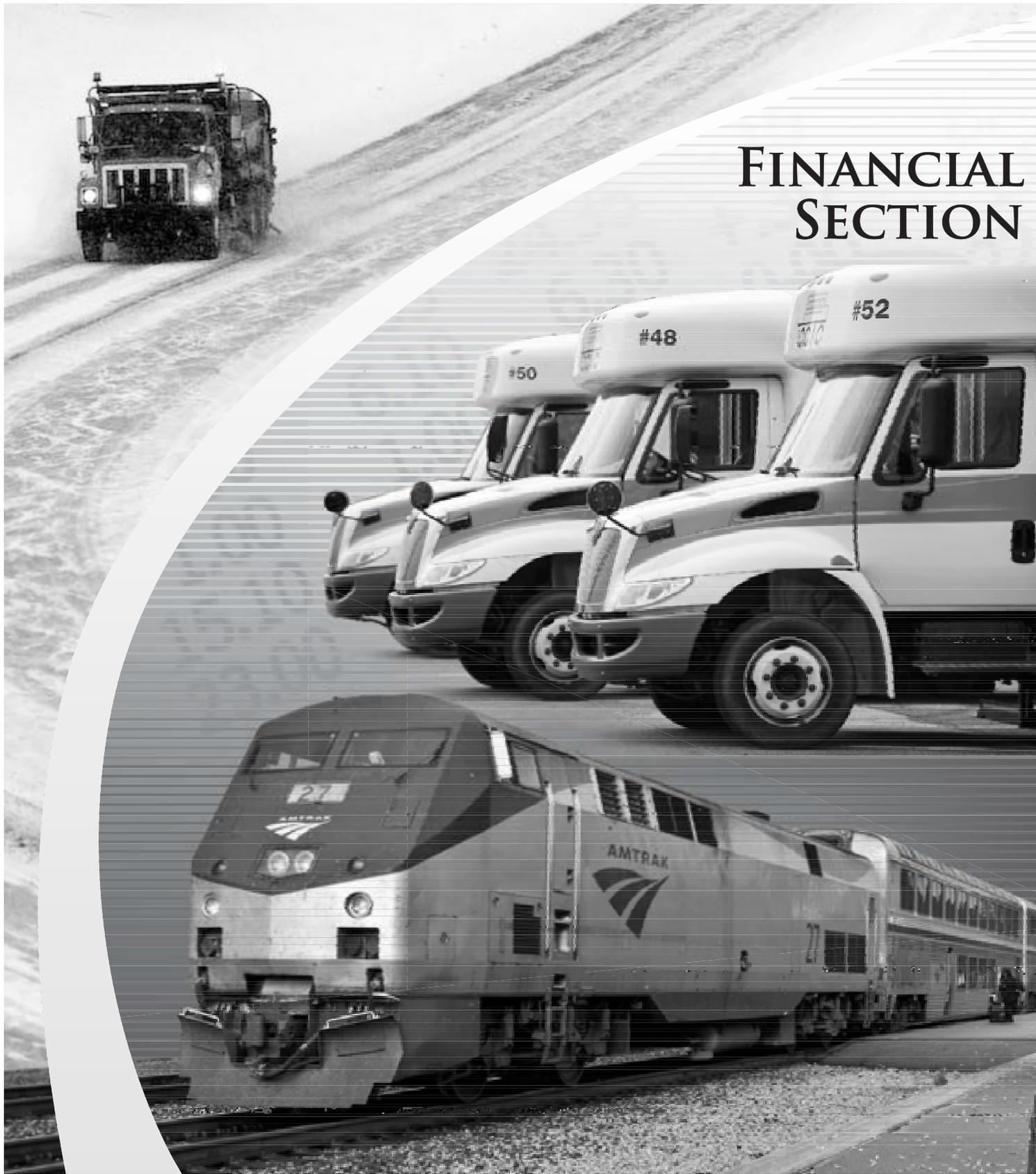
Sincerely,



Myron G. Emerson, Bureau Director
Finance and Administration



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FINANCIAL SECTION



COMBINED FINANCIAL STATEMENTS – ALL FUND TYPES
NOTES TO FINANCIAL STATEMENTS

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINED BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS- BY FUND TYPE
 SEPTEMBER 30, 2012 and 2011
 (In Thousands)

	GOVERNMENTAL FUND TYPES			
	SPECIAL REVENUE		DEBT SERVICE	
	2012	2011	2012	2011
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 14	\$ -	\$ -	\$ -
Equity in Common Cash	207,694	185,508	-	-
Receivables:				
Taxes, interest, and penalties (at net)	94,868	105,764	-	-
Federal aid	21,996	18,726	-	-
Local units	882	892	-	-
Other funds	19,224	25,017	-	-
Component Units	-	-	-	-
Other Current Assets	120	59	-	-
Inventories	-	-	-	-
Total Current Assets	<u>344,797</u>	<u>335,979</u>	<u>-</u>	<u>-</u>
Noncurrent Assets:				
Receivables:				
Taxes	2,398	2,619	-	-
Federal aid	-	-	-	-
Local units	1,864	3,063	-	-
Advances to other funds	-	-	-	-
Land contracts	-	-	-	-
Miscellaneous	514	577	-	-
Total Noncurrent Assets	<u>4,776</u>	<u>6,259</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 349,573</u>	<u>\$ 342,238</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	\$ 1,124	\$ 1,005	\$ -	\$ -
Accounts payable	216,001	219,315	-	-
Contract reserve payable	-	-	-	-
Due to other funds and Components	18,144	27,061	-	-
Deposits, permits and other liabilities	5,130	708	-	-
Deferred revenue	7,170	12,456	-	-
Total Current Liabilities	<u>247,569</u>	<u>260,545</u>	<u>-</u>	<u>-</u>
Long-Term Liabilities:				
Deferred revenue	3,081	3,421	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>250,650</u>	<u>263,966</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	98,923	78,272	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	<u>98,923</u>	<u>78,272</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 349,573</u>	<u>\$ 342,238</u>	<u>\$ -</u>	<u>\$ -</u>

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

*To reflect consistency, 2011 Land contracts and Miscellaneous assets for the State Trunkline Fund (Capital Projects Fund) have been restated.

CAPITAL PROJECTS		TOTALS	
2012	2011*	2012	2011
\$ 310	\$ 1,159	\$ 323	\$ 1,173
755,893	726,475	963,587	911,983
663	657	95,531	106,421
268,564	222,196	290,560	240,922
54,568	59,263	55,450	60,154
14,092	21,033	33,316	46,051
2,103	1,196	2,103	1,196
4,029	2,976	4,149	3,035
14,959	12,933	14,959	12,933
<u>1,115,180</u>	<u>1,047,888</u>	<u>1,459,978</u>	<u>1,383,867</u>
		2,398	2,619
-	-	-	-
27,656	26,071	29,520	29,134
-	-	-	-
295	327	295	327
-	-	574	667
<u>28,011</u>	<u>26,488</u>	<u>32,787</u>	<u>32,746</u>
\$ <u>1,143,191</u>	\$ <u>1,074,376</u>	\$ <u>1,492,764</u>	\$ <u>1,416,614</u>
\$ 3,039	\$ 3,990	\$ 4,163	\$ 4,996
256,050	219,043	472,051	438,358
1,211	2,668	1,211	2,668
17,168	20,860	35,313	47,921
21,669	22,164	26,799	22,872
8,515	5,844	15,684	18,300
<u>307,653</u>	<u>274,569</u>	<u>555,221</u>	<u>535,115</u>
396	467	3,477	3,888
-	-	-	-
<u>308,048</u>	<u>275,036</u>	<u>558,698</u>	<u>539,003</u>
14,971	12,933	14,971	12,933
820,172	786,406	919,095	864,678
-	-	-	-
-	-	-	-
<u>835,143</u>	<u>799,339</u>	<u>934,066</u>	<u>877,611</u>
\$ <u>1,143,191</u>	\$ <u>1,074,376</u>	\$ <u>1,492,764</u>	\$ <u>1,416,614</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS- BY FUND TYPE
 FISCAL YEARS ENDED SEPTEMBER 30, 2012 and 2011
 (In Thousands)

	GOVERNMENTAL FUND TYPES			
	SPECIAL REVENUE		DEBT SERVICE	
	2012	2011	2012	2011
REVENUES				
Taxes	\$ 1,920,095	\$ 1,907,362	\$ -	\$ -
License and permits	31,842	31,096	-	-
Federal aid	55,780	42,312	-	-
Local participation	-	-	-	-
Interest earnings	218	320	4	-
Services	3,579	3,493	-	-
Non-operating revenue-bridges	-	-	-	-
Miscellaneous	1,437	2,416	-	-
Total Revenues	2,012,950	1,986,999	4	-
EXPENDITURES				
Administration and Operations:				
Administration and maintenance	19,475	18,097	4	-
Bus operating assistance grants	192,792	194,608	-	-
Other grants	967,848	936,934	-	-
Airport development	-	-	-	-
Non-operating expenditures-bridges	-	-	-	-
Trust fund construction activity	-	-	-	-
Capital lease payments	-	-	-	-
Costs of issuance	-	-	434	-
Bond principal retirement	-	-	107,997	100,113
Bond interest and fiscal charges	-	-	130,612	133,532
Total Administration and Operations	1,180,115	1,149,640	239,046	233,645
Capital Outlay:				
Roads and bridges	-	-	-	-
Other capital outlay	-	-	-	-
Total Capital Outlay	-	-	-	-
Total Expenditures	1,180,115	1,149,640	239,046	233,645
Excess of Revenues Over (Under) Expenditures	832,835	837,360	(239,043)	(233,645)
OTHER FINANCING SOURCES				
Michigan Transportation Fund distribution	157,032	156,717	-	-
Grants and transfers from other funds	2,454	1,953	238,625	233,645
Capital Lease Acquisitions	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Proceeds from bonds and notes issued	-	-	67,775	-
Premium on bonds issued	-	-	11,206	-
Total Other Financing Sources	159,486	158,670	317,606	233,645
OTHER FINANCING USES				
Michigan Transportation Fund distribution	749,505	748,426	-	-
Grants and transfers to other funds	202,247	201,899	-	-
Discount on bonds issued	-	-	-	-
Debt service	19,917	29,853	-	-
Payment to refunded bond escrow agent	-	-	78,563	-
Total Other Financing Uses	971,669	980,178	78,563	-
Excess of Other Financing Sources Over (Under) Other Financing Uses	(812,184)	(821,508)	239,043	233,645
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	20,651	15,852	-	-
Fund balances-Beginning of fiscal year	78,272	62,420	-	-
Fund balances-End of fiscal year	\$ 98,923	\$ 78,272	\$ -	\$ -

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

CAPITAL PROJECTS		TOTALS	
2012	2011	2012	2011
\$ 5,027	\$ 5,621	\$ 1,925,121	\$ 1,912,983
17,922	16,743	49,763	47,839
1,217,443	1,428,740	1,273,223	1,471,053
17,382	17,305	17,382	17,305
801	1,199	1,023	1,519
3,785	1,330	7,363	4,823
3,263	2,997	3,263	2,997
<u>52,064</u>	<u>55,360</u>	<u>53,501</u>	<u>57,776</u>
1,317,685	1,529,297	3,330,639	3,516,296
464,543	443,728	484,022	461,825
-	-	192,792	194,608
142,829	127,069	1,110,678	1,064,003
110,210	89,584	110,210	89,584
3,118	2,857	3,118	2,857
247,875	256,695	247,875	256,695
460	344	460	344
-	-	434	-
-	-	107,997	100,113
-	-	130,612	133,532
<u>969,035</u>	<u>920,277</u>	<u>2,388,197</u>	<u>2,303,561</u>
954,096	1,037,305	954,096	1,037,305
14,148	12,228	14,148	12,228
<u>968,243</u>	<u>1,049,533</u>	<u>968,243</u>	<u>1,049,533</u>
1,937,279	1,969,810	3,356,440	3,353,094
<u>(619,594)</u>	<u>(440,513)</u>	<u>(25,801)</u>	<u>163,202</u>
592,473	591,709	749,505	748,426
230,426	228,635	471,504	464,233
-	1,018	-	1,018
274	53	274	53
90,980	-	158,755	-
10,574	-	21,780	-
<u>924,727</u>	<u>821,415</u>	<u>1,401,818</u>	<u>1,213,730</u>
-	-	749,505	748,426
50,622	50,520	252,869	252,419
-	-	-	-
218,707	216,960	238,625	246,813
-	-	78,563	-
<u>269,330</u>	<u>267,480</u>	<u>1,319,562</u>	<u>1,247,658</u>
655,397	553,935	82,256	(33,928)
35,804	113,422	56,455	129,274
799,339	685,917	877,611	748,337
<u>\$ 835,143</u>	<u>\$ 799,339</u>	<u>\$ 934,066</u>	<u>\$ 877,611</u>



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MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

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

Michigan Transportation Fund
Comprehensive Transportation Fund

Debt Service

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

Capital Projects

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

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

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

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

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

Summary financial information for the SSMBA fiscal year ending December 31, 2010 and fiscal year ending December 31, 2011 follows (In Thousands):

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Assets	\$9,421	\$10,568
Liabilities	1,930	4,963
Total Equity	7,491	5,605
Total Revenues and Other Sources	8,066	7,602
Total Expenditures and Other Uses	6,181	5,598
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$1,886	\$2,004

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.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

B. Basis of Presentation

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

Governmental Fund Types

Special Revenue Funds: This fund type accounts for specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

Capital Projects Funds: This fund type accounts for resources used for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude capital-related outflows financed by proprietary or trust funds.

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.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

Note 2: Equity in Common Cash

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

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

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Equity in Common Cash	\$207,694	\$185,508	\$ -	\$ -	\$755,893	\$726,475

The balances for the special revenue funds averaged approximately \$212.2 million and \$189.8 million and the balances for the capital projects funds averaged approximately \$704.7 million and \$650.6 million during fiscal years 2012 and 2011, respectively.

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

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

Note 3: Current Receivables

A. Contested Receivables

Current receivables recorded in the financial statements represent amounts due to the Department as of September 30, 2012 and 2011, 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. 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>2012</u>	<u>2011</u>
State Aeronautics Fund	\$ 105	\$ 170
State Trunkline Fund	454	1,173
Comprehensive Transportation Fund	<u>4</u>	<u>4</u>
Total Allowance for Doubtful Accounts	<u>\$ 563</u>	<u>\$1,347</u>

B. Taxes Receivable

In the Michigan Transportation Fund, the net amount of current receivables, \$147.4 million and \$169.6 million, and allowances for uncollectible receivables, \$52.5 million and \$63.9 million, were recorded for motor fuel taxes due to the fund as of September 30, 2012 and 2011, 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 \$230.4 million and \$201.7 million for the fiscal years ending September 30, 2012 and 2011, respectively. No noncurrent federal aid receivables were recorded for the fiscal years ending September 30, 2012 and 2011.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

Note 4: Capital Assets

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

Classification: The following tables summarize, by major class of asset, fiscal year 2012 changes in reported costs for the Department's capital assets (In Millions):

	Changes in Capital Assets Fiscal Year 2012				
	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
<u>Capital assets, not depreciated:</u>					
Roads	\$11,178.9	\$224.5	(\$69.2)	\$2.4	\$11,336.7
Land	3,003.4	4.2	-	1.9	3,009.5
Bridges	1,866.2	111.8	(32.3)	22.6	1,968.3
Construction in Progress	2,090.3	398.5	(384.8)	(57.8)	2,046.2
Land Rights	0.2	-	-	-	0.2
<u>Capital assets, depreciated:</u>					
Ramps	656.5	38.6	(1.3)	25.8	719.7
Equipment	135.6	3.1	(7.1)	0.4	131.9
Buildings	165.9	12.5	(1.3)	-	177.0
Railroads	32.5	-	-	-	32.5
Rest Areas & Welcome Centers	94.6	12.3	(1.1)	(0.4)	105.4
Land Improvements	17.7	2.7	-	-	20.4
Airports	1.6	-	-	-	1.6
<u>Less accumulated depreciation for:</u>					
Ramps	(467.4)	(27.0)	1.3	(0.5)	(493.6)
Equipment	(88.2)	(6.2)	4.7	(0.2)	(89.8)
Buildings	(68.1)	(4.3)	0.4	-	(72.0)
Railroads	(24.3)	(0.8)	-	-	(25.1)
Rest Areas & Welcome Centers	(35.0)	(2.3)	1.0	0.4	(35.8)
Land Improvements	(2.5)	(0.9)	-	-	(3.3)
Airports	(0.8)	(0.1)	-	-	(0.8)
Total Capital Assets	<u>\$18,557.2</u>	<u>\$766.7</u>	<u>(\$489.7)</u>	<u>(\$5.3)</u>	<u>\$18,828.8</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

Funding Source: Following is a summary of funding sources for investments in capital assets as of September 30, 2012 (In Millions):

<u>Fund</u>	<u>Investment</u>
State Trunkline Fund	\$ 18,786.8
Comprehensive Transportation Fund	21.0
State Aeronautics Fund	<u>21.0</u>
Total Investment in Capital Assets	<u>\$ 18,828.8</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

Note 5: General Long-Term Obligations

A. Revenue Dedicated Bonded Debt

The Department has periodically issued long-term bonds for specific purposes, with the pledge that financing of debt requirements is to come strictly from designated revenue sources, including State Trunkline Funds (STF), Comprehensive Transportation Funds (CTF) and federal grants. The State of Michigan's general credit does not support such issues. Public Act 51 of 1951, as amended, provides that monies deposited in the STF and/or the CTF are appropriated for specific purposes, with debt service being the first priority. A sufficient portion of the STF and the CTF is appropriated to pay, when due, the principal of and interest outstanding on bonds and notes. The STF Series 1992 A and B bond issues included capital appreciation bonds (zero coupon bonds) with an ultimate maturity value of \$13.7 million. These bonds are recorded in the amount of \$13.7 million, which is the accreted value at September 30, 2012. These bonds mature in the year 2013.

Revenue Dedicated Bonded Debt
 Department of Transportation (In Thousands)

	Amounts <u>Issued</u>	<u>Outstanding</u>		Maturities		Average Interest <u>Rate %</u>
		<u>9/30/12</u>	<u>9/30/11</u>	<u>First Year</u>	<u>Last Year</u>	
<u>Comprehensive Transportation Fund Bonds:</u>						
Series 2001 A (Refunding)	\$ 27,765	\$ -	\$ 22,295	2008	2012	5.01
Series 2002 B	82,310	-	3,950	2004	2012	5.13
Series 2003	35,020	12,325	13,895	2004	2023	3.61
Series 2005 (Refunding)	62,180	62,175	62,175	2009	2023	5.15
Series 2006 and Refunding	53,685	46,110	51,375	2007	2031	4.54
Series 2009 (Refunding)	42,335	40,625	42,335	2012	2019	4.11
Series 2011 (Refunding)	<u>18,470</u>	<u>18,470</u>	<u>-</u>	2013	2022	4.35
Total Comprehensive Transportation Fund Bonds:	\$ 321,765	\$ 179,705	\$ 196,025			
<u>State Trunkline Fund Bonds:</u>						
Series 1992 A	\$ 253,618	\$ 12,095	\$ 23,457	2000	2013	5.76
Series 1992 B (Refunding)	99,592	1,600	3,103	2000	2013	5.68
Series 1998 A (Refunding)	377,890	182,725	194,845	2006	2019	5.03
Series 2001 A	308,200	-	7,250	2003	2012	4.96
Series 2002 (Refunding)	97,870	-	57,815	2004	2012	4.71
Series 2004 (Refunding)	103,450	98,210	98,260	2006	2022	4.13
Series 2004	185,710	35,605	49,725	2008	2019	4.36
Series 2005 (Refunding)	223,020	223,015	223,015	2010	2023	5.10
Series 2005 B (Refunding)	378,250	283,135	316,400	2010	2019	4.81
Series 2006	244,525	181,840	195,600	2008	2022	4.74
Series 2009 and Refunding	146,190	146,190	146,190	2018	2027	4.76
Series 2011	90,980	90,980	-	2014	2037	4.58
Series 2012 (Refunding)	<u>49,305</u>	<u>49,305</u>	<u>-</u>	2014	2022	4.78
Total State Trunkline Fund Bonds:	\$ 2,558,600	\$ 1,304,700	\$ 1,315,660			
<u>Grant Anticipation Bonds:</u>						
Series 2007	\$ 485,115	\$ 459,550	\$ 467,245	2009	2027	4.87
Series 2009 B Taxable Build America Bonds	<u>281,910</u>	<u>281,905</u>	<u>281,910</u>	2012	2027	7.63
Total Grant Anticipation Bonds:	\$ 767,025	\$ 741,455	\$ 749,155			
Total Revenue Dedicated Bonded Debt	\$ <u>3,647,390</u>	\$ <u>2,225,860</u>	\$ <u>2,260,840</u>			

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

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, 2012 and 2011:

Summary of Refunding Transactions
 (In Millions)

<u>Bond Series</u>	<u>Amount</u> <u>Refunded</u>	<u>Balance with Trustee</u>	
		<u>2012</u>	<u>2011</u>
<u>State Trunkline Fund Bonds</u>			
Series 2001A	\$245.8	\$ -	\$245.8
Series 2002	56.2	56.2	-
Series 2004	<u>85.2</u>	<u>85.2</u>	<u>85.2</u>
Total State Trunkline Fund Bonds	<u>\$387.3</u>	<u>\$141.5</u>	<u>\$331.1</u>
<u>Comprehensive Transportation Fund Bonds</u>			
Series 2002B	\$ 64.4	\$ -	\$ 52.9
Series 2003	<u>11.4</u>	<u>9.9</u>	<u>9.9</u>
Total Comprehensive Transportation Fund Bonds	<u>\$ 75.8</u>	<u>\$ 9.9</u>	<u>\$ 62.8</u>
Total	<u>\$463.1</u>	<u>\$151.3</u>	<u>\$393.9</u>

**MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012**

B. Debt Service Requirements

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

FISCAL YEARS ENDING SEPTEMBER 30	STATE TRUNKLINE FUND			COMPREHENSIVE TRANSPORTATION FUND			GRANT ANTICIPATION BONDS			COMBINED TOTAL		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2013	\$98,335	\$63,433	\$161,768	\$13,850	\$8,598	\$22,448	\$8,045	\$45,345	\$53,390	\$120,230	\$117,376	\$237,606
2014	106,505	59,170	165,675	15,210	8,001	23,211	8,450	44,985	53,435	130,165	112,156	242,321
2015	112,480	53,381	165,861	15,875	7,338	23,213	8,655	44,595	53,250	137,010	105,313	242,323
2016	118,220	47,604	165,824	16,520	6,684	23,204	9,075	44,215	53,290	143,815	98,503	242,318
2017	124,360	41,462	165,822	17,320	5,925	23,245	9,515	43,776	53,291	151,195	91,163	242,358
2018	130,430	35,371	165,801	18,190	5,056	23,246	9,990	43,325	53,315	158,610	83,752	242,362
2019	136,895	28,872	165,767	19,105	4,141	23,246	10,545	42,801	53,346	166,545	75,814	242,359
2020	98,630	21,658	120,288	11,545	3,190	14,735	56,390	42,247	98,637	166,565	67,096	233,661
2021	99,850	16,596	116,446	12,150	2,590	14,740	33,375	39,287	72,662	145,375	58,473	203,848
2022	105,090	11,323	116,413	12,785	1,958	14,743	35,160	37,535	72,695	153,035	50,816	203,851
2023	79,025	6,644	85,669	2,635	1,356	3,991	45,500	35,689	81,189	127,160	43,688	170,848
2024	15,295	4,286	19,581	2,770	1,226	3,996	109,950	33,300	143,250	128,015	38,812	166,827
2025	16,070	3,510	19,580	2,910	1,088	3,998	117,220	26,034	143,254	136,200	30,631	166,831
2026	6,220	2,962	9,182	3,055	942	3,997	135,375	18,271	153,646	144,650	22,175	166,825
2027	6,535	2,647	9,182	3,210	789	3,999	144,210	9,434	153,644	153,955	12,869	166,824
2028	4,035	2,386	6,421	3,370	629	3,999	-	-	-	7,405	3,014	10,419
2029	4,240	2,179	6,419	3,535	460	3,995	-	-	-	7,775	2,639	10,414
2030	4,455	1,961	6,416	3,715	284	3,999	-	-	-	8,170	2,245	10,415
2031	4,685	1,733	6,418	1,955	98	2,053	-	-	-	6,640	1,831	8,471
2032	4,925	1,493	6,418	-	-	-	-	-	-	4,925	1,493	6,418
2033	5,150	1,267	6,417	-	-	-	-	-	-	5,150	1,267	6,417
2034	5,390	1,029	6,419	-	-	-	-	-	-	5,390	1,029	6,419
2035	5,665	752	6,417	-	-	-	-	-	-	5,665	752	6,417
2036	5,955	462	6,417	-	-	-	-	-	-	5,955	462	6,417
2037	6,260	157	6,417	-	-	-	-	-	-	6,260	157	6,417
TOTAL	\$1,304,700	\$412,335	\$1,717,035	\$179,705	\$60,352	\$240,057	\$741,455	\$550,838	\$1,292,293	\$2,225,860	\$1,023,525	\$3,249,385

C. Other General Long-Term Obligations

Capital Leases:

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

Compensated Absences:

Compensated absences liabilities are detailed in Note 7.

Claims and Judgments:

The liability recorded for claims and judgments consists of projected amounts for highway-related negligence cases based upon historical loss ratios. It should be stressed that the Department continues to vigorously contest all of these claims and that the Department may incur no liability in the individual cases involved. Therefore, the allowance for litigation losses may be overstated (to the extent that losses do not occur) or understated (if the losses exceed the projected amounts).

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

Changes in General Long-term Obligations:

Changes in general long-term obligations (In Thousands) for the fiscal years ended September 30, 2012 and 2011 are summarized as follows:

	Revenue Dedicated Debt - Oversight Entity		Capital Lease Obligations	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Bonds and Capital Lease Obligations:				
Balance – Beginning	\$ 2,260,840	\$ 2,368,641	\$ 1,505	\$ 656
New bond issues/capital lease additions and adjustments	158,755	-	-	1,018
Accretion on Capital Appreciation Bonds	830	1,610	-	-
Bond principal retirements/ capital lease payments and adjustments	<u>(194,565)</u>	<u>(109,410)</u>	<u>(233)</u>	<u>(168)</u>
Balance – Ending	<u>\$ 2,225,860</u>	<u>\$ 2,260,840</u>	<u>\$ 1,272</u>	<u>\$ 1,505</u>

Other Obligations:	Claims and Judgments		Compensated Absences Liabilities	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Balance - Beginning	\$ 1,074	\$ 2,694	\$ 26,925	\$ 35,272
Net increase (decrease) in estimated liabilities	<u>(702)</u>	<u>(1,619)</u>	<u>2,301</u>	<u>(8,347)</u>
Balance - Ending	<u>\$ 372</u>	<u>\$ 1,074</u>	<u>\$ 29,226</u>	<u>\$ 26,925</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

Note 6: Leases

The Department leases office facilities under noncancelable leasing arrangements. Most leases have cancellation clauses with one to six month notice requirements in the event that funding is not available. For reporting purposes, such cancellation clauses are not considered in the determination of whether a lease is cancelable because the likelihood that such clauses will be exercised is considered remote. Leases that are in the nature of acquisitions are classified as "capital" leases, therefore assets and liabilities are recorded at lease inception. Other leases are classified as "operating" leases, and these are treated as rent commitments rather than acquisitions.

Actual rental expenditures incurred under operating leases totaled \$716,358 and \$770,094 during fiscal years 2012 and 2011, respectively.

Summary of the noncancelable operating and capital leasing commitments to maturity for fiscal year 2012 follows (In Thousands):

Noncancelable Lease Commitments					
As of September 30, 2012					
Fiscal Year Ended <u>September 30</u>	Operating <u>Leases</u>	<u>Capital Leases</u>			
		<u>Principal</u>	<u>Interest</u>	<u>Executory</u>	<u>Total</u>
2013	\$ 286	\$ 269	\$ 190	\$ 164	\$ 624
2014	183	311	148	164	624
2015	62	319	99	158	576
2016	-	214	48	104	366
2017	-	83	25	47	156
<u>2018</u>	<u>-</u>	<u>75</u>	<u>7</u>	<u>39</u>	<u>121</u>
Total	<u>\$ 531</u>	<u>\$ 1,272</u>	<u>\$ 518</u>	<u>\$ 676</u>	<u>\$ 2,466</u>

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

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

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

Note 7: Employee Benefits - Retirement and Compensated Absences

A. Retirement and Other Postemployment Benefit Contributions

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

State statutes require that the State provide certain other postemployment benefits (OPEB) to many of its retired employees. The Legislature establishes the extent to which the employer and employees are required to make contributions and establishes the benefit provisions for each plan. The State is not required to fund the plans other than the pay-as-you-go amount necessary to provide current benefits to retirees. However, beginning in fiscal year 2012, the State started prefunding the OPEB liability in addition to the pay-as-you-go contributions. The majority of the increases from fiscal year 2011 to fiscal year 2012 shown below are due to this prefunding of the OPEB liability.

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

	<u>2012</u>	<u>2011</u>
State Trunkline Fund	\$63,072	\$43,458
Comprehensive Transportation Fund	1,699	1,164
State Aeronautics Fund	1,525	991
Blue Water Bridge	<u>809</u>	<u>537</u>
Total Department of Transportation Contributions	<u>\$67,104</u>	<u>\$46,151</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.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STAMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

The following table summarizes Department of Transportation related compensated absences liabilities as of September 30, 2012 and 2011 (In Thousands):

	<u>Sick Leave</u>		<u>Annual Leave</u>		<u>Banked Leave</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
State Trunkline Fund	\$4,189	\$4,394	\$18,550	\$15,945	\$4,607	\$4,850	\$27,346	\$25,188
Comprehensive Transportation Fund	155	156	530	468	188	182	873	806
State Aeronautics Fund	261	248	406	354	128	136	795	738
Blue Water Bridge	<u>39</u>	<u>40</u>	<u>145</u>	<u>124</u>	<u>29</u>	<u>29</u>	<u>212</u>	<u>193</u>
TOTAL	<u>\$4,642</u>	<u>\$4,838</u>	<u>\$19,631</u>	<u>\$16,890</u>	<u>\$4,953</u>	<u>\$5,197</u>	<u>\$29,226</u>	<u>\$26,925</u>

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

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

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

Note 8: Interfund Transactions by the Michigan Transportation Fund

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

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

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

Other transactions from MTF are also required by P.A. 51 of 1951, or the current year's appropriation bill. See the table below for MTF's interfund transactions in fiscal years 2012 and 2011 (In Thousands).

<u>Interfund Transactions</u>	<u>2012</u>	<u>2011</u>
MTF Distribution – STF	\$592,473	\$591,709
MTF Distribution – CTF	157,032	156,717
Other State agencies	45,780	45,424
Debt Service	43,000	43,000
Economic Development Program	40,275	40,275
Local Road Program	33,000	33,000
Local Bridge Fund	30,054	30,138
Transportation Planning	7,875	7,871
Design and Engineering Services	4,507	4,543
Rail Grade Crossing Program	3,000	3,000
Freight and Safety Services	1,568	1,651
Finance, Contracts and Support Services	1,977	1,615
Enhancement Program	<u>190</u>	<u>179</u>
Total	<u>\$960,730</u>	<u>\$959,122</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

Note 9: 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) from the State Trunkline Fund and the Michigan Transportation Fund, respectively. 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 \$12,250,000 between fiscal years 1993 and 2012 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 \$50,750,000 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, 2012, a current receivable of \$2,102,721.80 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.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

Note 10: 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.

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, 2012 and 2011 the Department estimates the disallowance of recognized revenues will not be material to the financial statements.

C. Commitments and Encumbrances

The Department has construction and consultant commitments that will be paid with transportation related funds. As of September 30, 2012 and 2011 the balances remaining on these contracts equaled \$542.8 million and \$720.6 million, respectively. Portions of these balances, \$81.0 million as of September 30, 2012, and \$94.8 million, as of September 30, 2011, have been encumbered. As of September 30, 2012 and 2011, the balances remaining on these contracts, less the Transportation Related Trust Funds equaled \$442.3 million and \$637.9 million, respectively. As of September 30, 2012 and 2011, the balances remaining on these contracts in the State Trunkline Fund equaled \$393.1 million and \$583.2 million, respectively.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

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 2011, the Department had \$537.7 million of State Trunkline expenditures on projects not under a reimbursement agreement. \$70.1 million of these expenditures were placed a under reimbursement agreement by the end of fiscal year 2012. The remaining \$467.6 million is included in the fiscal year 2012 amount below. At the end of fiscal year 2012, the Department had \$532.4 million of State Trunkline expenditures on projects not under a reimbursement agreement.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

Note 11: Subsequent Events

None.



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FUND DESCRIPTIONS

**COMBINING FINANCIAL STATEMENTS
AND
SCHEDULES**

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

MICHIGAN TRANSPORTATION FUND

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

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 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.



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MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2012 and 2011
 (In Thousands)

	MICHIGAN TRANSPORTATION FUND		COMPREHENSIVE TRANSPORTATION FUND		TOTALS	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 14	\$ 13	\$ 14	\$ -
Equity in Common Cash	118,018	129,721	89,675	55,787	207,694	185,508
Receivables:						
Taxes, interest, and penalties (at net)	94,868	105,764	-	-	94,868	105,764
Federal aid	-	-	21,996	18,726	21,996	18,726
Local units	-	-	882	892	882	892
Other funds	-	-	19,224	25,017	19,224	25,017
Component Units	-	-	-	-	-	-
Other Current Assets	4	15	115	43	120	59
Inventories	-	-	-	-	-	-
Total Current Assets	<u>212,890</u>	<u>235,501</u>	<u>131,907</u>	<u>100,479</u>	<u>344,797</u>	<u>335,979</u>
Noncurrent Assets:						
Receivables:						
Taxes	2,398	2,619	-	-	2,398	2,619
Federal aid	-	-	-	-	-	-
Local units	-	-	1,864	3,063	1,864	3,063
Advances to other funds	-	-	-	-	-	-
Land contracts	-	-	-	-	-	-
Miscellaneous	-	-	514	577	514	577
Total Noncurrent Assets	<u>2,398</u>	<u>2,619</u>	<u>2,378</u>	<u>3,640</u>	<u>4,776</u>	<u>6,259</u>
Total Assets	<u>\$ 215,288</u>	<u>\$ 238,119</u>	<u>\$ 134,285</u>	<u>\$ 104,118</u>	<u>\$ 349,573</u>	<u>\$ 342,238</u>
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants outstanding	\$ 926	\$ 589	\$ 198	\$ 416	\$ 1,124	\$ 1,005
Accounts payable	187,490	195,801	28,510	23,514	216,001	219,315
Contract reserve payable	-	-	-	-	-	-
Amounts due to other funds	18,096	27,010	48	50	18,144	27,061
Deposits, permits and other liabilities	-	-	5,130	708	5,130	708
Deferred revenue	6,378	12,100	792	356	7,170	12,456
Total Current Liabilities	<u>212,890</u>	<u>235,501</u>	<u>34,678</u>	<u>25,045</u>	<u>247,569</u>	<u>260,545</u>
Long-Term Liabilities:						
Deferred revenue	2,398	2,619	684	802	3,081	3,421
Advances from other funds	-	-	-	-	-	-
Total Liabilities	<u>215,288</u>	<u>238,119</u>	<u>35,362</u>	<u>25,847</u>	<u>250,650</u>	<u>263,966</u>
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	78,272	98,923	78,272
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total Fund Balances	<u> </u>	<u> </u>	<u>98,923</u>	<u>78,272</u>	<u>98,923</u>	<u>78,272</u>
Total Liabilities and Fund Balances	<u>\$ 215,288</u>	<u>\$ 238,119</u>	<u>\$ 134,285</u>	<u>\$ 104,118</u>	<u>\$ 349,573</u>	<u>\$ 342,238</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FISCAL YEARS ENDED SEPTEMBER 30, 2012 and 2011
(In Thousands)

	MICHIGAN TRANSPORTATION FUND		COMPREHENSIVE TRANSPORTATION FUND		TOTALS	
	2012	2011	2012	2011	2012	2011
REVENUES						
Taxes	\$ 1,821,994	\$ 1,817,337	\$ 98,101	\$ 90,025	\$ 1,920,095	\$ 1,907,362
License and permits	31,397	30,691	445	405	31,842	31,096
Federal aid	-	-	55,780	42,312	55,780	42,312
Local participation	-	-	-	-	-	-
Interest earnings on common cash	161	283	57	37	218	320
Services	3,579	3,493	-	-	3,579	3,493
Non-operating revenue-bridges	-	-	-	-	-	-
Miscellaneous	500	3	937	2,413	1,437	2,416
Total Revenues	<u>1,857,630</u>	<u>1,851,808</u>	<u>155,320</u>	<u>135,192</u>	<u>2,012,950</u>	<u>1,986,999</u>
EXPENDITURES						
Administration and Operations:						
Administration and maintenance	11,269	8,934	8,206	9,163	19,475	18,097
Bus operating assistance grants	-	-	192,792	194,608	192,792	194,608
Other grants	895,272	892,987	72,577	43,947	967,848	936,934
Airport development	-	-	-	-	-	-
Non-operating expenditures-bridges	-	-	-	-	-	-
Trust fund construction activity	-	-	-	-	-	-
Capital lease payments	-	-	-	-	-	-
Total Administration and Operations	<u>906,540</u>	<u>901,921</u>	<u>273,575</u>	<u>247,718</u>	<u>1,180,115</u>	<u>1,149,640</u>
Capital Outlay:						
Roads and bridges	-	-	-	-	-	-
Other capital outlay	-	-	-	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>906,540</u>	<u>901,921</u>	<u>273,575</u>	<u>247,718</u>	<u>1,180,115</u>	<u>1,149,640</u>
Excess of Revenues Over (Under) Expenditures	<u>951,090</u>	<u>949,886</u>	<u>(118,255)</u>	<u>(112,526)</u>	<u>832,835</u>	<u>837,360</u>
OTHER FINANCING SOURCES						
Michigan transportation fund distribution	-	-	157,032	156,717	157,032	156,717
Grants and transfers from other funds	530	302	1,924	1,651	2,454	1,953
Capital Lease Acquisitions	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Proceeds from bonds and notes issued	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
Total Other Financing Sources	<u>530</u>	<u>302</u>	<u>158,956</u>	<u>158,368</u>	<u>159,486</u>	<u>158,670</u>
OTHER FINANCING USES						
Michigan transportation fund distribution	749,505	748,426	-	-	749,505	748,426
Grants and transfers to other funds	202,115	201,762	132	137	202,247	201,899
Discount on bonds issued	-	-	-	-	-	-
Debt service	-	-	19,917	29,853	19,917	29,853
Total Other Financing Uses	<u>951,620</u>	<u>950,188</u>	<u>20,049</u>	<u>29,990</u>	<u>971,669</u>	<u>980,178</u>
Excess of Other Financing Sources Over (Under) Other Financing Uses	<u>(951,090)</u>	<u>(949,886)</u>	<u>138,906</u>	<u>128,378</u>	<u>(812,184)</u>	<u>(821,508)</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>20,651</u>	<u>15,852</u>	<u>20,651</u>	<u>15,852</u>
Fund balances-Beginning of fiscal year	-	-	78,272	62,420	78,272	62,420
Fund balances-End of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,923</u>	<u>\$ 78,272</u>	<u>\$ 98,923</u>	<u>\$ 78,272</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, 2012
 (In Thousands)

(Statutory/Budgetary Basis)	MICHIGAN TRANSPORTATION FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 1,821,994	\$ 1,821,994	\$ -
License and permits	31,397	31,397	-
Federal aid	-	-	-
Local participation	-	-	-
Interest earnings	161	161	-
Services	3,579	3,579	-
Non-operating revenue-bridges	-	-	-
Miscellaneous and Service revenue	500	500	-
Total Revenues	<u>1,857,630</u>	<u>1,857,630</u>	<u>-</u>
EXPENDITURES AND ENCUMBRANCES			
Administration	11,908	11,269	639
Bus operating assistance grants	-	-	-
Other grants	896,616	895,272	1,344
Airport development	-	-	-
Nonoperating expenditure-bridges	-	-	-
Total Administration and Operations	<u>908,523</u>	<u>906,540</u>	<u>1,983</u>
Roads and bridges	-	-	-
Other capital outlay	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Encumbrances	<u>908,523</u>	<u>906,540</u>	<u>1,983</u>
Excess of Revenue Over (Under) Expenditures and Encumbrances	<u>949,107</u>	<u>951,090</u>	<u>1,983</u>
OTHER FINANCING SOURCES			
Michigan transportation fund distribution	-	-	-
Grants and transfers from other funds	530	530	-
Total Financing Sources	<u>530</u>	<u>530</u>	<u>-</u>
OTHER FINANCING USES			
Michigan transportation fund distribution	749,841	749,505	336
Grants and transfers to other funds	206,123	202,115	4,008
Debt service	-	-	-
Total Financing Uses	<u>955,964</u>	<u>951,620</u>	<u>4,344</u>
Excess Other Financing Sources Over(Under) Other Financing Uses	<u>(955,434)</u>	<u>(951,090)</u>	<u>4,344</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses	<u>\$ (6,327)</u>	<u>-</u>	<u>\$ 6,327</u>
RECONCILING ITEMS			
Encumbrances at September 30		-	
Funds not annually budgeted		-	
Net Reconciling Items		<u>-</u>	
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis)		<u>-</u>	
FUND BALANCES (GAAP BASIS)			
Beginning balance		-	
Ending balances (GAAP Basis)		<u>\$ -</u>	

COMPREHENSIVE TRANSPORTATION FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 98,101	\$ 98,101	\$ -	\$ 1,920,095	\$ 1,920,095	\$ -
445	445	-	31,842	31,842	-
55,780	55,780	-	55,780	55,780	-
-	-	-	-	-	-
57	57	-	218	218	-
-	-	-	3,579	3,579	-
-	-	-	-	-	-
937	937	-	1,437	1,437	-
<u>155,320</u>	<u>155,320</u>	<u>-</u>	<u>2,012,950</u>	<u>2,012,950</u>	<u>-</u>
11,630	8,519	3,111	23,538	19,787	3,751
193,978	193,900	78	193,978	193,900	78
125,027	123,650	1,377	1,021,643	1,018,922	2,721
-	-	-	-	-	-
-	-	-	-	-	-
<u>330,635</u>	<u>326,069</u>	<u>4,566</u>	<u>1,239,158</u>	<u>1,232,609</u>	<u>6,549</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>330,635</u>	<u>326,069</u>	<u>4,566</u>	<u>1,239,158</u>	<u>1,232,609</u>	<u>6,549</u>
<u>(175,315)</u>	<u>(170,749)</u>	<u>4,566</u>	<u>773,792</u>	<u>780,341</u>	<u>6,549</u>
157,032	157,032	-	157,032	157,032	-
1,924	1,924	-	2,454	2,454	-
<u>158,956</u>	<u>158,956</u>	<u>-</u>	<u>159,486</u>	<u>159,486</u>	<u>-</u>
-	-	-	749,841	749,505	336
200	132	68	206,323	202,247	4,076
19,999	19,917	82	19,999	19,917	82
<u>20,199</u>	<u>20,049</u>	<u>150</u>	<u>976,163</u>	<u>971,669</u>	<u>4,494</u>
<u>138,757</u>	<u>138,906</u>	<u>150</u>	<u>(816,677)</u>	<u>(812,184)</u>	<u>4,494</u>
\$ <u>(36,559)</u>	\$ <u>(31,843)</u>	\$ <u>4,716</u>	\$ <u>(42,886)</u>	\$ <u>(31,843)</u>	\$ <u>11,043</u>
	52,494			52,494	
	-			-	
	<u>52,494</u>			<u>52,494</u>	
	<u>20,651</u>			<u>20,651</u>	
	<u>78,272</u>			<u>78,272</u>	
	\$ <u>98,923</u>			\$ <u>98,923</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, 2011
 (In Thousands)

(Statutory/Budgetary Basis)	MICHIGAN TRANSPORTATION FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 1,817,337	\$ 1,817,337	\$ -
License and permits	30,691	30,691	-
Federal aid	-	-	-
Local participation	-	-	-
Interest earnings	283	283	-
Services	3,493	3,493	-
Non-operating revenue-bridges	-	-	-
Miscellaneous and Service revenue	3	3	-
Total Revenues	<u>1,851,808</u>	<u>1,851,808</u>	<u>-</u>
EXPENDITURES AND ENCUMBRANCES			
Administration	9,621	8,934	686
Bus operating assistance grants	-	-	-
Other grants	892,987	892,987	-
Airport development	-	-	-
Nonoperating expenditure-bridges	-	-	-
Total Administration and Operations	<u>902,608</u>	<u>901,921</u>	<u>687</u>
Roads and bridges	-	-	-
Other capital outlay	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Encumbrances	<u>902,608</u>	<u>901,921</u>	<u>687</u>
Excess of Revenue Over (Under) Expenditures and Encumbrances	<u>949,200</u>	<u>949,886</u>	<u>687</u>
OTHER FINANCING SOURCES			
Michigan transportation fund distribution	-	-	-
Grants and transfers from other funds	302	302	-
Total Financing Sources	<u>302</u>	<u>302</u>	<u>-</u>
OTHER FINANCING USES			
Michigan transportation fund distribution	748,426	748,426	-
Grants and transfers to other funds	204,742	201,762	2,980
Debt service	-	-	-
Total Financing Uses	<u>953,168</u>	<u>950,188</u>	<u>2,980</u>
Excess Other Financing Sources Over(Under) Other Financing Uses	<u>(952,866)</u>	<u>(949,886)</u>	<u>2,980</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses	<u>\$ (3,667)</u>	<u>-</u>	<u>\$ 3,667</u>
RECONCILING ITEMS			
Encumbrances at September 30		-	
Funds not annually budgeted		-	
Net Reconciling Items		<u>-</u>	
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis)		<u>-</u>	
FUND BALANCES (GAAP BASIS)			
Beginning balance		-	
Ending balances (GAAP Basis)		<u>\$ -</u>	

COMPREHENSIVE TRANSPORTATION FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 90,025	\$ 90,025	\$ -	\$ 1,907,362	\$ 1,907,362	\$ -
405	405	-	31,096	31,096	-
42,312	42,312	-	42,312	42,312	-
-	-	-	-	-	-
37	37	-	320	320	-
-	-	-	3,493	3,493	-
-	-	-	-	-	-
2,413	2,413	-	2,416	2,416	-
<u>135,192</u>	<u>135,192</u>	<u>-</u>	<u>1,986,999</u>	<u>1,986,999</u>	<u>-</u>
12,483	9,308	3,174	22,103	18,242	3,861
195,687	195,687	-	195,687	195,687	-
77,821	77,086	735	970,808	970,073	736
-	-	-	-	-	-
-	-	-	-	-	-
285,990	282,081	3,910	1,188,598	1,184,002	4,596
-	-	-	-	-	-
-	-	-	-	-	-
285,990	282,081	3,910	1,188,598	1,184,002	4,596
(150,799)	(146,889)	3,910	798,401	802,997	4,596
156,717	156,717	-	156,717	156,717	-
1,651	1,651	-	1,953	1,953	-
158,368	158,368	-	158,670	158,670	-
-	-	-	748,426	748,426	0
200	137	63	204,942	201,899	3,043
29,853	29,853	-	29,853	29,853	0
30,053	29,990	63	983,221	980,178	3,043
<u>128,315</u>	<u>128,378</u>	<u>63</u>	<u>(824,551)</u>	<u>(821,508)</u>	<u>3,043</u>
\$ <u>(22,483)</u>	<u>(18,511)</u>	\$ <u>3,972</u>	\$ <u>(26,150)</u>	<u>(18,511)</u>	\$ <u>7,639</u>
	34,363			34,363	
	-			-	
	34,363			34,363	
	15,852			15,852	
	62,420			62,420	
	\$ <u>78,272</u>			\$ <u>78,272</u>	

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF CAPITAL PROJECTS FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

STATE TRUNKLINE FUND

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

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

BLUE WATER BRIDGE FUND

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

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 Bond Proceeds Fund consists of the following funds:

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF CAPITAL PROJECTS FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND (continued)

2001 BUILD MICHIGAN III BOND PROCEEDS FUND

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

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

This fund was established pursuant to Section 18(b) of Public Act 51 of 1951, as amended, to account for the proceeds of up to \$281.9 million of taxable Build America grant anticipation bonds. The Series 2009 Bonds will be secured by a pledge of, and be payable solely from, (i) the State's share of federal reimbursements for projects administered by the Department and other eligible federal assistance that the Department shall receive from the Federal Highway Administration with respect to federally-aided highway construction projects under or in accordance with Title 23 of the United States Code or any successor highway program established under federal law, and (ii) the moneys in the Note Payment Fund. Proceeds from the sale of the Series 2009 Bonds together with investment earnings on such proceeds and other available moneys will be used to pay a portion of the costs of certain transportation projects, and to pay the costs of issuance of the Series 2009 Bonds.

2009 STATE TRUNKLINE FUND BOND PROCEEDS FUND

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

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF CAPITAL PROJECTS FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND (continued)

2011 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 \$91.0 million of state trunkline bonds. The bonds are not general obligations of the State of Michigan but are payable solely out of funds restricted as to use for state trunkline purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund. The proceeds are to be used to finance the construction of various trunkline transportation projects and to pay the costs of issuance of the bonds.

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND

A separate fund is established to account for the proceeds of each bond issue. Revenue and expenditure data by individual proceeds fund is available in the Statistical Section, Schedule of Revenues and Expenditures by Fund. The Combined Comprehensive Transportation Bond Proceeds Fund consists of the following funds:

2002 COMPREHENSIVE TRANSPORTATION FUND BOND PROCEEDS FUND

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

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.

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF CAPITAL PROJECTS FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND
(continued)

2006 COMPREHENSIVE TRANSPORTATION FUND BOND PROCEEDS FUND

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

TRANSPORTATION RELATED TRUST FUND

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

The following sub-funds are included:

SPECIAL FEDERAL BRIDGE REPLACEMENT TRUST FUND

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

FEDERAL COUNTY ROAD TRUST FUND

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

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.

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF CAPITAL PROJECTS FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

TRANSPORTATION RELATED TRUST FUND (continued)

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.



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MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING BALANCE SHEET - CAPITAL PROJECTS FUNDS
 SEPTEMBER 30, 2012 and 2011
 (In Thousands)

ASSETS	STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		BLUE WATER BRIDGE FUND	
	2012	2011	2012	2011
Current Assets:				
Cash and cash equivalents	\$ 179	\$ 660	\$ 129	\$ 53
Equity in Common Cash	555,051	562,612	51,432	42,440
Receivables:				
Taxes, interest, and penalties (at net)	-	-	-	-
Federal aid	166,949	162,949	-	-
Local units	12,757	15,964	-	-
Other funds	14,092	21,033	-	-
Component Units	2,103	1,196	-	-
Other Current Assets	3,584	2,429	443	477
Inventories	14,959	12,933	-	-
Total Current Assets	769,673	779,776	52,004	42,969
Noncurrent Assets:				
Receivables:				
Taxes	-	-	-	-
Federal aid	-	-	-	-
Local units	27,446	25,865	-	-
Advances to other funds	-	-	-	-
Land contracts	295	327	-	-
Miscellaneous	60	90	-	-
Total Noncurrent Assets	27,800	26,282	-	-
Total Assets	\$ 797,473	\$ 806,057	\$ 52,004	\$ 42,969
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	\$ 1,084	\$ 2,405	\$ 11	\$ 6
Accounts payable	159,974	155,391	1,144	300
Contract reserve payable	1,004	1,819	-	-
Amounts due to other funds	1,882	1,756	26	19
Deposits, permits and other liabilities	6,558	2,883	-	-
Deferred revenue	6,906	4,033	1,271	1,019
Total Current Liabilities	177,408	168,288	2,451	1,344
Long-Term Liabilities:				
Deferred revenue	396	467	-	-
Advances from other funds	-	-	-	-
Total Liabilities	177,804	168,755	2,451	1,344
Fund Balances:				
Nonspendable	14,971	12,933	-	-
Restricted	604,698	624,369	49,554	41,626
Committed	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	619,669	637,303	49,554	41,626
Total Liabilities and Fund Balances	\$ 797,473	\$ 806,057	\$ 52,004	\$ 42,969

*To reflect consistency, 2011 Land contracts and Miscellaneous assets for the State Trunkline Fund have been restated.

STATE AERONAUTICS FUND		COMBINED TRUNKLINE BOND PROCEEDS FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	
2012	2011	2012	2011	2012	2011
\$ 2	\$ 1	\$ -	\$ -	\$ -	\$ -
15,304	13,305	99,852	52,318	34,253	55,799
663	657	-	-	-	-
38,140	20,510	20,697	890	-	-
1,779	11,621	2,675	773	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3	71	-	-	-	-
-	-	-	-	-	-
<u>55,891</u>	<u>46,166</u>	<u>123,225</u>	<u>53,982</u>	<u>34,253</u>	<u>55,799</u>
-	-	-	-	-	-
-	-	-	-	-	-
211	206	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
211	206	-	-	-	-
<u>56,101</u>	<u>46,372</u>	<u>123,225</u>	<u>53,982</u>	<u>34,253</u>	<u>55,799</u>
\$ 1,541	\$ 69	\$ 124	\$ -	\$ -	\$ 45
32,756	15,071	6,964	6,591	5,730	4,803
-	12	86	182	-	-
41	45	-	-	-	-
-	8,133	-	-	-	-
-	-	-	791	-	-
<u>34,418</u>	<u>23,330</u>	<u>7,511</u>	<u>7,564</u>	<u>5,730</u>	<u>4,847</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>34,418</u>	<u>23,330</u>	<u>7,511</u>	<u>7,564</u>	<u>5,730</u>	<u>4,847</u>
-	-	-	-	-	-
21,684	23,042	115,714	46,417	28,523	50,952
-	-	-	-	-	-
-	-	-	-	-	-
<u>21,684</u>	<u>23,042</u>	<u>115,714</u>	<u>46,417</u>	<u>28,523</u>	<u>50,952</u>
<u>\$ 56,101</u>	<u>\$ 46,372</u>	<u>\$ 123,225</u>	<u>\$ 53,982</u>	<u>\$ 34,253</u>	<u>\$ 55,799</u>

ASSETS	TRANSPORTATION RELATED TRUST FUND		TOTALS	
	2012	2011	2012	2011
Current Assets:				
Cash and cash equivalents	\$ -	\$ 447	\$ 310	\$ 1,159
Equity in Common Cash	-	-	755,893	726,475
Receivables:				
Taxes, interest, and penalties (at net)	-	-	663	657
Federal aid	42,778	37,846	268,564	222,196
Local units	37,357	30,904	54,568	59,263
Other funds	-	-	14,092	21,033
Component Units	-	-	2,103	1,196
Other Current Assets	-	-	4,029	2,976
Inventories	-	-	14,959	12,933
Total Current Assets	<u>80,134</u>	<u>69,197</u>	<u>1,115,180</u>	<u>1,047,888</u>
Noncurrent Assets:				
Receivables:				
Taxes	-	-	-	-
Federal aid	-	-	-	-
Local units	-	-	27,656	26,071
Advances to other funds	-	-	-	-
Land contracts	-	-	295	327
Miscellaneous	-	-	60	90
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>28,011</u>	<u>26,488</u>
Total Assets	<u>\$ 80,134</u>	<u>\$ 69,197</u>	<u>\$ 1,143,191</u>	<u>\$ 1,074,376</u>
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	\$ 279	\$ 1,466	\$ 3,039	\$ 3,990
Accounts payable	49,482	36,887	256,050	219,043
Contract reserve payable	122	656	1,211	2,668
Amounts due to other funds	15,220	19,040	17,168	20,860
Deposits, permits and other liabilities	15,032	11,148	21,669	22,164
Deferred revenue	-	-	8,515	5,844
Total Current Liabilities	<u>80,134</u>	<u>69,197</u>	<u>307,653</u>	<u>274,569</u>
Long-Term Liabilities:				
Deferred revenue	-	-	396	467
Advances from other funds	-	-	-	-
Total Liabilities	<u>80,134</u>	<u>69,197</u>	<u>308,048</u>	<u>275,036</u>
Fund Balances:				
Nonspendable	-	-	14,971	12,933
Restricted	-	-	820,172	786,406
Committed	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>835,143</u>	<u>799,339</u>
Total Liabilities and Fund Balances	<u>\$ 80,134</u>	<u>\$ 69,197</u>	<u>\$ 1,143,191</u>	<u>\$ 1,074,376</u>



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MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FISCAL YEARS ENDED SEPTEMBER 30, 2012 and 2011
(In Thousands)

	STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		BLUE WATER BRIDGE FUND	
	2012	2011	2012	2011
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
License and permits	17,553	16,368	-	-
Federal aid	801,264	1,001,678	-	-
Local participation	15,082	16,955	-	-
Interest earnings on common cash	578	854	54	61
Services	3,205	759	-	-
Non-operating revenue-bridges	3,263	2,997	-	-
Miscellaneous	20,642	24,005	22,519	21,873
Total Revenues	<u>861,588</u>	<u>1,063,617</u>	<u>22,573</u>	<u>21,934</u>
EXPENDITURES				
Administration and Operations:				
Administration and maintenance	451,156	428,220	5,427	4,675
Other grants	121,762	115,587	-	-
Airport development	-	-	-	-
Non-operating expenditures-bridges	3,118	2,857	-	-
Trust fund construction activity	-	-	-	-
Capital lease payments	460	344	-	-
Total Administration and Operations	<u>576,497</u>	<u>547,007</u>	<u>5,427</u>	<u>4,675</u>
Capital Outlay:				
Roads and bridges	888,280	982,440	6,933	557
Other capital outlay	13,641	10,574	-	-
Total Capital Outlay	<u>901,920</u>	<u>993,014</u>	<u>6,933</u>	<u>557</u>
Total Expenditures	<u>1,478,417</u>	<u>1,540,022</u>	<u>12,360</u>	<u>5,233</u>
Excess of Revenues Over (Under) Expenditures	<u>(616,829)</u>	<u>(476,405)</u>	<u>10,213</u>	<u>16,701</u>
OTHER FINANCING SOURCES				
Michigan transportation fund distribution	592,473	591,709	-	-
Grants and transfers from other funds	224,087	209,468	-	-
Capital Lease Acquisitions	-	1,018	-	-
Proceeds from sale of capital assets	274	53	-	-
Proceeds from bonds and notes issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Total Other Financing Sources	<u>816,834</u>	<u>802,247</u>	<u>-</u>	<u>-</u>
OTHER FINANCING USES				
Grants and transfers to other funds	4,622	4,569	68	25
Discount on bonds issued	-	-	-	-
Debt service	213,017	211,288	2,217	2,216
Total Other Financing Uses	<u>217,638</u>	<u>215,856</u>	<u>2,285</u>	<u>2,242</u>
Excess of Other Financing Sources Over (Under) Other Financing Uses	<u>599,196</u>	<u>586,391</u>	<u>(2,285)</u>	<u>(2,242)</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>(17,633)</u>	<u>109,986</u>	<u>7,928</u>	<u>14,459</u>
Fund balances-Beginning of fiscal year	637,303	527,317	41,626	27,166
Fund balances-End of fiscal year	<u>\$ 619,669</u>	<u>\$ 637,303</u>	<u>\$ 49,554</u>	<u>\$ 41,626</u>

STATE AERONAUTICS FUND		COMBINED TRUNKLINE BOND PROCEEDS FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	
2012	2011	2012	2011	2012	2011
\$ 5,027	\$ 5,621	\$ -	\$ -	\$ -	\$ -
369	375	-	-	-	-
100,078	81,857	70,782	89,742	-	-
10	13	2,290	338	-	-
8	35	111	139	50	110
580	571	-	-	-	-
-	-	-	-	-	-
5,285	3,648	969	4,532	94	70
<u>111,355</u>	<u>92,119</u>	<u>74,151</u>	<u>94,751</u>	<u>144</u>	<u>181</u>
6,898	6,228	968	4,534	94	70
-	-	714	664	20,353	10,818
108,149	87,033	-	-	2,061	2,551
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>115,047</u>	<u>93,261</u>	<u>1,683</u>	<u>5,198</u>	<u>22,508</u>	<u>13,440</u>
-	-	58,884	54,308	-	-
442	428	-	-	65	1,226
<u>442</u>	<u>428</u>	<u>58,884</u>	<u>54,308</u>	<u>65</u>	<u>1,226</u>
115,489	93,689	60,566	59,506	22,573	14,665
<u>(4,134)</u>	<u>(1,570)</u>	<u>13,585</u>	<u>35,245</u>	<u>(22,429)</u>	<u>(14,485)</u>
-	-	-	-	-	-
6,339	6,000	-	-	-	13,168
-	-	-	-	-	-
-	-	90,980	-	-	-
-	-	10,574	-	-	-
<u>6,339</u>	<u>6,000</u>	<u>101,554</u>	<u>-</u>	<u>-</u>	<u>13,168</u>
90	94	45,843	45,832	-	-
-	-	-	-	-	-
3,473	3,456	-	-	-	-
<u>3,564</u>	<u>3,550</u>	<u>45,843</u>	<u>45,832</u>	<u>-</u>	<u>-</u>
2,775	2,450	55,711	(45,832)	-	13,168
(1,358)	880	69,296	(10,587)	(22,429)	(1,317)
23,042	22,161	46,417	57,004	50,952	52,269
<u>\$ 21,684</u>	<u>\$ 23,042</u>	<u>\$ 115,714</u>	<u>\$ 46,417</u>	<u>\$ 28,523</u>	<u>\$ 50,952</u>

	TRANSPORTATION RELATED TRUST FUND		TOTALS	
	2012	2011	2012	2011
REVENUES				
Taxes	\$ -	\$ -	\$ 5,027	\$ 5,621
License and permits	-	-	17,922	16,743
Federal aid	245,319	255,464	1,217,443	1,428,740
Local participation	-	-	17,382	17,305
Interest earnings on common cash	-	-	801	1,199
Services	-	-	3,785	1,330
Non-operating revenue-bridges	-	-	3,263	2,997
Miscellaneous	2,556	1,231	52,064	55,360
Total Revenues	247,875	256,695	1,317,685	1,529,297
EXPENDITURES				
Administration and Operations:				
Administration and maintenance	-	-	464,543	443,728
Other grants	-	-	142,829	127,069
Airport development	-	-	110,210	89,584
Non-operating expenditures-bridges	-	-	3,118	2,857
Trust fund construction activity	247,875	256,695	247,875	256,695
Capital lease payments	-	-	460	344
Total Administration and Operations	247,875	256,695	969,035	920,277
Capital Outlay:				
Roads and bridges	-	-	954,096	1,037,305
Other capital outlay	-	-	14,148	12,228
Total Capital Outlay	-	-	968,243	1,049,533
Total Expenditures	247,875	256,695	1,937,279	1,969,810
Excess of Revenues Over (Under) Expenditures	-	-	(619,594)	(440,513)
OTHER FINANCING SOURCES				
Michigan transportation fund distribution	-	-	592,473	591,709
Grants and transfers from other funds	-	-	230,426	228,635
Capital Lease Acquisitions	-	-	-	1,018
Proceeds from sale of capital assets	-	-	274	53
Proceeds from bonds issued	-	-	90,980	-
Premium on bond issues	-	-	10,574	-
Total Other Financing Sources	-	-	924,727	821,415
OTHER FINANCING USES				
Grants and transfers to other funds	-	-	50,622	50,520
Discount on bonds issued	-	-	-	-
Debt service	-	-	218,707	216,960
Total Other Financing Uses	-	-	269,330	267,480
Excess of Other Financing Sources Over (Under) Other Financing Uses	-	-	655,397	553,935
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	-	35,804	113,422
Fund balances-Beginning of fiscal year	-	-	799,339	685,917
Fund balances-End of fiscal year	\$ -	\$ -	\$ 835,143	\$ 799,339



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MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2012
(In Thousands)

	STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		
(Statutory/Budgetary Basis)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 17,553	\$ 17,553	\$ -
License and permits	801,264	801,264	-
Federal aid	15,082	15,082	-
Local participation	578	578	-
Interest earnings	3,205	3,205	-
Services	3,263	3,263	-
Non-operating revenue-bridges	20,642	20,642	-
Miscellaneous and Service revenue	-	-	-
Total Revenues	861,588	861,588	-
EXPENDITURES AND ENCUMBRANCES			
Administration	530,229	469,166	61,063
Other grants	127,579	127,315	263
Airport development	-	-	-
Nonoperating expenditure-bridges	3,263	3,118	144
Total Administration and Operations	661,070	599,600	61,470
Roads and bridges	895,077	895,077	-
Other capital outlay	17,255	17,120	135
Total Capital Outlay	912,332	912,197	135
Total Expenditures and Encumbrances	1,573,403	1,511,797	61,605
Excess of Revenue Over(Under) Expenditures and Encumbrances	(711,815)	(650,210)	61,605
OTHER FINANCING SOURCES			
Michigan transportation fund distribution	592,473	592,473	-
Grants and transfers from other funds	224,087	224,087	-
Proceeds of sale of capital assets	274	274	-
Total Financing Sources	816,834	816,834	-
OTHER FINANCING USES			
Grants and transfers to other funds	5,697	4,622	1,075
Debt service	252,294	213,017	39,277
Total Financing Uses	257,991	217,638	40,353
Excess Other Financing Sources Over(Under) Other Financing Uses	558,843	599,196	40,353
Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses	\$ (152,972)	(51,014)	\$ 101,958
RECONCILING ITEMS			
Encumbrances at September 30		33,381	
Funds not annually budgeted		-	
Net Reconciling Items		33,381	
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis)		(17,633)	
FUND BALANCES (GAAP BASIS)			
Beginning balance		637,303	
Ending balances (GAAP Basis)		\$ 619,669	

BLUE WATER BRIDGE FUND			STATE AERONAUTICS FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 5,027	\$ 5,027	\$ -
-	-	-	369	369	-
-	-	-	100,078	100,078	-
-	-	-	10	10	-
54	54	-	8	8	-
-	-	-	580	580	-
-	-	-	-	-	-
<u>22,519</u>	<u>22,519</u>	<u>-</u>	<u>5,285</u>	<u>5,285</u>	<u>-</u>
<u>22,573</u>	<u>22,573</u>	<u>-</u>	<u>111,355</u>	<u>111,355</u>	<u>-</u>
6,327	5,443	884	8,707	6,985	1,722
-	-	-	-	-	-
-	-	-	112,464	110,740	1,723
-	-	-	-	-	-
<u>6,327</u>	<u>5,443</u>	<u>884</u>	<u>121,171</u>	<u>117,725</u>	<u>3,446</u>
7,110	7,110	-	-	-	-
-	-	-	595	595	-
<u>7,110</u>	<u>7,110</u>	<u>-</u>	<u>595</u>	<u>595</u>	<u>-</u>
<u>13,437</u>	<u>12,553</u>	<u>884</u>	<u>121,766</u>	<u>118,320</u>	<u>3,446</u>
<u>9,136</u>	<u>10,020</u>	<u>884</u>	<u>(10,410)</u>	<u>(6,965)</u>	<u>3,446</u>
-	-	-	-	-	-
-	-	-	6,339	6,339	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,339</u>	<u>6,339</u>	<u>-</u>
68	68	-	150	90	60
4,115	2,217	1,898	3,474	3,473	-
<u>4,183</u>	<u>2,285</u>	<u>1,898</u>	<u>3,624</u>	<u>3,564</u>	<u>60</u>
<u>(4,183)</u>	<u>(2,285)</u>	<u>1,898</u>	<u>2,716</u>	<u>2,775</u>	<u>60</u>
<u>\$ 4,953</u>	<u>7,735</u>	<u>\$ 2,782</u>	<u>\$ (7,695)</u>	<u>(4,189)</u>	<u>\$ 3,506</u>
	193			2,831	
	-			-	
	<u>193</u>			<u>2,831</u>	
	7,928			(1,358)	
	<u>41,626</u>			<u>23,042</u>	
	<u>\$ 49,554</u>			<u>\$ 21,684</u>	

	Funds not Annually Budgeted		
(Statutory/Budgetary Basis)	COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUND
REVENUES			
Taxes	\$ -	\$ -	\$ -
License and permits	-	-	-
Federal aid	-	-	-
Local participation	-	-	-
Interest earnings	-	-	-
Services	-	-	-
Non-operating revenue-bridges	-	-	-
Miscellaneous and Service revenue	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES AND ENCUMBRANCES			
Administration	-	-	-
Other grants	-	-	-
Airport development	-	-	-
Nonoperating expenditure-bridges	-	-	-
Total Administration and Operations	<u>-</u>	<u>-</u>	<u>-</u>
Roads and bridges	-	-	-
Other capital outlay	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue Over(Under) Expenditures and Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES			
Michigan transportation fund distribution	-	-	-
Grants and transfers from other funds	-	-	-
Proceeds of sale of capital assets	-	-	-
Total Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING USES			
Grants and transfers to other funds	-	-	-
Debt service	-	-	-
Total Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess Other Financing Sources Over(Under) Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
RECONCILING ITEMS			
Encumbrances at September 30	-	-	-
Funds not annually budgeted	69,296	(22,429)	-
Net Reconciling Items	<u>69,296</u>	<u>(22,429)</u>	<u>-</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis)	<u>69,296</u>	<u>(22,429)</u>	<u>-</u>
FUND BALANCES (GAAP BASIS)			
Beginning balance	46,417	50,952	-
Ending balances (GAAP Basis)	<u>\$ 115,714</u>	<u>\$ 28,523</u>	<u>\$ -</u>

TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 22,580	\$ 22,580	\$ -
801,633	801,633	-
115,160	115,160	-
588	588	-
3,267	3,267	-
3,843	3,843	-
20,642	20,642	-
<u>27,803</u>	<u>27,803</u>	<u>-</u>
995,516	995,516	-
545,263	481,594	63,669
127,579	127,315	263
112,464	110,740	1,723
3,263	3,118	144
<u>788,568</u>	<u>722,768</u>	<u>65,800</u>
902,187	902,187	-
17,850	17,715	135
<u>920,037</u>	<u>919,902</u>	<u>135</u>
1,708,605	1,642,670	65,936
<u>(713,090)</u>	<u>(647,154)</u>	<u>65,936</u>
592,473	592,473	-
230,426	230,426	-
274	274	-
<u>823,173</u>	<u>823,173</u>	<u>-</u>
5,915	4,780	1,135
259,883	218,707	41,175
<u>265,798</u>	<u>223,487</u>	<u>42,311</u>
557,375	599,686	42,311
\$ <u>(155,714)</u>	<u>(47,468)</u>	\$ <u>108,246</u>
	36,404	
	<u>46,867</u>	
	83,272	
	<u>35,804</u>	
	799,339	
\$	<u>835,143</u>	

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2011
(In Thousands)

STATE TRUNKLINE FUND
(excluding Blue Water Bridge Fund)

(Statutory/Budgetary Basis)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ -	\$ -	\$ -
License and permits	16,368	16,368	-
Federal aid	1,001,678	1,001,678	-
Local participation	16,955	16,955	-
Interest earnings	854	854	-
Services	759	759	-
Non-operating revenue-bridges	2,997	2,997	-
Miscellaneous and Service revenue	24,005	24,005	-
Total Revenues	1,063,617	1,063,617	-
EXPENDITURES AND ENCUMBRANCES			
Administration	517,024	445,531	71,493
Other grants	122,283	122,283	-
Airport development	-	-	-
Nonoperating expenditure-bridges	2,997	2,857	141
Total Administration and Operations	642,304	570,671	71,634
Roads and bridges	996,018	996,018	-
Other capital outlay	12,828	12,518	310
Total Capital Outlay	1,008,847	1,008,537	310
Total Expenditures and Encumbrances	1,651,151	1,579,207	71,944
Excess of Revenue Over(Under) Expenditures and Encumbrances	(587,534)	(515,591)	71,944
OTHER FINANCING SOURCES			
Michigan transportation fund distribution	591,709	591,709	-
Grants and transfers from other funds	209,468	209,468	-
Proceeds of sale of capital assets	53	53	-
Total Financing Sources	801,230	801,230	-
OTHER FINANCING USES			
Grants and transfers to other funds	5,697	4,569	1,128
Debt service	211,288	211,288	-
Total Financing Uses	216,985	215,856	1,128
Excess Other Financing Sources Over(Under) Other Financing Uses	584,245	585,373	1,128
Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances, and Other Financing Uses	\$ (3,289)	69,783	\$ 73,072
RECONCILING ITEMS			
Encumbrances at September 30		40,203	
Funds not annually budgeted		-	
Net Reconciling Items		40,203	
Excess of Revenue and Other Financing Sources Over(Under)Expenditures and Other Financing Uses (GAAP Basis)		109,986	
FUND BALANCES (GAAP BASIS)			
Beginning balance		527,317	
Ending balances (GAAP Basis)		\$ 637,303	

BLUE WATER BRIDGE FUND			STATE AERONAUTICS FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
-	\$ -	\$ -	\$ 5,621	\$ 5,621	\$ -
-	-	-	375	375	-
-	-	-	81,857	81,857	-
-	-	-	13	13	-
61	61	-	35	35	-
-	-	-	571	571	-
-	-	-	-	-	-
21,873	21,873	-	3,648	3,648	-
21,934	21,934	-	92,119	92,119	-
5,650	5,094	556	8,640	6,285	2,355
-	-	-	-	-	-
-	-	-	93,694	93,229	466
-	-	-	-	-	-
5,650	5,094	556	102,334	99,513	2,821
624	624	-	-	-	-
-	-	-	602	602	-
624	624	-	602	602	-
6,274	5,718	556	102,936	100,115	2,821
15,659	16,216	556	(10,817)	(7,996)	2,821
-	-	-	-	-	-
-	-	-	6,000	6,000	-
-	-	-	-	-	-
-	-	-	6,000	6,000	-
25	25	-	150	94	56
2,216	2,216	-	3,456	3,456	-
2,242	2,242	-	3,606	3,550	56
(2,242)	(2,242)	-	2,394	2,450	56
13,418	13,974	\$ 556	\$ (8,423)	(5,546)	\$ 2,876
	485			6,427	
	-			-	
	485			6,427	
	14,459			880	
	27,166			22,161	
	\$ 41,626			\$ 23,042	

	Funds not Annually Budgeted		
(Statutory/Budgetary Basis)	COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUND
REVENUES			
Taxes	\$ -	\$ -	\$ -
License and permits	-	-	-
Federal aid	-	-	-
Local participation	-	-	-
Interest earnings	-	-	-
Services	-	-	-
Non-operating revenue-bridges	-	-	-
Miscellaneous	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES AND ENCUMBRANCES			
Administration	-	-	-
Other grants	-	-	-
Airport development	-	-	-
Nonoperating expenditure-bridges	-	-	-
Total Administration and Operations	<u>-</u>	<u>-</u>	<u>-</u>
Roads and bridges	-	-	-
Other capital outlay	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue Over(Under) Expenditures and Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES			
Michigan transportation fund distribution	-	-	-
Grants and transfers from other funds	-	-	-
Proceeds from sale of capital assets	-	-	-
Total Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING USES			
Grants and transfers to other funds	-	-	-
Debt service	-	-	-
Total Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess Other Financing Sources Over(Under) Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
RECONCILING ITEMS			
Encumbrances at September 30	-	-	-
Funds not annually budgeted	(10,587)	(1,317)	-
Net Reconciling Items	<u>(10,587)</u>	<u>(1,317)</u>	<u>-</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis)	<u>(10,587)</u>	<u>(1,317)</u>	<u>-</u>
FUND BALANCES (GAAP BASIS)			
Beginning balance	57,004	52,269	-
Ending balances (GAAP Basis)	<u>\$ 46,417</u>	<u>\$ 50,952</u>	<u>\$ -</u>

TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 5,621	\$ 5,621	\$ -
16,743	16,743	-
1,083,535	1,083,535	-
16,967	16,967	-
950	950	-
1,330	1,330	-
2,997	2,997	-
49,526	49,526	-
<u>1,177,670</u>	<u>1,177,670</u>	<u>-</u>
531,313	456,909	74,404
122,283	122,283	0
93,694	93,229	466
2,997	2,857	141
<u>750,288</u>	<u>675,278</u>	<u>75,011</u>
996,643	996,643	-
13,431	13,121	310
<u>1,010,073</u>	<u>1,009,763</u>	<u>310</u>
<u>1,760,361</u>	<u>1,685,041</u>	<u>75,321</u>
<u>(582,692)</u>	<u>(507,371)</u>	<u>75,321</u>
591,709	591,709	-
215,468	215,468	-
53	53	-
<u>807,230</u>	<u>807,230</u>	<u>-</u>
5,872	4,688	1,184
216,960	216,960	0
<u>222,833</u>	<u>221,648</u>	<u>1,184</u>
<u>584,397</u>	<u>585,582</u>	<u>1,184</u>
\$ <u>1,706</u>	<u>78,211</u>	\$ <u>76,505</u>
	47,115	
	<u>(11,904)</u>	
	<u>35,211</u>	
	<u>113,422</u>	
	<u>685,917</u>	
	\$ <u>799,339</u>	



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MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF DEBT SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

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, 2012 and 2011
 (In Thousands)

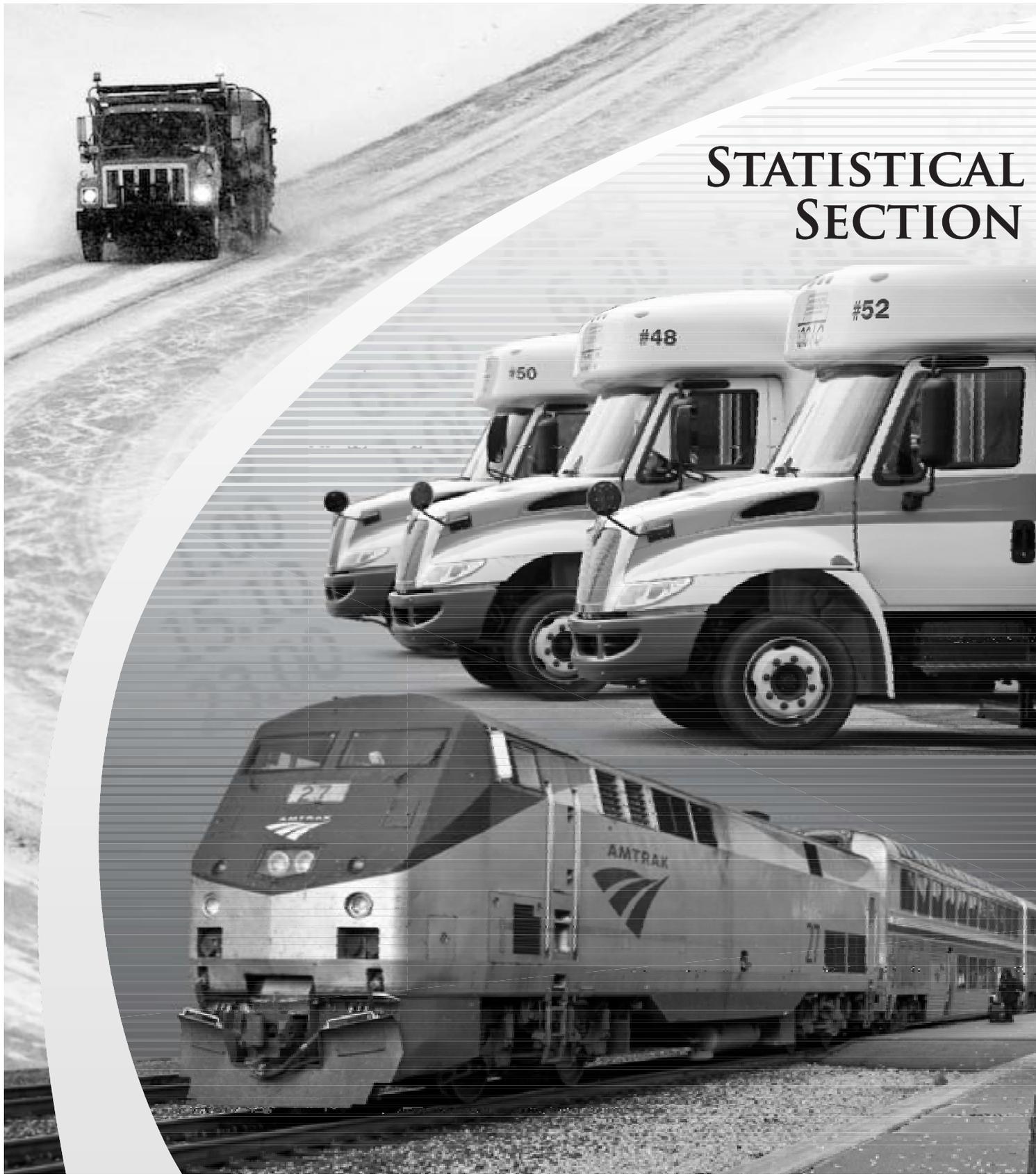
	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND		TOTALS	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	ASSETS					
Current Assets:						
Equity in Common Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amounts due from other funds	-	-	-	-	-	-
Other Current Assets	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants Outstanding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and other liabilities	-	-	-	-	-	-
Amounts due to other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Restricted	-	-	-	-	-	-
	<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 Balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FISCAL YEARS ENDED SEPTEMBER 30, 2012 and 2011
(In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND		TOTALS	
	2012	2011	2012	2011	2012	2011
REVENUES						
Interest earnings	\$ 4	\$ -	\$ -	\$ -	\$ 4	\$ -
Total Revenues	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Administration	4	-	-	-	4	-
Costs of issuance	276	-	158	-	434	-
Bond principal retirement	93,977	89,953	14,020	10,160	107,997	100,113
Bond interest and fiscal charges	121,265	123,551	9,347	9,981	130,612	133,532
Total Expenditures	<u>\$ 215,521</u>	<u>\$ 213,504</u>	<u>\$ 23,526</u>	<u>\$ 20,141</u>	<u>239,046</u>	<u>233,645</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (215,517)</u>	<u>\$ (213,504)</u>	<u>\$ (23,526)</u>	<u>\$ (20,141)</u>	<u>(239,043)</u>	<u>(233,645)</u>
OTHER FINANCING SOURCES						
Proceeds from refunding bond issues	49,305	-	18,470	-	67,775	-
Premium on bonds issued	8,679	-	2,527	-	11,206	-
Transfer from State Aeronautics Fund	-	-	3,473	3,456	3,473	3,456
Transfer from State Trunkline Fund	215,234	213,504	-	-	215,234	213,504
Transfer from Comprehensive Transportation Fund	-	-	19,917	16,685	19,917	16,685
Total Other Financing Sources	<u>273,218</u>	<u>213,504</u>	<u>44,388</u>	<u>20,141</u>	<u>317,606</u>	<u>233,645</u>
OTHER FINANCING USES						
Payment to refunded bond escrow agent	57,701	-	20,862	-	78,563	-
Total Other Financing Uses	<u>57,701</u>	<u>-</u>	<u>20,862</u>	<u>-</u>	<u>78,563</u>	<u>-</u>
Excess of Other Sources Over (Under) Other Uses	<u>215,517</u>	<u>213,504</u>	<u>23,526</u>	<u>20,141</u>	<u>239,043</u>	<u>233,645</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances-Beginning of fiscal year	-	-	-	-	-	-
Fund balances-End of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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STATISTICAL SECTION



FINANCIAL SCHEDULES

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS
LAST TEN YEARS
 SEPTEMBER 30, 2012
 (In Thousands)

	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>
REVENUES AND OTHER SOURCES:				
Michigan Transportation Fund	\$ 2,000,406	\$ 2,064,583	\$ 1,976,798	\$ 1,967,920
State Trunkline Fund				
Economic Development	111,868	106,607	118,205	98,526
Road and Bridge Program	1,317,848	1,429,449	1,612,110	1,588,113
Blue Water Bridge Fund	12,254	13,989	15,081	14,758
Comprehensive Transportation Fund	273,277	267,928	252,284	260,424
Aeronautics Fund	122,359	144,580	164,574	135,989
Transportation Related Trust Fund	281,796	266,271	239,403	174,024
1989 State Trunkline Bond Proceeds Fund	719	152	891	49
1992 State Trunkline Bond Proceeds Fund	2,168	2,419	947	85
1992 Comprehensive Transportation Bond Proceeds Fund	15	-	-	-
1994 State Trunkline Bond Proceeds Fund	918	71	374	20
2001 Build Michigan III Bond Proceeds Fund	14,684	27,691	11,765	7,019
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds Fund	13,040	9,477	67,623	93,546
2002 & 2003 Comprehensive Transportation Bond Proceeds Fund	37,641	1,164	2,531	40,425
2004 State Trunkline Bond Proceeds Fund	-	201,896	6,152	269,072
2011 State Trunkline Bond Proceeds Fund	-	-	-	-
Economic Stimulus Bonds	-	-	-	-
Jobs Today Bond Proceeds Fund	-	-	-	73
Blue Water Bridge Plaza Series Bonds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES AND OTHER SOURCES	\$ 4,188,993	\$ 4,536,277	\$ 4,468,738	\$ 4,650,043
EXPENDITURES AND OTHER USES:				
Michigan Transportation Fund	\$ 2,000,406	\$ 2,064,583	\$ 1,976,798	\$ 1,967,920
State Trunkline Fund				
Economic Development	102,399	121,527	113,014	90,141
Traditional Program	1,286,783	1,288,226	1,572,956	1,618,331
Blue Water Bridge Fund	8,869	7,421	7,709	13,870
Comprehensive Transportation Fund	262,820	283,459	253,451	254,045
Aeronautics Fund	117,691	138,712	166,954	135,473
Transportation Related Trust Fund	281,796	266,271	239,403	174,024
1989 State Trunkline Bond Proceeds Fund	625	1,271	635	14
1992 State Trunkline Bond Proceeds Fund	2,194	5,495	880	6,078
1992 Comprehensive Transportation Bond Proceeds Fund	1,773	-	-	-
1994 State Trunkline Bond Proceeds Fund	1,164	3,997	411	(520)
2001 Build Michigan III Bond Proceeds Fund	76,606	51,124	56,489	13,663
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds Fund	169,588	58,497	66,207	94,827
2002 & 2003 Comprehensive Transportation Bond Proceeds Fund	21,340	23,201	16,205	19,900
2004 State Trunkline Bond Proceeds Fund	-	63,416	115,184	132,305
2011 State Trunkline Bond Proceeds Fund	-	-	-	-
Economic Stimulus Bonds	-	-	-	-
Jobs Today Bond Proceeds Fund	-	-	-	83,336
Blue Water Bridge Plaza Series Bonds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES AND OTHER USES	\$ 4,334,054	\$ 4,377,200	\$ 4,586,296	\$ 4,603,407

<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
\$ 1,943,436	\$ 1,889,569	\$ 1,838,990	\$ 1,840,178	\$ 1,852,109	\$ 1,858,160
95,899	71,997	76,031	77,173	68,427	68,739
1,668,203	1,518,646	1,672,977	1,719,438	1,796,420	1,609,683
14,225	15,959	12,913	19,133	21,934	22,573
262,128	277,606	275,093	286,146	293,560	314,275
134,785	124,725	131,889	141,038	98,119	117,694
205,607	292,120	277,365	370,918	256,695	247,875
41	-	-	-	-	-
194	3,624	4	330	325	5
-	-	-	-	-	-
111	4	1	(4)	-	(3)
3,857	1,224	1,396	684	102	(6)
53,841	32,191	(2)	9	610	565
5,855	2,586	17,241	13,029	13,348	144
10,402	77,806	4,614	60	804	31
-	-	-	-	-	63,018
-	-	150,174	4,295	1,434	24,340
501,507	25,863	154,922	58,407	91,483	26,745
-	-	-	-	(6)	61,010
<u>\$ 4,900,091</u>	<u>\$ 4,333,920</u>	<u>\$ 4,613,608</u>	<u>\$ 4,530,834</u>	<u>\$ 4,495,364</u>	<u>\$ 4,414,848</u>
\$ 1,943,436	\$ 1,889,569	\$ 1,838,990	\$ 1,840,178	\$ 1,852,109	\$ 1,858,160
85,342	75,250	78,341	71,563	70,372	67,737
1,540,590	1,702,452	1,747,662	1,818,278	1,684,489	1,628,318
10,145	12,815	10,320	5,962	7,474	14,644
261,237	270,758	273,245	290,025	277,708	293,624
135,402	123,681	132,531	141,247	97,239	119,053
205,607	292,120	277,365	370,918	256,695	247,875
1,089	-	-	-	-	-
196	2,087	(10)	488	329	1,710
-	-	-	-	-	-
439	5	1	2	-	28
28,249	11,992	18,936	30	701	(134)
53,781	32,163	29	-	675	25
27,413	15,805	11,186	21,663	14,665	22,573
159,271	66,624	18,914	3,176	1,439	712
-	-	-	-	-	26,490
-	-	8,303	114,089	27,488	3,270
222,486	234,404	109,365	79,981	48,664	48,960
-	-	-	-	26,042	25,348
<u>\$ 4,674,683</u>	<u>\$ 4,729,725</u>	<u>\$ 4,525,178</u>	<u>\$ 4,757,600</u>	<u>\$ 4,366,089</u>	<u>\$ 4,358,393</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
ECONOMIC DEVELOPMENT FUND
 FISCAL YEARS ENDED SEPTEMBER 30, 2012 and 2011
 (In Thousands)

	2012	2011
REVENUES AND OTHER SOURCES		
Licenses and permits	\$ 828	\$ 686
Federal aid	26,366	26,834
Local participation	-	143
Interest earnings	166	255
Michigan Transportation Fund distribution	40,275	40,275
Miscellaneous	950	97
Fees	154	137
Total Revenues and Other Sources	68,739	68,427
EXPENDITURES AND OTHER USES		
Administration	414	449
Forest roads	5,000	5,040
Target industries-state takeovers	17,741	22,779
Rural county urban system	4,082	1,818
Urban county congestion	15,425	15,783
Rural county primary	15,900	15,330
Debt service	9,175	9,173
Total Expenditures and Other Uses	67,737	70,372
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	1,002	(1,945)
Fund Balances-Beginning of fiscal year	109,657	111,602
Fund Balances-End of fiscal year	\$ 110,659	\$ 109,657

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

License and permit revenue was reduced in FY 2011, and FY 2012 because of a \$12 million transfer to the State's Trunkline fund that was required by P.A. 145 of 2011.

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MICHIGAN DEPARTMENT OF TRANSPORTATION
CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS
BY FUNCTIONAL ACTIVITY
FISCAL YEAR ENDED SEPTEMBER 30, 2012
(In Thousands)

	<u>Construction Supervision</u>	<u>Preliminary Engineering</u>	<u>Right-of-Way</u>
STATE TRUNKLINE FUND			
Roads and bridges	\$ 84,862	\$ 100,588	\$ 21,426
Economic development fund	2,222	445	2,055
Work orders - state facilities	-	-	-
	<u>87,084</u>	<u>101,033</u>	<u>23,481</u>
Subtotal	<u>87,084</u>	<u>101,033</u>	<u>23,481</u>
BLUE WATER BRIDGE FUND			
	<u>1,006</u>	<u>615</u>	<u>13</u>
Subtotal	<u>1,006</u>	<u>615</u>	<u>13</u>
STATE AERONAUTICS AND GENERAL FUNDS			
Airport development	6,813	10,728	8,666
Work orders - state facilities	-	-	-
	<u>6,813</u>	<u>10,728</u>	<u>8,666</u>
Subtotal	<u>6,813</u>	<u>10,728</u>	<u>8,666</u>
COMPREHENSIVE TRANSPORTATION FUND			
Rail freight	-	-	-
Bus transit	-	-	-
Intercity bus, rail, water	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
BOND PROCEEDS FUNDS			
State Trunkline Fund	7,362	1,971	(290)
Comprehensive Transportation Fund	-	81	4,971
Aeronautics Fund	95	143	210
	<u>7,457</u>	<u>2,195</u>	<u>4,890</u>
Subtotal	<u>7,457</u>	<u>2,195</u>	<u>4,890</u>
Total Capital Acquisitions	<u>\$ 102,360</u>	<u>\$ 114,571</u>	<u>\$ 37,050</u>

<u>Utility Relocation</u>	<u>Physical Construction</u>	<u>Special Projects</u>	<u>Other Activities</u>	<u>Totals</u>
\$ 946	\$ 717,647	\$ -	\$ 4,020	\$ 929,490
-	53,895	-	5,002	63,618
-	-	-	4,059	4,059
<u>946</u>	<u>771,542</u>	<u>-</u>	<u>13,081</u>	<u>997,167</u>
-	-	-	-	-
-	5,299	-	-	6,933
-	5,299	-	-	6,933
-	-	-	-	-
-	83,026	-	12	109,245
-	-	-	177	177
-	83,026	-	188	109,421
-	-	-	-	-
-	-	-	3,459	3,459
-	-	-	34,741	34,741
-	-	-	26,430	26,430
-	-	-	64,631	64,631
-	-	-	-	-
-	49,966	-	554	59,562
-	1,815	-	9,842	16,708
-	1,617	-	96	2,160
-	53,398	-	10,491	78,431
<u>\$ 946</u>	<u>\$ 913,264</u>	<u>\$ -</u>	<u>\$ 88,391</u>	<u>\$ 1,256,582</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS
BY FUNCTIONAL ACTIVITY
FISCAL YEAR ENDED SEPTEMBER 30, 2011
(In Thousands)

	<u>Construction Supervision</u>	<u>Preliminary Engineering</u>	<u>Right-of-Way</u>
STATE TRUNKLINE FUND			
Roads and bridges	\$ 89,198	\$ 111,601	\$ 28,487
Economic development fund	2,041	174	449
Work orders - state facilities	-	-	-
	<hr/>	<hr/>	<hr/>
Subtotal	91,239	111,775	28,936
	<hr/>	<hr/>	<hr/>
BLUE WATER BRIDGE FUND			
	68	138	9
	<hr/>	<hr/>	<hr/>
Subtotal	68	138	9
	<hr/>	<hr/>	<hr/>
STATE AERONAUTICS AND GENERAL FUNDS			
Airport development	5,449	5,470	5,567
Work orders - state facilities	-	-	-
	<hr/>	<hr/>	<hr/>
Subtotal	5,449	5,470	5,567
	<hr/>	<hr/>	<hr/>
COMPREHENSIVE TRANSPORTATION FUND			
Rail freight	-	-	-
Bus transit	-	-	-
Intercity bus, rail, water	-	-	-
	<hr/>	<hr/>	<hr/>
Subtotal	-	-	-
	<hr/>	<hr/>	<hr/>
BOND PROCEEDS FUNDS			
State Trunkline Fund	7,677	794	406
Comprehensive Transportation Fund	-	66	-
Aeronautics Fund	218	550	367
	<hr/>	<hr/>	<hr/>
Subtotal	7,895	1,410	772
	<hr/>	<hr/>	<hr/>
Total Capital Acquisitions	\$ <u>104,651</u>	\$ <u>118,793</u>	\$ <u>35,285</u>

<u>Utility Relocation</u>	<u>Physical Construction</u>	<u>Special Projects</u>	<u>Other Activities</u>	<u>Totals</u>
\$ 254	\$ 763,389	\$ 3,733	\$ 7,042	\$ 1,003,703
-	61,387	-	5,326	69,377
-	-	-	2,071	2,071
<u>254</u>	<u>824,776</u>	<u>3,733</u>	<u>14,439</u>	<u>1,075,151</u>
-	343	-	-	557
-	343	-	-	557
-	76,098	-	-	92,584
-	-	-	3,456	3,456
-	76,098	-	3,456	96,040
-	-	-	1,623	1,623
-	-	-	24,468	24,468
-	-	-	3,958	3,958
-	-	-	30,049	30,049
-	46,102	-	(7)	54,972
-	6,506	-	636	7,208
-	1,413	-	5	2,552
-	54,020	-	635	64,732
<u>\$ 254</u>	<u>\$ 955,237</u>	<u>\$ 3,733</u>	<u>\$ 48,578</u>	<u>\$ 1,266,530</u>



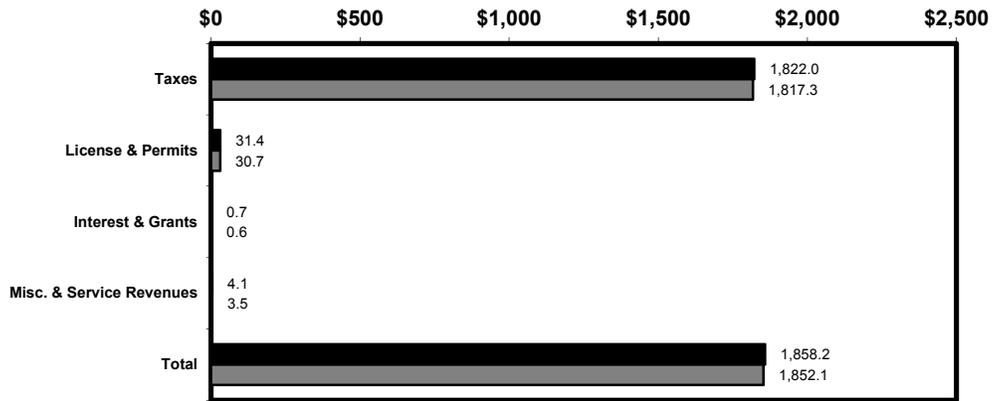
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GRAPHIC PRESENTATIONS

REVENUES AND OTHER SOURCES

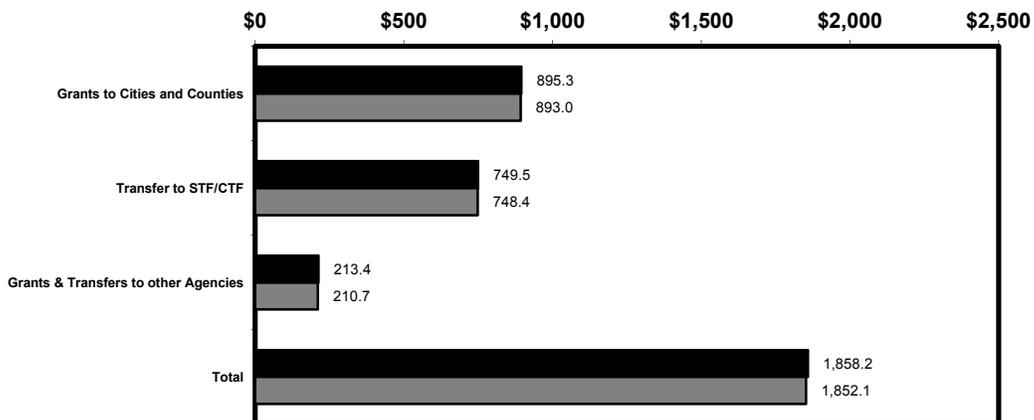
In Millions



■ 2012 ■ 2011

EXPENDITURES AND OTHER USES

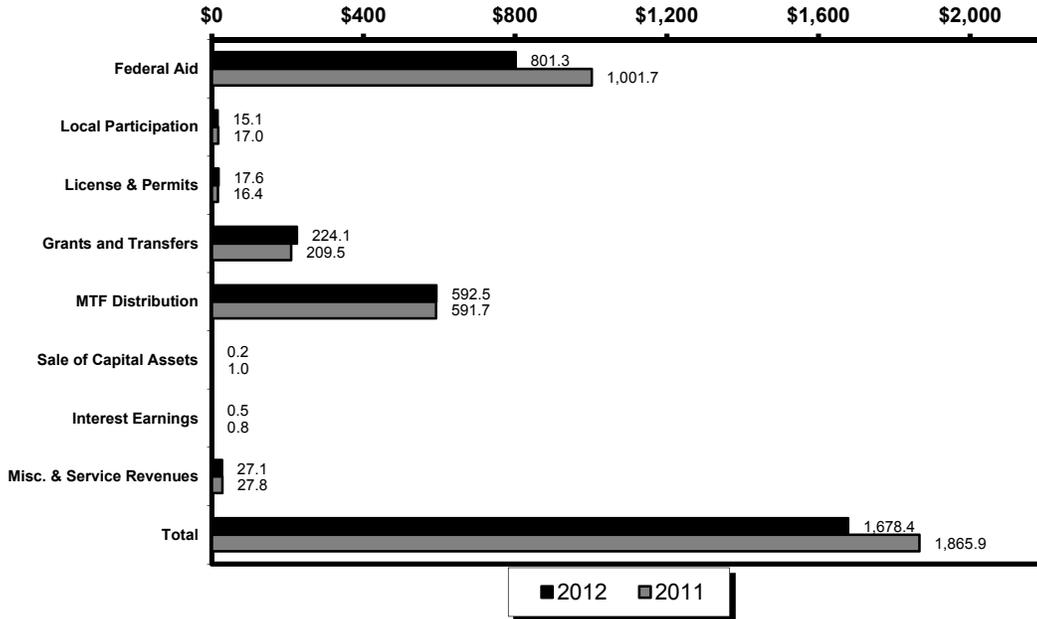
In Millions



■ 2012 ■ 2011

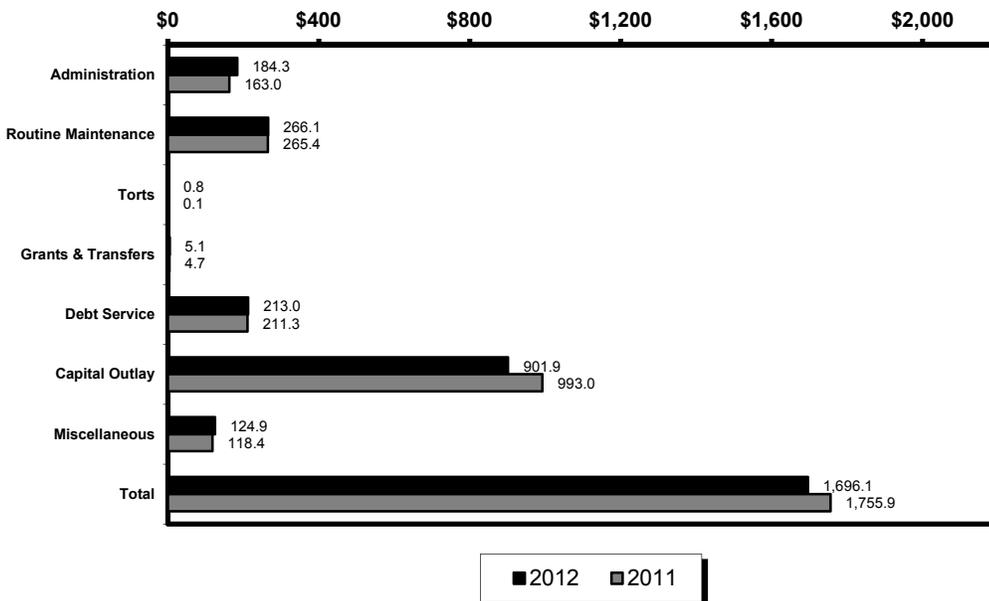
REVENUES AND OTHER SOURCES

In Millions



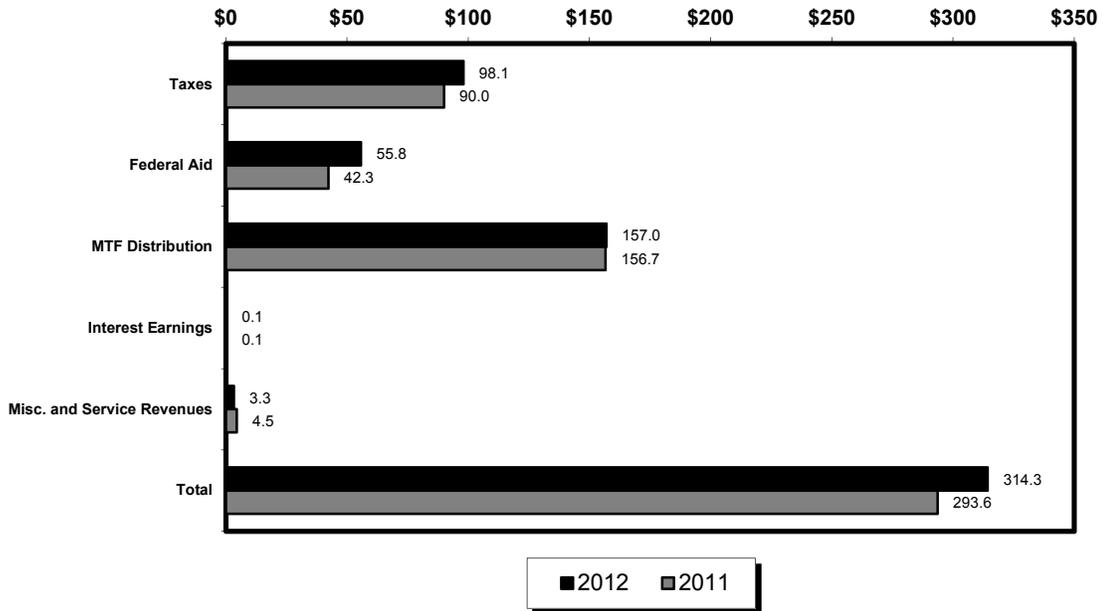
EXPENDITURES AND OTHER USES

In Millions



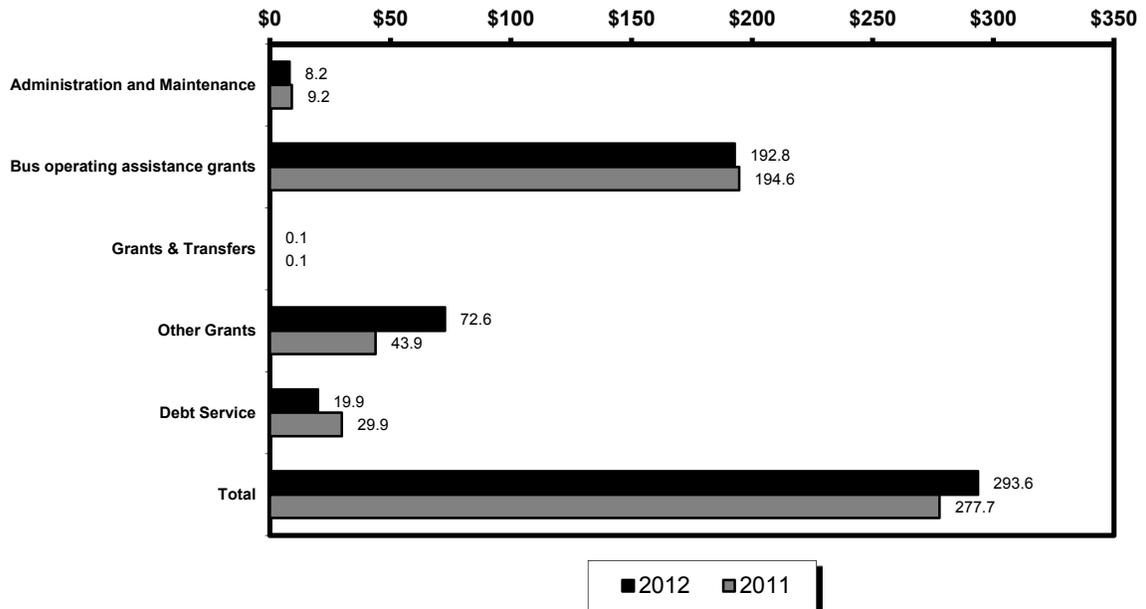
REVENUES AND OTHER SOURCES

In Millions

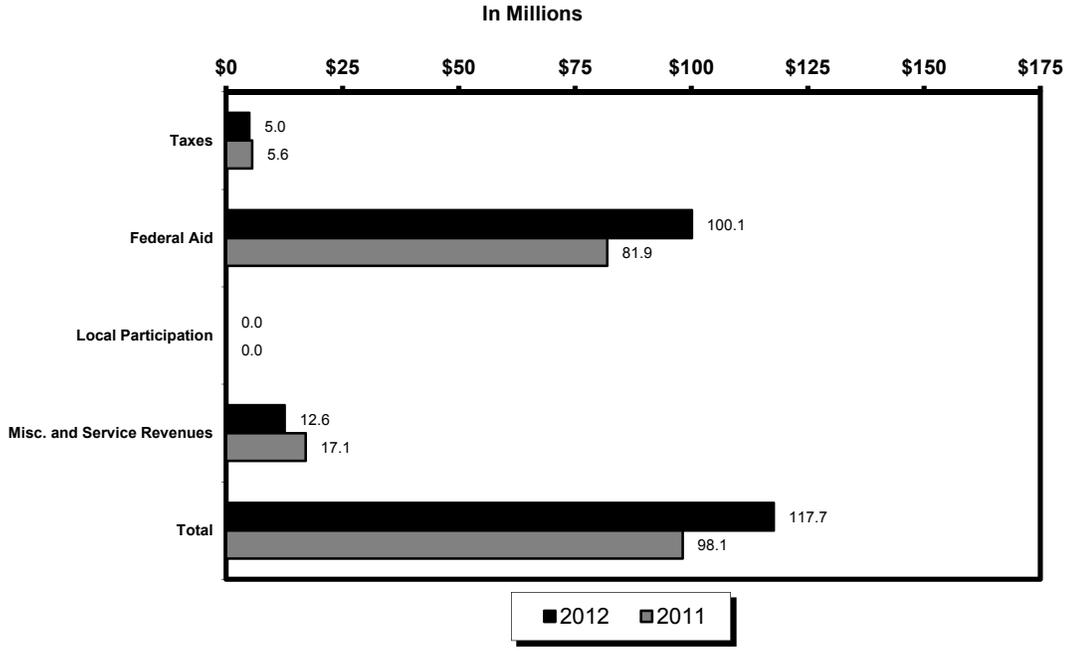


EXPENDITURES AND OTHER USES

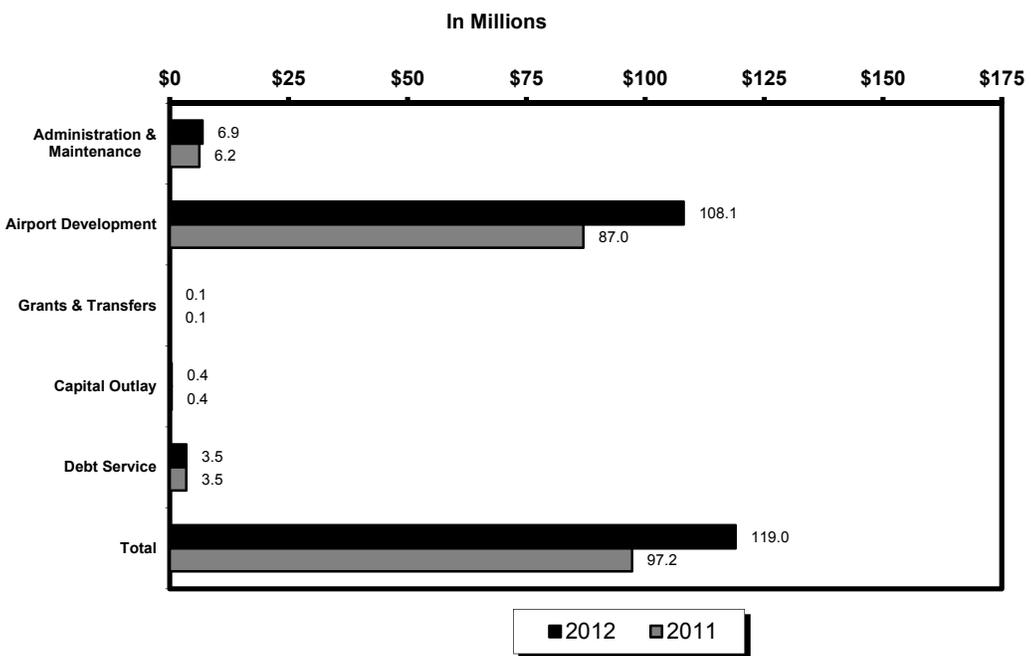
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REVENUES AND OTHER SOURCES

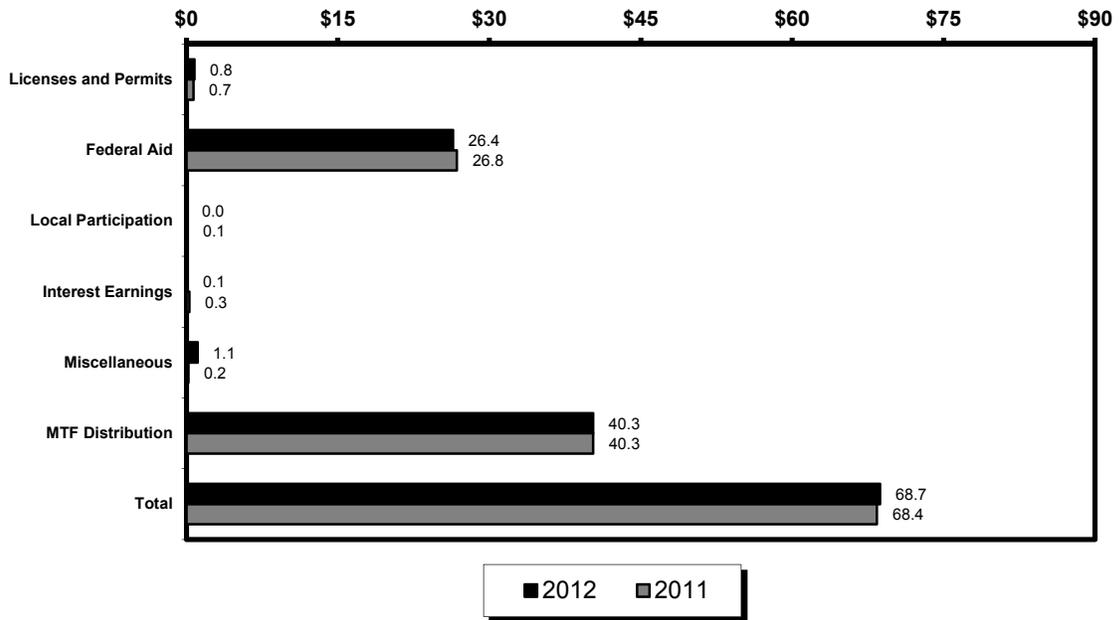


EXPENDITURES AND OTHER USES



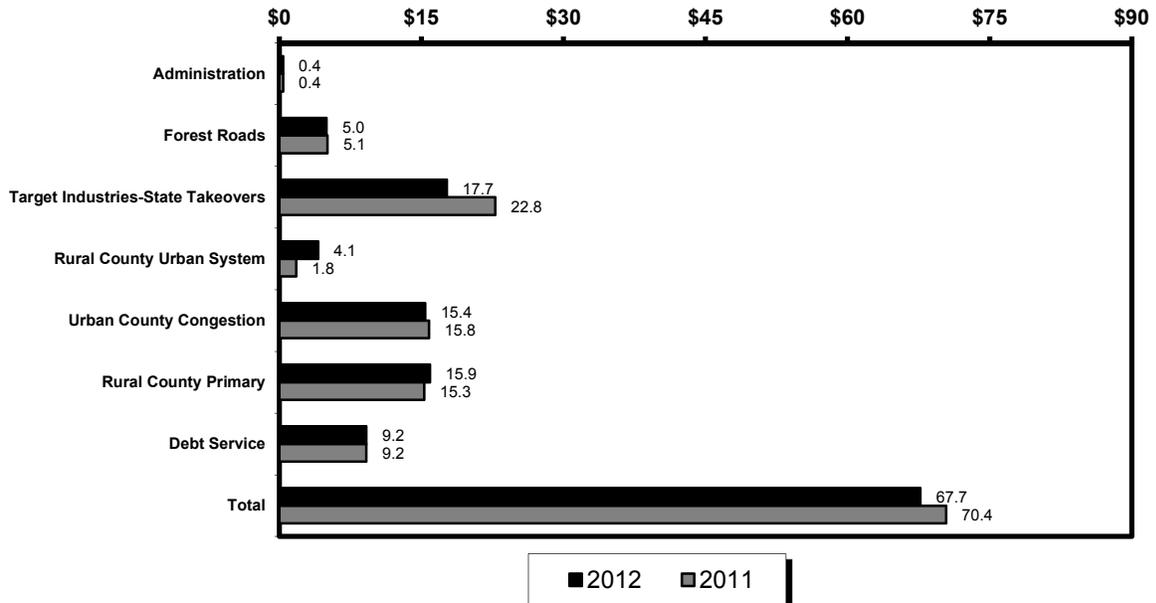
REVENUES AND OTHER SOURCES

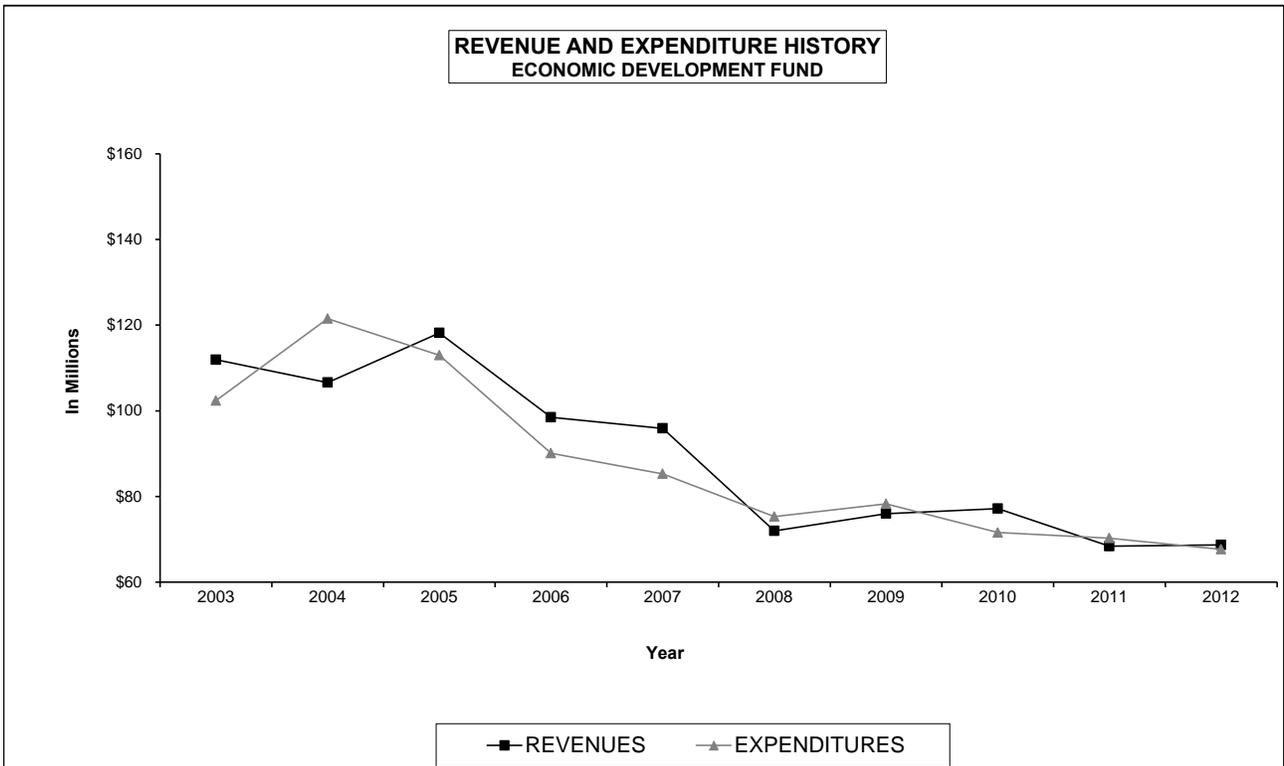
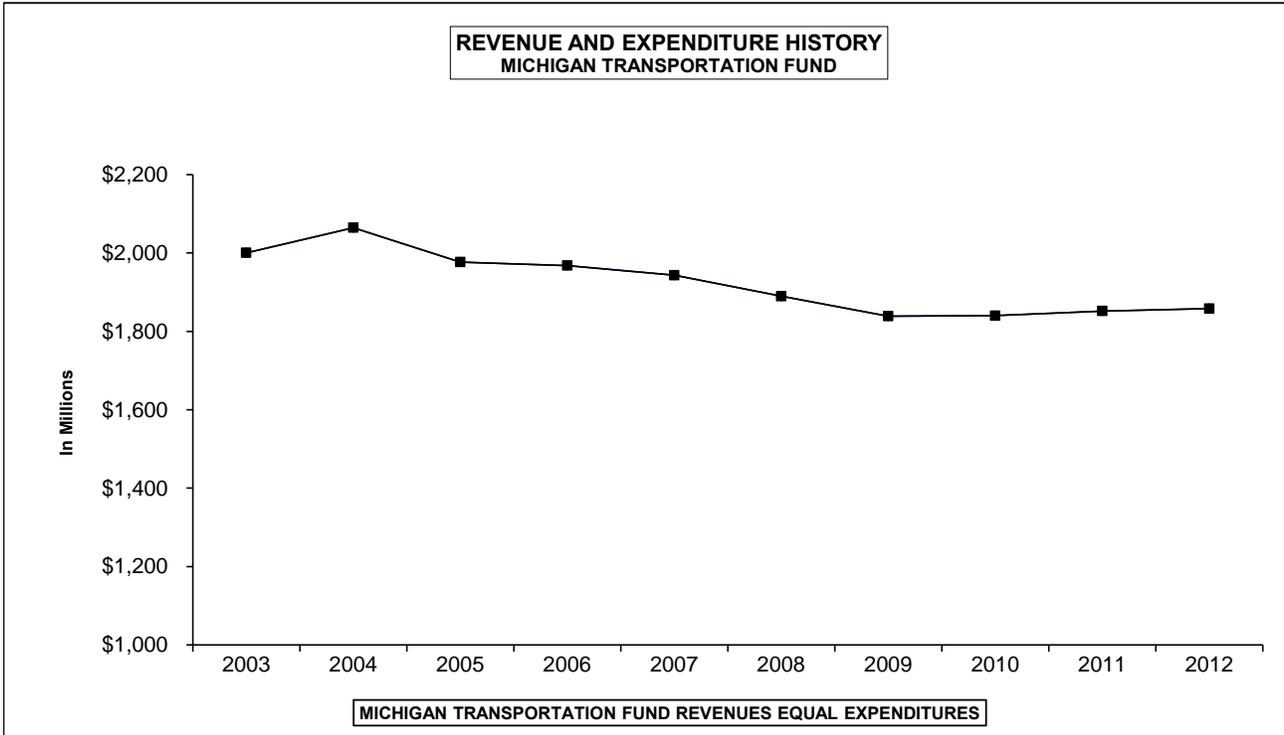
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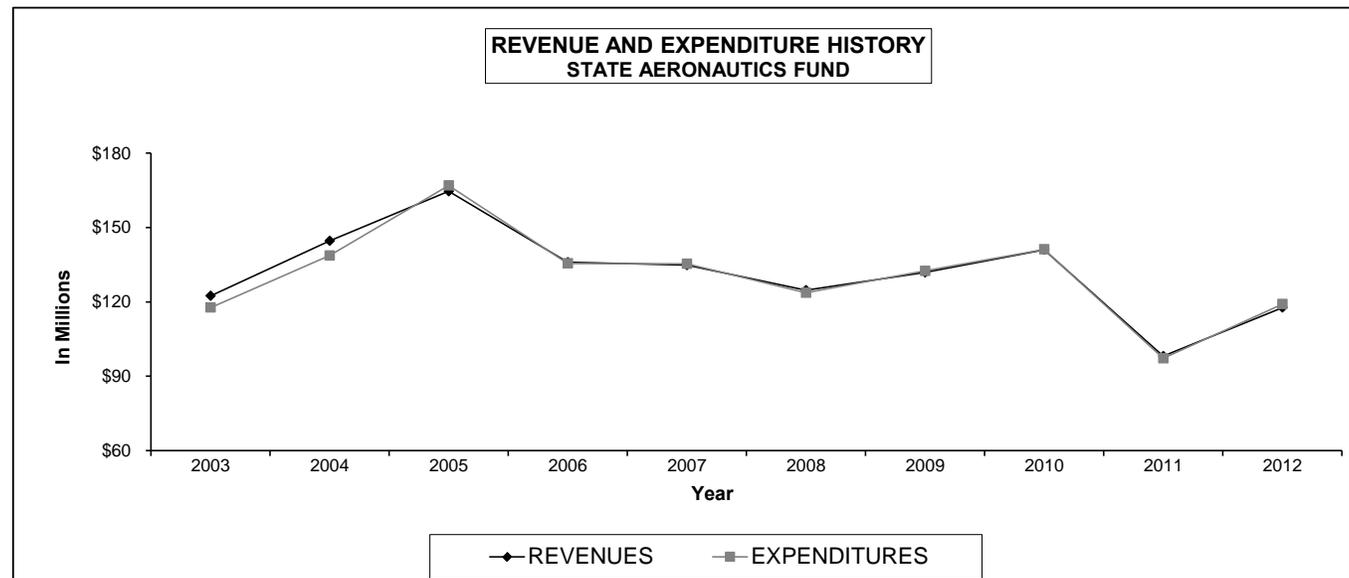
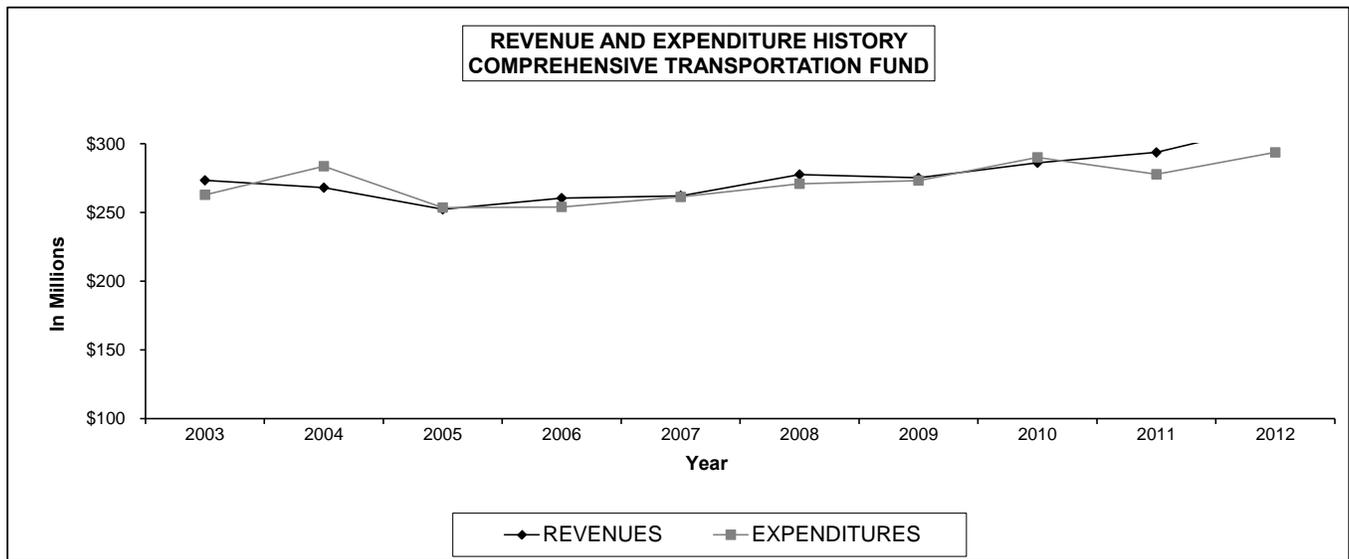
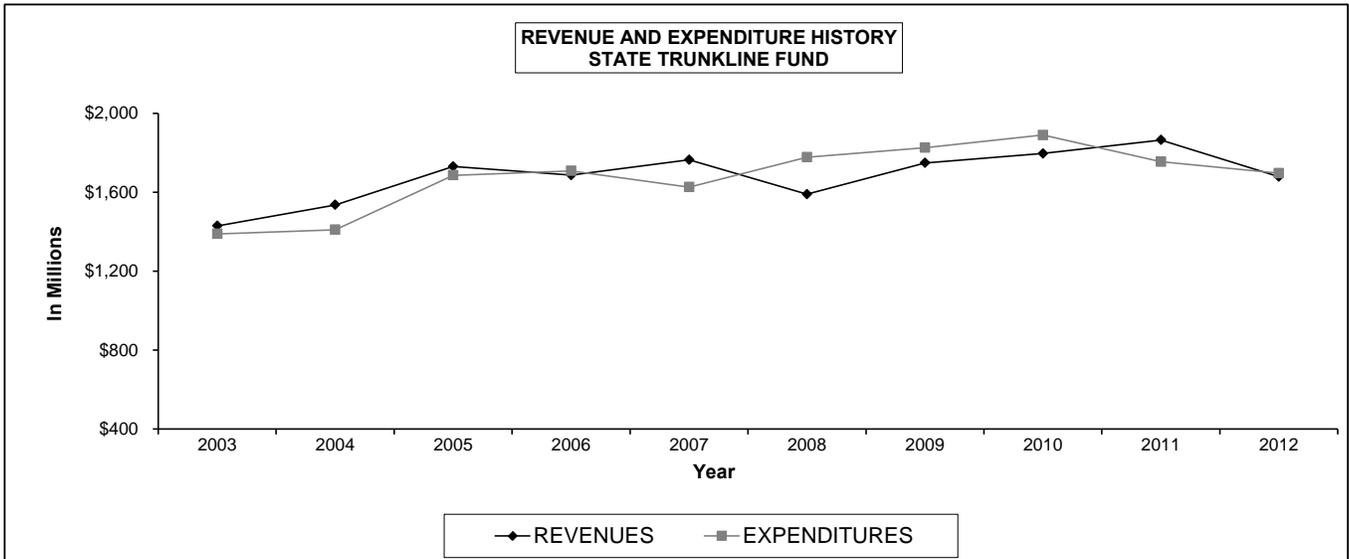


EXPENDITURES AND OTHER USES

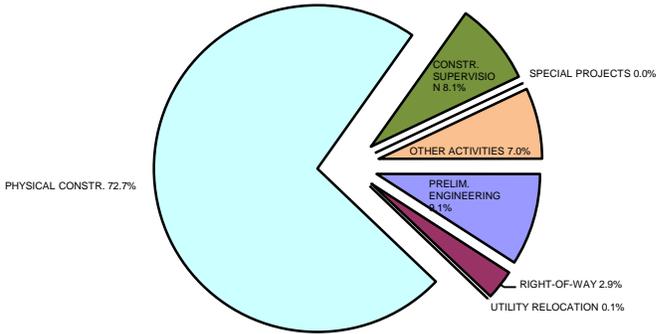
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2012

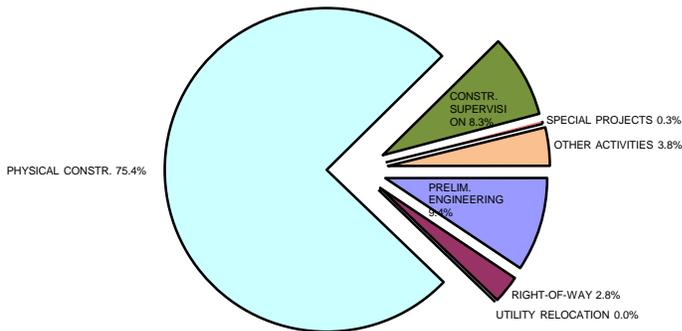


FISCAL YEAR 2012 **AMOUNT**

(In Thousands)

PRELIM. ENGINEERING	\$	114,571
RIGHT-OF-WAY	\$	37,050
UTILITY RELOCATION	\$	946
PHYSICAL CONSTR.	\$	913,264
CONSTR. SUPERVISION	\$	102,360
SPECIAL PROJECTS	\$	-
OTHER ACTIVITIES	\$	88,391
TOTAL	\$	1,256,582

2011



FISCAL YEAR 2011 **AMOUNT**

(In Thousands)

PRELIM. ENGINEERING	\$	118,793
RIGHT-OF-WAY	\$	35,285
UTILITY RELOCATION	\$	254
PHYSICAL CONSTR.	\$	955,237
CONSTR. SUPERVISION	\$	104,651
SPECIAL PROJECTS	\$	3,733
OTHER ACTIVITIES	\$	48,578
TOTAL	\$	1,266,530