

Annual Financial Report **2015**

Fiscal Year Ending September 2015



MICHIGAN DEPARTMENT OF TRANSPORTATION

ANNUAL FINANCIAL REPORT

Fiscal Years Ended September 30, 2015 & 2014

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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, 2015

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



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STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

RICK SNYDER
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

February 11, 2016

State Transportation Commission
Attn: Chairman Wyatt
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 present the Annual Financial Report for the Michigan Department of Transportation (Department) for the fiscal years (FY) ending September 30, 2014 and 2015. 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

Throughout the year, the Department delivered innovative products, services, and technology within available resources and received one-time State General Fund support in the amount of \$284.6 million to partially address transportation funding shortfalls.

For the year, there was a \$105.6 million increase in state transportation revenues. The Michigan Transportation Fund (MTF) received \$978.1 million in Motor Vehicle Registration Tax revenue, a \$37.6 million increase compared to FY 2014. Gasoline and Diesel fuel taxes were \$1 billion, a \$44 million increase compared to FY 2014. The State Trunkline Fund (STF) revenue from Federal Agencies increased by \$35 million compared to FY 2014 while revenue from local agencies increased by \$4 million. The Comprehensive Transportation Fund (CTF) received \$172.4 million in MTF revenue for public transportation services, a \$7 million increase compared to FY 2014 while revenue from federal agencies decreased \$5 million and Motor Fuel Taxes decreased by \$11.2 million. In FY 2015, Aviation Fuel Tax Revenue deposited in the State Aeronautics Fund increased by \$1.3 million to \$6.3 million and revenue from federal agencies remained steady at \$74 million.

As part of its ongoing effort to effectively manage the agency's debt obligation, the Department issued fixed rate Comprehensive Transportation Refunding Bonds Series 2015 in the amount of \$29.4 million, maturing in fiscal years 2017 to 2031. From the debt proceeds, \$34.3 million was deposited with an escrow agent to refund Comprehensive Transportation and Refunding Bonds

Series 2006. As a result of this refunding, the Department's debt service decreased by \$6.1 million over the next 16 years and achieved an economic gain of \$4.7 million through this refunding.

On November 10, 2015, Governor Rick Snyder signed nine bills into law that will raise \$1.2 billion by FY 2021 for transportation through registration fee increases, motor fuel tax increases, and budgetary shifts in the General Fund. Beginning in FY 2017, together with increases in baseline revenue, the state transportation revenue package will result in \$533.3 million in new revenues for the MTF. In the interim, for FY 2016, \$400 million in General Fund revenue has been allocated for transportation to fully match federal aid and provide for improvements to Michigan's roads and bridges.

In addition to the state revenue package, the federal Fixing American's Surface Transportation (FAST) Act represents the first long-term federal transportation re-authorization bill in over a decade, providing \$57.5 million in new support for Michigan highway and transit programs in FY 2016, in addition to the over \$1 billion that the state receives in federal transportation funding annually.

In December 2015, aviation sales tax legislation was adopted that re-directs a portion of aviation fuel sales tax revenue to support aviation and airport improvement programs. For FY 2017, an estimated \$13.5 million in new revenue will be available for airport improvements and aviation programs.

These three funding enhancements provide Michigan's transportation with a stable outlook for the first time in many years and will have a significant and long-lasting impact on preserving and improving Michigan's transportation infrastructure. These funding actions beginning in FY 2016 result in funding increases across all major modes of transportation including state and local roads, transit and rail, aviation and airport improvement.

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 2015, the Department was confronted with increased project costs, stretched budgets, and an aging infrastructure. Currently, pavement and bridge conditions are rated at 84 percent and 95 percent good and fair, respectively. The overall system health of trunkline pavements remains steady at 7.54 years average remaining life at the end of FY 2015. Asset management technology and strategies continue to enhance accurate forecasting of pavement condition and assist in prioritization of future projects.

The Capital Program provided Michigan travelers with approximately 523 lane miles of improved roads and 182 rehabilitated and maintained bridges. There were 31 projects obligated for the reconstruction and rehabilitation of trunkline roads. Additionally, the Department managed good

and fair roads by extending the life on about 1,107 lane miles of pavement through the Capital Preventive Maintenance Program. With the FY 2015 Highway Program investment, the Department continued to positively influence Michigan's economy by supporting 12,000 jobs.

The Highway Capital and Maintenance Programs invested \$1.24 billion to maintain the 9,700 route mile (32,000 lane miles) state trunkline system, including pre-construction phases (project scoping, environmental clearance, design, and right-of-way acquisition) and construction projects. Highlights of the FY 2015 Highway Program include; pavement preservation activities, including road rehabilitation and reconstruction and capital preventive maintenance totaling \$464 million. Bridge preservation activities, including bridge rehabilitation and reconstruction and bridge capital preventive maintenance, totaled \$221 million. Routine maintenance activities total an estimated \$310 million; this includes pothole filling, snow plowing, sweeping, and grass cutting. Other funding received in FY 2015 included \$46 million in General Fund revenue.

The Department allocated \$62 million in federal and state funds to work categories that include signs, pavement markings, median cable guardrail, traffic signals, and safety programs that address several focus areas in Michigan's State Highway Safety Plan. There were 15 safety projects, which will address 21 fatalities and 27 serious injuries which occurred at these locations.

The Department's focus continued to be on preservation of existing public transportation services by distributing \$167.4 million in CTF monies for local transit operations, and allocating \$27.9 million in CTF funds and \$5 million in General Funds to match approximately \$131.6 million in federal transit capital funds. State and federal funds were used to maintain intercity bus services in nearly 130 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.

The Department continued to make targeted capital investments designed to help maintain efficient freight service on the 530 miles of state-owned freight rail lines operated, under contract, by four railroad companies. Projects were begun to upgrade tracks in two rail yards, improve four timber bridges, and rebuild two grade crossings, enhancing the safety and efficiency of the lines and helping ensure continued rail access to shippers. A number of smaller projects were undertaken as well. The Department provided funding for 44 grade crossing safety enhancement projects and three crossing closure/elimination efforts on roads under county, city, or village jurisdiction and 23 crossing projects on state trunklines, investing a total of over \$12.7 million in the interest of motorist safety. Through the Freight Economic Development Program, the Department approved loans for seven projects, investing over \$1.5 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.

State and federal funds were also used to support intercity passenger rail service to 22 Michigan communities, improve and replace intercity passenger rail facilities, and improve the state-owned accelerated rail corridor, all in an effort to spur economic development along Michigan's rail lines. The Department distributed \$21.5 million in CTF monies to support passenger rail operations along the Wolverine, Pere Marquette and Blue Water routes. Previously-allocated American Recovery and Reinvestment Act (ARRA) and CTF dollars continued to be invested in infrastructure upgrades to benefit both passengers and freight users along Michigan Department of Transportation's (MDOT) 135-mile accelerated rail corridor between Dearborn and Kalamazoo. These investments supported efforts to achieve higher-speed service and reduce travel times. The final two intermodal station facility projects for which Michigan received ARRA funding were completed.

The Department approved 168 contracts for capital improvements to Michigan's airports. The amount in federal, state and local grants totaled \$71,021,746. These numbers do not include improvements to airports made by the local sponsors that are not required to be reported to the state or federal governments. Locally funded projects usually exceed the amounts funded by the Federal Aviation Administration and MDOT. Most of these locally funded projects occur at primary airports and not general aviation airports. MDOT remains committed to the preservation of current assets with the goal of 100 percent of the primary runways at Tier One airports with good or better pavement. Recent inspections reveal that 82 percent of the runways met the good or better pavement criteria.

CONCLUSION

During the year, \$3.6 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. The Department will use this culture of innovation and its experience making wise investments as it enters into this era of stable funding.

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. Frierson, Bureau Director
Finance and Administration

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, 2015 and 2014
 (In Thousands)

| | GOVERNMENTAL FUND TYPES | | | |
|--|-------------------------|------------|--------------|--------|
| | SPECIAL REVENUE | | DEBT SERVICE | |
| | 2015 | 2014 | 2015 | 2014 |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - |
| Equity in Common Cash | 174,214 | 195,899 | 25 | 298 |
| Receivables: | | | | |
| Taxes, interest, and penalties (at net) | 105,009 | 95,290 | - | - |
| Federal aid | 84,631 | 68,995 | - | - |
| Local units | 642 | 623 | - | - |
| Other funds | 10,780 | 1,788 | - | - |
| Component Units | - | - | - | - |
| Other Current Assets | 485 | 2,388 | - | - |
| Inventories | - | - | - | - |
| Total Current Assets | 375,761 | 364,983 | 25 | 298 |
| Noncurrent Assets: | | | | |
| Receivables: | | | | |
| Taxes | 2,511 | 2,527 | - | - |
| Federal aid | - | - | - | - |
| Local units | 623 | 938 | - | - |
| Advances to other funds | - | - | - | - |
| Land contracts | - | - | - | - |
| Miscellaneous | 262 | 316 | - | - |
| Total Noncurrent Assets | 3,396 | 3,781 | - | - |
| Total Assets | \$ 379,157 | \$ 368,764 | \$ 25 | \$ 298 |
| LIABILITIES AND FUND BALANCES | | | | |
| Current Liabilities: | | | | |
| Warrants outstanding | \$ 855 | \$ 4,650 | \$ - | \$ - |
| Accounts payable | 234,164 | 213,547 | 25 | 298 |
| Contract reserve payable | - | - | - | - |
| Due to other funds and Components | 9,449 | 8,178 | - | - |
| Deposits, permits and other liabilities | 9,160 | 2,000 | - | - |
| Unearned revenue | 209 | 336 | - | - |
| Total Current Liabilities | 253,836 | 228,710 | 25 | 298 |
| Long-Term Liabilities: | | | | |
| Unearned revenue | 45 | 67 | - | - |
| Total Long-Term Liabilities | 45 | 67 | - | - |
| Total Liabilities | 253,882 | 228,777 | 25 | 298 |
| DEFERRED INFLOWS OF RESOURCES | 11,280 | 11,343 | - | - |
| Fund Balance: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 113,995 | 128,643 | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Total Fund Balances | 113,995 | 128,643 | - | - |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 379,157 | \$ 368,764 | \$ 25 | \$ 298 |

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

| CAPITAL PROJECTS | | TOTALS | |
|---------------------|---------------------|---------------------|---------------------|
| 2015 | 2014 | 2015 | 2014 |
| \$ 53 | \$ 91 | \$ 53 | \$ 91 |
| 918,681 | 902,824 | 1,092,920 | 1,099,021 |
| 510 | 466 | 105,519 | 95,757 |
| 218,654 | 212,386 | 303,286 | 281,381 |
| 73,793 | 49,153 | 74,434 | 49,776 |
| 7,269 | 6,290 | 18,050 | 8,078 |
| 4,154 | 1,777 | 4,154 | 1,777 |
| 6,788 | 3,471 | 7,273 | 5,859 |
| 13,549 | 7,685 | 13,549 | 7,685 |
| <u>1,243,451</u> | <u>1,184,145</u> | <u>1,619,238</u> | <u>1,549,425</u> |
| - | - | 2,511 | 2,527 |
| - | - | - | - |
| 35,169 | 31,011 | 35,792 | 31,949 |
| - | - | - | - |
| 28 | 58 | 28 | 58 |
| - | - | 262 | 316 |
| <u>35,197</u> | <u>31,069</u> | <u>38,593</u> | <u>34,850</u> |
| \$ <u>1,278,649</u> | \$ <u>1,215,214</u> | \$ <u>1,657,831</u> | \$ <u>1,584,275</u> |
| \$ 2,270 | \$ 9,129 | \$ 3,125 | \$ 13,779 |
| 269,265 | 254,316 | 503,453 | 468,161 |
| 706 | 252 | 706 | 252 |
| 12,938 | 4,082 | 22,387 | 12,260 |
| 33,466 | 29,169 | 42,626 | 31,169 |
| 3,672 | 5,614 | 3,882 | 5,949 |
| <u>322,318</u> | <u>302,561</u> | <u>576,179</u> | <u>531,569</u> |
| 31 | 34 | 76 | 101 |
| <u>31</u> | <u>34</u> | <u>76</u> | <u>101</u> |
| <u>322,348</u> | <u>302,595</u> | <u>576,255</u> | <u>531,669</u> |
| 534 | 153 | 11,814 | 11,497 |
| 13,549 | 7,685 | 13,549 | 7,685 |
| 942,218 | 904,781 | 1,056,214 | 1,033,424 |
| - | - | - | - |
| - | - | - | - |
| <u>955,767</u> | <u>912,466</u> | <u>1,069,762</u> | <u>1,041,109</u> |
| \$ <u>1,278,649</u> | \$ <u>1,215,214</u> | \$ <u>1,657,831</u> | \$ <u>1,584,276</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, 2015 and 2014
 (In Thousands)

| | GOVERNMENTAL FUND TYPES | | | |
|--|-------------------------|-------------------|------------------|------------------|
| | SPECIAL REVENUE | | DEBT SERVICE | |
| | 2015 | 2014 | 2015 | 2014 |
| REVENUES | | | | |
| Taxes | \$ 2,072,745 | \$ 2,001,417 | \$ - | \$ - |
| License and permits | 35,562 | 34,317 | - | - |
| Federal aid | 118,694 | 123,939 | - | - |
| Local participation | - | - | - | - |
| Interest earnings | 188 | 123 | - | - |
| Services | 3,870 | 3,785 | - | - |
| Non-operating revenue-bridges | - | - | - | - |
| Miscellaneous | 5,702 | 8,382 | - | - |
| Total Revenues | <u>2,236,761</u> | <u>2,171,961</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Administration and Operations: | | | | |
| Administration and maintenance | 17,209 | 16,938 | - | - |
| Bus operating assistance grants | 187,849 | 194,203 | - | - |
| Other grants | 1,167,031 | 1,103,584 | - | - |
| Airport development | - | - | - | - |
| Non-operating expenditures-bridges | - | - | - | - |
| Trust fund construction activity | - | - | - | - |
| Capital lease payments | - | - | - | - |
| Costs of issuance | - | - | 241 | 1,187 |
| Bond principal retirement | - | - | 135,910 | 129,490 |
| Bond interest and fiscal charges | - | - | 100,664 | 112,032 |
| Total Administration and Operations | <u>1,372,089</u> | <u>1,314,724</u> | <u>236,815</u> | <u>242,709</u> |
| Capital Outlay: | | | | |
| Roads and bridges | - | - | - | - |
| Other capital outlay | - | - | - | - |
| Total Capital Outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>1,372,089</u> | <u>1,314,724</u> | <u>236,815</u> | <u>242,709</u> |
| Excess of Revenues Over (Under) Expenditures | <u>864,672</u> | <u>857,237</u> | <u>(236,815)</u> | <u>(242,709)</u> |
| OTHER FINANCING SOURCES | | | | |
| Michigan Transportation Fund distribution | 172,482 | 165,492 | - | - |
| Grants and transfers from other funds | 2,027 | 1,823 | 236,543 | 241,522 |
| Capital Lease Acquisitions | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - |
| Proceeds from bonds and notes issued | - | - | 29,380 | 265,085 |
| Premium on bonds issued | - | - | 5,207 | 35,223 |
| Total Other Financing Sources | <u>174,509</u> | <u>167,315</u> | <u>271,130</u> | <u>541,830</u> |
| OTHER FINANCING USES | | | | |
| Michigan Transportation Fund distribution | 822,825 | 788,067 | - | - |
| Grants and transfers to other funds | 212,820 | 204,657 | - | - |
| Discount on bonds issued | - | - | - | - |
| Debt service | 18,184 | 19,052 | - | - |
| Payment to refunded bond escrow agent | - | - | 34,315 | 299,121 |
| Total Other Financing Uses | <u>1,053,830</u> | <u>1,011,777</u> | <u>34,315</u> | <u>299,121</u> |
| Excess of Other Financing Sources Over (Under) Other Financing Uses | <u>(879,320)</u> | <u>(844,461)</u> | <u>236,815</u> | <u>242,709</u> |
| Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses | (14,648) | 12,776 | - | - |
| Fund balances-Beginning of fiscal year | 128,643 | 115,867 | - | - |
| Fund balances-End of fiscal year | <u>\$ 113,995</u> | <u>\$ 128,643</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| CAPITAL PROJECTS | | TOTALS | |
|-------------------|-------------------|---------------------|---------------------|
| 2015 | 2014 | 2015 | 2014 |
| \$ 6,386 | \$ 5,056 | \$ 2,079,131 | \$ 2,006,473 |
| 17,141 | 16,821 | 52,702 | 51,138 |
| 1,295,599 | 1,264,974 | 1,414,293 | 1,388,913 |
| 14,597 | 10,727 | 14,597 | 10,727 |
| 793 | 637 | 982 | 760 |
| 4,020 | 4,289 | 7,890 | 8,074 |
| 4,435 | 3,759 | 4,435 | 3,759 |
| 49,340 | 45,246 | 55,042 | 53,627 |
| <u>1,392,312</u> | <u>1,351,510</u> | <u>3,629,073</u> | <u>3,523,471</u> |
| 552,966 | 508,762 | 570,175 | 525,700 |
| - | - | 187,849 | 194,203 |
| 124,398 | 167,024 | 1,291,429 | 1,270,608 |
| 80,753 | 82,973 | 80,753 | 82,973 |
| 4,252 | 3,579 | 4,252 | 3,579 |
| 314,462 | 315,459 | 314,462 | 315,459 |
| 644 | 791 | 644 | 791 |
| - | - | 241 | 1,187 |
| - | - | 135,910 | 129,490 |
| - | - | 100,664 | 112,032 |
| <u>1,077,475</u> | <u>1,078,588</u> | <u>2,686,379</u> | <u>2,636,022</u> |
| 869,295 | 950,771 | 869,295 | 950,771 |
| 10,612 | 11,079 | 10,612 | 11,079 |
| <u>879,907</u> | <u>961,850</u> | <u>879,907</u> | <u>961,850</u> |
| <u>1,957,382</u> | <u>2,040,439</u> | <u>3,566,286</u> | <u>3,597,872</u> |
| <u>(565,070)</u> | <u>(688,929)</u> | <u>62,787</u> | <u>(74,401)</u> |
| 650,343 | 622,575 | 822,825 | 788,067 |
| 225,922 | 333,437 | 464,492 | 576,782 |
| - | 475 | - | 475 |
| 2,242 | 1,820 | 2,242 | 1,820 |
| - | - | 29,380 | 265,085 |
| - | - | 5,207 | 35,223 |
| <u>878,507</u> | <u>958,307</u> | <u>1,324,146</u> | <u>1,667,452</u> |
| - | - | 822,825 | 788,067 |
| 51,778 | 51,444 | 264,598 | 256,101 |
| - | - | - | - |
| 218,358 | 222,470 | 236,543 | 241,522 |
| - | - | 34,315 | 299,121 |
| <u>270,136</u> | <u>273,914</u> | <u>1,358,281</u> | <u>1,584,811</u> |
| <u>608,371</u> | <u>684,393</u> | <u>(34,134)</u> | <u>82,641</u> |
| 43,301 | (4,536) | 28,653 | 8,240 |
| 912,466 | 917,002 | 1,041,109 | 1,032,869 |
| <u>\$ 955,767</u> | <u>\$ 912,466</u> | <u>\$ 1,069,762</u> | <u>\$ 1,041,109</u> |



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MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

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, 2015

B. Authorities not Included as Part of Reporting Entity

Mackinac Bridge Authority

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 9 of this report.

Sault Ste. Marie Bridge Authority

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.

The SSMBA issues its own audited financial statements and is not included as part of these statements. The SSMBA is not considered a component unit of the State of Michigan and is not included in the SOMCAFR. A Summary of the financial information for the SSMBA for fiscal year ending December 31, 2014 and fiscal year ending December 31, 2013 follows (In Thousands):

| | <u>December 31, 2014</u> | <u>December 31, 2013</u> |
|--|--------------------------|--------------------------|
| Assets | \$15,484 | \$21,692 |
| Liabilities | 7,512 | 10,075 |
| Total Fund Balance | 7,972 | 11,617 |
| Total Revenues and Other Sources | 8,442 | 7,305 |
| Total Expenditures and Other Uses | 12,088 | 5,861 |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (\$3,646) | \$1,444 |

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

C. 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.

D. 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.

E. 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, 2015

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>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Equity in Common Cash | \$174,214 | \$195,899 | \$25 | \$298 | \$918,681 | \$902,824 |

The balances for the special revenue funds averaged approximately \$200.7 million and \$172.9 million and the balances for the capital projects funds averaged approximately \$768.5 million and \$734.4 million during fiscal years 2015 and 2014, respectively.

The Governmental Accounting Standards Board (GASB) requires certain disclosures related to custodial credit risk for deposits. Custodial credit risk for 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, 2015

Note 3: Current Receivables

A. Allowance for Doubtful Accounts

Current receivables recorded in the financial statements represent amounts due to the Department as of September 30, 2015 and 2014, 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>2015</u> | <u>2014</u> |
| State Trunkline Fund | \$ 1,611 | \$ 725 |
| Comprehensive Transportation Fund | - | 2 |
| Total Allowance for Doubtful Accounts | <u>\$ 1,611</u> | <u>\$ 727</u> |

B. Taxes Receivable

In the Michigan Transportation Fund, the gross amount of current taxes receivable, \$156.2 million and \$156.9 million, less allowances for uncollectible receivables, \$51.2 million and \$61.6 million result in net taxes receivable of \$105.0 million and \$95.3 million, being recorded for motor fuel taxes due to the fund as of September 30, 2015 and 2014, respectively.

In the State Aeronautics Fund, the gross amount of current taxes receivable, \$3.0 million and \$5.1 million, less allowances for uncollectible receivables, \$2.5 million and \$4.6 million result in net taxes receivable of \$500 thousand and \$500 thousand, being recorded for aviation fuel taxes due to the fund as of September 30, 2015 and 2014, respectively.

The reporting of gross receivable net of 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 \$193.5 million and \$185.9 million for the fiscal years ending September 30, 2015 and 2014, respectively. No noncurrent federal aid receivables were recorded for the fiscal years ending September 30, 2015 and 2014.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2015

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 2015 changes in reported costs for the Department's capital assets (In Millions):

Changes in Capital Assets
 Fiscal Year 2015

| | Beginning Balance | Additions | Deletions | Adjustments | Ending Balance |
|---|--------------------------|-----------------------|-------------------------|---------------------|--------------------------|
| <u>Capital assets, not depreciated:</u> | | | | | |
| Roads | \$11,744.0 | \$99.2 | (\$174.6) | \$3.0 | \$11,671.6 |
| Land | 3,047.3 | 12.2 | - | - | 3,059.6 |
| Bridges | 2,175.3 | 103.7 | (53.1) | 20.1 | 2,245.9 |
| Construction in Progress | 1,781.2 | 553.6 | (243.5) | (41.6) | 2,049.6 |
| Land Rights | 0.3 | - | - | - | 0.3 |
| <u>Capital assets, depreciated:</u> | | | | | |
| Ramps | 894.1 | 29.8 | (4.5) | 17.2 | 936.7 |
| Equipment | 136.9 | 3.9 | (0.4) | - | 140.4 |
| Buildings | 183.3 | 2.7 | (1.3) | - | 184.7 |
| Railroads | 173.7 | - | - | - | 173.7 |
| Rest Areas & Welcome Centers | 109.6 | 4.6 | (0.7) | - | 113.5 |
| Land Improvements | 36.4 | 2.8 | - | - | 39.2 |
| Airports | 1.6 | 0.7 | (0.5) | - | 1.8 |
| <u>Less accumulated depreciation for:</u> | | | | | |
| Ramps | (561.2) | (36.6) | 4.5 | - | (593.4) |
| Equipment | (93.0) | (5.6) | - | 1.7 | (96.9) |
| Buildings | (81.5) | (4.5) | - | 0.4 | (85.6) |
| Railroads | (32.0) | (4.3) | - | - | (36.3) |
| Rest Areas & Welcome Centers | (39.8) | (2.6) | 0.5 | - | (41.8) |
| Land Improvements | (6.1) | (1.8) | - | - | (7.9) |
| Airports | (0.9) | (0.1) | 0.2 | - | (0.7) |
| Total Capital Assets | <u>\$19,469.3</u> | <u>\$757.6</u> | <u>(\$473.4)</u> | <u>\$0.8</u> | <u>\$19,754.2</u> |

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

Funding Source: Following is a summary of funding sources for investments in capital assets as of September 30, 2015 (In Millions):

| <u>Fund</u> | <u>Investment</u> |
|------------------------------------|--------------------|
| State Trunkline Fund | \$ 19,583.8 |
| Comprehensive Transportation Fund | 149.6 |
| State Aeronautics Fund | <u>20.9</u> |
| Total Investment in Capital Assets | <u>\$ 19,754.2</u> |

**MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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.

Revenue Dedicated Bonded Debt
Department of Transportation (In Thousands)

| | Amounts Issued | Outstanding | | Maturities | | Average Interest Rate % |
|--|-------------------|--------------|--------------|---------------|--------------|-------------------------------|
| | | 9/30/15 | 9/30/14 | First Year | Last Year | |
| <u>Comprehensive Transportation Fund Bonds</u> | | | | | | |
| Series 2005 (Refunding) | \$ 62,180 | \$ 49,200 | \$ 53,750 | 2009 | 2023 | 5.15 |
| Series 2006 (Revenue and Refunding) | 53,685 | 1,155 | 35,015 | 2007 | 2016 | 4.54 |
| Series 2009 (Refunding) | 42,335 | 30,125 | 36,870 | 2012 | 2019 | 4.11 |
| Series 2011 (Refunding) | 18,470 | 14,310 | 16,020 | 2013 | 2022 | 4.35 |
| Series 2013 (Refunding) | 10,130 | 7,355 | 9,105 | 2014 | 2023 | 4.67 |
| Series 2015 (Refunding) | 29,380 | 29,380 | - | 2017 | 2031 | 4.79 |
| Total Comprehensive Transportation Fund Bonds | \$ 216,180 | \$ 131,525 | \$ 150,760 | | | |
| <u>State Trunkline Fund Bonds</u> | | | | | | |
| Series 1998 A (Refunding) | \$ 377,890 | \$ 120,920 | \$ 146,085 | 2006 | 2019 | 5.03 |
| Series 2004 (Refunding) | 103,450 | 73,835 | 82,390 | 2006 | 2022 | 4.13 |
| Series 2005 (Refunding) | 223,020 | 207,190 | 223,015 | 2010 | 2023 | 5.10 |
| Series 2005 B (Refunding) | 378,250 | - | 38,510 | 2010 | 2015 | 4.81 |
| Series 2006 | 244,525 | 34,315 | 50,250 | 2008 | 2017 | 4.74 |
| Series 2009 (Revenue and Refunding) | 146,190 | 146,190 | 146,190 | 2018 | 2027 | 4.76 |
| Series 2011 | 90,980 | 86,605 | 88,825 | 2014 | 2037 | 4.58 |
| Series 2012 (Refunding) | 49,305 | 39,145 | 44,330 | 2014 | 2022 | 4.78 |
| Series 2014 (Refunding) | 265,085 | 265,085 | 265,085 | 2016 | 2022 | 4.36 |
| Total State Trunkline Fund Bonds | \$ 1,878,695 | \$ 973,285 | \$ 1,084,680 | | | |
| <u>Grant Anticipation Bonds</u> | | | | | | |
| Series 2007 | \$ 485,115 | \$ 434,400 | \$ 443,055 | 2009 | 2027 | 4.87 |
| Series 2009 B Taxable Build America Bonds | 281,910 | 281,905 | 281,905 | 2012 | 2027 | 7.63 |
| Total Grant Anticipation Bonds | \$ 767,025 | \$ 716,305 | \$ 724,960 | | | |
| Total Revenue Dedicated Bonded Debt | \$ 2,861,900 | \$ 1,821,115 | \$ 1,960,400 | | | |

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2015

Advance Refundings and Defeasances

The Department has issued refunding bonds 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, 2015 and 2014:

| Summary of Refunding Transactions (In Millions) | | | |
|--|----------------------------|--|-----------------|
| <u>Bond Series</u> | <u>Amount Refunded</u> | <u>Principal Amounts Outstanding</u> | |
| | | <u>2015</u> | <u>2014</u> |
| <u>State Trunkline Fund Bonds</u> | | | |
| Series 2005 B | \$ 173.0 | \$ - | \$ 173.0 |
| Series 2006 | <u>102.0</u> | <u>102.0</u> | <u>102.0</u> |
| Total State Trunkline Fund Bonds | <u>\$ 275.0</u> | <u>\$ 102.0</u> | <u>\$ 275.0</u> |
| <u>Comprehensive Transportation Fund Bonds</u> | | | |
| Series 2006 | \$ 32.8 | \$ 32.8 | \$ - |
| Total Comprehensive Transportation Fund Bonds | <u>\$ 32.8</u> | <u>\$ 32.8</u> | <u>\$ -</u> |
| Total | <u>\$ 307.8</u> | <u>\$ 134.8</u> | <u>\$ 275.0</u> |

**MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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 |
| 2016 | \$116,390 | \$45,980 | \$162,370 | \$16,525 | \$ 6,191 | \$22,716 | \$9,075 | \$44,215 | \$53,290 | \$141,990 | \$96,386 | \$238,376 |
| 2017 | 121,835 | 40,542 | 162,377 | 17,175 | 5,691 | 22,866 | 9,515 | 43,776 | 53,291 | 148,525 | 90,009 | 238,534 |
| 2018 | 127,205 | 34,176 | 161,381 | 18,050 | 4,811 | 22,861 | 9,990 | 43,325 | 53,315 | 155,245 | 82,312 | 237,557 |
| 2019 | 133,910 | 27,433 | 161,343 | 18,900 | 3,939 | 22,839 | 10,545 | 42,801 | 53,346 | 163,355 | 74,174 | 237,529 |
| 2020 | 97,510 | 21,510 | 119,020 | 11,335 | 2,997 | 14,332 | 56,390 | 42,247 | 98,637 | 165,235 | 66,754 | 231,989 |
| 2021 | 98,675 | 16,505 | 115,180 | 11,930 | 2,406 | 14,336 | 33,375 | 39,287 | 72,662 | 143,980 | 58,198 | 202,178 |
| 2022 | 103,855 | 11,293 | 115,148 | 12,555 | 1,783 | 14,338 | 35,160 | 37,535 | 72,695 | 151,570 | 50,611 | 202,181 |
| 2023 | 79,025 | 6,644 | 85,669 | 2,540 | 1,201 | 3,741 | 45,500 | 35,689 | 81,189 | 127,065 | 43,534 | 170,599 |
| 2024 | 15,295 | 4,286 | 19,581 | 2,555 | 1,062 | 3,617 | 109,950 | 33,300 | 143,250 | 127,800 | 38,648 | 166,448 |
| 2025 | 16,070 | 3,510 | 19,580 | 2,685 | 931 | 3,616 | 117,220 | 26,034 | 143,254 | 135,975 | 30,475 | 166,450 |
| 2026 | 6,220 | 2,962 | 9,182 | 2,825 | 793 | 3,618 | 135,375 | 18,271 | 153,646 | 144,420 | 22,026 | 166,446 |
| 2027 | 6,535 | 2,647 | 9,182 | 2,970 | 648 | 3,618 | 144,210 | 9,434 | 153,644 | 153,715 | 12,728 | 166,443 |
| 2028 | 4,035 | 2,386 | 6,421 | 3,120 | 496 | 3,616 | - | - | - | 7,155 | 2,882 | 10,037 |
| 2029 | 4,240 | 2,179 | 6,419 | 3,280 | 336 | 3,616 | - | - | - | 7,520 | 2,515 | 10,035 |
| 2030 | 4,455 | 1,961 | 6,416 | 3,450 | 168 | 3,618 | - | - | - | 7,905 | 2,129 | 10,034 |
| 2031 | 4,685 | 1,733 | 6,418 | 1,630 | 41 | 1,671 | - | - | - | 6,315 | 1,774 | 8,089 |
| 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 | \$973,285 | \$230,905 | \$1,204,190 | \$131,525 | \$ 33,495 | \$165,020 | \$716,305 | \$415,913 | \$1,132,218 | \$1,821,115 | \$680,312 | \$2,501,427 |

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, 2015

Changes in General Long-term Obligations:

Changes in general long-term obligations (In Thousands) for the fiscal years ended September 30, 2015 and 2014 are summarized as follows:

| | Revenue Dedicated Debt - Oversight Entity | | Capital Lease Obligations | |
|---|---|---------------------|------------------------------|-----------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| | Bonds and Capital Lease Obligations: | | | |
| Balance – Beginning | \$ 1,960,400 | \$ 2,105,070 | \$ 1,938 | \$ 1,984 |
| New bond issues/capital lease additions and adjustments | 29,380 | 265,085 | - | 475 |
| Accretion on Capital Appreciation Bonds | - | - | - | - |
| Bond principal retirements/ capital lease payments and adjustments | <u>(168,665)</u> | <u>(409,755)</u> | <u>(878)</u> | <u>(521)</u> |
| Balance – Ending | <u>\$ 1,821,115</u> | <u>\$ 1,960,400</u> | <u>\$ 1,060</u> | <u>\$ 1,938</u> |

| | Claims and Judgments | | Compensated Absences Liabilities | |
|--|---------------------------|---------------|-------------------------------------|------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| | Other Obligations: | | | |
| Balance - Beginning | \$ 160 | \$ 424 | \$ 30,202 | \$ 29,666 |
| Net increase (decrease) in estimated liabilities | <u>(149)</u> | <u>(264)</u> | <u>(506)</u> | <u>536</u> |
| Balance - Ending | <u>\$ 11</u> | <u>\$ 160</u> | <u>\$ 29,696</u> | <u>\$ 30,202</u> |

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2015

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 \$331,353 and \$335,528 during fiscal years 2015 and 2014, respectively.

Summary of the noncancelable operating and capital leasing commitments to maturity for fiscal year 2015 follows (In Thousands):

| Noncancelable Lease Commitments As of September 30, 2015 | | | | | |
|---|---------------------|-----------------|---------------|---------------|-----------------|
| Fiscal Year Ended September 30 | Operating Leases | Capital Leases | | | Total |
| | | Principal | Interest | Executory | |
| 2016 | \$ 223 | \$ 326 | \$ 162 | \$ 203 | \$ 691 |
| 2017 | 205 | 202 | 133 | 145 | 480 |
| 2018 | 104 | 202 | 106 | 138 | 445 |
| 2019 | - | 67 | 88 | 67 | 221 |
| 2020 | - | 58 | 73 | 56 | 186 |
| <u>2021 - 2025</u> | - | <u>205</u> | <u>78</u> | <u>121</u> | <u>404</u> |
| Total | <u>\$ 531</u> | <u>\$ 1,060</u> | <u>\$ 638</u> | <u>\$ 729</u> | <u>\$ 2,427</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.

The historical cost of assets acquired under capital leases, which are included in the government-wide statements of the SOMCAFR, at September 30, 2015 and 2014 follows (In Thousands):

| | <u>2015</u> | <u>2014</u> |
|-----------|-------------|-------------|
| Buildings | \$3,018 | \$3,652 |

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2015

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.

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

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| State Trunkline Fund | \$84,751 | \$84,025 |
| Comprehensive Transportation Fund | 2,339 | 2,239 |
| State Aeronautics Fund | 1,662 | 1,639 |
| Blue Water Bridge | <u>1,081</u> | <u>1,152</u> |
| Total Department of Transportation Contributions | <u>\$89,832</u> | <u>\$89,056</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 STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2015

The following table summarizes Department of Transportation related compensated absences liabilities as of September 30, 2015 and 2014 (In Thousands):

| | <u>Sick Leave</u> | | <u>Annual Leave</u> | | <u>Banked Leave</u> | | <u>Total</u> | |
|-----------------------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| State Trunkline Fund | \$3,556 | \$3,673 | \$20,151 | \$20,271 | \$3,923 | \$4,205 | \$27,630 | \$28,150 |
| Comprehensive Transportation Fund | 171 | 174 | 613 | 620 | 177 | 180 | 961 | 975 |
| State Aeronautics Fund | 285 | 277 | 459 | 450 | 109 | 124 | 854 | 851 |
| Blue Water Bridge | <u>46</u> | <u>43</u> | <u>181</u> | <u>159</u> | <u>25</u> | <u>25</u> | <u>252</u> | <u>227</u> |
| TOTAL | <u>\$4,058</u> | <u>\$4,167</u> | <u>\$21,404</u> | <u>\$21,500</u> | <u>\$4,234</u> | <u>\$4,535</u> | <u>\$29,696</u> | <u>\$30,202</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, 2015

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 2015 and 2014 (In Thousands).

| <u>Interfund Transactions</u> | <u>2015</u> | <u>2014</u> |
|---|--------------------|------------------|
| MTF Distribution – STF | \$650,345 | \$622,575 |
| MTF Distribution – CTF | 172,482 | 165,492 |
| Other State agencies | 41,606 | 40,646 |
| Debt Service | 43,000 | 43,000 |
| Economic Development Program | 40,275 | 40,275 |
| Local Road Program | 33,000 | 33,000 |
| Local Bridge Fund | 30,120 | 29,342 |
| Transportation Planning | 10,250 | 8,531 |
| Design and Engineering Services | 11,946 | 7,069 |
| Rail Grade Crossing Program | 3,000 | 3,000 |
| Freight and Safety Services | 1,287 | 1,346 |
| Finance, Contracts and Support Services | 1,553 | 1,677 |
| Enhancement Program | 766 | 686 |
| | <u>\$1,039,631</u> | <u>\$996,638</u> |

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

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 \$13,806,172 between fiscal years 1993 and 2015 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 \$49,193,828 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, 2015, a current receivable of \$4,154,389.06 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 accounts 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, 2015

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, 2015 and 2014 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, 2015 and 2014 the balances remaining on these contracts equaled \$391.0 million and \$603.3 million, respectively. Portions of these balances, \$103.4 million as of September 30, 2015, and \$90.5 million, as of September 30, 2014, have been encumbered. As of September 30, 2015 and 2014, the balances remaining on these contracts, less the Transportation Related Trust Funds equaled \$277.9 million and \$443.9 million, respectively. As of September 30, 2015 and 2014, the balances remaining on these contracts in the State Trunkline Fund equaled \$252.1 million and \$393.4 million, respectively.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

D. Advance Construction

Under an agreement with Federal Highway Administration (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 2014, the Department had \$438.3 million of State Trunkline expenditures on projects not under a reimbursement agreement. \$203.2 million of these expenditures were placed under a reimbursement agreement by the end of fiscal year 2015. The remaining \$235.1 million is included in the fiscal year 2015 amount below. At the end of fiscal year 2015, the Department had \$349.2 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, 2015

Note 11: Subsequent Events

On October 27, 2015, the State issued its State of Michigan State Trunk Line Fund Refunding Bonds, Series 2015 in the aggregated amount of \$54.1 million as fully registered bonds bearing interest which is payable semi-annually commencing May 15, 2016.



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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, 2015

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, 2015 and 2014
 (In Thousands)

| | MICHIGAN TRANSPORTATION FUND | | COMPREHENSIVE TRANSPORTATION FUND | | TOTALS | |
|--|------------------------------------|-------------------|---|-------------------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Equity in Common Cash | 102,186 | 107,270 | 72,028 | 88,629 | 174,214 | 195,899 |
| Receivables: | | | | | | |
| Taxes, interest, and penalties (at net) | 105,009 | 95,290 | - | - | 105,009 | 95,290 |
| Federal aid | - | - | 84,631 | 68,995 | 84,631 | 68,995 |
| Local units | - | - | 642 | 623 | 642 | 623 |
| Other funds | - | - | 10,780 | 1,788 | 10,780 | 1,788 |
| Component Units | - | - | - | - | - | - |
| Other Current Assets | 24 | 4 | 461 | 2,384 | 485 | 2,388 |
| Inventories | - | - | - | - | - | - |
| Total Current Assets | <u>207,219</u> | <u>202,565</u> | <u>168,542</u> | <u>162,418</u> | <u>375,761</u> | <u>364,983</u> |
| Noncurrent Assets: | | | | | | |
| Receivables: | | | | | | |
| Taxes | 2,511 | 2,527 | - | - | 2,511 | 2,527 |
| Federal aid | - | - | - | - | - | - |
| Local units | - | - | 623 | 938 | 623 | 938 |
| Advances to other funds | - | - | - | - | - | - |
| Land contracts | - | - | - | - | - | - |
| Miscellaneous | - | - | 262 | 316 | 262 | 316 |
| Total Noncurrent Assets | <u>2,511</u> | <u>2,527</u> | <u>885</u> | <u>1,254</u> | <u>3,396</u> | <u>3,781</u> |
| Total Assets | <u>\$ 209,731</u> | <u>\$ 205,092</u> | <u>\$ 169,427</u> | <u>\$ 163,672</u> | <u>\$ 379,157</u> | <u>\$ 368,764</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Current Liabilities: | | | | | | |
| Warrants outstanding | \$ 482 | \$ 3,854 | \$ 372 | \$ 796 | \$ 855 | \$ 4,650 |
| Accounts payable | 188,902 | 182,133 | 45,262 | 31,414 | 234,164 | 213,547 |
| Contract reserve payable | - | - | - | - | - | - |
| Amounts due to other funds | 9,335 | 8,078 | 114 | 100 | 9,449 | 8,178 |
| Amounts held for others | - | - | 9,160 | 2,000 | 9,160 | 2,000 |
| Unearned revenue | - | - | 209 | 336 | 209 | 336 |
| Total Current Liabilities | <u>198,719</u> | <u>194,065</u> | <u>55,117</u> | <u>34,645</u> | <u>253,836</u> | <u>228,710</u> |
| Long-Term Liabilities: | | | | | | |
| Unearned revenue | - | - | 45 | 67 | 45 | 67 |
| Total Long-Term Liabilities | <u>-</u> | <u>-</u> | <u>45</u> | <u>67</u> | <u>45</u> | <u>67</u> |
| Total Liabilities | <u>198,719</u> | <u>194,065</u> | <u>55,162</u> | <u>34,712</u> | <u>253,882</u> | <u>228,777</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>11,011</u> | <u>11,027</u> | <u>269</u> | <u>316</u> | <u>11,280</u> | <u>11,343</u> |
| Fund Balances: | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | - | - | 113,995 | 128,643 | 113,995 | 128,643 |
| Committed | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - |
| Total Fund Balances | <u>-</u> | <u>-</u> | <u>113,995</u> | <u>128,643</u> | <u>113,995</u> | <u>128,643</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 209,731</u> | <u>\$ 205,092</u> | <u>\$ 169,427</u> | <u>\$ 163,672</u> | <u>\$ 379,157</u> | <u>\$ 368,764</u> |

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FISCAL YEARS ENDED SEPTEMBER 30, 2015 and 2014
(In Thousands)

| | MICHIGAN TRANSPORTATION FUND | | COMPREHENSIVE TRANSPORTATION FUND | | TOTALS | |
|---|------------------------------------|------------------|---|-------------------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| REVENUES | | | | | | |
| Taxes | \$ 1,981,939 | \$ 1,899,391 | \$ 90,806 | \$ 102,026 | \$ 2,072,745 | \$ 2,001,417 |
| License and permits | 34,935 | 33,658 | 627 | 659 | 35,562 | 34,317 |
| Federal aid | - | - | 118,694 | 123,939 | 118,694 | 123,939 |
| Local participation | - | - | - | - | - | - |
| Interest earnings on common cash | 135 | 92 | 54 | 31 | 188 | 123 |
| Services | 3,870 | 3,785 | - | - | 3,870 | 3,785 |
| Non-operating revenue-bridges | - | - | - | - | - | - |
| Miscellaneous | 556 | 501 | 5,146 | 7,880 | 5,702 | 8,382 |
| Total Revenues | <u>2,021,435</u> | <u>1,937,427</u> | <u>215,326</u> | <u>234,534</u> | <u>2,236,761</u> | <u>2,171,961</u> |
| EXPENDITURES | | | | | | |
| Administration and Operations: | | | | | | |
| Administration and maintenance | 4,152 | 4,068 | 13,057 | 12,869 | 17,209 | 16,938 |
| Bus operating assistance grants | - | - | 187,849 | 194,203 | 187,849 | 194,203 |
| Other grants | 982,543 | 941,266 | 184,488 | 162,318 | 1,167,031 | 1,103,584 |
| Airport development | - | - | - | - | - | - |
| Non-operating expenditures-bridges | - | - | - | - | - | - |
| Trust fund construction activity | - | - | - | - | - | - |
| Capital lease payments | - | - | - | - | - | - |
| Total Administration and Operations | <u>986,695</u> | <u>945,334</u> | <u>385,393</u> | <u>369,390</u> | <u>1,372,089</u> | <u>1,314,724</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>986,695</u> | <u>945,334</u> | <u>385,393</u> | <u>369,390</u> | <u>1,372,089</u> | <u>1,314,724</u> |
| Excess of Revenues Over (Under) Expenditures | <u>1,034,740</u> | <u>992,093</u> | <u>(170,068)</u> | <u>(134,855)</u> | <u>864,672</u> | <u>857,237</u> |
| OTHER FINANCING SOURCES | | | | | | |
| Michigan Transportation Fund distribution | - | - | 172,482 | 165,492 | 172,482 | 165,492 |
| Grants and transfers from other funds | 740 | 477 | 1,287 | 1,346 | 2,027 | 1,823 |
| Capital Lease Acquisitions | - | - | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - | - | - |
| Proceeds from bonds and notes issued | - | - | - | - | - | - |
| Premium on bonds issued | - | - | - | - | - | - |
| Total Other Financing Sources | <u>740</u> | <u>477</u> | <u>173,770</u> | <u>166,838</u> | <u>174,509</u> | <u>167,315</u> |
| OTHER FINANCING USES | | | | | | |
| Michigan Transportation Fund distribution | 822,825 | 788,067 | - | - | 822,825 | 788,067 |
| Grants and transfers to other funds | 212,654 | 204,503 | 166 | 154 | 212,820 | 204,657 |
| Discount on bonds issued | - | - | - | - | - | - |
| Debt service | - | - | 18,184 | 19,052 | 18,184 | 19,052 |
| Total Other Financing Uses | <u>1,035,479</u> | <u>992,570</u> | <u>18,350</u> | <u>19,207</u> | <u>1,053,830</u> | <u>1,011,777</u> |
| Excess of Other Financing Sources Over (Under) Other Financing Uses | <u>(1,034,740)</u> | <u>(992,093)</u> | <u>155,420</u> | <u>147,631</u> | <u>(879,320)</u> | <u>(844,461)</u> |
| Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses | - | - | (14,648) | 12,776 | (14,648) | 12,776 |
| Fund balances-Beginning of fiscal year | - | - | 128,643 | 115,867 | 128,643 | 115,867 |
| Fund balances-End of fiscal year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 113,995</u> | <u>\$ 128,643</u> | <u>\$ 113,995</u> | <u>\$ 128,643</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, 2015
 (In Thousands)

| (Statutory/Budgetary Basis) | MICHIGAN TRANSPORTATION FUND | | |
|---|------------------------------|------------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| REVENUES | | | |
| Taxes | \$ 1,981,939 | \$ 1,981,939 | \$ - |
| License and permits | 34,935 | 34,935 | - |
| Federal aid | - | - | - |
| Local participation | - | - | - |
| Interest earnings | 135 | 135 | - |
| Services | 3,870 | 3,870 | - |
| Non-operating revenue-bridges | - | - | - |
| Miscellaneous and Service revenue | 556 | 556 | - |
| Total Revenues | 2,021,435 | 2,021,435 | - |
| EXPENDITURES AND ENCUMBRANCES | | | |
| Administration | 4,316 | 4,152 | 164 |
| Bus operating assistance grants | - | - | - |
| Other grants | 982,543 | 982,543 | - |
| Airport development | - | - | - |
| Nonoperating expenditure-bridges | - | - | - |
| Total Administration and Operations | 986,860 | 986,695 | 164 |
| Roads and bridges | - | - | - |
| Other capital outlay | - | - | - |
| Total Capital Outlay | - | - | - |
| Total Expenditures and Encumbrances | 986,860 | 986,695 | 164 |
| Excess of Revenue Over (Under) Expenditures and Encumbrances | 1,034,576 | 1,034,740 | 164 |
| OTHER FINANCING SOURCES | | | |
| Michigan Transportation Fund distribution | - | - | - |
| Grants and transfers from other funds | 740 | 740 | - |
| Total Financing Sources | 740 | 740 | - |
| OTHER FINANCING USES | | | |
| Michigan Transportation Fund distribution | 822,828 | 822,825 | 3 |
| Grants and transfers to other funds | 213,421 | 212,654 | 766 |
| Debt service | - | - | - |
| Total Financing Uses | 1,036,249 | 1,035,479 | 769 |
| Excess Other Financing Sources Over(Under) Other Financing Uses | (1,035,509) | (1,034,740) | 769 |
| Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses | \$ (933) | - | \$ 933 |
| RECONCILING ITEMS | | | |
| Encumbrances at September 30 | | - | |
| Funds not annually budgeted | | - | |
| Net Reconciling Items | | - | |
| Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis) | | - | |
| FUND BALANCES (GAAP BASIS) | | | |
| Beginning balance | | - | |
| Ending balances (GAAP Basis) | | \$ - | |

| COMPREHENSIVE TRANSPORTATION FUND | | | TOTALS | | |
|-----------------------------------|-------------------|--|---------------------|-------------------|--|
| BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| \$ 90,806 | \$ 90,806 | \$ - | \$ 2,072,745 | \$ 2,072,745 | \$ - |
| 627 | 627 | - | 35,562 | 35,562 | - |
| 118,694 | 118,694 | - | 118,694 | 118,694 | - |
| - | - | - | - | - | - |
| 54 | 54 | - | 188 | 188 | - |
| - | - | - | 3,870 | 3,870 | - |
| - | - | - | - | - | - |
| 5,146 | 5,146 | - | 5,702 | 5,702 | - |
| <u>215,326</u> | <u>215,326</u> | <u>-</u> | <u>2,236,761</u> | <u>2,236,761</u> | <u>-</u> |
| 15,550 | 13,697 | 1,853 | 19,867 | 17,849 | 2,017 |
| 191,243 | 191,236 | 7 | 191,243 | 191,236 | 7 |
| 271,689 | 269,598 | 2,091 | 1,254,232 | 1,252,141 | 2,091 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 478,482 | 474,531 | 3,951 | 1,465,341 | 1,461,226 | 4,115 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 478,482 | 474,531 | 3,951 | 1,465,341 | 1,461,226 | 4,115 |
| <u>(263,156)</u> | <u>(259,205)</u> | <u>3,951</u> | <u>771,420</u> | <u>775,535</u> | <u>4,115</u> |
| 172,482 | 172,482 | - | 172,482 | 172,482 | - |
| 1,287 | 1,287 | - | 2,027 | 2,027 | - |
| 173,770 | 173,770 | - | 174,509 | 174,509 | - |
| - | - | - | 822,828 | 822,825 | 3 |
| 200 | 166 | 34 | 213,621 | 212,820 | 800 |
| 18,216 | 18,184 | 31 | 18,216 | 18,184 | 31 |
| 18,416 | 18,350 | 65 | 1,054,664 | 1,053,830 | 834 |
| <u>155,354</u> | <u>155,420</u> | <u>65</u> | <u>(880,155)</u> | <u>(879,320)</u> | <u>834</u> |
| \$ <u>(107,801)</u> | <u>(103,785)</u> | \$ <u>4,016</u> | \$ <u>(108,735)</u> | <u>(103,785)</u> | \$ <u>4,950</u> |
| | 89,138 | | | 89,138 | |
| | - | | | - | |
| | 89,138 | | | 89,138 | |
| | (14,648) | | | (14,648) | |
| | 128,643 | | | 128,643 | |
| | \$ <u>113,995</u> | | | \$ <u>113,995</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, 2014
 (In Thousands)

| (Statutory/Budgetary Basis) | MICHIGAN TRANSPORTATION FUND | | |
|---|------------------------------|------------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| REVENUES | | | |
| Taxes | \$ 1,899,391 | \$ 1,899,391 | \$ - |
| License and permits | 33,658 | 33,658 | - |
| Federal aid | - | - | - |
| Local participation | - | - | - |
| Interest earnings | 92 | 92 | - |
| Services | 3,785 | 3,785 | - |
| Non-operating revenue-bridges | - | - | - |
| Miscellaneous and Service revenue | 501 | 501 | - |
| Total Revenues | <u>1,937,427</u> | <u>1,937,427</u> | <u>-</u> |
| EXPENDITURES AND ENCUMBRANCES | | | |
| Administration | 4,082 | 4,068 | 13 |
| Bus operating assistance grants | - | - | - |
| Other grants | 941,266 | 941,266 | - |
| Airport development | - | - | - |
| Nonoperating expenditure-bridges | - | - | - |
| Total Administration and Operations | <u>945,348</u> | <u>945,334</u> | <u>13</u> |
| Roads and bridges | - | - | - |
| Other capital outlay | - | - | - |
| Total Capital Outlay | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenditures and Encumbrances | <u>945,348</u> | <u>945,334</u> | <u>13</u> |
| Excess of Revenue Over (Under) Expenditures and Encumbrances | <u>992,079</u> | <u>992,093</u> | <u>13</u> |
| OTHER FINANCING SOURCES | | | |
| Michigan Transportation Fund distribution | - | - | - |
| Grants and transfers from other funds | 477 | 477 | - |
| Total Financing Sources | <u>477</u> | <u>477</u> | <u>-</u> |
| OTHER FINANCING USES | | | |
| Michigan Transportation Fund distribution | 788,067 | 788,067 | - |
| Grants and transfers to other funds | 206,670 | 204,503 | 2,167 |
| Debt service | - | - | - |
| Total Financing Uses | <u>994,737</u> | <u>992,570</u> | <u>2,167</u> |
| Excess Other Financing Sources Over(Under) Other Financing Uses | <u>(994,259)</u> | <u>(992,093)</u> | <u>2,167</u> |
| Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses | <u>\$ (2,180)</u> | <u>-</u> | <u>\$ 2,180</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) |
| \$ 102,026 | \$ 102,026 | \$ - | \$ 2,001,417 | \$ 2,001,417 | \$ - |
| 659 | 659 | - | 34,317 | 34,317 | - |
| 123,939 | 123,939 | - | 123,939 | 123,939 | - |
| - | - | - | - | - | - |
| 31 | 31 | - | 123 | 123 | - |
| - | - | - | 3,785 | 3,785 | - |
| - | - | - | - | - | - |
| 7,880 | 7,880 | - | 8,382 | 8,382 | - |
| <u>234,534</u> | <u>234,534</u> | <u>-</u> | <u>2,171,961</u> | <u>2,171,961</u> | <u>-</u> |
| 10,764 | 8,956 | 1,808 | 14,846 | 13,025 | 1,821 |
| 197,713 | 197,713 | - | 197,713 | 197,713 | - |
| 253,250 | 252,210 | 1,040 | 1,194,516 | 1,193,476 | 1,040 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 461,727 | 458,880 | 2,847 | 1,407,075 | 1,404,214 | 2,861 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 461,727 | 458,880 | 2,847 | 1,407,075 | 1,404,214 | 2,861 |
| <u>(227,193)</u> | <u>(224,345)</u> | <u>2,847</u> | <u>764,887</u> | <u>767,747</u> | <u>2,861</u> |
| 165,492 | 165,492 | - | 165,492 | 165,492 | - |
| 1,346 | 1,346 | - | 1,823 | 1,823 | - |
| 166,838 | 166,838 | - | 167,315 | 167,315 | - |
| - | - | - | 788,067 | 788,067 | - |
| 200 | 154 | 46 | 206,870 | 204,657 | 2,212 |
| 19,319 | 19,052 | 266 | 19,319 | 19,052 | 266 |
| 19,519 | 19,207 | 312 | 1,014,255 | 1,011,777 | 2,479 |
| <u>147,320</u> | <u>147,631</u> | <u>312</u> | <u>(846,940)</u> | <u>(844,461)</u> | <u>2,479</u> |
| \$ <u>(79,873)</u> | <u>(76,714)</u> | \$ <u>3,159</u> | \$ <u>(82,053)</u> | <u>(76,714)</u> | \$ <u>5,339</u> |
| | 89,490 | | | 89,490 | |
| | - | | | - | |
| | 89,490 | | | 89,490 | |
| | 12,776 | | | 12,776 | |
| | 115,867 | | | 115,867 | |
| | \$ <u>128,643</u> | | | \$ <u>128,643</u> | |

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF CAPITAL PROJECTS FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

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, 2015

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.

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.

MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF CAPITAL PROJECTS FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND

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

2002 COMPREHENSIVE TRANSPORTATION FUND BOND PROCEEDS FUND

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

2003 COMPREHENSIVE TRANSPORTATION FUND BOND PROCEEDS FUND

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

2006 COMPREHENSIVE TRANSPORTATION FUND BOND PROCEEDS FUND

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

The Michigan Department of Transportation is recognized as the legal representative of the State, including all governmental subdivisions, in the administration of the Federal Highway Administration programs. The financing accounted for in this fund consists primarily of revenues from the federal Highway Trust Fund utilized to reimburse municipalities for road and bridge program activities with very little State funds. All projects accounted for in this fund are locally owned.



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MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING BALANCE SHEET - CAPITAL PROJECTS FUNDS
 SEPTEMBER 30, 2015 and 2014
 (In Thousands)

| ASSETS | STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund) | | BLUE WATER BRIDGE FUND | |
|--|---|------------|------------------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 3 | \$ 3 | \$ 50 | \$ 88 |
| Equity in Common Cash | 815,059 | 778,322 | 67,165 | 70,242 |
| Receivables: | | | | |
| Taxes, interest, and penalties (at net) | - | - | - | - |
| Federal aid | 148,679 | 140,461 | - | - |
| Local units | 10,947 | 9,618 | - | - |
| Other funds | 7,269 | 6,290 | - | - |
| Component Units | 4,154 | 1,777 | - | - |
| Other Current Assets | 6,604 | 3,153 | 145 | 188 |
| Inventories | 13,549 | 7,685 | - | - |
| Total Current Assets | 1,006,265 | 947,310 | 67,359 | 70,518 |
| Noncurrent Assets: | | | | |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Federal aid | - | - | - | - |
| Local units | 35,051 | 30,868 | - | - |
| Advances to other funds | - | - | - | - |
| Land contracts | 28 | 58 | - | - |
| Miscellaneous | - | - | - | - |
| Total Noncurrent Assets | 35,079 | 30,926 | - | - |
| Total Assets | \$ 1,041,344 | \$ 978,236 | \$ 67,359 | \$ 70,518 |
| LIABILITIES AND FUND BALANCES | | | | |
| Current Liabilities: | | | | |
| Warrants outstanding | \$ 1,828 | \$ 4,251 | \$ - | \$ 1 |
| Accounts payable | 177,261 | 172,936 | 1,104 | 944 |
| Contract reserve payable | 642 | 250 | - | - |
| Amounts due to other funds | 4,100 | 3,959 | 49 | 49 |
| Amounts held for others | 12,199 | 10,641 | - | - |
| Unearned revenue | 2,188 | 1,233 | 1,454 | 1,329 |
| Total Current Liabilities | 198,218 | 193,270 | 2,607 | 2,324 |
| Long-Term Liabilities: | | | | |
| Unearned revenue | 31 | 34 | - | - |
| Total Long-Term Liabilities | 31 | 34 | - | - |
| Total Liabilities | 198,249 | 193,304 | 2,607 | 2,324 |
| DEFERRED INFLOWS OF RESOURCES | 534 | 150 | - | - |
| Fund Balances: | | | | |
| Nonspendable | 13,549 | 7,685 | - | - |
| Restricted | 829,012 | 777,097 | 64,752 | 68,194 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Total Fund Balances | 842,561 | 784,782 | 64,752 | 68,194 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 1,041,344 | \$ 978,236 | \$ 67,359 | \$ 70,518 |

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

| STATE AERONAUTICS FUND | | COMBINED TRUNKLINE BOND PROCEEDS FUND | | COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND | |
|------------------------------|------------------|--|------------------|--|------------------|
| 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 6,074 | 12,059 | 20,389 | 28,094 | 9,994 | 11,765 |
| 510 | 466 | - | - | - | - |
| 25,132 | 26,455 | 3,266 | 4,015 | - | - |
| 6,510 | 3,653 | 1,617 | 1,680 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 39 | 130 | - | - | - | - |
| - | - | - | - | - | - |
| <u>38,265</u> | <u>42,764</u> | <u>25,272</u> | <u>33,789</u> | <u>9,994</u> | <u>11,765</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 118 | 144 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>118</u> | <u>144</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| \$ <u>38,383</u> | \$ <u>42,907</u> | \$ <u>25,272</u> | \$ <u>33,789</u> | \$ <u>9,994</u> | \$ <u>11,765</u> |
| \$ 6 | \$ 4,834 | \$ 1 | \$ - | \$ 11 | \$ 35 |
| 17,064 | 16,489 | 1,994 | 3,645 | 821 | 1,818 |
| - | - | - | - | - | - |
| 75 | 74 | - | - | - | - |
| 5,193 | 1,898 | - | - | - | - |
| - | - | 30 | 174 | - | - |
| <u>22,339</u> | <u>23,295</u> | <u>2,025</u> | <u>3,819</u> | <u>833</u> | <u>1,854</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>22,339</u> | <u>23,295</u> | <u>2,025</u> | <u>3,819</u> | <u>833</u> | <u>1,854</u> |
| - | 3 | - | - | - | - |
| - | - | - | - | - | - |
| 16,045 | 19,609 | 23,247 | 29,970 | 9,162 | 9,911 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>16,045</u> | <u>19,609</u> | <u>23,247</u> | <u>29,970</u> | <u>9,162</u> | <u>9,911</u> |
| \$ <u>38,384</u> | \$ <u>42,908</u> | \$ <u>25,272</u> | \$ <u>33,789</u> | \$ <u>9,994</u> | \$ <u>11,765</u> |

| ASSETS | TRANSPORTATION RELATED TRUST FUND | | TOTALS | |
|--|---|------------------|---------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 53 | \$ 91 |
| Equity in Common Cash | - | 2,342 | 918,681 | 902,824 |
| Receivables: | | | | |
| Taxes, interest, and penalties (at net) | - | - | 510 | 466 |
| Federal aid | 41,577 | 41,455 | 218,654 | 212,386 |
| Local units | 54,718 | 34,202 | 73,793 | 49,153 |
| Other funds | - | - | 7,269 | 6,290 |
| Component Units | - | - | 4,154 | 1,777 |
| Other Current Assets | - | - | 6,788 | 3,471 |
| Inventories | - | - | 13,549 | 7,685 |
| Total Current Assets | <u>96,296</u> | <u>77,999</u> | <u>1,243,451</u> | <u>1,184,145</u> |
| Noncurrent Assets: | | | | |
| Receivables: | | | | |
| Taxes | - | - | - | - |
| Federal aid | - | - | - | - |
| Local units | - | - | 35,169 | 31,011 |
| Advances to other funds | - | - | - | - |
| Land contracts | - | - | 28 | 58 |
| Miscellaneous | - | - | - | - |
| Total Noncurrent Assets | <u>-</u> | <u>-</u> | <u>35,197</u> | <u>31,069</u> |
| Total Assets | <u>\$ 96,296</u> | <u>\$ 77,999</u> | <u>\$ 1,278,649</u> | <u>\$ 1,215,214</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Current Liabilities: | | | | |
| Warrants outstanding | \$ 423 | \$ 7 | \$ 2,270 | \$ 9,129 |
| Accounts payable | 71,021 | 58,484 | 269,265 | 254,316 |
| Contract reserve payable | 64 | 1 | 706 | 252 |
| Amounts due to other funds | 8,714 | - | 12,938 | 4,082 |
| Amounts held for others | 16,074 | 16,629 | 33,466 | 29,169 |
| Unearned revenue | - | 2,878 | 3,672 | 5,614 |
| Total Current Liabilities | <u>96,296</u> | <u>77,999</u> | <u>322,318</u> | <u>302,561</u> |
| Long-Term Liabilities: | | | | |
| Unearned revenue | - | - | 31 | 34 |
| Total Long-Term Liabilities | <u>-</u> | <u>-</u> | <u>31</u> | <u>34</u> |
| Total Liabilities | <u>96,296</u> | <u>77,999</u> | <u>322,348</u> | <u>302,595</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>-</u> | <u>-</u> | <u>534</u> | <u>153</u> |
| Fund Balances: | | | | |
| Nonspendable | - | - | 13,549 | 7,685 |
| Restricted | - | - | 942,218 | 904,781 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Total Fund Balances | <u>-</u> | <u>-</u> | <u>955,767</u> | <u>912,466</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 96,296</u> | <u>\$ 77,999</u> | <u>\$ 1,278,649</u> | <u>\$ 1,215,214</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, 2015 and 2014
(In Thousands)

| | STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund) | | BLUE WATER BRIDGE FUND | |
|---|---|-------------------|------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| License and permits | 16,796 | 16,518 | - | - |
| Federal aid | 853,689 | 818,219 | - | - |
| Local participation | 14,519 | 10,518 | - | - |
| Interest earnings on common cash | 646 | 503 | 71 | 55 |
| Services | 3,270 | 3,501 | - | - |
| Non-operating revenue-bridges | 4,435 | 3,759 | - | - |
| Miscellaneous | 25,828 | 16,064 | 20,897 | 22,387 |
| Total Revenues | 919,182 | 869,081 | 20,968 | 22,441 |
| EXPENDITURES | | | | |
| Administration and Operations: | | | | |
| Administration and maintenance | 539,812 | 490,235 | 5,517 | 5,662 |
| Other grants | 123,856 | 160,595 | - | - |
| Airport development | - | - | - | - |
| Non-operating expenditures-bridges | 4,252 | 3,579 | - | - |
| Trust fund construction activity | - | - | - | - |
| Capital lease payments | 644 | 791 | - | - |
| Total Administration and Operations | 668,564 | 655,200 | 5,517 | 5,662 |
| Capital Outlay: | | | | |
| Roads and bridges | 842,698 | 876,968 | 11,861 | 2,433 |
| Other capital outlay | 10,370 | 10,458 | - | - |
| Total Capital Outlay | 853,068 | 887,425 | 11,861 | 2,433 |
| Total Expenditures | 1,521,633 | 1,542,625 | 17,378 | 8,094 |
| Excess of Revenues Over (Under) Expenditures | (602,451) | (673,544) | 3,590 | 14,347 |
| OTHER FINANCING SOURCES | | | | |
| Michigan Transportation Fund distribution | 650,343 | 622,575 | - | - |
| Grants and transfers from other funds | 219,922 | 327,437 | - | - |
| Capital Lease Acquisitions | - | 475 | - | - |
| Proceeds from sale of capital assets | 2,242 | 1,820 | - | - |
| Proceeds from bonds and notes issued | - | - | - | - |
| Premium on bonds issued | - | - | - | - |
| Total Other Financing Sources | 872,507 | 952,307 | - | - |
| OTHER FINANCING USES | | | | |
| Grants and transfers to other funds | 5,872 | 5,466 | 70 | 74 |
| Discount on bonds issued | - | - | - | - |
| Debt service | 206,404 | 212,148 | 6,962 | 6,962 |
| Total Other Financing Uses | 212,277 | 217,614 | 7,032 | 7,036 |
| Excess of Other Financing Sources Over (Under) Other Financing Uses | 660,230 | 734,693 | (7,032) | (7,036) |
| Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses | 57,779 | 61,148 | (3,442) | 7,311 |
| Fund balances-Beginning of fiscal year | 784,782 | 723,634 | 68,194 | 60,883 |
| Fund balances-End of fiscal year | \$ 842,561 | \$ 784,782 | \$ 64,752 | \$ 68,194 |

| STATE AERONAUTICS FUND | | COMBINED TRUNKLINE BOND PROCEEDS FUND | | COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND | |
|------------------------------|------------------|--|------------------|--|-----------------|
| 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| \$ 6,386 | \$ 5,056 | \$ - | \$ - | \$ - | \$ - |
| 344 | 303 | - | - | - | - |
| 74,588 | 74,101 | 54,095 | 58,450 | - | - |
| 65 | 61 | 13 | 149 | - | - |
| 7 | 15 | 57 | 49 | 11 | 14 |
| 750 | 789 | - | - | - | - |
| - | - | - | - | - | - |
| 1,165 | 631 | 144 | 4,559 | 75 | 352 |
| <u>83,305</u> | <u>80,956</u> | <u>54,309</u> | <u>63,207</u> | <u>86</u> | <u>366</u> |
| 7,400 | 7,446 | 163 | 5,068 | 75 | 352 |
| - | - | 407 | 240 | 135 | 6,189 |
| 80,182 | 82,390 | - | - | 571 | 583 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>87,581</u> | <u>89,836</u> | <u>569</u> | <u>5,308</u> | <u>781</u> | <u>7,124</u> |
| - | - | 14,737 | 71,371 | - | - |
| 187 | 371 | - | - | 54 | 250 |
| <u>187</u> | <u>371</u> | <u>14,737</u> | <u>71,371</u> | <u>54</u> | <u>250</u> |
| <u>87,768</u> | <u>90,207</u> | <u>15,306</u> | <u>76,679</u> | <u>835</u> | <u>7,374</u> |
| <u>(4,463)</u> | <u>(9,250)</u> | <u>39,003</u> | <u>(13,472)</u> | <u>(749)</u> | <u>(7,009)</u> |
| - | - | - | - | - | - |
| 6,000 | 6,000 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>6,000</u> | <u>6,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 109 | 105 | 45,726 | 45,799 | - | - |
| - | - | - | - | - | - |
| 4,992 | 3,360 | - | - | - | - |
| <u>5,101</u> | <u>3,464</u> | <u>45,726</u> | <u>45,799</u> | <u>-</u> | <u>-</u> |
| <u>899</u> | <u>2,536</u> | <u>(45,726)</u> | <u>(45,799)</u> | <u>-</u> | <u>-</u> |
| (3,564) | (6,715) | (6,723) | (59,271) | (749) | (7,009) |
| 19,609 | 26,324 | 29,970 | 89,242 | 9,911 | 16,920 |
| <u>\$ 16,045</u> | <u>\$ 19,609</u> | <u>\$ 23,247</u> | <u>\$ 29,970</u> | <u>\$ 9,162</u> | <u>\$ 9,911</u> |

| | TRANSPORTATION RELATED TRUST FUND | | TOTALS | |
|--|---|----------------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | | | | |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ 6,386 | \$ 5,056 |
| License and permits | - | - | 17,141 | 16,821 |
| Federal aid | 313,229 | 314,204 | 1,295,599 | 1,264,974 |
| Local participation | - | - | 14,597 | 10,727 |
| Interest earnings on common cash | 2 | 2 | 793 | 637 |
| Services | - | - | 4,020 | 4,289 |
| Non-operating revenue-bridges | - | - | 4,435 | 3,759 |
| Miscellaneous | 1,232 | 1,252 | 49,340 | 45,246 |
| Total Revenues | 314,462 | 315,459 | 1,392,312 | 1,351,510 |
| EXPENDITURES | | | | |
| Administration and Operations: | | | | |
| Administration and maintenance | - | - | 552,966 | 508,762 |
| Other grants | - | - | 124,398 | 167,024 |
| Airport development | - | - | 80,753 | 82,973 |
| Non-operating expenditures-bridges | - | - | 4,252 | 3,579 |
| Trust fund construction activity | 314,462 | 315,459 | 314,462 | 315,459 |
| Capital lease payments | - | - | 644 | 791 |
| Total Administration and Operations | 314,462 | 315,459 | 1,077,475 | 1,078,588 |
| Capital Outlay: | | | | |
| Roads and bridges | - | - | 869,295 | 950,771 |
| Other capital outlay | - | - | 10,612 | 11,079 |
| Total Capital Outlay | - | - | 879,907 | 961,850 |
| Total Expenditures | 314,462 | 315,459 | 1,957,382 | 2,040,439 |
| Excess of Revenues Over (Under) Expenditures | - | - | (565,070) | (688,929) |
| OTHER FINANCING SOURCES | | | | |
| Michigan Transportation Fund distribution | - | - | 650,343 | 622,575 |
| Grants and transfers from other funds | - | - | 225,922 | 333,437 |
| Capital Lease Acquisitions | - | - | - | 475 |
| Proceeds from sale of capital assets | - | - | 2,242 | 1,820 |
| Proceeds from bonds and notes issued | - | - | - | - |
| Premium on bond issues | - | - | - | - |
| Total Other Financing Sources | - | - | 878,507 | 958,307 |
| OTHER FINANCING USES | | | | |
| Grants and transfers to other funds | - | - | 51,778 | 51,444 |
| Discount on bonds issued | - | - | - | - |
| Debt service | - | - | 218,358 | 222,470 |
| Total Other Financing Uses | - | - | 270,136 | 273,914 |
| Excess of Other Financing Sources Over (Under) Other Financing Uses | - | - | 608,371 | 684,393 |
| Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses | - | - | 43,301 | (4,536) |
| Fund balances-Beginning of fiscal year | - | - | 912,466 | 917,002 |
| Fund balances-End of fiscal year | \$ - | \$ - | \$ 955,767 | \$ 912,466 |



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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, 2015
(In Thousands)

| (Statutory/Budgetary Basis) | STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund) | | |
|---|--|-------------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| REVENUES | | | |
| Taxes | \$ - | \$ - | \$ - |
| License and permits | 16,796 | 16,796 | - |
| Federal aid | 853,689 | 853,689 | - |
| Local participation | 14,519 | 14,519 | - |
| Interest earnings | 646 | 646 | - |
| Services | 3,270 | 3,270 | - |
| Non-operating revenue-bridges | 4,435 | 4,435 | - |
| Miscellaneous and Service revenue | 25,828 | 25,828 | - |
| Total Revenues | 919,182 | 919,182 | - |
| EXPENDITURES AND ENCUMBRANCES | | | |
| Administration | 620,410 | 575,834 | 44,576 |
| Other grants | 127,293 | 127,170 | 123 |
| Airport development | - | - | - |
| Nonoperating expenditure-bridges | 4,435 | 4,252 | 183 |
| Total Administration and Operations | 752,138 | 707,256 | 44,882 |
| Roads and bridges | 846,008 | 846,008 | - |
| Other capital outlay | 12,040 | 11,627 | 413 |
| Total Capital Outlay | 858,048 | 857,635 | 413 |
| Total Expenditures and Encumbrances | 1,610,186 | 1,564,891 | 45,295 |
| Excess of Revenue Over(Under) Expenditures and Encumbrances | <u>(691,004)</u> | <u>(645,710)</u> | <u>45,295</u> |
| OTHER FINANCING SOURCES | | | |
| Michigan Transportation Fund distribution | 650,343 | 650,343 | - |
| Grants and transfers from other funds | 219,922 | 219,922 | - |
| Capital Lease Acquisitions | - | - | - |
| Proceeds of sale of capital assets | 2,242 | 2,242 | - |
| Total Financing Sources | 872,507 | 872,507 | - |
| OTHER FINANCING USES | | | |
| Grants and transfers to other funds | 5,872 | 5,872 | - |
| Debt service | 212,070 | 206,404 | 5,665 |
| Total Financing Uses | 217,942 | 212,277 | 5,665 |
| Excess Other Financing Sources Over(Under) Other Financing Uses | <u>654,565</u> | <u>660,230</u> | <u>5,665</u> |
| Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses | <u>\$ (36,440)</u> | <u>14,520</u> | <u>\$ 50,960</u> |
| RECONCILING ITEMS | | | |
| Encumbrances at September 30 | | 43,259 | |
| Funds not annually budgeted | | - | |
| Net Reconciling Items | | 43,259 | |
| Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis) | | <u>57,779</u> | |
| FUND BALANCES (GAAP BASIS) | | | |
| Beginning balance | | 784,782 | |
| Ending balances (GAAP Basis) | | <u>\$ 842,561</u> | |

| BLUE WATER BRIDGE FUND | | | STATE AERONAUTICS FUND | | |
|------------------------|-------------------|--|------------------------|-------------------|--|
| BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| \$ - | \$ - | \$ - | \$ 6,386 | \$ 6,386 | \$ - |
| - | - | - | 344 | 344 | - |
| - | - | - | 74,588 | 74,588 | - |
| - | - | - | 65 | 65 | - |
| 71 | 71 | - | 7 | 7 | - |
| - | - | - | 750 | 750 | - |
| - | - | - | - | - | - |
| <u>20,897</u> | <u>20,897</u> | <u>-</u> | <u>1,165</u> | <u>1,165</u> | <u>-</u> |
| <u>20,968</u> | <u>20,968</u> | <u>-</u> | <u>83,305</u> | <u>83,305</u> | <u>-</u> |
| 6,411 | 5,576 | 835 | 8,607 | 7,470 | 1,137 |
| - | - | - | - | - | - |
| - | - | - | 82,066 | 82,043 | 23 |
| - | - | - | - | - | - |
| <u>6,411</u> | <u>5,576</u> | <u>835</u> | <u>90,673</u> | <u>89,513</u> | <u>1,160</u> |
| 13,873 | 13,873 | - | - | - | - |
| - | - | - | 196 | 187 | 9 |
| <u>13,873</u> | <u>13,873</u> | <u>-</u> | <u>196</u> | <u>187</u> | <u>9</u> |
| <u>20,284</u> | <u>19,449</u> | <u>835</u> | <u>90,869</u> | <u>89,700</u> | <u>1,169</u> |
| 684 | 1,519 | 835 | (7,564) | (6,395) | 1,169 |
| - | - | - | - | - | - |
| - | - | - | 6,000 | 6,000 | - |
| - | - | - | - | - | - |
| - | - | - | 6,000 | 6,000 | - |
| 70 | 70 | - | 150 | 109 | 41 |
| <u>6,962</u> | <u>6,962</u> | <u>-</u> | <u>4,992</u> | <u>4,992</u> | <u>-</u> |
| <u>7,032</u> | <u>7,032</u> | <u>-</u> | <u>5,142</u> | <u>5,101</u> | <u>41</u> |
| <u>(7,032)</u> | <u>(7,032)</u> | <u>-</u> | <u>858</u> | <u>899</u> | <u>41</u> |
| \$ <u>(6,348)</u> | \$ <u>(5,512)</u> | \$ <u>835</u> | \$ <u>(6,706)</u> | \$ <u>(5,496)</u> | \$ <u>1,210</u> |
| | 2,071 | | | 1,932 | |
| | <u>-</u> | | | <u>-</u> | |
| | <u>2,071</u> | | | <u>1,932</u> | |
| | <u>(3,442)</u> | | | <u>(3,564)</u> | |
| | <u>68,194</u> | | | <u>19,609</u> | |
| \$ | \$ <u>64,752</u> | | \$ | \$ <u>16,045</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 | - | - | - |
| Capital Lease Acquisitions | - | - | - |
| 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 | <u>(6,723)</u> | <u>(749)</u> | <u>-</u> |
| Net Reconciling Items | <u>(6,723)</u> | <u>(749)</u> | <u>-</u> |
| Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis) | <u>(6,723)</u> | <u>(749)</u> | <u>-</u> |
| FUND BALANCES (GAAP BASIS) | | | |
| Beginning balance | <u>29,970</u> | <u>9,911</u> | <u>-</u> |
| Ending balances (GAAP Basis) | <u>\$ 23,247</u> | <u>\$ 9,162</u> | <u>\$ -</u> |

| TOTALS | | |
|--------------------|-------------------|--|
| BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| \$ 6,386 | \$ 6,386 | \$ - |
| 17,141 | 17,141 | - |
| 928,276 | 928,276 | - |
| 14,584 | 14,584 | - |
| 723 | 723 | - |
| 4,020 | 4,020 | - |
| 4,435 | 4,435 | - |
| 47,890 | 47,890 | - |
| <u>1,023,455</u> | <u>1,023,455</u> | <u>-</u> |
| 635,428 | 588,880 | 46,549 |
| 127,293 | 127,170 | 123 |
| 82,066 | 82,043 | 23 |
| 4,435 | 4,252 | 183 |
| <u>849,223</u> | <u>802,345</u> | <u>46,877</u> |
| 859,881 | 859,881 | - |
| 12,235 | 11,814 | 422 |
| <u>872,117</u> | <u>871,695</u> | <u>422</u> |
| <u>1,721,339</u> | <u>1,674,040</u> | <u>47,299</u> |
| <u>(697,885)</u> | <u>(650,585)</u> | <u>47,299</u> |
| 650,343 | 650,343 | - |
| 225,922 | 225,922 | - |
| - | - | - |
| 2,242 | 2,242 | - |
| <u>878,507</u> | <u>878,507</u> | <u>-</u> |
| 6,092 | 6,051 | 41 |
| 224,024 | 218,358 | 5,666 |
| <u>230,116</u> | <u>224,410</u> | <u>5,707</u> |
| <u>648,391</u> | <u>654,097</u> | <u>5,707</u> |
| \$ <u>(49,494)</u> | <u>3,512</u> | \$ <u>53,006</u> |
| | <u>47,261</u> | |
| | <u>(7,472)</u> | |
| | <u>39,789</u> | |
| | <u>43,301</u> | |
| | <u>912,466</u> | |
| | \$ <u>955,767</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, 2014
(In Thousands)

| (Statutory/Budgetary Basis) | STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund) | | |
|---|--|-------------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| REVENUES | | | |
| Taxes | \$ - | \$ - | \$ - |
| License and permits | 16,518 | 16,518 | - |
| Federal aid | 818,219 | 818,219 | - |
| Local participation | 10,518 | 10,518 | - |
| Interest earnings | 503 | 503 | - |
| Services | 3,501 | 3,501 | - |
| Non-operating revenue-bridges | 3,759 | 3,759 | - |
| Miscellaneous and Service revenue | 16,064 | 16,064 | - |
| Total Revenues | 869,081 | 869,081 | - |
| EXPENDITURES AND ENCUMBRANCES | | | |
| Administration | 555,639 | 511,623 | 44,015 |
| Other grants | 162,289 | 162,110 | 179 |
| Airport development | - | - | - |
| Nonoperating expenditure-bridges | 3,759 | 3,700 | 59 |
| Total Administration and Operations | <u>721,686</u> | <u>677,434</u> | <u>44,252</u> |
| Roads and bridges | 883,427 | 883,426 | 1 |
| Other capital outlay | 11,934 | 11,931 | 3 |
| Total Capital Outlay | <u>895,361</u> | <u>895,357</u> | <u>4</u> |
| Total Expenditures and Encumbrances | 1,617,047 | 1,572,790 | 44,257 |
| Excess of Revenue Over(Under) Expenditures and Encumbrances | <u>(747,966)</u> | <u>(703,710)</u> | <u>44,257</u> |
| OTHER FINANCING SOURCES | | | |
| Michigan Transportation Fund distribution | 622,575 | 665,575 | 43,000 |
| Grants and transfers from other funds | 327,437 | 284,437 | (43,000) |
| Capital Lease Acquisitions | 1,820 | 1,820 | - |
| Proceeds of sale of capital assets | - | - | - |
| Total Financing Sources | <u>951,832</u> | <u>951,832</u> | <u>-</u> |
| OTHER FINANCING USES | | | |
| Grants and transfers to other funds | 5,697 | 5,345 | 352 |
| Debt service | 212,148 | 212,148 | 0 |
| Total Financing Uses | <u>217,845</u> | <u>217,492</u> | <u>352</u> |
| Excess Other Financing Sources Over(Under) Other Financing Uses | <u>733,987</u> | <u>734,339</u> | <u>352</u> |
| Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses | <u>\$ (13,979)</u> | <u>30,629</u> | <u>\$ 44,609</u> |
| RECONCILING ITEMS | | | |
| Encumbrances at September 30 | | 30,519 | |
| Funds not annually budgeted | | - | |
| Net Reconciling Items | | <u>30,519</u> | |
| Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis) | | <u>61,148</u> | |
| FUND BALANCES (GAAP BASIS) | | | |
| Beginning balance | | <u>723,634</u> | |
| Ending balances (GAAP Basis) | | <u>\$ 784,782</u> | |

| BLUE WATER BRIDGE FUND | | | STATE AERONAUTICS FUND | | |
|------------------------|------------------|--|------------------------|------------------|--|
| BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| \$ - | \$ - | \$ - | \$ 5,056 | \$ 5,056 | \$ - |
| - | - | - | 303 | 303 | - |
| - | - | - | 74,101 | 74,101 | - |
| - | - | - | 61 | 61 | - |
| 55 | 55 | - | 15 | 15 | - |
| - | - | - | 789 | 789 | - |
| - | - | - | - | - | - |
| <u>22,387</u> | <u>22,387</u> | <u>-</u> | <u>631</u> | <u>631</u> | <u>-</u> |
| <u>22,441</u> | <u>22,441</u> | <u>-</u> | <u>80,956</u> | <u>80,956</u> | <u>-</u> |
| 6,337 | 5,719 | 618 | 8,520 | 7,462 | 1,059 |
| - | - | - | - | - | - |
| - | - | - | 85,306 | 84,558 | 748 |
| - | - | - | - | - | - |
| <u>6,337</u> | <u>5,719</u> | <u>618</u> | <u>93,827</u> | <u>92,020</u> | <u>1,807</u> |
| 4,260 | 4,260 | - | - | - | - |
| - | - | - | 373 | 373 | - |
| <u>4,260</u> | <u>4,260</u> | <u>-</u> | <u>373</u> | <u>373</u> | <u>-</u> |
| <u>10,596</u> | <u>9,978</u> | <u>618</u> | <u>94,200</u> | <u>92,393</u> | <u>1,807</u> |
| <u>11,845</u> | <u>12,463</u> | <u>618</u> | <u>(13,243)</u> | <u>(11,437)</u> | <u>1,807</u> |
| - | - | - | - | - | - |
| - | - | - | 6,000 | 6,000 | - |
| - | - | - | - | - | - |
| - | - | - | 6,000 | 6,000 | - |
| 74 | 74 | - | 150 | 105 | 45 |
| <u>6,963</u> | <u>6,962</u> | <u>-</u> | <u>3,892</u> | <u>3,360</u> | <u>532</u> |
| <u>7,036</u> | <u>7,036</u> | <u>-</u> | <u>4,042</u> | <u>3,464</u> | <u>577</u> |
| <u>(7,036)</u> | <u>(7,036)</u> | <u>-</u> | <u>1,958</u> | <u>2,536</u> | <u>577</u> |
| \$ <u>4,809</u> | \$ 5,427 | \$ <u>618</u> | \$ <u>(11,286)</u> | \$ (8,901) | \$ <u>2,384</u> |
| | 1,884 | | | 2,186 | |
| | - | | | - | |
| | <u>1,884</u> | | | <u>2,186</u> | |
| | 7,311 | | | (6,715) | |
| | <u>60,883</u> | | | <u>26,324</u> | |
| | \$ <u>68,194</u> | | | \$ <u>19,609</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 | - | - | - |
| Capital Lease Acquisitions | - | - | - |
| 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 | (59,271) | (7,009) | - |
| Net Reconciling Items | <u>(59,271)</u> | <u>(7,009)</u> | <u>-</u> |
| Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis) | <u>(59,271)</u> | <u>(7,009)</u> | <u>-</u> |
| FUND BALANCES (GAAP BASIS) | | | |
| Beginning balance | 89,242 | 16,920 | - |
| Ending balances (GAAP Basis) | <u>\$ 29,970</u> | <u>\$ 9,911</u> | <u>\$ -</u> |

| TOTALS | | |
|---------------------------|-----------------------|--|
| BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| \$ 16,821 | \$ 16,821 | \$ - |
| 16,821 | 16,821 | - |
| 892,320 | 892,320 | - |
| 10,579 | 10,579 | - |
| 572 | 572 | - |
| 4,289 | 4,289 | - |
| 3,759 | 3,759 | - |
| 39,082 | 39,082 | - |
| <u>972,478</u> | <u>972,478</u> | <u>-</u> |
| 570,495 | 524,804 | 45,692 |
| 162,289 | 162,110 | 179 |
| 85,306 | 84,558 | 748 |
| 3,759 | 3,700 | 59 |
| <u>821,849</u> | <u>775,172</u> | <u>46,677</u> |
| 887,687 | 887,685 | 1 |
| 12,307 | 12,304 | 3 |
| <u>899,994</u> | <u>899,990</u> | <u>4</u> |
| <u>1,721,843</u> | <u>1,675,162</u> | <u>46,681</u> |
| <u>(749,365)</u> | <u>(702,684)</u> | <u>46,681</u> |
| 622,575 | 665,575 | 43,000 |
| 333,437 | 290,437 | (43,000) |
| 1,820 | 1,820 | - |
| - | - | - |
| <u>957,832</u> | <u>957,832</u> | <u>-</u> |
| 5,921 | 5,523 | 398 |
| 223,002 | 222,470 | 532 |
| <u>228,923</u> | <u>227,993</u> | <u>930</u> |
| <u>728,908</u> | <u>729,838</u> | <u>930</u> |
| \$ <u><u>(20,456)</u></u> | <u>27,155</u> | \$ <u><u>47,611</u></u> |
| | 34,590 | |
| | <u>(66,280)</u> | |
| | <u>(31,691)</u> | |
| | <u>(4,536)</u> | |
| | <u>917,002</u> | |
| \$ | <u><u>912,466</u></u> | |



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MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF DEBT SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

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, 2015 and 2014
 (In Thousands)

| | COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND | | COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND | | TOTALS | |
|--|--|---------------|---|-------------|--------------|---------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Equity in Common Cash | \$ - | \$ 298 | \$ 25 | \$ - | \$ - | \$ 298 |
| Total Assets | <u>\$ -</u> | <u>\$ 298</u> | <u>\$ 25</u> | <u>\$ -</u> | <u>\$ 25</u> | <u>\$ 298</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Current Liabilities: | | | | | | |
| Warrants Outstanding | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable and other liabilities | <u>-</u> | <u>298</u> | <u>25</u> | <u>-</u> | <u>25</u> | <u>298</u> |
| Total Liabilities | <u>-</u> | <u>298</u> | <u>25</u> | <u>-</u> | <u>25</u> | <u>298</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>\$ 298</u> | <u>\$ 25</u> | <u>\$ -</u> | <u>\$ 25</u> | <u>\$ 298</u> |

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

MICHIGAN DEPARTMENT OF TRANSPORTATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FISCAL YEARS ENDED SEPTEMBER 30, 2015 and 2014
(In Thousands)

| | COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND | | COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND | | TOTALS | |
|--|--|-----------|---|----------|-----------|-----------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | | | | | |
| REVENUES | | | | | | |
| Interest earnings | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Revenues | - | - | - | - | - | - |
| EXPENDITURES | | | | | | |
| Administration | - | - | - | - | - | - |
| Costs of issuance | - | 1,187 | 241 | - | 241 | 1,187 |
| Bond principal retirement | 120,050 | 114,955 | 15,860 | 14,535 | 135,910 | 129,490 |
| Bond interest and fiscal charges | 93,316 | 104,155 | 7,348 | 7,877 | 100,664 | 112,032 |
| Total Expenditures | 213,366 | 220,297 | 23,449 | 22,412 | 236,815 | 242,709 |
| Excess of Revenues Over (Under) Expenditures | (213,366) | (220,297) | (23,449) | (22,412) | (236,815) | (242,709) |
| OTHER FINANCING SOURCES | | | | | | |
| Proceeds from refunding bond issues | - | 265,085 | 29,380 | - | 29,380 | 265,085 |
| Premium on bonds issued | - | 35,223 | 5,207 | - | 5,207 | 35,223 |
| Transfer from State Aeronautics Fund | - | - | 4,992 | 3,360 | 4,992 | 3,360 |
| Transfer from State Trunkline Fund | 213,366 | 219,110 | - | - | 213,366 | 219,110 |
| Transfer from Comprehensive Transportation Fund | - | - | 18,184 | 19,052 | 18,184 | 19,052 |
| Total Other Financing Sources | 213,366 | 519,418 | 57,764 | 22,412 | 271,130 | 541,830 |
| OTHER FINANCING USES | | | | | | |
| Payment to refunded bond escrow agent | - | 299,121 | 34,315 | - | 34,315 | 299,121 |
| Total Other Financing Uses | - | 299,121 | 34,315 | - | 34,315 | 299,121 |
| Excess of Other Sources Over (Under) Other Uses | 213,366 | 220,297 | 23,449 | 22,412 | 236,815 | 242,709 |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | - | - | - | - | - | - |
| Fund balances-Beginning of fiscal year | - | - | - | - | - | - |
| Fund balances-End of fiscal year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |



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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, 2015
(In Thousands)

| | <u>2005-2006</u> | <u>2006-2007</u> | <u>2007-2008</u> | <u>2008-2009</u> |
|---|---------------------|---------------------|---------------------|---------------------|
| REVENUES AND OTHER SOURCES: | | | | |
| Michigan Transportation Fund | \$ 1,967,920 | \$ 1,943,436 | \$ 1,889,569 | \$ 1,838,990 |
| State Trunkline Fund | | | | |
| Economic Development | 98,526 | 95,899 | 71,997 | 76,031 |
| Road and Bridge Program | 1,588,113 | 1,668,203 | 1,518,646 | 1,672,977 |
| Blue Water Bridge Fund | 14,758 | 14,225 | 15,959 | 12,913 |
| Comprehensive Transportation Fund | 260,424 | 262,128 | 277,606 | 275,093 |
| Aeronautics Fund | 135,989 | 134,785 | 124,725 | 131,889 |
| Transportation Related Trust Fund | 174,024 | 205,607 | 292,120 | 277,365 |
| 1989 State Trunkline Bond Proceeds Fund | 49 | 41 | - | - |
| 1992 State Trunkline Bond Proceeds Fund | 85 | 194 | 3,624 | 4 |
| 1992 Comprehensive Transportation Bond Proceeds Fund | - | - | - | - |
| 1994 State Trunkline Bond Proceeds Fund | 20 | 111 | 4 | 1 |
| 2001 Build Michigan III Bond Proceeds Fund | 7,019 | 3,857 | 1,224 | 1,396 |
| 2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds Fund | 93,546 | 53,841 | 32,191 | (2) |
| 2002 & 2003 Comprehensive Transportation Bond Proceeds Fund | 40,425 | 5,855 | 2,586 | 17,241 |
| 2004 State Trunkline Bond Proceeds Fund | 269,072 | 10,402 | 77,806 | 4,614 |
| 2011 State Trunkline Bond Proceeds Fund | - | - | - | - |
| Economic Stimulus Bonds | - | - | - | 150,174 |
| Jobs Today Bond Proceeds Fund | 73 | 501,507 | 25,863 | 154,922 |
| Blue Water Bridge Plaza Series Bonds | - | - | - | - |
| TOTAL REVENUES AND OTHER SOURCES | \$ 4,650,043 | \$ 4,900,091 | \$ 4,333,920 | \$ 4,613,608 |
| EXPENDITURES AND OTHER USES: | | | | |
| Michigan Transportation Fund | \$ 1,967,920 | \$ 1,943,436 | \$ 1,889,569 | \$ 1,838,990 |
| State Trunkline Fund | | | | |
| Economic Development | 90,141 | 85,342 | 75,250 | 78,341 |
| Traditional Program | 1,618,331 | 1,540,590 | 1,702,452 | 1,747,662 |
| Blue Water Bridge Fund | 13,870 | 10,145 | 12,815 | 10,320 |
| Comprehensive Transportation Fund | 254,045 | 261,237 | 270,758 | 273,245 |
| Aeronautics Fund | 135,473 | 135,402 | 123,681 | 132,531 |
| Transportation Related Trust Fund | 174,024 | 205,607 | 292,120 | 277,365 |
| 1989 State Trunkline Bond Proceeds Fund | 14 | 1,089 | - | - |
| 1992 State Trunkline Bond Proceeds Fund | 6,078 | 196 | 2,087 | (10) |
| 1992 Comprehensive Transportation Bond Proceeds Fund | - | - | - | - |
| 1994 State Trunkline Bond Proceeds Fund | (520) | 439 | 5 | 1 |
| 2001 Build Michigan III Bond Proceeds Fund | 13,663 | 28,249 | 11,992 | 18,936 |
| 2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds Fund | 94,827 | 53,781 | 32,163 | 29 |
| 2002 & 2003 Comprehensive Transportation Bond Proceeds Fund | 19,900 | 27,413 | 15,805 | 11,186 |
| 2004 State Trunkline Bond Proceeds Fund | 132,305 | 159,271 | 66,624 | 18,914 |
| 2011 State Trunkline Bond Proceeds Fund | - | - | - | - |
| Economic Stimulus Bonds | - | - | - | 8,303 |
| Jobs Today Bond Proceeds Fund | 83,336 | 222,486 | 234,404 | 109,365 |
| Blue Water Bridge Plaza Series Bonds | - | - | - | - |
| TOTAL EXPENDITURES AND OTHER USES | \$ 4,603,407 | \$ 4,674,683 | \$ 4,729,725 | \$ 4,525,178 |

| | <u>2009-2010</u> | <u>2010-2011</u> | <u>2011-2012</u> | <u>2012-2013</u> | <u>2013-2014</u> | <u>2014-2015</u> |
|------|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ | 1,840,178 | \$ 1,852,109 | \$ 1,858,160 | \$ 1,894,679 | \$ 1,937,904 | \$ 2,022,175 |
| | 77,173 | 68,427 | 68,739 | 51,745 | 48,223 | 57,717 |
| | 1,719,438 | 1,796,420 | 1,609,683 | 1,638,111 | 1,772,689 | 1,733,972 |
| | 19,133 | 21,934 | 22,573 | 24,818 | 22,441 | 20,968 |
| | 286,146 | 293,560 | 314,275 | 496,404 | 401,373 | 389,096 |
| | 141,038 | 98,119 | 117,694 | 98,334 | 86,956 | 89,305 |
| | 370,918 | 256,695 | 247,875 | 259,185 | 315,459 | 314,462 |
| | - | - | - | - | - | - |
| | 330 | 325 | 5 | 245 | 239 | - |
| | - | - | - | - | - | - |
| | (4) | - | (3) | 4 | 2 | - |
| | 684 | 102 | (6) | 11 | 41 | 1 |
| | 9 | 610 | 565 | - | - | - |
| | 13,029 | 13,348 | 144 | 693 | 365 | 86 |
| | 60 | 804 | 31 | 66 | 2,549 | 122 |
| | - | - | 63,018 | 10,431 | 60,338 | 8,399 |
| | 4,295 | 1,434 | 24,340 | 37,495 | 21 | 1,074 |
| | 58,407 | 91,483 | 26,745 | 127,194 | 15 | 44,710 |
| | - | (6) | 61,010 | 210 | 2 | 4 |
| \$ | <u>4,530,834</u> | <u>4,495,364</u> | <u>4,414,848</u> | <u>4,639,625</u> | <u>4,648,617</u> | <u>4,682,091</u> |
| | | | | | | |
| \$ | 1,840,178 | \$ 1,852,109 | \$ 1,858,160 | \$ 1,894,679 | \$ 1,937,904 | \$ 2,022,175 |
| | 71,563 | 70,372 | 67,737 | 48,702 | 52,211 | 63,906 |
| | 1,818,278 | 1,684,489 | 1,628,318 | 1,537,190 | 1,707,553 | 1,670,003 |
| | 5,962 | 7,474 | 14,644 | 13,488 | 15,131 | 24,410 |
| | 290,025 | 277,708 | 293,624 | 479,460 | 388,597 | 403,744 |
| | 141,247 | 97,239 | 119,053 | 93,693 | 93,671 | 92,869 |
| | 370,918 | 256,695 | 247,875 | 259,185 | 315,459 | 314,462 |
| | - | - | - | - | - | - |
| | 488 | 329 | 1,710 | 46 | 209 | - |
| | - | - | - | - | - | - |
| | 2 | - | 28 | 5 | - | - |
| | 30 | 701 | (134) | 410 | 41 | 555 |
| | - | 675 | 25 | 202 | (267) | - |
| | 21,663 | 14,665 | 22,573 | 12,296 | 7,374 | 835 |
| | 3,176 | 1,439 | 712 | 582 | 9,442 | 2,507 |
| | - | - | 26,490 | 23,453 | 66,996 | 11,042 |
| | 114,089 | 27,488 | 3,270 | 20,854 | 8,718 | 5,377 |
| | 79,981 | 48,664 | 48,960 | 148,568 | 36,778 | 40,413 |
| | - | 26,042 | 25,348 | 8,009 | 562 | 1,139 |
| \$ | <u>4,757,600</u> | <u>4,366,089</u> | <u>4,358,393</u> | <u>4,540,822</u> | <u>4,640,379</u> | <u>4,653,437</u> |

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
ECONOMIC DEVELOPMENT FUND
FISCAL YEARS ENDED SEPTEMBER 30, 2015 and 2014
(In Thousands)

| | 2015 | 2014 |
|---|------------|------------|
| REVENUES AND OTHER SOURCES | | |
| Licenses and permits | \$ 10,376 | \$ 276 |
| Federal aid | 3,843 | 6,895 |
| Local participation | 550 | 397 |
| Interest earnings | 142 | 123 |
| Michigan Transportation Fund distribution | 40,275 | 40,275 |
| Miscellaneous | 195 | 220 |
| Fees | 2,336 | 37 |
| Total Revenues and Other Sources | 57,717 | 48,223 |
| EXPENDITURES AND OTHER USES | | |
| Administration | 368 | 432 |
| Forest roads | 5,000 | 5,000 |
| Target industries-state takeovers | 19,457 | 13,728 |
| Rural county urban system | 2,419 | 2,944 |
| Urban county congestion | 14,022 | 5,060 |
| Rural county primary | 10,975 | 15,042 |
| Debt service | 11,665 | 10,003 |
| Total Expenditures and Other Uses | 63,906 | 52,211 |
| Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses | (6,190) | (3,988) |
| Fund Balances-Beginning of fiscal year | 109,715 | 113,703 |
| Fund Balances-End of fiscal year | \$ 103,525 | \$ 109,715 |

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 2014, because of a \$12 million transfer to the State's Trunkline fund that was required by PA 302 of 2014.



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MICHIGAN DEPARTMENT OF TRANSPORTATION
CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS
BY FUNCTIONAL ACTIVITY
FISCAL YEAR ENDED SEPTEMBER 30, 2015
(In Thousands)

| | <u>Construction Supervision</u> | <u>Preliminary Engineering</u> | <u>Right-of-Way</u> |
|--|-------------------------------------|------------------------------------|---------------------|
| STATE TRUNKLINE FUND | | | |
| Roads and bridges | \$ 92,019 | \$ 96,403 | \$ 7,557 |
| Economic development fund | 1,835 | 467 | 25 |
| Work orders - state facilities | <u>255</u> | <u>2</u> | <u>-</u> |
| Subtotal | <u>94,110</u> | <u>96,872</u> | <u>7,582</u> |
| BLUE WATER BRIDGE FUND | | | |
| | <u>666</u> | <u>719</u> | <u>-</u> |
| Subtotal | <u>666</u> | <u>719</u> | <u>-</u> |
| STATE AERONAUTICS AND GENERAL FUNDS | | | |
| Airport development | 3,109 | 5,109 | 2,837 |
| Work orders - state facilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Subtotal | <u>3,109</u> | <u>5,109</u> | <u>2,837</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 | 2,501 | 22 | 128 |
| Comprehensive Transportation Fund | - | - | - |
| Aeronautics Fund | <u>34</u> | <u>220</u> | <u>39</u> |
| Subtotal | <u>2,535</u> | <u>242</u> | <u>167</u> |
| Total Capital Acquisitions | <u>\$ 100,420</u> | <u>\$ 102,942</u> | <u>\$ 10,586</u> |

| <u>Utility Relocation</u> | <u>Physical Construction</u> | <u>Special Projects</u> | <u>Other Activities</u> | <u>Totals</u> |
|-------------------------------|----------------------------------|-----------------------------|-----------------------------|---------------------|
| \$ 197 | \$ 763,392 | \$ - | \$ 1,225 | \$ 960,793 |
| - | 46,055 | - | 5,000 | 53,381 |
| - | 1,489 | - | 2,657 | 4,403 |
| <u>197</u> | <u>810,935</u> | <u>-</u> | <u>8,882</u> | <u>1,018,578</u> |
| - | 10,475 | - | - | 11,861 |
| - | 10,475 | - | - | 11,861 |
| - | - | - | - | - |
| - | 74,186 | - | 381 | 85,622 |
| - | - | - | - | - |
| - | 74,186 | - | 381 | 85,622 |
| - | - | - | - | - |
| - | - | - | 1,050 | 1,050 |
| - | - | - | 26,808 | 26,808 |
| - | - | - | 126,477 | 126,477 |
| - | - | - | 154,335 | 154,335 |
| - | - | - | - | - |
| - | 12,427 | - | 16,971 | 32,050 |
| - | - | - | 1,118 | 1,118 |
| - | 332 | - | 1 | 625 |
| - | 12,759 | - | 18,090 | 33,793 |
| <u>\$ 197</u> | <u>\$ 908,355</u> | <u>\$ -</u> | <u>\$ 181,688</u> | <u>\$ 1,304,188</u> |

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

FISCAL YEAR ENDED SEPTEMBER 30, 2014
(In Thousands)

| | <u>Construction Supervision</u> | <u>Preliminary Engineering</u> | <u>Right-of-Way</u> |
|--|-------------------------------------|------------------------------------|---------------------|
| STATE TRUNKLINE FUND | | | |
| Roads and bridges | \$ 95,374 | \$ 108,235 | \$ 11,117 |
| Economic development fund | 461 | (4) | 102 |
| Work orders - state facilities | <u>403</u> | <u>332</u> | <u>-</u> |
| Subtotal | <u>96,237</u> | <u>108,563</u> | <u>11,218</u> |
| BLUE WATER BRIDGE FUND | | | |
| | <u>391</u> | <u>1,266</u> | <u>0</u> |
| Subtotal | <u>391</u> | <u>1,266</u> | <u>0</u> |
| STATE AERONAUTICS AND GENERAL FUNDS | | | |
| Airport development | 5,552 | 8,858 | 4,753 |
| Work orders - state facilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Subtotal | <u>5,552</u> | <u>8,858</u> | <u>4,753</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 | 6,236 | (397) | 89 |
| Comprehensive Transportation Fund | - | 104 | - |
| Aeronautics Fund | <u>(24)</u> | <u>143</u> | <u>30</u> |
| Subtotal | <u>6,212</u> | <u>(150)</u> | <u>120</u> |
| Total Capital Acquisitions | <u>\$ 108,392</u> | <u>\$ 118,536</u> | <u>\$ 16,091</u> |

| <u>Utility Relocation</u> | <u>Physical Construction</u> | <u>Special Projects</u> | <u>Other Activities</u> | <u>Totals</u> |
|-------------------------------|----------------------------------|-----------------------------|-----------------------------|---------------------|
| \$ 2,310 | \$ 691,109 | \$ - | \$ 1,808 | \$ 909,953 |
| - | 37,124 | - | 5,023 | 42,705 |
| - | 3,260 | - | 3,858 | 7,852 |
| <u>2,310</u> | <u>731,493</u> | <u>-</u> | <u>10,688</u> | <u>960,510</u> |
| - | 776 | - | - | 2,433 |
| - | 776 | - | - | 2,433 |
| - | 76,506 | - | 357 | 96,025 |
| - | - | - | - | - |
| - | 76,506 | - | 357 | 96,025 |
| - | - | - | - | - |
| - | - | - | 1,195 | 1,195 |
| - | - | - | 29,100 | 29,100 |
| - | - | - | 128,310 | 128,310 |
| - | - | - | 158,605 | 158,605 |
| - | 65,653 | - | 8,755 | 80,335 |
| - | 3,866 | - | 2,210 | 6,179 |
| - | 483 | - | 1 | 633 |
| - | 70,001 | - | 10,965 | 87,148 |
| <u>\$ 2,310</u> | <u>\$ 878,776</u> | <u>\$ -</u> | <u>\$ 180,616</u> | <u>\$ 1,304,721</u> |

Michigan Department of Transportation
Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2015

| Grantor Agency/Federal Assistance Program Title | CFDA* Program Number | Direct Award (Y/N) | Pass Through Entity | Pass- Through Entity ID Number | Research and Develop- ment (Y/N) | Distributed to Subrecipients | | | |
|--|----------------------------|--------------------------|---------------------------|---|---|------------------------------------|----------------------------|--------------------------|-----------------------------------|
| | | | | | | Directly Expended by Department | To Other State Agencies | To Non-State Entities | Total Expended and Distributed |
| U.S. Department of Transportation | | | | | | | | | |
| Highway Planning and Construction Cluster | | | | | | | | | |
| Direct Programs: | | | | | | | | | |
| ARRA - Highway Planning and Construction | 20.205 | Y | | | N | 62,694.11 | | | 62,694.11 |
| Highway Planning and Construction | 20.205 | Y | | | Y | 4,129,816.68 | | | 4,129,816.68 |
| Highway Planning and Construction | 20.205 | Y | | | N | 1,141,744,173.14 | | 31,977,082.27 | 1,173,721,255.41 |
| Total Highway Planning and Construction Cluster | | | | | | <u>1,145,936,683.93</u> | - | <u>31,977,082.27</u> | <u>1,177,913,766.20</u> |
| Federal Transit Cluster | | | | | | | | | |
| Direct Programs: | | | | | | | | | |
| Federal Transit - Capital Investment Grants | 20.500 | Y | | | N | 27,191.00 | | 5,425,088.87 | 5,452,279.87 |
| Bus and Bus Facilities Formula Program | 20.526 | Y | | | N | | | 2,732,769.66 | 2,732,769.66 |
| Total Federal Transit Cluster | | | | | | <u>27,191.00</u> | - | <u>8,157,858.53</u> | <u>8,185,049.53</u> |
| Transit Services Programs Cluster | | | | | | | | | |
| Direct Programs: | | | | | | | | | |
| Enhanced Mobility for Seniors and Individuals with Disabilities | 20.513 | Y | | | N | | | 2,311,821.98 | 2,311,821.98 |
| Job Access and Reverse Commute Program | 20.516 | Y | | | N | | | 225,237.50 | 225,237.50 |
| New Freedom Program | 20.521 | Y | | | N | | | 956,685.74 | 956,685.74 |
| Total Transit Services Programs Cluster | | | | | | - | | <u>3,493,745.22</u> | <u>3,493,745.22</u> |
| Direct Programs: | | | | | | | | | |
| Airport Improvement Program (Note 1) | 20.106 | Y | | | | 21,384,177.04 | | | 21,384,177.04 |
| Capital Assistance to States – Intercity Passenger Rail Service | 20.317 | Y | | | N | 6,654,523.17 | | | 6,654,523.17 |
| ARRA - High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants | 20.319 | Y | | | N | 63,596,929.32 | | 3,051,616.57 | 66,648,545.89 |
| High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants | 20.319 | Y | | | N | 9,345,780.17 | | | 9,345,780.17 |
| Rail Line Relocation and Improvement | 20.320 | Y | | | N | 50,550.99 | | | 50,550.99 |
| Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research | 20.505 | Y | | | N | 184,717.19 | | 3,267,475.88 | 3,452,193.07 |
| Formula Grants for Rural Areas | 20.509 | Y | | | N | 1,970,725.52 | | 18,225,533.50 | 20,196,259.02 |
| Public Transportation Research | 20.514 | Y | | | N | | | 126,943.00 | 126,943.00 |
| ARRA - Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions | 20.523 | Y | | | N | | | 227,202.43 | 227,202.43 |
| Rail Fixed GuidewayPublic Transportation System State Safety Oversight Formula Grant Program | 20.528 | Y | | | N | 26,208.83 | | | 26,208.83 |
| ARRA - Surface Transportation - Discretionary Grants for Capital Investment | 20.932 | Y | | | N | 5,192,473.08 | | 11,339,491.24 | 16,531,964.32 |
| National Infrastructure Investments | 20.933 | Y | | | N | 135,758.69 | | | 135,758.69 |
| Total Direct Programs | | | | | | <u>108,541,844.00</u> | - | <u>36,238,262.62</u> | <u>144,780,106.62</u> |
| Total U.S. Department of Transportation | | | | | | <u>1,254,505,718.93</u> | - | <u>79,866,948.64</u> | <u>1,334,372,667.57</u> |
| U.S. Department of Health and Human Services | | | | | | | | | |
| Direct Program | | | | | | | | | |
| Building Capacity of the Public Health System to Improve Population Health through National, Non-Profit Organizations- financed in part by Prevention and Public Health Funds (PPHF) | 93.524 | N | Health and Human Services | 380684 | N | 1,354.00 | | | 1,354.00 |
| Total U.S. Department of Health and Human Services | | | | | | <u>1,354.00</u> | - | - | <u>1,354.00</u> |
| U.S. Department of Health and Human Services | | | | | | | | | |
| TANF Cluster | | | | | | | | | |
| Temporary Assistance for Needy Families (TANF) State Programs | 93.558 | N | Health and Human Services | 15-99001 | N | 553,859.00 | | | 553,859.00 |
| Total TANF Cluster | | | | | | <u>553,859.00</u> | - | - | <u>553,859.00</u> |
| Total U.S. Department of Health and Human Services | | | | | | <u>553,859.00</u> | - | - | <u>553,859.00</u> |
| U.S. Department of Homeland Security | | | | | | | | | |
| Direct Program: | | | | | | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | N | State Police | | N | 124,675.25 | | | 124,675.25 |
| Homeland Security Grant Program | 97.067 | N | State Police | | N | 128,589.95 | | | 128,589.95 |
| Total U.S. Department of Homeland Security | | | | | | <u>253,265.20</u> | - | - | <u>253,265.20</u> |
| Total Expenditures of Federal Awards | | | | | | <u>1,255,314,197.13</u> | - | <u>79,866,948.64</u> | <u>1,335,181,145.77</u> |

* CFDA is defined as Catalog of Federal Domestic Assistance

Michigan Department of Transportation
Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2014

| Grantor Agency/ | Federal Assistance Program Title | CFDA* Program Number | Pass Through Entity | Pass- Through Entity Identification Number | Directly Expended by Department | Distributed to Subrecipients | Total Expended and Distributed |
|--|---|----------------------------|-------------------------|--|------------------------------------|---------------------------------|-----------------------------------|
| U.S. Department of Transportation | | | | | | | |
| Highway Planning and Construction Cluster | | | | | | | |
| Direct Programs: | | | | | | | |
| | ARRA - Highway Planning and Construction | 20.205 | | | 641,346.47 | | 641,346.47 |
| | Highway Planning and Construction (Note 1) | 20.205 | | | 1,175,767,828.75 | 43,795,783.15 | 1,219,563,611.90 |
| | Total Highway Planning and Construction Cluster | | | | <u>1,176,409,175.22</u> | <u>43,795,783.15</u> | <u>1,220,204,958.37</u> |
| Federal Transit Cluster | | | | | | | |
| Direct Programs: | | | | | | | |
| | Federal Transit - Capital Investment Grants | 20.500 | | | 8,907,401.55 | | 8,907,401.55 |
| | Total Federal Transit Cluster | | | | <u>8,907,401.55</u> | <u>-</u> | <u>8,907,401.55</u> |
| Transit Services Programs Cluster | | | | | | | |
| Direct Programs: | | | | | | | |
| | Enhanced Mobility for Seniors and Individuals with Disabilities | 20.513 | | | | 3,729,844.35 | 3,729,844.35 |
| | Job Access and Reverse Commute Program | 20.516 | | | | 1,155,178.50 | 1,155,178.50 |
| | New Freedom Program | 20.521 | | | | 1,102,407.81 | 1,102,407.81 |
| | Total Transit Services Programs Cluster | | | | <u>-</u> | <u>5,987,430.66</u> | <u>5,987,430.66</u> |
| Direct Programs: | | | | | | | |
| | Airport Improvement Program (Note 2) | 20.106 | | | 14,407,689.23 | | 14,407,689.23 |
| | ARRA - High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants | 20.319 | | | 82,203,928.31 | 9,137,806.23 | 91,341,734.54 |
| | Rail Line Relocation and Improvement | 20.320 | | | | 5,778,937.14 | 5,778,937.14 |
| | Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research | 20.505 | | | 6,400.00 | 1,284,431.84 | 1,290,831.84 |
| | Formula Grants for Rural Areas | 20.509 | | | 972,100.00 | 20,005,152.88 | 20,977,252.88 |
| | Public Transportation Research | 20.514 | | | | 518,737.00 | 518,737.00 |
| | Paul S. Sarbanes Transit in the Parks | 20.520 | | | | 164,443.56 | 164,443.56 |
| | ARRA - Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emmissions | 20.523 | | | | 951,432.10 | 951,432.10 |
| | Total Direct Programs | | | | <u>97,590,117.54</u> | <u>37,840,940.75</u> | <u>135,431,058.29</u> |
| Total U.S. Department of Transportation | | | | | <u>1,282,906,694.31</u> | <u>87,624,154.56</u> | <u>1,370,530,848.87</u> |
| U.S. Department of Health and Human Services | | | | | | | |
| TANF Cluster | | | | | | | |
| | Temporary Assistance for Needy Families (TANF) State Programs | 93.558 | Human Services | | 550,000.00 | - | 550,000.00 |
| | Temporary Assistance for Needy Families (TANF) State Programs | 93.558 | Michigan Strategic Fund | | 550,000.00 | - | 550,000.00 |
| | Total TANF Cluster | | | | <u>1,100,000.00</u> | <u>-</u> | <u>1,100,000.00</u> |
| Total U.S. Department of Health and Human Services | | | | | <u>1,100,000.00</u> | <u>-</u> | <u>1,100,000.00</u> |
| U.S. Department of Homeland Security | | | | | | | |
| Direct Program: | | | | | | | |
| | Homeland Security Grant Program | 97.067 | State Police | | 61,759.94 | - | 61,759.94 |
| Total U.S. Department of Homeland Security | | | | | <u>61,759.94</u> | <u>-</u> | <u>61,759.94</u> |
| Total Expenditures of Federal Awards | | | | | <u>1,284,068,454.25</u> | <u>87,624,154.56</u> | <u>1,371,692,608.81</u> |
| * CFDA is defined as Catalog of Federal Domestic Assistance | | | | | | | |
| Direct payments made to other state departments: | | | | | | | |
| DNRE (Included in 20.205 distributed to subrecipients above) | | | | | 168,615.06 | | |

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDING SEPTEMBER 30, 2015

1. Federal expenditures to primary airports in the amount of \$ 53,075,212.83 for fiscal year 2015 are not included in the SEFA report under the Airport Improvement Program (CFDA 20.106). MDOT is channeling the Federal Aviation Administration (FAA) funds to the primary airports, per P.A. 327 of 1945. The FAA determined that MDOT has no oversight responsibility for grants to primary airports. Primary airport expenditures will not be reported in the SEFA because compliance with federal regulations is the responsibility of the primary airport and not MDOT.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDING SEPTEMBER 30, 2014

1. The State Infrastructure Bank (SIB) program was enacted by the U.S. Congress in 1995 as part of the U.S. Department of Transportation's continuing effort to increase infrastructure investment in the transportation sector. A SIB is an investment fund at the state or multi-state level with the ability to make loans to public and private entities to carry out highway construction or transit capital projects. The Federal Highway Administration (FHWA) deposited a percentage of funds apportioned to the State of Michigan in fiscal years 1998 – 2005 in an MDOT account strictly used for SIB activity. A state match equal to 25% of the federal deposit was required. These monies along with interest earnings are to remain in the SIB account and be used for purposes included in the cooperative agreement between the FHWA, Federal Transit Administration (FTA) and MDOT. At the end of fiscal year 2014, the total amount of federal, state and interest earnings equal \$23,297,013.

MDOT disbursed five SIB loans in fiscal year 2014, totaling \$3,506,850.

2. Federal expenditures to primary airports in the amount of \$59,584,874.84 for fiscal year 2014 are not included in the SEFA report under the Airport Improvement Program (CFDA 20.106). MDOT is channeling the Federal Aviation Administration (FAA) funds to the primary airports, per P.A. 327 of 1945. The FAA determined that MDOT has no oversight responsibility for grants to primary airports. Primary airport expenditures will not be reported in the SEFA because compliance with federal regulations is the responsibility of the primary airport and not MDOT.



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