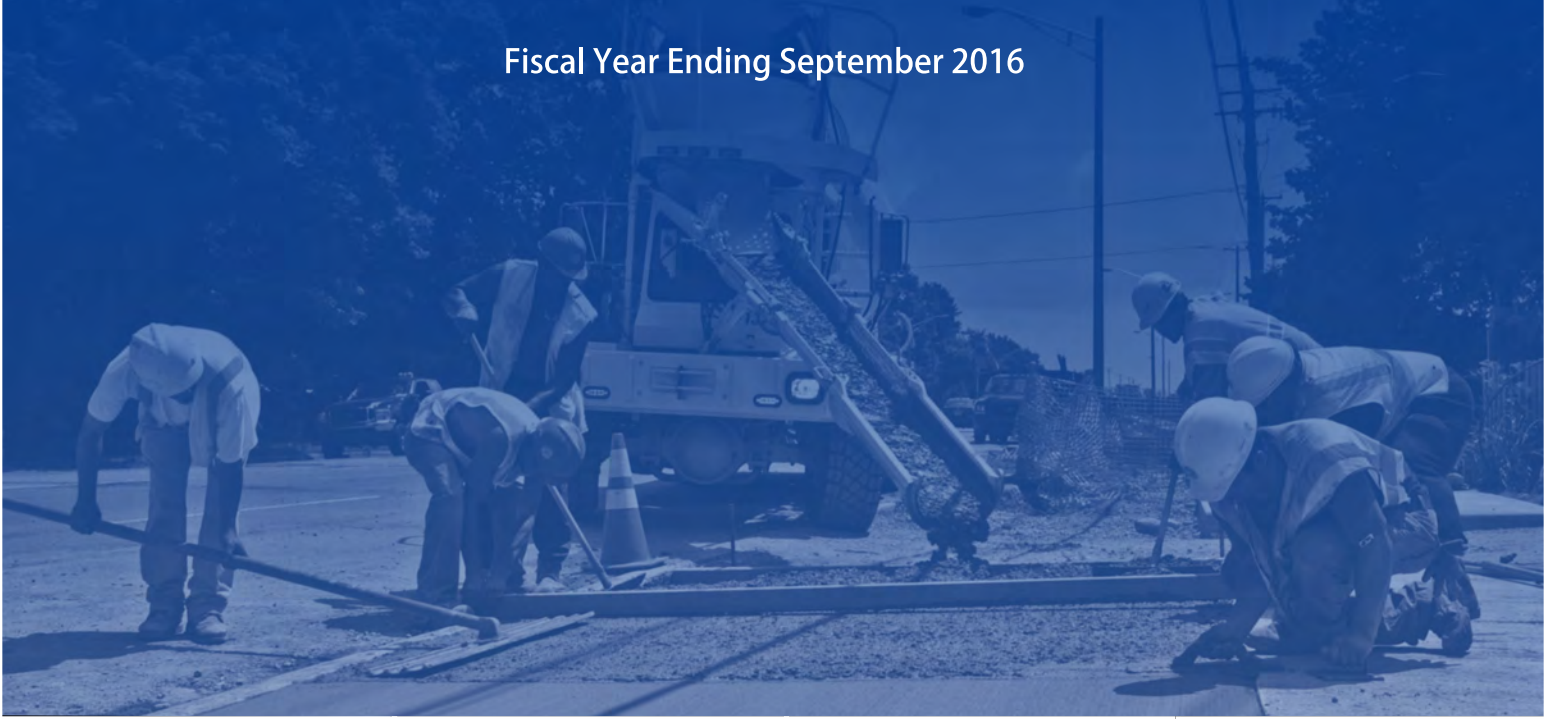




# Michigan Department of Transportation

## ANNUAL FINANCIAL REPORT 2016

Fiscal Year Ending September 2016





# MICHIGAN DEPARTMENT OF TRANSPORTATION

## ANNUAL FINANCIAL REPORT

Fiscal Years Ended September 30, 2016 & 2015

Prepared by:

Finance and Administration  
Myron Frierson, Bureau Director

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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, 2016

**TABLE OF CONTENTS**

**Page**

**I. INTRODUCTORY SECTION**

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

**II. FINANCIAL SECTION**

**General Purpose Financial Statements**

Combined Balance Sheet - All Fund Types and Account Groups.....	2
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-All Fund Types.....	4
Notes to Financial Statements.....	7

**Supplemental Financial Data - Combining Financial Statements and Schedules**

Special Revenue Funds:	
Descriptions of Special Revenue Funds.....	31
Combining Balance Sheet.....	32
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	33
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual.....	34
Capital Projects Funds:	
Descriptions of Capital Projects Funds.....	38
Combining Balance Sheet.....	42
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	46
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual.....	50
Debt Service Funds:	
Descriptions of Debt Service Funds.....	59
Combining Balance Sheet.....	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	61

**III. STATISTICAL SECTION**

Schedule of Revenues and Expenditures by Fund - Special Revenue Funds and Capital Projects Funds.....	66
Schedule of Revenues, Expenditures and Changes in Fund Balance - Economic Development Fund.....	68
Construction and Capital Property Acquisitions by Functional Activity.....	70
Schedule of Expenditures of Federal Awards.....	74
Notes to Schedule of Expenditures of Federal Awards.....	76

**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 23, 2017

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, 2015 and 2016. 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**

The Department, as part of its ongoing effort to effectively manage the agency's debt obligation, issued fixed rate State Trunk Line Fund Refunding Bonds, Series 2015 in the amount of \$54 million. The purpose of the Bonds is to refund the \$64.4 million State Trunk Line Fund Series 2005. As a result of this refunding, total savings is \$16.2 million which results in a net present value savings of \$13.2 million.

In addition, the Department issued Grant Anticipation Refunding Bonds, Series 2016 in the amount of \$607.1 million. The purpose of the Bonds is to advance refund \$415.8 million of the Grant Anticipation Bonds, Series 2007 and crossover advance refund \$281.9 million of the Taxable Grant Anticipation Bonds, Series 2009B Build America Bonds. Total savings is \$159.2 million which results in a net present value savings of \$136.2 million to be realized over 11 years.

The Department received one-time State General Fund support in the amount of \$258 million for the state and local road and bridge programs compared to \$284.6 million in FY 15. The following table summarizes the changes, in millions, from FY 15 to FY 16 in the various revenue sources:

**Revenue source table**

REVENUE SOURCE	FY 2015	FY 2016	Change
<b>Michigan Transportation Fund</b>			
Motor Vehicle Registration	\$978.10	\$1,018	\$39.90
Gasoline and Diesel fuel taxes	\$1,003.70	\$1,011	\$7.30
Motor Vehicle Title Fees	\$34.20	\$35.90	\$1.70
<b>State Trunk Line Fund</b>			
Local Agencies	\$14.50	\$20.40	\$5.90
Federal Agencies	\$854	\$780	(\$74)
Licenses and Permits	\$16.80	\$17.80	\$1
<b>Comprehensive Transportation Fund</b>			
Public Transportation Services	\$172.40	\$176.90	\$4.50
Federal Agencies	\$118.70	\$74.50	(\$44.20)
Motor Fuel Taxes	\$91	\$85	(\$6)
<b>State Aeronautics Fund</b>			
Aviation Fuel Tax	\$6	\$6	\$ -
Federal Agencies	\$74	\$57	(\$17)

The state transportation revenue package signed November 10, 2015 by Governor Rick Snyder, is effective beginning in FY 2017 with an anticipated increase in new state transportation revenue in the amount of \$465 million. Revenue will increase to annual amount of \$1.2 billion total in 2021. These additional revenues will help to address the backlog of critical infrastructure needs and allow new enhancements to Michigan’s transportation network.

The federal Fixing America’s Surface Transportation (FAST) Act will provide \$57.5 million in new support for Michigan highway and transit programs in FY 2017, in addition to over \$1 billion that the state receives in Federal transportation funding annually. With the multi-year Federal authorization, the Department has funding that facilitates capital project planning.

Aviation sales tax legislation, adopted in December 2015, 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.

The three funding enhancements, starting in FY 2017, provide Michigan’s transportation with a stable outlook for the first time in many years and helps ensure that the state’s network of roads, bridges, public transportation systems, passenger and freight rail, and aviation programs provide for the efficient and effective movement of people and goods.



## **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 2016, the Department was confronted with increased project costs, stretched budgets, and an aging infrastructure.

The Capital Program provided Michigan travelers with approximately 651 lane miles of improved roads and 154 rehabilitated and maintained bridges. Additionally, the Department managed good and fair roads by extending the life on about 1,886 lane miles of payment through the Capital Preventive Maintenance Program. With the FY 2016 Highway Program investment, the Department continued to positively influence Michigan's economy by supporting 16,000 jobs.

The FY 2016 Highway Program invested \$1.58 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), construction projects and other miscellaneous programs. Highlights of the FY 2016 Highway Program include; pavement preservation activities, including road rehabilitation and reconstruction and capital preventive maintenance totaling \$575 million. Bridge preservation activities, including bridge rehabilitation and reconstruction and bridge capital preventive maintenance, totaled \$341 million. Routine maintenance activities total an estimated \$311 million; this includes pothole filling, snow plowing, sweeping, and grass cutting. The rest of the Highway Program included a combined \$350 million between Trunkline Modernization, System Operations, Traffic and Safety, and other miscellaneous programs.

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 \$27.3 million in CTF funds and \$6.1 million in General Funds to match approximately \$130.9 million in Federal transit capital funds. State and Federal funds were used to maintain intercity bus services in nearly 130 Michigan communities on 41 routes, via capital and operating assistance. This will enhance customer and carrier safety. Safety and customer service were also the focus of the Department's ongoing safety certification of private motor bus and limousine carriers. Services were provided to 1,275 carriers and 7,934 vehicles. A consistent, easier to understand inspection process and related forms, as well as expanded and improved online capabilities were part of the improvements implemented.

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. Several small projects, such as culvert and crossing work and a vegetation program, were undertaken to enhance the safety and efficiency of the lines and help ensure continued rail access to shippers. The Department provided funding for 50 grade crossing safety enhancement projects and eight crossing closure/elimination efforts on roads under county, city, or village jurisdiction and 21 crossing projects on state trunklines, investing a total of over \$15.2 million in the interest of motorist safety. Through the Freight Economic Development Program, the Department approved loans for seven new projects, investing over \$2.6 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 station 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 passenger rail corridors. The Department distributed \$25 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 continue to be invested in infrastructure upgrades to benefit both passengers and freight users along the Department's 135-mile accelerated rail corridor between Dearborn and Kalamazoo. These investments supported efforts to achieve higher-speed service and reduce travel times. Projects completed or nearly completed during FY 2016 included constructing a second track between Wayne and Ypsilanti, making curve modifications to accommodate higher train speeds between Battle Creek and Jackson and constructing new connections at West Detroit Junction.

The Department approved 98 contracts for capital improvements to Michigan airports. The amount in Federal, state and local grants totaled \$27,319,991. Federal grants to the state were late this year, so fewer contracts were issued. 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 the Department. Most of these locally funded projects occur at primary airports and not general aviation airports. The Department 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 69 percent of the runways (measured with new, more stringent criteria) met the good or better pavement criteria.

## **CONCLUSION**

During the year, \$3.5 billion was expended from all revenue sources to address Michigan's transportation needs. The Department strives to make wise investment decisions with its limited resources to maximize the results achieved. This has fostered many innovative ideas in the Department and will undoubtedly promote even more in the future.

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

Sincerely,



Myron G. Frierson, Bureau Director  
Finance and Administration



# FINANCIAL SECTION





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**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, 2016 and 2015  
 (In Thousands)

	GOVERNMENTAL FUND TYPES			
	SPECIAL REVENUE		DEBT SERVICE	
	2016	2015	2016	2015
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 5	\$ -	\$ -	\$ -
Equity in Common Cash	149,512	174,214	167	25
Receivables:				
Taxes, interest, and penalties (at net)	96,086	105,009	-	-
Federal aid	67,193	84,631	-	-
Local units	565	642	-	-
Other funds	35,973	10,780	-	-
Component Units	-	-	-	-
Other Current Assets	1,534	485	-	-
Inventories	-	-	-	-
Total Current Assets	350,867	375,761	167	25
Noncurrent Assets:				
Receivables:				
Taxes	2,621	2,511	-	-
Federal aid	-	-	-	-
Local units	369	623	-	-
Advances to other funds	-	-	-	-
Land contracts	-	-	-	-
Miscellaneous	227	262	-	-
Total Noncurrent Assets	3,217	3,396	-	-
Total Assets	\$ 354,084	\$ 379,157	\$ 167	\$ 25
<b>LIABILITIES AND FUND BALANCES</b>				
Current Liabilities:				
Warrants outstanding	\$ 1,049	\$ 855	\$ 2	\$ -
Accounts payable	229,293	234,164	165	25
Contract reserve payable	-	-	-	-
Due to other funds and Components	3,914	9,449	-	-
Deposits, permits and other liabilities	5,887	9,160	-	-
Unearned revenue	154	209	-	-
Total Current Liabilities	240,297	253,836	167	25
Long-Term Liabilities:				
Unearned revenue	34	45	-	-
Total Long-Term Liabilities	34	45	-	-
Total Liabilities	240,332	253,882	167	25
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	5,899	11,280	-	-
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	107,853	113,995	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	107,853	113,995	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 354,084	\$ 379,157	\$ 167	\$ 25

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

CAPITAL PROJECTS		TOTALS	
2016	2015	2016	2015
\$ 70	\$ 53	\$ 74	\$ 53
956,354	918,681	1,106,033	1,092,920
1,248	510	97,333	105,519
184,597	218,654	251,790	303,286
76,422	73,793	76,988	74,434
2,955	7,269	38,928	18,050
1,124	4,154	1,124	4,154
17,592	6,788	19,125	7,273
12,219	13,549	12,219	13,549
<u>1,252,581</u>	<u>1,243,452</u>	<u>1,603,615</u>	<u>1,619,238</u>
-	-	2,621	2,511
-	-	-	-
40,342	35,169	40,711	35,792
-	-	-	-
-	28	-	28
-	-	227	262
<u>40,342</u>	<u>35,197</u>	<u>43,560</u>	<u>38,593</u>
\$ <u>1,292,923</u>	\$ <u>1,278,649</u>	\$ <u>1,647,174</u>	\$ <u>1,657,831</u>
\$ 4,447	\$ 2,270	\$ 5,497	\$ 3,125
206,524	269,265	435,982	503,453
751	706	751	706
39,890	12,938	43,804	22,387
37,922	33,466	43,809	42,626
5,443	3,672	5,597	3,882
<u>294,977</u>	<u>322,318</u>	<u>535,441</u>	<u>576,179</u>
28	31	62	76
<u>28</u>	<u>31</u>	<u>62</u>	<u>76</u>
<u>295,005</u>	<u>322,348</u>	<u>535,503</u>	<u>576,255</u>
488	534	6,387	11,814
12,219	13,549	12,219	13,549
985,212	942,218	1,093,065	1,056,214
-	-	-	-
-	-	-	-
<u>997,431</u>	<u>955,767</u>	<u>1,105,284</u>	<u>1,069,762</u>
\$ <u>1,292,923</u>	\$ <u>1,278,649</u>	\$ <u>1,647,174</u>	\$ <u>1,657,831</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, 2016 and 2015  
 (In Thousands)

	GOVERNMENTAL FUND TYPES			
	SPECIAL REVENUE		DEBT SERVICE	
	2016	2015	2016	2015
<b>REVENUES</b>				
Taxes	\$ 2,113,776	\$ 2,072,745	\$ -	\$ -
License and permits	37,280	35,562	-	-
Federal aid	74,515	118,694	-	-
Local participation	-	-	-	-
Interest earnings	596	188	-	-
Services	3,970	3,870	-	-
Non-operating revenue-bridges	-	-	-	-
Miscellaneous	14,663	5,702	-	-
Total Revenues	<u>2,244,800</u>	<u>2,236,761</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Administration and Operations:				
Administration and maintenance	21,768	17,209	-	-
Bus operating assistance grants	196,587	187,849	-	-
Other grants	1,131,256	1,167,031	-	-
Airport development	-	-	-	-
Non-operating expenditures-bridges	-	-	-	-
Trust fund construction activity	-	-	-	-
Capital lease payments	-	-	-	-
Costs of issuance	-	-	2,353	241
Bond principal retirement	-	-	141,990	135,910
Bond interest and fiscal charges	-	-	85,297	100,664
Total Administration and Operations	<u>1,349,611</u>	<u>1,372,089</u>	<u>229,640</u>	<u>236,815</u>
Capital Outlay:				
Roads and bridges	-	-	-	-
Other capital outlay	-	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,349,611</u>	<u>1,372,089</u>	<u>229,640</u>	<u>236,815</u>
Excess of Revenues Over (Under) Expenditures	<u>895,188</u>	<u>864,672</u>	<u>(229,640)</u>	<u>(236,815)</u>
<b>OTHER FINANCING SOURCES</b>				
Michigan Transportation Fund distribution	176,938	172,482	-	-
Grants and transfers from other funds	2,833	2,027	227,288	236,543
Capital Lease Acquisitions	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Proceeds from bonds and notes issued	-	-	661,165	29,380
Premium on bonds issued	-	-	153,679	5,207
Total Other Financing Sources	<u>179,771</u>	<u>174,509</u>	<u>1,042,132</u>	<u>271,130</u>
<b>OTHER FINANCING USES</b>				
Michigan Transportation Fund distribution	841,823	822,825	-	-
Grants and transfers to other funds	221,076	212,820	-	-
Discount on bonds issued	-	-	-	-
Debt service	18,202	18,184	-	-
Payment to refunded bond escrow agent	-	-	812,491	34,315
Total Other Financing Uses	<u>1,081,101</u>	<u>1,053,830</u>	<u>812,491</u>	<u>34,315</u>
Excess of Other Financing Sources Over (Under) Other Financing Uses	<u>(901,330)</u>	<u>(879,320)</u>	<u>229,641</u>	<u>236,815</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>(6,142)</u>	<u>(14,648)</u>	<u>-</u>	<u>-</u>
Fund balances-Beginning of fiscal year	113,995	128,643	-	-
Fund balances-End of fiscal year	<u>\$ 107,853</u>	<u>\$ 113,995</u>	<u>\$ -</u>	<u>\$ -</u>

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



CAPITAL PROJECTS		TOTALS	
2016	2015	2016	2015
\$ 6,133	\$ 6,386	\$ 2,119,909	\$ 2,079,131
18,166	17,141	55,446	52,702
1,168,384	1,295,599	1,242,899	1,414,293
20,566	14,597	20,566	14,597
2,624	793	3,220	982
4,066	4,020	8,035	7,890
3,797	4,435	3,797	4,435
<u>75,835</u>	<u>49,340</u>	<u>90,498</u>	<u>55,042</u>
<u>1,299,571</u>	<u>1,392,312</u>	<u>3,544,371</u>	<u>3,629,073</u>
572,373	552,966	594,141	570,175
-	-	196,587	187,849
127,612	124,398	1,258,868	1,291,429
61,582	80,753	61,582	80,753
3,613	4,252	3,613	4,252
264,737	314,462	264,737	314,462
605	644	605	644
-	-	2,353	241
-	-	141,990	135,910
-	-	85,297	100,664
<u>1,030,521</u>	<u>1,077,475</u>	<u>2,609,773</u>	<u>2,686,379</u>
858,672	869,295	858,672	869,295
6,875	10,612	6,875	10,612
<u>865,547</u>	<u>879,907</u>	<u>865,547</u>	<u>879,907</u>
<u>1,896,068</u>	<u>1,957,382</u>	<u>3,475,319</u>	<u>3,566,286</u>
<u>(596,497)</u>	<u>(565,070)</u>	<u>69,051</u>	<u>62,787</u>
664,885	650,343	841,823	822,825
226,723	225,922	456,843	464,492
898	-	898	-
501	2,242	501	2,242
-	-	661,165	29,380
23	-	153,702	5,207
<u>893,030</u>	<u>878,507</u>	<u>2,114,933</u>	<u>1,324,146</u>
-	-	841,823	822,825
45,765	51,778	266,841	264,598
-	-	-	-
209,104	218,358	227,306	236,543
-	-	812,491	34,315
<u>254,869</u>	<u>270,136</u>	<u>2,148,462</u>	<u>1,358,281</u>
<u>638,161</u>	<u>608,371</u>	<u>(33,529)</u>	<u>(34,134)</u>
41,664	43,301	35,522	28,653
955,767	912,466	1,069,762	1,041,109
<u>\$ 997,431</u>	<u>\$ 955,767</u>	<u>\$ 1,105,284</u>	<u>\$ 1,069,762</u>



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**Index**  
**Notes to the Financial Statements**

	<u>Page</u>
Note 1 - Significant Accounting Policies.....	9
Note 2 - Equity in Common Cash.....	12
Note 3 - Current Receivables.....	13
Note 4 - Capital Assets.....	14
Note 5 - General Long-Term Obligations.....	16
Note 6 - Leases.....	20
Note 7 - Employee Benefits – Retirement and Compensated Absences.....	21
Note 8 - Interfund Transactions by the MTF.....	23
Note 9 - Component Unit – Mackinac Bridge Authority.....	24
Note 10 - Contingencies and Commitments.....	25
Note 11 - Subsequent Events.....	27
Fund Descriptions.....	30



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MICHIGAN DEPARTMENT OF TRANSPORTATION  
**NOTES TO FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2016

**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, 2016

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 Federal Bridge Corporation Limited (FBCL), a Canadian Crown 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 FBCL.

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, 2015 and fiscal year ending December 31, 2014 follows (In Thousands):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Assets	\$7,875	\$15,484
Liabilities	5,311	7,512
Total Fund Balance	2,564	7,972
Total Revenues and Other Sources	5,984	8,442
Total Expenditures and Other Uses	11,392	12,088
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(\$5,408)	(\$3,646)

MICHIGAN DEPARTMENT OF TRANSPORTATION  
**NOTES TO FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2016

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, 2016

**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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Equity in Common Cash	\$149,512	\$174,214	\$167	\$25	\$956,355	\$918,681

The balances for the special revenue funds averaged approximately \$197.1 million and \$200.7 million and the balances for the capital projects funds averaged approximately \$820.8 million and \$768.5 million during fiscal years 2016 and 2015, 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, 2016

**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, 2016 and 2015, 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>2016</u>	<u>2015</u>
State Trunkline Fund	\$ 1,159	\$ 1,611
Comprehensive Transportation Fund	-	-
Total Allowance for Doubtful Accounts	<u>\$ 1,159</u>	<u>\$ 1,611</u>

B. Taxes Receivable

In the Michigan Transportation Fund, the gross amount of current taxes receivable, \$142.9 million and \$156.2 million, less allowances for uncollectible receivables, \$46.8 million and \$51.2 million result in net taxes receivable of \$96.1 million and \$105.0 million, being recorded for motor fuel taxes due to the fund as of September 30, 2016 and 2015, respectively.

In the State Aeronautics Fund, the gross amount of current taxes receivable, \$3.6 million and \$3.0 million, less allowances for uncollectible receivables, \$2.4 million and \$2.5 million result in net taxes receivable of \$1.2 million and \$0.5 million, being recorded for aviation fuel taxes due to the fund as of September 30, 2016 and 2015, 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 \$147.0 million and \$193.5 million for the fiscal years ending September 30, 2016 and 2015, respectively. No noncurrent federal aid receivables were recorded for the fiscal years ending September 30, 2016 and 2015.

MICHIGAN DEPARTMENT OF TRANSPORTATION  
**NOTES TO FINANCIAL STATEMENTS**  
 FISCAL YEAR ENDED SEPTEMBER 30, 2016

**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 2016 changes in reported costs for the Department's capital assets (In Millions):

Changes in Capital Assets Fiscal Year 2016					
	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
<u>Capital assets, not depreciated:</u>					
Roads	\$11,671.6	\$227.0	(\$155.3)	\$2.3	\$11,745.6
Land	3,059.6	31.6	-	-	3,091.1
Bridges	2,245.9	85.5	(17.6)	3.3	2,317.1
Construction in Progress	2,049.6	512.6	(360.7)	(36.2)	2,165.3
Land Rights	0.3	-	-	-	0.3
<u>Capital assets, depreciated:</u>					
Ramps	936.7	31.5	(2.4)	-	965.8
Equipment	140.4	9.1	(2.0)	0.9	148.3
Buildings	184.7	4.7	(1.0)	-	188.4
Railroads	173.7	-	-	-	173.7
Rest Areas & Welcome Centers	113.5	0.5	-	-	114.0
Land Improvements	39.2	16.9	-	-	56.2
Airports	1.8	-	-	-	1.8
<u>Less accumulated depreciation for:</u>					
Ramps	(593.4)	(38.0)	2.4	(2.1)	(631.2)
Equipment	(96.9)	(5.4)	2.0	(0.5)	(100.7)
Buildings	(85.6)	(4.9)	1.0	0.1	(89.3)
Railroad	(36.3)	(4.3)	-	-	(40.7)
Rest Area & Welcome Center	(41.8)	(2.6)	-	-	(44.4)
Land Improvements	(7.9)	(2.3)	-	-	(10.1)
Airports	<u>(0.7)</u>	<u>(0.1)</u>	<u>-</u>	<u>-</u>	<u>(0.8)</u>
 Total Capital Assets	 <u>\$19,754.3</u>	 <u>\$861.7</u>	 <u>(\$533.5)</u>	 <u>(\$32.1)</u>	 <u>\$20,050.3</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION  
**NOTES TO FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2016

**Funding Source:** Following is a summary of funding sources for investments in capital assets as of September 30, 2016 (In Millions):

<u>Fund</u>	<u>Investment</u>
State Trunkline Fund	\$ 19,885.1
Comprehensive Transportation Fund	144.6
State Aeronautics Fund	<u>20.6</u>
Total Investment in Capital Assets	<u>\$ 20,050.3</u>

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**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 %
		9/30/16	9/30/15	First Year	Last Year	
<u>Comprehensive Transportation Fund Bonds</u>						
Series 2005 (Refunding)	\$ 62,180	\$ 44,415	\$ 49,200	2009	2023	5.15
Series 2006 (Revenue and Refunding)	53,685	-	1,155	2007	2016	4.54
Series 2009 (Refunding)	42,335	23,150	30,125	2012	2019	4.11
Series 2011 (Refunding)	18,470	12,540	14,310	2013	2022	4.35
Series 2013 (Refunding)	10,130	5,515	7,355	2014	2023	4.67
Series 2015 (Refunding)	29,380	29,380	29,380	2017	2031	4.79
Total Comprehensive Transportation Fund Bonds	\$ 216,180	\$ 115,000	\$ 131,525			
<u>State Trunkline Fund Bonds</u>						
Series 1998 A (Refunding)	\$ 377,890	\$ 94,395	\$ 120,920	2006	2019	5.03
Series 2004 (Refunding)	103,450	64,820	73,835	2006	2022	4.13
Series 2005 (Refunding)	223,020	126,005	207,190	2010	2022	5.10
Series 2006	244,525	17,595	34,315	2008	2017	4.74
Series 2009 (Revenue and Refunding)	146,190	146,190	146,190	2018	2027	4.76
Series 2011	90,980	84,315	86,605	2014	2037	4.58
Series 2012 (Refunding)	49,305	33,695	39,145	2014	2022	4.78
Series 2014 (Refunding)	265,085	225,400	265,085	2016	2022	4.36
Series 2015 (Refunding)	54,055	54,055	-	2023	2023	3.50
Total State Trunkline Fund Bonds	\$ 1,554,500	\$ 846,470	\$ 973,285			
<u>Grant Anticipation Bonds</u>						
Series 2007	\$ 485,115	\$ 9,515	\$ 434,400	2009	2017	4.87
Series 2009 B Taxable Build America Bonds	281,910	-	281,905	2012	2016	7.63
Series 2016 (Refunding)	607,110	607,110	-	2018	2027	4.90
Total Grant Anticipation Bonds	\$ 1,374,135	\$ 616,625	\$ 716,305			
Total Revenue Dedicated Bonded Debt	\$ 3,144,815	\$ 1,578,095	\$ 1,821,115			

MICHIGAN DEPARTMENT OF TRANSPORTATION  
**NOTES TO FINANCIAL STATEMENTS**  
 FISCAL YEAR ENDED SEPTEMBER 30, 2016

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, 2016 and 2015:

Summary of Refunding Transactions (In Millions)		<u>Principal Amounts Outstanding</u>	
<u>Bond Series</u>	<u>Amount Refunded</u>	<u>2016</u>	<u>2015</u>
<u>State Trunkline Fund Bonds</u>			
Series 2005	\$ 64.5	\$ -	\$ -
Series 2006	<u>102.0</u>	<u>102.0</u>	<u>102.0</u>
Total State Trunkline Fund Bonds	<u>\$ 166.5</u>	<u>\$ 102.0</u>	<u>\$ 102.0</u>
<u>Comprehensive Transportation Fund Bonds</u>			
Series 2006	\$ 32.8	\$ -	\$ 32.8
Total Comprehensive Transportation Fund Bonds	<u>\$ 32.8</u>	<u>\$ -</u>	<u>\$ 32.8</u>
<u>Grant Anticipation Bonds</u>			
Series 2007	\$415.8	\$415.8	\$ -
Series 2009B	<u>281.9</u>	<u>281.9</u>	<u>\$ -</u>
Total Grant Anticipation Bonds	<u>\$697.7</u>	<u>\$697.7</u>	<u>\$ -</u>
 Total	 <u>\$ 897.0</u>	 <u>\$ 799.7</u>	 <u>\$ 134.8</u>

**MICHIGAN DEPARTMENT OF TRANSPORTATION  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**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
2017	121,835	39,933	161,768	17,175	5,691	22,866	9,515	41,740	51,255	148,525	87,364	235,889
2018	127,205	33,566	160,771	18,050	4,811	22,861	5,825	39,482	45,307	151,080	77,859	228,939
2019	133,910	26,824	160,734	18,900	3,939	22,839	6,155	29,708	35,863	158,965	60,472	219,437
2020	97,510	20,901	118,411	11,335	2,997	14,332	52,820	28,335	81,155	161,665	52,232	213,897
2021	98,675	15,896	114,571	11,930	2,406	14,336	28,785	26,396	55,181	139,390	44,697	184,087
2022	103,855	10,683	114,538	12,555	1,783	14,338	30,290	24,919	55,209	146,700	37,386	184,086
2023	68,600	6,339	74,939	2,540	1,201	3,741	40,560	23,148	63,708	111,700	30,688	142,388
2024	15,295	4,286	19,581	2,555	1,062	3,617	95,020	19,758	114,778	112,870	25,106	137,976
2025	16,070	3,510	19,580	2,685	931	3,616	101,505	14,845	116,350	120,260	19,286	139,546
2026	6,220	2,962	9,182	2,825	793	3,618	119,095	9,330	128,425	128,140	13,085	141,225
2027	6,535	2,647	9,182	2,970	648	3,618	127,055	3,176	130,231	136,560	6,471	143,031
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
<b>TOTAL</b>	<b>\$846,470</b>	<b>\$180,963</b>	<b>\$1,207,433</b>	<b>\$115,000</b>	<b>\$ 27,304</b>	<b>\$142,304</b>	<b>\$616,625</b>	<b>\$260,838</b>	<b>\$877,463</b>	<b>\$1,578,095</b>	<b>\$469,104</b>	<b>\$2,047,199</b>

**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, 2016

Changes in General Long-term Obligations:

Changes in general long-term obligations (In Thousands) for the fiscal years ended September 30, 2016 and 2015 are summarized as follows:

	Revenue Dedicated Debt - Oversight Entity		Capital Lease Obligations	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Bonds and Capital Lease Obligations:				
Balance – Beginning	\$ 1,821,115	\$ 1,960,400	\$ 1,060	\$ 1,938
New bond issues/capital lease additions and adjustments	661,165	29,380	898	-
Accretion on Capital Appreciation Bonds	-	-	-	-
Bond principal retirements/ capital lease payments and adjustments	<u>(904,185)</u>	<u>(168,665)</u>	<u>(396)</u>	<u>(878)</u>
Balance – Ending	<u>\$ 1,578,095</u>	<u>\$ 1,821,115</u>	<u>\$ 1,562</u>	<u>\$ 1,060</u>

	Claims and Judgments		Compensated Absences Liabilities	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Other Obligations:				
Balance - Beginning	\$ 11	\$ 160	\$ 29,696	\$ 30,202
Net increase (decrease) in estimated liabilities	<u>51</u>	<u>(149)</u>	<u>(745)</u>	<u>(506)</u>
Balance - Ending	<u>\$ 62</u>	<u>\$ 11</u>	<u>\$ 28,951</u>	<u>\$ 29,696</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION  
**NOTES TO FINANCIAL STATEMENTS**  
 FISCAL YEAR ENDED SEPTEMBER 30, 2016

**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 \$374,928 and \$331,353 during fiscal years 2016 and 2015, respectively.

Summary of the noncancelable operating and capital leasing commitments to maturity for fiscal year 2016 follows (In Thousands):

Noncancelable Lease Commitments As of September 30, 2016					
Fiscal Year Ended September 30	Operating Leases	Capital Leases			Total
		Principal	Interest	Executory	
2017	\$ 205	\$ 354	\$ 214	\$ 245	\$ 812
2018	104	370	170	237	777
2019	-	254	133	166	553
2020	-	266	97	156	519
2021	-	191	56	106	353
<u>2022 - 2025</u>	-	127	25	65	217
Total	\$ 309	\$ 1,562	\$ 695	\$ 975	\$ 3,232

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, 2016 and 2015 follows (In Thousands):

	<u>2016</u>	<u>2015</u>
Buildings	\$2,254	\$3,018



MICHIGAN DEPARTMENT OF TRANSPORTATION  
**NOTES TO FINANCIAL STATEMENTS**  
 FISCAL YEAR ENDED SEPTEMBER 30, 2016

**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>2016</u>	<u>2015</u>
State Trunkline Fund	\$83,406	\$84,751
Comprehensive Transportation Fund	2,240	2,339
State Aeronautics Fund	1,535	1,662
Blue Water Bridge	<u>1,096</u>	<u>1,081</u>
 Total Department of Transportation Contributions	 <u>\$88,277</u>	 <u>\$89,832</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, 2016

The following table summarizes Department of Transportation related compensated absences liabilities as of September 30, 2016 and 2015 (In Thousands):

	<u>Sick Leave</u>		<u>Annual Leave</u>		<u>Banked Leave</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
State Trunkline Fund	\$2,864	\$3,556	\$20,260	\$20,151	\$3,706	\$3,923	\$26,830	\$27,630
Comprehensive Transportation Fund	210	171	594	613	180	177	984	961
State Aeronautics Fund	291	285	480	459	98	109	870	854
Blue Water Bridge	<u>48</u>	<u>46</u>	<u>192</u>	<u>181</u>	<u>26</u>	<u>25</u>	<u>267</u>	<u>252</u>
<b>TOTAL</b>	<b><u>\$3,414</u></b>	<b><u>\$4,058</u></b>	<b><u>\$21,527</u></b>	<b><u>\$21,404</u></b>	<b><u>\$4,010</u></b>	<b><u>\$4,234</u></b>	<b><u>\$28,951</u></b>	<b><u>\$29,696</u></b>

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, 2016

**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, the Rail Grade Crossing Surface Program, Wetland Mitigation Fund, Moveable Bridge Fund, 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 2016 and 2015 (In Thousands).

<u>Interfund Transactions</u>	<u>2016</u>	<u>2015</u>
MTF Distribution – STF	\$664,899	\$650,345
MTF Distribution – CTF	176,938	172,482
Other State agencies	41,972	41,606
Debt Service	43,000	43,000
Economic Development Program	40,275	40,275
Local Road Program	33,000	33,000
Local Bridge Fund	30,892	30,120
Transportation Planning	10,219	10,250
Design and Engineering Services	11,913	11,946
Rail Grade Crossing Program	3,000	3,000
Freight and Safety Services	1,406	1,287
Finance, Contracts and Support Services	1,546	1,553
Enhancement Program	719	766
Moveable Bridge Program	5,000	-
Local Agency Wetlands Mitigation Fund	2,000	-
	<u>\$1,066,780</u>	<u>\$1,039,631</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION  
**NOTES TO FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2016

**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 \$14,306,172 between fiscal years 1993 and 2016 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 \$48,693,828 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, 2016, a current receivable of \$1,123,972.95 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, 2016

**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, 2016 and 2015 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 for transportation projects. As of September 30, 2016 and 2015 the balances remaining on these contracts equaled \$681.1 million and \$689.4 million, respectively. Portions of these balances, \$125.1 million as of September 30, 2016, and \$103.4 million, as of September 30, 2015, have been encumbered. MDOT has also entered into a Public-Private Partnership (P3) contract for the Metro Region Freeway Lighting Project. This contract will provide for the financing, design, construction, operation, and maintenance of freeway lighting in Wayne, Oakland and Macomb counties (City of Detroit) from 2015 to 2030. The total contract amount for this project is \$142.5 million. MDOT has a commitment of \$104.6 as of September 30, 2016.

MICHIGAN DEPARTMENT OF TRANSPORTATION  
**NOTES TO FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2016

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 2015, the Department had \$26.9 million of State Trunkline expenditures on projects related to routine advanced construction and \$316.9 million of State Trunkline expenditures on projects related to future debt service advanced construction. At the end of fiscal year 2016, the Department had \$119.9 million of State Trunkline expenditures on projects related to routine advanced construction and \$255.4 million of State Trunkline expenditures on projects related to future debt service advanced construction.

MICHIGAN DEPARTMENT OF TRANSPORTATION  
**NOTES TO FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2016

**Note 11: Subsequent Events**

There are no known subsequent events to report for fiscal year 2016.



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**FUND DESCRIPTIONS**

**COMBINING FINANCIAL STATEMENTS  
AND  
SCHEDULES**



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MICHIGAN DEPARTMENT OF TRANSPORTATION  
**DESCRIPTIONS OF SPECIAL REVENUE FUNDS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2016

**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.

MICHIGAN DEPARTMENT OF TRANSPORTATION  
**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS**  
 SEPTEMBER 30, 2016 and 2015  
 (In Thousands)

	MICHIGAN TRANSPORTATION FUND		COMPREHENSIVE TRANSPORTATION FUND		TOTALS	
	2016	2015	2016	2015	2016	2015
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 5	\$ -	\$ -	\$ -	\$ 5	\$ -
Equity in Common Cash	93,432	102,186	56,081	72,028	149,512	174,214
Receivables:						
Taxes, interest, and penalties (at net)	96,086	105,009	-	-	96,086	105,009
Federal aid	-	-	67,193	84,631	67,193	84,631
Local units	-	-	565	642	565	642
Other funds	-	-	35,973	10,780	35,973	10,780
Component Units	-	-	-	-	-	-
Other Current Assets	14	24	1,519	461	1,534	485
Inventories	-	-	-	-	-	-
Total Current Assets	<u>189,536</u>	<u>207,219</u>	<u>161,331</u>	<u>168,542</u>	<u>350,867</u>	<u>375,761</u>
Noncurrent Assets:						
Receivables:						
Taxes	2,621	2,511	-	-	2,621	2,511
Federal aid	-	-	-	-	-	-
Local units	-	-	369	623	369	623
Advances to other funds	-	-	-	-	-	-
Land contracts	-	-	-	-	-	-
Miscellaneous	-	-	227	262	227	262
Total Noncurrent Assets	<u>2,621</u>	<u>2,511</u>	<u>596</u>	<u>885</u>	<u>3,217</u>	<u>3,396</u>
Total Assets	<u>\$ 192,157</u>	<u>\$ 209,731</u>	<u>\$ 161,927</u>	<u>\$ 169,427</u>	<u>\$ 354,084</u>	<u>\$ 379,157</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Current Liabilities:						
Warrants outstanding	\$ 880	\$ 482	\$ 169	\$ 372	\$ 1,049	\$ 855
Accounts payable	182,345	188,902	46,947	45,262	229,293	234,164
Contract reserve payable	-	-	-	-	-	-
Amounts due to other funds	3,795	9,335	119	114	3,914	9,449
Amounts held for others	-	-	5,887	9,160	5,887	9,160
Unearned revenue	1	-	153	209	154	209
Total Current Liabilities	<u>187,022</u>	<u>198,719</u>	<u>53,275</u>	<u>55,117</u>	<u>240,297</u>	<u>253,836</u>
Long-Term Liabilities:						
Unearned revenue	-	-	34	45	34	45
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>34</u>	<u>45</u>	<u>34</u>	<u>45</u>
Total Liabilities	<u>187,022</u>	<u>198,719</u>	<u>53,310</u>	<u>55,162</u>	<u>240,332</u>	<u>253,882</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>5,136</u>	<u>11,011</u>	<u>764</u>	<u>269</u>	<u>5,899</u>	<u>11,280</u>
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	107,853	113,995	107,853	113,995
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>107,853</u>	<u>113,995</u>	<u>107,853</u>	<u>113,995</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 192,157</u>	<u>\$ 209,731</u>	<u>\$ 161,927</u>	<u>\$ 169,427</u>	<u>\$ 354,084</u>	<u>\$ 379,157</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
FISCAL YEARS ENDED SEPTEMBER 30, 2016 and 2015  
(In Thousands)

	MICHIGAN TRANSPORTATION FUND		COMPREHENSIVE TRANSPORTATION FUND		TOTALS	
	2016	2015	2016	2015	2016	2015
<b>REVENUES</b>						
Taxes	\$ 2,029,277	\$ 1,981,939	\$ 84,499	\$ 90,806	\$ 2,113,776	\$ 2,072,745
License and permits	36,643	34,935	637	627	37,280	35,562
Federal aid	-	-	74,515	118,694	74,515	118,694
Local participation	-	-	-	-	-	-
Interest earnings on common cash	427	135	169	54	596	188
Services	3,970	3,870	-	-	3,970	3,870
Non-operating revenue-bridges	-	-	-	-	-	-
Miscellaneous	584	556	14,079	5,146	14,663	5,702
<b>Total Revenues</b>	<u>2,070,901</u>	<u>2,021,435</u>	<u>173,899</u>	<u>215,326</u>	<u>2,244,800</u>	<u>2,236,761</u>
<b>EXPENDITURES</b>						
Administration and Operations:						
Administration and maintenance	4,135	4,152	17,633	13,057	21,768	17,209
Bus operating assistance grants	-	-	196,587	187,849	196,587	187,849
Other grants	1,005,465	982,543	125,791	184,488	1,131,256	1,167,031
Airport development	-	-	-	-	-	-
Non-operating expenditures-bridges	-	-	-	-	-	-
Trust fund construction activity	-	-	-	-	-	-
Capital lease payments	-	-	-	-	-	-
<b>Total Administration and Operations</b>	<u>1,009,601</u>	<u>986,695</u>	<u>340,011</u>	<u>385,393</u>	<u>1,349,611</u>	<u>1,372,089</u>
Capital Outlay:						
Roads and bridges	-	-	-	-	-	-
Other capital outlay	-	-	-	-	-	-
<b>Total Capital Outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>1,009,601</u>	<u>986,695</u>	<u>340,011</u>	<u>385,393</u>	<u>1,349,611</u>	<u>1,372,089</u>
Excess of Revenues Over (Under) Expenditures	<u>1,061,300</u>	<u>1,034,740</u>	<u>(166,112)</u>	<u>(170,068)</u>	<u>895,188</u>	<u>864,672</u>
<b>OTHER FINANCING SOURCES</b>						
Michigan Transportation Fund distribution	-	-	176,938	172,482	176,938	172,482
Grants and transfers from other funds	1,427	740	1,406	1,287	2,833	2,027
Capital Lease Acquisitions	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Proceeds from bonds and notes issued	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
<b>Total Other Financing Sources</b>	<u>1,427</u>	<u>740</u>	<u>178,344</u>	<u>173,770</u>	<u>179,771</u>	<u>174,509</u>
<b>OTHER FINANCING USES</b>						
Michigan Transportation Fund distribution	841,823	822,825	-	-	841,823	822,825
Grants and transfers to other funds	220,904	212,654	172	166	221,076	212,820
Discount on bonds issued	-	-	-	-	-	-
Debt service	-	-	18,202	18,184	18,202	18,184
<b>Total Other Financing Uses</b>	<u>1,062,727</u>	<u>1,035,479</u>	<u>18,374</u>	<u>18,350</u>	<u>1,081,101</u>	<u>1,053,830</u>
Excess of Other Financing Sources Over (Under) Other Financing Uses	<u>(1,061,300)</u>	<u>(1,034,740)</u>	<u>159,970</u>	<u>155,420</u>	<u>(901,330)</u>	<u>(879,320)</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	-	(6,142)	(14,648)	(6,142)	(14,648)
Fund balances-Beginning of fiscal year	-	-	113,995	128,643	113,995	128,643
<b>Fund balances-End of fiscal year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,853</u>	<u>\$ 113,995</u>	<u>\$ 107,853</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, 2016  
 (In Thousands)

(Statutory/Budgetary Basis)	MICHIGAN TRANSPORTATION FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Taxes	\$ 2,029,278	\$ 2,029,278	\$ -
License and permits	36,643	36,643	-
Federal aid	-	-	-
Local participation	-	-	-
Interest earnings	427	427	-
Services	3,970	3,970	-
Non-operating revenue-bridges	-	-	-
Miscellaneous and Service revenue	583	583	-
<b>Total Revenues</b>	<b>2,070,901</b>	<b>2,070,901</b>	<b>-</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Administration	4,402	4,135	267
Bus operating assistance grants	-	-	-
Other grants	1,012,180	1,005,465	6,715
Airport development	-	-	-
Nonoperating expenditure-bridges	-	-	-
Total Administration and Operations	1,016,582	1,009,601	6,982
Roads and bridges	-	-	-
Other capital outlay	-	-	-
Total Capital Outlay	-	-	-
<b>Total Expenditures and Encumbrances</b>	<b>1,016,582</b>	<b>1,009,601</b>	<b>6,982</b>
Excess of Revenue Over (Under) Expenditures and Encumbrances	1,054,318	1,061,300	6,982
<b>OTHER FINANCING SOURCES</b>			
Michigan Transportation Fund distribution	-	-	-
Grants and transfers from other funds	1,427	1,427	-
Total Financing Sources	1,427	1,427	-
<b>OTHER FINANCING USES</b>			
Michigan Transportation Fund distribution	847,314	841,823	5,491
Grants and transfers to other funds	221,611	220,904	707
Debt service	-	-	-
Total Financing Uses	1,068,925	1,062,727	6,198
Excess Other Financing Sources Over(Under) Other Financing Uses	(1,067,498)	(1,061,300)	6,198
Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses	\$ (13,180)	-	\$ 13,180
<b>RECONCILING ITEMS</b>			
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)		-	
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balance		-	
Ending balances (GAAP Basis)		\$ -	

COMPREHENSIVE TRANSPORTATION FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 84,499	\$ 84,499	\$ -	\$ 2,113,777	\$ 2,113,777	\$ -
637	637	-	37,280	37,280	-
74,515	74,515	-	74,515	74,515	-
-	-	-	-	-	-
169	169	-	596	596	-
-	-	-	3,970	3,970	-
-	-	-	-	-	-
14,079	14,079	-	14,661	14,661	-
<u>173,899</u>	<u>173,899</u>	<u>-</u>	<u>2,244,800</u>	<u>2,244,800</u>	<u>-</u>
19,984	18,296	1,688	24,386	22,431	1,955
198,032	198,019	14	198,032	198,019	14
210,185	207,933	2,252	1,222,365	1,213,399	8,966
-	-	-	-	-	-
-	-	-	-	-	-
428,201	424,248	3,954	1,444,783	1,433,848	10,935
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
428,201	424,248	3,954	1,444,783	1,433,848	10,935
<u>(254,302)</u>	<u>(250,349)</u>	<u>3,954</u>	<u>800,016</u>	<u>810,951</u>	<u>10,935</u>
176,938	176,938	-	176,938	176,938	-
1,406	1,406	-	2,833	2,833	-
178,344	178,344	-	179,771	179,771	-
-	-	-	847,314	841,823	5,491
200	172	28	221,811	221,076	735
18,202	18,202	0	18,202	18,202	0
18,402	18,374	28	1,087,327	1,081,101	6,226
<u>159,942</u>	<u>159,970</u>	<u>28</u>	<u>(907,556)</u>	<u>(901,330)</u>	<u>6,226</u>
\$ <u>(94,361)</u>	<u>(90,379)</u>	\$ <u>3,981</u>	\$ <u>(107,540)</u>	<u>(90,379)</u>	\$ <u>17,161</u>
	84,237			84,237	
	-			-	
	84,237			84,237	
	(6,142)			(6,142)	
	113,995			113,995	
	\$ <u>107,853</u>			\$ <u>107,853</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)
<b>REVENUES</b>			
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	-
<b>Total Revenues</b>	<b>2,021,435</b>	<b>2,021,435</b>	<b>-</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>			
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	-	-	-
<b>Total Expenditures and Encumbrances</b>	<b>986,860</b>	<b>986,695</b>	<b>164</b>
Excess of Revenue Over (Under) Expenditures and Encumbrances	1,034,576	1,034,740	164
<b>OTHER FINANCING SOURCES</b>			
Michigan Transportation Fund distribution	-	-	-
Grants and transfers from other funds	740	740	-
Total Financing Sources	740	740	-
<b>OTHER FINANCING USES</b>			
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
<b>RECONCILING ITEMS</b>			
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)		-	
<b>FUND BALANCES (GAAP BASIS)</b>			
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  
**DESCRIPTIONS OF CAPITAL PROJECTS FUNDS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2016

**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, 2016

**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, 2016

**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, 2016 and 2015  
 (In Thousands)

ASSETS	STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		BLUE WATER BRIDGE FUND	
	2016	2015	2016	2015
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 5	\$ 3	\$ 65	\$ 50
Equity in Common Cash	835,856	815,059	64,463	67,165
<b>Receivables:</b>				
Taxes, interest, and penalties (at net)	-	-	-	-
Federal aid	106,471	148,679	-	-
Local units	19,202	10,947	-	-
Other funds	2,955	7,269	-	-
Component Units	1,124	4,154	-	-
Other Current Assets	17,537	6,604	-	145
Inventories	12,219	13,549	-	-
Total Current Assets	995,369	1,006,265	64,528	67,359
<b>Noncurrent Assets:</b>				
<b>Receivables:</b>				
Taxes	-	-	-	-
Federal aid	-	-	-	-
Local units	40,066	35,051	-	-
Advances to other funds	-	-	-	-
Land contracts	-	28	-	-
Miscellaneous	-	-	-	-
Total Noncurrent Assets	40,066	35,079	-	-
Total Assets	\$ 1,035,435	\$ 1,041,344	\$ 64,528	\$ 67,359
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Current Liabilities:</b>				
Warrants outstanding	\$ 4,349	\$ 1,828	\$ -	\$ -
Accounts payable	142,738	177,261	1,042	1,104
Contract reserve payable	587	642	101	-
Amounts due to other funds	4,608	4,100	60	49
Amounts held for others	12,060	12,199	-	-
Unearned revenue	3,795	2,188	1,618	1,454
Total Current Liabilities	168,137	198,218	2,822	2,607
<b>Long-Term Liabilities:</b>				
Unearned revenue	28	31	-	-
Total Long-Term Liabilities	28	31	-	-
Total Liabilities	168,164	198,249	2,822	2,607
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	488	534	-	-
<b>Fund Balances:</b>				
Nonspendable	12,219	13,549	-	-
Restricted	854,564	829,012	61,706	64,752
Committed	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	866,783	842,561	61,706	64,752
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,035,435	\$ 1,041,344	\$ 64,528	\$ 67,359

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	
2016	2015	2016	2015	2016	2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,284	6,074	43,841	20,389	7,911	9,994
1,248	510	-	-	-	-
37,643	25,132	1,666	3,266	-	-
5,513	6,510	1,573	1,617	-	-
-	-	-	-	-	-
-	-	-	-	-	-
54	39	-	-	-	-
-	-	-	-	-	-
<u>48,742</u>	<u>38,266</u>	<u>47,080</u>	<u>25,272</u>	<u>7,911</u>	<u>9,994</u>
-	-	-	-	-	-
-	-	-	-	-	-
277	118	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>277</u>	<u>118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>49,018</u>	\$ <u>38,384</u>	\$ <u>47,080</u>	\$ <u>25,272</u>	\$ <u>7,911</u>	\$ <u>9,994</u>
\$ 25	\$ 6	\$ -	\$ 1	\$ -	\$ 11
17,498	17,064	151	1,994	1,285	821
-	-	-	-	-	-
9,438	75	-	-	-	-
6,640	5,193	-	-	-	-
-	-	30	30	-	-
<u>33,601</u>	<u>22,339</u>	<u>181</u>	<u>2,025</u>	<u>1,285</u>	<u>833</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>33,601</u>	<u>22,339</u>	<u>181</u>	<u>2,025</u>	<u>1,285</u>	<u>833</u>
-	-	-	-	-	-
-	-	-	-	-	-
15,418	16,045	46,899	23,247	6,625	9,162
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,418</u>	<u>16,045</u>	<u>46,899</u>	<u>23,247</u>	<u>6,625</u>	<u>9,162</u>
\$ <u>49,018</u>	\$ <u>38,384</u>	\$ <u>47,080</u>	\$ <u>25,272</u>	\$ <u>7,911</u>	\$ <u>9,994</u>

ASSETS	TRANSPORTATION RELATED TRUST FUND		TOTALS	
	2016	2015	2016	2015
<b>Current Assets:</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 70	\$ 53
Equity in Common Cash	-	-	956,354	918,681
<b>Receivables:</b>				
Taxes, interest, and penalties (at net)	-	-	1,248	510
Federal aid	38,817	41,577	184,597	218,654
Local units	50,134	54,718	76,422	73,793
Other funds	-	-	2,955	7,269
Component Units	-	-	1,124	4,154
Other Current Assets	-	-	17,592	6,788
Inventories	-	-	12,219	13,549
Total Current Assets	<u>88,952</u>	<u>96,296</u>	<u>1,252,581</u>	<u>1,243,452</u>
<b>Noncurrent Assets:</b>				
<b>Receivables:</b>				
Taxes	-	-	-	-
Federal aid	-	-	-	-
Local units	-	-	40,342	35,169
Advances to other funds	-	-	-	-
Land contracts	-	-	-	28
Miscellaneous	-	-	-	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>40,342</u>	<u>35,197</u>
Total Assets	\$ <u>88,952</u>	\$ <u>96,296</u>	\$ <u>1,292,923</u>	\$ <u>1,278,649</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Current Liabilities:</b>				
Warrants outstanding	\$ 73	\$ 423	\$ 4,447	\$ 2,270
Accounts payable	43,809	71,021	206,524	269,265
Contract reserve payable	63	64	751	706
Amounts due to other funds	25,784	8,714	39,890	12,938
Amounts held for others	19,222	16,074	37,922	33,466
Unearned revenue	-	-	5,443	3,672
Total Current Liabilities	<u>88,952</u>	<u>96,296</u>	<u>294,977</u>	<u>322,318</u>
<b>Long-Term Liabilities:</b>				
Unearned revenue	-	-	28	31
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>28</u>	<u>31</u>
Total Liabilities	<u>88,952</u>	<u>96,296</u>	<u>295,005</u>	<u>322,348</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>488</u>	<u>534</u>
<b>Fund Balances:</b>				
Nonspendable	-	-	12,219	13,549
Restricted	-	-	985,212	942,218
Committed	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>997,431</u>	<u>955,767</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>88,952</u>	\$ <u>96,296</u>	\$ <u>1,292,923</u>	\$ <u>1,278,649</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, 2016 and 2015  
(In Thousands)

	STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		BLUE WATER BRIDGE FUND	
	2016	2015	2016	2015
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
License and permits	17,802	16,796	-	-
Federal aid	783,776	853,689	-	-
Local participation	20,411	14,519	-	-
Interest earnings on common cash	2,366	646	208	71
Services	3,322	3,270	-	-
Non-operating revenue-bridges	3,797	4,435	-	-
Miscellaneous	53,077	25,828	21,076	20,897
<b>Total Revenues</b>	<b>884,551</b>	<b>919,182</b>	<b>21,285</b>	<b>20,968</b>
<b>EXPENDITURES</b>				
Administration and Operations:				
Administration and maintenance	558,933	539,812	5,991	5,517
Other grants	125,477	123,856	-	-
Airport development	-	-	-	-
Non-operating expenditures-bridges	3,613	4,252	-	-
Trust fund construction activity	-	-	-	-
Capital lease payments	605	644	-	-
<b>Total Administration and Operations</b>	<b>688,628</b>	<b>668,564</b>	<b>5,991</b>	<b>5,517</b>
Capital Outlay:				
Roads and bridges	841,597	842,698	11,322	11,861
Other capital outlay	6,756	10,370	-	-
<b>Total Capital Outlay</b>	<b>848,354</b>	<b>853,068</b>	<b>11,322</b>	<b>11,861</b>
<b>Total Expenditures</b>	<b>1,536,982</b>	<b>1,521,633</b>	<b>17,313</b>	<b>17,378</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(652,430)</b>	<b>(602,451)</b>	<b>3,971</b>	<b>3,590</b>
<b>OTHER FINANCING SOURCES</b>				
Michigan Transportation Fund distribution	664,885	650,343	-	-
Grants and transfers from other funds	218,721	219,922	-	-
Capital Lease Acquisitions	898	-	-	-
Proceeds from sale of capital assets	501	2,242	-	-
Proceeds from bonds and notes issued	-	-	-	-
Premium on bonds issued	23	-	-	-
<b>Total Other Financing Sources</b>	<b>885,029</b>	<b>872,507</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING USES</b>				
Grants and transfers to other funds	10,737	5,872	67	70
Discount on bonds issued	-	-	-	-
Debt service	197,640	206,404	6,951	6,962
<b>Total Other Financing Uses</b>	<b>208,376</b>	<b>212,277</b>	<b>7,018</b>	<b>7,032</b>
<b>Excess of Other Financing Sources Over (Under) Other Financing Uses</b>	<b>676,652</b>	<b>660,230</b>	<b>(7,018)</b>	<b>(7,032)</b>
<b>Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>24,222</b>	<b>57,779</b>	<b>(3,046)</b>	<b>(3,442)</b>
Fund balances-Beginning of fiscal year	842,561	784,782	64,752	68,194
<b>Fund balances-End of fiscal year</b>	<b>\$ 866,783</b>	<b>\$ 842,561</b>	<b>\$ 61,706</b>	<b>\$ 64,752</b>

STATE AERONAUTICS FUND		COMBINED TRUNKLINE BOND PROCEEDS FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	
2016	2015	2016	2015	2016	2015
\$ 6,133	\$ 6,386	\$ -	\$ -	\$ -	\$ -
363	344	-	-	-	-
57,181	74,588	64,154	54,095	-	-
68	65	88	13	-	-
7	7	11	57	28	11
744	750	-	-	-	-
-	-	-	-	-	-
120	1,165	54	144	47	75
<u>64,616</u>	<u>83,305</u>	<u>64,307</u>	<u>54,309</u>	<u>75</u>	<u>86</u>
7,349	7,400	53	163	47	75
-	-	-	407	2,134	135
61,159	80,182	-	-	422	571
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>68,509</u>	<u>87,581</u>	<u>53</u>	<u>569</u>	<u>2,603</u>	<u>781</u>
-	-	5,752	14,737	-	-
110	187	-	-	8	54
<u>110</u>	<u>187</u>	<u>5,752</u>	<u>14,737</u>	<u>8</u>	<u>54</u>
<u>68,619</u>	<u>87,768</u>	<u>5,806</u>	<u>15,306</u>	<u>2,611</u>	<u>835</u>
<u>(4,003)</u>	<u>(4,463)</u>	<u>58,502</u>	<u>39,003</u>	<u>(2,537)</u>	<u>(749)</u>
-	-	-	-	-	-
8,000	6,000	2	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,000</u>	<u>6,000</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
110	109	34,852	45,726	-	-
-	-	-	-	-	-
<u>4,514</u>	<u>4,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>4,624</u>	<u>5,101</u>	<u>34,852</u>	<u>45,726</u>	<u>-</u>	<u>-</u>
<u>3,376</u>	<u>899</u>	<u>(34,850)</u>	<u>(45,726)</u>	<u>-</u>	<u>-</u>
(627)	(3,564)	23,651	(6,723)	(2,537)	(749)
16,045	19,609	23,247	29,970	9,162	9,911
<u>\$ 15,418</u>	<u>\$ 16,045</u>	<u>\$ 46,899</u>	<u>\$ 23,247</u>	<u>\$ 6,625</u>	<u>\$ 9,162</u>

	TRANSPORTATION RELATED TRUST FUND		TOTALS	
	2016	2015	2016	2015
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 6,133	\$ 6,386
License and permits	-	-	18,166	17,141
Federal aid	263,272	313,229	1,168,384	1,295,599
Local participation	-	-	20,566	14,597
Interest earnings on common cash	5	2	2,624	793
Services	-	-	4,066	4,020
Non-operating revenue-bridges	-	-	3,797	4,435
Miscellaneous	1,461	1,232	75,835	49,340
<b>Total Revenues</b>	<b>264,737</b>	<b>314,462</b>	<b>1,299,571</b>	<b>1,392,312</b>
<b>EXPENDITURES</b>				
Administration and Operations:				
Administration and maintenance	-	-	572,373	552,966
Other grants	-	-	127,612	124,398
Airport development	-	-	61,582	80,753
Non-operating expenditures-bridges	-	-	3,613	4,252
Trust fund construction activity	264,737	314,462	264,737	314,462
Capital lease payments	-	-	605	644
<b>Total Administration and Operations</b>	<b>264,737</b>	<b>314,462</b>	<b>1,030,521</b>	<b>1,077,475</b>
Capital Outlay:				
Roads and bridges	-	-	858,672	869,295
Other capital outlay	-	-	6,875	10,612
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>865,547</b>	<b>879,907</b>
<b>Total Expenditures</b>	<b>264,737</b>	<b>314,462</b>	<b>1,896,068</b>	<b>1,957,382</b>
Excess of Revenues Over (Under) Expenditures	-	-	(596,497)	(565,070)
<b>OTHER FINANCING SOURCES</b>				
Michigan Transportation Fund distribution	-	-	664,885	650,343
Grants and transfers from other funds	-	-	226,723	225,922
Capital Lease Acquisitions	-	-	898	-
Proceeds from sale of capital assets	-	-	501	2,242
Proceeds from bonds and notes issued	-	-	-	-
Premium on bond issues	-	-	23	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>893,030</b>	<b>878,507</b>
<b>OTHER FINANCING USES</b>				
Grants and transfers to other funds	-	-	45,765	51,778
Discount on bonds issued	-	-	-	-
Debt service	-	-	209,104	218,358
<b>Total Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>254,869</b>	<b>270,136</b>
Excess of Other Financing Sources Over (Under) Other Financing Uses	-	-	638,161	608,371
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	-	41,664	43,301
Fund balances-Beginning of fiscal year	-	-	955,767	912,466
<b>Fund balances-End of fiscal year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 997,431</b>	<b>\$ 955,767</b>



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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, 2016  
 (In Thousands)

	STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		
(Statutory/Budgetary Basis)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
License and permits	17,802	17,802	-
Federal aid	783,776	783,776	-
Local participation	20,411	20,411	-
Interest earnings	2,366	2,366	-
Services	3,322	3,322	-
Non-operating revenue-bridges	3,797	3,797	-
Miscellaneous and Service revenue	53,077	53,077	-
Total Revenues	884,551	884,551	-
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Administration	627,177	583,787	43,391
Other grants	142,280	129,513	12,767
Airport development	-	-	-
Nonoperating expenditure-bridges	3,797	3,613	184
Total Administration and Operations	773,254	716,912	56,342
Roads and bridges	845,570	845,319	251
Other capital outlay	8,207	7,770	436
Total Capital Outlay	853,777	853,089	687
Total Expenditures and Encumbrances	1,627,031	1,570,001	57,030
Excess of Revenue Over(Under) Expenditures and Encumbrances	(742,480)	(685,450)	57,030
<b>OTHER FINANCING SOURCES</b>			
Michigan Transportation Fund distribution	664,885	664,885	-
Grants and transfers from other funds	218,721	218,721	-
Capital Lease Acquisitions	-	-	-
Proceeds of sale of capital assets	501	501	-
Premium on bonds issued	23	23	-
Total Financing Sources	884,130	884,130	-
<b>OTHER FINANCING USES</b>			
Grants and transfers to other funds	10,737	10,737	-
Debt service	197,782	197,640	143
Total Financing Uses	208,519	208,376	143
Excess Other Financing Sources Over(Under) Other Financing Uses	675,612	675,754	143
Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses	\$ (66,868)	(9,696)	\$ 57,172
<b>RECONCILING ITEMS</b>			
Encumbrances at September 30		33,918	
Funds not annually budgeted		-	
Net Reconciling Items		33,918	
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis)		24,222	
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balance		842,561	
Ending balances (GAAP Basis)		\$ 866,783	

BLUE WATER BRIDGE FUND			STATE AERONAUTICS FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 6,133	\$ 6,133	\$ -
-	-	-	363	363	-
-	-	-	57,181	57,181	-
-	-	-	68	68	-
208	208	-	7	7	-
-	-	-	744	744	-
-	-	-	-	-	-
<u>21,076</u>	<u>21,076</u>	<u>-</u>	<u>120</u>	<u>120</u>	<u>-</u>
<u>21,285</u>	<u>21,285</u>	<u>-</u>	<u>64,616</u>	<u>64,616</u>	<u>-</u>
6,568	6,000	568	8,292	7,423	868
-	-	-	-	-	-
-	-	-	62,613	62,413	201
-	-	-	-	-	-
<u>6,568</u>	<u>6,000</u>	<u>568</u>	<u>70,905</u>	<u>69,836</u>	<u>1,069</u>
16,969	12,740	4,229	-	-	-
-	-	-	110	110	-
<u>16,969</u>	<u>12,740</u>	<u>4,229</u>	<u>110</u>	<u>110</u>	<u>-</u>
<u>23,537</u>	<u>18,739</u>	<u>4,798</u>	<u>71,015</u>	<u>69,946</u>	<u>1,069</u>
<u>(2,253)</u>	<u>2,545</u>	<u>4,798</u>	<u>(6,399)</u>	<u>(5,331)</u>	<u>1,069</u>
-	-	-	-	-	-
-	-	-	8,000	8,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	<u>8,000</u>	<u>8,000</u>	<u>-</u>
67	67	-	150	110	40
<u>6,964</u>	<u>6,951</u>	<u>13</u>	<u>4,998</u>	<u>4,514</u>	<u>484</u>
<u>7,031</u>	<u>7,018</u>	<u>13</u>	<u>5,148</u>	<u>4,624</u>	<u>524</u>
<u>(7,031)</u>	<u>(7,018)</u>	<u>13</u>	<u>2,852</u>	<u>3,376</u>	<u>524</u>
\$ <u>(9,283)</u>	\$ <u>(4,472)</u>	\$ <u>4,811</u>	\$ <u>(3,547)</u>	\$ <u>(1,954)</u>	\$ <u>1,593</u>
	1,426			1,327	
	-			-	
	<u>1,426</u>			<u>1,327</u>	
	<u>(3,046)</u>			<u>(627)</u>	
	<u>64,752</u>			<u>16,045</u>	
\$	<u><u>61,706</u></u>		\$	<u><u>15,418</u></u>	

	Funds not Annually Budgeted		
(Statutory/Budgetary Basis)	COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUND
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
License and permits	-	-	-
Federal aid	-	-	-
Local participation	-	-	-
Interest earnings	-	-	-
Services	-	-	-
Non-operating revenue-bridges	-	-	-
Miscellaneous and Service revenue	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Administration	-	-	-
Other grants	-	-	-
Airport development	-	-	-
Nonoperating expenditure-bridges	-	-	-
<b>Total Administration and Operations</b>	<u>-</u>	<u>-</u>	<u>-</u>
Roads and bridges	-	-	-
Other capital outlay	-	-	-
<b>Total Capital Outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures and Encumbrances</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue Over(Under) Expenditures and Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES</b>			
Michigan Transportation Fund distribution	-	-	-
Grants and transfers from other funds	-	-	-
Capital Lease Acquisitions	-	-	-
Proceeds of sale of capital assets	-	-	-
Premium on bonds issued	-	-	-
<b>Total Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING USES</b>			
Grants and transfers to other funds	-	-	-
Debt service	-	-	-
<b>Total Financing Uses</b>	<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>
<b>RECONCILING ITEMS</b>			
Encumbrances at September 30	-	-	-
Funds not annually budgeted	23,651	(2,537)	-
<b>Net Reconciling Items</b>	<u>23,651</u>	<u>(2,537)</u>	<u>-</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis)	<u>23,651</u>	<u>(2,537)</u>	<u>-</u>
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balance	23,247	9,162	-
Ending balances (GAAP Basis)	<u>\$ 46,899</u>	<u>\$ 6,625</u>	<u>\$ -</u>



TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 6,133	\$ 6,133	\$ -
18,166	18,166	-
840,957	840,957	-
20,478	20,478	-
2,581	2,581	-
4,066	4,066	-
3,797	3,797	-
<u>74,274</u>	<u>74,274</u>	<u>-</u>
970,452	970,452	-
642,037	597,210	44,827
142,280	129,513	12,767
62,613	62,413	201
3,797	3,613	184
<u>850,727</u>	<u>792,748</u>	<u>57,980</u>
862,539	858,058	4,481
8,317	7,881	436
<u>870,856</u>	<u>865,939</u>	<u>4,917</u>
<u>1,721,583</u>	<u>1,658,687</u>	<u>62,897</u>
<u>(751,132)</u>	<u>(688,235)</u>	<u>62,897</u>
664,885	664,885	-
226,721	226,721	-
-	-	-
501	501	-
23	23	-
<u>892,130</u>	<u>892,130</u>	<u>-</u>
10,954	10,914	40
209,743	209,104	639
<u>220,697</u>	<u>220,018</u>	<u>679</u>
<u>671,433</u>	<u>672,113</u>	<u>679</u>
\$ <u>(79,698)</u>	<u>(16,122)</u>	\$ <u>63,576</u>
	36,672	
	<u>21,115</u>	
	<u>57,786</u>	
	<u>41,664</u>	
	<u>955,767</u>	
	\$ <u>997,431</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, 2015  
 (In Thousands)

(Statutory/Budgetary Basis)	STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
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	-
<b>Total Revenues</b>	<b>919,182</b>	<b>919,182</b>	<b>-</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Administration	620,410	575,834	44,576
Other grants	127,293	127,170	123
Airport development	-	-	-
Nonoperating expenditure-bridges	4,435	4,252	183
<b>Total Administration and Operations</b>	<b>752,138</b>	<b>707,256</b>	<b>44,882</b>
Roads and bridges	846,008	846,008	-
Other capital outlay	12,040	11,627	413
<b>Total Capital Outlay</b>	<b>858,048</b>	<b>857,635</b>	<b>413</b>
<b>Total Expenditures and Encumbrances</b>	<b>1,610,186</b>	<b>1,564,891</b>	<b>45,295</b>
Excess of Revenue Over(Under) Expenditures and Encumbrances	(691,004)	(645,710)	45,295
<b>OTHER FINANCING SOURCES</b>			
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	-
<b>Total Financing Sources</b>	<b>872,507</b>	<b>872,507</b>	<b>-</b>
<b>OTHER FINANCING USES</b>			
Grants and transfers to other funds	5,872	5,872	-
Debt service	212,070	206,404	5,665
<b>Total Financing Uses</b>	<b>217,942</b>	<b>212,277</b>	<b>5,665</b>
Excess Other Financing Sources Over(Under) Other Financing Uses	654,565	660,230	5,665
Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses	\$ (36,440)	14,520	\$ 50,960
<b>RECONCILING ITEMS</b>			
Encumbrances at September 30		43,259	
Funds not annually budgeted		-	
<b>Net Reconciling Items</b>		<b>43,259</b>	
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis)		57,779	
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balance		784,782	
Ending balances (GAAP Basis)		\$ 842,561	

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>
(7,032)	(7,032)	-	858	899	41
<u><u>(6,348)</u></u>	<u><u>(5,512)</u></u>	<u><u>835</u></u>	<u><u>(6,706)</u></u>	<u><u>(5,496)</u></u>	<u><u>1,210</u></u>
	2,071			1,932	
	-			-	
	<u>2,071</u>			<u>1,932</u>	
	(3,442)			(3,564)	
	<u>68,194</u>			<u>19,609</u>	
\$	<u><u>64,752</u></u>		\$	<u><u>16,045</u></u>	

	Funds not Annually Budgeted		
(Statutory/Budgetary Basis)	COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUND
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
License and permits	-	-	-
Federal aid	-	-	-
Local participation	-	-	-
Interest earnings	-	-	-
Services	-	-	-
Non-operating revenue-bridges	-	-	-
Miscellaneous and Service revenue	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Administration	-	-	-
Other grants	-	-	-
Airport development	-	-	-
Nonoperating expenditure-bridges	-	-	-
<b>Total Administration and Operations</b>	<u>-</u>	<u>-</u>	<u>-</u>
Roads and bridges	-	-	-
Other capital outlay	-	-	-
<b>Total Capital Outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures and Encumbrances</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue Over(Under) Expenditures and Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES</b>			
Michigan Transportation Fund distribution	-	-	-
Grants and transfers from other funds	-	-	-
Capital Lease Acquisitions	-	-	-
Proceeds of sale of capital assets	-	-	-
<b>Total Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING USES</b>			
Grants and transfers to other funds	-	-	-
Debt service	-	-	-
<b>Total Financing Uses</b>	<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>
<b>RECONCILING ITEMS</b>			
Encumbrances at September 30	-	-	-
Funds not annually budgeted	<u>(6,723)</u>	<u>(749)</u>	<u>-</u>
<b>Net Reconciling Items</b>	<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>
<b>FUND BALANCES (GAAP BASIS)</b>			
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>	



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MICHIGAN DEPARTMENT OF TRANSPORTATION  
**DESCRIPTIONS OF DEBT SERVICE FUNDS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2016

**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, 2016 and 2015  
 (In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND		TOTALS	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>						
Current Assets:						
Equity in Common Cash	\$ 5	\$ -	\$ 162	\$ 25	\$ 167	\$ 25
Total Assets	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 162</u>	<u>\$ 25</u>	<u>\$ 167</u>	<u>\$ 25</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Current Liabilities:						
Warrants Outstanding	\$ 2	\$ -	\$ -	\$ -	\$ 2	\$ -
Accounts payable and other liabilities	<u>3</u>	<u>-</u>	<u>162</u>	<u>25</u>	<u>165</u>	<u>25</u>
Total Liabilities	<u>5</u>	<u>-</u>	<u>162</u>	<u>25</u>	<u>167</u>	<u>25</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>\$ 5</u>	<u>\$ -</u>	<u>\$ 162</u>	<u>\$ 25</u>	<u>\$ 167</u>	<u>\$ 25</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, 2016 and 2015  
 (In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND		TOTALS	
	2016	2015	2016	2015	2016	2015
<b>REVENUES</b>						
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>						
Administration	-	-	-	-	-	-
Costs of issuance	2,353	-	-	241	2,353	241
Bond principal retirement	125,465	120,050	16,525	15,860	141,990	135,910
Bond interest and fiscal charges	79,106	93,316	6,191	7,348	85,297	100,664
Total Expenditures	<u>206,924</u>	<u>213,366</u>	<u>22,716</u>	<u>23,449</u>	<u>229,640</u>	<u>236,815</u>
Excess of Revenues Over (Under) Expenditures	<u>(206,924)</u>	<u>(213,366)</u>	<u>(22,716)</u>	<u>(23,449)</u>	<u>(229,640)</u>	<u>(236,815)</u>
<b>OTHER FINANCING SOURCES</b>						
Proceeds from refunding bond issues	661,165	-	-	29,380	661,165	29,380
Premium on bonds issued	153,679	-	-	5,207	153,679	5,207
Transfer from State Aeronautics Fund	-	-	4,514	4,992	4,514	4,992
Transfer from State Trunkline Fund	204,571	213,366	-	-	204,571	213,366
Transfer from Comprehensive Transportation Fund	-	-	18,203	18,184	18,203	18,184
Total Other Financing Sources	<u>1,019,415</u>	<u>213,366</u>	<u>22,716</u>	<u>57,764</u>	<u>1,042,132</u>	<u>271,130</u>
<b>OTHER FINANCING USES</b>						
Payment to refunded bond escrow agent	812,491	-	-	34,315	812,491	34,315
Total Other Financing Uses	<u>812,491</u>	<u>-</u>	<u>-</u>	<u>34,315</u>	<u>812,491</u>	<u>34,315</u>
Excess of Other Sources Over (Under) Other Uses	<u>206,924</u>	<u>213,366</u>	<u>22,716</u>	<u>23,449</u>	<u>229,641</u>	<u>236,815</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-	-	-	-
Fund balances-Beginning of fiscal year	-	-	-	-	-	-
Fund balances-End of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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# STATISTICAL SECTION





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## **FINANCIAL SCHEDULES**

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2016**  
(In Thousands)

	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>
<b>REVENUES AND OTHER SOURCES:</b>				
Michigan Transportation Fund	\$ 1,943,436	\$ 1,889,569	\$ 1,838,990	\$ 1,840,178
State Trunkline Fund				
Economic Development	95,899	71,997	76,031	77,173
Road and Bridge Program	1,668,203	1,518,646	1,672,977	1,719,438
Blue Water Bridge Fund	14,225	15,959	12,913	19,133
Comprehensive Transportation Fund	262,128	277,606	275,093	286,146
Aeronautics Fund	134,785	124,725	131,889	141,038
Transportation Related Trust Fund	205,607	292,120	277,365	370,918
1989 State Trunkline Bond Proceeds Fund	41	-	-	-
1992 State Trunkline Bond Proceeds Fund	194	3,624	4	330
1992 Comprehensive Transportation Bond Proceeds Fund	-	-	-	-
1994 State Trunkline Bond Proceeds Fund	111	4	1	(4)
2001 Build Michigan III Bond Proceeds Fund	3,857	1,224	1,396	684
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds Fund	53,841	32,191	(2)	9
2002 & 2003 Comprehensive Transportation Bond Proceeds Fund	5,855	2,586	17,241	13,029
2004 State Trunkline Bond Proceeds Fund	10,402	77,806	4,614	60
2011 State Trunkline Bond Proceeds Fund	-	-	-	-
Economic Stimulus Bonds	-	-	150,174	4,295
Jobs Today Bond Proceeds Fund	501,507	25,863	154,922	58,407
Blue Water Bridge Plaza Series Bonds	-	-	-	-
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<b>\$ 4,900,091</b>	<b>\$ 4,333,920</b>	<b>\$ 4,613,608</b>	<b>\$ 4,530,834</b>
<b>EXPENDITURES AND OTHER USES:</b>				
Michigan Transportation Fund	\$ 1,943,436	\$ 1,889,569	\$ 1,838,990	\$ 1,840,178
State Trunkline Fund				
Economic Development	85,342	75,250	78,341	71,563
Traditional Program	1,540,590	1,702,452	1,747,662	1,818,278
Blue Water Bridge Fund	10,145	12,815	10,320	5,962
Comprehensive Transportation Fund	261,237	270,758	273,245	290,025
Aeronautics Fund	135,402	123,681	132,531	141,247
Transportation Related Trust Fund	205,607	292,120	277,365	370,918
1989 State Trunkline Bond Proceeds Fund	1,089	-	-	-
1992 State Trunkline Bond Proceeds Fund	196	2,087	(10)	488
1992 Comprehensive Transportation Bond Proceeds Fund	-	-	-	-
1994 State Trunkline Bond Proceeds Fund	439	5	1	2
2001 Build Michigan III Bond Proceeds Fund	28,249	11,992	18,936	30
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds Fund	53,781	32,163	29	-
2002 & 2003 Comprehensive Transportation Bond Proceeds Fund	27,413	15,805	11,186	21,663
2004 State Trunkline Bond Proceeds Fund	159,271	66,624	18,914	3,176
2011 State Trunkline Bond Proceeds Fund	-	-	-	-
Economic Stimulus Bonds	-	-	8,303	114,089
Jobs Today Bond Proceeds Fund	222,486	234,404	109,365	79,981
Blue Water Bridge Plaza Series Bonds	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b>\$ 4,674,683</b>	<b>\$ 4,729,725</b>	<b>\$ 4,525,178</b>	<b>\$ 4,757,600</b>

	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
\$	1,852,109	\$ 1,858,160	\$ 1,894,679	\$ 1,937,904	\$ 2,022,175	\$ 2,072,328
	68,427	68,739	51,745	48,223	57,717	54,332
	1,796,420	1,609,683	1,638,111	1,772,689	1,733,972	1,714,350
	21,934	22,573	24,818	22,441	20,968	21,285
	293,560	314,275	496,404	401,373	389,096	352,243
	98,119	117,694	98,334	86,956	89,305	72,616
	256,695	247,875	259,185	315,459	314,462	264,737
	-	-	-	-	-	-
	325	5	245	239	-	-
	-	-	-	-	-	-
	-	(3)	4	2	-	-
	102	(6)	11	41	1	-
	610	565	-	-	-	-
	13,348	144	693	365	86	75
	804	31	66	2,549	122	(8)
	-	63,018	10,431	60,338	8,399	2,977
	1,434	24,340	37,495	21	1,074	4,031
	91,483	26,745	127,194	15	44,710	57,499
	(6)	61,010	210	2	4	5
\$	<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>	<u>4,616,470</u>
\$	1,852,109	\$ 1,858,160	\$ 1,894,679	\$ 1,937,904	\$ 2,022,175	\$ 2,072,328
	70,372	67,737	48,702	52,211	63,906	49,226
	1,684,489	1,628,318	1,537,190	1,707,553	1,670,003	1,695,233
	7,474	14,644	13,488	15,131	24,410	24,331
	277,708	293,624	479,460	388,597	403,744	358,385
	97,239	119,053	93,693	93,671	92,869	73,243
	256,695	247,875	259,185	315,459	314,462	264,737
	-	-	-	-	-	-
	329	1,710	46	209	-	-
	-	-	-	-	-	-
	-	28	5	-	-	-
	701	(134)	410	41	555	-
	675	25	202	(267)	-	-
	14,665	22,573	12,296	7,374	835	2,611
	1,439	712	582	9,442	2,507	(8)
	-	26,490	23,453	66,996	11,042	6,124
	27,488	3,270	20,854	8,718	5,377	2
	48,664	48,960	148,568	36,778	40,413	34,858
	26,042	25,348	8,009	562	1,139	(318)
\$	<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>	<u>4,580,752</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION  
**SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES**  
**ECONOMIC DEVELOPMENT FUND**  
FISCAL YEARS ENDED SEPTEMBER 30, 2016 and 2015  
(In Thousands)

	2016	2015
<b>REVENUES AND OTHER SOURCES</b>		
Licenses and permits	\$ 10,748	\$ 10,376
Federal aid	465	3,843
Local participation	2	550
Interest earnings	416	142
Michigan Transportation Fund distribution	40,294	40,275
Miscellaneous	74	195
Fees	2,334	2,336
Total Revenues and Other Sources	54,332	57,717
<b>EXPENDITURES AND OTHER USES</b>		
Administration	477	368
Forest roads	5,000	5,000
Target industries-state takeovers	17,289	19,457
Rural county urban system	1,461	2,419
Urban county congestion	5,521	14,022
Rural county primary	7,806	10,975
Debt service	11,673	11,665
Total Expenditures and Other Uses	49,226	63,906
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	5,106	(6,190)
Fund Balances-Beginning of fiscal year	124,066	109,715
Fund Balances-Adjustments	(20,860) <sup>2</sup>	20,541 <sup>1</sup>
Fund Balances-End of fiscal year	\$ 108,311	\$ 124,066

The Economic Development Fund is a subfund of the State Trunkline Fund created during FY 1988. The amounts shown above are 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.

Note 1: FY 2015 fund balance was adjusted to report the correct amount per MAIN (Michigan Accounting Information Network).

Note 2: In FY 2016, adjustments were processed to correct/remove fund balances from Federal and Local fund sources.





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MICHIGAN DEPARTMENT OF TRANSPORTATION  
**CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS**  
**BY FUNCTIONAL ACTIVITY**  
FISCAL YEAR ENDED SEPTEMBER 30, 2016  
(In Thousands)

	<u>Construction Supervision</u>	<u>Preliminary Engineering</u>	<u>Right-of-Way</u>
<b>STATE TRUNKLINE FUND</b>			
Roads and bridges	\$ 78,203	\$ 94,060	\$ 6,276
Economic development fund	852	476	-
Work orders - state facilities	89	-	-
	<hr/>	<hr/>	<hr/>
Subtotal	79,144	94,536	6,276
	<hr/>	<hr/>	<hr/>
<b>BLUE WATER BRIDGE FUND</b>			
	1,548	1,240	-
	<hr/>	<hr/>	<hr/>
Subtotal	1,548	1,240	-
	<hr/>	<hr/>	<hr/>
<b>STATE AERONAUTICS AND GENERAL FUNDS</b>			
Airport development	4,271	9,719	1,281
Work orders - state facilities	-	-	-
	<hr/>	<hr/>	<hr/>
Subtotal	4,271	9,719	1,281
	<hr/>	<hr/>	<hr/>
<b>COMPREHENSIVE TRANSPORTATION FUND</b>			
Rail freight	-	-	-
Bus transit	-	-	-
Intercity bus, rail, water	-	-	-
	<hr/>	<hr/>	<hr/>
Subtotal	-	-	-
	<hr/>	<hr/>	<hr/>
<b>BOND PROCEEDS FUNDS</b>			
State Trunkline Fund	273	-	-
Comprehensive Transportation Fund	-	-	-
Aeronautics Fund	58	49	2
	<hr/>	<hr/>	<hr/>
Subtotal	331	49	2
	<hr/>	<hr/>	<hr/>
Total Capital Acquisitions	\$ <u>85,293</u>	\$ <u>105,544</u>	\$ <u>7,559</u>

<u>Utility Relocation</u>	<u>Physical Construction</u>	<u>Special Projects</u>	<u>Other Activities</u>	<u>Totals</u>
\$ 102	\$ 622,103	\$ -	\$ 10,909	\$ 811,654
-	27,009	-	8,997	37,334
-	14	-	2,337	2,440
<u>102</u>	<u>649,126</u>	<u>-</u>	<u>22,243</u>	<u>851,428</u>
-	8,366	-	169	11,322
-	8,366	-	169	11,322
-	55,849	-	141	71,262
-	-	-	-	-
-	55,849	-	141	71,262
-	-	-	889	889
-	-	-	36,827	36,827
-	-	-	84,833	84,833
-	-	-	122,550	122,550
-	5,402	-	77	5,752
-	-	-	1,674	1,674
-	322	-	-	430
-	5,724	-	1,752	7,857
<u>\$ 102</u>	<u>\$ 719,064</u>	<u>\$ -</u>	<u>\$ 146,855</u>	<u>\$ 1,064,418</u>

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>
<b>STATE TRUNKLINE FUND</b>			
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>
<b>BLUE WATER BRIDGE FUND</b>			
	<u>666</u>	<u>719</u>	<u>-</u>
Subtotal	<u>666</u>	<u>719</u>	<u>-</u>
<b>STATE AERONAUTICS AND GENERAL FUNDS</b>			
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>
<b>COMPREHENSIVE TRANSPORTATION FUND</b>			
Rail freight	-	-	-
Bus transit	-	-	-
Intercity bus, rail, water	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
<b>BOND PROCEEDS FUNDS</b>			
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
<u>-</u>	<u>10,475</u>	<u>-</u>	<u>-</u>	<u>11,861</u>
-	-	-	-	-
-	-	-	-	-
-	74,186	-	381	85,622
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	74,186	-	381	85,622
<u>-</u>	<u>-</u>	<u>-</u>	<u>154,335</u>	<u>154,335</u>
-	-	-	-	-
-	-	-	1,050	1,050
-	-	-	26,808	26,808
<u>-</u>	<u>-</u>	<u>-</u>	<u>126,477</u>	<u>126,477</u>
-	-	-	-	-
-	-	-	154,335	154,335
<u>-</u>	<u>-</u>	<u>-</u>	<u>18,090</u>	<u>33,793</u>
-	12,427	-	16,971	32,050
-	-	-	1,118	1,118
-	332	-	1	625
<u>-</u>	<u>12,759</u>	<u>-</u>	<u>18,090</u>	<u>33,793</u>
<u>\$ 197</u>	<u>\$ 908,355</u>	<u>\$ -</u>	<u>\$ 181,688</u>	<u>\$ 1,304,188</u>

Michigan Department of Transportation  
Schedule of Expenditures of Federal Awards  
Fiscal Year Ended September 30, 2016

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			Total Expended and Distributed	
						Directly Expended by Department	To Other State Agencies	To Non-State Entities		
<b>U.S. Department of Transportation</b>										
Highway Planning and Construction Cluster										
Direct Programs:										
Highway Planning and Construction	20.205	Y			N	1,029,242,906.84		33,007,147.66		1,062,250,054.50
Recreational Trails Program	20.219	Y			N	372,096.25				372,096.25
Total Highway Planning and Construction Cluster						<u>1,029,615,003.09</u>	-	<u>33,007,147.66</u>		<u>1,062,622,150.75</u>
Federal Transit Cluster										
Direct Programs:										
Federal Transit - Capital Investment Grants	20.500	Y			N	12,689.55		4,689,151.67		4,701,841.22
Bus and Bus Facilities Formula Program	20.526	Y			N			2,227,134.80		2,227,134.80
Total Federal Transit Cluster						<u>12,689.55</u>	-	<u>6,916,286.47</u>		<u>6,928,976.02</u>
Transit Services Programs Cluster										
Direct Programs:										
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	Y			N			3,584,917.65		3,584,917.65
Job Access and Reverse Commute Program	20.516	Y			N			59,497.00		59,497.00
New Freedom Program	20.521	Y			N			746,819.76		746,819.76
Total Transit Services Programs Cluster						-		<u>4,391,234.41</u>		<u>4,391,234.41</u>
Direct Programs:										
Airport Improvement Program (Note 1)	20.106	Y			N	30,234,656.15				30,234,656.15
Highway Research and Development Program	20.200	Y			Y	5,448,292.71				5,448,292.71
Highway Training and Education	20.215	Y			N	141,669.71				141,669.71
Capital Assistance to States - Intercity Passenger Rail Service	20.317	Y			N	3,458,774.97				3,458,774.97
ARRA - High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	20.319	Y			N	14,837,085.74		804,061.76		15,641,147.50
High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	20.319	Y			N	62,765.63				62,765.63
Rail Line Relocation and Improvement	20.320	Y			N	(26,643.56)				(26,643.56)
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	Y			N	278,577.10		1,050,657.03		1,329,234.13
Formula Grants for Rural Areas	20.509	Y			N	5,731,505.37		21,199,727.34		26,931,232.71
Paul S. Sarbanes Transit in the Parks	20.520	Y			N			4,087.83		4,087.83
Rail Fixed GuidewayPublic Transportation System State Safety Oversight Formula Grant Program	20.528	Y			N	138,323.78				138,323.78
National Priority Safety Programs	20.616	N	State Police		N	50,696.00				50,696.00
ARRA - Surface Transportation - Discretionary Grants for Capital Investment	20.932	Y			N			5,465,890.48		5,465,890.48
National Infrastructure Investments	20.933	Y			N	9,190,641.14		8,374,676.68		17,565,317.82
Total Direct Programs						<u>69,546,344.74</u>	-	<u>36,899,101.12</u>		<u>106,445,445.86</u>
<b>Total U.S. Department of Transportation</b>						<u>1,099,174,037.38</u>	-	<u>81,213,769.66</u>		<u>1,180,387,807.04</u>
<b>U.S. Department of Health and Human Services</b>										
TANF Cluster										
Temporary Assistance for Needy Families (TANF) State Programs	93.558	N	Health and Human Services	15-99001	N	555,094.72		-		555,094.72
Total TANF Cluster						<u>555,094.72</u>	-	-		<u>555,094.72</u>
<b>Total U.S. Department of Health and Human Services</b>						<u>555,094.72</u>	-	-		<u>555,094.72</u>
Total Expenditures of Federal Awards						<u>1,099,729,132.10</u>	-	<u>81,213,769.66</u>		<u>1,180,942,901.76</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, 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			Total Expended and Distributed
						Directly Expended by Department	To Other State Agencies	To Non-State Entities	
<b>U.S. Department of Transportation</b>									
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>
<b>Total U.S. Department of Transportation</b>						<u>1,254,505,718.93</u>	-	<u>79,866,948.64</u>	<u>1,334,372,667.57</u>
<b>U.S. Department of Health and Human Services</b>									
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
<b>Total U.S. Department of Health and Human Services</b>						<u>1,354.00</u>	-	-	<u>1,354.00</u>
<b>U.S. Department of Health and Human Services</b>									
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>
<b>Total U.S. Department of Health and Human Services</b>						<u>553,859.00</u>	-	-	<u>553,859.00</u>
<b>U.S. Department of Homeland Security</b>									
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
<b>Total U.S. Department of Homeland Security</b>						<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  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2016

1. Federal expenditures of \$26,940,228.90 for the Airport Improvement Program (CFDA 20.106) channeled to primary airports for fiscal year 2016 are not included in the SEFA. The Federal Aviation Administration (FAA) determined that the Michigan Department of Transportation (MDOT) has no oversight responsibility for grants to primary airports. Also, compliance with federal regulations is the responsibility of the primary airport and not MDOT. Therefore, MDOT is channeling the FAA funds to the primary airports in accordance with Public Act 327 of 1945.



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.



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