

2017

ANNUAL FINANCIAL REPORT

Michigan Department of Transportation



Fiscal Year Ending September 2017

MICHIGAN DEPARTMENT OF TRANSPORTATION

ANNUAL FINANCIAL REPORT

Fiscal Years Ended September 30, 2017 & 2016

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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, 2017

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



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STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

RICK SNYDER
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

February 16, 2018

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, 2016 and 2017. This report was 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 following 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

Revenues increased due to the state transportation revenue package signed November 10, 2015 by Governor Rick Snyder. The nine bills that make up the revenue package provide for revenue increases through fee increases, motor fuel tax increases, and income tax redirection. The overall increase in the Michigan Transportation Fund (MTF) was \$544 million for FY 2017.

There was an increase in aviation fuel tax in the amount of \$6.5 million for FY 2017 due to aviation tax legislation that was adopted in December 2015 that re-directs a portion of the aviation fuel sales tax revenue to support aviation and airport improvement programs.

The increases in the MTF and the State Aeronautics Fund provide Michigan's transportation with a stable outlook for the first time in many years and helps to 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. It is anticipated that revenue will continue to increase to an annual amount of \$1.2 billion total in 2021.

The following table summarizes the changes, in millions, from FY 2016 to FY 2017 in the various revenue sources:

Revenue source table

REVENUE SOURCE	FY 2016	FY 2017	Change
Michigan Transportation Fund			
Motor Vehicle Registration	\$1,018	\$1,210	\$192
Gasoline, Diesel and Alternative fuel taxes	\$1,011	\$1,359	\$348
Motor Vehicle Title Fees	\$36	\$40	\$4
State Trunk Line Fund			
Local Agencies	\$20	\$13	(\$7)
Federal Agencies	\$783	\$733	(\$50)
Licenses and Permits	\$18	\$10	(\$8)
Comprehensive Transportation Fund			
Public Transportation Services	\$177	\$230	\$53
Federal Agencies	\$75	\$47	(\$28)
Motor Fuel Taxes	\$85	\$88	\$3
State Aeronautics Fund			
Aviation Fuel Tax	\$6	\$13	\$7
Federal Agencies	\$57	\$75	\$18

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 forth by the State Transportation Commission. In FY 2017, the Department was confronted with increased project costs, stretched budgets, and an aging infrastructure.

The Capital Program provided Michigan travelers with approximately 597 lane miles of improved roads and 95 rehabilitated and maintained bridges. Additionally, the Department managed good and fair roads by extending the life on approximately 1,856 lane miles of pavement through the Capital Preventive Maintenance Program. With the FY 2017 Highway Program investment, the Department continued to positively influence Michigan’s economy by supporting 16,000 jobs.

The FY 2017 Highway Program invested \$1.19 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 2017 Highway Program include; pavement preservation activities, including road rehabilitation and reconstruction and capital preventive maintenance totaling \$519 million. Bridge preservation activities, including bridge rehabilitation

and reconstruction and bridge capital preventive maintenance, totaled \$68 million. Routine maintenance activities total an estimated \$314 million; this includes pothole filling, snow plowing, sweeping, and grass cutting. The rest of the Highway Program included a combined \$289 million between Trunkline Modernization, System Operations, Traffic and Safety, and other miscellaneous programs.

The Department continued its focus on preservation of existing public transportation services by distributing \$186.25 million in CTF monies for local transit operations, and allocating \$48.2 million in CTF funds to match approximately \$240.8 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 304 carriers and 3,026 vehicles.

The Department made 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, involving bridges, culverts, crossings and minor track work, as well as a vegetation control 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 28 grade crossing safety enhancement projects and five crossing closure/elimination efforts on roads under county, city, or village jurisdiction and 25 crossing projects on state trunklines, investing a total of nearly \$10.5 million in the interest of motorist safety. An additional 72 projects were approved for funding under the new Local Grade Crossing Surface Improvement Program; which MDOT's 60 percent project share totaled \$3 million. Through the Freight Economic Development Program, the Department approved loans for eight new projects, investing over \$3.2 million to provide rail access for new or expanding businesses. The Department conducted a call for projects under the Michigan Rail Loan Assistance Program (MiRLAP) and awarded a total of over \$2.6 million to four projects intended to preserve the state's rail infrastructure. 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 \$18.7 million in CTF monies to support passenger rail operations along the Wolverine, Pere Marquette and Blue Water routes. Previously-allocated American Recovery and Reinvestment Act (ARRA) and CTF dollars continued to be invested in infrastructure upgrades to benefit both passengers and freight users along the Department's 135-mile accelerated rail corridor between Dearborn and Kalamazoo. These investments supported efforts to achieve higher-speed service and reduce passenger travel times. Related projects completed on this corridor during FY 2017 included replacing the track structure in two bridges and reconstructing ten grade crossings.

The Department approved 87 contracts for capital improvements to Michigan airports. The amount in Federal, State and Local grants totaled \$113,818,341. 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 81 percent of the runways (measured with new, more stringent criteria) met the good or better pavement criteria.

CONCLUSION

During the year, \$4.0 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, Director
Bureau of Finance and Administration



2017

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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, 2017 and 2016
 (In Thousands)

	GOVERNMENTAL FUND TYPES			
	SPECIAL REVENUE		DEBT SERVICE	
	2017	2016	2017	2016
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Equity in Common Cash	130,056	149,512	-	167
Receivables:				
Taxes, interest, and penalties (at net)	135,570	96,086	-	-
Federal aid	18,708	67,193	-	-
Local units	2,720	565	-	-
Other funds	51,597	35,973	-	-
Component Units	-	-	-	-
Other Current Assets	1,141	1,534	-	-
Inventories	-	-	-	-
Total Current Assets	339,793	350,867		
Noncurrent Assets:				
Receivables:				
Taxes	3,629	2,621	-	-
Federal aid	-	-	-	-
Local units	164	369	-	-
Advances to other funds	-	-	-	-
Land contracts	-	-	-	-
Miscellaneous	158	227	-	-
Total Noncurrent Assets	3,952	3,217	-	-
Total Assets	\$ 343,744	\$ 354,084	\$ -	\$ -
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	\$ 6,698	\$ 1,049	\$ -	\$ 2
Accounts payable	184,029	229,293	-	165
Contract reserve payable	-	-	-	-
Due to other funds and Components	16,571	3,914	-	-
Deposits, permits and other liabilities	1,951	5,887	-	-
Unearned revenue	330	154	-	-
Total Current Liabilities	209,579	240,297	-	167
Long-Term Liabilities:				
Unearned revenue	171	34	-	-
Total Long-Term Liabilities	171	34	-	-
Total Liabilities	209,750	240,332	-	167
DEFERRED INFLOWS OF RESOURCES	8,582	5,899	-	-
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	125,412	107,853	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	125,412	107,853	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 343,744	\$ 354,084	\$ -	\$ 167

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

CAPITAL PROJECTS		TOTALS	
2017	2016	2017	2016
\$ 174	\$ 70	\$ 174	\$ 74
956,293	956,354	1,086,349	1,106,033
496	1,248	136,066	97,333
212,967	184,597	231,675	251,790
69,260	76,422	71,980	76,988
12,807	2,955	64,404	38,928
2,708	1,124	2,708	1,124
39,533	17,592	40,675	19,125
10,308	12,219	10,308	12,219
<u>1,304,546</u>	<u>1,252,581</u>	<u>1,644,339</u>	<u>1,603,615</u>
6	-	3,635	2,621
-	-	-	-
44,769	40,342	44,933	40,711
-	-	-	-
-	-	-	-
-	-	158	227
<u>44,775</u>	<u>40,342</u>	<u>48,726</u>	<u>43,560</u>
\$ <u>1,349,321</u>	\$ <u>1,292,923</u>	\$ <u>1,693,065</u>	\$ <u>1,647,175</u>
\$ 5,398	\$ 4,447	\$ 12,096	\$ 5,497
214,054	206,524	398,083	435,982
-	751	-	751
52,761	39,890	69,333	43,804
33,535	37,922	35,486	43,809
5,491	5,443	5,820	5,597
<u>311,239</u>	<u>294,977</u>	<u>520,818</u>	<u>535,441</u>
22	28	193	62
<u>22</u>	<u>28</u>	<u>193</u>	<u>62</u>
<u>311,261</u>	<u>295,005</u>	<u>521,011</u>	<u>535,503</u>
<u>6</u>	<u>488</u>	<u>8,588</u>	<u>6,387</u>
10,308	12,219	10,308	12,219
1,027,746	985,212	1,153,158	1,093,065
-	-	-	-
-	-	-	-
<u>1,038,054</u>	<u>997,431</u>	<u>1,163,467</u>	<u>1,105,284</u>
\$ <u>1,349,321</u>	\$ <u>1,292,923</u>	\$ <u>1,693,065</u>	\$ <u>1,647,175</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, 2017 and 2016
(In Thousands)

	GOVERNMENTAL FUND TYPES			
	SPECIAL REVENUE		DEBT SERVICE	
	2017	2016	2017	2016
REVENUES				
Taxes	\$ 2,656,983	\$ 2,113,776	\$ -	\$ -
License and permits	40,993	37,280	-	-
Federal aid	46,714	74,515	-	-
Local participation	-	-	-	-
Interest earnings	1,978	596	-	-
Services	4,107	3,970	-	-
Non-operating revenue-bridges	-	-	-	-
Miscellaneous	10,822	14,663	1	-
Total Revenues	<u>2,761,597</u>	<u>2,244,800</u>	<u>1</u>	<u>-</u>
EXPENDITURES				
Administration and Operations:				
Administration and maintenance	26,401	21,768	-	-
Bus operating assistance grants	212,015	196,587	-	-
Other grants	1,401,738	1,131,256	-	-
Airport development	-	-	-	-
Non-operating expenditures-bridges	-	-	-	-
Trust fund construction activity	-	-	-	-
Capital lease payments	-	-	-	-
Costs of issuance	-	-	2	2,353
Bond principal retirement	-	-	148,525	141,990
Bond interest and fiscal charges	-	-	87,364	85,297
Total Administration and Operations	<u>1,640,153</u>	<u>1,349,611</u>	<u>235,890</u>	<u>229,640</u>
Capital Outlay:				
Roads and bridges	-	-	-	-
Other capital outlay	-	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,640,153</u>	<u>1,349,611</u>	<u>235,890</u>	<u>229,640</u>
Excess of Revenues Over (Under) Expenditures	<u>1,121,444</u>	<u>895,188</u>	<u>(235,889)</u>	<u>(229,640)</u>
OTHER FINANCING SOURCES				
Michigan Transportation Fund distribution	229,838	176,938	-	-
Grants and transfers from other funds	2,744	2,833	235,890	227,288
Capital Lease Acquisitions	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Proceeds from bonds and notes issued	-	-	-	661,165
Premium on bonds issued	-	-	-	153,679
Total Other Financing Sources	<u>232,582</u>	<u>179,771</u>	<u>235,890</u>	<u>1,042,132</u>
OTHER FINANCING USES				
Michigan Transportation Fund distribution	1,080,331	841,823	-	-
Grants and transfers to other funds	237,886	221,076	-	-
Discount on bonds issued	-	-	-	-
Debt service	18,250	18,202	-	-
Payment to refunded bond escrow agent	-	-	-	812,491
Total Other Financing Uses	<u>1,336,467</u>	<u>1,081,101</u>	<u>-</u>	<u>812,491</u>
Excess of Other Financing Sources Over (Under) Other Financing Uses	<u>(1,103,885)</u>	<u>(901,330)</u>	<u>235,890</u>	<u>229,641</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	17,559	(6,142)	-	-
Fund balances-Beginning of fiscal year	107,853	113,995	-	-
Fund balances-End of fiscal year	<u>\$ 125,412</u>	<u>\$ 107,853</u>	<u>\$ -</u>	<u>\$ -</u>

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

CAPITAL PROJECTS		TOTALS	
2017	2016	2017	2016
\$ 12,537	\$ 6,133	\$ 2,669,520	\$ 2,119,909
10,162	18,166	51,155	55,446
1,208,941	1,168,384	1,255,655	1,242,899
13,265	20,566	13,265	20,566
6,128	2,624	8,106	3,220
4,049	4,066	8,156	8,035
3,930	3,797	3,930	3,797
<u>147,803</u>	<u>75,835</u>	<u>158,627</u>	<u>90,498</u>
<u>1,406,815</u>	<u>1,299,571</u>	<u>4,168,413</u>	<u>3,544,371</u>
560,100	572,373	586,501	594,141
-	-	212,015	196,587
115,520	127,612	1,517,257	1,258,868
87,004	61,582	87,004	61,582
3,737	3,613	3,737	3,613
283,877	264,737	283,877	264,737
588	605	588	605
-	-	2	2,353
-	-	148,525	141,990
-	-	87,364	85,297
<u>1,050,825</u>	<u>1,030,521</u>	<u>2,926,869</u>	<u>2,609,773</u>
1,138,859	858,672	1,138,859	858,672
6,308	6,875	6,308	6,875
<u>1,145,167</u>	<u>865,547</u>	<u>1,145,167</u>	<u>865,547</u>
<u>2,195,993</u>	<u>1,896,068</u>	<u>4,072,036</u>	<u>3,475,319</u>
<u>(789,177)</u>	<u>(596,497)</u>	<u>96,377</u>	<u>69,051</u>
850,493	664,885	1,080,331	841,823
245,804	226,723	484,438	456,843
7	898	7	898
1,107	501	1,107	501
-	-	-	661,165
-	23	-	153,702
<u>1,097,410</u>	<u>893,030</u>	<u>1,565,882</u>	<u>2,114,933</u>
-	-	1,080,331	841,823
49,971	45,765	287,857	266,841
-	-	-	-
217,639	209,104	235,889	227,306
-	-	-	812,491
<u>267,609</u>	<u>254,869</u>	<u>1,604,077</u>	<u>2,148,462</u>
<u>829,800</u>	<u>638,161</u>	<u>(38,195)</u>	<u>(33,529)</u>
40,623	41,664	58,182	35,522
997,431	955,767	1,105,284	1,069,762
\$ <u>1,038,054</u>	\$ <u>997,431</u>	\$ <u>1,163,467</u>	\$ <u>1,105,284</u>



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MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

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, 2017

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 remained in effect until September 30, 2017. After this date, it 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, 2016 and fiscal year ending December 31, 2015 follows (In Thousands):

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Assets	\$8,170	\$7,875
Liabilities	4,574	5,311
Total Fund Balance	3,596	2,564
Total Revenues and Other Sources	7,606	5,984
Total Expenditures and Other Uses	6,574	11,392
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,032	(\$5,408)

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

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, 2017

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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Equity in Common Cash	\$130,056	\$149,512	\$ -	\$167	\$956,293	\$956,355

The balances for the special revenue funds averaged approximately \$260.8 million and \$197.1 million and the balances for the capital projects funds averaged approximately \$792.8 million and \$820.8 million during fiscal years 2017 and 2016, 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, 2017

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, 2017 and 2016, 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>2017</u>	<u>2016</u>
State Trunkline Fund	\$ 1,225	\$ 1,159
Comprehensive Transportation Fund	<u>45</u>	<u>-</u>
Total Allowance for Doubtful Accounts	<u>\$ 1,270</u>	<u>\$ 1,159</u>

B. Taxes Receivable

In the Michigan Transportation Fund, the gross amount of current taxes receivable, \$190.4 million and \$142.9 million, less allowances for uncollectible receivables, \$54.9 million and \$46.8 million result in net taxes receivable of \$135.6 million and \$96.1 million, being recorded for motor fuel taxes due to the fund as of September 30, 2017 and 2016, respectively.

In the State Aeronautics Fund, the gross amount of current taxes receivable, \$3.8 million and \$3.6 million, less allowances for uncollectible receivables, \$3.3 million and \$2.4 million result in net taxes receivable of \$0.5 million and \$1.2 million, being recorded for aviation fuel taxes due to the fund as of September 30, 2017 and 2016, 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 \$186.5 million and \$147.0 million for the fiscal years ending September 30, 2017 and 2016, respectively. No noncurrent federal aid receivables were recorded for the fiscal years ending September 30, 2017 and 2016.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2017

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 2017 changes in reported costs for the Department's capital assets (In Millions):

Changes in Capital Assets Fiscal Year 2017					
	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
<u>Capital assets, not depreciated:</u>					
Roads	\$11,745.6	\$317.6	(\$162.1)	\$337.6	\$12,238.7
Land	3,091.1	5.9	-	(1.8)	3,095.2
Bridges	2,317.1	150.0	(76.6)	15.2	2,405.6
Construction in Progress	2,165.3	615.0	(430.8)	(18.1)	2,331.4
Land Rights	0.3	-	-	-	0.3
<u>Capital assets, depreciated:</u>					
Ramps ⁽¹⁾	965.8	-	-	(965.8)	-
Equipment	148.3	7.4	(9.5)	0.1	146.4
Buildings	188.4	0.3	(21.5)	25.2	192.4
Railroads	173.7	-	-	-	173.7
Rest Areas & Welcome Centers	114.0	-	(0.7)	-	113.3
Land Improvements	56.2	4.7	-	5.1	65.9
Airports	1.8	-	-	-	1.8
<u>Less accumulated depreciation for:</u>					
Ramps ⁽¹⁾	(631.2)	-	-	631.2	-
Equipment	(100.7)	(5.0)	8.4	1.2	(96.1)
Buildings	(89.3)	(5.4)	29.6	(24.9)	(90.0)
Railroad	(40.7)	(4.3)	-	-	(45.0)
Rest Area & Welcome Center	(44.4)	(2.6)	0.7	(0.3)	(46.7)
Land Improvements	(10.1)	(2.9)	-	(1.0)	(14.0)
Airports	(0.8)	(0.1)	-	-	(0.9)
 Total Capital Assets	 <u>\$20,050.3</u>	 <u>\$1,080.6</u>	 <u>(\$662.4)</u>	 <u>\$3.6</u>	 <u>\$20,472.0</u>

⁽¹⁾ Beginning in fiscal year 2017, a change in accounting presentation for ramps and the accumulated depreciation for ramps has occurred. Ramps now meet the requirements of GASB 34 to record them using the modified approach. As a result, they are now included in the roads infrastructure category.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

Funding Source: Following is a summary of funding sources for investments in capital assets as of September 30, 2017 (In Millions):

<u>Fund</u>	<u>Investment</u>
State Trunkline Fund	\$ 20,312.5
Comprehensive Transportation Fund	139.3
State Aeronautics Fund	<u>20.3</u>
Total Investment in Capital Assets	<u>\$ 20,472.0</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

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 % ⁽¹⁾
		9/30/17	9/30/16	First Year	Last Year	
<u>Comprehensive Transportation Fund Bonds</u>						
Series 2005 (Refunding)	\$ 62,180	\$ 39,380	\$ 44,415	2009	2023	5.25
Series 2009 (Refunding)	42,335	15,825	23,150	2012	2019	4.49
Series 2011 (Refunding)	18,470	10,685	12,540	2013	2022	4.50
Series 2013 (Refunding)	10,130	3,575	5,515	2014	2023	4.70
Series 2015 (Refunding)	29,380	28,360	29,380	2017	2031	4.89
Total Comprehensive Transportation Fund Bonds	\$ 162,495	\$ 97,825	\$ 115,000			
<u>State Trunkline Fund Bonds</u>						
Series 1998 A (Refunding)	\$ 377,890	\$ 66,410	\$ 94,395	2006	2019	5.15
Series 2004 (Refunding)	103,450	55,330	64,820	2006	2022	5.02
Series 2005 (Refunding)	223,020	108,365	126,005	2010	2022	5.24
Series 2006	244,525	-	17,595	2008	2017	4.99
Series 2009 (Revenue and Refunding)	146,190	146,190	146,190	2018	2027	4.99
Series 2011	90,980	81,930	84,315	2014	2037	4.72
Series 2012 (Refunding)	49,305	27,965	33,695	2014	2022	4.80
Series 2014 (Refunding)	265,085	184,390	225,400	2016	2022	4.49
Series 2015 (Refunding)	54,055	54,055	54,055	2023	2023	4.84
Total State Trunkline Fund Bonds	\$ 1,554,500	\$ 724,635	\$ 846,470			
<u>Grant Anticipation Bonds</u>						
Series 2007	\$ 485,115	\$ -	\$ 9,515	2009	2017	5.15
Series 2016 (Refunding)	607,110	607,110	607,110	2018	2027	4.97
Total Grant Anticipation Bonds	\$ 1,092,225	\$ 607,110	\$ 616,625			
Total Revenue Dedicated Bonded Debt	\$ 2,809,220	\$ 1,429,570	\$ 1,578,095			

⁽¹⁾Beginning in fiscal year 2017, average interest rates now reflect a weighted average calculation.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2017

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, 2017 and 2016:

Summary of Refunding Transactions (In Millions)			
<u>Bond Series</u>	<u>Amount Refunded</u>	<u>Principal Amounts Outstanding</u>	
		<u>2017</u>	<u>2016</u>
<u>State Trunkline Fund Bonds</u>			
Series 2006	\$ 102.0	\$ -	\$ 102.0
Total State Trunkline Fund Bonds	<u>\$ 102.0</u>	<u>\$ -</u>	<u>\$ 102.0</u>
<u>Grant Anticipation Bonds</u>			
Series 2007	\$415.8	\$ -	\$ 415.8
Series 2009B	281.9	281.9	281.9
Total Grant Anticipation Bonds	<u>\$697.7</u>	<u>\$281.9</u>	<u>\$ 697.9</u>
 Total	 <u>\$ 799.7</u>	 <u>\$ 281.9</u>	 <u>\$ 799.7</u>

**MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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
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
TOTAL	\$724,635	\$141,030	\$865,665	\$97,825	\$ 21,613	\$119,438	\$607,110	\$219,098	\$826,208	\$1,429,570	\$381,740	\$1,811,310

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, 2017

Changes in General Long-term Obligations:

Changes in general long-term obligations (In Thousands) for the fiscal years ended September 30, 2017 and 2016 are summarized as follows:

	<u>Revenue Dedicated Debt - Oversight Entity</u>		<u>Capital Lease Obligations</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Bonds and Capital Lease Obligations:				
Balance – Beginning	\$ 1,578,095	\$ 1,821,115	\$ 1,562	\$ 1,060
New bond issues/capital lease additions and adjustments	-	661,165	7	898
Accretion on Capital Appreciation Bonds	-	-	-	-
Bond principal retirements/ capital lease payments and adjustments	<u>(148,525)</u>	<u>(904,185)</u>	<u>(356)</u>	<u>(396)</u>
Balance – Ending	<u>\$ 1,429,570</u>	<u>\$ 1,578,095</u>	<u>\$ 1,212</u>	<u>\$ 1,562</u>

	<u>Claims and Judgments</u>		<u>Compensated Absences Liabilities</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Other Obligations:				
Balance - Beginning	\$ 62	\$ 11	\$ 28,951	\$ 29,696
Net increase (decrease) in estimated liabilities	<u>(7)</u>	<u>51</u>	<u>(977)</u>	<u>(745)</u>
Balance - Ending	<u>\$ 54</u>	<u>\$ 62</u>	<u>\$ 27,974</u>	<u>\$ 28,951</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2017

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 \$335,518 and \$374,928 during fiscal years 2017 and 2016, respectively.

Summary of the noncancelable operating and capital leasing commitments to maturity for fiscal year 2017 follows (In Thousands):

Noncancelable Lease Commitments As of September 30, 2017					
Fiscal Year Ended <u>September 30</u>	Operating <u>Leases</u>	<u>Capital Leases</u>			<u>Total</u>
		<u>Principal</u>	<u>Interest</u>	<u>Executory</u>	
2018	\$ 266	\$ 373	\$ 170	\$ 237	\$ 780
2019	125	255	133	166	554
2020	101	266	97	156	519
2021	59	191	56	106	353
2022	-	106	25	56	186
<u>2023</u>	<u>-</u>	<u>21</u>	<u>1</u>	<u>9</u>	<u>31</u>
Total	<u>\$ 551</u>	<u>\$ 1,212</u>	<u>\$ 481</u>	<u>\$ 730</u>	<u>\$ 2,423</u>

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

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

The historical cost of assets acquired under capital leases, which are included in the government-wide statements of the SOMCAFR, at September 30, 2017 and 2016 follows (In Thousands):

	<u>2017</u>	<u>2016</u>
Buildings	\$2,254	\$2,254

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2017

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>2017</u>	<u>2016</u>
State Trunkline Fund	\$84,716	\$83,406
Comprehensive Transportation Fund	2,273	2,240
State Aeronautics Fund	1,570	1,535
Blue Water Bridge	<u>1,073</u>	<u>1,096</u>
Total Department of Transportation Contributions	<u>\$89,632</u>	<u>\$88,277</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
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The following table summarizes Department of Transportation related compensated absences liabilities as of September 30, 2017 and 2016 (In Thousands):

	<u>Sick Leave</u>		<u>Annual Leave</u>		<u>Banked Leave</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
State Trunkline Fund	\$2,327	\$2,864	\$20,143	\$20,260	\$3,453	\$3,706	\$25,923	\$26,830
Comprehensive Transportation Fund	215	210	596	594	167	180	978	984
State Aeronautics Fund	294	291	484	480	86	98	863	870
Blue Water Bridge	<u>3</u>	<u>48</u>	<u>186</u>	<u>192</u>	<u>22</u>	<u>26</u>	<u>210</u>	<u>267</u>
TOTAL	<u>\$2,838</u>	<u>\$3,414</u>	<u>\$21,408</u>	<u>\$21,527</u>	<u>\$3,728</u>	<u>\$4,010</u>	<u>\$27,974</u>	<u>\$28,951</u>

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

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

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED SEPTEMBER 30, 2017

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, alternative fuel 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, Rail Grade Crossing Surface Improvements, 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 2017 and 2016 (In Thousands).

<u>Interfund Transactions</u>	<u>2017</u>	<u>2016</u>
MTF Distribution – STF	\$850,508	\$664,899
MTF Distribution – CTF	229,838	176,938
Other State agencies	47,007	41,972
Debt Service	50,000	43,000
Economic Development Program	40,275	40,275
Local Road Program	33,000	33,000
Local Bridge Fund	30,745	30,892
Transportation Planning	11,198	10,219
Design and Engineering Services	12,246	11,913
Rail Grade Crossing Program	3,000	3,000
Rail Grade Crossing – Surface Improvements	3,000	-
Freight and Safety Services	2,029	1,406
Finance, Contracts and Support Services	1,622	1,546
Enhancement Program	801	719
Moveable Bridge Program	5,000	5,000
Local Agency Wetlands Mitigation Fund	2,000	2,000
	<u>\$1,322,269</u>	<u>\$1,066,780</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

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 \$14,806,172 between fiscal years 1993 and 2017 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 \$48,193,828 is owed to the Michigan Transportation Fund and a balance of \$12,306,172 is owed to the State Trunkline Fund.

For the fiscal year ended September 30, 2017, a current receivable of \$2,707,612.00 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
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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, 2017 and 2016 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, 2017 and 2016 the balances remaining on these contracts equaled \$828.8 million and \$681.1 million, respectively. Portions of these balances, \$138.5 million as of September 30, 2017, and \$125.1 million, as of September 30, 2016, 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 \$64.8 million as of September 30, 2017.

MICHIGAN DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

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 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. At the end of fiscal year 2017, the Department had \$202.1 million of State Trunkline expenditures on projects related to routine advanced construction and \$138.8 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, 2017

Note 11: Subsequent Events

There are no known subsequent events to report for fiscal year 2017.



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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, 2017

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, 2017 and 2016
 (In Thousands)

	MICHIGAN TRANSPORTATION FUND		COMPREHENSIVE TRANSPORTATION FUND		TOTALS	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ 5
Equity in Common Cash	36,178	93,432	93,879	56,081	130,056	149,512
Receivables:						
Taxes, interest, and penalties (at net)	135,570	96,086	-	-	135,570	96,086
Federal aid	-	-	18,708	67,193	18,708	67,193
Local units	-	-	2,720	565	2,720	565
Other funds	-	-	51,597	35,973	51,597	35,973
Component Units	-	-	-	-	-	-
Other Current Assets	6	14	1,135	1,519	1,141	1,534
Inventories	-	-	-	-	-	-
Total Current Assets	<u>171,754</u>	<u>189,536</u>	<u>168,039</u>	<u>161,331</u>	<u>339,793</u>	<u>350,867</u>
Noncurrent Assets:						
Receivables:						
Taxes	3,629	2,621	-	-	3,629	2,621
Federal aid	-	-	-	-	-	-
Local units	-	-	164	369	164	369
Advances to other funds	-	-	-	-	-	-
Land contracts	-	-	-	-	-	-
Miscellaneous	-	-	158	227	158	227
Total Noncurrent Assets	<u>3,629</u>	<u>2,621</u>	<u>322</u>	<u>596</u>	<u>3,952</u>	<u>3,217</u>
Total Assets	<u>\$ 175,383</u>	<u>\$ 192,157</u>	<u>\$ 168,361</u>	<u>\$ 161,927</u>	<u>\$ 343,744</u>	<u>\$ 354,084</u>
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants outstanding	\$ 5,404	\$ 880	\$ 1,294	\$ 169	\$ 6,698	\$ 1,049
Accounts payable	144,951	182,345	39,078	46,947	184,029	229,293
Contract reserve payable	-	-	-	-	-	-
Amounts due to other funds	16,446	3,795	125	119	16,571	3,914
Amounts held for others	-	-	1,951	5,887	1,951	5,887
Unearned revenue	-	-	330	153	330	154
Total Current Liabilities	<u>166,801</u>	<u>187,022</u>	<u>42,778</u>	<u>53,275</u>	<u>209,579</u>	<u>240,297</u>
Long-Term Liabilities:						
Unearned revenue	-	-	171	34	171	34
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>171</u>	<u>34</u>	<u>171</u>	<u>34</u>
Total Liabilities	<u>166,801</u>	<u>187,022</u>	<u>42,949</u>	<u>53,310</u>	<u>209,750</u>	<u>240,332</u>
DEFERRED INFLOWS OF RESOURCES	<u>8,582</u>	<u>5,136</u>	<u>-</u>	<u>764</u>	<u>8,582</u>	<u>5,899</u>
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	125,412	107,853	125,412	107,853
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>125,412</u>	<u>107,853</u>	<u>125,412</u>	<u>107,853</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 175,383</u>	<u>\$ 192,157</u>	<u>\$ 168,361</u>	<u>\$ 161,927</u>	<u>\$ 343,744</u>	<u>\$ 354,084</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FISCAL YEARS ENDED SEPTEMBER 30, 2017 and 2016
(In Thousands)

	MICHIGAN TRANSPORTATION FUND		COMPREHENSIVE TRANSPORTATION FUND		TOTALS	
	2017	2016	2017	2016	2017	2016
REVENUES						
Taxes	\$ 2,569,442	\$ 2,029,277	\$ 87,541	\$ 84,499	\$ 2,656,983	\$ 2,113,776
License and permits	40,718	36,643	275	637	40,993	37,280
Federal aid	-	-	46,714	74,515	46,714	74,515
Local participation	-	-	-	-	-	-
Interest earnings on common cash	1,436	427	543	169	1,978	596
Services	4,107	3,970	-	-	4,107	3,970
Non-operating revenue-bridges	-	-	-	-	-	-
Miscellaneous	499	584	10,323	14,079	10,822	14,663
Total Revenues	<u>2,616,202</u>	<u>2,070,901</u>	<u>145,395</u>	<u>173,899</u>	<u>2,761,597</u>	<u>2,244,800</u>
EXPENDITURES						
Administration and Operations:						
Administration and maintenance	4,251	4,135	22,150	17,633	26,401	21,768
Bus operating assistance grants	-	-	212,015	196,587	212,015	196,587
Other grants	1,295,369	1,005,465	106,368	125,791	1,401,738	1,131,256
Airport development	-	-	-	-	-	-
Non-operating expenditures-bridges	-	-	-	-	-	-
Trust fund construction activity	-	-	-	-	-	-
Capital lease payments	-	-	-	-	-	-
Total Administration and Operations	<u>1,299,620</u>	<u>1,009,601</u>	<u>340,533</u>	<u>340,011</u>	<u>1,640,153</u>	<u>1,349,611</u>
Capital Outlay:						
Roads and bridges	-	-	-	-	-	-
Other capital outlay	-	-	-	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,299,620</u>	<u>1,009,601</u>	<u>340,533</u>	<u>340,011</u>	<u>1,640,153</u>	<u>1,349,611</u>
Excess of Revenues Over (Under) Expenditures	<u>1,316,581</u>	<u>1,061,300</u>	<u>(195,138)</u>	<u>(166,112)</u>	<u>1,121,444</u>	<u>895,188</u>
OTHER FINANCING SOURCES						
Michigan Transportation Fund distribution	-	-	229,838	176,938	229,838	176,938
Grants and transfers from other funds	1,436	1,427	1,308	1,406	2,744	2,833
Capital Lease Acquisitions	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Proceeds from bonds and notes issued	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
Total Other Financing Sources	<u>1,436</u>	<u>1,427</u>	<u>231,146</u>	<u>178,344</u>	<u>232,582</u>	<u>179,771</u>
OTHER FINANCING USES						
Michigan Transportation Fund distribution	1,080,331	841,823	-	-	1,080,331	841,823
Grants and transfers to other funds	237,687	220,904	200	172	237,886	221,076
Discount on bonds issued	-	-	-	-	-	-
Debt service	-	-	18,250	18,202	18,250	18,202
Total Other Financing Uses	<u>1,318,018</u>	<u>1,062,727</u>	<u>18,449</u>	<u>18,374</u>	<u>1,336,467</u>	<u>1,081,101</u>
Excess of Other Financing Sources Over (Under) Other Financing Uses	<u>(1,316,581)</u>	<u>(1,061,300)</u>	<u>212,697</u>	<u>159,970</u>	<u>(1,103,885)</u>	<u>(901,330)</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	-	17,559	(6,142)	17,559	(6,142)
Fund balances-Beginning of fiscal year	-	-	107,853	113,995	107,853	113,995
Fund balances-End of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,412</u>	<u>\$ 107,853</u>	<u>\$ 125,412</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, 2017
 (In Thousands)

(Statutory/Budgetary Basis)	MICHIGAN TRANSPORTATION FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ 2,569,442	\$ 2,569,442	\$ -
License and permits	40,718	40,718	-
Federal aid	-	-	-
Local participation	-	-	-
Interest earnings	1,436	1,436	-
Services	4,107	4,107	-
Non-operating revenue-bridges	-	-	-
Miscellaneous and Service revenue	499	499	-
Total Revenues	<u>2,616,202</u>	<u>2,616,202</u>	<u>-</u>
EXPENDITURES AND ENCUMBRANCES			
Administration	4,335	4,236	99
Bus operating assistance grants	-	-	-
Other grants	1,295,370	1,295,369	1
Airport development	-	-	-
Nonoperating expenditure-bridges	-	-	-
Total Administration and Operations	<u>1,299,705</u>	<u>1,299,605</u>	<u>100</u>
Roads and bridges	-	-	-
Other capital outlay	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Encumbrances	<u>1,299,705</u>	<u>1,299,605</u>	<u>100</u>
Excess of Revenue Over (Under) Expenditures and Encumbrances	<u>1,316,497</u>	<u>1,316,597</u>	<u>100</u>
OTHER FINANCING SOURCES			
Michigan Transportation Fund distribution	-	-	-
Grants and transfers from other funds	1,436	1,436	-
Total Financing Sources	<u>1,436</u>	<u>1,436</u>	<u>-</u>
OTHER FINANCING USES			
Michigan Transportation Fund distribution	1,080,346	1,080,346	-
Grants and transfers to other funds	237,687	237,687	-
Debt service	-	-	-
Total Financing Uses	<u>1,318,033</u>	<u>1,318,033</u>	<u>-</u>
Excess Other Financing Sources Over(Under) Other Financing Uses	<u>(1,316,597)</u>	<u>(1,316,597)</u>	<u>-</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses	<u>\$ (100)</u>	<u>\$ -</u>	<u>\$ 100</u>
RECONCILING ITEMS			
Encumbrances at September 30		-	
Funds not annually budgeted		-	
Net Reconciling Items		<u>-</u>	
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis)		<u>-</u>	
FUND BALANCES (GAAP BASIS)			
Beginning balance		-	
Ending balances (GAAP Basis)		<u>\$ -</u>	

COMPREHENSIVE TRANSPORTATION FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 87,541	\$ 87,541	\$ -	\$ 2,656,983	\$ 2,656,983	\$ -
275	275	-	40,993	40,993	-
46,714	46,714	-	46,714	46,714	-
-	-	-	-	-	-
543	543	-	1,978	1,978	-
-	-	-	4,107	4,107	-
-	-	-	-	-	-
10,323	10,323	-	10,822	10,822	-
145,395	145,395	-	2,761,597	2,761,597	-
24,845	22,842	2,003	29,180	27,078	2,102
213,041	213,041	-	213,041	213,041	-
204,957	203,283	1,674	1,500,327	1,498,652	1,674
-	-	-	-	-	-
-	-	-	-	-	-
442,843	439,166	3,677	1,742,548	1,738,771	3,777
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
442,843	439,166	3,677	1,742,548	1,738,771	3,777
(297,448)	(293,771)	3,677	1,019,049	1,022,826	3,777
229,838	229,838	-	229,838	229,838	-
1,308	1,308	-	2,744	2,744	-
231,146	231,146	-	232,582	232,582	-
-	-	-	1,080,346	1,080,346	-
200	200	-	237,887	237,886	1
18,250	18,250	-	18,250	18,250	-
18,450	18,449	-	1,336,483	1,336,482	1
212,696	212,697	-	(1,103,900)	(1,103,900)	1
\$ (84,752)	(81,074)	\$ 3,677	\$ (84,851)	(81,074)	\$ 3,777
	98,633			98,633	
	-			-	
	98,633			98,633	
	17,559			17,559	
	107,853			107,853	
	\$ 125,412			\$ 125,412	

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)
REVENUES			
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	-
Total Revenues	2,070,901	2,070,901	-
EXPENDITURES AND ENCUMBRANCES			
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	-	-	-
Total Expenditures and Encumbrances	1,016,582	1,009,601	6,982
Excess of Revenue Over (Under) Expenditures and Encumbrances	1,054,318	1,061,300	6,982
OTHER FINANCING SOURCES			
Michigan Transportation Fund distribution	-	-	-
Grants and transfers from other funds	1,427	1,427	-
Total Financing Sources	1,427	1,427	-
OTHER FINANCING USES			
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
RECONCILING ITEMS			
Encumbrances at September 30		-	
Funds not annually budgeted		-	
Net Reconciling Items		-	
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis)		-	
FUND BALANCES (GAAP BASIS)			
Beginning balance		-	
Ending balances (GAAP Basis)		\$ -	

COMPREHENSIVE TRANSPORTATION FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 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
DESCRIPTIONS OF CAPITAL PROJECTS FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

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, 2017

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, 2017

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, 2017 and 2016

(In Thousands)

ASSETS	STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		BLUE WATER BRIDGE FUND	
	2017	2016	2017	2016
Current Assets:				
Cash and cash equivalents	\$ 71	\$ 5	\$ 102	\$ 65
Equity in Common Cash	762,725	835,856	70,021	64,463
Receivables:				
Taxes, interest, and penalties (at net)	-	-	-	-
Federal aid	124,216	106,471	-	-
Local units	15,142	19,202	-	-
Other funds	12,807	2,955	-	-
Component Units	2,708	1,124	-	-
Other Current Assets	38,768	17,537	137	-
Inventories	10,308	12,219	-	-
Total Current Assets	966,745	995,369	70,261	64,528
Noncurrent Assets:				
Receivables:				
Taxes	-	-	-	-
Federal aid	-	-	-	-
Local units	44,607	40,066	-	-
Advances to other funds	-	-	-	-
Land contracts	-	-	-	-
Miscellaneous	-	-	-	-
Total Noncurrent Assets	44,607	40,066	-	-
Total Assets	\$ 1,011,353	\$ 1,035,435	\$ 70,261	\$ 64,528
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	\$ 5,032	\$ 4,349	\$ 7	\$ -
Accounts payable	147,186	142,738	351	1,042
Contract reserve payable	-	587	-	101
Amounts due to other funds	4,653	4,608	61	60
Amounts held for others	15,128	12,060	-	-
Unearned revenue	3,651	3,795	1,839	1,618
Total Current Liabilities	175,651	168,137	2,259	2,822
Long-Term Liabilities:				
Unearned revenue	22	28	-	-
Total Long-Term Liabilities	22	28	-	-
Total Liabilities	175,673	168,164	2,259	2,822
DEFERRED INFLOWS OF RESOURCES				
488				
Fund Balances:				
Nonspendable	10,308	12,219	-	-
Restricted	825,371	854,564	68,002	61,706
Committed	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	835,680	866,783	68,002	61,706
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,011,353	\$ 1,035,435	\$ 70,261	\$ 64,528

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	
2017	2016	2017	2016	2017	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	4,284	117,169	43,841	6,377	7,911
496	1,248	-	-	-	-
26,497	37,643	1,687	1,666	-	-
2,393	5,513	-	1,573	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7	54	-	-	622	-
-	-	-	-	-	-
<u>29,393</u>	<u>48,742</u>	<u>118,856</u>	<u>47,080</u>	<u>6,999</u>	<u>7,911</u>
6	-	-	-	-	-
-	-	-	-	-	-
162	277	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>167</u>	<u>277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>29,560</u>	\$ <u>49,018</u>	\$ <u>118,856</u>	\$ <u>47,080</u>	\$ <u>6,999</u>	\$ <u>7,911</u>
\$ 251	\$ 25	\$ -	\$ -	\$ -	\$ -
12,046	17,498	-	151	3,069	1,285
-	-	-	-	-	-
2,410	9,438	-	-	-	-
3,261	6,640	-	-	-	-
-	-	-	30	-	-
<u>17,967</u>	<u>33,601</u>	<u>-</u>	<u>181</u>	<u>3,069</u>	<u>1,285</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>17,967</u>	<u>33,601</u>	<u>-</u>	<u>181</u>	<u>3,069</u>	<u>1,285</u>
<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
11,587	15,418	118,856	46,899	3,930	6,625
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,587</u>	<u>15,418</u>	<u>118,856</u>	<u>46,899</u>	<u>3,930</u>	<u>6,625</u>
\$ <u>29,560</u>	\$ <u>49,018</u>	\$ <u>118,856</u>	\$ <u>47,080</u>	\$ <u>6,999</u>	\$ <u>7,911</u>

ASSETS	TRANSPORTATION RELATED TRUST FUND		TOTALS	
	2017	2016	2017	2016
Current Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 174	\$ 70
Equity in Common Cash	-	-	956,293	956,354
Receivables:				
Taxes, interest, and penalties (at net)	-	-	496	1,248
Federal aid	60,568	38,817	212,967	184,597
Local units	51,725	50,134	69,260	76,422
Other funds	-	-	12,807	2,955
Component Units	-	-	2,708	1,124
Other Current Assets	-	-	39,533	17,592
Inventories	-	-	10,308	12,219
Total Current Assets	<u>112,293</u>	<u>88,952</u>	<u>1,304,546</u>	<u>1,252,581</u>
Noncurrent Assets:				
Receivables:				
Taxes	-	-	6	-
Federal aid	-	-	-	-
Local units	-	-	44,769	40,342
Advances to other funds	-	-	-	-
Land contracts	-	-	-	-
Miscellaneous	-	-	-	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>44,775</u>	<u>40,342</u>
Total Assets	\$ <u>112,293</u>	\$ <u>88,952</u>	\$ <u>1,349,321</u>	\$ <u>1,292,923</u>
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	\$ 109	\$ 73	\$ 5,398	\$ 4,447
Accounts payable	51,402	43,809	214,054	206,524
Contract reserve payable	-	63	-	751
Amounts due to other funds	45,637	25,784	52,761	39,890
Amounts held for others	15,145	19,222	33,535	37,922
Unearned revenue	-	-	5,491	5,443
Total Current Liabilities	<u>112,293</u>	<u>88,952</u>	<u>311,239</u>	<u>294,977</u>
Long-Term Liabilities:				
Unearned revenue	-	-	22	28
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>22</u>	<u>28</u>
Total Liabilities	<u>112,293</u>	<u>88,952</u>	<u>311,261</u>	<u>295,005</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>6</u>	<u>488</u>
Fund Balances:				
Nonspendable	-	-	10,308	12,219
Restricted	-	-	1,027,746	985,212
Committed	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>1,038,054</u>	<u>997,431</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>112,293</u>	\$ <u>88,952</u>	\$ <u>1,349,321</u>	\$ <u>1,292,923</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, 2017 and 2016
(In Thousands)

	STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		BLUE WATER BRIDGE FUND	
	2017	2016	2017	2016
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
License and permits	9,808	17,802	-	-
Federal aid	733,195	783,776	-	-
Local participation	13,254	20,411	-	-
Interest earnings on common cash	5,494	2,366	509	208
Services	3,421	3,322	-	-
Non-operating revenue-bridges	3,930	3,797	-	-
Miscellaneous	120,826	53,077	21,772	21,076
Total Revenues	889,929	884,551	22,281	21,285
EXPENDITURES				
Administration and Operations:				
Administration and maintenance	544,813	558,933	5,752	5,991
Other grants	110,597	125,477	-	-
Airport development	-	-	-	-
Non-operating expenditures-bridges	3,737	3,613	-	-
Trust fund construction activity	-	-	-	-
Capital lease payments	588	605	-	-
Total Administration and Operations	659,735	688,628	5,752	5,991
Capital Outlay:				
Roads and bridges	1,134,310	841,597	3,194	11,322
Other capital outlay	6,286	6,756	-	-
Total Capital Outlay	1,140,596	848,354	3,194	11,322
Total Expenditures	1,800,331	1,536,982	8,946	17,313
Excess of Revenues Over (Under) Expenditures	(910,402)	(652,430)	13,336	3,971
OTHER FINANCING SOURCES				
Michigan Transportation Fund distribution	850,493	664,885	-	-
Grants and transfers from other funds	239,804	218,721	-	-
Capital Lease Acquisitions	7	898	-	-
Proceeds from sale of capital assets	1,107	501	-	-
Proceeds from bonds and notes issued	-	-	-	-
Premium on bonds issued	-	23	-	-
Total Other Financing Sources	1,091,410	885,029	-	-
OTHER FINANCING USES				
Grants and transfers to other funds	6,053	10,737	76	67
Discount on bonds issued	-	-	-	-
Debt service	206,059	197,640	6,964	6,951
Total Other Financing Uses	212,111	208,376	7,040	7,018
Excess of Other Financing Sources Over (Under) Other Financing Uses	879,299	676,652	(7,040)	(7,018)
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(31,104)	24,222	6,296	(3,046)
Fund balances-Beginning of fiscal year	866,783	842,561	61,706	64,752
Fund balances-End of fiscal year	\$ 835,680	\$ 866,783	\$ 68,002	\$ 61,706

STATE AERONAUTICS FUND		COMBINED TRUNKLINE BOND PROCEEDS FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	
2017	2016	2017	2016	2017	2016
\$ 12,537	\$ 6,133	\$ -	\$ -	\$ -	\$ -
354	363	-	-	-	-
75,369	57,181	117,048	64,154	-	-
10	68	-	88	-	-
61	7	9	11	54	28
628	744	-	-	-	-
-	-	-	-	-	-
1,319	120	3	54	3,336	47
<u>90,279</u>	<u>64,616</u>	<u>117,060</u>	<u>64,307</u>	<u>3,390</u>	<u>75</u>
8,434	7,349	15	53	1,086	47
-	-	-	-	4,922	2,134
86,936	61,159	-	-	68	422
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>95,370</u>	<u>68,509</u>	<u>15</u>	<u>53</u>	<u>6,076</u>	<u>2,603</u>
-	-	1,356	5,752	-	-
13	110	-	-	9	8
<u>13</u>	<u>110</u>	<u>1,356</u>	<u>5,752</u>	<u>9</u>	<u>8</u>
<u>95,383</u>	<u>68,619</u>	<u>1,371</u>	<u>5,806</u>	<u>6,085</u>	<u>2,611</u>
<u>(5,104)</u>	<u>(4,003)</u>	<u>115,689</u>	<u>58,502</u>	<u>(2,695)</u>	<u>(2,537)</u>
-	-	-	-	-	-
6,000	8,000	-	2	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,000</u>	<u>8,000</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>
110	110	43,732	34,852	-	-
-	-	-	-	-	-
<u>4,616</u>	<u>4,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>4,727</u>	<u>4,624</u>	<u>43,732</u>	<u>34,852</u>	<u>-</u>	<u>-</u>
<u>1,273</u>	<u>3,376</u>	<u>(43,732)</u>	<u>(34,850)</u>	<u>-</u>	<u>-</u>
(3,831)	(627)	71,957	23,651	(2,695)	(2,537)
15,418	16,045	46,899	23,247	6,625	9,162
<u>\$ 11,587</u>	<u>\$ 15,418</u>	<u>\$ 118,856</u>	<u>\$ 46,899</u>	<u>\$ 3,930</u>	<u>\$ 6,625</u>

	TRANSPORTATION RELATED TRUST FUND		TOTALS	
	2017	2016	2017	2016
REVENUES				
Taxes	\$ -	\$ -	\$ 12,537	\$ 6,133
License and permits	-	-	10,162	18,166
Federal aid	283,329	263,272	1,208,941	1,168,384
Local participation	-	-	13,265	20,566
Interest earnings on common cash	-	5	6,128	2,624
Services	-	-	4,049	4,066
Non-operating revenue-bridges	-	-	3,930	3,797
Miscellaneous	548	1,461	147,803	75,835
Total Revenues	283,877	264,737	1,406,815	1,299,571
EXPENDITURES				
Administration and Operations:				
Administration and maintenance	-	-	560,100	572,373
Other grants	-	-	115,520	127,612
Airport development	-	-	87,004	61,582
Non-operating expenditures-bridges	-	-	3,737	3,613
Trust fund construction activity	283,877	264,737	283,877	264,737
Capital lease payments	-	-	588	605
Total Administration and Operations	283,877	264,737	1,050,825	1,030,521
Capital Outlay:				
Roads and bridges	-	-	1,138,859	858,672
Other capital outlay	-	-	6,308	6,875
Total Capital Outlay	-	-	1,145,167	865,547
Total Expenditures	283,877	264,737	2,195,993	1,896,068
Excess of Revenues Over (Under) Expenditures	-	-	(789,177)	(596,497)
OTHER FINANCING SOURCES				
Michigan Transportation Fund distribution	-	-	850,493	664,885
Grants and transfers from other funds	-	-	245,804	226,723
Capital Lease Acquisitions	-	-	7	898
Proceeds from sale of capital assets	-	-	1,107	501
Proceeds from bonds and notes issued	-	-	-	-
Premium on bond issues	-	-	-	23
Total Other Financing Sources	-	-	1,097,410	893,030
OTHER FINANCING USES				
Grants and transfers to other funds	-	-	49,971	45,765
Discount on bonds issued	-	-	-	-
Debt service	-	-	217,639	209,104
Total Other Financing Uses	-	-	267,609	254,869
Excess of Other Financing Sources Over (Under) Other Financing Uses	-	-	829,800	638,161
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	-	40,623	41,664
Fund balances-Beginning of fiscal year	-	-	997,431	955,767
Fund balances-End of fiscal year	\$ -	\$ -	\$ 1,038,054	\$ 997,431



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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, 2017
 (In Thousands)

(Statutory/Budgetary Basis)	STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes	\$ -	\$ -	\$ -
License and permits	9,808	9,808	-
Federal aid	733,195	733,195	-
Local participation	13,254	13,254	-
Interest earnings	5,494	5,494	-
Services	3,421	3,421	-
Non-operating revenue-bridges	3,930	3,930	-
Miscellaneous and Service revenue	120,826	120,826	-
Total Revenues	<u>889,929</u>	<u>889,929</u>	<u>-</u>
EXPENDITURES AND ENCUMBRANCES			
Administration	626,975	577,080	49,895
Other grants	133,469	117,974	15,495
Airport development	-	-	-
Nonoperating expenditure-bridges	3,869	3,737	132
Total Administration and Operations	<u>764,313</u>	<u>698,790</u>	<u>65,523</u>
Roads and bridges	1,159,660	1,159,660	-
Other capital outlay	8,064	8,064	-
Total Capital Outlay	<u>1,167,724</u>	<u>1,167,724</u>	<u>-</u>
Total Expenditures and Encumbrances	<u>1,932,037</u>	<u>1,866,514</u>	<u>65,523</u>
Excess of Revenue Over(Under) Expenditures and Encumbrances	<u>(1,042,108)</u>	<u>(976,586)</u>	<u>65,523</u>
OTHER FINANCING SOURCES			
Michigan Transportation Fund distribution	850,493	840,641	(9,851)
Grants and transfers from other funds	239,804	249,655	9,851
Capital Lease Acquisitions	-	-	-
Proceeds of sale of capital assets	1,107	1,107	-
Premium on bonds issued	-	-	-
Total Financing Sources	<u>1,091,403</u>	<u>1,091,403</u>	<u>-</u>
OTHER FINANCING USES			
Grants and transfers to other funds	6,517	6,053	464
Debt service	206,059	206,059	-
Total Financing Uses	<u>212,576</u>	<u>212,111</u>	<u>464</u>
Excess Other Financing Sources Over(Under) Other Financing Uses	<u>878,828</u>	<u>879,292</u>	<u>464</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses	<u>\$ (163,281)</u>	<u>\$ (97,293)</u>	<u>\$ 65,987</u>
RECONCILING ITEMS			
Encumbrances at September 30		66,190	
Funds not annually budgeted		-	
Net Reconciling Items		<u>66,190</u>	
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis)		<u>(31,104)</u>	
FUND BALANCES (GAAP BASIS)			
Beginning balance		866,783	
Ending balances (GAAP Basis)		<u>\$ 835,680</u>	

BLUE WATER BRIDGE FUND			STATE AERONAUTICS FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 12,537	\$ 12,537	\$ -
-	-	-	354	354	-
-	-	-	75,369	75,369	-
-	-	-	10	10	-
509	509	-	61	61	-
-	-	-	628	628	-
-	-	-	-	-	-
<u>21,772</u>	<u>21,772</u>	<u>-</u>	<u>1,319</u>	<u>1,319</u>	<u>-</u>
<u>22,281</u>	<u>22,281</u>	<u>-</u>	<u>90,279</u>	<u>90,279</u>	<u>-</u>
6,544	6,035	509	9,005	8,455	550
-	-	-	-	-	-
-	-	-	88,639	88,009	630
-	-	-	-	-	-
<u>6,544</u>	<u>6,035</u>	<u>509</u>	<u>97,644</u>	<u>96,464</u>	<u>1,180</u>
24,805	5,022	19,784	-	-	-
-	-	-	13	13	-
<u>24,805</u>	<u>5,022</u>	<u>19,784</u>	<u>13</u>	<u>13</u>	<u>-</u>
<u>31,349</u>	<u>11,057</u>	<u>20,292</u>	<u>97,657</u>	<u>96,477</u>	<u>1,180</u>
<u>(9,068)</u>	<u>11,224</u>	<u>20,292</u>	<u>(7,378)</u>	<u>(6,198)</u>	<u>1,180</u>
-	-	-	-	-	-
-	-	-	6,000	6,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	<u>6,000</u>	<u>6,000</u>	<u>-</u>
76	76	-	150	110	40
<u>6,964</u>	<u>6,964</u>	<u>-</u>	<u>4,616</u>	<u>4,616</u>	<u>-</u>
<u>7,040</u>	<u>7,040</u>	<u>-</u>	<u>4,766</u>	<u>4,727</u>	<u>40</u>
<u>(7,040)</u>	<u>(7,040)</u>	<u>-</u>	<u>1,234</u>	<u>1,273</u>	<u>40</u>
\$ <u>(16,108)</u>	<u>4,184</u>	\$ <u>20,292</u>	\$ <u>(6,145)</u>	<u>(4,924)</u>	\$ <u>1,220</u>
	<u>2,111</u>			<u>1,094</u>	
	<u>-</u>			<u>-</u>	
	<u>2,111</u>			<u>1,094</u>	
	<u>6,296</u>			<u>(3,831)</u>	
	<u>61,706</u>			<u>15,418</u>	
	\$ <u>68,002</u>			\$ <u>11,587</u>	

	Funds not Annually Budgeted		
(Statutory/Budgetary Basis)	COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUND
REVENUES			
Taxes	\$ -	\$ -	\$ -
License and permits	-	-	-
Federal aid	-	-	-
Local participation	-	-	-
Interest earnings	-	-	-
Services	-	-	-
Non-operating revenue-bridges	-	-	-
Miscellaneous and Service revenue	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES AND ENCUMBRANCES			
Administration	-	-	-
Other grants	-	-	-
Airport development	-	-	-
Nonoperating expenditure-bridges	-	-	-
Total Administration and Operations	<u>-</u>	<u>-</u>	<u>-</u>
Roads and bridges	-	-	-
Other capital outlay	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue Over(Under) Expenditures and Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES			
Michigan Transportation Fund distribution	-	-	-
Grants and transfers from other funds	-	-	-
Capital Lease Acquisitions	-	-	-
Proceeds of sale of capital assets	-	-	-
Premium on bonds issued	-	-	-
Total Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING USES			
Grants and transfers to other funds	-	-	-
Debt service	-	-	-
Total Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess Other Financing Sources Over(Under) Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
RECONCILING ITEMS			
Encumbrances at September 30	-	-	-
Funds not annually budgeted	71,957	(2,695)	-
Net Reconciling Items	<u>71,957</u>	<u>(2,695)</u>	<u>-</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses (GAAP Basis)	<u>71,957</u>	<u>(2,695)</u>	<u>-</u>
FUND BALANCES (GAAP BASIS)			
Beginning balance	46,899	6,625	-
Ending balances (GAAP Basis)	<u>\$ 118,856</u>	<u>\$ 3,930</u>	<u>\$ -</u>

TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 12,537	\$ 12,537	\$ -
10,162	10,162	-
808,565	808,565	-
13,265	13,265	-
6,064	6,064	-
4,049	4,049	-
3,930	3,930	-
<u>143,917</u>	<u>143,917</u>	<u>-</u>
1,002,489	1,002,489	-
642,524	591,570	50,954
133,469	117,974	15,495
88,639	88,009	630
3,869	3,737	132
<u>868,501</u>	<u>801,289</u>	<u>67,212</u>
1,184,465	1,164,682	19,784
8,077	8,077	-
<u>1,192,542</u>	<u>1,172,759</u>	<u>19,784</u>
<u>2,061,043</u>	<u>1,974,048</u>	<u>86,995</u>
<u>(1,058,555)</u>	<u>(971,559)</u>	<u>86,995</u>
850,493	840,641	(9,851)
245,804	255,655	9,851
-	-	-
1,107	1,107	-
-	-	-
<u>1,097,403</u>	<u>1,097,403</u>	<u>-</u>
6,743	6,239	504
217,639	217,639	0
<u>224,382</u>	<u>223,878</u>	<u>504</u>
<u>873,021</u>	<u>873,526</u>	<u>504</u>
\$ <u>(185,534)</u>	<u>(98,034)</u>	\$ <u>87,500</u>
	69,395	
	<u>69,262</u>	
	<u>138,657</u>	
	<u>40,623</u>	
	<u>997,431</u>	
\$	<u>1,038,054</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, 2016
 (In Thousands)

(Statutory/Budgetary Basis)	STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
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	-
EXPENDITURES AND ENCUMBRANCES			
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
OTHER FINANCING SOURCES			
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	-
OTHER FINANCING USES			
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
RECONCILING ITEMS			
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	
FUND BALANCES (GAAP BASIS)			
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	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	8,000	8,000	-
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
REVENUES			
Taxes	\$ -	\$ -	\$ -
License and permits	-	-	-
Federal aid	-	-	-
Local participation	-	-	-
Interest earnings	-	-	-
Services	-	-	-
Non-operating revenue-bridges	-	-	-
Miscellaneous and Service revenue	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES AND ENCUMBRANCES			
Administration	-	-	-
Other grants	-	-	-
Airport development	-	-	-
Nonoperating expenditure-bridges	-	-	-
Total Administration and Operations	<u>-</u>	<u>-</u>	<u>-</u>
Roads and bridges	-	-	-
Other capital outlay	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue Over(Under) Expenditures and Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES			
Michigan Transportation Fund distribution	-	-	-
Grants and transfers from other funds	-	-	-
Capital Lease Acquisitions	-	-	-
Proceeds of sale of capital assets	-	-	-
Premium on bonds issued	-	-	-
Total Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING USES			
Grants and transfers to other funds	-	-	-
Debt service	-	-	-
Total Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess Other Financing Sources Over(Under) Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures, Encumbrances and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
RECONCILING ITEMS			
Encumbrances at September 30	-	-	-
Funds not annually budgeted	23,651	(2,537)	-
Net Reconciling Items	<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>
FUND BALANCES (GAAP BASIS)			
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>
<u>970,452</u>	<u>970,452</u>	<u>-</u>
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>	



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MICHIGAN DEPARTMENT OF TRANSPORTATION
DESCRIPTIONS OF DEBT SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

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, 2017 and 2016
 (In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND		TOTALS	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
ASSETS						
Current Assets:						
Equity in Common Cash	\$ -	\$ 5	\$ -	\$ 162	\$ -	\$ 167
Total Assets	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ 167</u>
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Warrants Outstanding	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ 2
Accounts payable and other liabilities	<u>-</u>	<u>3</u>	<u>-</u>	<u>162</u>	<u>-</u>	<u>165</u>
Total Liabilities	<u>-</u>	<u>5</u>	<u>-</u>	<u>162</u>	<u>-</u>	<u>167</u>
Fund Balances:						
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance:	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ 167</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, 2017 and 2016
(In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND		TOTALS	
	2017	2016	2017	2016	2017	2016
REVENUES						
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ 1	-	-	-	1	-
Total Revenues	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
EXPENDITURES						
Administration	-	-	-	-	-	-
Costs of issuance	2	2,353	-	-	2	2,353
Bond principal retirement	131,350	125,465	17,175	16,525	148,525	141,990
Bond interest and fiscal charges	<u>81,672</u>	<u>79,106</u>	<u>5,691</u>	<u>6,191</u>	<u>87,364</u>	<u>85,297</u>
Total Expenditures	<u>213,024</u>	<u>206,924</u>	<u>22,866</u>	<u>22,716</u>	<u>235,890</u>	<u>229,640</u>
Excess of Revenues Over (Under) Expenditures	<u>(213,023)</u>	<u>(206,924)</u>	<u>(22,866)</u>	<u>(22,716)</u>	<u>(235,889)</u>	<u>(229,640)</u>
OTHER FINANCING SOURCES						
Proceeds from refunding bond issues	-	661,165	-	-	-	661,165
Premium on bonds issued	-	153,679	-	-	-	153,679
Transfer from State Aeronautics Fund	-	-	4,616	4,514	4,616	4,514
Transfer from State Trunkline Fund	213,023	204,571	-	-	213,023	204,571
Transfer from Comprehensive Transportation Fund	<u>-</u>	<u>-</u>	<u>18,250</u>	<u>18,203</u>	<u>18,250</u>	<u>18,203</u>
Total Other Financing Sources	<u>213,023</u>	<u>1,019,415</u>	<u>22,867</u>	<u>22,716</u>	<u>235,890</u>	<u>1,042,132</u>
OTHER FINANCING USES						
Payment to refunded bond escrow agent	-	812,491	-	-	-	812,491
Total Other Financing Uses	<u>-</u>	<u>812,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>812,491</u>
Excess of Other Sources Over (Under) Other Uses	<u>213,023</u>	<u>206,924</u>	<u>22,867</u>	<u>22,716</u>	<u>235,890</u>	<u>229,641</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, 2017
(In Thousands)

	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
REVENUES AND OTHER SOURCES:				
Michigan Transportation Fund	\$ 1,889,569	\$ 1,838,990	\$ 1,840,178	\$ 1,852,109
State Trunkline Fund				
Economic Development	71,997	76,031	77,173	68,427
Road and Bridge Program	1,518,646	1,672,977	1,719,438	1,796,420
Blue Water Bridge Fund	15,959	12,913	19,133	21,934
Comprehensive Transportation Fund	277,606	275,093	286,146	293,560
Aeronautics Fund	124,725	131,889	141,038	98,119
Transportation Related Trust Fund	292,120	277,365	370,918	256,695
1992 State Trunkline Bond Proceeds Fund	3,624	4	330	325
1994 State Trunkline Bond Proceeds Fund	4	1	(4)	-
2001 Build Michigan III Bond Proceeds Fund	1,224	1,396	684	102
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds Fund	32,191	(2)	9	610
2002 & 2003 Comprehensive Transportation Bond Proceeds Fund	2,586	17,241	13,029	13,348
2004 State Trunkline Bond Proceeds Fund	77,806	4,614	60	804
2011 State Trunkline Bond Proceeds Fund	-	-	-	-
Economic Stimulus Bonds	-	150,174	4,295	1,434
Jobs Today Bond Proceeds Fund	25,863	154,922	58,407	91,483
Blue Water Bridge Plaza Series Bonds	-	-	-	(6)
TOTAL REVENUES AND OTHER SOURCES	\$ 4,333,920	\$ 4,613,608	\$ 4,530,834	\$ 4,495,364
EXPENDITURES AND OTHER USES:				
Michigan Transportation Fund	\$ 1,889,569	\$ 1,838,990	\$ 1,840,178	\$ 1,852,109
State Trunkline Fund				
Economic Development	75,250	78,341	71,563	70,372
Traditional Program	1,702,452	1,747,662	1,818,278	1,684,489
Blue Water Bridge Fund	12,815	10,320	5,962	7,474
Comprehensive Transportation Fund	270,758	273,245	290,025	277,708
Aeronautics Fund	123,681	132,531	141,247	97,239
Transportation Related Trust Fund	292,120	277,365	370,918	256,695
1992 State Trunkline Bond Proceeds Fund	2,087	(10)	488	329
1994 State Trunkline Bond Proceeds Fund	5	1	2	-
2001 Build Michigan III Bond Proceeds Fund	11,992	18,936	30	701
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds Fund	32,163	29	-	675
2002 & 2003 Comprehensive Transportation Bond Proceeds Fund	15,805	11,186	21,663	14,665
2004 State Trunkline Bond Proceeds Fund	66,624	18,914	3,176	1,439
2011 State Trunkline Bond Proceeds Fund	-	-	-	-
Economic Stimulus Bonds	-	8,303	114,089	27,488
Jobs Today Bond Proceeds Fund	234,404	109,365	79,981	48,664
Blue Water Bridge Plaza Series Bonds	-	-	-	26,042
TOTAL EXPENDITURES AND OTHER USES	\$ 4,729,725	\$ 4,525,178	\$ 4,757,600	\$ 4,366,089

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
\$	1,858,160	\$ 1,894,679	\$ 1,937,904	\$ 2,022,175	\$ 2,072,328	2,617,638
	68,739	51,745	48,223	57,717	54,332	26,440
	1,609,683	1,638,111	1,772,689	1,733,972	1,714,350	1,954,893
	22,573	24,818	22,441	20,968	21,285	22,281
	314,275	496,404	401,373	389,096	352,243	376,541
	117,694	98,334	86,956	89,305	72,616	96,279
	247,875	259,185	315,459	314,462	264,737	283,877
	5	245	239	-	-	-
	(3)	4	2	-	-	-
	(6)	11	41	1	-	-
	565	-	-	-	-	-
	144	693	365	86	75	3,390
	31	66	2,549	122	(8)	-
	63,018	10,431	60,338	8,399	2,977	6
	24,340	37,495	21	1,074	4,031	4,483
	26,745	127,194	15	44,710	57,499	112,582
	<u>61,010</u>	<u>210</u>	<u>2</u>	<u>4</u>	<u>5</u>	<u>1</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>	<u>5,498,411</u>
\$	1,858,160	\$ 1,894,679	\$ 1,937,904	\$ 2,022,175	\$ 2,072,328	2,617,638
	67,737	48,702	52,211	63,906	49,226	36,232
	1,628,318	1,537,190	1,707,553	1,670,003	1,695,233	1,976,204
	14,644	13,488	15,131	24,410	24,331	15,986
	293,624	479,460	388,597	403,744	358,385	358,983
	119,053	93,693	93,671	92,869	73,243	100,109
	247,875	259,185	315,459	314,462	264,737	283,877
	1,710	46	209	-	-	-
	28	5	-	-	-	-
	(134)	410	41	555	-	-
	25	202	(267)	-	-	-
	22,573	12,296	7,374	835	2,611	-
	712	582	9,442	2,507	(8)	-
	26,490	23,453	66,996	11,042	6,124	1,037
	3,270	20,854	8,718	5,377	2	-
	48,960	148,568	36,778	40,413	34,858	43,721
	<u>25,348</u>	<u>8,009</u>	<u>562</u>	<u>1,139</u>	<u>(318)</u>	<u>344</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>	<u>5,434,131</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES
ECONOMIC DEVELOPMENT FUND
 FISCAL YEARS ENDED SEPTEMBER 30, 2017 and 2016
 (In Thousands)

	2017	2016
REVENUES AND OTHER SOURCES		
Licenses and permits	\$ 2,690	\$ 10,748
Federal aid	<u>2</u> (7,930)	465
Local participation	-	2
Interest earnings	840	416
Michigan Transportation Fund distribution	29,875	40,294
Miscellaneous	308	74
Fees	656	2,334
	<u>26,439</u>	<u>54,332</u>
EXPENDITURES AND OTHER USES		
Administration	410	477
Forest roads	5,000	5,000
Target industries-state takeovers	10,834	17,289
Rural county urban system	2,953	1,461
Urban county congestion	<u>3</u> (3,891)	5,521
Rural county primary	7,314	7,806
Special projects	2,000	-
Debt service	11,612	11,673
	<u>36,232</u>	<u>49,226</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>(9,792)</u>	<u>5,106</u>
Fund Balances-Beginning of fiscal year	108,311	124,066
Fund Balances-Adjustments	-	(20,860) ¹
Fund Balances-End of fiscal year	<u>\$ 98,519</u>	<u>\$ 108,311</u>

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: In FY 2016, adjustments were processed to correct/remove fund balances from Federal and Local fund sources.
- 2: Prior year's revenue was moved to correct projects
- 3: Prior year's expenditures were moved to correct projects.



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MICHIGAN DEPARTMENT OF TRANSPORTATION
CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS
BY FUNCTIONAL ACTIVITY
FISCAL YEAR ENDED SEPTEMBER 30, 2017
(In Thousands)

	<u>Construction Supervision</u>	<u>Preliminary Engineering</u>	<u>Right-of-Way</u>
STATE TRUNKLINE FUND			
Roads and bridges	\$ 95,565	\$ 84,183	\$ 13,547
Economic development fund	(465)	(1,651)	(1,110)
Work orders - state facilities	13	-	-
	<u>95,113</u>	<u>82,532</u>	<u>12,437</u>
Subtotal	<u>95,113</u>	<u>82,532</u>	<u>12,437</u>
BLUE WATER BRIDGE FUND			
	<u>519</u>	<u>953</u>	<u>-</u>
Subtotal	<u>519</u>	<u>953</u>	<u>-</u>
STATE AERONAUTICS AND GENERAL FUNDS			
Airport development	2,439	6,571	1,082
Work orders - state facilities	-	-	-
	<u>2,439</u>	<u>6,571</u>	<u>1,082</u>
Subtotal	<u>2,439</u>	<u>6,571</u>	<u>1,082</u>
COMPREHENSIVE TRANSPORTATION FUND			
Rail freight	-	-	-
Bus transit	-	-	-
Intercity bus, rail, water	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
BOND PROCEEDS FUNDS			
State Trunkline Fund	205	(12)	-
Comprehensive Transportation Fund			
Aeronautics Fund	13	17	5
	<u>218</u>	<u>5</u>	<u>5</u>
Subtotal	<u>218</u>	<u>5</u>	<u>5</u>
Total Capital Acquisitions	<u>\$ 98,289</u>	<u>\$ 90,061</u>	<u>\$ 13,524</u>

<u>Utility Relocation</u>	<u>Physical Construction</u>	<u>Special Projects</u>	<u>Other Activities</u>	<u>Totals</u>
\$ 13	\$ 792,964	\$ -	\$ 60,337	\$ 1,046,609
-	15,108	-	6,973	18,855
-	2	-	2,800	2,815
<u>13</u>	<u>808,074</u>	<u>-</u>	<u>70,110</u>	<u>1,068,279</u>
-	1,634	-	87	3,193
-	1,634	-	87	3,193
-	53,381	-	31,678	95,151
-	-	-	-	-
-	53,381	-	31,678	95,151
-	-	-	783	783
-	-	-	50,164	50,164
-	-	-	51,456	51,456
-	-	-	102,403	102,403
-	1,122	-	(14)	1,301
-	49	-	4,219	4,219
-	-	-	(6)	78
-	1,171	-	4,199	5,598
<u>\$ 13</u>	<u>\$ 864,260</u>	<u>\$ -</u>	<u>\$ 208,477</u>	<u>\$ 1,274,624</u>

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>
STATE TRUNKLINE FUND			
Roads and bridges	\$ 78,203	\$ 94,060	\$ 6,276
Economic development fund	852	476	-
Work orders - state facilities	89	-	-
	<u>79,144</u>	<u>94,536</u>	<u>6,276</u>
Subtotal	<u>79,144</u>	<u>94,536</u>	<u>6,276</u>
BLUE WATER BRIDGE FUND			
	<u>1,548</u>	<u>1,240</u>	<u>-</u>
Subtotal	<u>1,548</u>	<u>1,240</u>	<u>-</u>
STATE AERONAUTICS AND GENERAL FUNDS			
Airport development	4,271	9,719	1,281
Work orders - state facilities	-	-	-
	<u>4,271</u>	<u>9,719</u>	<u>1,281</u>
Subtotal	<u>4,271</u>	<u>9,719</u>	<u>1,281</u>
COMPREHENSIVE TRANSPORTATION FUND			
Rail freight	-	-	-
Bus transit	-	-	-
Intercity bus, rail, water	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
BOND PROCEEDS FUNDS			
State Trunkline Fund	273	-	-
Comprehensive Transportation Fund	-	-	-
Aeronautics Fund	58	49	2
	<u>331</u>	<u>49</u>	<u>2</u>
Subtotal	<u>331</u>	<u>49</u>	<u>2</u>
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
Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2017

Grantor Agency/Federal Assistance Program Title	CFDA* Program Number	Direct Award (Y/N)	Pass Through Entity	Pass- Through Entity ID Number	Research and Develop- ment (Y/N)	Distributed to Subrecipients			
						Directly Expended by Department	To Other State Agencies	To Non-State Entities	Total Expended and Distributed
U.S. Department of Transportation									
Highway Planning and Construction Cluster									
Direct Programs:									
ARRA - Highway Planning and Construction	20.205	Y			N	29,015.86			29,015.86
Highway Planning and Construction	20.205	Y			N	1,005,419,100.45		37,053,200.59	1,042,472,301.04
Highway Planning and Construction	20.205	Y			Y	6,829,537.28			6,829,537.28
Total Highway Planning and Construction Cluster						<u>1,005,419,100.45</u>	<u>-</u>	<u>37,053,200.59</u>	<u>1,049,330,854.18</u>
Federal Transit Cluster									
Direct Programs:									
Federal Transit - Capital Investment Grants	20.500	Y			N			7,368,196.73	7,368,196.73
Bus and Bus Facilities Formula Program	20.526	Y			N			2,251,077.68	2,251,077.68
Total Federal Transit Cluster						<u>-</u>	<u>-</u>	<u>9,619,274.41</u>	<u>9,619,274.41</u>
Transit Services Programs Cluster									
Direct Programs:									
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	Y			N			4,173,577.46	4,173,577.46
Public Transportation Research Program	20.514	Y			N			9,485.50	9,485.50
New Freedom Program	20.521	Y			N			103,546.41	103,546.41
Total Transit Services Programs Cluster						<u>-</u>	<u>-</u>	<u>4,286,609.37</u>	<u>4,286,609.37</u>
Direct Programs:									
Airport Improvement Program (Note 1)	20.106	Y			N	29,953,144.67			29,953,144.67
Highway Research and Development Program	20.200	Y			Y	578,087.50			578,087.50
Highway Training and Education	20.215	Y			N	144,397.39			144,397.39
Capital Assistance to States - Intercity Passenger Rail Service	20.317	Y			N	(1,439,011.56)			(1,439,011.56)
ARRA - High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	20.319	Y			N	2,186,114.89		807,768.16	2,993,883.05
High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	20.319	Y			N	20,372.71		1,661,207.87	1,681,580.58
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	Y			N	1,011,450.97		2,323,391.18	3,334,842.15
Formula Grants for Rural Areas	20.509	Y			N	2,483,521.34		21,986,897.24	24,470,418.58
Rail Fixed GuidewayPublic Transportation System State Safety Oversight Formula Grant Program	20.528	Y			N	250,147.21			250,147.21
National Priority Safety Programs	20.616	N	State Police		N	79,580.00			79,580.00
National Infrastructure Investments	20.933	Y			N	190,540.66		3,918,285.94	4,108,826.60
Total Direct Programs						<u>35,458,345.78</u>	<u>-</u>	<u>30,697,550.39</u>	<u>66,155,896.17</u>
Total U.S. Department of Transportation						<u>1,040,877,446.23</u>	<u>-</u>	<u>81,656,634.76</u>	<u>1,129,392,634.13</u>
U.S. Department of Health and Human Services									
TANF Cluster									
Temporary Assistance for Needy Families (TANF) State Programs	93.558	N	Health and Human Services	15-99001	N	550,000.00		-	550,000.00
Total TANF Cluster						<u>550,000.00</u>	<u>-</u>	<u>-</u>	<u>550,000.00</u>
Total U.S. Department of Health and Human Services						<u>550,000.00</u>	<u>-</u>	<u>-</u>	<u>550,000.00</u>
Total Expenditures of Federal Awards						<u>1,041,427,446.23</u>	<u>-</u>	<u>81,656,634.76</u>	<u>1,129,942,634.13</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, 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	
U.S. Department of Transportation									
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>
Total U.S. Department of Transportation						<u>1,099,174,037.38</u>	-	<u>81,213,769.66</u>	<u>1,180,387,807.04</u>
U.S. Department of Health and Human Services									
TANF Cluster									
Temporary Assistance for Needy Families (TANF) State Programs	93.558	N	Health and Human Services	15-99001	N	555,094.72		-	555,094.72
Total TANF Cluster						<u>555,094.72</u>	-	-	<u>555,094.72</u>
Total U.S. Department of Health and Human Services						<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
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

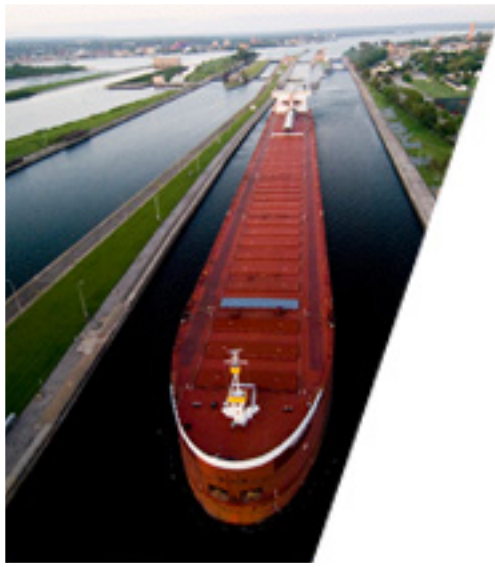
1. Federal expenditures of \$45,372,525 for the Airport Improvement Program (CFDA 20.106) channeled to primary airports for fiscal year 2017 are not included in the SEFA. The Federal Aviation Administration (FAA) determined that the Michigan Department of Transportation (MDOT) has no oversight responsibility 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 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.



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Michigan Department of Transportation

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