

# 2019

## ANNUAL FINANCIAL REPORT

### Michigan Department of Transportation



*Fiscal Year Ending September 2019*



# MICHIGAN DEPARTMENT OF TRANSPORTATION

## ANNUAL FINANCIAL REPORT

Fiscal Years Ended September 30, 2019 & 2018

Prepared by:

Finance and Administration  
Patrick J. McCarthy, C.P.A., Bureau Director

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



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**MICHIGAN DEPARTMENT OF TRANSPORTATION  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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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

GRETCHEN WHITMER  
GOVERNOR

PAUL C. AJEGBA  
DIRECTOR

May 15, 2020

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

Paul C. Ajegba, Director  
Michigan Department of Transportation  
425 W. Ottawa  
Lansing, Michigan 48913

Dear State Transportation Commission and Director Ajegba:

We are pleased to present the Annual Financial Report for the Michigan Department of Transportation (Department) for the fiscal years (FY) ending September 30, 2018 and 2019. 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 into law November 10, 2015. The nine bills that make up the revenue package provide for revenue increases through fee increases, motor fuel tax increases, and income tax redirection. Since the state transportation revenue package began, the overall increase in the Michigan Transportation Fund (MTF) through fiscal year end September 30, 2019 is \$1,052.4 million.

The increases in the MTF revenues provides Michigan's transportation network with revenue growth for the first time in many years and helps to slow the rate of decline of the infrastructure 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. When fully implemented, 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 2018 to FY 2019 in the various revenue sources:

**Revenue source table**

REVENUE SOURCE	FY 2019	FY 2018	Change
<b>Michigan Transportation Fund</b>			
Motor Vehicle Registration	\$1,354	\$1,295	\$59
Gasoline, Diesel and Alternative fuel taxes	\$1,460	\$1,468	(\$8)
Motor Vehicle Title Fees	\$37	\$37	\$0
Income Tax Redirection	\$264	\$0	\$264
<b>State Trunk Line Fund</b>			
Local Agencies	\$17	\$16	\$1
Federal Agencies	\$855	\$662	\$193
Licenses and Permits	\$17	\$17	\$0
<b>Comprehensive Transportation Fund</b>			
Public Transportation Services	\$254	\$249	\$5
Federal Agencies	\$39	\$43	(\$4)
Motor Fuel Taxes	\$97	\$96	\$1
<b>State Aeronautics Fund</b>			
Aviation Fuel Tax	\$16	\$12	\$4
Federal Agencies	\$67	\$81	(\$14)

**PROGRAM OVERVIEW**

The Department’s Transportation Program supports the creation of jobs, growth of the economy, preservation of our environment, the safety and security of the transportation system, and implements the direction set by the State Transportation Commission. In FY 2019, the Department was confronted with increased project costs, stretched budgets, and an aging infrastructure.

The Capital Program provided Michigan travelers with approximately 1,386 lane miles of improved roads and 244 rehabilitated and maintained bridges. Additionally, the Department managed good and fair roads by extending the life on about 2,367 lane miles of pavement through the Capital Preventive Maintenance Program. With the FY 2019 Highway Program investment, the Department continued to positively influence Michigan’s economy by supporting 23,795 jobs.

The FY 2019 Highway Program invested \$1.81 billion to maintain the approximately 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 2019 Highway Program include; pavement preservation activities, including road rehabilitation and reconstruction and capital preventive maintenance totaling \$878 million. Bridge preservation activities, including bridge rehabilitation and reconstruction and bridge capital preventive maintenance, totaled \$245 million. Routine maintenance activities total an estimated \$339 million; this includes pothole filling, snow plowing, sweeping, and grass cutting. The rest of the Highway Program included a combined \$345 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. This was done by distributing \$190.75 million in Comprehensive Transportation Fund (CTF) monies and \$24.0 million in federal funds for local transit operations. Also allocated was \$37 million CTF to match federal capital funds of \$148 million. Additionally, OPT provided \$6.6 million in 100% state capital for transit bus replacement and \$2.0 million in state funds for service initiatives. This funding was used for several technology initiative projects aimed to solve mobility gaps for seniors, persons with disabilities, and veterans. Projects included service planning and safety technology upgrades, demonstration of an accessible autonomous vehicles, and participation in the Automated Buses Consortium (ABC). ABC is a partnership of a dozen public entities around the country who will spec, procure and deploy large, accessible, electric automated buses to help inform the use of AVs in public transit. Funding for intercity services was provided at \$1.8 million from the CTF and \$3.6 million in federal funding. This funding was used to maintain intercity bus services in nearly 130 Michigan communities on 41 routes, via capital and operating assistance. This will enhance both customer and carrier safety. Customer service and safety were also the focus of OPT/MDOT's ongoing safety certification of private motor bus carriers as required in P.A. 432. Services were provided to 211 carriers and 1,894 vehicles.

The Department continued to make targeted capital investments designed to help maintain efficient freight service on the 530 miles of state-owned freight rail lines operated, under contract, by four railroad companies. Several projects, including a legislatively-directed effort to upgrade the track structure between Walton Junction and Traverse City, were undertaken to enhance the safety and efficiency of the lines and help ensure continued rail access to shippers. MDOT invested over \$4.8 million in these lines during FY2019. Through the Freight Economic Development Program, the Department approved loans for seven new projects, investing \$3.9 million to provide rail access for new and expanding businesses across the state. The Department also provided nearly \$500,000 in legislatively-mandated operating assistance to the Detroit-Wayne County Port Authority for administrative and marketing expenditures.

The Department provided funding for 39 grade crossing safety enhancement projects on roads under county, city, or village jurisdiction and 32 crossing projects on state trunklines, investing a total of over \$14.3 million in dedicated federal and state crossing safety funds in the interest of motorist safety. An additional 48 projects were approved for funding under the Local Grade Crossing Surface Improvement Program; MDOT's 60% project share totaled \$3 million.

State funds were also used to support intercity passenger rail service to 22 Michigan station communities and improve the state-owned accelerated rail corridor, all in an effort to enhance mobility and spur economic development along Michigan's passenger rail corridors. The Department distributed \$19.6 million in CTF monies to support passenger rail operations along the Wolverine, Pere Marquette and Blue Water routes. In addition, MDOT continued to invest CTF dollars in maintenance activities and infrastructure upgrades to benefit both passengers and freight users along the Department's 135-mile accelerated rail corridor between Dearborn and Kalamazoo. Investments totaling \$36.1 million supported efforts to achieve higher-speed service and reduce passenger travel times, ensuring MDOT's continued compliance with the terms of earlier federal grants received to purchase and upgrade the corridor. Capital projects during FY2019 included installing new rail, ties, and ballast; replacing turnouts; and bridge work.

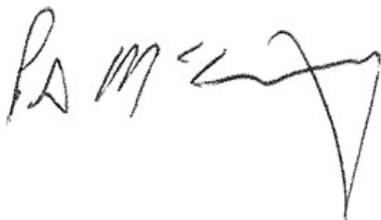
The Department approved 94 contracts for capital improvements to Michigan airports. The amount in Federal, State and Local grants totaled \$126.4M. These numbers do not include improvements to airports made by the local sponsors that are not required to be reported to the State or Federal governments. 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 fair pavement. Recent inspections reveal 83 percent of the runways (measured with new, more stringent criteria) met the good or better pavement criteria.

## CONCLUSION

During the year, \$4.6 billion was expended from all revenue sources to address Michigan's transportation needs. The Department strives to make wise investment decisions with its limited resources to maximize the results achieved. This has fostered many innovative ideas in the Department and will undoubtedly promote even more in the future.

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,

A handwritten signature in black ink, appearing to read 'P. McCarthy', with a stylized flourish at the end.

Patrick McCarthy, CPA  
Director  
Bureau of Finance and Administration

# 2019

ANNUAL  
FINANCIAL  
REPORT

## 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, 2019 and 2018  
 (In Thousands)

GOVERNMENTAL FUND TYPES

	SPECIAL REVENUE		DEBT SERVICE	
	2019	2018	2019	2018
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 4,230	\$ 8	\$ -	\$ -
Equity in Common Cash	257,596	269,975	-	1
Receivables:				
Taxes, interest, and penalties (at net)	139,362	154,418	-	-
Other funds	44,434	40,175	-	-
Component Units	-	-	-	-
Federal aid	16,822	26,870	-	-
Local units	2,381	1,602	-	-
Inventories	-	-	-	-
Other Current Assets	3,016	1,409	-	-
Total Current Assets	<u>467,841</u>	<u>494,457</u>	<u>-</u>	<u>1</u>
Noncurrent Assets:				
Receivables:				
Taxes	3,595	4,056	-	-
Federal aid	-	-	-	-
Local units	-	42	-	-
Advances to other funds	-	-	-	-
Land contracts	-	-	-	-
Miscellaneous	-	-	-	-
Total Noncurrent Assets	<u>3,595</u>	<u>4,098</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 471,435</u>	<u>\$ 498,555</u>	<u>\$ -</u>	<u>\$ 1</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Current Liabilities:				
Warrants outstanding	\$ -	\$ -	\$ -	\$ -
Accounts payable	219,716	283,839	-	1
Contract reserve payable	-	-	-	-
Due to other funds and Components	18,511	16,160	-	-
Amounts held for others	-	-	-	-
Unearned revenue	282	284	-	-
Total Current Liabilities	<u>238,509</u>	<u>300,283</u>	<u>-</u>	<u>1</u>
Long-Term Liabilities:				
Unearned revenue	4	43	-	-
Total Long-Term Liabilities	<u>4</u>	<u>43</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>238,513</u>	<u>300,327</u>	<u>-</u>	<u>1</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>11,945</u>	<u>10,297</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	220,978	187,931	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	<u>220,978</u>	<u>187,931</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 471,435</u>	<u>\$ 498,555</u>	<u>\$ -</u>	<u>\$ 1</u>

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

		CAPITAL PROJECTS				TOTALS	
		2019	2018			2019	2018
\$	64	\$	170	\$	4,293	\$	179
	959,567		944,017		1,217,163		1,213,992
	533		546		139,894		154,965
	14,316		12,493		14,316		52,668
	1,726		4,031		18,548		4,031
	271,711		158,608		274,092		185,478
	93,640		76,310		96,021		77,912
	10,394		7,478		10,394		7,478
	48,199		35,716		51,215		37,125
	<u>1,400,149</u>		<u>1,239,368</u>		<u>1,867,990</u>		<u>1,733,826</u>
	18		14		3,612		4,071
	-		-		-		-
	49,870		48,092		49,870		48,134
	-		-		-		-
	-		-		-		-
	-		(0)		-		(0)
	<u>49,888</u>		<u>48,106</u>		<u>53,482</u>		<u>52,204</u>
\$	<u>1,450,037</u>	\$	<u>1,287,474</u>	\$	<u>1,921,472</u>	\$	<u>1,786,030</u>
\$	-	\$	-	\$	568,965	\$	-
	349,249		239,353		-		523,193
	-		-		64,013		-
	45,503		41,345		-		57,506
	-		-		2,229		-
	1,947		2,114		635,207		2,398
	<u>396,699</u>		<u>282,813</u>		<u>635,207</u>		<u>583,097</u>
	87		19		91		63
	<u>87</u>		<u>19</u>		<u>91</u>		<u>63</u>
	<u>396,785</u>		<u>282,832</u>		<u>635,298</u>		<u>583,160</u>
	<u>21</u>		<u>15</u>		<u>11,966</u>		<u>10,312</u>
	10,394		7,478		10,394		7,478
	1,042,837		997,149		1,263,814		1,185,081
	-		-		-		-
	-		-		-		-
	<u>1,053,231</u>		<u>1,004,627</u>		<u>1,274,208</u>		<u>1,192,558</u>
\$	<u>1,450,037</u>	\$	<u>1,287,474</u>	\$	<u>1,921,472</u>	\$	<u>1,786,030</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, 2019 and 2018  
(In Thousands)

	GOVERNMENTAL FUND TYPES			
	SPECIAL REVENUE		DEBT SERVICE	
	2019	2018	2019	2018
<b>REVENUES</b>				
Taxes	\$ 3,175,109	\$ 2,858,903	\$ -	\$ -
Federal aid	38,764	42,714	-	-
Local participation	-	-	-	-
Services	4,294	4,183	-	-
License and permits	37,350	38,141	-	-
Interest earnings	8,192	4,389	-	-
Non-operating revenue-bridges	-	-	-	-
Miscellaneous	11,794	16,514	2	4
<b>Total Revenues</b>	<b>3,275,503</b>	<b>2,964,843</b>	<b>2</b>	<b>4</b>
<b>EXPENDITURES</b>				
Administration and Operations:				
Administration and maintenance	29,893	28,606	1	2
Bus operating assistance grants	223,641	215,225	-	-
Other grants	1,694,423	1,487,797	-	-
Airport development	-	-	-	-
Non-operating expenditures-bridges	-	-	-	-
Trust fund construction activity	-	-	-	-
Capital lease payments	-	-	-	-
Costs of issuance	-	-	2	2
Bond principal retirement	-	-	158,965	151,080
Bond interest and fiscal charges	-	-	60,472	77,859
<b>Total Administration and Operations</b>	<b>1,947,957</b>	<b>1,731,628</b>	<b>219,439</b>	<b>228,943</b>
Capital Outlay:				
Roads and bridges	-	-	-	-
Other capital outlay	-	-	-	-
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>1,947,957</b>	<b>1,731,628</b>	<b>219,439</b>	<b>228,943</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,327,546</b>	<b>1,233,215</b>	<b>(219,437)</b>	<b>(228,939)</b>
<b>OTHER FINANCING SOURCES</b>				
Capital Lease Acquisitions	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Michigan Transportation Fund distribution	254,029	248,735	-	-
Grants and transfers from other funds	1,364	1,550	219,437	228,939
Proceeds from bonds and notes issued	-	-	-	-
Premium on bonds issued	-	-	-	-
<b>Total Other Financing Sources</b>	<b>255,393</b>	<b>250,285</b>	<b>219,437</b>	<b>228,939</b>
<b>OTHER FINANCING USES</b>				
Michigan Transportation Fund distribution	1,291,072	1,165,674	-	-
Grants and transfers to other funds	239,419	237,062	-	-
Discount on bonds issued	-	-	-	-
Debt service	19,401	18,246	-	-
Payment to refunded bond escrow agent	-	-	-	-
<b>Total Other Financing Uses</b>	<b>1,549,892</b>	<b>1,420,981</b>	<b>-</b>	<b>-</b>
<b>Excess of Other Financing Sources Over (Under) Other Financing Uses</b>	<b>(1,294,500)</b>	<b>(1,170,696)</b>	<b>219,437</b>	<b>228,939</b>
<b>Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>33,047</b>	<b>62,519</b>	<b>-</b>	<b>-</b>
Fund balances-Beginning of fiscal year	187,931	125,412	-	-
<b>Fund balances-End of fiscal year</b>	<b>\$ 220,978</b>	<b>\$ 187,931</b>	<b>\$ -</b>	<b>\$ -</b>

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





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**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2019

**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, 2019**

B. Authorities not Included as Part of Reporting Entity

Mackinac Bridge Authority

The Mackinac Bridge Authority (MBA), a component unit of the State of Michigan, is reported in the SOMCAFR and is not reported in these statements. The MBA issues its own audited financial statements. Further information regarding the relationship between the Department and the MBA 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 automatically renews each successive ten year period after September 30, 2017 and 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 in effect until September 30, 2027.

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, 2018 and fiscal year ending December 31, 2017 follows (In Thousands):

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Assets	\$5,882	\$5,053
Liabilities	3,193	3,427
Total Fund Balance	2,689	1,626
Total Revenues and Other Sources	7,129	7,141
Total Expenditures and Other Uses	6,066	9,138
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,063	(1,997)

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2019

C. Basis of Presentation

The financial transactions of the Department are recorded in individual funds in the Statewide Integrated Governmental Management Applications (SIGMA). 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, 2019

**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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Equity in Common Cash	\$257,596	\$269,975	\$ -	\$ 1	\$959,567	\$944,017

The balances for the special revenue funds averaged approximately \$418.8 million and \$361.4 million and the balances for the capital projects funds averaged approximately \$749.6 million and \$775.2 million during fiscal years 2019 and 2018, 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, 2019

**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, 2019 and 2018, 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>2019</u>	<u>2018</u>
State Trunkline Fund	\$ 1,048	\$ 1,499
Comprehensive Transportation Fund	<u>45</u>	<u>112</u>
Total Allowance for Doubtful Accounts	<u>\$ 1,093</u>	<u>\$ 1,611</u>

B. Taxes Receivable

In the Michigan Transportation Fund, the gross amount of current taxes receivable, \$189.1 million and \$200.1 million, less allowances for uncollectible receivables, \$55.6 million and \$51.8 million result in net taxes receivable of \$133.5 million and \$148.3 million, being recorded for motor fuel taxes due to the fund as of September 30, 2019 and 2018, respectively.

In the State Aeronautics Fund, the gross amount of current taxes receivable, \$3.2 million and \$3.0 million, less allowances for uncollectible receivables, \$2.7 million and \$2.5 million result in net taxes receivable of \$0.5 million and \$0.5 million, being recorded for aviation fuel taxes due to the fund as of September 30, 2019 and 2018, 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 \$209.2 million and \$131.6 million for the fiscal years ending September 30, 2019 and 2018, respectively. No noncurrent federal aid receivables were recorded for the fiscal years ending September 30, 2019 and 2018.

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2019

**Note 4: Capital Assets**

- A. 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 2019 changes in reported costs for the Department's capital assets (In Millions):

Changes in Capital Assets  
Fiscal Year 2019

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Capital assets, not depreciated:</u>				
Roads	\$12,584.7	\$450.8	(\$174.6)	\$12,860.9
Land	3,143.9	2.5	-	3,146.5
Bridges	2,479.1	256.7	(41.8)	2,693.9
Construction in Progress	1,892.4	617.5	(765.5)	1,744.4
Computer Software Projects in Progress	4.6	2.2	-	6.8
Land Rights	0.3	0.1	-	0.4
<u>Capital assets, depreciated:</u>				
Equipment	228.6	16.4	(3.8)	241.2
Buildings	168.9	-	-	168.9
Blue Water Bridge Infrastructure	30.5	1.7	-	32.1
Railroads	173.7	-	-	173.7
Rest Areas & Welcome Centers	120.9	-	-	120.9
Land Improvements	75.5	13.3	(34.3)	54.5
Airports	1.8	-	-	1.8
<u>Less accumulated depreciation for:</u>				
Equipment	(99.3)	(10.9)	3.3	(106.9)
Buildings	(84.2)	(4.3)	0.5	(88.0)
Blue Water Bridge Infrastructure	(13.3)	(0.9)	-	(14.2)
Railroad	(49.5)	(5.1)	-	(54.6)
Rest Area & Welcome Center	(49.4)	(2.5)	-	(51.9)
Land Improvements	(18.0)	(1.5)	5.5	(14.1)
Airports	(0.9)	(0.1)	-	(1.0)
<b>Total Capital Assets</b>	<b><u>\$20,590.1</u></b>	<b><u>\$1,335.9</u></b>	<b><u>(\$1,010.7)</u></b>	<b><u>\$20,915.3</u></b>

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

- B. Funding Source: Following is a summary of funding sources for investments in capital assets as of September 30, 2019 (In Millions):

<u>Fund</u>	<u>Investment</u>
State Trunkline Fund	\$ 20,709.0
Comprehensive Transportation Fund	193.4
State Aeronautics Fund	<u>12.9</u>
Total Investment in Capital Assets	<u>\$ 20,915.3</u>

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**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 % <sup>(1)</sup>
		9/30/19	9/30/18	First Year	Last Year	
<u>Comprehensive Transportation Fund Bonds</u>						
Series 2005 (Refunding)	\$ 62,180	\$ 26,435	\$ 34,080	2009	2023	5.25
Series 2009 (Refunding)	42,335	-	8,115	2012	2019	4.49
Series 2011 (Refunding)	18,470	6,710	8,740	2013	2022	4.50
Series 2013 (Refunding)	10,130	1,540	1,540	2014	2023	4.70
Series 2015 (Refunding)	29,380	26,190	27,300	2017	2031	4.89
Total Comprehensive Transportation Fund Bonds	\$ 162,495	\$ 60,875	\$ 79,775			
<u>State Trunkline Fund Bonds</u>						
Series 1998 A (Refunding)	\$ 377,890	\$ -	\$ 34,120	2006	2019	5.15
Series 2004 (Refunding)	103,450	34,870	45,355	2006	2022	5.02
Series 2005 (Refunding)	223,020	69,795	89,815	2010	2022	5.24
Series 2009 (Revenue and Refunding)	146,190	146,185	146,185	2018	2027	4.99
Series 2011	90,980	76,790	79,425	2014	2037	4.72
Series 2012 (Refunding)	49,305	21,185	24,660	2014	2022	4.80
Series 2014 (Refunding)	265,085	60,640	123,815	2016	2022	4.49
Series 2015 (Refunding)	54,055	54,055	54,055	2023	2023	4.84
Total State Trunkline Fund Bonds	\$ 1,309,975	\$ 463,520	\$ 597,430			
<u>Grant Anticipation Bonds</u>						
Series 2016 (Refunding)	607,110	595,130	601,285	2018	2027	4.97
Total Grant Anticipation Bonds	\$ 607,110	\$ 595,130	\$ 601,285			
Total Revenue Dedicated Bonded Debt	\$ 2,079,580	\$ 1,119,525	\$ 1,278,490			

<sup>(1)</sup>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, 2019**

**B. 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.

There are no defeased bonds outstanding at September 30, 2019 and 2018.

**C. Debt Service Requirements**

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

FISCAL YEARS ENDING	STATE TRUNKLINE FUND			COMPREHENSIVE TRANSPORTATION FUND			GRANT ANTICIPATION BONDS			COMBINED TOTAL		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
SEPTEMBER 30												
2020	\$97,510	\$20,901	\$118,411	\$11,335	\$2,997	\$14,332	\$52,820	\$28,335	\$81,155	\$161,665	\$52,232	\$213,897
2021	98,675	15,896	114,571	11,930	2,406	14,336	28,785	26,396	55,181	139,390	44,697	184,087
2022	103,855	10,683	114,538	12,555	1,783	14,338	30,290	24,919	55,209	146,700	37,386	184,086
2023	68,600	6,339	74,939	2,540	1,201	3,741	40,560	23,148	63,708	111,700	30,688	142,388
2024	15,295	4,286	19,581	2,555	1,062	3,617	95,020	19,758	114,778	112,870	25,106	137,976
2025	16,070	3,510	19,580	2,685	931	3,616	101,505	14,845	116,350	120,260	19,286	139,546
2026	6,220	2,962	9,182	2,825	793	3,618	119,095	9,330	128,425	128,140	13,085	141,225
2027	6,535	2,647	9,182	2,970	648	3,618	127,055	3,176	130,231	136,560	6,471	143,031
2028	4,035	2,386	6,421	3,120	496	3,616	-	-	-	7,155	2,882	10,037
2029	4,240	2,179	6,419	3,280	336	3,616	-	-	-	7,520	2,515	10,035
2030	4,455	1,961	6,416	3,450	168	3,618	-	-	-	7,905	2,129	10,034
2031	4,685	1,733	6,418	1,630	41	1,671	-	-	-	6,315	1,774	8,089
2032	4,925	1,493	6,418	-	-	-	-	-	-	4,925	1,493	6,418
2033	5,150	1,267	6,417	-	-	-	-	-	-	5,150	1,267	6,417
2034	5,390	1,029	6,419	-	-	-	-	-	-	5,390	1,029	6,419
2035	5,665	752	6,417	-	-	-	-	-	-	5,665	752	6,417
2036	5,955	462	6,417	-	-	-	-	-	-	5,955	462	6,417
2037	6,260	157	6,417	-	-	-	-	-	-	6,260	157	6,417
<b>TOTAL</b>	<b>\$463,520</b>	<b>\$80,640</b>	<b>\$544,160</b>	<b>\$60,875</b>	<b>\$12,862</b>	<b>\$73,737</b>	<b>\$595,130</b>	<b>\$149,908</b>	<b>\$745,038</b>	<b>\$1,119,525</b>	<b>\$243,410</b>	<b>\$1,362,935</b>

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

D. 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 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).

Public-Private Partnerships:

MDOT has entered into long term public-private partnership (P3) agreements for the Metro Region Freeway Lighting and Segment 3 of the I-75 Modernization projects. These agreements obligate state transportation funds over a period of years. These obligations are more detailed in Note 10.

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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E. Changes in General Long-term Obligations:

Changes in general long-term obligations (In Thousands) for the fiscal years ended September 30, 2019 and 2018 are summarized as follows:

	Revenue Dedicated Debt - Oversight Entity		Capital Lease Obligations	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018<sup>(1)</sup></u>
Bonds and Capital Lease Obligations:				
Balance – Beginning	\$ 1,278,490	\$ 1,429,570	\$ 1,702	\$ 1,212
New bond issues/capital lease additions and adjustments	-	-	-	854
Accretion on Capital Appreciation Bonds	-	-	-	-
Bond principal retirements/ capital lease payments and adjustments	<u>(158,965)</u>	<u>(151,080)</u>	<u>(305)</u>	<u>(364)</u>
Balance – Ending	<u>\$ 1,119,525</u>	<u>\$ 1,278,490</u>	<u>\$ 1,398</u>	<u>\$ 1,702</u>

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<sup>(1)</sup> Restated

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2019

Changes in General Long-term Obligations (continued):

Other Obligations:	<u>Claims and Judgments</u>		<u>Compensated Absences Liabilities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Balance - Beginning	\$ 182	\$ 54	\$ 27,800	\$ 27,974
Net increase (decrease) in estimated liabilities	<u>(108)</u>	<u>128</u>	<u>(829)</u>	<u>(174)</u>
Balance - Ending	<u>\$ 74</u>	<u>\$ 182</u>	<u>\$ 26,971</u>	<u>\$ 27,800</u>

	<u>Public-Private Partnerships</u>	
	<u>2019</u>	<u>2018</u>
Balance - Beginning	\$ 60,200	\$ 64,800
Net increase (decrease) in liabilities	<u>(11,300)</u>	<u>(4,600)</u>
Balance - Ending	<u>\$ 48,900</u>	<u>\$ 60,200</u>

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2019

**Note 6: Leases**

The Department leases office facilities under noncancelable leasing arrangements. Most leases have cancellation clauses with one to six months' 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 comparable to purchases are classified as "capital" leases, therefore assets and liabilities are recorded in the government-wide statements at lease inception. Other leases are classified as "operating" leases, which are treated as rental agreements and the resulting expenditures are recognized as incurred over the lease term.

Actual rental expenditures incurred under operating leases totaled \$408,044 and \$329,330<sup>(1)</sup> during fiscal years 2019 and 2018, respectively.

Summary of the noncancelable operating and capital leasing commitments to maturity for fiscal year 2019 follows (In Thousands):

Noncancelable Lease Commitments					
As of September 30, 2019					
Fiscal Year Ended September 30	Operating Leases	Capital Leases			Total
		Principal	Interest	Executory	
2020	335	373	221	256	851
2021	260	307	171	207	685
2022	201	228	133	157	518
2023	101	150	102	108	360
2024	-	60	92	65	217
<u>2025-2029</u>	-	280	198	205	682
Total	<u>\$ 897</u>	<u>\$ 1,398</u>	<u>\$ 917</u>	<u>\$ 998</u>	<u>\$ 3,313</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 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, 2019 and 2018 follows (In Thousands):

	<u>2019</u>	<u>2018</u>
Buildings	\$2,181	\$2,181

<sup>(1)</sup> Restated

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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>2019</u>	<u>2018</u>
State Trunkline Fund	\$86,745	\$85,104
Comprehensive Transportation Fund	2,148	2,182
State Aeronautics Fund	1,499	1,564
Blue Water Bridge	<u>1,126</u>	<u>1,093</u>
 Total Department of Transportation Contributions	 <u>\$91,518</u>	 <u>\$89,943</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, 2019 and 2018 (In Thousands):

	<u>Sick Leave</u>		<u>Annual Leave</u>		<u>Banked Leave</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
State Trunkline Fund	\$1,309	\$1,926	\$20,891	\$20,641	\$2,971	\$3,270	\$25,172	\$25,837
Comprehensive Transportation Fund	193	194	576	568	126	135	895	897
State Aeronautics Fund	235	310	401	460	69	88	705	858
Blue Water Bridge	<u>2</u>	<u>3</u>	<u>186</u>	<u>193</u>	<u>10</u>	<u>12</u>	<u>199</u>	<u>208</u>
<b>TOTAL</b>	<b><u>\$1,740</u></b>	<b><u>\$2,433</u></b>	<b><u>\$22,055</u></b>	<b><u>\$21,862</u></b>	<b><u>\$3,177</u></b>	<b><u>\$3,505</u></b>	<b><u>\$26,971</u></b>	<b><u>\$27,800</u></b>

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

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

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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, vehicle license taxes, and statutorily dedicated income tax revenues. 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 2019 and 2018 (In Thousands).

<u>Interfund Transactions</u>	<u>2019</u>	<u>2018</u>
MTF Distribution – STF	\$1,037,058	\$916,950
MTF Distribution – CTF	254,029	248,735
Other State agencies	48,948	48,863
Debt Service	50,000	50,000
Economic Development Program	40,275	40,275
Local Road Program	33,000	33,000
Local Bridge Fund	30,622	30,844
Transportation Planning	11,455	10,426
Design and Engineering Services	12,348	11,855
Rail Grade Crossing Program	3,000	3,000
Rail Grade Crossing – Surface Improvements	3,000	3,000
Freight and Safety Services	1,364	1,406
Finance, Contracts and Support Services	1,563	1,534
Enhancement Program	821	701
Moveable Bridge Program	5,223	5,110
Local Agency Wetlands Mitigation Fund	2,000	1,000
	<u>\$1,534,706</u>	<u>\$1,406,699</u>

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 9: Component Unit - Mackinac Bridge Authority**

The MBA, 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 MBA redeemed its remaining bonds on July 1, 1986.

State statutes require that the MBA 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 MBA 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 MBA after consideration of the MBA's annual needs for its operations and planned repairs and improvements.

The MBA repaid \$16,806,172 between fiscal years 1993 and 2019 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 \$46,193,828 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, 2019, a current receivable of \$1,725,6612 is recorded in the State Trunkline Fund's balance sheet as an amount due from component units for the MBA's reimbursement of payroll and related expenses. An accounts payable due to the Department is recorded in the MBA'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, 2019, and 2018 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, 2019, and 2018 the balances remaining on these contracts equaled \$1,030.6 million and \$1,074.6 million<sup>(1)</sup>, respectively. Portions of these balances, \$45.1 million as of September 30, 2019, and \$101.4 million, as of September 30, 2018, have been encumbered.

MDOT has 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 \$55.3 million as of September 30, 2019.

MDOT has also entered a P3 contract for the I-75 Modernization project. This contract will provide for the financing, design, construction, operation, and maintenance of Segment 3 of the I-75 Modernization Project in Oakland County from 2020-2048. The total contract amount for this project is \$1,454.8 million. MDOT has a commitment of \$1,454.8 million for this as of September 30, 2019.

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<sup>(1)</sup> Restated September 30, 2018 balance.

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

D. Advance Construction

Under an agreement with Federal Highway Administration (FHWA), the Department has, over a period of years, qualified several 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 2018, the Department had \$440.3 million of State Trunkline expenditures on projects related to routine advanced construction and \$36.4 million of State Trunkline expenditures on projects related to future debt service advanced construction. At the end of fiscal year 2019, the Department had \$508.8 million of State Trunkline expenditures on projects related to routine advanced construction and \$97.8 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, 2019

**Note 11: Subsequent Events**

There are no known subsequent events to report for fiscal year 2019.



**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, 2019

**MICHIGAN TRANSPORTATION FUND**

This fund, established by Public Act 51 of 1951, Section 10, as amended, is administered by the Department of Transportation. In addition, some of the fund revenue is collected by the Department of Treasury and the Department of State. 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, Local Agency Wetland Bank Mitigation Fund, Moveable Bridge 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, 2019 and 2018  
 (In Thousands)

	MICHIGAN TRANSPORTATION FUND		COMPREHENSIVE TRANSPORTATION FUND		TOTALS	
	2019	2018	2019	2018	2019	2018
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 4,230	\$ 8	\$ -	\$ -	\$ 4,230	\$ 8
Equity in Common Cash	50,983	101,961	206,613	168,013	257,596	269,975
Taxes, interest, and penalties (at net)	139,362	154,418	-	-	139,362	154,418
Other funds	-	-	44,434	40,175	44,434	40,175
Component Units	-	-	-	-	-	-
Federal aid	-	-	16,822	26,870	16,822	26,870
Local units	-	-	2,381	1,602	2,381	1,602
Inventories	-	-	-	-	-	-
Other Current Assets	2,481	108	535	1,301	3,016	1,409
	<u>197,055</u>	<u>256,496</u>	<u>270,785</u>	<u>237,961</u>	<u>467,841</u>	<u>494,457</u>
Noncurrent Assets:						
Receivables:						
Taxes	3,595	4,056	-	-	3,595	4,056
Federal aid	-	-	-	-	-	-
Local units	-	-	-	42	-	42
Advances to other funds	-	-	-	-	-	-
Land contracts	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
	<u>3,595</u>	<u>4,056</u>	<u>-</u>	<u>42</u>	<u>3,595</u>	<u>4,098</u>
Total Noncurrent Assets	<u>3,595</u>	<u>4,056</u>	<u>-</u>	<u>42</u>	<u>3,595</u>	<u>4,098</u>
Total Assets	<u>\$ 200,650</u>	<u>\$ 260,553</u>	<u>\$ 270,785</u>	<u>\$ 238,002</u>	<u>\$ 471,435</u>	<u>\$ 498,555</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Current Liabilities:						
Warrants outstanding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable and Other Liabilities	170,320	234,213	49,396	49,626	219,716	283,839
Contract reserve payable	-	-	-	-	-	-
Amounts due to other funds	18,385	16,043	126	118	18,511	16,160
Amounts held for others	-	-	-	-	-	-
Unearned revenue	1	-	282	284	282	284
	<u>188,705</u>	<u>250,256</u>	<u>49,804</u>	<u>50,028</u>	<u>238,509</u>	<u>300,283</u>
Total Current Liabilities	<u>188,705</u>	<u>250,256</u>	<u>49,804</u>	<u>50,028</u>	<u>238,509</u>	<u>300,283</u>
Long-Term Liabilities:						
Unearned revenue	-	-	4	43	4	43
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>4</u>	<u>43</u>	<u>4</u>	<u>43</u>
Total Liabilities	<u>188,705</u>	<u>250,256</u>	<u>49,808</u>	<u>50,071</u>	<u>238,513</u>	<u>300,327</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>11,945</u>	<u>10,297</u>	<u>-</u>	<u>-</u>	<u>11,945</u>	<u>10,297</u>
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	220,978	187,931	220,978	187,931
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>220,978</u>	<u>187,931</u>	<u>220,978</u>	<u>187,931</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 200,650</u>	<u>\$ 260,553</u>	<u>\$ 270,785</u>	<u>\$ 238,002</u>	<u>\$ 471,435</u>	<u>\$ 498,555</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, 2019 and 2018  
(In Thousands)

	MICHIGAN TRANSPORTATION FUND		COMPREHENSIVE TRANSPORTATION FUND		TOTALS	
	2019	2018	2019	2018	2019	2018
<b>REVENUES</b>						
Taxes	\$ 3,078,258	\$ 2,762,785	\$ 96,851	\$ 96,118	\$ 3,175,109	\$ 2,858,903
Federal aid	-	-	38,764	42,714	38,764	42,714
Local participation	-	-	-	-	-	-
Services	4,294	4,183	-	-	4,294	4,183
License and permits	37,033	37,809	317	333	37,350	38,141
Interest earnings on common cash	4,146	2,330	4,046	2,059	8,192	4,389
Non-operating revenue-bridges	-	-	-	-	-	-
Miscellaneous	1,012	1,000	10,782	15,514	11,794	16,514
<b>Total Revenues</b>	<u>3,124,744</u>	<u>2,808,106</u>	<u>150,760</u>	<u>156,737</u>	<u>3,275,503</u>	<u>2,964,843</u>
<b>EXPENDITURES</b>						
Administration and Operations:						
Administration and maintenance	4,387	4,533	25,506	24,073	29,893	28,606
Bus operating assistance grants	-	-	223,641	215,225	223,641	215,225
Other grants	1,590,036	1,401,182	104,386	86,616	1,694,423	1,487,797
Airport development	-	-	-	-	-	-
Non-operating expenditures-bridges	-	-	-	-	-	-
Trust fund construction activity	-	-	-	-	-	-
Capital lease payments	-	-	-	-	-	-
<b>Total Administration and Operations</b>	<u>1,594,423</u>	<u>1,405,714</u>	<u>353,534</u>	<u>325,914</u>	<u>1,947,957</u>	<u>1,731,628</u>
Capital Outlay:						
Roads and bridges	-	-	-	-	-	-
Other capital outlay	-	-	-	-	-	-
<b>Total Capital Outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>1,594,423</u>	<u>1,405,714</u>	<u>353,534</u>	<u>325,914</u>	<u>1,947,957</u>	<u>1,731,628</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>1,530,320</u>	<u>1,402,392</u>	<u>(202,774)</u>	<u>(169,177)</u>	<u>1,327,546</u>	<u>1,233,215</u>
<b>OTHER FINANCING SOURCES</b>						
Capital Lease Acquisitions	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Michigan transportation fund distribution	-	-	254,029	248,735	254,029	248,735
Grants and transfers from other funds	-	143	1,364	1,406	1,364	1,550
Proceeds from bonds and notes issued	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>143</u>	<u>255,393</u>	<u>250,141</u>	<u>255,393</u>	<u>250,285</u>
<b>OTHER FINANCING USES</b>						
Michigan transportation fund distribution	1,291,072	1,165,674	-	-	1,291,072	1,165,674
Grants and transfers to other funds	239,249	236,862	171	200	239,419	237,062
Discount on bonds issued	-	-	-	-	-	-
Debt service	-	-	19,401	18,246	19,401	18,246
<b>Total Other Financing Uses</b>	<u>1,530,320</u>	<u>1,402,535</u>	<u>19,572</u>	<u>18,446</u>	<u>1,549,892</u>	<u>1,420,981</u>
<b>Excess of Other Financing Sources Over (Under) Other Financing Uses</b>	<u>(1,530,320)</u>	<u>(1,402,392)</u>	<u>235,820</u>	<u>231,696</u>	<u>(1,294,500)</u>	<u>(1,170,696)</u>
<b>Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>-</u>	<u>-</u>	<u>33,047</u>	<u>62,519</u>	<u>33,047</u>	<u>62,519</u>
Fund balances-Beginning of fiscal year	-	-	187,931	125,412	187,931	125,412
<b>Fund balances-End of fiscal year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,978</u>	<u>\$ 187,931</u>	<u>\$ 220,978</u>	<u>\$ 187,931</u>

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

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, 2019  
 (In Thousands)

(Statutory/Budgetary Basis)	MICHIGAN TRANSPORTATION FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Taxes	\$ 3,078,258	\$ 3,078,258	\$ -
Federal aid	-	-	-
Local participation	-	-	-
Services	4,294	4,294	-
License and permits	37,033	37,033	-
Interest earnings	4,146	4,146	-
Non-operating revenue-bridges	-	-	-
Miscellaneous and Service revenue	1,012	1,012	-
<b>Total Revenues</b>	<u>3,124,744</u>	<u>3,124,744</u>	<u>-</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Administration	4,437	4,372	65
Bus operating assistance grants	-	-	-
Other grants	1,590,036	1,590,036	-
Airport development	-	-	-
Nonoperating expenditure-bridges	-	-	-
<b>Total Administration and Operations</b>	<u>1,594,474</u>	<u>1,594,409</u>	<u>65</u>
Roads and bridges	-	-	-
Other capital outlay	-	-	-
<b>Total Capital Outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures and Encumbrances</b>	<u>1,594,474</u>	<u>1,594,409</u>	<u>65</u>
Excess of Revenue Over(Under) Expenditures and Encumbrances	<u>1,530,270</u>	<u>1,530,335</u>	<u>65</u>
<b>OTHER FINANCING SOURCES</b>			
Michigan transportation fund distribution	-	-	-
Grants and transfers from other funds	-	-	-
Proceeds of sale of capital assets	-	-	-
<b>Total Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING USES</b>			
Michigan transportation fund distribution	1,291,087	1,291,086	-
Grants and transfers to other funds	240,074	239,249	825
Discount on bonds issued	-	-	-
Debt service	-	-	-
<b>Total Financing Uses</b>	<u>1,531,161</u>	<u>1,530,335</u>	<u>825</u>
Excess Other Financial Sources Over(Under) Other Financial Uses	<u>(1,531,161)</u>	<u>(1,530,335)</u>	<u>825</u>
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses	<u>\$ (890)</u>	<u>\$ -</u>	<u>\$ 890</u>
<b>RECONCILING ITEMS</b>			
Encumbrances at September 30		-	
Funds not annually budgeted		-	
<b>Net Reconciling Items</b>		<u>-</u>	
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis)		<u>-</u>	
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balance		-	
Ending balances (GAAP Basis)		<u>\$ -</u>	

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

COMPREHENSIVE TRANSPORTATION FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 96,851	\$ 96,851	\$ -	3,175,109	\$ 3,175,109	\$ -
38,764	38,764	-	38,764	38,764	-
-	-	-	-	-	-
-	-	-	4,294	4,294	-
317	317	-	37,350	37,350	-
4,046	4,046	-	8,192	8,192	-
-	-	-	-	-	-
10,782	10,782	-	11,794	11,794	-
<u>150,760</u>	<u>150,760</u>	<u>-</u>	<u>3,275,503</u>	<u>3,275,503</u>	<u>-</u>
30,412	27,142	3,270	34,849	31,514	3,335
225,269	225,249	20	225,269	225,249	20
253,697	250,911	2,786	1,843,733	1,840,947	2,786
-	-	-	-	-	-
-	-	-	-	-	-
<u>509,378</u>	<u>503,302</u>	<u>6,076</u>	<u>2,103,852</u>	<u>2,097,711</u>	<u>6,141</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>509,378</u>	<u>503,302</u>	<u>6,076</u>	<u>2,103,852</u>	<u>2,097,711</u>	<u>6,141</u>
<u>(358,619)</u>	<u>(352,542)</u>	<u>6,076</u>	<u>1,171,652</u>	<u>1,177,793</u>	<u>6,141</u>
-	-	-	-	-	-
254,029	254,029	-	254,029	254,029	-
1,364	1,364	-	1,364	1,364	-
-	-	-	-	-	-
<u>255,393</u>	<u>255,393</u>	<u>-</u>	<u>255,393</u>	<u>255,393</u>	<u>-</u>
-	-	-	1,291,087	1,291,086	-
250	171	79	240,324	239,419	904
-	-	-	-	-	-
19,402	19,401	-	19,402	19,401	-
<u>19,652</u>	<u>19,572</u>	<u>79</u>	<u>1,550,812</u>	<u>1,549,907</u>	<u>905</u>
<u>235,741</u>	<u>235,820</u>	<u>79</u>	<u>(1,295,419)</u>	<u>(1,294,515)</u>	<u>905</u>
<u>\$ (122,877)</u>	<u>(116,722)</u>	<u>\$ 6,155</u>	<u>(123,768)</u>	<u>\$ (116,722)</u>	<u>\$ 7,046</u>
	149,768			\$ 149,768	
	-			\$ -	
	<u>149,768</u>			<u>\$ 149,768</u>	
	33,047			\$ 33,047	
	<u>187,931</u>			<u>\$ 187,931</u>	
	<u>\$ 220,978</u>			<u>\$ 220,978</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, 2018  
 (In Thousands)

(Statutory/Budgetary Basis)	MICHIGAN TRANSPORTATION FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Taxes	\$ 2,762,785	\$ 2,762,785	\$ -
Federal aid	-	-	-
Local participation	-	-	-
Services	4,183	4,183	-
License and permits	37,809	37,809	-
Interest earnings	2,330	2,330	-
Non-operating revenue-bridges	-	-	-
Miscellaneous and Service revenue	1,000	1,000	-
<b>Total Revenues</b>	<u>2,808,106</u>	<u>2,808,106</u>	<u>-</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Administration	4,731	4,521	210
Bus operating assistance grants	-	-	-
Other grants	1,422,611	1,401,182	21,429
Airport development	-	-	-
Nonoperating expenditure-bridges	-	-	-
<b>Total Administration and Operations</b>	<u>1,427,342</u>	<u>1,405,702</u>	<u>21,639</u>
Roads and bridges	-	-	-
Other capital outlay	-	-	-
<b>Total Capital Outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures and Encumbrances</b>	<u>1,427,342</u>	<u>1,405,702</u>	<u>21,639</u>
Excess of Revenue Over(Under) Expenditures and Encumbrances	<u>1,380,765</u>	<u>1,402,404</u>	<u>21,639</u>
<b>OTHER FINANCING SOURCES</b>			
Michigan transportation fund distribution	-	-	-
Grants and transfers from other funds	143	143	-
Proceeds of sale of capital assets	-	-	-
<b>Total Financing Sources</b>	<u>143</u>	<u>143</u>	<u>-</u>
<b>OTHER FINANCING USES</b>			
Michigan transportation fund distribution	1,199,800	1,165,686	34,114
Grants and transfers to other funds	240,054	236,862	3,192
Discount on bonds issued	-	-	-
Debt service	-	-	-
<b>Total Financing Uses</b>	<u>1,439,854</u>	<u>1,402,547</u>	<u>37,306</u>
Excess Other Financial Sources Over(Under) Other Financial Uses	<u>(1,439,710)</u>	<u>(1,402,404)</u>	<u>37,306</u>
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses	<u>\$ (58,945)</u>	<u>\$ -</u>	<u>\$ 58,945</u>
<b>RECONCILING ITEMS</b>			
Encumbrances at September 30		-	
Funds not annually budgeted		-	
<b>Net Reconciling Items</b>		<u>-</u>	
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis)		<u>-</u>	
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balance		-	
Ending balances (GAAP Basis)		<u>\$ -</u>	

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

COMPREHENSIVE TRANSPORTATION FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 96,118	\$ 96,118	\$ -	2,858,903	\$ 2,858,903	\$ -
42,714	42,714	-	42,714	42,714	-
-	-	-	-	-	-
-	-	-	4,183	4,183	-
333	333	-	38,141	38,141	-
2,059	2,059	-	4,389	4,389	-
-	-	-	-	-	-
15,514	15,514	-	16,514	16,514	-
<u>156,737</u>	<u>156,737</u>	<u>-</u>	<u>2,964,843</u>	<u>2,964,843</u>	<u>-</u>
33,707	29,756	3,951	38,438	34,277	4,162
223,890	223,029	861	223,890	223,029	861
214,458	212,681	1,777	1,637,068	1,613,863	23,206
-	-	-	-	-	-
-	-	-	-	-	-
<u>472,055</u>	<u>465,465</u>	<u>6,589</u>	<u>1,899,396</u>	<u>1,871,168</u>	<u>28,228</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>472,055</u>	<u>465,465</u>	<u>6,589</u>	<u>1,899,396</u>	<u>1,871,168</u>	<u>28,228</u>
<u>(315,317)</u>	<u>(308,728)</u>	<u>6,589</u>	<u>1,065,447</u>	<u>1,093,676</u>	<u>28,228</u>
248,735	248,735	-	248,735	248,735	-
1,406	1,406	-	1,550	1,550	-
-	-	-	-	-	-
<u>250,141</u>	<u>250,141</u>	<u>-</u>	<u>250,285</u>	<u>250,285</u>	<u>-</u>
-	-	-	1,199,800	1,165,686	34,114
200	200	-	240,254	237,062	3,192
-	-	-	-	-	-
<u>18,245</u>	<u>18,244</u>	<u>0</u>	<u>18,245</u>	<u>18,244</u>	<u>0</u>
<u>18,445</u>	<u>18,444</u>	<u>0</u>	<u>1,458,298</u>	<u>1,420,992</u>	<u>37,306</u>
<u>231,697</u>	<u>231,697</u>	<u>0</u>	<u>(1,208,013)</u>	<u>(1,170,707)</u>	<u>37,306</u>
<u>\$ (83,620)</u>	<u>(77,031)</u>	<u>\$ 6,589</u>	<u>(142,566)</u>	<u>\$ (77,031)</u>	<u>\$ 65,535</u>
	139,550			\$ 139,550	
	-			\$ -	
	<u>139,550</u>			<u>\$ 139,550</u>	
	62,519			\$ 62,519	
	125,412			\$ 125,412	
	<u>\$ 187,931</u>			<u>\$ 187,931</u>	

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**DESCRIPTIONS OF CAPITAL PROJECTS FUNDS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2019

**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 state and local airports. Its budget is subject to annual legislative review and appropriation. Financing consists mostly of federal revenues, airport parking taxes, sales taxes, and aviation fuel taxes. Expenditures and transfers are for administration and state 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 sub fund is established to account for the proceeds of each bond issue. Revenue and expenditure data by individual proceeds sub 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 sub funds:

**MICHIGAN DEPARTMENT OF TRANSPORTATION  
DESCRIPTIONS OF CAPITAL PROJECTS FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**COMBINED STATE TRUNKLINE BOND PROCEEDS FUND (continued)**

**2011 STATE TRUNKLINE FUND BOND PROCEEDS SUB FUND**

This sub 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, 2019**

**COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND**

A separate sub fund is established to account for the proceeds of each bond issue. Revenue and expenditure data by individual proceeds sub 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 SUB FUND**

This sub 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 SUB FUND**

This sub 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 SUB FUND**

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

**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**DESCRIPTIONS OF CAPITAL PROJECTS FUNDS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2019

**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.

MICHIGAN DEPARTMENT OF TRANSPORTATION  
**COMBINING BALANCE SHEET - CAPITAL PROJECTS FUNDS**  
 SEPTEMBER 30, 2019 and 2018  
 (In Thousands)

ASSETS	STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		BLUE WATER BRIDGE FUND	
	2019	2018	2019	2018
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 17	\$ 65	\$ 47	\$ 105
Equity in Common Cash	780,954	757,600	76,312	74,297
Taxes, interest, and penalties (at net)	-	-	-	-
Other funds	14,316	12,493	-	-
Component Units	1,726	4,031	-	-
Federal aid	179,024	84,869	-	-
Local units	23,980	18,370	-	-
Inventories	10,380	7,478	14	-
Other Current Assets	48,041	35,524	103	142
 Total Current Assets	 1,058,438	 920,429	 76,475	 74,545
Noncurrent Assets:				
Receivables:				
Taxes	-	-	-	-
Federal aid	-	-	-	-
Local units	49,824	48,030	-	-
Advances to other funds	-	-	-	-
Land contracts	-	-	-	-
Miscellaneous	-	(0)	-	-
 Total Noncurrent Assets	 49,824	 48,030	 -	 -
 Total Assets	 \$ 1,108,261	 \$ 968,459	 \$ 76,475	 \$ 74,545
 <b>LIABILITIES AND FUND BALANCES</b>				
Current Liabilities:				
Warrants outstanding	\$ -	\$ -	\$ -	\$ -
Accounts Payable and Other Liabilities	260,116	166,284	2,761	1,059
Contract reserve payable	-	-	-	-
Amounts due to other funds	4,989	4,573	66	65
Amounts held for others	-	-	-	-
Unearned revenue	152	193	1,794	1,921
 Total Current Liabilities	 265,257	 171,049	 4,622	 3,046
Long-Term Liabilities:				
Unearned revenue	87	19	-	-
Total Long-Term Liabilities	87	19	-	-
 Total Liabilities	 265,344	 171,069	 4,622	 3,046
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
	-	-	-	-
Fund Balances:				
Nonspendable	10,380	7,478	14	-
Restricted	832,537	789,913	71,839	71,499
Committed	-	-	-	-
Assigned	-	-	-	-
 Total Fund Balances	 842,918	 797,390	 71,853	 71,499
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 1,108,261	 \$ 968,459	 \$ 76,475	 \$ 74,545

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

STATE AERONAUTICS FUND		COMBINED TRUNKLINE FUND BOND PROCEEDS FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	
2019	2018	2019	2018	2019	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,042	2,176	89,006	105,387	3,253	4,556
533	546	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
23,622	27,029	30,128	13,690	-	-
38	2,234	0	-	-	-
-	-	-	-	-	-
55	50	-	-	-	-
<u>34,290</u>	<u>32,035</u>	<u>119,134</u>	<u>119,077</u>	<u>3,253</u>	<u>4,556</u>
18	14	-	-	-	-
-	-	-	-	-	-
46	62	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>64</u>	<u>76</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>34,355</u>	\$ <u>32,111</u>	\$ <u>119,134</u>	\$ <u>119,077</u>	\$ <u>3,253</u>	\$ <u>4,556</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18,026	19,830	0	2	153	77
-	-	-	-	-	-
82	83	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>18,108</u>	<u>19,913</u>	<u>0</u>	<u>2</u>	<u>153</u>	<u>77</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>18,108</u>	<u>19,913</u>	<u>0</u>	<u>2</u>	<u>153</u>	<u>77</u>
21	15	-	-	-	-
-	-	-	-	-	-
16,226	12,183	119,134	119,075	3,100	4,480
-	-	-	-	-	-
-	-	-	-	-	-
<u>16,226</u>	<u>12,183</u>	<u>119,134</u>	<u>119,075</u>	<u>3,100</u>	<u>4,480</u>
\$ <u>34,355</u>	\$ <u>32,111</u>	\$ <u>119,134</u>	\$ <u>119,077</u>	\$ <u>3,253</u>	\$ <u>4,556</u>

ASSETS	TRANSPORTATION RELATED TRUST FUND		TOTALS	
	2019	2018	2019	2018
Current Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 64	\$ 170
Equity in Common Cash	-	-	959,567	944,017
Taxes, interest, and penalties (at net)	-	-	533	546
Other funds	-	-	14,316	12,493
Component Units	-	-	1,726	4,031
Federal aid	38,937	33,020	271,711	158,608
Local units	69,622	55,706	93,640	76,310
Inventories	-	-	10,394	7,478
Other Current Assets	-	-	48,199	35,716
Total Current Assets	<u>108,559</u>	<u>88,726</u>	<u>1,400,149</u>	<u>1,239,368</u>
Noncurrent Assets:				
Receivables:				
Taxes	-	-	18	14
Federal aid	-	-	-	-
Local units	-	-	49,870	48,092
Advances to other funds	-	-	-	-
Land contracts	-	-	-	-
Miscellaneous	-	-	-	(0)
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>49,888</u>	<u>48,106</u>
Total Assets	<u>\$ 108,559</u>	<u>\$ 88,726</u>	<u>\$ 1,450,037</u>	<u>\$ 1,287,474</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Current Liabilities:				
Warrants outstanding	\$ -	\$ -	\$ -	\$ -
Accounts Payable and Other Liabilities	68,193	52,101	349,249	239,353
Contract reserve payable	-	-	-	-
Amounts due to other funds	40,366	36,625	45,503	41,345
Amounts held for others	-	-	-	-
Unearned revenue	-	-	1,947	2,114
Total Current Liabilities	<u>108,559</u>	<u>88,726</u>	<u>396,699</u>	<u>282,813</u>
Long-Term Liabilities:				
Unearned revenue	-	-	87	19
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>87</u>	<u>19</u>
Total Liabilities	<u>108,559</u>	<u>88,726</u>	<u>396,785</u>	<u>282,832</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>21</u>	<u>15</u>
Fund Balances:				
Nonspendable	-	-	10,394	7,478
Restricted	-	-	1,042,837	997,149
Committed	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>1,053,231</u>	<u>1,004,627</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 108,559</u>	<u>\$ 88,726</u>	<u>\$ 1,450,037</u>	<u>\$ 1,287,474</u>



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**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
CAPITAL PROJECT FUNDS**

FISCAL YEARS ENDED SEPTEMBER 30, 2019 and 2018

(In Thousands)

	STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		BLUE WATER BRIDGE FUND	
	2019	2018	2019	2018
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal aid	855,308	661,834	-	-
Local participation	17,032	15,676	-	-
Services	3,305	2,957	-	-
License and permits	17,300	16,913	-	-
Interest earnings on common cash	12,641	10,774	1,705	1,135
Non-operating revenue-bridges	4,075	4,034	-	-
Miscellaneous	130,475	137,241	20,964	21,279
<b>Total Revenues</b>	<b>1,040,136</b>	<b>849,428</b>	<b>22,668</b>	<b>22,414</b>
<b>EXPENDITURES</b>				
Administration and Operations:				
Administration and maintenance	608,409	569,446	6,358	6,127
Other grants	127,321	121,743	-	-
Airport development	-	-	-	-
Non-operating expenditures-bridges	3,871	3,829	-	-
Trust fund construction activity	-	-	-	-
Capital lease payments	587	462	-	-
<b>Total Administration and Operations</b>	<b>740,188</b>	<b>695,480</b>	<b>6,358</b>	<b>6,127</b>
Capital Outlay:				
Roads and bridges	1,323,480	1,117,047	8,779	5,584
Other capital outlay	3,721	14,361	-	-
<b>Total Capital Outlay</b>	<b>1,327,201</b>	<b>1,131,409</b>	<b>8,779</b>	<b>5,584</b>
<b>Total Expenditures</b>	<b>2,067,389</b>	<b>1,826,889</b>	<b>15,137</b>	<b>11,711</b>
Excess of Revenues Over (Under) Expenditures	(1,027,254)	(977,461)	7,531	10,702
<b>OTHER FINANCING SOURCES</b>				
Capital Lease Acquisitions	514	389	-	-
Proceeds from sale of capital assets	660	1,218	-	-
Michigan transportation fund distribution	1,037,043	916,938	-	-
Grants and transfers from other funds	229,466	228,823	-	-
Proceeds from bonds and notes issued	-	-	-	-
Premium on bonds issued	-	-	-	-
<b>Total Other Financing Sources</b>	<b>1,267,683</b>	<b>1,147,368</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING USES</b>				
Grants and transfers to other funds	5,411	9,224	71	100
Discount on bonds issued	-	-	-	-
Debt service	189,491	198,973	7,106	7,105
<b>Total Other Financing Uses</b>	<b>194,902</b>	<b>208,197</b>	<b>7,177</b>	<b>7,205</b>
Excess of Other Financing Sources Over (Under) Other Financing Uses	1,072,781	939,172	(7,177)	(7,205)
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	45,527	(38,289)	354	3,497
Fund balances-Beginning of fiscal year	797,390	835,680	71,499	68,002
<b>Fund balances-End of fiscal year</b>	<b>\$ 842,918</b>	<b>\$ 797,390</b>	<b>\$ 71,853</b>	<b>\$ 71,499</b>

STATE AERONAUTICS FUND		COMBINED TRUNKLINE FUND BOND PROCEEDS FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	
2019	2018	2019	2018	2019	2018
\$ 15,579	\$ 11,698	\$ -	\$ -	\$ -	\$ -
67,148	81,093	32,814	37,104	-	-
4	5	-	-	-	-
511	688	-	-	-	-
505	404	-	-	-	-
-	-	3,109	1,021	85	30
-	-	-	-	-	-
7,646	5,347	-	-	1,179	1,790
<u>91,392</u>	<u>99,234</u>	<u>35,924</u>	<u>38,125</u>	<u>1,264</u>	<u>1,820</u>
7,409	7,615	-	-	1,179	956
-	-	-	-	1,464	264
82,032	93,208	-	-	-	50
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>89,441</u>	<u>100,823</u>	<u>-</u>	<u>-</u>	<u>2,644</u>	<u>1,269</u>
-	-	1	123	-	-
359	81	-	-	-	1
<u>359</u>	<u>81</u>	<u>1</u>	<u>123</u>	<u>-</u>	<u>1</u>
89,800	100,904	1	123	2,644	1,270
<u>1,592</u>	<u>(1,670)</u>	<u>35,923</u>	<u>38,002</u>	<u>(1,380)</u>	<u>550</u>
-	-	-	-	-	-
-	1,000	-	-	-	-
-	-	-	-	-	-
6,000	6,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,000</u>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
112	117	35,863	37,783	-	-
-	-	-	-	-	-
3,438	4,617	-	-	-	-
<u>3,550</u>	<u>4,734</u>	<u>35,863</u>	<u>37,783</u>	<u>-</u>	<u>-</u>
2,450	2,266	(35,863)	(37,783)	-	-
4,043	596	60	219	(1,380)	550
12,183	11,587	119,075	118,856	4,480	3,930
<u>\$ 16,226</u>	<u>\$ 12,183</u>	<u>\$ 119,134</u>	<u>\$ 119,075</u>	<u>\$ 3,100</u>	<u>\$ 4,480</u>

	TRANSPORTATION RELATED TRUST FUND		TOTALS	
	2019	2018	2019	2018
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 15,579	\$ 11,698
Federal aid	268,384	267,629	1,223,655	1,047,660
Local participation	416	871	17,453	16,551
Services	-	-	3,816	3,644
License and permits	-	-	17,804	17,317
Interest earnings on common cash	-	-	17,540	12,960
Non-operating revenue-bridges	-	-	4,075	4,034
Miscellaneous	814	7,664	161,078	173,320
<b>Total Revenues</b>	<b>269,615</b>	<b>276,163</b>	<b>1,460,999</b>	<b>1,287,183</b>
<b>EXPENDITURES</b>				
Administration and Operations:				
Administration and maintenance	-	-	623,355	584,143
Other grants	-	-	128,785	122,006
Airport development	-	-	82,032	93,258
Non-operating expenditures-bridges	-	-	3,871	3,829
Trust fund construction activity	269,615	276,163	269,615	276,163
Capital lease payments	-	-	587	462
<b>Total Administration and Operations</b>	<b>269,615</b>	<b>276,163</b>	<b>1,108,246</b>	<b>1,079,862</b>
Capital Outlay:				
Roads and bridges	-	-	1,332,260	1,122,755
Other capital outlay	-	-	4,080	14,444
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>1,336,340</b>	<b>1,137,199</b>
<b>Total Expenditures</b>	<b>269,615</b>	<b>276,163</b>	<b>2,444,586</b>	<b>2,217,061</b>
Excess of Revenues Over (Under) Expenditures	-	-	(983,587)	(929,877)
<b>OTHER FINANCING SOURCES</b>				
Capital Lease Acquisitions	-	-	514	389
Proceeds from sale of capital assets	-	-	660	2,218
Michigan transportation fund distribution	-	-	1,037,043	916,938
Grants and transfers from other funds	-	-	235,466	234,823
Proceeds from bonds and notes issued	-	-	-	-
Premium on bonds issued	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>1,273,683</b>	<b>1,154,368</b>
<b>OTHER FINANCING USES</b>				
Grants and transfers to other funds	-	-	41,457	47,224
Discount on bonds issued	-	-	-	-
Debt service	-	-	200,035	210,695
<b>Total Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>241,492</b>	<b>257,918</b>
Excess of Other Financing Sources Over (Under) Other Financing Uses	-	-	1,032,191	896,450
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	-	48,603	(33,427)
Fund balances-Beginning of fiscal year	-	-	1,004,627	1,038,054
<b>Fund balances-End of fiscal year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,053,231</b>	<b>\$ 1,004,627</b>



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MICHIGAN DEPARTMENT OF TRANSPORTATION  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUNDS**  
 FISCAL YEAR ENDED SEPTEMBER 30, 2019  
 (In Thousands)

(Statutory/Budgetary Basis)	STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Federal aid	855,308	855,308	-
Local participation	17,032	17,032	-
Services	3,305	3,305	-
License and permits	17,300	17,300	-
Interest earnings	12,641	12,641	-
Non-operating revenue-bridges	4,075	4,075	-
Miscellaneous and Service revenue	130,475	130,475	-
<b>Total Revenues</b>	<b>1,040,136</b>	<b>1,040,136</b>	<b>-</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Administration	663,084	636,938	26,146
Other grants	174,130	120,466	53,665
Airport development	-	-	-
Nonoperating expenditure-bridges	4,075	4,075	-
<b>Total Administration and Operations</b>	<b>841,290</b>	<b>761,479</b>	<b>79,810</b>
Roads and bridges	1,393,512	1,393,512	-
Other capital outlay	4,761	4,761	-
<b>Total Capital Outlay</b>	<b>1,398,272</b>	<b>1,398,272</b>	<b>-</b>
<b>Total Expenditures and Encumbrances</b>	<b>2,239,562</b>	<b>2,159,752</b>	<b>79,810</b>
Excess of Revenue Over(Under) Expenditures and Encumbrances	(1,199,427)	(1,119,616)	79,810
<b>OTHER FINANCING SOURCES</b>			
Capital Lease Acquisitions	-	-	-
Proceeds of sale of capital assets	660	660	-
Michigan transportation fund distribution	1,037,043	1,037,043	-
Grants and transfers from other funds	229,466	229,466	-
Premium on bonds issued	-	-	-
<b>Total Financing Sources</b>	<b>1,267,169</b>	<b>1,267,169</b>	<b>-</b>
<b>OTHER FINANCING USES</b>			
Grants and transfers to other funds	5,411	5,411	-
Discount on bonds issued	-	-	-
Debt service	189,491	189,491	-
<b>Total Financing Uses</b>	<b>194,902</b>	<b>194,902</b>	<b>-</b>
Excess Other Financial Sources Over(Under) Other Financial Uses	1,072,267	1,072,267	-
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses	\$ (127,159)	\$ (47,349)	\$ 79,810
<b>RECONCILING ITEMS</b>			
Encumbrances at September 30		92,876	
Funds not annually budgeted		-	
<b>Net Reconciling Items</b>		<b>92,876</b>	
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis)		45,527	
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balance - Restated		797,390	
Ending balances (GAAP Basis)		\$ 842,918	

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

BLUE WATER BRIDGE FUND			STATE AERONAUTICS FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 15,579	\$ 15,579	\$ -
-	-	-	67,148	67,148	-
-	-	-	4	4	-
-	-	-	511	511	-
-	-	-	505	505	-
1,705	1,705	-	-	-	-
-	-	-	-	-	-
20,964	20,964	-	7,646	7,646	-
<u>22,668</u>	<u>22,668</u>	<u>-</u>	<u>91,392</u>	<u>91,392</u>	<u>-</u>
6,610	6,358	252	8,806	7,354	1,452
-	-	-	-	-	-
-	-	-	82,637	82,633	3
-	-	-	-	-	-
<u>6,610</u>	<u>6,358</u>	<u>252</u>	<u>91,442</u>	<u>89,987</u>	<u>1,455</u>
10,916	10,916	-	-	-	-
-	-	-	369	369	-
<u>10,916</u>	<u>10,916</u>	<u>-</u>	<u>369</u>	<u>369</u>	<u>-</u>
<u>17,525</u>	<u>17,273</u>	<u>252</u>	<u>91,812</u>	<u>90,356</u>	<u>1,455</u>
5,143	5,395	252	(419)	1,036	1,455
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,000	6,000	-
-	-	-	-	-	-
-	-	-	6,000	6,000	-
71	71	-	150	112	38
-	-	-	-	-	-
7,106	7,106	-	3,438	3,438	-
7,177	7,177	-	3,588	3,550	38
(7,177)	(7,177)	-	2,412	2,450	38
\$ <u>(2,034)</u>	\$ <u>(1,782)</u>	\$ <u>252</u>	\$ <u>1,993</u>	\$ <u>3,486</u>	\$ <u>1,493</u>
	2,136			557	
	-			-	
	<u>2,136</u>			<u>557</u>	
	354			4,043	
	71,499			12,183	
	\$ <u>71,853</u>		\$ <u>16,226</u>		

	Funds not Annually Budgeted		
(Statutory/Budgetary Basis)	COMBINED TRUNKLINE FUND BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUND
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Federal aid	-	-	-
Local participation	-	-	-
Services	-	-	-
License and permits	-	-	-
Interest earnings	-	-	-
Non-operating revenue-bridges	-	-	-
Miscellaneous and Service revenue	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Administration	-	-	-
Other grants	-	-	-
Airport development	-	-	-
Nonoperating expenditure-bridges	-	-	-
<b>Total Administration and Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
Roads and bridges	-	-	-
Other capital outlay	-	-	-
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures and Encumbrances</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenue Over(Under) Expenditures and Encumbrances	-	-	-
<b>OTHER FINANCING SOURCES</b>			
Capital Lease Acquisitions	-	-	-
Proceeds of sale of capital assets	-	-	-
Michigan transportation fund distribution	-	-	-
Grants and transfers from other funds	-	-	-
Premium on bonds issued	-	-	-
<b>Total Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING USES</b>			
Grants and transfers to other funds	-	-	-
Discount on bonds issued	-	-	-
Debt service	-	-	-
<b>Total Financing Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess Other Financial Sources Over(Under) Other Financial Uses	-	-	-
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses	-	-	-
<b>RECONCILING ITEMS</b>			
Encumbrances at September 30	-	-	-
Funds not annually budgeted	60	(1,380)	-
<b>Net Reconciling Items</b>	<b>60</b>	<b>(1,380)</b>	<b>-</b>
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis)	60	(1,380)	-
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balance - Restated	119,075	4,480	-
Ending balances (GAAP Basis)	\$ 119,134	\$ 3,100	\$ -

TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 15,579	\$ 15,579	\$ -
922,456	922,456	-
17,036	17,036	-
3,816	3,816	-
17,804	17,804	-
14,346	14,346	-
4,075	4,075	-
159,084	159,084	-
<u>1,154,196</u>	<u>1,154,196</u>	<u>-</u>
678,499	650,650	27,849
174,130	120,466	53,665
82,637	82,633	3
4,075	4,075	-
<u>939,341</u>	<u>857,824</u>	<u>81,517</u>
1,404,427	1,404,427	-
5,130	5,130	-
<u>1,409,558</u>	<u>1,409,558</u>	<u>-</u>
<u>2,348,899</u>	<u>2,267,382</u>	<u>81,517</u>
<u>(1,194,703)</u>	<u>(1,113,186)</u>	<u>81,517</u>
-	-	-
660	660	-
1,037,043	1,037,043	-
235,466	235,466	-
-	-	-
<u>1,273,169</u>	<u>1,273,169</u>	<u>-</u>
5,632	5,594	38
-	-	-
<u>200,035</u>	<u>200,035</u>	<u>-</u>
<u>205,667</u>	<u>205,629</u>	<u>38</u>
<u>1,067,502</u>	<u>1,067,540</u>	<u>38</u>
\$ <u>(127,201)</u>	\$ <u>(45,645)</u>	\$ <u>81,555</u>
	95,569	
	<u>(1,320)</u>	
	<u>94,249</u>	
	<u>48,603</u>	
	1,004,627	
	\$ <u>1,053,231</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, 2018  
 (In Thousands)

(Statutory/Budgetary Basis)	STATE TRUNKLINE FUND (excluding Blue Water Bridge Fund)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Federal aid	661,834	661,834	-
Local participation	15,676	15,676	-
Services	2,957	2,957	-
License and permits	16,913	16,913	-
Interest earnings	10,774	10,774	-
Non-operating revenue-bridges	4,034	4,034	-
Miscellaneous and Service revenue	137,241	137,241	-
<b>Total Revenues</b>	<b>849,428</b>	<b>849,428</b>	<b>-</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Administration	620,682	594,602	26,080
Other grants	123,754	115,520	8,234
Airport development	-	-	-
Nonoperating expenditure-bridges	4,034	4,034	-
<b>Total Administration and Operations</b>	<b>748,470</b>	<b>714,156</b>	<b>34,314</b>
Roads and bridges	1,165,048	1,165,048	-
Other capital outlay	16,071	16,071	-
<b>Total Capital Outlay</b>	<b>1,181,119</b>	<b>1,181,119</b>	<b>-</b>
<b>Total Expenditures and Encumbrances</b>	<b>1,929,589</b>	<b>1,895,275</b>	<b>34,314</b>
Excess of Revenue Over(Under) Expenditures and Encumbrances	(1,080,161)	(1,045,848)	34,314
<b>OTHER FINANCING SOURCES</b>			
Capital Lease Acquisitions	-	-	-
Proceeds of sale of capital assets	1,218	1,218	-
Michigan transportation fund distribution	916,938	916,938	-
Grants and transfers from other funds	228,823	228,823	-
Premium on bonds issued	-	-	-
<b>Total Financing Sources</b>	<b>1,146,980</b>	<b>1,146,980</b>	<b>-</b>
<b>OTHER FINANCING USES</b>			
Grants and transfers to other funds	9,224	9,224	-
Discount on bonds issued	-	-	-
Debt service	198,973	198,973	0
<b>Total Financing Uses</b>	<b>208,197</b>	<b>208,197</b>	<b>0</b>
Excess Other Financial Sources Over(Under) Other Financial Uses	938,783	938,783	0
Excess of Revenue and Other Financial Sources Over(Under) Expenditures, Encumbrances and Other Financial Uses	\$ (141,378)	\$ (107,065)	\$ 34,314
<b>RECONCILING ITEMS</b>			
Encumbrances at September 30		68,775	
Funds not annually budgeted		-	
<b>Net Reconciling Items</b>		<b>68,775</b>	
Excess of Revenue and Other Financial Sources Over(Under) Expenditures and Other Financial Uses (GAAP Basis)		(38,289)	
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balance - Restated		835,680	
Ending balances (GAAP Basis)		\$ 797,390	

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

BLUE WATER BRIDGE FUND			STATE AERONAUTICS FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 11,698	\$ 11,698	\$ -
-	-	-	81,093	81,093	-
-	-	-	5	5	-
-	-	-	688	688	-
-	-	-	404	404	-
1,135	1,135	-	-	-	-
-	-	-	-	-	-
21,279	21,279	-	5,347	5,347	-
<u>22,414</u>	<u>22,414</u>	<u>-</u>	<u>99,234</u>	<u>99,234</u>	<u>-</u>
6,755	6,183	572	9,014	7,615	1,399
-	-	-	-	-	-
-	-	-	93,389	93,351	38
-	-	-	-	-	-
<u>6,755</u>	<u>6,183</u>	<u>572</u>	<u>102,403</u>	<u>100,966</u>	<u>1,437</u>
<u>7,983</u>	<u>7,680</u>	<u>302</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>81</u>	<u>81</u>	<u>-</u>
<u>7,983</u>	<u>7,680</u>	<u>302</u>	<u>81</u>	<u>81</u>	<u>-</u>
<u>14,738</u>	<u>13,863</u>	<u>874</u>	<u>102,484</u>	<u>101,047</u>	<u>1,437</u>
<u>7,676</u>	<u>8,550</u>	<u>874</u>	<u>(3,250)</u>	<u>(1,813)</u>	<u>1,437</u>
-	-	-	-	-	-
-	-	-	1,000	1,000	-
-	-	-	-	-	-
-	-	-	6,000	6,000	-
-	-	-	-	-	-
-	-	-	7,000	7,000	-
77	49	28	150	117	33
-	-	-	-	-	-
7,105	7,105	0	4,617	4,617	0
7,182	7,154	28	4,767	4,734	33
(7,182)	(7,154)	28	2,233	2,266	33
<u>\$ 494</u>	<u>\$ 1,396</u>	<u>\$ 902</u>	<u>\$ (1,017)</u>	<u>\$ 453</u>	<u>\$ 1,470</u>
	2,102			143	
	-			-	
	<u>2,102</u>			<u>143</u>	
	3,497			596	
	<u>68,002</u>			<u>11,587</u>	
	<u>\$ 71,499</u>			<u>\$ 12,183</u>	

	Funds not Annually Budgeted		
(Statutory/Budgetary Basis)	COMBINED TRUNKLINE FUND BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUND
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Federal aid	-	-	-
Local participation	-	-	-
Services	-	-	-
License and permits	-	-	-
Interest earnings	-	-	-
Non-operating revenue-bridges	-	-	-
Miscellaneous and Service revenue	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Administration	-	-	-
Other grants	-	-	-
Airport development	-	-	-
Nonoperating expenditure-bridges	-	-	-
<b>Total Administration and Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
Roads and bridges	-	-	-
Other capital outlay	-	-	-
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures and Encumbrances</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenue Over(Under) Expenditures and Encumbrances	-	-	-
<b>OTHER FINANCING SOURCES</b>			
Capital Lease Acquisitions	-	-	-
Proceeds of sale of capital assets	-	-	-
Michigan transportation fund distribution	-	-	-
Grants and transfers from other funds	-	-	-
Premium on bonds issued	-	-	-
<b>Total Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING USES</b>			
Grants and transfers to other funds	-	-	-
Discount on bonds issued	-	-	-
Debt service	-	-	-
<b>Total Financing Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess Other Financial Sources Over(Under) Other Financial Uses	-	-	-
Excess of Revenue and Other Financial Sources Over(Under) Expenditures,Encumbrances and Other Financial Uses	-	-	-
<b>RECONCILING ITEMS</b>			
Encumbrances at September 30	-	-	-
Funds not annually budgeted	219	550	-
<b>Net Reconciling Items</b>	<b>219</b>	<b>550</b>	<b>-</b>
Excess of Revenue and Other Financial Sources Over(Under)Expenditures and Other Financial Uses (GAAP Basis)	219	550	-
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balance - Restated	118,856	3,930	-
Ending balances (GAAP Basis)	\$ 119,075	\$ 4,480	\$ -

TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 11,698	\$ 11,698	\$ -
742,927	742,927	-
15,681	15,681	-
3,644	3,644	-
17,317	17,317	-
11,909	11,909	-
4,034	4,034	-
163,867	163,867	-
<u>971,075</u>	<u>971,075</u>	<u>-</u>
636,451	608,400	28,051
123,754	115,520	8,234
93,389	93,351	38
4,034	4,034	-
<u>857,627</u>	<u>821,305</u>	<u>36,322</u>
1,173,030	1,172,728	302
16,153	16,153	-
<u>1,189,183</u>	<u>1,188,881</u>	<u>302</u>
<u>2,046,810</u>	<u>2,010,186</u>	<u>36,625</u>
<u>(1,075,735)</u>	<u>(1,039,110)</u>	<u>36,625</u>
-	-	-
2,218	2,218	-
916,938	916,938	-
234,823	234,823	-
-	-	-
<u>1,153,980</u>	<u>1,153,980</u>	<u>-</u>
9,451	9,390	61
-	-	-
<u>210,695</u>	<u>210,695</u>	<u>0</u>
<u>220,146</u>	<u>220,085</u>	<u>61</u>
<u>933,834</u>	<u>933,895</u>	<u>61</u>
\$ <u>(141,901)</u>	\$ <u>(105,215)</u>	\$ <u>36,686</u>
	71,020	
	<u>769</u>	
	<u>71,788</u>	
	<u>(33,427)</u>	
	<u>1,038,054</u>	
	\$ <u>1,004,627</u>	



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**MICHIGAN DEPARTMENT OF TRANSPORTATION**  
**DESCRIPTIONS OF DEBT SERVICE FUNDS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2019

**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, 2019 and 2018  
 (In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND		TOTALS	
	2019	2018	2019	2018	2019	2018
<b>ASSETS</b>						
Current Assets:						
Equity in Common Cash	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 1
Amounts due from other funds	-	-	-	-	-	-
Other Current Assets	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>-</u>	\$ <u>1</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Current Liabilities:						
Warrants Outstanding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and other liabilities	-	1	-	-	-	1
Amounts due to other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	-	1	-	-	-	1
Fund Balances:						
Unreserved	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	-	-	-	-	-	-
Total Liabilities and Fund Balances	\$ <u>-</u>	\$ <u>1</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1</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, 2019 and 2018  
 (In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND		COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND		TOTALS	
	2019	2018	2019	2018	2019	2018
<b>REVENUES</b>						
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	2	4	-	0	2	4
Total Revenues	<u>2</u>	<u>4</u>	<u>-</u>	<u>0</u>	<u>2</u>	<u>4</u>
<b>EXPENDITURES</b>						
Administration	-	2	-	0	1	2
Costs of issuance	2	2	-	-	2	2
Bond principal retirement	140,065	133,030	18,900	18,050	158,965	151,080
Bond interest and fiscal charges	56,532	73,048	3,939	4,811	60,472	77,859
Total Expenditures	<u>196,599</u>	<u>206,081</u>	<u>22,840</u>	<u>22,862</u>	<u>219,439</u>	<u>228,943</u>
Excess of Revenues Over (Under) Expenditures	<u>(196,597)</u>	<u>(206,078)</u>	<u>(22,839)</u>	<u>(22,861)</u>	<u>(219,437)</u>	<u>(228,939)</u>
<b>OTHER FINANCING SOURCES</b>						
Proceeds from refunding bond issues	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
Transfer from State Aeronautics Fund	-	-	3,438	4,617	3,438	4,617
Transfer from State Trunkline Fund	196,597	206,078	-	-	196,597	206,078
Transfer from Comprehensive Transportation Fund	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>19,401</u>	<u>18,244</u>	<u>19,401</u>	<u>18,244</u>
Total Other Financing Sources	<u>196,597</u>	<u>206,078</u>	<u>22,839</u>	<u>22,861</u>	<u>219,437</u>	<u>228,939</u>
<b>OTHER FINANCING USES</b>						
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Other Sources Over (Under) Other Uses	<u>196,597</u>	<u>206,078</u>	<u>22,839</u>	<u>22,861</u>	<u>219,437</u>	<u>228,939</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>

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



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# 2019

## ANNUAL FINANCIAL REPORT

# 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, 2019  
(In Thousands)**

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
<b>REVENUES AND OTHER SOURCES:</b>			
Michigan Transportation Fund	\$ 1,840,178	\$ 1,852,109	\$ 1,858,160
State Trunkline Fund			
Economic Development	77,173	68,427	68,739
Road and Bridge Program	1,719,438	1,796,420	1,609,683
Blue Water Bridge Fund	19,133	21,934	22,573
Comprehensive Transportation Fund	286,146	293,560	314,275
Aeronautics Fund	141,038	98,119	117,694
Transportation Related Trust Fund	370,918	256,695	247,875
1992 State Trunkline Bond Proceeds Fund	330	325	5
1994 State Trunkline Bond Proceeds Fund	(4)	-	(3)
2001 Build Michigan III Bond Proceeds Fund	684	102	(6)
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds Fund	9	610	565
2002 & 2003 Comprehensive Transportation Bond Proceeds Fund	13,029	13,348	144
2004 State Trunkline Bond Proceeds Fund	60	804	31
2011 State Trunkline Bond Proceeds Fund	-	-	63,018
Economic Stimulus Bonds	4,295	1,434	24,340
Jobs Today Bond Proceeds Fund	58,407	91,483	26,745
Blue Water Bridge Plaza Series Bonds	-	(6)	61,010
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<b>\$ 4,530,834</b>	<b>\$ 4,495,364</b>	<b>\$ 4,414,848</b>
<b>EXPENDITURES AND OTHER USES:</b>			
Michigan Transportation Fund	\$ 1,840,178	\$ 1,852,109	\$ 1,858,160
State Trunkline Fund			
Economic Development	71,563	70,372	67,737
Traditional Program	1,818,278	1,684,489	1,628,318
Blue Water Bridge Fund	5,962	7,474	14,644
Comprehensive Transportation Fund	290,025	277,708	293,624
Aeronautics Fund	141,247	97,239	119,053
Transportation Related Trust Fund	370,918	256,695	247,875
1992 State Trunkline Bond Proceeds Fund	488	329	1,710
1994 State Trunkline Bond Proceeds Fund	2	-	28
2001 Build Michigan III Bond Proceeds Fund	30	701	(134)
2001 & 2002 Build Michigan II Grant Anticipation Note Proceeds Fund	-	675	25
2002 & 2003 Comprehensive Transportation Bond Proceeds Fund	21,663	14,665	22,573
2004 State Trunkline Bond Proceeds Fund	3,176	1,439	712
2011 State Trunkline Bond Proceeds Fund	-	-	26,490
Economic Stimulus Bonds	114,089	27,488	3,270
Jobs Today Bond Proceeds Fund	79,981	48,664	48,960
Blue Water Bridge Plaza Series Bonds	-	26,042	25,348
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b>\$ 4,757,600</b>	<b>\$ 4,366,089</b>	<b>\$ 4,358,393</b>

<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
\$ 1,894,679	\$ 1,937,904	\$ 2,022,175	\$ 2,072,328	2,617,638	2,808,250	3,124,744
51,745	48,223	57,717	54,332	26,440	53,272	54,603
1,638,111	1,772,689	1,733,972	1,714,350	1,954,893	1,943,524	2,253,215
24,818	22,441	20,968	21,285	22,281	22,414	22,668
496,404	401,373	389,096	352,243	376,541	406,879	406,153
98,334	86,956	89,305	72,616	96,279	106,234	97,392
259,185	315,459	314,462	264,737	283,877	276,163	269,615
245	239	-	-	-	-	-
4	2	-	-	-	-	-
11	41	1	-	-	-	-
-	-	-	-	-	-	-
693	365	86	75	3,390	1,820	1,264
66	2,549	122	(8)	-	-	-
10,431	60,338	8,399	2,977	6	16,066	(1,752)
37,495	21	1,074	4,031	4,483	1,491	31,458
127,194	15	44,710	57,499	112,582	20,552	6,210
210	2	4	5	1	16	8
<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>	<u>5,656,681</u>	<u>6,265,578</u>
\$ 1,894,679	\$ 1,937,904	\$ 2,022,175	\$ 2,072,328	2,617,638	2,808,250	3,124,743
48,702	52,211	63,906	49,226	36,232	51,330	58,219
1,537,190	1,707,553	1,670,003	1,695,233	1,976,204	1,983,756	2,204,072
13,488	15,131	24,410	24,331	15,986	18,916	22,314
479,460	388,597	403,744	358,385	358,983	344,360	373,106
93,693	93,671	92,869	73,243	100,109	105,638	93,350
259,185	315,459	314,462	264,737	283,877	276,163	269,615
46	209	-	-	-	-	-
5	-	-	-	-	-	-
410	41	555	-	-	1	-
202	(267)	-	-	-	-	-
12,296	7,374	835	2,611	6,085	1,270	2,644
582	9,442	2,507	(8)	-	-	-
23,453	66,996	11,042	6,124	1,037	122	1
20,854	8,718	5,377	2	-	-	-
148,568	36,778	40,413	34,858	43,721	37,783	35,863
8,009	562	1,139	(318)	344	-	-
<u>\$ 4,540,822</u>	<u>\$ 4,640,379</u>	<u>\$ 4,653,437</u>	<u>\$ 4,580,752</u>	<u>5,440,216</u>	<u>5,627,589</u>	<u>6,183,927</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION  
**SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES**  
**ECONOMIC DEVELOPMENT FUND**  
 FISCAL YEARS ENDED SEPTEMBER 30, 2019 and 2018  
 (In Thousands)

		2019		2018
<b>REVENUES AND OTHER SOURCES</b>				
Licenses and permits	\$	9,588	\$	9,229
Federal aid		-		-
Local participation		-		-
Interest earnings		2,322		1,621
Michigan Transportation Fund distribution		40,275		40,275
Miscellaneous		19		19
Fees		2,398		2,128
Total Revenues and Other Sources		54,603		53,272
<b>EXPENDITURES AND OTHER USES</b>				
Administration		420		404
Forest roads		5,000		5,000
Target industries-state takeovers		3,801		15,268
Rural county urban system		1,865		1,606
Urban county congestion		28,288		12,530
Rural county primary		5,805		4,972
Community Service Infrastructure Fund	Note 1	1,444		-
Special Projects		-		-
Debt service		11,595		11,548
Total Expenditures and Other Uses		58,219		51,330
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses		(3,616)		1,942
Fund Balances-Beginning of fiscal year		100,462		98,519
Fund Balances-Adjustments		-		-
Fund Balances-End of fiscal year	\$	96,845	\$	100,462

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: New program in FY19



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MICHIGAN DEPARTMENT OF TRANSPORTATION  
**CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS**  
**BY FUNCTIONAL ACTIVITY**  
FISCAL YEAR ENDED SEPTEMBER 30, 2019  
(In Thousands)

	<u>Construction Supervision</u>	<u>Preliminary Engineering</u>	<u>Right-of-Way</u>
<b>STATE TRUNKLINE FUND</b>			
Roads and bridges	\$ 110,688	\$ 124,707	\$ 8,683
Economic development fund	1,412	16	94
Work orders - state facilities	-	-	-
Subtotal	<u>112,100</u>	<u>124,723</u>	<u>8,777</u>
<b>BLUE WATER BRIDGE FUND</b>			
	<u>706</u>	<u>666</u>	<u>-</u>
Subtotal	<u>706</u>	<u>666</u>	<u>-</u>
<b>STATE AERONAUTICS AND GENERAL FUNDS</b>			
Airport development	2,973	3,332	2,074
Work orders - state facilities	-	-	-
Subtotal	<u>2,973</u>	<u>3,332</u>	<u>2,074</u>
<b>COMPREHENSIVE TRANSPORTATION FUND</b>			
Rail freight	-	-	-
Bus transit	-	-	-
Intercity bus, rail, water	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
<b>BOND PROCEEDS FUNDS</b>			
State Trunkline Fund	(3)	-	(4)
Comprehensive Transportation Fund	-	-	-
Aeronautics Fund	-	-	-
Subtotal	<u>(3)</u>	<u>-</u>	<u>(4)</u>
Total Capital Acquisitions	<u>\$ 115,777</u>	<u>\$ 128,720</u>	<u>\$ 10,847</u>

<u>Utility Relocation</u>	<u>Physical Construction</u>	<u>Special Projects</u>	<u>Other Activities</u>	<u>Totals</u>
\$ 29	\$ 1,005,804	\$ -	\$ 13,829	\$ 1,263,740
-	38,172	-	5,047	44,741
-	-	-	4,325	4,325
<u>29</u>	<u>1,043,976</u>	<u>-</u>	<u>23,202</u>	<u>1,312,806</u>
-	6,127	-	957	8,456
-	6,127	-	957	8,456
-	56,704	-	7,277	72,360
-	-	-	-	-
-	56,704	-	7,277	72,360
-	-	-	1,282	688
-	-	-	67,269	55,961
-	-	-	59,730	52,972
-	-	-	128,281	128,281
-	-	-	35,870	35,864
-	-	-	2,680	2,680
-	-	-	18	18
-	-	-	38,568	38,562
<u>\$ 29</u>	<u>\$ 1,106,808</u>	<u>\$ -</u>	<u>\$ 198,285</u>	<u>\$ 1,560,465</u>

MICHIGAN DEPARTMENT OF TRANSPORTATION  
**CONSTRUCTION AND CAPITAL PROPERTY ACQUISITIONS**  
**BY FUNCTIONAL ACTIVITY**  
FISCAL YEAR ENDED SEPTEMBER 30, 2018  
(In Thousands)

	<u>Construction Supervision</u>	<u>Preliminary Engineering</u>	<u>Right-of-Way</u>
<b>STATE TRUNKLINE FUND</b>			
Roads and bridges	\$ 116,324	\$ 133,206	\$ 20,841
Economic development fund	992	88	274
Work orders - state facilities	449	-	-
	<hr/>	<hr/>	<hr/>
Subtotal	117,765	133,294	21,115
	<hr/>	<hr/>	<hr/>
<b>BLUE WATER BRIDGE FUND</b>			
	513	785	-
	<hr/>	<hr/>	<hr/>
Subtotal	513	785	-
	<hr/>	<hr/>	<hr/>
<b>STATE AERONAUTICS AND GENERAL FUNDS</b>			
Airport development	3,915	9,484	1,660
Work orders - state facilities	-	-	-
	<hr/>	<hr/>	<hr/>
Subtotal	3,915	9,484	1,660
	<hr/>	<hr/>	<hr/>
<b>COMPREHENSIVE TRANSPORTATION FUND</b>			
Rail freight	-	-	-
Bus transit	-	-	-
Intercity bus, rail, water	-	-	-
	<hr/>	<hr/>	<hr/>
Subtotal	-	-	-
	<hr/>	<hr/>	<hr/>
<b>BOND PROCEEDS FUNDS</b>			
State Trunkline Fund	3,459	8	288
Comprehensive Transportation Fund	4	4	1
Aeronautics Fund	-	6	-
	<hr/>	<hr/>	<hr/>
Subtotal	3,463	18	290
	<hr/>	<hr/>	<hr/>
Total Capital Acquisitions	\$ <u>125,656</u>	\$ <u>143,580</u>	\$ <u>23,066</u>

<u>Utility Relocation</u>	<u>Physical Construction</u>	<u>Special Projects</u>	<u>Other Activities</u>	<u>Totals</u>
\$ 782	\$ 865,678	\$ -	\$ 4,624	\$ 1,141,455
-	37,021	-	983	39,358
-	2,749	-	4,418	7,616
<u>782</u>	<u>905,449</u>	<u>-</u>	<u>10,025</u>	<u>1,188,429</u>
-	3,554	-	(23)	4,830
-	3,554	-	(23)	4,830
-	76,583	-	(2,501)	89,140
-	-	-	-	-
-	76,583	-	(2,501)	89,140
-	-	-	688	688
-	-	-	55,961	55,961
-	-	-	52,972	52,972
-	-	-	109,621	109,621
-	31,715	-	2,436	37,906
-	332	-	825	1,167
-	-	-	31	37
-	32,047	-	3,293	39,110
<u>\$ 782</u>	<u>\$ 1,017,632</u>	<u>\$ -</u>	<u>\$ 120,413</u>	<u>\$ 1,431,130</u>

Michigan Department of Transportation  
Schedule of Expenditures of Federal Awards  
Fiscal Year Ended September 30, 2019

Grantor Agency/Federal Assistance Program Title	CFDA* Program Number	Direct Award (Y/N)	Pass Through Entity	Pass- Through Entity ID Number	Research and Develop- ment (Y/N)	Distributed to Subrecipients			Total Expended and Distributed	
						Directly Expended by Department	To Other State Agencies	To Non-State Entities		
<b>U.S. Department of Transportation</b>										
Highway Planning and Construction Cluster										
Direct Programs:										
Highway Planning and Construction	20.205	Y			N	1,097,980,994.04		39,294,756.07		1,137,275,750.11
Highway Planning and Construction	20.205	Y			Y	4,735,262.64				4,735,262.64
Recreational Trails Program	20.219	Y			N	185,000.00				185,000.00
Total Highway Planning and Construction Cluster						<u>1,102,901,256.68</u>	<u>-</u>	<u>39,294,756.07</u>		<u>1,142,196,012.75</u>
Federal Transit Cluster										
Direct Programs:										
Federal Transit - Capital Investment Grants	20.500	Y			N			(46,747.09)		(46,747.09)
Bus and Bus Facilities Formula Program	20.526	Y			N			2,777,935.69		2,777,935.69
Total Federal Transit Cluster						<u>-</u>	<u>-</u>	<u>2,731,188.60</u>		<u>2,731,188.60</u>
Transit Services Programs Cluster										
Direct Programs:										
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	Y			N			5,322,567.02		5,322,567.02
Job Access and Reverse Commute Program	20.516	Y			N			1,064,174.07		1,064,174.07
New Freedom Program	20.521	Y			N			2,645,540.45		2,645,540.45
Total Transit Services Programs Cluster						<u>-</u>	<u>-</u>	<u>9,032,281.54</u>		<u>9,032,281.54</u>
Direct Programs:										
Airport Improvement Program (Note 1)	20.106	Y			N	20,658,497.34				20,658,497.34
Highway Research and Development Program	20.200	Y			Y	153,038.20		38,305.16		191,343.36
High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	20.319	Y			N	403.96		116,934.91		117,338.87
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	Y			N	90,083.22		503,226.09		593,309.31
Formula Grants for Rural Areas	20.509	Y			N	9,499,441.16		19,507,319.61		29,006,760.77
National Priority Safety Programs	20.616	N	State Police		N	46,699.00				46,699.00
National Infrastructure Investments	20.933	Y			N	473,779.41		550,503.47		1,024,282.88
Total Direct Programs						<u>30,921,942.29</u>	<u>-</u>	<u>20,716,289.24</u>		<u>51,638,231.53</u>
<b>Total U.S. Department of Transportation</b>						<u>1,133,823,198.97</u>	<u>-</u>	<u>71,774,515.45</u>		<u>1,205,597,714.42</u>
<b>U.S. Department of Health and Human Services</b>										
TANF Cluster										
Temporary Assistance for Needy Families (TANF) State Programs	93.558	N	Health and Human Services	15-99001	N	550,000.00		-		550,000.00
Total TANF Cluster						<u>550,000.00</u>	<u>-</u>	<u>-</u>		<u>550,000.00</u>
<b>Total U.S. Department of Health and Human Services</b>						<u>550,000.00</u>	<u>-</u>	<u>-</u>		<u>550,000.00</u>
Total Expenditures of Federal Awards						<u>1,134,373,198.97</u>	<u>-</u>	<u>71,774,515.45</u>		<u>1,206,147,714.42</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, 2018

Grantor Agency/Federal Assistance Program Title	CFDA* Program Number	Direct Award (Y/N)	Pass Through Entity	Pass- Through Entity ID Number	Research and Develop- ment (Y/N)	Distributed to Subrecipients			Total Expended and Distributed
						Directly Expended by Department	To Other State Agencies	To Non-State Entities	
<b>U.S. Department of Transportation</b>									
Highway Planning and Construction Cluster									
Direct Programs:									
ARRA - Highway Planning and Construction	20.205	Y			N	\$29,015.86			\$29,015.86
Highway Planning and Construction	20.205	Y			N	866,069,747.67		\$44,090,529.55	910,160,277.22
Highway Planning and Construction	20.205	Y			Y	5,506,519.66			5,506,519.66
Total Highway Planning and Construction Cluster						<u>\$871,605,283.19</u>	<u>\$0.00</u>	<u>\$44,090,529.55</u>	<u>\$915,695,812.74</u>
Federal Transit Cluster									
Direct Programs:									
Federal Transit - Capital Investment Grants	20.500	Y			N			868,900.91	868,900.91
Federal Transit - Formula Grants	20.507	Y			N			123,571.96	123,571.96
Bus and Bus Facilities Formula Program	20.526	Y			N			2,479,025.61	2,479,025.61
Total Federal Transit Cluster						<u>-</u>	<u>-</u>	<u>3,471,498.48</u>	<u>3,471,498.48</u>
Transit Services Programs Cluster									
Direct Programs:									
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	Y			N			5,904,583.79	5,904,583.79
Job Access and Reverse Commute Program	20.516	Y			N			1,442,113.33	1,442,113.33
New Freedom Program	20.521	Y			N			449,483.54	449,483.54
Total Transit Services Programs Cluster						<u>-</u>	<u>-</u>	<u>7,796,180.66</u>	<u>7,796,180.66</u>
Direct Programs:									
Airport Improvement Program (Note 1)	20.106	Y			N	28,212,801.94			28,212,801.94
Highway Research and Development Program	20.200	Y			Y	482,280.34		22,011.54	504,291.88
Highway Training and Education	20.215	Y			N	17,244.78			17,244.78
High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	20.319	Y			N	3,049.20		42,893.80	45,943.00
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	Y			N	254,034.46		1,383,291.05	1,637,325.51
Formula Grants for Rural Areas	20.509	Y			N	2,154,137.59		20,914,201.23	23,068,338.82
National Infrastructure Investments	20.933	Y			N	236.21			236.21
Total Direct Programs						<u>31,123,784.52</u>	<u>-</u>	<u>22,362,397.62</u>	<u>53,486,182.14</u>
<b>Total U.S. Department of Transportation</b>						<u>\$902,729,067.71</u>	<u>\$0.00</u>	<u>\$77,720,606.31</u>	<u>\$980,449,674.02</u>

\* CFDA is defined as Catalog of Federal Domestic Assistance

MICHIGAN DEPARTMENT OF TRANSPORTATION  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
FISCAL YEAR ENDING SEPTEMBER 30, 2019

1. Federal expenditures to primary airports in the amount of \$ 45,155,310.95 for fiscal year 2019 are not included in the SEFA report under the Airport Improvement Program (CFDA 20.106). MDOT is channeling the Federal Aviation Administration (FAA) funds to the primary airports, per P.A. 327 of 1945. The FAA determined that MDOT has no oversight responsibility for grants to primary airports. Primary airport expenditures will not be reported in the SEFA because compliance with federal regulations is the responsibility of the primary airport and not MDOT.

MICHIGAN DEPARTMENT OF TRANSPORTATION  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2018

1. Federal expenditures of \$49,894,140 for the Airport Improvement Program (CFDA 20.106) channeled to primary airports for fiscal year 2018 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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**Providing the highest quality integrated transportation services for economic benefit and improved quality of life.**