MICHIGAN

OFFICE OF THE AUDITOR GENERAL

AUDIT REPORT

FINANCIAL AUDIT
OF THE

MACKINAC BRIDGE AUTHORITY

(A Discretely Presented Component Unit of the State of Michigan)

October 1, 2008 through September 30, 2010

THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

591-0210-11

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

– Article IV, Section 53 of the Michigan Constitution

Audit report information can be accessed at:
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Michigan

Office of the Auditor General

REPORT SUMMARY

Financial Audit

Mackinac Bridge Authority

(A Discretely Presented Component Unit of the State of Michigan)

October 1, 2008 through September 30, 2010

Report Number:
591-0210-11

Released:
December 2010

A financial audit determines if the financial statements are fairly presented; considers internal control over financial reporting; and determines compliance with requirements material to the financial statements. This financial audit of the Mackinac Bridge Authority was conducted as part of the constitutional responsibility of the Office of the Auditor General.

Financial Statements:

Auditor's Report Issued

We issued an unqualified opinion on the Mackinac Bridge Authority's financial statements.

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Internal Control Over Financial Reporting

We did not report any findings related to internal control over financial reporting.

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Noncompliance and Other Matters Material to the Financial Statements

We did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under *Government Auditing Standards*.

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Background:

The Mackinac Bridge Authority was created as a corporate instrumentality in 1950 under provisions of Act 21 of the Public Acts of Michigan. Act 214, P.A. 1952, as amended, empowered the Authority to construct and operate a bridge between the Lower Peninsula and the Upper Peninsula of Michigan. Financing for the operation and maintenance of the bridge is provided by fares and earnings on investments.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: http://audgen.michigan.gov

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Thomas H. McTavish, C.P.A.
Auditor General

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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

December 29, 2010

Mr. Robert J. Sweeney, Executive Secretary
Mackinac Bridge Authority
St. Ignace, Michigan

Dear Mr. Sweeney:

This is our report on the financial audit of the Mackinac Bridge Authority, a discretely presented component unit of the State of Michigan, for the period October 1, 2008 through September 30, 2010.

This report contains our report summary, our independent auditor's report on the financial statements, the Authority management's discussion and analysis, and the Authority's basic financial statements and required supplementary information. This report also contains our independent auditor's report on internal control over financial reporting and on compliance and other matters and a glossary of acronyms and terms.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL

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INDEPENDENT AUDITOR'S REPORT

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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

Independent Auditor's Report on the Financial Statements

Mr. Robert J. Sweeney, Executive Secretary
Mackinac Bridge Authority
St. Ignace, Michigan

Dear Mr. Sweeney:

We have audited the accompanying financial statements of the Mackinac Bridge Authority, a discretely presented component unit of the State of Michigan, as of and for the fiscal years ended September 30, 2010 and September 30, 2009, as identified in the table of contents. These financial statements are the responsibility of the Mackinac Bridge Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements present only the Mackinac Bridge Authority and do not purport to, and do not, present fairly the financial position of the State of Michigan or its component units as of September 30, 2010 and September 30, 2009 and the changes in financial position and cash flows thereof for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Mackinac Bridge Authority as of September 30, 2010 and September 30, 2009 and the changes in financial position and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2010 on our consideration of the Mackinac Bridge Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 11 through 18 and the modified approach for reporting infrastructure assets on pages 38 and 39 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

AUDITOR GENERAL

December 20, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Mackinac Bridge Authority's annual financial report is management's discussion and analysis of the Authority's financial performance. Please read it in conjunction with the Authority's basic financial statements and related footnotes, which follow this section.

Financial Highlights

- The Authority's total assets increased by $6,205,327, or 4.1 percent, over the course of fiscal year 2009-10 operations. Total assets increased by $4,472,782 from fiscal year 2007-08 to fiscal year 2008-09.

- Total liabilities increased by $326,116, or 8.8 percent, during the current year. Total liabilities decreased by $389,174 from fiscal year 2007-08 to fiscal year 2008-09.

- Total net assets increased by $5,879,211, or 4.0 percent, consisting of a $129,694 decrease in invested capital assets and a $6,008,905 increase in unrestricted assets designated for future repair and maintenance of the Mackinac Bridge.

- Traffic crossing the Mackinac Bridge throughout the fiscal year totaled 3,934,841 vehicles, which was 84,927, or 2.2 percent, more vehicles than the previous fiscal year. Traffic increased by 91,296, or 2.4 percent, from fiscal year 2007-08 to fiscal year 2008-09.

- Toll revenue increased by $3,176,322, or 20.8 percent, due to the increased traffic and a toll increase effective January 1, 2010. Toll revenue increased by $711,405, or 4.9 percent, from fiscal year 2007-08 to fiscal year 2008-09 due to the March 1, 2008 toll increase and increased traffic.

- Investment income increased by $579,339, or 29.2 percent, due to increases in both interest rates and market values. Investment income increased from fiscal year 2007-08 to fiscal year 2008-09 by $937,594, or 89.5 percent, due to a market value increase partially offset by a reduction in interest rate.

- Total operating expenses increased from fiscal year 2008-09 to fiscal year 2009-10 by $2,560,612, or 20.7 percent, due primarily to the timing of bridge painting and other infrastructure preservation contracts.

- Expenses to operate and manage the bridge decreased in the current year by $545,780, or 9.1 percent, due to reductions in labor costs.

- Expenses to preserve and maintain the Mackinac Bridge and related infrastructure totaled $9,469,470 in the current fiscal year, which was $3,106,392 more than the previous year due primarily to the timing of bridge painting and other infrastructure preservation contracts.

Overview of the Financial Statements

The Authority's financial statements include a statement of net assets and a statement of revenue, expenses, and changes in net assets. These statements report the Authority's net assets as of September 30, 2010 and September 30, 2009 and how they have changed since September 30, 2009 and September 30, 2008, respectively. Net assets, the difference between the Authority's assets and liabilities, is a way to measure the Authority's current investment in the Mackinac Bridge and the capital assets needed to operate and preserve it, as well as its financial resources available for planned future preservation costs. Over time, increases or decreases in the Authority's net assets are an indicator of its financial ability to continue with the necessary preservation of the Mackinac Bridge.

Also included is a statement of cash flows, which shows how cash was received and used throughout the year to conduct the Authority's operations.

The financial statements for fiscal year 2009-10 and management's discussion and analysis were modified from prior fiscal years in that noncurrent investments and capital assets are now reported as noncurrent assets, and the noncurrent portion of prepaid tolls and deferred revenue are now reported as noncurrent liabilities. The current assets and liabilities previously reported in financial statements and schedules for fiscal years 2008-09 and 2007-08 have been adjusted in this year's report for comparison purposes.

Financial Analysis

Net Assets - The Authority's net assets increased by $5,879,211, or 4.0 percent, from fiscal year 2008-09 to fiscal year 2009-10, going from $146,356,742 at the beginning of the year to $152,235,953 at fiscal year-end. This increase was the result of a 4.1 percent increase in total assets and an 8.8 percent increase in total liabilities. The

Authority's net assets increased by $4,861,956, or 3.4 percent, from fiscal year 2007-08 to fiscal year 2008-09. This increase was the result of a 3.1 percent increase in total assets and a 9.5 percent decrease in total liabilities from fiscal year 2007-08 to fiscal year 2008-09 (see schedule of net assets).

Schedule of Net Assets

	September 30		
	2010	2009	2008
Assets			
Current	$ 5,470,274	$ 6,042,397	$ 6,462,230
Noncurrent			
Long-term investments	44,035,481	37,128,337	32,054,324
Capital assets	106,753,104	106,882,798	107,064,196
Total assets	$156,258,859	$150,053,532	$145,580,750
Liabilities			
Current	$ 3,128,661	$ 2,812,508	$ 3,303,781
Noncurrent	894,245	884,282	782,183
Total liabilities	$ 4,022,906	$ 3,696,790	$ 4,085,964
Net Assets			
Invested in capital assets	$106,753,104	$106,882,798	$107,064,196
Reserved for self-insurance	231,233	231,233	
Unrestricted	45,251,616	39,242,711	34,430,590
Total net assets	$152,235,953	$146,356,742	$141,494,786

Total assets increased from fiscal year 2008-09 to fiscal year 2009-10 by $6,205,327, composed of a 9.5 percent decrease in current assets, an 18.6 percent increase in long-term investments, and a 0.1 percent decrease in capital assets. Current assets consist primarily of cash and investments. Current assets decreased throughout the year by $572,123 due to current cash flows. Long-term investments increased by $6,907,144 primarily due to the investment of operating income totaling $3,564,690 and investment income of $2,564,521, resulting in a 15.5 percent increase in investments. Cash decreased by $194,737, or 26.5 percent, due to changes in investments and the timing in payment of current liabilities. Capital assets consist of land; bridge, road, and plaza area infrastructure; and depreciable buildings, vehicles, and equipment. Capital assets decreased by $129,694 due to asset depreciation exceeding capital investment.

Total assets increased by $4,472,782 from fiscal year 2007-08 to fiscal year 2008-09, composed of a 6.5 percent decrease in current assets, a 15.8 percent increase in long-term investments, and a less than 0.2 percent decrease in capital assets. Current assets decreased by $419,833 due to current cash flows. During the same period, long-term investments increased by $5,074,013 primarily due to the investment of operating income totaling $3,126,774 and investment income of $1,985,182, resulting in a 13.3 percent increase in investments. Capital assets decreased by $181,398 from fiscal year 2007-08 to fiscal year 2008-09 due to asset depreciation exceeding capital investment.

Total liabilities increased by $326,116, or 8.8 percent, from fiscal year 2008-09 to fiscal year 2009-10 due to the timing in payment of payroll invoices to the State of Michigan and the payment of vendor invoices for repairs and maintenance during the fiscal year. Current liabilities increased by 11.2 percent and noncurrent liabilities increased by 1.1 percent. Total liabilities decreased by $389,174 from fiscal year 2007-08 to fiscal year 2008-09 due to the timing of payroll invoices to the State of Michigan and the payment of vendor invoices for repairs and maintenance during the fiscal year.

Change in Net Assets - Net assets changed throughout the year due to variances in revenue and expenses and changes in capital assets. Net assets for fiscal year 2009-10 increased by $5,879,211 and net assets for fiscal year 2008-09 increased by

$4,861,956. For the fiscal year ended September 30, 2008, net assets increased by $5,085,469 (see schedule of changes in net assets).

Schedule of Changes in Net Assets

	Fiscal Year Ended September 30		
	2010	2009	2008
Operating Revenue - Tolls, fees, and leases	$18,492,212	$ 15,493,684	$ 14,836,100
Operating Expenses			
Operations	$ 5,458,052	$ 6,003,832	$ 6,238,351
Infrastructure preservation	9,469,470	6,363,078	4,309,868
Total expenses	$14,927,522	$ 12,366,910	$10,548,219
Nonoperating Revenue (Expense)			
Investment income	$ 2,564,521	$ 1,985,182	$ 1,047,588
Payments on advance to the State of Michigan	$ (250,000)	$ (250,000)	$ (250,000)
Change in Net Assets	$ 5,879,211	$ 4,861,956	$ 5,085,469

Operating revenues for fiscal year 2009-10 of $18,492,212, consisting of vehicle tolls, miscellaneous fees, and lease income, increased by 19.4 percent from the previous year. This increase was due to a 2.2 percent increase in vehicles crossing the bridge and an increase in toll rates effective January 1, 2010. Toll revenue went from $15,242,361 for fiscal year 2008-09 to $18,418,683 for fiscal year 2009-10. Expenses to operate, manage, and preserve the bridge and associated infrastructure during fiscal year 2009-10 were 20.7 percent more than the previous year. Bridge operations and management, consisting of toll collection, customer services, equipment and facilities maintenance, snow removal, and finance and administration, decreased by 9.1 percent for fiscal year 2009-10 due to reductions in labor costs. Infrastructure preservation expenses for fiscal year 2009-10, totaling $9,469,470, were $3,106,392 more than the $6,363,078 expensed during fiscal year 2008-09. The reasons for this difference in fiscal year preservation expenses were increased painting activity in fiscal year 2009-10 and the timing of other preservation projects identified in the Authority's 20-year strategic plan.

Operating revenue for fiscal year 2008-09 of $15,493,684, consisting of vehicle tolls, miscellaneous fees, and lease income, increased by 4.4 percent from fiscal year

2007-08. This was due to a 2.4 percent increase in vehicles crossing the bridge and an increase in toll rates effective March 1, 2008. Expenses to operate, manage, and preserve the bridge and associated infrastructure were 17.2 percent more than for fiscal year 2007-08. Bridge operations and management, consisting of toll collection, customer services, equipment and facilities maintenance, snow removal, and finance and administration, decreased by 3.8 percent due to reductions in labor costs. Infrastructure preservation expenses, totaling $6,363,078, were $2,053,210 more than the $4,309,868 expensed during fiscal year 2007-08.

Investment income for fiscal year 2009-10 totaled $2,564,521, showing a 5.6 percent rate of return on invested assets. This was $579,339, or 29.2 percent, more than the investment income of $1,985,182 reported for fiscal year 2008-09, which showed a 5.0 percent rate of return. Interest earnings were $1,391,239 during fiscal year 2009-10 on an average investment of $45.6 million, whereas $1,139,706 was earned during fiscal year 2008-09 on an average investment of $39.8 million. This represents interest earnings at the rate of 3.1 percent and 2.9 percent, respectively. Interest earnings were increased by $1,173,282 and by $845,476 in fiscal years 2009-10 and 2008-09, respectively, due to increases in investment market values.

Investment income for fiscal year 2008-09 totaled $1,985,182, showing a 5.0 percent rate of return on invested assets. This was $937,594, or 89.5 percent, more than the investment income of $1,047,588 reported for fiscal year 2007-08, which showed a 3.0 percent rate of return. Interest earnings were $1,139,706 during fiscal year 2008-09 on an average investment of $39.8 million, whereas $1,434,585 was earned during fiscal year 2007-08 on an average investment of $34.5 million. This represents interest earnings at the rate of 2.9 percent and 4.2 percent, respectively. Fiscal year 2008-09 interest earnings were increased by $845,476 due to increases in investment market values, whereas 2007-08 earnings were decreased by $386,997 due to decreases in market values.

Capital Asset and Debt Administration

Capital assets, consisting of the bridge and related infrastructure, land, buildings, and capital equipment, net of depreciation, decreased by $129,694, and decreased by $181,398 at September 30, 2010 and September 30, 2009, respectively. The decrease in fiscal year 2009-10 was the result of a $427,768 reduction in net capital equipment through sale of excess equipment and disposal of obsolete equipment, partially offset by a $298,075 decrease in accumulated depreciation. The decrease in fiscal year

2008-09 was due to a $140,812 reduction to net capital equipment through the sale and disposal of excess and obsolete equipment and a $40,586 increase in accumulated depreciation.

As of September 30, 2010, prepaid tolls and deferred lease income were $931,759 and $61,224, respectively. The total value of vacation and sick leave balances due employees as of September 30, 2010 was $580,310. Outstanding long-term debt totaling $894,245 is the portion of prepaid tolls and deferred lease income not expected to be earned within the following 12 months and compensated absences not expected to be paid within the following 12 months. The remaining $679,048 is the amount budgeted to be paid during fiscal year 2010-11. Total compensated absences increased by $16,773 from fiscal year 2008-09 due to an increase in sick leave balances.

As of September 30, 2009, prepaid tolls and deferred lease income were $871,605 and $63,985, respectively. The total value of vacation and sick leave balances due employees as of September 30, 2009 was $563,537. Outstanding long-term debt totaled $884,282. Prepaid tolls decreased by $102,078, deferred lease income decreased by $1,348, and compensated absences increased by $59,104 from fiscal year 2007-08 to 2008-09.

Modified Approach for Infrastructure

The Authority manages its bridge network using its bridge management and inspection program and accounts for it using the modified approach. The Mackinac Bridge is inspected annually by an independent engineering firm. It is the policy of the Authority to keep the structure at a condition rating of "fair" or better. The condition rating descriptions are the ones used in the latest Michigan Department of Transportation - Michigan Bridge Inspection System. For 2010, the Mackinac Bridge's condition was rated "good" as determined by inspection procedures.

Actual preservation costs included the expenditures needed to complete all priority preservation projects to keep the Mackinac Bridge at or above the established condition level.

Economic Factors

As of September 30, 2010, the Authority had no pending or threatening litigation that would have a material effect on its financial statements.

During fiscal year 2009-10, the Authority undertook its regular and prudent assessment of the various areas of risk to its assets and operations. The Authority continued to carry appropriate insurance against tort liability and physical damage to the Authority's other real and personal property through August 5, 2009, after which the Authority began its self-insurance program. The Authority entered into an agreement with the Michigan Department of Transportation to provide for the self-insurance against tort liability and physical damage to the Authority's assets other than licensed vehicles and physical damage to the Mackinac Bridge itself. The Authority maintains insurance for licensed vehicles. The Authority does not insure the bridge structure itself for physical damage.

BASIC FINANCIAL STATEMENTS

MACKINAC BRIDGE AUTHORITY
Statement of Net Assets

	September 30 2010		September 30 2009	
Assets				
Current Assets				
Cash (Note 4)	$	539,642	$	734,379
Investments (Note 4)		4,859,078		5,210,214
Other assets		71,554		97,804
Total current assets	$	5,470,274	$	6,042,397
Noncurrent Assets				
Long-term investments (Note 4)	$	44,035,481	$	37,128,337
Capital assets (Note 5)				
Capital assets not being depreciated		102,846,644		102,846,644
Other capital assets - Net of depreciation		3,906,460		4,036,154
Total noncurrent assets	$	150,788,585	$	144,011,135
Total assets	$	156,258,859	$	150,053,532
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$	443,972	$	529,299
Due to State of Michigan (Note 6)		2,005,642		1,668,364
Prepaid tolls (Note 7)		497,758		441,605
Deferred revenue (Note 7)		14,474		14,145
Compensated absences (Note 7)		166,815		159,095
Total current liabilities	$	3,128,661	$	2,812,508
Noncurrent Liabilities (Note 7)				
Prepaid tolls	$	434,000	$	430,000
Deferred revenue		46,750		49,840
Compensated absences		413,495		404,442
Total noncurrent liabilities	$	894,245	$	884,282
Total liabilities	$	4,022,906	$	3,696,790
Net Assets				
Invested in capital assets	$	106,753,104	$	106,882,798
Reserve for self-insurance (Note 8)		231,233		231,233
Unrestricted (Note 1)		45,251,616		39,242,711
Total net assets	$	152,235,953	$	146,356,742
Total liabilities and net assets	$	156,258,859	$	150,053,532

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

MACKINAC BRIDGE AUTHORITY

Statement of Revenue, Expenses, and Changes in Net Assets

	Fiscal Year Ended September 30	
	2010	2009
Operating Revenue		
Tolls, fees, and leases	$ 18,492,212	$ 15,493,684
Operating Expenses		
Bridge operations	$ 1,851,378	$ 1,957,244
Maintenance	2,136,449	2,341,649
Administration	492,350	503,261
Finance	620,997	688,543
General operations	356,878	513,135
Preservation	9,469,470	6,363,078
Total operating expenses	$ 14,927,522	$ 12,366,910
Operating Income	$ 3,564,690	$ 3,126,774
Nonoperating Revenue		
Investment income	2,564,521	1,985,182
Payments on Advance to the State of Michigan (Note 3)	(250,000)	(250,000)
Increase in Net Assets	$ 5,879,211	$ 4,861,956
Net Assets - Beginning of fiscal year	146,356,742	141,494,786
Net Assets - End of fiscal year	$ 152,235,953	$ 146,356,742

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

MACKINAC BRIDGE AUTHORITY
Statement of Cash Flows

	Fiscal Year Ended September 30	
	2010	2009
Cash Flows From Operating Activities		
Tolls, fees, and leases	$ 18,602,087	$ 15,396,765
Payments to employees	(5,351,597)	(5,922,857)
Payments to suppliers	(1,234,539)	(1,478,194)
Net cash provided by operating activities	$ 12,015,951	$ 7,995,714
Cash Flows From Capital and Related Financing Activities		
Purchase of capital assets	$ (165,593)	$ (136,980)
Payments of preservation costs	(7,803,608)	(4,812,126)
Payments on advance to the State of Michigan	(250,000)	(250,000)
Proceeds from sale of capital assets		9,148
Net cash used in capital and related financing activities	$ (8,219,201)	$ (5,189,958)
Cash Flows From Investing Activities		
Interest on investments	$ 1,329,734	$ 1,225,853
Purchase of investments - net	(5,321,222)	(4,218,702)
Net cash used in investing activities	$ (3,991,488)	$ (2,992,849)
Net Increase (Decrease) in Cash	$ (194,737)	$ (187,093)
Cash - Beginning of fiscal year	734,379	921,472
Cash - End of fiscal year	$ 539,642	$ 734,379
Reconciliation of Operating Income to Net Cash From Operating Activities		
Operating income	$ 3,564,690	$ 3,126,774
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	285,643	314,365
Preservation costs reported as cash flow from capital activities	7,803,608	4,812,126
Loss (gain) on sale of capital asset	9,642	(5,135)
Changes in assets and liabilities:		
Other assets	26,250	136,758
Accounts payable	(85,327)	(426,239)
Due to State of Michigan	337,278	81,387
Prepaid tolls	60,153	(102,078)
Deferred revenue	(2,762)	(1,348)
Compensated absences	16,773	59,104
Net cash provided by operating activities	$ 12,015,951	$ 7,995,714

During fiscal years 2009-10 and 2008-09, there were no noncash investing, capital, and financing activities.

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

Note 1 **<u>Summary of Significant Accounting Policies</u>**

Reporting Entity - The Mackinac Bridge Authority, a discretely presented component unit of the State of Michigan, was created as a corporate instrumentality in 1950 under provisions of Act 21 of the Public Acts of Michigan. Act 214, P.A. 1952, as amended, empowered the Authority to construct and operate a bridge between the Lower Peninsula and the Upper Peninsula of Michigan. Financing for the operation and maintenance of the bridge is provided by fares and earnings on investments.

Basis of Presentation - The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying financial statements present only the Mackinac Bridge Authority. Accordingly, they do not purport to, and do not, present fairly the financial position, the changes in financial position, and cash flows of the State of Michigan or its component units, in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting - The Authority follows the accounting rules promulgated by GASB. Additionally, the Authority follows all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless pronouncements conflict with or contradict GASB Statements. The periodic determination of revenues earned, expenses incurred, and net income is appropriate for management control and accountability; therefore, the Enterprise Fund model is followed and the full accrual basis of accounting is used.

Reporting Changes - Several reporting changes were made during fiscal year 2009-10. Investments were recorded as current if they matured prior to October 1, 2011. The remaining investments were recorded as noncurrent assets (see Note 4). Capital assets were recorded under noncurrent assets (see Note 5). The estimated portion of prepaid toll balances remaining unchanged throughout the fiscal year was recorded as noncurrent (see Note 7). Lease revenue from deferred revenue beyond September 30, 2011 is recorded as noncurrent deferred revenue (see Note 7). These reporting changes are reflected in the statement of net assets. Corresponding amounts for fiscal year 2008-09 were adjusted for the purpose of comparison.

Investments - Investments are recorded at fair value, based on quoted market prices. Investments maturing beyond one year of the fiscal year-end are recorded as noncurrent assets.

Capital Assets - Capital assets with a unit cost of over $5,000 are recorded at cost at the date of acquisition or, if donated, at fair market value at the date of donation. The Authority's infrastructure asset (the Mackinac Bridge and related assets) is included in the financial statements at historical cost, and the Authority has elected to use the modified approach. Under the modified approach, all capital expenditures except additions and improvements are reported as an expense in the current period in lieu of depreciating the asset. All other capital assets (excluding infrastructure) are depreciated using the straight-line method over the estimated useful lives of the assets.

Compensated Absences - Compensated absence costs are accrued when earned by employees.

Revenue/Expenses - Operating revenue and expenses generally result from providing services and maintaining the Mackinac Bridge. All other revenue and expenses are reported as nonoperating. Revenue is recognized at the time it is earned.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Unrestricted Net Assets - The Authority, through Mackinac Bridge Authority Board action, has designated the use of a portion of unrestricted net assets as follows:

	September 30	
	2010	2009
Designated for repairs, maintenance, and preservation of infrastructure	$44,751,616	$38,742,711
Undesignated	500,000	500,000
Total unrestricted net assets	$45,251,616	$39,242,711

Note 2 Operating Expenditures Reimbursement

Act 141, P.A. 1953, Regular Session, provided for the annual reimbursement by the Michigan Department of Transportation for operating expenditures, not to exceed $417,000 in any one State fiscal year. Such annual reimbursements were made through December 1985, at which time all Bridge revenue bond principal and interest were paid.

Act 141, P.A. 1953, further provides that even though all Bridge revenue bonds have been paid, the Authority shall continue to charge fares until the aggregate amount of all reimbursements (advances) have been repaid to the State Trunkline Fund. A total of $12,306,172 has been received as advances under this Act and, to date, no repayments have been made.

The Authority has not recorded a liability for these advances because the reimbursements are contingent upon future net revenue and the repayment commitment is long-term and budgetary in nature.

Note 3 Annual Debt Service Advance and Revision of Fares

Under Act 5, P.A. 1967, Extra Session, the State Legislature authorized an appropriation of $3,500,000 to be disbursed to the Mackinac Bridge Authority in January 1969 and a similar amount during each January thereafter through January 1986 to be used in payment of principal, interest, and incidental costs of bonds issued by the Authority, while still outstanding. It was the expressed intent of the Legislature that the Authority reduce fares for crossing the bridge as nearly as possible to $1.50 per passenger car (from the rate of $3.75 employed in 1968) and make proportional reductions for all other classes of vehicles. Effective January 1, 1969, the Authority approved such reduction in fares for all classes of vehicles. Effective July 1, 1995, the Authority increased the fares on trucks to restructure the proportion of fares paid by trucks in relation to those paid by passenger vehicles. Effective May 1, 2003, the Authority increased fares to assist with expenses. Additionally, effective March 1, 2008, and again on January 1, 2010, the Authority approved an additional increase of fares to further help assist with expenses and economic conditions.

Act 5, P.A. 1967, further provides that even though all Bridge revenue bonds have been paid, the Authority shall continue to charge fares until the aggregate amount of advances received has been repaid to the Michigan Transportation Fund. A total of $63,000,000 has been received as advances under this Act. During fiscal years 2009-10 and 2008-09, the Authority paid $250,000 to the State of Michigan toward this advance. The total of these advances repaid as of September 30, 2010 is $11,750,000. The repayment amounts have been determined by the Authority's finance committee, which considers the Mackinac Bridge's annual needs for maintenance and operations as well as planned future extraordinary repairs and improvements.

The Authority has not recorded a liability for these advances because the reimbursements are contingent upon future net revenue and the repayment commitment is long-term and budgetary in nature. When repayments are made, they are reported as payments on advance to the State of Michigan.

Note 4 Deposits and Investments

Cash and investments held by the Authority at September 30, 2010 and September 30, 2009 were as follows:

2010	Cash	Investments	Total
Deposits	$365,851	$	$ 365,851
Investments		48,894,559	48,894,559
Cash on hand	173,791		173,791
Total	$539,642	$48,894,559	$49,434,201

2009	Cash	Investments	Total
Deposits	$ 639,620	$	$ 639,620
Investments		42,338,551	42,338,551
Cash on hand	94,759		94,759
Total	$734,379	$42,338,551	$43,072,930

Of the total investments at September 30, 2010, $4,859,078 was considered current and $44,035,481 was considered noncurrent. Of the total investments at September 30, 2009, $5,210,214 was considered current and $37,128,337 was considered noncurrent. Investments are recorded as current if they mature within one year of the current fiscal year-end.

The Authority has designated one bank for the deposit of its funds. The investment policy, in accordance with State statutes, has authorized investment in bonds and securities of the United States government, bank accounts, and certificates of deposit. The Authority's deposits and investment policies are in accordance with State statutes.

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At September 30, 2010 and September 30, 2009, the Authority had $1,085,564 and $663,049, respectively, of bank deposits (checking and savings accounts). Of these amounts, $250,000 was covered by federal depository insurance coverage and $835,564 was covered by collateral held in the pledging bank's trust department in the Authority's name at September 30, 2010, and $250,000 was covered by federal depository insurance coverage and $413,049 was covered by collateral held in the pledging bank's trust department in the Authority's name at September 30, 2009. The Authority believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk of Investments

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. Maturities of investments held by the Authority at September 30, 2010 and September 30, 2009 were as follows:

Investment	Fair Value	Less than One Year	1 - 5 Years	6 - 10 Years	11 - 15 Years
2010					
U.S. government agency	$46,333,850	$2,298,369	$ 9,415,200	$29,351,479	$5,268,802
2009					
U.S. government agency	$32,427,633	$1,210,434	$11,208,564	$14,228,801	$5,779,834
U.S. Treasury bills	$ 3,999,780	$3,999,780			

Credit Risk of Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority has an investment policy that would limit its investment choices regarding credit risk. Credit quality ratings of debt held by the Authority at September 30, 2010 and September 2009 were as follows:

Investment	Fair Value	Rating	Rating Organization
2010			
Mutual fund	$ 2,560,709	Not rated	N/A
U.S. government agency	$46,333,850	AAA	Standard & Poor's
2009			
Mutual fund	$ 5,911,138	Not rated	N/A
U.S. government agency	$32,427,633	AAA	Standard & Poor's
U.S. Treasury bills	$ 3,999,780	AAA	Standard & Poor's

Concentration of Credit Risk of Investments

Concentration of credit risk is the risk of loss attributable to the magnitude of the Authority's investment with a single issuer. The Authority has a policy limiting the dollar value of investments with a single issuer. The policy requires the Authority to limit investments in securities to any single issuer to 5 percent of total investments with the following exceptions:

U.S. Treasury	100% of total investments
Each federal agency	50% of total investments
Each repurchased agreement counterparty	25% of total investments
Each money market mutual fund	50% of total investments

The Authority had investments in the following companies that exceeded 5 percent of the Authority's total investments at September 30, 2010 and September 30, 2009:

2010

Name of Issuer	Amount	Percentage of Investment
Federal Farm Credit Banks	$17,063,550	34.9%
Federal Home Loan Banks	$13,480,081	27.6%
Fannie Mae	$ 7,080,005	14.5%
Ginnie Mae	$ 6,319,775	12.9%
SSgA Treasury Fund	$ 2,560,708	5.2%

2009

Name of Issuer	Amount	Percentage of Investment
Federal Farm Credit Banks	$14,297,189	33.8%
Federal Home Loan Banks	$ 9,694,108	22.9%
Freddie Mac	$ 3,025,145	7.2%

Note 5 Capital Assets

Capital asset activity for the fiscal year ended September 30, 2010 was as follows:

	October 1, 2009	Additions	Disposals	September 30, 2010	Depreciable Life - Years
Capital assets not being depreciated:					
Land	$ 125,000	$	$	$ 125,000	
Infrastructure - Bridge	102,721,644			102,721,644	
Total capital assets not being depreciated	$102,846,644	$ 0	$ 0	$102,846,644	
Other capital assets:					
Buildings	$ 5,134,443		$	$ 5,134,443	39
Equipment and vehicles	3,165,396	165,593	(593,361)	2,737,628	3 - 7
Total other capital assets	$ 8,299,839	$ 165,593	$ (593,361)	$ 7,872,071	
Less accumulated depreciation:					
Buildings	$ 1,719,745	$ 131,652	$	$ 1,851,398	
Equipment and vehicles	2,543,940	153,991	(583,718)	2,114,213	
Subtotal	$ 4,263,685	$ 285,643	$ (583,718)	$ 3,965,610	
Net other capital assets	$ 4,036,154	$ (120,050)	$ (9,642)	$ 3,906,460	
Net capital assets	$106,882,798	$ (120,050)	$ (9,642)	$106,753,104	

Depreciation expense was charged to functions as follows for the fiscal year ended September 30, 2010:

Bridge operations	$ 10,904
General operations	131,652
Maintenance	72,500
Administration	1,761
Infrastructure preservation	68,826
Total depreciation expense	$285,643

Capital asset activity for the fiscal year ended September 30, 2009 was as follows:

	October 1, 2008	Additions	Disposals	September 30, 2009	Depreciable Life - Years
Capital assets not being depreciated:					
Land	$ 125,000	$	$	$ 125,000	
Infrastructure - Bridge	102,721,644			102,721,644	
Total capital assets not being depreciated	$102,846,644	$ 0	$ 0	$102,846,644	
Other capital assets:					
Buildings	$ 5,134,443	$	$	$ 5,134,443	39
Equipment and vehicles	3,306,208	136,980	(277,792)	3,165,396	3 - 7
Total other capital assets	$ 8,440,651	$ 136,980	$ (277,792)	$ 8,299,839	
Less accumulated depreciation:					
Buildings	$ 1,588,093	$ 131,652	$	$ 1,719,745	
Equipment and vehicles	2,635,006	182,713	(273,779)	2,543,940	
Subtotal	$ 4,223,099	$ 314,365	$ (273,779)	$ 4,263,685	
Net other capital assets	$ 4,217,552	$ (177,385)	$ (4,013)	$ 4,036,154	
Net capital assets	$107,064,196	$ (177,385)	$ (4,013)	$106,882,798	

Depreciation expense was charged to functions as follows for the fiscal year ended September 30, 2009:

Bridge operations	$ 27,352
General operations	131,652
Maintenance	86,353
Administration	2,524
Infrastructure preservation	66,484
Total depreciation expense	$314,365

Note 6 **Due to State of Michigan**

The following is a summary of the amounts due to the State of Michigan for reimbursement of expenses made on behalf of the Authority:

	September 30	
	2010	2009
Michigan Department of Military and Veterans Affairs	$ 53,035	$ 54,227
Michigan Department of Natural Resources and Environment	200	200
Michigan Department of Energy, Labor & Economic Growth	480	38,212
Michigan Department of Transportation	1,950,856	1,575,725
Michigan Department of Technology, Management & Budget	1,071	
Total	$ 2,005,642	$ 1,668,364

Note 7 **Long-Term Liabilities**

Long-term liability activity for the fiscal years ended September 30, 2010 and September 30, 2009 was as follows:

	Balance October 1, 2009	Additions	Reductions	Balance September 30, 2010	Amounts Due Within One Year
Compensated absences	$ 563,537	$16,773	$	$ 580,310	$166,815
Prepaid tolls	871,605	60,154		931,759	497,758
Deferred revenue	63,985		2,761	61,224	14,474
Total	$1,499,127	$76,927	$ 2,761	$1,573,293	$679,047

	Balance October 1, 2008	Additions	Reductions	Balance September 30, 2009	Amounts Due Within One Year
Compensated absences	$ 504,433	$59,104	$	$ 563,537	$159,095
Prepaid tolls	973,683		102,078	871,605	441,605
Deferred revenue	65,333		1,348	63,985	14,145
Total	$1,543,449	$59,104	$103,426	$1,499,127	$614,845

The estimated portion of prepaid toll balances remaining relatively unchanged throughout the fiscal year is recorded as noncurrent. Deferred revenue from leases not being earned within one year of the fiscal year-end is reported as noncurrent. The estimated portion of employee leave balances remaining relatively unchanged throughout the fiscal year is recorded as noncurrent.

Note 8 Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority had purchased commercial insurance for property loss (other than total loss of the bridge), torts, and errors and omissions claims. Effective September 1, 2002, the Authority was no longer insured for total property loss of the bridge. Section 254.301a of the *Michigan Compiled Laws* allows the Authority to enter into an agreement with the Michigan Department of Transportation to provide for the self-insurance of bridge assets and activities. Effective August 5, 2009, the Authority canceled its commercial insurance policies, with the exception of its commercial automobile policy, and entered into an agreement with the Michigan Department of Transportation to self-insure the Authority's assets (excluding property loss of the bridge) and activities. The State of Michigan provides coverage for the Authority for medical benefits. The Authority also self-insures for employee injuries (workers' compensation) claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Authority estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. The estimated liability is included with accounts payable on the statement of net assets. Changes in the estimated liability for the past two fiscal years were as follows:

	2010	2009
Estimated Liability - Beginning of fiscal year	$ 118,036	$ 75,057
Estimated change of claims incurred	(17,380)	46,425
Claim payments	(8,394)	(3,446)
Estimated Liability - End of fiscal year	$ 92,262	$ 118,036

Note 9 Pension Plans and Postemployment Benefits

Plan Description - The Authority participates in the State of Michigan's defined benefit and defined contribution pension plans that cover most State employees, as well as related component units, such as the Mackinac Bridge Authority. The defined benefit and defined contribution pension plans are part of the State Employees' Retirement System administered by the Office of Retirement Services, Department of Technology, Management & Budget. Participants in each plan are eligible for retirement, healthcare, disability, and death benefits upon meeting certain vesting requirements. The State Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report is available on the State's Web site at http://www.michigan.gov/ors. The financial report for the defined contribution plan may be obtained by writing to the Department of Technology, Management & Budget, Office of Retirement Services at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909 or by calling (517) 322-5103.

Funding Policy - Plan members are not required to make contributions; the Authority is required to contribute at an actuarially determined rate for the defined benefit plan of 21.36 percent of payroll for the fiscal year ended September 30, 2010. For the fiscal year ended September 30, 2009, the actuarially determined rate for the defined benefit plan of 18.84 percent of payroll. The defined benefit contributions to the plan were equal to the required contributions for each year. The Authority is required to contribute to the defined contribution plan 4.0 percent of payroll with an additional match of up to 3.0 percent for the fiscal years ended September 30, 2010 and September 30, 2009. The contribution requirements of plan members and the Authority are established and may be amended by the State Legislature. The State Legislature establishes the extent to which the employer and employees are required to make contributions and establishes the benefit provisions for the plan. The Authority's contributions to the plan, including postemployment benefits as described below, for the fiscal years ended September 30, 2010, September 30, 2009, and September 30, 2008 were $827,730, $827,267, and $786,677, respectively.

Postemployment Benefits - In addition, the Authority participates in the State of Michigan's postemployment benefits. The cost of retiree healthcare benefits is an allocation calculated by the State of Michigan and funded on a pay-as-you-go basis. The contributions paid to this plan for the fiscal year ended September 30, 2010 ranged from 0 percent to 11.9 percent of payroll. For the fiscal year ended September 30, 2009, the contributions paid to this plan ranged from 0 percent to 11.8 percent of payroll. The State will pay 90 percent of healthcare benefits for employees hired on or before March 30, 1997 who participate in either the defined benefit plan or the defined contribution plan and meet certain vesting and other requirements. For employees who were hired after March 30, 1997, the State will pay up to 90 percent of the healthcare benefits for employees who meet certain vesting and other requirements.

Note 10 Commitments

As of September 30, 2010, the Authority had outstanding commitments on contracts to complete bridge painting and maintenance of the bridge, and consulting projects in the amount of $3,822,061.

REQUIRED SUPPLEMENTARY INFORMATION

The condition of the Mackinac Bridge is determined by using inspection procedures in accordance with the latest American Association of State Highway Transportation Officials Manual for Condition Evaluation of Bridges (including amendments and interim specifications), and the Federal Highway Administration - Bridge Inspector's Training Manual. The Mackinac Bridge Authority manages its bridge using its bridge management and inspection program and accounts for it using the modified approach. The Mackinac Bridge is inspected annually by an independent engineering firm.

It is the policy of the Mackinac Bridge Authority to keep the structure at an overall condition of "fair" or better. The condition rating descriptions are the ones used in the latest Michigan Department of Transportation - Michigan Bridge Inspection System.

Rating descriptions are as follows:

9	Excellent
8	Very good
7	Good
6	Satisfactory
5	Fair
4	Poor
3	Serious
2	Critical
1	Imminent failure
0	Failure

The condition rating for 2010, 2009, 2008, 2007, and 2006 was "good" as determined by inspection procedures. The most recent condition assessment shows that the condition of the Mackinac Bridge is in accordance with the Mackinac Bridge Authority's policy.

Comparison of Needed-to-Actual Maintenance/Preservation Costs

The amounts reported as needed maintenance/preservation costs are based on projects needing completion during the fiscal year, which included priority preservation costs, as well as other nonpriority preservation costs. The difference between the amounts needed and actual expenses during fiscal year 2009-10 is due to the contractor's lack of planned progress with painting the north side span. This work will be completed during the 2011 construction season.

	Fiscal Years				
	2009-10	2008-09	2007-08	2006-07	2005-06
Needed	$12,085,189	$15,283,302	$4,833,645	$1,390,200	$5,403,898
Actual	$ 9,469,470	$ 6,363,078	$4,309,868	$1,157,408	$5,235,262

Actual infrastructure maintenance and preservation costs were adequate to perform the needed priority maintenance and/or preservation projects to keep the Mackinac Bridge at or above the established condition level.

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INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL AND COMPLIANCE

STATE OF MICHIGAN
OFFICE OF THE AUDITOR GENERAL
201 N. WASHINGTON SQUARE
LANSING, MICHIGAN 48913
(517) 334-8050
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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Mr. Robert J. Sweeney, Executive Secretary
Mackinac Bridge Authority
St. Ignace, Michigan

Dear Mr. Sweeney:

We have audited the financial statements of the Mackinac Bridge Authority, a discretely presented component unit of the State of Michigan, as of and for the fiscal years ended September 30, 2010 and September 30, 2009, as identified in the table of contents, and have issued our report thereon dated December 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

<u>Internal Control Over Financial Reporting</u>
In planning and performing our audit, we considered the Mackinac Bridge Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined in the preceding paragraph.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Governor, the Legislature, the Mackinac Bridge Authority Board, management, and others within the Michigan Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR GENERAL

December 20, 2010

GLOSSARY

deficiency in internal control over financial reporting	The design or operation of a control that does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
financial audit	An audit that is designed to provide reasonable assurance about whether the financial schedules and/or financial statements of an audited entity are presented fairly in all material respects in conformity with the disclosed basis of accounting.
GASB	Governmental Accounting Standards Board.
internal control	A process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.
material misstatement	A misstatement in the financial schedules and/or financial statements that causes the schedules and/or statements to not present fairly the financial position or the changes in financial position or cash flows in conformity with the disclosed basis of accounting.
material weakness in internal control over financial reporting	A deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial schedules and/or financial statements will not be prevented, or detected and corrected, on a timely basis.

significant deficiency in internal control over financial reporting	A deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
SSgA	State Street Global Advisors.
unqualified opinion	An auditor's opinion in which the auditor states that the financial statements presenting the basic financial information of the agency are fairly presented in conformity with the disclosed basis of accounting.

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STATE OF MICHIGAN

OFFICE of the AUDITOR GENERAL