WYOMING DEPARTMENT OF TRANSPORTATION

FINANCIAL AND COMPLIANCE REPORT

SEPTEMBER 30, 2015

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Transportation Commission
Wyoming Department of Transportation
Cheyenne, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Wyoming Department of Transportation (the "Department"), a component unit of the State of Wyoming, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Department as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Notes 1 and 9 to the financial statements, in 2015, the Department adopted new accounting guidance with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB 27 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 13, Infrastructure Assets Reported Using the Modified Approach on pages 43 through 46, Schedule of Revenue Appropriated and Expenses Allocated – Budget and Actual – Department on page 47, Schedules of the Department's Proportionate Share of the Net Pension Liability and Schedules of the Department's Contributions on pages 48 through 50, and the Notes to Required Supplementary Information on pages 51 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The Combining Statements of Nonmajor Governmental Funds, Combining Statements of Fiduciary Funds, and Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2016 on our consideration of the Department'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
March 3, 2016

WYOMING DEPARTMENT OF TRANSPORTATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
September 30, 2015 and 2014

This section of the financial report of the Wyoming Department of Transportation (Department), a component unit of the State of Wyoming, presents our discussion and analysis of the Department's financial performance during the fiscal year that ended on September 30, 2015.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

The Department's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources as of September 30, 2015 by $5.86 billion. This is an increase of $91.27 million from 2014 less an adjustment to beginning net position of $83.77 million. The 2014 net position was adjusted to include the beginning position for the Department's share of the net pension liability as required by GASB Statement No.s 68 and 71. Due primarily to the inclusion of the net pension liability, the Department's unrestricted net position decreased by $127.80 million from $125.22 million to a negative $2.58 million. The Department's restricted net position decreased by $10.88 million from $41.33 million to $30.45 million. The Department has $5.83 billion invested in infrastructure and capital assets which is an increase of $146.18 million from the previous year.

The Department's investment in road, bridge and communication infrastructure assets during the year resulted in an increase of $142.80 million in infrastructure assets.

Fund Financial Statements

As of September 30, 2015, the Department's governmental funds reported combined fund balances of $98.52 million, a decrease of $39.69 million. As of September 30, 2015, the Department's governmental funds had $28.40 million classified as non-spendable, which is invested in inventories. The Department has $30.45 million classified as restricted fund balance: $0.78 million is restricted by creditors for specific use, $0.43 million is restricted for radioactive waste clean-up, $3.16 million is restricted for air service enhancement, $0.02 million is restricted for ignition interlock device expenditures, and the remaining $26.06 million is restricted for loans on infrastructure projects. The Department has $15.85 million of committed fund balance is made up of the unexpended amount of the additional $0.10 motor fuels taxes committed for contractor payments on road construction. The Department has $12.17 million classified as assigned fund balance: $7.35 million for the purpose of its State Infrastructure Bank Fund, $2.32 million for the Department's Statewide Communications Fund, $0.75 million for the Motorcycle Safety Fund, and $1.75 million for the purposes of the other non-major governmental funds. The remaining $11.67 million is classified as unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Department's basic financial statements. In general, the purpose of the financial reporting is to provide external parties that read financial statements with information that will help them to make decisions or draw conclusions about an entity. These parties do not always have the same specific objectives. In order to address the needs of as many parties as reasonably possible, the Department's basic financial statements, in accordance with required reporting standards, consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The focus of the Department's government-wide financial statements is on the overall financial position and activities, similar to the focus of a private-sector business. The Department's government-wide financial statements include the Statement of Net Position and Statement of Activities. The purpose of the Statement of Net Position is to report all of the assets held, deferred outflows of resources, liabilities and deferred inflows of resources owed by the Department. The Department reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the Department's total assets and deferred outflows of resources compared to total liabilities and deferred inflows of resources is titled net position. This difference is similar to the owner's equity presented by a private-sector business. Over time, changes in net position may serve as a useful indicator whether the financial position of the Department is improving or deteriorating.

The purpose of the Statement of Activities is to present all the revenues and expenses of the Department. Again, the items presented on the Statement of Activities are measured in a manner similar to the approach used by a private-sector business in that revenues are recognized when earned or established criteria are satisfied, and expenses are reported when incurred by the Department. Revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have been paid during the current period.

Although the Statement of Activities looks different from a private-sector business' income statement, the statement is different only in format, not substance. Whereas the private-sector reports its bottom line as net income, the Department reports an amount described as change in net position.

The focus of the Statement of Activities is on the net cost of various activities provided by the Department. The first column identifies the cost of each of the Department's major functions. The next three columns identify the specific revenues related to the classified governmental functions. The difference between the expenses and revenues related to specific programs computes the net cost or benefit of the program, which identifies the extent to which each function of the Department draws from general revenues or is self-sufficient through fees, intergovernmental aid, and other sources of resources.

Both of these government-wide financial statements distinguish functions of the Department that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (business-type activities). All of the Department's activities are governmental activities. The governmental activities include general administration, road preservation, planning, highway safety, the Federal transit program, licensing and registration, law enforcement, the statewide communication system, the flight services program and airport improvements.

The Department's government-wide financial statements are presented on pages 14 and 15.

Fund Financial Statements

The fund financial statements provide more detailed information about the Department's most significant funds – not the Department as a whole. Funds are accounting devices that the Department uses to keep track of specific sources of funding and spending. Except for the General Fund, a specific fund is established to satisfy legal requirements established by external parties or governmental statutes or regulations. The Department establishes other funds to control and manage money for particular purposes or to show that it is properly using certain resources. The Department's fund financial statements are divided into two broad categories, governmental funds and fiduciary funds.

Governmental fund financial statements consist of a Balance Sheet and Statement of Revenue, Expenditures, and Changes in Fund Balances. The statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements. All of the Department's programs are included in the governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out in a short period of time. For example, amounts reported on the Balance Sheet include items such as cash and receivables collectable within a short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid in a short period after the end of the fiscal year. The difference between a fund's total assets compared to total liabilities and deferred inflows of resources is labeled as the fund balance. The fund balance generally indicates the amount that can be used to finance next year's activities.

The operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid in cash, respectively, during the current period or very shortly after the end of the year. Consequently, the governmental funds statements provide a short-term view that helps determine if there are more or fewer financial resources to finance the Department's programs. Because this information does not encompass the long-term focus of the government-wide statements, we provide an analysis following the Balance Sheet, reconciling the total fund balances to the amount of net position reported in the Statement of Net Position. Also, there is an analysis following the Statement of Revenue, Expenditures, and Changes in Fund Balances that reconciles to the change in net position presented in the government-wide Statement of Activities.

The Department presents in separate columns funds that are most significant to the Department, and all other non-major governmental funds are aggregated and reported in a single column.

The Department's governmental fund financial statements are presented on pages 16 through 19.

Fiduciary funds are used to account for assets held by the Department for the benefit of other parties. Fiduciary funds are not presented in the government-wide financial statements because the resources of these funds are not available to finance the Department's activities. However, the financial statements of fiduciary funds are included in the Department's financial statements because the Department is financially accountable for these resources, even though they belong to other parties.

The fiduciary funds statements are presented on page 20.

Notes to the basic financial statements provide additional information that is essential to a full understanding of data provided in the government-wide and fund statements. The notes are presented on pages 21 through 42.

Required Supplementary Information (RSI) is presented concerning the Department's General Fund infrastructure assets reported using the modified approach, budgetary schedule, proportionate share of the net pension liability, contributions to the net pension liability, and notes to the Required Supplementary Information. The RSI is presented on pages 43 through 53.

In addition to the required elements, we have included the combining funds statements that provide details about our non-major governmental and fiduciary funds presented in single columns in the basic financial statements. These are presented immediately following the required supplementary information. Combining fund statements are presented on pages 54 through 57.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Department's financial position. The Department's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $5.86 billion. By far the largest portion of the Department's net position (99.52%) reflects its investment in capital assets. The vast majority of these capital assets are the $5.64 billion investment in road, bridge and communication infrastructure assets. These assets are not available for future spending. The Department has $13.42 million in outstanding debt relating to current and anticipated capital asset purchases. The Department's other noncurrent liabilities include net pension liability of $109.83 million for the year ended September 30, 2015. The Department's $30.45 million restricted net position reflects resources that are legally restricted for specific purposes. The unrestricted net position is reduced to $(2.58) million as a result of recognition of the net pension liability.

The following financial information was derived from the September 30, 2015 and 2014 Statement of Net Position.

Summary of Net Position
(expressed in millions, totals may not add due to rounding)

	2015		2014*		Increase (Decrease)	
Current assets	$ 162.27	2.70%	$ 242.28	4.08%	$ (80.01)	-33.02%
Infrastructure	5,635.01	93.82%	5,492.21	92.60%	142.80	2.60%
Other capital assets	209.11	3.48%	196.89	3.32%	12.22	6.21%
Total assets	6,006.39	100.00%	5,931.38	100.00%	75.01	1.26%
Deferred outflows	21.61	100.00%	-	0.00%	21.61	100.00%
Current liabilities	32.84	19.59%	53.76	67.60%	(20.92)	-38.91%
Noncurrent liabilities	134.82	80.41%	25.76	32.40%	109.06	423.37%
Total liabilities	167.66	100.00%	79.52	100.00%	88.14	110.84%
Deferred inflows	0.99	100.00%	-	0.00%	0.99	100.00%
Net position						
Invested in capital assets	5,831.49	99.52%	5,685.31	97.15%	146.18	2.57%
Restricted net position	30.45	0.52%	41.33	0.71%	(10.88)	-26.32%
Unrestricted net position	(2.58)	-0.04%	125.22	2.14%	(127.80)	-102.06%
Total net position	$ 5,859.36	100.00%	$ 5,851.86	100.00%	$ 7.50	0.13%

* GASB 68 is effective for the year ended September 30, 2015. The year ended September 30, 2014, as presented in this column, was not restated. For further discussion see Note 1 of this report.

The current assets of $162.27 million consist of $43.65 million in cash, $90.24 million in accounts receivable and $28.38 million in inventories. The $80.01 million decrease in current assets is due to reduction of receivables at year end for mineral royalty and severance tax revenues. Also at year end, the Department accelerated many contractor payments due to the Federal Highway Administration not paying reimbursements during October due to a system upgrade.

The current liabilities of $32.84 million are comprised of $20.37 million in accounts payable, $0.14 million in deposits held for others, $0.51 million in lease purchase payable due within on year, and $11.82 million in compensated absences due within one year. The $20.92 million decrease is also due to accelerated contractor payments.

Non-current liabilities are $134.82 million and mostly due to the recognition of the Department's $109.83 million net pension liability, compensated absences due in more than one year $12.08 million, and lease purchase agreement payable due in more than one year $12.90 million.

The following financial information was derived from the government-wide Statement of Activities and reflects how the Department's net position changed.

Summary of Changes in Net Position

(expressed in millions, totals may not add due to rounding)

	2015		2014*		Increase (Decrease)	
Revenues						
Program revenues						
Charges for services	$ 27.10	4.23%	$ 35.50	5.42%	$ (8.40)	-23.66%
Operating grants and contributions	335.50	52.38%	286.60	43.78%	48.90	17.06%
Capital grants and contributions	10.61	1.66%	16.35	2.50%	(5.74)	-35.11%
General revenues						
Motor fuels tax and registration fees	164.51	25.68%	184.06	28.11%	(19.55)	-10.62%
Mineral royalty and severance taxes	53.79	8.40%	77.43	11.83%	(23.64)	-30.53%
State general fund money	43.68	6.82%	43.99	6.72%	(0.31)	-0.70%
Investment income	(0.03)	0.00%	2.78	0.42%	(2.81)	-101.08%
Other revenue	5.34	0.83%	8.00	1.22%	(2.66)	-33.25%
Total revenue	640.50	100.00%	654.71	100.00%	(14.21)	-2.17%
Expenses						
Road preservation and maintenance	379.48	69.09%	389.31	71.24%	(9.83)	-2.52%
Planning	10.61	1.93%	10.77	1.97%	(0.16)	-1.49%
Highway safety	8.84	1.61%	7.34	1.34%	1.50	20.44%
Administration	30.26	5.51%	28.67	5.25%	1.59	5.55%
Federal transit program	13.63	2.48%	19.36	3.54%	(5.73)	-29.60%
Licensing and registration	12.84	2.34%	13.97	2.56%	(1.13)	-8.09%
Law enforcement	40.46	7.37%	36.58	6.69%	3.88	10.61%
Statewide communication system	4.17	0.76%	3.91	0.72%	0.26	6.65%
Airport improvement program	48.22	8.78%	35.70	6.53%	12.52	35.07%
Flight services program	0.73	0.13%	0.88	0.16%	(0.15)	-17.05%
Total expenses	549.24	100.00%	546.49	100.00%	2.75	0.50%
Change in net position	91.26		108.22		(16.96)	
Net position, beginning (adjusted)	5,768.09		5,743.64		24.45	
Ne position, ending	$ 5,859.35		$ 5,851.86		$ 7.49	

* GASB 68 is effective for the year ended September 30, 2015. The year ended September 30, 2014, as presented in this column, was not restated. For further discussion see Note 1 of this report.

The Department's total revenues are down when compared to previous the year. The Department recognized $19.55 million less in motor fuels tax revenue and $23.64 million less in mineral royalties but those decreases are offset by a $48.90 million increase in operating grants and contributions. Capital grants and contributions decreased due to the Federal Transit program and charges for services were down for the year mainly because of less local participation in construction projects. Mineral royalties and severance tax revenues decreased from revenues recognized in 2014. The Department expects to receive its entire capped amount for royalties each year, but it may take longer to reach that amount due to fluctuations in market price and production. Investment income was down due to flat market conditions and the amount of cash available during 2015.

Total expenses were up slightly when compared with 2014, increasing by $2.75 million. Road preservation and maintenance program expenses were down $9.83 million due mainly to the amount of infrastructure assets capitalized during the year. Airport improvement program expenses were up by $12.52 million during the year due to a significant increase in Federal grants which resulted in an increase in grants made by the Department.

Fund Level Financial Analysis

The Department uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The Department's activities are contained in the General, State Infrastructure Bank and Non-major Governmental funds. As previously mentioned the focus of the Department's governmental funds is to provide information on the near-term inflows, outflows and balances of expendable resources.

At September 30, 2015, the Department's governmental funds reported combined fund balances of $98.52 million, a decrease of $39.69 million compared to the prior year.

The General Fund is the main operating fund of the Department. As of September 30, 2015, the total fund balance was $56.90 million. The State Infrastructure Bank fund balance as of September 30, 2015 was $33.41 million.

The following schedule presents revenues by source compared to the prior year.

Summary of Revenue - Governmental Funds
(expressed in millions, totals may not add due to rounding)

	2015		2014		Increase (Decrease)	
REVENUES						
Motor fuels tax and registration fees	$ 107.98	16.53%	$ 119.48	18.43%	$ (11.50)	-9.63%
Mineral royalty and severance taxes	62.53	9.57%	74.15	11.43%	(11.62)	-15.67%
Highway user fees	81.39	12.46%	82.94	12.79%	(1.55)	-1.87%
Federal aid revenue	293.89	44.99%	256.85	39.61%	37.04	14.42%
Federal grant revenue	52.13	7.98%	45.67	7.04%	6.46	14.14%
Interest and investment income	(0.03)	0.00%	2.78	0.43%	(2.81)	-101.08%
City, County and other matching revenue	2.64	0.40%	8.03	1.24%	(5.39)	-67.12%
Flight services revenue	0.80	0.12%	0.72	0.11%	0.08	11.11%
Communication network revenue	0.25	0.04%	0.28	0.04%	(0.03)	-10.71%
Other state sources	43.68	6.69%	43.99	6.78%	(0.31)	-0.70%
Miscellaneous revenue	7.96	1.22%	13.62	2.10%	(5.66)	-41.56%
Total revenues	$ 653.22	100.00%	$ 648.51	100.00%	$ 4.71	0.73%

Total revenues for governmental activities were up slightly when compared to 2014, $653.22 million in 2015 and $648.51 million in 2014. Federal Aid increased by $37.04 million due to an increase in billable Federal construction activity. The $11.50 million decrease in motor fuel and registration taxes reflects an economic downturn in the extractive industries. The recognized amount of mineral royalty and severance tax revenue decreased from that of 2014 due to fluctuations in price and production. Federal grant revenue increased $6.46 million over that of 2014 due to more stable funding for airport improvement projects. Investment income was down due to market conditions and cash available for investment during the year.

The following schedule presents expenditures by activities compared to the prior year.

Summary of Expenditures - Governmental Funds
(expressed in millions, totals may not add due to rounding)

	2015		2014		Increase (Decrease)	
EXPENDITURES						
Road construction	$ 392.25	56.32%	$ 362.66	55.89%	$ 29.59	8.16%
Maintenance	131.49	18.88%	130.62	20.13%	0.87	0.67%
Planning	10.59	1.52%	10.85	1.67%	(0.26)	-2.40%
Federal transit program	13.62	1.96%	19.36	2.98%	(5.74)	-29.65%
Administration	35.21	5.06%	27.90	4.30%	7.31	26.20%
Law enforcement	38.97	5.60%	36.00	5.55%	2.97	8.25%
Highway safety	7.53	1.08%	7.33	1.13%	0.20	2.73%
Licensing and registration	12.82	1.84%	13.95	2.15%	(1.13)	-8.10%
Airport improvement	49.04	7.04%	35.42	5.46%	13.62	38.45%
Flight services	0.73	0.10%	0.88	0.14%	(0.15)	-17.05%
Statewide communication system	4.17	0.60%	3.90	0.60%	0.27	6.92%
Total expenditures	$ 696.42	100.00%	$ 648.87	100%	$ 47.55	7.33%

Expenditures for governmental functions were up from $648.87 million in 2014 to $696.42 million for fiscal year 2015, a 7.33% increase. The majority of the increase occurred in roadway construction and the Airport Improvement program. Roadway construction experienced an increase of $29.59 million, which reflects the recognition of more billable Federal construction activities, airport improvement increased $13.62 million, which reflects the required matching expenditures for program revenues.

Capital Assets and Debt Administration

The Department's investment in capital assets for its governmental activities as of September 30, 2015 amounted to $5.83 billion (net of accumulated depreciation). This investment in capital assets includes infrastructure (consisting of roadways, bridges, and statewide communications network), land, site improvements, buildings, equipment and construction in progress. Additional information on the Department's capital assets can be found in Note 7 of the financial statements.

During the year, the Department invested $142.80 million in infrastructure assets. The Department also had major additions to depreciable assets for: $13.86 million buildings; $9.50 million vehicles, aircraft and roadway machinery; and $0.75 million general property. The Department continues to stretch the existing equipment replacement cycle in order to reduce amounts expended. Note 7 provides more detailed information on the capital asset activity during the year for the Department.

The schedule below shows the changes in capital assets during the year:

	Beginning Balance September 30, 2014	Additions	Deletions	Ending Balance September 30, 2015
Infrastructure	$ 5,492,214,016	$ 172,416,439	$ (29,618,029)	$ 5,635,012,426
Nondepreciable capital assets				
Land	$ 7,240,775	$ -	$ -	$ 7,240,775
Work in progress	6,527,027	18,491,992	(12,140,340)	12,878,679
Depreciable and amortizable capital assets				
Site improvements	12,997,938	281,050	-	13,278,988
Buildings	169,613,258	13,862,546	(265,205)	183,210,599
Vehicles, aircraft and road machinery	136,541,620	9,498,812	(6,490,889)	139,549,543
General property	21,877,115	753,908	(558,593)	22,072,430
Software	2,280,209	17,059	-	2,297,268
Depletable capital assets				-
Gravel pit	1,233,000	-	-	1,233,000
Total capital assets at historical cost	358,310,942	42,905,367	(19,455,027)	381,761,282
Total depreciation, depletion and amortization	(161,419,988)	(15,676,453)	4,441,800	(172,654,641)
Non-infrastructure capital assets - net	$ 196,890,954	$ 27,228,914	$ (15,013,227)	$ 209,106,641

The Department's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34. The Department has elected to use the modified approach for infrastructure reporting and, therefore, does not depreciate its infrastructure assets. The infrastructure consists of the road subsystem, bridge subsystem and the statewide communication system.

The Department manages its road network with a pavement management system developed by the Department. The pavement condition is rated in three areas: ride, rutting and cracking. A composite rating is derived from the three condition ratings called the Pavement Serviceability Rating (PSR). The pavement management system establishes a PSR on a scale from 0 to 5 for each road section with excellent 5.0 to 3.5, good 3.5 to 3.0, fair 3.0 to 2.5 and poor 2.5 to 0. It is the Department's policy to maintain its National Highway Road System (NHS) at 3.25 (good) and its Off the National Highway Road System (Non-NHS) at 3.0 (fair). As of September 30, 2015, the NHS is at 3.54 and the Non-NHS is at 3.22.

The Department uses a comprehensive bridge management system to assist in managing the State's bridges. Each bridge is inspected at least once every two years. This inspection measures, assesses, and records the required National Bridge Inventory (NBI) items, including dimensions, clearances, alignment, waterway data and structural condition. The structural condition is evaluated by using structural elements. Each component of the bridge (girders, deck, railing, columns, piling, etc.) is assigned an element and the condition of each element is evaluated based on several condition assessments. The structure's NBI data is then used to determine its Wyoming Bridge Index (WBI).

The WBI provides a high level view for reporting purposes while individual components help distinguish differences in bridge attributes that may otherwise go unnoticed when using a single rating or index (e.g. Sufficiency Rating). It is composed of a Structural Condition Rating (SCR), Maintenance Rating (MR), Functionality Rating (FR), and Risk Rating (RR). These ratings are assessments of a bridge's current structural adequacy, condition of commonly maintained components, attributes affect on users, and vulnerability to extreme events. The bridges are given an overall WBI Performance Category of Excellent, Good, Fair, or Poor based on a composite score of the four component ratings.

The Department's goal is to maintain 85% percent of its NHS and Non-NHS bridges in Excellent, Good, and Fair Condition (i.e. 15% or less in Poor condition).

As of September 30, 2015, the bridge ratings were as follows:

2015 Structure Condition Rating					
NHS			Non NHS		
Condition	Number	Percent	Condition	Number	Percent
Excellent	112	8.3%	Excellent	88	14.3%
Good	533	39.6%	Good	244	39.7%
Fair	661	49.2%	Fair	247	40.1%
Poor	39	2.9%	Poor	36	5.9%
Total	1345	100.0%	Total	615	100.0%

The Department's new communication infrastructure facilitates statewide radio communications for and between public safety agencies, including law enforcement, fire, emergency medical, transportation and other entities. The Governor has appointed Public Safety Communications Commission commissioners to provide guidance regarding system operations and participation, and advice to promote system development, improvement, and efficiency.

To assess and monitor the communication system's operating effectiveness, Telecom Infrastructure Asset ratings are calculated from the Telecommunications Program using various measures. Ratings are grouped as WyoLink Base/Repeater, and Other-Telecom (Radio Site and Microwave). Telecom maintained this communications infrastructure following the technical evaluation and documentation procedures detailed in the policy. The Department's policy is to maintain 100% of its communication system in acceptable condition; actual overall rating was 100% with all assets in acceptable or good condition at the end of the year.

The Department estimated maintenance and preservation expenditures on infrastructure assets of $416.2 million for the year ended September 30, 2015. Actual expenditures on infrastructure for maintenance and preservation were $445.2 million, a difference of $29.0 million. The difference is due to the size and length of the construction projects.

WYDOT Budgetary Highlights

The Department's budget was revised at the first, second and third quarters during the year. The revenue from the $.10 motor fuel tax increase has assisted the Department in maintaining the transportation system. The Department continues to work with the legislature on other long-term funding needs.

Lease Purchase Agreement

At the end of the current year, the Department had $13.42 million in outstanding debt related to its capital assets in the form of a lease-purchase agreement. The energy efficiencies should provide enough energy cost savings to make the principal and interest payments. This strategy allowed the Department to invest in the energy upgrades without taking financial resources from the Department's core mission of providing a safe and efficient transportation system. Additional information on the Department's lease purchase agreements can be found in Note 6 of the financial statements.

Economic Outlook

State legislation limits the amount of revenue the Department receives from state sources including mineral royalties, severance taxes, and highway user fees. Continued limits on state revenue will challenge the Department, especially for road projects not eligible to receive National Highway Federal Aid.

The U.S. Congress recently passed a long-term highway spending bill which was signed into law by the President. This bill called FAST (Fixing America's Surface Transportation) stabilizes WYDOT's Federal funding for the next five years at or a little above current funding levels through 2020.

Requests for Information

This financial report is designed to provide a general overview of the Department's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Wyoming Department of Transportation, Financial Services, 5300 Bishop Boulevard, Cheyenne, Wyoming 82010.

BASIC FINANCIAL STATEMENTS

WYOMING DEPARTMENT OF TRANSPORTATION

STATEMENT OF NET POSITION
September 30, 2015

ASSETS	
Current Assets	
Cash with State Treasurer	$ 42,834,826
Cash with other institutions	816,882
Accounts receivable	90,235,776
Inventories	28,386,689
Total current assets	162,274,173
Noncurrent Assets	
Depreciable capital assets, net	188,987,187
Land and non-depreciable infrastructure	5,238,205,780
Construction in progress	416,926,100
Total noncurrent assets	5,844,119,067
Total assets	$ 6,006,393,240
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Outflows	$ 21,613,914
LIABILITIES	
Current Liabilities	
Accounts payable	$ 20,365,775
Deposits of others	142,341
Lease purchase payable, due within one year	515,490
Compensated absences, due within one year	11,818,891
Total current liabilities	32,842,497
Noncurrent Liabilities	
Lease purchase payable, due in more than one year	12,899,843
Compensated absences, due in more than one year	12,084,742
Net pension liability	109,832,140
Total noncurrent liabilities	134,816,725
Total liabilities	$ 167,659,222
DEFERRED INFLOWS OF RESOURCES	
Pension Related Inflows	$ 991,448
NET POSITION	
Invested in capital assets net of related debt	$ 5,831,486,367
Restricted net position	30,451,523
Unrestricted net position	(2,581,406)
Total net position	$ 5,859,356,484

See Notes to Financial Statements.

WYOMING DEPARTMENT OF TRANSPORTATION

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities					
Road preservation and maintenance	$ 379,475,018	$ 20,302,780	$294,672,034	$ -	$ (64,500,204)
Planning	10,610,282	-	-	-	(10,610,282)
Highway safety	8,838,934	47,100	4,712,435	-	(4,079,399)
Administration	30,255,148	33,223	-	-	(30,221,925)
Federal transit program	13,629,344	-	1,722,597	10,614,381	(1,292,366)
Licensing and registration	12,840,204	5,664,115	-	-	(7,176,089)
Law enforcement	40,463,072	-	1,066,228	-	(39,396,844)
Statewide communication network	4,172,196	244,802	-	-	(3,927,394)
Airport improvement program	48,223,809	-	33,324,205	-	(14,899,604)
Flight services program	732,057	803,979	-	-	71,922
	$ 549,240,064	$ 27,095,999	$335,497,499	$ 10,614,381	(176,032,185)

General Revenues	
Motor fuels tax and registration fees	164,514,451
Mineral severance taxes and royalties	53,788,201
State general fund revenue	43,680,806
Investment income	(30,487)
Other revenue	5,344,297
Total general revenue	267,297,268
Changes in net position	91,265,083
Net Assets, beginning of year, as originally reported	5,851,859,935
Adjustments to prior period (Note 9)	(83,768,534)
Net Assets, beginning of year, as adjusted	5,768,091,401
Net Assets, end of year	$ 5,859,356,484

See Notes to Financial Statements.

WYOMING DEPARTMENT OF TRANSPORTATION

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015

ASSETS	WYDOT General Fund	State Infrastructure Bank Fund	Non Major Funds	Total Governmental Funds
Cash with State Treasurer	$ 28,810,551	$ 5,558,673	$ 8,465,602	$ 42,834,826
Cash with other institutions	816,387	-	495	816,882
Accounts receivable	89,963,898	-	271,877	90,235,775
Due from other funds	48,959	-	-	48,959
Advances to other funds	-	27,850,030	-	27,850,030
Inventories	28,386,689	-	-	28,386,689
Total assets	$ 148,026,484	$ 33,408,703	$ 8,737,974	$ 190,173,161
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities				
Accounts payable	$ 19,894,780	$ -	$ 470,994	$ 20,365,774
Due to other funds	-	-	48,959	48,959
Deposits of others	142,341	-	-	142,341
Advances from other funds	27,850,030	-	-	27,850,030
Total liabilities	47,887,151	-	519,953	48,407,104
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	43,243,715	-	-	43,243,715
Fund Balances				
Non-spendable	28,386,689	-	-	28,386,689
Restricted	782,633	26,061,739	3,607,151	30,451,523
Committed	15,848,286	-	-	15,848,286
Assigned	-	7,346,964	4,818,647	12,165,611
Unassigned	11,878,010	-	(207,777)	11,670,233
Total fund balances	56,895,618	33,408,703	8,218,021	98,522,342
Total liabilities, deferred inflows of resources and fund balance	$ 148,026,484	$ 33,408,703	$ 8,737,974	$ 190,173,161

See Notes to Financial Statements.

WYOMING DEPARTMENT OF TRANSPORTATION

**RECONCILIATION OF GOVERMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
September 30, 2015**

Total fund balance - Governmental funds		$ 98,522,342
Amounts reported for governmental activities in the statement of net position are different because:		
Infrastructure and other capital assets used in governmental activities are not financial recourses and, therefore, not reported in the governmental funds. When capital assets used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. These assets and related accumulated depreciation, depletion and amortization consist of:		
Infrastructure assets	5,230,965,005	
Land	7,240,775	
Non-infrastructure WIP	12,878,679	
Infrastructure WIP	404,047,421	
Site improvements	13,278,988	
Buildings	183,210,599	
Vehicles, aircraft and road machinery	139,549,543	
General property	22,072,430	
Gravel pit	1,233,000	
Non-tangible assets	2,297,268	
Accumulated depreciation, depletion and amortization	(172,654,641)	
		5,844,119,067
Pension related deferred outflows of resources used in governmental activities are not financial resources and therefore, not reported in the governmental funds.		21,613,914
Because the focus of governmental funds is on short-term financing, some assets (mineral and severance tax receivable) will not be available to pay for current expenditures. Those assets are offset by deferred revenue in the governmental funds and, thus are not included in governmental fund balance.		43,243,715
Some liabilities are not due and payable in the current period and, therefore, not reported in the governmental funds. Those liabilities consist of:		
Net pension liability	(109,832,140)	
Long term lease-purchase agreement	(13,415,333)	
Compensated absences and termination benefits	(23,903,633)	
		(147,151,106)
Pension related deferred inflows of resources used in governmental activities are not financial resources and therefore, not reported in the governmental funds.		(991,448)
Net position of governmental activities		$ 5,859,356,484

See Notes to Financial Statements.

WYOMING DEPARTMENT OF TRANSPORTATION

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2015

	WYDOT General Fund	State Infrastructure Bank Fund	Non Major Funds	Total Governmental Funds
Revenue				
Motor fuels tax and registration fees	$ 107,979,255	$ -	$ -	$ 107,979,255
Mineral royalty and severance tax	62,532,960	-	-	62,532,960
Highway user fees	80,820,741	-	566,993	81,387,734
Federal aid revenue	293,723,339	-	165,262	293,888,601
Federal grant revenue	40,072,600	-	12,054,823	52,127,423
Interest and investment revenue	367,809	(187,642)	(210,654)	(30,487)
City, county and other matching revenue	2,640,598	-	-	2,640,598
Flight service revenue	-	-	803,982	803,982
Communication network revenue	(2,870)	-	247,672	244,802
Other state sources revenue	41,210,000	-	2,470,806	43,680,806
Other miscellaneous revenue	7,961,697	-	-	7,961,697
Total revenues	637,306,129	(187,642)	16,098,884	653,217,371
Expenditures				
Road construction	392,246,126	-	-	392,246,126
Maintenance	131,486,800	-	-	131,486,800
Planning	10,592,062	-	-	10,592,062
Federal transit	-	-	13,623,804	13,623,804
Administration	35,208,658	-	-	35,208,658
Law enforcement	38,733,622	-	235,653	38,969,275
Highway safety	7,175,499	-	350,967	7,526,466
Licensing and registration	12,616,786	-	205,839	12,822,625
Airport improvement	47,188,813	-	1,851,617	49,040,430
Flight services	-	-	732,057	732,057
Communication network	-	-	4,171,426	4,171,426
Total expenditures	675,248,366	-	21,171,363	696,419,729
Excess (deficiency) of revenues over expenditures	(37,942,237)	(187,642)	(5,072,479)	(43,202,358)
Other financing sources (uses)				
Transfer of funds in	-	-	1,500,000	1,500,000
Transfer of funds out	(1,500,000)	-	-	(1,500,000)
Proceeds from sale of assets	3,510,746	-	-	3,510,746
Total other financing sources (uses)	2,010,746	-	1,500,000	3,510,746
Net changes in fund balances	(35,931,491)	(187,642)	(3,572,479)	(39,691,612)
Fund Balances, beginning of year	92,827,109	33,596,345	11,790,500	138,213,954
Fund Balances, end of year	$ 56,895,618	$ 33,408,703	$ 8,218,021	$ 98,522,342

See Notes to Financial Statements.

WYOMING DEPARTMENT OF TRANSPORTATION

RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

Net change in fund balance - total governmental funds		$ (39,691,612)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their useful lives as depreciation, depletion or amortization expense, as applicable. In the current period, these amounts are:		
Expenditures for capital assets, infrastructure and other related asset	173,563,437	
Current year depreciation, depletion and amortization	(15,676,453)	
Disposition of assets	(2,872,887)	
		155,014,097
Some mineral royalties and severance tax revenues reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported in the governmental funds.		(16,222,971)
Repayment of lease purchase agreement principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is offset by the total proceeds from the lease purchase agreement during the year.		(208,885)
The liability for compensated absences are reported on the Statement of Activities, but does not require the use of current financial resources and, therefore, not reported as expenditures in governmental funds. This is the current period change in liability.		(2,184,406)
The change in the defined benefit net pension liability, pension related outflows and pension related inflows are not reported in the government funds. This is the net effect of the change in these balances in the Statement of Net Position.		(5,441,140)
Change in net position of governmental activities		$ 91,265,083

See Notes to Financial Statements.

WYOMING DEPARTMENT OF TRANSPORTATION

STATEMENT OF FIDUCIARY NET POSITION
September 30, 2015

ASSETS		
Cash with State Treasurer	$	11,295,974
Cash with other institutions		1,660
Accounts receivable		6,768,853
Total assets	$	18,066,487
LIABILITIES		
Accounts payable	$	9,909,554
Deposits of others		8,156,933
Total liabilities	$	18,066,487

See Notes to Financial Statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Wyoming Department of Transportation (the "Department") is a component unit of the State of Wyoming (the "State"), governed by the Wyoming Transportation Commission (the "Commission"). The Commission consists of a seven-member board nominated by the Governor and confirmed by the State Senate.

The primary activity of the Department is the planning, programming, design, construction, maintenance and operation of an integrated state transportation system. Many of those activities are dependent on the availability of Federal awards. The Department is charged by State statutes with the responsibility of managing and operating transportation-related activities and the Wyoming State Highway Patrol. The Department is also responsible for the aeronautics activities of the State. The aeronautics activities are governed by the Wyoming Aeronautics Commission, consisting of a seven-member board nominated by the Governor and confirmed by the State Senate.

Management has determined there are no entities for which the Department is considered to be financially accountable as defined by accounting principles generally accepted in the United States of America.

Government-wide financial statements: The Statement of Net Position and Statement of Activities display information about the Department as a whole. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Department's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: 1) charges paid by the recipients of goods and services offered by the programs, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues. Certain indirect costs have been allocated to functional activities.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources as needed.

Fund financial statements: The fund financial statements provide information about the Department's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major fund, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Department reports the following major governmental funds:

WYDOT General Fund – is used to account for expenditures related to Federal and State highway construction and maintenance, and administration. Revenue consists primarily of Federal funding and State funding. The term "WYDOT General Fund" is used to limit confusion with the State of Wyoming's general fund. This fund also administers the collection of revenue from port-of entry fees, gasoline and special fuel taxes, motor vehicle registration, motor carrier licenses, drivers' license and the Wyoming Highway Patrol.

Also included in the fund are the Wyoming Aeronautics Commission activities for administration and operations relating to airport improvements. Federal funding passes through to cities and counties for airport improvement projects.

State Infrastructure Bank Fund – administers funds designed to provide loan and credit enhancement assistance to sponsors of transportation projects. This fund is classified as a special revenue fund.

The Department also reports the following type of fund:

Fiduciary Funds – The Department's fiduciary funds are agency funds used to account for assets held by the Department in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. Assets include fees collected that are to be distributed to other jurisdictions and amounts collected for a variety of performance bonds. Since the assets in these agency funds do not ultimately belong to the Department, these funds are excluded from the government-wide financial statements.

A summary of significant accounting policies follows:

Government-wide and fiduciary fund financial statements: The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange, include motor fuel tax, registrations and fees, mineral severance tax, royalties and investment income. On an accrual basis, revenue from motor fuels taxes are recognized in the period that fuel is sold to the consumer, motor registration taxes are recognized when collected, and mineral severance tax and royalties are recognized when the minerals are removed from the extraction site.

Governmental fund financial statements: Governmental funds are reported using the current financial resources focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Department considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end. Highway user fees, mineral severance tax royalties and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in government funds.

Deposits with the State Treasurer: State statute requires the Department to deposit all of its funds in a pooled cash account managed by the Wyoming State Treasurer. The account is reported at fair value of the securities underlying the investment pool.

State statues authorized the Wyoming State Treasurer to invest in securities issued or guaranteed by the U.S. Treasury or agencies of the U.S. Government; bonds issued by Wyoming agencies or political subdivisions; corporate notes, bond and debentures; commercial paper; banker's acceptances; loans specifically identified by collateralized mortgage obligation which are collateralized and paid from cash flows on mortgages and are subject to prepayments by mortgagees which can result in interest rate fluctuation.

Receivables: Receivables consist primarily of amounts due from other governmental entities, including the State. Management believes no allowance for uncollectible amounts is necessary based on the nature of these receivables and past experience.

Inventories: Inventories, including work in progress, are valued using an average cost, less allowance for obsolete items. Inventory items are charged to expenditures when consumed.

Capital assets: Capital assets, which include work in progress, property, equipment and infrastructure assets, are recorded at historical cost or at estimated historical cost if the actual historical cost is not available in the government-wide financial statements. Infrastructure assets include roads, bridges, water/sewer, lighting system, drainage systems and flood control, and rest areas. The Department's capitalizations level for buildings, improvements, equipment and vehicles is $5,000. Capitalization level for software is at $50,000 for purchases and $250,000 for internally generated computer software. The Department's capitalization level for infrastructure assets is $250,000. Capital assets are accounted for as expenditures in the governmental fund financial statements. Other costs incurred for repairs and maintenance are accounted for as expenditures as incurred. Amortization of intangible assets including software costs is included with depreciation expense in the financial statements. Depreciation and amortization on all assets is provided on the straight-line basis over the following estimated useful lives:

	Years
Buildings	4-50
Improvements	7-25
Equipment	4-20
Vehicles and road machinery	4-15
Software	3

In accordance with the alternative approach to depreciating infrastructure assets permitted by GASB Statement No. 34, the Department has elected to expense all infrastructure related expenditures, except for those expenditures related to additions to or improvement of infrastructure assets, in lieu of depreciating infrastructure assets. In order to utilize the alternative system, the Department must maintain an asset management system, which assesses asset condition and must maintain infrastructure assets at the condition level established by the Department.

Collections: The Department owns various works of art used to beautify its public spaces as required by State statutes. These items are not considered to be held for financial gain. All works of art are protected, kept unencumbered, and preserved. Any proceeds from the sale of these assets are required to be used to acquire other items for public spaces. The Department does not capitalize these works of art.

Long-term debt: The Department issued long-term debt through a lease purchase agreement during 2013. The long-term debt is being used to upgrade the Department's facilities and make them more energy efficient. The lease purchase agreement will be paid off over the next 15 years with the money saved from utility costs reductions as a result of the upgrades. In 2014, the Department issued long-term debt for the second phase of the energy efficiency upgrade project. The facilities being upgraded this year include buildings and roadway assets. The money saved on the utility bills is anticipated to cover the costs of the debt service and the lease purchase agreement will be paid over a 15-year schedule starting in November 2015.

Unavailable revenue: Governmental funds report unavailable revenues as deferred inflows of resources in connection with receivables for revenues not considered available to meet current obligations. Unavailable revenue reported in the Governmental Funds Balance Sheet as of September 30, 2015, represents mineral royalty, severance taxes and fuel taxes receivable not available to meet current obligations.

Defined benefit pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wyoming Retirement System (WRS) and additions to/deductions from the WRS's fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Interfund transactions: Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables, as appropriate, and are subject to elimination in the government-wide statements. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are eliminated in the Statement of Activities.

Capital outlay: The Department's operations focus in part on building and maintaining roads. Since these activities are one of its main objectives, capital outlay is only segregated from current operating expenditures when the expenditures are not part of standard current operations.

Estimates: The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recent pronouncements: In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* which replaces GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, for most government pensions. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual cost of the pension benefits. The statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). This statement is effective for years beginning after June 15, 2014. Accounting changes adopted to conform to the provisions of this statement were applied beginning in the year ended September 30, 2015 retroactively by restating the beginning net position. See discussion of prior period restatement in Note 9.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* This statement was issued to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions,* concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that statement by employers and nonemployer contributing entities. The provisions of this statement should be applied simultaneously with the provisions of Statement No. 68, which is effective for years beginning after June 15, 2014. Accounting changes adopted to conform to the provisions of this statement were applied beginning in the year ended September 30, 2015.

In February 2015, the GASB issued GASB Statement No. 72, *Fair Value Measurement and Application.* This statement was issued to address accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In addition, this statement provides guidance for determining a fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for years beginning after June 15, 2015.

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement requires governments providing other postemployment benefits (OPEB) to report a liability on the face of the financial statements for the OPEB that they provide. The statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). This statement is effective for years beginning after June 15, 2015. The effect that the adoption of GASB Statement No. 75 will have on the Department's financial statements has not yet been determined.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* This statement was issued to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). This statement is effective for fiscal years beginning after June 15, 2015. The effect that the adoption of GASB Statement No. 76 will have on the Department's financial statements has not been determined.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures.* This statement was issued to include disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statements users. As a result, users will be better equipped to understand: 1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations, and 2) the impact those abatements have on a government's financial position and economic condition. This statement is effective for financial statements for periods beginning after December 15, 2015. The effect that the adoption of GASB Statement No. 77 will have on the Department's financial statements has not been determined.

Note 2. Cash and Pooled Cash Investments

Cash is deposited with the Wyoming State Treasurer as required by the Wyoming State Statutes. State statutes authorized the Wyoming State Treasurer to invest in securities issued or guaranteed by the U.S. Treasury or agencies of the U.S. Government; bonds issued by Wyoming agencies or political subdivisions; corporate notes, bond and debentures; commercial paper; banker's acceptances; loans specifically identified by collateralized mortgage obligation which are collateralized and paid from cash flows on mortgages and are subject to prepayments by mortgagees which can result in interest rate fluctuation.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Department will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Certain deposits held in Department bank accounts are insured by Federal depository insurance or are collateralized by the custodian bank. As of September 30, 2015, the primary government had bank balances on deposit of $981,742, and the Fiduciary Funds had bank balances on deposit of $1,660. These deposits were fully collateralized at September 30, 2015.

The following summarizes cash and pooled cash investments:

Cash on deposit with State Treasurer	$	54,130,800
Cash held with other institutions		818,542
	$	54,949,342

Restricted cash: As a requirement of the 2014 Lease Purchase Agreement, the Department was required to establish an escrow accounting for the specific purpose of paying the cost of acquiring energy efficient equipment. As of September 30, 2015, $782,683 remained in the escrow account.

Cash and pooled cash investments are presented in the accompanying financial statements as follows:

Statement of Net Position:		
Cash with State Treasurer	$	42,834,826
Cash with other institutions		816,882
Statement of Fiduciary Net Position:		
Cash with State Treasurer		11,295,974
Cash with other institutions		1,660
	$	54,949,342

Note 3. Accounts Receivable

Accounts receivable consists primarily of mineral royalty, fuel taxes, and grant receivables. The following schedule summarizes the carrying amounts and fair values of receivables by source at September 30, 2015:

	General Fund	Nonmajor Funds
Due from the Federal government	$ 13,180,343	$ 129,887
Due from other State agencies	52,587,158	138,021
Due from other governments	1,383,314	-
Other receivables	22,813,083	3,969
	$ 89,963,898	$ 271,877

Note 4. Inventory

Inventories consist primarily of materials to maintain Department assets during the year. The following schedule summarizes the value of inventories at September 30, 2015:

Road materials and supplies	$ 25,435,337
Motor operating supplies	730,850
General supplies	402,146
Statewide communication parts	671,591
Work in progress	1,496,765
	28,736,689
Less allowance for obsolescence	(350,000)
Total	$ 28,386,689

Note 5. Interfund Transactions

Due to/from other funds: The balances in interfund receivables and payables resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

	Due To	Due From
General Fund	$ 48,959	$ -
Motorcycle Safety	-	2,458
Federal Transit Authority Fund	-	4,802
Flight Services Fund	-	26,915
Statewide Communication System Fund	-	12,086
Air Service Enhancement Fund	-	2,698
	$ 48,959	$ 48,959

Advances to/from other funds: The balance of interfund advances from the State Infrastructure Bank resulted from the loans made to provide financing for large, long-term road construction projects. The loans will be repaid to the State Infrastructure Bank Fund with future Federal obligation authorization. Advances as of September 30, 2015 were as follows:

	Receivable	Payable
General Fund	$ -	$ 27,850,030
State Infrastructure Bank Fund	27,850,030	-
	$ 27,850,030	$ 27,850,030

Transfers: Transfers were made from the WYDOT General Fund to subsidize operations of special revenue funds as mandated by the State Legislature and to maximize the Department's cash flow and Federal obligations. Transfers as of September 30, 2015 were as follows:

	Transfers In	Transfers Out
General Fund	$ -	$ 1,500,000
Federal Transit Authority Fund	1,500,000	-
	$ 1,500,000	$ 1,500,000

Note 6. Compensated Absences and Long-Term Liabilities

Department employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Vacation up to 72 days and up to one-half of unused sick leave, to a maximum of 60 days, vests and may be paid upon leaving the employment of the Department. The non-vesting portion of the sick leave benefits totaling $12,433,847 as of September 30, 2015, represents a contingent liability to the Department.

The changes in the long-term debt of the Department were as follows:

	September 30, 2015				
	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One Year
Governmental activities					
Lease purchase agreement PWB-13	$ 2,742,685	$ -	$ 195,899	$ 2,546,786	$ 125,482
Lease purchase agreement BOA-14	10,463,763	404,784	-	10,868,547	390,008
Compensated absences	23,636,174	11,313,447	11,045,988	23,903,633	11,818,891
Governmental activities Long-term liabilities	$ 36,842,622	$ 11,718,231	$ 11,241,887	$ 37,318,966	$ 12,334,381

The lease purchase agreements are paid through the WYDOT General Fund.

During fiscal year 2013, the Department entered into a $2.84 million lease purchase agreement, in addition to using $1.02 million of funds on hand, to finance energy efficiency upgrades to some of its facilities. The lease purchase agreement is secured by the equipment and improvements themselves. The Department capitalized $3.86 million on improvements under this lease purchase agreement that met the capitalization policy and were recorded in its capital asset records at September 30, 2015. There was $257,000 of depreciation associated with the equipment for the year ended September 30, 2015. The investment should allow the Department to pay the principal and interest on the lease purchase agreement from the savings on its energy bills. This strategy allowed the Department to invest in and upgrade the facilities without taking financial resources from the Department's core mission of improving and maintaining the transportation system.

Principal payments are due monthly and began in June 2014 and continue through May 2029. Interest payments became due monthly and started in June 2013 and run through May 2029 and are accrued at an annual interest rate of 2.25%. The debt service payments for the year ended September 30, 2015 were $255,242, with $59,343 of the amount paid as interest.

Annual debt service requirements for the 2013 lease purchase agreement at September 30, 2015 are as follows:

2013 Lease Purchase Agreement:

	Principal	Interest	Total
2016	$ 125,482	$ 56,029	$ 181,511
2017	133,837	53,120	186,957
2018	142,546	50,020	192,566
2019	151,624	46,720	198,344
2020	161,083	43,211	204,294
2021 - 2025	961,658	155,519	1,117,177
2026 - 2029	870,556	37,011	907,567
	$ 2,546,786	$ 441,630	$ 2,988,416

During the fiscal year 2014, the Department entered into an additional lease-purchase agreement to finance the acquisition of energy efficiency upgrades for the remaining Department owned structures and lighting along the roadways. This is the second phase of the project that began in 2013. During the second phase, the Department borrowed $10.46 million to acquire and install the energy efficient products. The Department expects to recover the costs associated with the lease-purchase agreement from savings from the reduction of utility bills over the life of the lease-purchase agreement.

During the construction phase of the agreement during fiscal years 2014 and 2015, the Department will accrue interest monthly. Payments will begin in 2016 and will be repaid on a 15-year schedule at an interest rate of 2.85%. The lease purchase agreement is secured by the escrow account established by the lease-purchase agreement as well as by the equipment and improvements. As of September 30, 2015, there was $782,633 remaining in the escrow account. The energy efficient equipment purchased by the Department under the lease purchase agreement is mostly roadway lighting upgrades. There is no depreciation associated with the equipment as it will be expensed against the infrastructure assets.

Annual debt service requirements for the 2014 lease purchase agreement at September 30, 2015 are as follows:

2014 Lease Purchase Agreement:

	Principal	Interest	Total
2016	$ 390,008	$ 279,331	$ 669,339
2017	457,553	292,716	750,269
2018	493,565	279,208	772,773
2019	531,309	264,652	795,961
2020	570,843	248,997	819,840
2021 - 2025	3,515,297	967,927	4,483,224
2026 - 2030	4,818,150	379,140	5,197,290
2031	91,822	218	92,040
	$ 10,868,547	$ 2,712,189	$ 13,580,736

Note 7. Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Infrastructure related assets - nondepreciable				
Land - Infrastructure related	$ 69,246,068	$ -	$ -	$ 69,246,068
Infrastructure assets				
Bridges	856,242,731	32,068	-	856,274,799
Roadways	4,211,340,257	30,560,146	-	4,241,900,403
Communication systems	54,205,278	5,043,729	-	59,249,007
Permanent easements	2,359,189	1,935,539	-	4,294,728
Work in progress	298,820,493	134,844,957	(29,618,029)	404,047,421
Total infrastructure related assets	5,492,214,016	172,416,439	(29,618,029)	5,635,012,426
Capital assets				
Nondepreciable capital assets				
Land	7,240,775	-	-	7,240,775
Work in progress	6,527,027	18,491,992	(12,140,340)	12,878,679
Depreciable and amortizable capital assets				
Site improvements	12,997,938	281,050	-	13,278,988
Buildings	169,613,258	13,862,546	(265,205)	183,210,599
Vehicles, aircraft and road machinery	136,541,620	9,498,812	(6,490,889)	139,549,543
General property	21,877,115	753,908	(558,593)	22,072,430
Software	2,280,209	17,059	-	2,297,268
Depletable capital assets				
Gravel pit	1,233,000	-	-	1,233,000
Total capital assets	358,310,942	42,905,367	(19,455,027)	381,761,282
Less accumulated depreciation, depletion and amortization				
Site improvements	(9,780,188)	(367,433)	-	(10,147,621)
Buildings	(76,223,257)	(5,306,279)	82,116	(81,447,420)
Vehicles, aircraft and road machinery	(57,932,506)	(8,197,351)	3,941,752	(62,188,105)
General property	(15,135,321)	(1,712,888)	417,932	(16,430,277)
Software	(2,112,665)	(92,502)	-	(2,205,167)
Gravel pit	(236,051)	-	-	(236,051)
Total depreciation, depletion and amortization	(161,419,988)	(15,676,453)	4,441,800	(172,654,641)
Total depreciable, depletable and amortizable capital assets, net of depreciation, depletion and amortization	196,890,954	27,228,914	(15,013,227)	209,106,641
Governmental activities, capital assets, net	$5,689,104,970	$ 199,645,353	$ (44,631,256)	$5,844,119,067

Depreciation and amortization expense was charged to governmental functions as follows:

Road preservation and maintenance	$ 14,443,083
Planning	28,639
Administration	707,646
Law enforcement	337,628
Licensing and registration	17,579
Highway safety	2,296
Airport improvement program	138,952
Statewide communication	630
	$ 15,676,453

Note 8. Fund Balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. Per GASB 54, as of September 30, 2015, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are not spendable in form or because they are legally or contractually required to be maintained intact. The Department has inventories of $28,386,689.

Restricted – amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The Department reports the following balances as of September 30, 2015: $782,633 as restricted fund balance as part of the energy efficiency upgrade project; $425,168 as restricted fund balance for radioactive waste clean-up; $3,160,644 restricted for air service enhancement; and $21,339 for ignition interlock device expenditures as per Wyoming statute. The Department also has $26,061,739 in the State Infrastructure Bank Fund which is restricted for loans on infrastructure projects.

Committed – amounts that are subject to a purpose constraint imposed by a formal action of the Transportation Commission (Commission). The Commission is the highest level of decision-making authority for the Department. Commitments may be established, modified or rescinded only through resolutions approved by the Commission. The Department has $15,848,286 reported in the General fund as committed for road construction projects as part of the $.10 fuel tax increase.

Assigned – amounts that are subject to a purpose constraint that represents an intended use established by the Department in its budget process. The purpose of the assignment must be narrower than the purpose of the WYDOT General Fund, and in funds other than the WYDOT General Fund, assigned fund balance represents the remaining amount of fund balance for the purpose of the fund.

For the State Infrastructure Bank Fund, the $7,346,964 is the remaining fund balance not restricted to be used to capitalize loans for road construction. For the Statewide Communications Fund the $2,320,570 is the remaining amount of fund balance to be used for the purpose of the fund. The amount of $746,773 is the remaining amount of fund balance after operations for the year in the Motorcycle Safety Fund and the $1,751,304 is the remaining fund balance of the other governmental funds after operations for the year.

Unassigned – represents the residual classification for the WYDOT General Fund and could report a surplus or deficit. The Department reports $11,878,010 as unassigned fund balance in the WYDOT General Fund as of September 30, 2015. The fund balance for the Flight Services Fund has a deficit fund balance of $207,777 as of September 30, 2015. The Department has previously increased the hourly charge for airplane usage, which along with the decreased price of fuel is expected to eliminate the negative unassigned fund balance over the next couple of years.

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Department considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Department considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commission has provided otherwise in its commitment or assignment actions.

	WYDOT General Fund	State Infrastructure Bank Fund	Other Non-major Special Revenue Funds
Fund Balance:			
Nonspendable:			
Inventories	$ 28,386,689	$ -	$ -
Restricted for:			
Energy efficiency upgrades	782,633	-	-
Air service enhancement funds	-	-	3,160,644
Hazardous material spill cleanup and training	-	-	425,168
Ignition interlock device expenditures	-	-	21,339
Loans made for road construction projects	-	26,061,739	-
Committed for:			
Additional $.10 motor fuels tax for contract payments	15,848,286	-	-
Assigned to:			
Loans made for road construction projects	-	7,346,964	-
Communication system enhancements	-	-	2,320,570
Motorcycle safety education	-	-	746,773
Other	-	-	1,751,304
Unassigned	11,878,010	-	(207,777)
Total fund balances	$ 56,895,618	$ 33,408,703	$ 8,218,021

Note 9. Retirement Commitment – Wyoming Retirement System

On October 1, 2014, the Department implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which recognizes long-term obligations for pension benefits. The accounting change adopted to conform to the provisions of GASB 68 has been applied retroactively by restating the beginning net position for the fiscal year ended September 30, 2015, which included recording the following net pension obligations and deferred outflows of resources:

	Beginning Net Pension Liability	Beginning Deferred Outflows of Resources
Public Employees Plan	$ 77,610,610	$ 8,822,555
Patrol, Wardens and DCI Plan	17,543,018	2,548,971
Law Enforcement Plan	203,576	217,144
Total Department	$ 95,357,204	$ 11,588,670

Plan descriptions: Substantially all employees of the Department, excluding hourly part-time employees are provided with pensions through either the Public Employees Pension Plan (Public Employees Plan), the State Patrol, Game and Fish Wardens and Criminal Investigator Pension Plan (Patrol, Wardens and DCI Plan), or the Law Enforcement Pension Plan (Law Enforcement Plan). These plans are statewide cost-sharing multiple-employer defined benefit pension plans administered by the Wyoming Retirement System (WRS). The Public Employees Plan covers the employees of the Department that do not participate in law enforcement activities. The Patrol, Wardens and DCI Plan covers the sworn law officers of the Wyoming Highway Patrol and the Law Enforcement Plan covers the dispatchers that have elected to participate in that plan instead of the Public Employees Plan. The authority to establish and amend benefits and contributions rates rests with the Legislature of the State of Wyoming. WRS is granted the authority to administer the plans by Wyoming State Statutes 9-3-401 through 432. WRS issues a publicly available financial report that can be obtained at http://retirement.state.wy.us/home/index.html.

Benefits provided: The benefits provided are dependent on the plan and or the date of the employee's initial employment date.

For the Public Employees Plan Tier 1 participants, full retirement occurs at age 60 or qualifies for the Rule of 85. Early retirement is permitted at age 50 or 25 years of service. Formula for retirement equals 2.125% times the number of years of service times the three-year highest average salary for the first 15 years and 2.25% times the number of years of service times the three-year highest average over 15 years.

For Public Employees Plan Tier 2 participants, full retirement occurs at age 65 or qualifies for the Rule of 85. Early retirement is permitted at age 55 or 25 years of service. Formula for retirement equals 2% times the number of years of service times the five-year highest average salary.

The Patrol, Wardens and DCI Plan provides retirement, disability, and death benefits according to predetermined formulas. Once vested, employees may remain in the Plan and become eligible for retirement benefits at age 50. The maximum pension is 75% of the highest average salary and the minimum number of years of service required for a monthly benefit is six years. Formula for retirement equals 2.5% times the number of years of service times the 3 year highest average salary.

The Law Enforcement Plan provides retirement benefits at age 60 with four or more years of service or at least 20 years of service regardless of age. Formula for retirement equals 2.5% times the number of years of service times the five-year highest average salary with a maximum of 75%.

Contributions: Per Title 9-3-412 and 413 of State Statutes, for the year ended September 30, 2015, Public Employees Plan member contributions were required to be 8.25% of compensation, and employer contributions were required to be 7.62% of compensation through June 30, 2015; effective July 1, 2015, employer contributions were required to be 8.37% of compensation. In accordance with Title 9-3-412 (c) (ii) of State Statutes, the Department has elected to pay 6.20% of the Public Employees Plan member contributions in addition to the employer contributions. Total contributions to the pension plan from the Department were $12,547,517 for the year ended September 30, 2015.

Per Title 9-3-604 and 605 of State Statutes, for the year ended September 30, 2015, Patrol, Wardens and DCI Plan member contributions were required to be 14.56% of compensation, and employer contributions were required to be 13.86% of compensation through June 30, 2015; effective July 1, 2015, employer contributions were required to be 14.88% of compensation. In accordance with Title 9-3-412 (c) (ii) of State Statutes, the Department has elected to pay 12.60% of the Patrol, Wardens and DCI Plan member contributions in addition to the employer contributions. Total contributions to the pension plan from the Department were $3,652,415 for the year ended September 30, 2015.

Per Title 432 of State Statutes, for the year ended September 30, 2015, Law Enforcement member contributions were required to be 8.60% of compensation, and employer contributions were required to be 8.60% of compensation. In accordance with Title 9-3-412 (c) (ii) of State Statutes, the Department has elected to pay 6.54% of the Law Enforcement Plan member contributions in addition to the employer contributions. Total contributions to the pension plan from the Department were $302,036 for the year ended September 30, 2015.

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pension: At September 30, 2015, the Department reported a total liability of $109,832,140 for its proportionate share of the net pension liability of the three plans. The Public Employees Plan liability was $89,166,344, the Patrol, Wardens and DCI Plan liability was $20,347,234, and the Law Enforcement Plan liability was $318,562. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. The Department's proportion of the net pension liability for each plan was based on the relationship of the Department's total contributions to each plan for the year ended December 31, 2014 to the contributions of all participating employers for the same period to each plan.

At December 31, 2014, the Department's proportion of the plans were as follows:

	Proportionate Share at December 31, 2014	Proportionate Share at December 31, 2013
Public Employees Plan	5.052798616%	5.104616471%
Patrol, Wardens and DCI Plan	61.283406236%	61.283406236%
Law Enforcement Plan	1.081202835%	1.114913918%

For the year ended September 30, 2015, the Department recognized total pension expense of $14,022,906 which consists of the following: $11,108,550 for the Public Employees Plan, $2,784,222 for the Patrol, Wardens and DCI Plan, and $130,134 for the Law Enforcement Plan.

	Deferred Outflows	Deferred Inflows
Net difference between projected and actual earnings on pension plan investments:		
Public Employees Plan	$ 7,310,869	$ -
Patrol, Wardens and DCI Plan	1,671,953	-
Law Enforcement Plan	125,810	-
Changes in proportion share of contributions:		
Public Employees Plan	-	(984,116)
Patrol, Wardens and DCI Plan	-	-
Law Enforcement Plan	-	(7,332)
Contributions subsequent to the measurement date:		
Public Employees Plan	9,492,817	-
Patrol, Wardens and DCI Plan	2,783,019	-
Law Enforcement Plan	229,446	-
	$ 21,613,914	$ (991,448)

An amount of $12,505,282 reported as deferred outflows of resources related to pensions resulting from the Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Public Employees Plan	Patrol, Wardens and DCI Plan	Law Enforcement Plan
Year ended:			
2016	$ 1,631,440	$ 417,989	$ 30,000
2017	1,566,315	417,988	30,000
2018	1,566,315	417,988	30,000
2019	1,562,683	417,988	30,000
2020	-	-	(1,522)
	$ 6,326,753	$ 1,671,953	$ 118,478

Actuarial assumptions: The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Public Employees Plan	Patrol, Wardens and DCI Plan	Law Enforcement Plan
Inflation	3.25%	3.25%	3.25%
Salary increases, including inflation	4.25% - 6.00%	4.25% - 8.00%	4.25% - 8.00%
Investment rate of return, net of pension plan investment expense, including inflation	4.50%	4.50%	4.50%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

Public Employees Plan:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	15.00%	0.98%
Equity	55.00%	6.66%
Marketable alternatives	15.50%	4.19%
Private markets	12.00%	7.13%
Cash	2.50%	0.50%
Total	100.00%	

Patrol, Wardens and DCI Plan:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	15.00%	0.80%
Equity	55.00%	5.26%
Marketable alternatives	15.50%	3.79%
Private markets	12.00%	5.76%
Cash	2.50%	0.50%
Total	100.00%	

Law Enforcement Plan:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	15.00%	0.80%
Equity	55.00%	5.26%
Marketable alternatives	15.50%	3.79%
Private markets	12.00%	5.76%
Cash	2.50%	0.50%
Total	100.00%	

Experience analysis: An experience study was conducted on behalf of all WRS's plans covering the five-year period ended December 31, 2011. That study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g., mortality, salary increases, retirement, termination and disability) and proposed assumptions consistent with the findings.

Discount rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate: The following presents the Department's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the Department's proportionate share of the net pension liability for each plan would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current (7.75%)	1% Increase (8.75%)
Public Employees Plan	$ 139,339,947	$ 89,166,344	$ 47,032,082
Patrol, Wardens and DCI Plan	32,050,550	20,347,234	10,580,099
Law Enforcement Plan	1,112,318	318,562	(336,473)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued WRS financial report available from the Wyoming Retirement System, 6101 Yellowstone Road, Cheyenne, Wyoming 82002 or at http://retirement.state.wy.us/home/index.html

Note 10. Post-Employment Benefits, Other than Pensions

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* requires the State of Wyoming (State) to have an actuarial valuation of the post-retirement benefit plan (other than pensions). The net result of which is to identify the actuarial accrued liability, the annual required contribution, and the net OPEB obligation. Detailed information about the OPEB is available in the separately issued State CAFR available from the State Auditor's Office, State Capitol, Suite 114, Cheyenne, Wyoming 82002 or at https://sites.google.com/a/wyo.gov/sao/publications.

The retiree benefits offered by the State are self-insured plans, including prescription drugs, three options for early retirees and two options for Medicare retirees. Currently, the retiree benefits are subsidized by the State based on age and years of service.

Plan description - The State participates in a single-employer defined benefit postemployment healthcare plan, the Retirees Health Insurance Plan. The Legislature has the authority for establishing and amending the plan. This plan does not issue a separate report.

A retiree is eligible for coverage under the group insurance plan at premium rates established by the State, provided:

- Application to continue coverage is made to the State within thirty-one (31) days after termination of the retiree's employment; and

- The retiree has had medical coverage in effect under the group insurance plan for at least one (1) year immediately prior to the date of retirement and is eligible to receive a retirement benefit under the Wyoming Retirement System; and either;

- Has attained the age of fifty (50) on the date of retirement and has at least four (4) years of service credit under the Wyoming Retirement System as an employee of one (1) of the employing entities participating in the plan; or

- Has at least twenty (20) years of service credit under the Wyoming Retirement System as an employee of one (1) of the employing entities participating in the plan.

Required monthly contributions - Contributions are required for both retiree and dependent coverage. The State of Wyoming is currently providing a subsidy to offset the retiree's contributions for the medical insurance program. The current contribution amounts are provided here.

- Pre-Medicare retirees are subsidized $11.50 per month per years of service, up to a maximum of 30 years.

- Medicare eligible retirees are subsidized $5.75 per month per year of service, up to a maximum of 30 years.

For the plan year ended June 30, 2015, there were 12,814 fully eligible active participants. The retiree's benefit description provides eligible retirees receive health care through one of three medical plans. All plans are available to those under age 65 while the Health Savings Plans is not available to those 65 and older. The actuarial valuation identified a dental benefit which is available, but does not believe there is an OPEB liability associated with this benefit since the benefit is full contributory and there is not implicit subsidy.

GASB 45 allows the use of one of the following actuarial cost methods for the valuation: Unit Credit, Entry Age Normal, Attained Age, Aggregate, Frozen Entry Age, or Frozen Attained Age. These methods can be amortized on either a level dollar or a level percentage of earnings basis. This actuarial valuation assumes the use of the Unit Credit method with amortization on a level percentage basis, because it is believed the Unit Credit method provides the most logical correlation between accruing and expensing of retiree benefits.

Funding policy - The State finances this program on a "pay-as-you-go" basis. The Legislature has the authority for establishing and amending the funding policy. For fiscal year 2015, the State's post-retirement plan is considered an unfunded plan. While the legislature has established a fund to account for retiree health insurance contributions, to pay explicit subsidies, for purposes of this latest actuarial evaluation the plan is considered unfunded and these dollars are not treated as an asset for this analysis. The fund had a cash balance of $22.6 million as of June 30, 2015.

For the year ended September 30, 2015, the State assessed the Department $628,119 to help defray these costs.

Note 11. Risk Management and Contingencies

The Department participates in two self-insurance plans: the State Self-Insurance Program and the State Employee Medical, Life and Dental Insurance Program.

The Department participates in a self-insurance program, which is maintained by the State's Department of Administration and Information (State Administration). The State self-insurance fund was created to handle property, casualty and liability insurance claims brought against the State. The State Administration generally maintains sufficient reserves for incurred but unpaid claims as well as incurred but unreported claims; losses are covered by a combination of appropriations from the State's general fund in the year in which the payment occurs and by assessing all State agencies a pro rata share of anticipated claims for the fiscal year. The State Administration assessed the Department $655,402 for the biennium 2015-2016, and $610,455 for the 2013-2014 biennium. The Department has transferred $327,701 to the Department of Administration in 2015 for the first half of the biennium.

The Department also participates in an employees' group medical, dental and life insurance program which is co-administered with a third-party health provider/claim service company. The State self-insures medical and dental costs and assumes all the risk for claims incurred by plan participants. The State does not retain any risk of loss for the life insurance plan as the insurance provider assumes all risk for claims incurred by the participant. During the fiscal year 2015, the Department contribute 85% up to $1,716 per month for insurance premiums for each covered participant towards these plans. Participants are responsible for paying premium charges in excess of this amount.

The State's group insurance fund, which includes medical, dental and life, was solvent at June 30, 2015 and the Department expects to incur no liability in connection with the group insurance program. Group insurance premiums paid by the Department during fiscal years 2015 and 2014 were $27,384,277 and $24,512,198 respectively.

The Department also participates in two other risk management programs: Workers' Compensation Act and Unemployment Compensation Act.

Wyoming Statute 27-14-101-806 created the Wyoming Workers' Compensation Act which is administered by the State. All employers within the State are participants of this plan unless the employer elects not to be covered under the plan. This act requires the Department to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This act provides general protection from suits filed by employees against the Department. The Department makes monthly transfers to the State's Department of Workforce Services. This amount is based on salaries and a split rate between hazardous and non-hazardous positions.

At June 30, 2015, the State's Workers' Compensation Fund reported a claims liability of approximately $1.76 billion. The Department's proportionate share of the claims liability cannot reasonably be estimated. The amount paid by the Department to the State Workers' Compensation fund during fiscal year 2015 was $2,847,939.

The Department does not carry unemployment insurance but pays the cost of actual claims incurred. The Department paid $132,485 unemployment claims for the year ended June 30, 2015.

Note 12. Transactions with the State

The Department pays for services provided by the State for warehouse and computer processing time, plus a statewide cost allocation system amount. The total disbursed for these services was $19,120,909 for the year ended September 30, 2015.

Note 13. Commitments

The Department has construction commitments of nearly $265 million which are made up of purchase orders, encumbrances and contracts at year end. Construction, maintenance and airport improvement contracts make up the majority of these commitments. At September 30, 2015, work has yet to be completed and approved by the Department and, as such, any Federal financial assistance has not been recognized.

Outstanding commitments at September 30, 2015 are as follows:

	General Fund	Nonmajor Funds
Construction and maintenance	$ 188,418,519	$ -
Airport Improvement	53,205,575	-
Other	13,625,242	9,599,791
	$ 255,249,336	$ 9,599,791

REQUIRED SUPPLEMENTARY INFORMATION

The Department's Required Supplementary Information includes the Infrastructure Assets Recorded Using the Modified Approach, Budgetary Comparison Schedule, Schedules of Proportionate Shares of the Net Pension Liabilities, and the Schedules of Contributions for all Department participation in pension plans, and notes to the Required Supplementary Information.

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH
September 30, 2015

The Department accounts for its infrastructure assets using the modified approach. The infrastructure consists of the road subsystem, the bridge subsystem and communication subsystem.

The Department manages its road network with a pavement management system developed by the Department. A consulting firm is contracted to collect the data. The pavement condition is rated in three areas: ride, rutting, and cracking. The ride is measured by suspension movement using an index called the present surface index (PSI). The rutting is measured using the height difference between the lane center and each wheel path of a cross section of road to determine the rut index (RUT). The cracking measures the width and frequency of the cracks to establish the pavement condition index (PCI). A composite rating is derived from the three condition ratings called the pavement serviceability rating (PSR). The pavement management system establishes a PSR on a scale from 0 to 5 for each road section with the following categories:

Excellent	5.0 to 3.5
Good	3.5 to 3.0
Fair	3.0 to 2.5
Poor	2.5 to 0

It is the Department's goal to maintain its National Highway System (NHS) at an average rating of 3.25 (good) for the NHS system as a whole and it's Off the National Highway System (Non-NHS) at an average rating of 3.00 (fair) for the Non-NHS system as a whole. Each road section has data collected every other year. The road subsystem condition assessment is done every year.

As of September 30, 2015, the overall PSR for the NHS was 3.54 and Non-NHS was 3.22. The number of miles of NHS and Non-NHS with excellent to good condition and fair to poor condition are as follows:

	NHS		Non-NHS	
2015 PSR Condition Rating	Number of Miles	Percent	Number of Miles	Percent
Good to excellent	2,854	71.3%	1,669	49.2%
Poor to fair	1,149	28.7%	1,724	50.8%
	4,003	100%	3,393	100%
2014 PSR Condition Rating				
Good to excellent	2,821	70.8%	1,776	51.8%
Poor to fair	1,161	29.2%	1,651	48.2%
	3,982	100%	3,427	100%
2013 PSR Condition Rating				
Good to excellent	2,891	72.8%	1,662	48.5%
Poor to fair	1,081	27.2%	1,764	51.5%
	3,972	100%	3,426	100%

As of September 30, 2014, the overall PSR for NHS was 3.52, and Non-NHS was 3.27 and as of September 30, 2013 the ratings were 3.54 and 3.23 for the NHS and Non-NHS, respectively.

The Department uses a comprehensive bridge management system to assist in managing the State's bridges. Each bridge is inspected at least once every two years. This inspection measures, assesses, and records the required National Bridge Inventory (NBI) items, including dimensions, clearances, alignment, waterway data and structural condition. The structural condition is evaluated by using structural elements. Each component of the bridge (girders, deck, railing, columns, piling, etc.) is assigned an element and the condition of each element is evaluated based on several condition assessments. The structure's NBI data is then used to determine its Wyoming Bridge Index (WBI).

The WBI provides a high level view for reporting purposes while individual components help distinguish differences in bridge attributes that may otherwise go unnoticed when using a single rating or index (e.g. Sufficiency Rating). It is composed of a Structural Condition Rating (SCR), Maintenance Rating (MR), Functionality Rating (FR), and Risk Rating (RR). These ratings are assessments of a bridge’s current structural adequacy, condition of commonly maintained components, attributes affect on users, and vulnerability to extreme events.

The bridges are given an overall WBI Performance Category of Excellent, Good, Fair, or Poor based on a composite score of the four component ratings. The formula for the WBI and Performance Category bands are as follows:

$$WBI = 0.55 \times SCR + 0.25 \times MR + 0.11 \times FR + 0.09 \times RR$$

Excellent	$100 \geq WBI \geq 93$
Good	$93 > WBI \geq 85$
Fair	$85 > WBI \geq 65$
Poor	$65 > WBI \geq 0$

The Department’s goal is to maintain 85% percent of its NHS and Non-NHS bridges in Excellent, Good, and Fair Condition (i.e. 15% or less in Poor condition).

The NBI data supplied to the Federal Highway Administration in March of 2014 results in the following Structure Condition Ratings. Please note the highway bill, *Moving Ahead for Progress in the 21st Century (MAP-21)*, including the requirements to use new bridge inspection elements, which the Department started to collect in October 2014. The new elements will take time to get consistency in the inspection data. As a result, changes in items being reported can be anticipated as requirements are made each year.

2015 Structure Condition Rating					
NHS			**Non NHS**		
Condition	**Number**	**Percent**	**Condition**	**Number**	**Percent**
Excellent	112	8.3%	Excellent	88	14.3%
Good	533	39.6%	Good	244	39.7%
Fair	661	49.2%	Fair	247	40.2%
Poor	39	2.9%	Poor	36	5.8%
Total	1,345	100.0%	Total	615	100.0%

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH
September 30, 2015

The 2014 and 2013 structure condition ratings have been converted and presented in the WBI formula.

2014 Structure Condition Rating					
NHS			**Non NHS**		
Condition	**Number**	**Percent**	**Condition**	**Number**	**Percent**
Excellent	110	8.1%	Excellent	82	13.4%
Good	510	38.0%	Good	255	41.7%
Fair	671	50.0%	Fair	232	37.9%
Poor	52	3.9%	Poor	43	7.0%
Total	1343	100.0%	Total	612	100.0%

2013 Structure Condition Rating					
NHS			**Non NHS**		
Condition	**Number**	**Percent**	**Condition**	**Number**	**Percent**
Excellent	111	8.2%	Excellent	89	14.6%
Good	509	37.9%	Good	253	41.4%
Fair	668	49.7%	Fair	229	37.5%
Poor	56	4.2%	Poor	40	6.5%
Total	1344	100.0%	Total	611	100.0%

The Department's new communication infrastructure facilitates statewide radio communications for and between public safety agencies, including law enforcement, fire, emergency medical, transportation and other entities. The Governor has appointed a Public Safety Communications Commission to provide guidance regarding system operations and participation, and advice to promote system development, improvement, and efficiency.

To assess and monitor the communication system's operating effectiveness, Telecom Infrastructure Asset ratings are calculated from the Telecommunications Program maintenance measures. Ratings are grouped as WyoLink Base/Repeater, and Other-Telecom (Radio Site and Microwave). Telecom maintained this communications infrastructure following the technical evaluation and documentation procedures detailed in the programs policies. The Department's policy is to maintain 100% of its communication system in acceptable condition; actual overall rating was 100% at the end of the year.

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH
September 30, 2015

Tabular summary of the quantity and percentage of Telecom infrastructure assets in acceptable condition:

2015 Condition Rating	Number of WyoLink Assets	Percent	Number of Other-Telecom Assets	Percent
Acceptable	66	100.0%	186	100%
Deficient	0	0%	0	0%
2014 Condition Rating				
Acceptable	61	100.0%	166	100%
Deficient	0	0%	0	0%
2013 Condition Rating				
Acceptable	8	100.0%	166	100%
Deficient	0	0%	0	0%

The Department estimated maintenance and preservation expenditures on infrastructure assets of $416.2 million for the year ended September 30, 2015. Actual expenditures on infrastructure for maintenance and preservation were $445.2 million, a difference of $29.0 million. The difference is due to the size and length of the construction projects.

Estimated and actual amounts used to maintain or preserve the Department's infrastructure systems at the Department's target PSR ratings for the past five years are as follows:

	Estimated			Actual		
	Road Network	Bridges	Communications System	Road Network	Bridges	Communications System
For the year ended September 30,						
2011	349.5 million	20.3 million	0.8 million	418.4 million	32.9 million	0.8 million
2012	408.9 million	39.1 million	2.88 million	409.2 million	12.1 million	2.9 million
2013	394.2 million	25.4 million	2.5 million	356.2 million	11.7 million	3.5 million
2014	347.7 million	40.7 million	2.4 million	369.3 million	17.1 million	2.3 million
2015	368.2 million	45.2 million	2.8 million	420.4 million	22.0 million	2.8 million

WYOMING DEPARTMENT OF TRANSPORTATION

SCHEDULE OF REVENUE APPROPRIATED AND EXPENSES ALLOCATED - BUDGET AND ACTUAL - DEPARTMENT
Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Revenues appropriated:				
Highway user fees	$ 202,712,564	$ 202,031,477	$ 205,054,665	$ 3,023,188
Mineral royalties and severance taxes	73,184,000	73,184,000	73,184,000	-
General funds	34,112,466	34,113,466	34,113,466	-
Federal aid	234,014,217	236,745,757	246,741,494	9,995,737
Federal grants	42,030,307	43,301,079	44,100,334	799,255
Other sources	29,735,815	35,551,333	34,312,943	(1,238,390)
Total revenues appropriated	615,789,369	624,927,112	637,506,902	12,579,790
Expenses allocated:				
Highway improvement program	350,169,522	352,324,002	339,751,384	12,572,618
Highway maintenance	119,842,183	126,068,074	115,062,447	11,005,627
Transportation planning	18,894,076	18,592,406	17,499,566	1,092,840
Other	27,863,795	31,236,649	31,368,234	(131,585)
Legislative appropriated	98,332,154	98,360,294	98,360,294	-
Capital outlay	10,146,518	13,733,541	12,723,213	1,010,328
Transfers out, other State agencies	7,012,517	13,027,999	13,027,999	-
Total expenses allocated	632,260,765	653,342,965	627,793,137	25,549,828
Revenues appropriated over (under) expenses allocated	$ (16,471,396)	$ (28,415,853)	$ 9,713,765	$ 38,129,618

See Notes to Required Supplementary Information.

WYOMING DEPARTMENT OF TRANSPORTATION

SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Public Employee Pension Plan
Years Ended September 30, 2015 and 2014 *

	2015	2014
Department's proportion of the net pension liability (asset)	**5.052798616%**	5.104616471%
Department's proportionate share of the net pension liability (asset)	**$ 89,166,344**	$ 77,610,610
Department's covered employee payroll	**$ 88,707,147**	$ 90,224,761
Department's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	**100.52%**	86.02%
Plan fiduciary net position as a percentage of the total pension liability	**79.08%**	81.10%

** The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.*

SCHEDULE OF THE DEPARTMENT'S CONTRIBUTIONS
Public Employee Pension Plan
Years Ended September 30, 2015 and 2014

	2015	2014
Contractually required contribution	**$ 6,806,929**	$ 6,446,786
Contributions in relation to the contractually required contribution	**6,806,929**	6,446,786
Contribution deficiency (excess)	**$ -**	$ -
Department's covered employee payroll	**$ 87,070,992**	$ 89,000,266
Contributions as a percentage of covered employee payroll	**7.82%**	7.24%

See Notes to Required Supplementary Information

WYOMING DEPARTMENT OF TRANSPORTATION

SCHEDULE OF THE DEPARTMENT'S STATE PATROL, GAME AND FISH WARDENS AND CRIMINAL INVESTIGATOR PLAN PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Patrol, Wardens and DCI Pension Plan
Years Ended September 30, 2015 and 2014 *

	2015	2014
Department's proportion of the net pension liability (asset) for the Patrol, Wardens and DCI Plan	**61.283406236%**	61.283406236%
Department's proportionate share of the net pension liability (asset) for the Patrol, Wardens and DCI Plan	**$ 20,347,234**	$ 17,543,018
Department's covered employee payroll for the Patrol, Wardens and DCI Plan	**$ 13,287,888**	$ 13,256,425
Department's proportionate share of the net pension liability (asset) for the Patrol, Wardens and DCI Plan as a percentage of its covered employee payroll	**153.13%**	132.34%
Plan fiduciary net position as a percentage of the total pension liability for the Patrol, Wardens and DCI Plan	**78.99%**	80.91%

** The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.*

SCHEDULE OF THE DEPARTMENT'S STATE PATROL, GAME AND FISH WARDENS AND CRIMINAL INVESTIGATOR PLAN CONTRIBUTIONS
Patrol, Wardens and DCI Pension Plan
Years Ended September 30, 2015 and 2014

	2015	2014
Contractually required contribution for the Patrol, Wardens and DCI Plan	**$ 1,878,094**	$ 1,733,326
Contributions in relation to the contractually required contribution	**1,878,094**	1,733,326
Contribution deficiency (excess)	**$ -**	$ -
Department's covered employee payroll for the Patrol, Wardens and DCI Plan	**$ 13,290,661**	$ 13,116,763
Contributions as a percentage of covered employee payroll	**14.13%**	13.21%

See Notes to Required Supplementary Information

WYOMING DEPARTMENT OF TRANSPORTATION

SCHEDULE OF THE DEPARTMENT'S LAW ENFORCEMENT PLAN PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Law Enforcement Pension Plan
Years Ended September 30, 2015 and 2014 *

	2015	2014
Department's proportion of the net pension liability (asset) for the Law Enforcement Plan	**1.081202835%**	1.114913918%
Department's proportionate share of the net pension liability (asset) for the Law Enforcement Plan	**$ 318,562**	$ 203,576
Department's covered employee payroll for the Law Enforcement Plan	**$ 1,684,499**	$ 1,758,238
Department's proportionate share of the net pension liability (asset) for the Law Enforcement Plan as a percentage of its covered employee payroll	**18.91%**	11.58%
Plan fiduciary net position as a percentage of the total pension liability for the Law Enforcement Plan	**94.76%**	96.53%

** The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.*

SCHEDULE OF THE DEPARTMENT'S LAW ENFORCEMENT PLAN DCI PLAN CONTRIBUTIONS
Law Enforcement Pension Plan
Years Ended September 30, 2015 and 2014

	2015	2014
Contractually required contribution for the Law Enforcement Plan	**$ 151,072**	$ 146,637
Contributions in relation to the contractually required contribution	**151,072**	146,637
Contribution deficiency (excess)	**$ -**	$ -
Department's covered employee payroll for the Law Enforcement Plan	**$ 1,756,022**	$ 1,705,092
Contributions as a percentage of covered employee payroll	**8.60%**	8.60%

See Notes to Required Supplementary Information

Note 1. Budget Structure

Commission budget: Annual budgets are submitted to the Commission for their approval at the beginning of each fiscal year for certain revenues and expenditures of the Department. The legal level of budgetary control is total expenditures for the Department. Management monitors the budget at the program level. The annual budgets are amended by the Commission in the first, second and third quarters for each fiscal year. All annual budgets lapse at fiscal year end. The basis of the annual budget differs from GAAP as the budget is on an obligation basis, a substantially cash basis which includes long-term commitments.

Legislative budget: The Department has certain expenditures, including law enforcement, regulatory administration and aeronautics activities, for which a budget is prepared by the Department and presented to the State Legislature. Wyoming statutes require the Department to prepare and submit a biennial budget to the Legislature as of December 1st of each odd numbered year prior to the beginning of the Legislative budget session the following spring. The Legislature may add, change, or delete any items in the budget proposed by the Department. The Governor has the authority to amend the budget by up to 10% of the original budget. Additionally, supplemental appropriations may be approved by the Legislature during non-budget sessions held in odd numbered years. The biennial budget lapses at the end of the biennial period. The State's legal level of budgetary control is at the appropriation organization level. Budgets are maintained at an expense organization level within the appropriation organization, and the Director has the authority to transfer appropriations from one expense organization to another.

Note 2. Basis of Budgeting

One of the major focuses of the Department's budget is to account for and track commitments on construction projects. Construction project revenue and expenditures are budgeted for on a project-length basis. In order to provide information regarding the Department's long-term revenues and commitments as well as its administrative revenues and expenditures, the Department uses the terms appropriations and allocations as noted below.

Appropriations - This budgetary term includes all receipts collected on a cash basis from various taxes, fees and royalties and those grants and other revenues not associated with long-term construction contracts. Revenues associated with long-term construction contracts are included when revenues available are identified to a specific, approved construction contract. This basis differs from accounting principles generally accepted in the United States of America (GAAP).

Allocations - This budgetary term includes all disbursements for various activities and programs not associated with long-term construction contracts. Expenditures associated with long-term construction contracts are considered allocated when a specific construction contract is approved. The actual expenditures carry forward into subsequent fiscal years until the project is complete. These project-length allocations are approved by the Wyoming Transportation and Aeronautics Commissions throughout the year as the projects are developed.

Note 3. Budgetary Reports

Stand alone budgetary reports are prepared by the Department and are available from the Department's administration offices at 5300 Bishop Boulevard, Cheyenne, Wyoming 82001.

Note 4. Budget Reconciliation

Explanations of certain differences between the Schedules of Revenues Appropriated and Expenses Allocated and the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds are as follows:

	Department
Revenues appropriated - actual amounts (basis of budgeting)	$ 637,506,902
Net difference in project-related revenues budgeted each year as appropriated for the complete project, compared to revenues earned in the current year on specific contracts in progress	26,727,690
Differences in accrual basis revenues and cash basis budgetary amounts	(11,017,220)
Total revenues as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 653,217,372

	Department
Expenses allocated - actual amounts (basis of budgeting)	$ 627,793,137
Net difference in project-length expenditures budgeted each year for the length of the project, compared to expenses incurred on specific contracts in progress	(82,228,048)
Differences in accrual basis expenditures and cash basis budgetary amounts	150,854,640
Total expenditures as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 696,419,729

Note 5. Retirement Commitment – Wyoming Retirement System

Changes in benefit terms: There were no changes in benefit terms between the December 31, 2013 measurement date and the December 31, 2014 measurement date.

Changes in assumptions: There were no changes in assumptions between the December 31, 2013 measurement date and the December 31, 2014 measurement date.

SUPPLEMENTARY INFORMATION

NonMajor Governmental Funds

The Department maintains the following nonmajor governmental funds:

Motorcycle Safety Fund – accounts for resources obligated for improvement of motorcycle awareness and overall motorcycle safety.

Federal Transit Authority Fund – accounts for resources obligated to the operations of FTA designated program.

IFTA Decal Fund – accounts for International Fuel Tax Agreement activity, including licenses and registrations.

Radioactive Waste Fees Fund – accounts for resources restricted to the safe disposition of radioactive material.

Ignition Interlock Device Fund – accounts for resources restricted to the sale and installation of ignition interlock devices associated with driving under the influence of alcohol offenses.

Air Service Enhancement Fund – accounts for resources restricted to operations of aeronautical and air service enhancements.

Flight Services Fund – accounts for resources obligated to flight travel services for other governmental entities within Wyoming.

Statewide Communication System Fund – accounts for resources obligated to preservation and enhancement of the state-wide communication system.

WYOMING DEPARTMENT OF TRANSPORTATION

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

ASSETS	Motorcycle Safety Fund	Federal Transit Authority Fund	IFTA Decal Fund	Radioactive Waste Fees Fund	Ignition Interlock Device Fund	Air Service Enhancement Fund	Flight Services Fund	Statewide Communication System Fund	Total
Cash with state treasurer	$ 754,969	$ 1,349,004	$ 306,263	$ 424,568	$ 21,039	$ 3,268,872	$ -	$ 2,340,887	$ 8,465,602
Cash with other institutions	195	-	-	-	300	-	-	-	495
Accounts receivable	3,369	129,888	-	600	-	-	91,193	46,827	271,877
Total assets	$ 758,533	$ 1,478,892	$ 306,263	$ 425,168	$ 21,339	$ 3,268,872	$ 91,193	$ 2,387,714	$ 8,737,974
LIABILITIES AND FUND BALANCE									
Liabilities									
Accounts payable	$ 9,302	$ 28,398	$ 651	$ -	$ -	$ 105,530	$ 272,055	$ 55,058	$ 470,994
Due to other funds	2,458	4,802	-	-	-	2,698	26,915	12,086	48,959
Total liabilities	11,760	33,200	651	-	-	108,228	298,970	67,144	519,953
Fund balances									
Restricted	-	-	-	425,168	21,339	3,160,644	-	-	3,607,151
Assigned	746,773	1,445,692	305,612	-	-	-	-	2,320,570	4,818,647
Unassigned	-	-	-	-	-	-	(207,777)	-	(207,777)
Total fund balance	746,773	1,445,692	305,612	425,168	21,339	3,160,644	(207,777)	2,320,570	8,218,021
Total liabilities and fund balance	$ 758,533	$ 1,478,892	$ 306,263	$ 425,168	$ 21,339	$ 3,268,872	$ 91,193	$ 2,387,714	$ 8,737,974

WYOMING DEPARTMENT OF TRANSPORTATION

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For Year Ended September 30, 2015

	Motorcycle Safety Fund	Federal Transit Authority Fund	IFTA Decal Fund	Radioactive Waste Fees Fund	Ignition Interlock Device Fund	Air Service Enhancement Fund	Flight Services Fund	Statewide Communication System Fund	Total
Revenues									
Highway user fees revenue	$ 435,904	$ -	$ 54,489	$ 1,400	$ 75,200	$ -	$ -	$ -	$ 566,993
Federal aid revenue	-	165,262	-	-	-	-	-	-	165,262
Federal grant revenue	-	12,054,823	-	-	-	-	-	-	12,054,823
Interest and investment revenue	(31,428)	(53,527)	(11,679)	(29,485)	(8,244)	(114,046)	-	37,755	(210,654)
Flight service revenue	-	-	-	-	-	-	803,982	-	803,982
Communication network revenue	-	-	-	-	-	-	-	247,672	247,672
Other state sources revenue	-	-	-	-	-	78,761	-	2,392,045	2,470,806
Total revenues	404,476	12,166,558	42,810	(28,085)	66,956	(35,285)	803,982	2,677,472	16,098,884
Expenditures									
Highway safety	350,967	-	-	-	-	-	-	-	350,967
Federal transit program	-	13,623,804	-	-	-	-	-	-	13,623,804
Licensing and registration	-	-	31,021	-	174,818	-	-	-	205,839
Law enforcement	-	-	-	235,653	-	-	-	-	235,653
Communication network	-	-	-	-	-	-	-	4,171,426	4,171,426
Airport improvement	-	-	-	-	-	1,851,617	-	-	1,851,617
Flight services	-	-	-	-	-	-	732,057	-	732,057
Total expenditures	350,967	13,623,804	31,021	235,653	174,818	1,851,617	732,057	4,171,426	21,171,363
Excess(deficiency) of revenues over expenditures	53,509	(1,457,246)	11,789	(263,738)	(107,862)	(1,886,902)	71,925	(1,493,954)	(5,072,479)
Other financing sources (uses)									
Transfers in	-	1,500,000	-	-	-	-	-	-	1,500,000
Net change in fund balance	53,509	42,754	11,789	(263,738)	(107,862)	(1,886,902)	71,925	(1,493,954)	(3,572,479)
Fund Balance, beginning of year	693,264	1,402,938	293,823	688,906	129,201	5,047,546	(279,702)	3,814,524	11,790,500
Fund Balance, end of year	$ 746,773	$ 1,445,692	$ 305,612	$ 425,168	$ 21,339	$ 3,160,644	$ (207,777)	$ 2,320,570	$ 8,218,021

FIDUCIARY FUNDS

Agency funds are used to report resources held by the Department in a custodial capacity and involve only the receipt, temporary investment, and remittance to individuals, private organizations or governments. The Department maintains the following agency funds:

Vehicle Rental Surcharge Fund – accounts for funds assessed on rental vehicles collected and distributed to other jurisdictions.

Commercial Vehicle Bond Fund – accounts for bonds held by the Department to insure proper payment of motor fuel taxes.

Special Fuel Bond Fund – accounts for bonds held by the Department to insure proper payment of special fuel taxes.

Motor Vehicle Registration (MVR) to Counties Fund – accounts for collection and distribution of motor vehicle registration fees due to counties within the State of Wyoming.

Motor Vehicle Registration (MVR) to Other Governments Fund – accounts for collection and distribution of motor vehicle registration fees which are required to be distributed to other entities.

Gas and Special Fuel Tax Fund – accounts for funds accumulated from gasoline and special fuel taxes due to other entities until allocated and distributed according to State or Federal statutes.

Financial Responsibility Bonds – accounts for bonds posted by individuals involved in a motor vehicle accident without carrying auto insurance as required by statute.

WYOMING DEPARTMENT OF TRANSPORTATION

COMBINING STATEMENT OF FIDUCIARY NET POSITION - ALL AGENCY FUNDS
September 30, 2015

ASSETS	Vehicle Rental Surcharge Fund	Commercial Vehicle Bond Fund	Special Fuel Bond Fund	MVR to Counties Fund	MVR to Other Governments Fund	Gas and Special Fuel Tax Fund	Financial Responsibility Fund	Total
Cash with State Treasurer	$ 80	$ -	$ 104,747	$ 252,076	$ 273,884	$ 10,604,449	$ 60,738	$ 11,295,974
Cash with other institutions	-	-	-	1,660	-	-	-	1,660
Accounts receivable	-	-	-	-	-	6,768,853	-	6,768,853
Total assets	$ 80	$ -	$ 104,747	$ 253,736	$ 273,884	$ 17,373,302	$ 60,738	$ 18,066,487
LIABILITIES								
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ 9,908,553	$ 1,001	$ 9,909,554
Deposits of others	80	-	104,747	253,736	273,884	7,464,749	59,737	8,156,933
Total liabilities	$ 80	$ -	$ 104,747	$ 253,736	$ 273,884	$ 17,373,302	$ 60,738	$ 18,066,487

WYOMING DEPARTMENT OF TRANSPORTATION

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
For the Year Ended September 30, 2015

	Vehicle Rental Surcharge Fund	Commercial Vehicle Bond Fund	Special Fuel Bond Fund	MVR to Counties Fund	MVR to Other Governments Fund	Gas and Special Fuel Tax Fund	Financial Responsibility Fund	Total
Balance as of September 30, 2014	$ 60	$ 4,068	$ 100,000	$ 85,708	$ 349,117	$ 22,983,967	$ 53,429	$ 23,576,349
Additions	305,502	-	4,747	6,235,707	8,256,568	189,636,622	40,342	204,479,488
Reductions	(305,482)	(4,068)	-	(6,067,679)	(8,331,801)	(195,247,287)	(33,033)	(209,989,350)
Balance as of September 30, 2015	$ 80	$ -	$ 104,747	$ 253,736	$ 273,884	$ 17,373,302	$ 60,738	$ 18,066,487

SINGLE AUDIT SECTION

WYOMING DEPARTMENT OF TRANSPORTATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Federal Award Expenditures
U.S. Department of Transportation		
Federal Aviation Administration:		
Airport Improvement Program	20.106	$ 33,105,617
Federal Highway Administration:		
Highway Planning and Construction	20.205	308,587,000
Federal Motor Carrier Safety Administration:		
National Motor Carrier Safety	20.218	947,376
Federal Transit Administration:		
Federal Transit Cluster:		
Federal Transit Capital Investment Grants	20.500	425,313
Bus and Bus Facilities Formula Program	20.526	750,395
Total Federal Transit Cluster		1,175,708
Transit Services Programs Cluster:		
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	423,352
Job Access and Reverse Commute Program	20.516	165,262
Total Federal Services Programs Cluster		588,614
Metropolitan Transportation Planning	20.505	1,371,555
Formula Grants for Rural Areas	20.509	6,790,008
State Planning and Research	20.515	89,304
Office of the Secretary (OST) Administration Secretariate:		
National Infrastructure Investments	20.933	2,225,994
National Highway Traffic Safety Administration:		
Highway Safety Cluster:		
State and Community Highway Safety Program	20.600	2,103,207
Alcohol Impaired Driving Countermeasures Incentive Grant I	20.601	651,638
Occupant Protection Incentive Grants	20.602	39,432
State Traffic Safety Information System Improvement Grants	20.610	95,855
National Priority Safety Programs	20.616	2,229,764
Total Highway Safety Cluster		5,119,896
Alcohol Open Container Requirements	20.607	351,623
Minimum Penalties for Repeat Offenders for Driving while Intoxicated	20.608	614,037
Total U.S. Department of Transportation		360,966,732
Executive Office of the President		
High Intensity Drug Traffic Areas Program	95.001	29,691
U.S. Department of Homeland Security		
Passed through the State of Wyoming Office of Homeland Security:		
Homeland Security Grant Program	97.067	15,000
Total Federal award expenditures		$ 361,011,423

See Notes to Schedule of Expenditures of Federal Awards.

Note 1. Basis of Presentation

The purpose of the Schedule of Expenditures of Federal Awards (the "Schedule") is to present a summary of the activities of the Wyoming Department of Transportation for the year ended September 30, 2015, which have been financed by the U.S. Government. The Schedule is presented on the cash basis of accounting. In this basis of accounting, expenses are recognized upon payment by the Department, receipt of obligation of authority, and request for reimbursement. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the general purpose financial statements.

Note 2. Non-Wyoming State Agency Subrecipients

Of the Federal awards presented in the Schedule, the Wyoming Department of Transportation provided Federal awards to non-Wyoming state agency subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
20.106	Airport Improvement Program	$ 32,857,832
20.205	Highway Planning and Construction	4,791,869
20.500	Federal Transit Capital Investment Grants	425,313
20.505	Metropolitan Transportation Planning	1,371,555
20.509	Formula Grants for Rural Areas	5,035,768
20.515	State Planning and Research	23,854
20.526	Bus and Bus Facilities Formula Program	696,508
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	383,530
20.516	Job Access and Reverse Commute Program	165,262
20.600	State and Community Highway Safety Program	500,573
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants	598,096
20.602	Occupant Protection Incentive Grants	14,308
20.607	Alcohol Open Container Requirements	3,994
20.616	National Priority Safety Programs	885,599
20.933	National Infrastructure Investments	2,225,994
	Total passed through to subrecipients	$ 49,980,055

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 3. State Agencies

Of the Federal awards presented in the Schedule, the Department provided Federal awards to other Wyoming State agencies as follows:

CFDA Number	Program Name	Amount Provided to Wyoming State Agencies
20.205	Highway Planning and Construction	$ 107,943
20.509	Formula Grants for Rural Areas	1,331,749
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	39,822
20.515	State Planning and Research	651
20.526	Bus and Bus Facilities Formula Program	53,887
20.600	State and Community Highway Safety Program	9,615
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants	3,878
20.610	State Traffic Safety Information System Improvement Grants	7,073
20.616	National Priority Safety Programs	12,581
	Total passed through to State agencies	$ 1,567,199

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314 West 18th Street, Cheyenne, Wyoming 82001-4404

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Transportation Commission
Wyoming Department of Transportation
Cheyenne, Wyoming

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wyoming Department of Transportation (the "Department"), a component unit of the State of Wyoming, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated March 3, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

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 Department's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from 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*.

The Department's Response to Finding

The Department's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Department's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
March 3, 2016

McGee, Hearne & Paiz, LLP
Certified Public Accountants and Consultants
314 West 18th Street, Cheyenne, Wyoming 82001-4404

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Transportation Commission
Wyoming Department of Transportation
Cheyenne, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Wyoming Department of Transportation (the "Department"), a component unit of the State of Wyoming, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Department's major Federal programs for the year ended September 30, 2015. The Department's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Department's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the Department's compliance.

Opinion on Each Major Federal Program

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
March 3, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2015

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

A. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	____ Yes	X No
• Significant deficiency(ies) identified?	X Yes	____ None Reported

Noncompliance material to financial statements noted?	____ Yes	X No

B. Federal Awards

Internal control over major Federal programs:

• Material weakness(es) identified?	____ Yes	X No
• Significant deficiency(ies) identified?	____ Yes	X No

Type of auditor's report issued on compliance for major Federal programs: Unmodified

• Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	____ Yes	X No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
20.218	National Motor Carrier Safety
20.509	Formula Grants for Rural Areas

• Dollar threshold used to distinguish between Type A and Type B programs:	$3,000,000	
• Auditee qualified as low-risk auditee?	X Yes	____ No

II. FINANCIAL STATEMENT FINDINGS

2015-001: Audit Adjustments and Passed Adjustments

Condition – As part of our audit, significant adjustments were proposed and recorded or proposed, not recorded and determined to not be material to the financial statements to properly state the financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Criteria – Under professional standards, the control deficiency exists as Department personnel did not identify the adjusting journal entries which were significant to the Department's financial statements prepared in accordance with U.S. GAAP.

Cause – The Department has experience in financial statements prepared in accordance with U.S. GAAP. However, changes to revenue estimates near year end and application of modified accrual basis of accounting contributed to these adjustments not being identified by Department personnel.

Effect – Significant adjustments identified during the audit included, but were not limited to:

- Adjustments made to mineral royalty revenue not collected within 60 days of year end.
- Eliminating accrual for compensated absences on the modified accrual basis of accounting.
- Certain proposed but unrecorded adjustments to revenue not received within 60 days of year end.

Recommendation – We recommend the Department establish policies and procedures to ensure that complete and accurate information is available and evaluated in a timely manner to properly record transactions in accordance with U.S. GAAP.

Auditee Response – Management has implemented changes to its accounting process related to modified accrual treatment of compensated absences. Management relies on external sources for certain information related to mineral royalty revenue and will continue to monitor its processes for using this information.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
Year Ended September 30, 2015

Finding	Status
2014-001: Allowable Costs/Cost Principles, Cash Management Significant Deficiency, Noncompliance **Highway Planning and Construction, CFDA 20.205** Through testing of cash management requirements for thirteen requests for reimbursement, we noted nine instances where either a voucher or payroll disbursement supporting the request for reimbursement was not paid by the Wyoming Department of Transportation (the Department) to the vendor or employee prior to the Department's submission of the request for reimbursement to the Federal government. The total of disbursements that were not paid by the Department prior to the request for reimbursement were $322,791 for this program. We also noted two vouchers where a total of $127.43 of unallowable payroll cost was charged to the program and submitted as a request for reimbursement. After notifying the Department's Financial Services staff, the related timecards were corrected so that the unallowable payroll cost was removed from the Federal program and charged to an allowable funding source. A fiscal year 2015 request for reimbursement was used to credit this payroll cost against the grant to remove the unallowable cost from the program.	Management has implemented additional monitoring controls to ensure proper time codes are charged to Federal projects. These reports are reviewed each week. Management has further evaluated all transactions that were submitted for reimbursement prior to payment to vendors. In conjunction with the Cash Management Improvement Act, management has calculated an inconsequential amount (approximately $7) due to the U.S. Treasury Department related to the specified transactions. *Auditor's Comment* – We noted no similar unallowable payroll costs from testing performed in the current year. Further, as the interest calculated by the Department management is inconsequential, we consider the Department to be in compliance with the Cash Management Improvement Act.
2014-002: Allowable Costs/Cost Principles, Significant Deficiency **Highway Planning and Construction, CFDA 20.205** Through testing of payroll allowable costs for the Highway Planning and Construction program, we noted two out of forty instances in which the employee time card transaction was not approved by the appropriate employee supervisor as required per Wyoming Department of Transportation's policy.	The Department has evaluated the process for approving time cards for payroll transactions compared to the policy. The Department continues to train new supervisors with authorization to approve timecards on the established process, as well as send weekly reminders to all supervisors and executive staff members to complete the task. The Department also anticipates a new policy, as well as a potential accounting system upgrade, to be completed within the next few months. *Auditor's Comment* – We noted no similar instances in the current year from testing performed.

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
Year Ended September 30, 2015

Finding	Status
2014-003: Reporting, Significant Deficiency, Noncompliance **Highway Planning and Construction, CFDA 20.205** **- Federal Transit Capital Investments Grants, CFDA 20.500** **- Bus and Bus Facilities Formula Program, CFDA 20.526** **- Formula Grants for Other than Urbanized Areas, CFDA 20.509** **- State and Community Highway Safety Program, CFDA 20.600** **- Alcohol Impaired Driving Countermeasures Incentive Grants I, CFDA 20.601** **- Occupant Protection Incentive Grants, CFDA 20.602** **- State Traffic Safety Information System Improvement Grants, CFDA 20.610** **- Incentive Grant Program to Increase Motorcyclist Safety, CFDA 20.612** **- National Infrastructure Investments, CFDA 20.933** During our testing, we noted that several reports were not submitted to the Federal agency for the grants listed above within the required timeframe, per the Federal Funding Accountability and Transparency Act (FFTA).	Management has submitted all required reports in a timely manner for the current period. *Auditor's Comment* – We noted through testing that required reports were submitted during the period.
2014-004: Reporting, Significant Deficiency, Noncompliance **Formula Grants for Other than Urbanized Areas, CFDA 20.509** During testing of the reconciliation between reports, we noted that several key line items contained differences between the RU-20, RU-21 and RU-30 reports. It was determined that these differences were due to the Department not reporting all required entities.	Management has correctly filed all required reports for the current period. *Auditor's Comment* – We noted no similar instances in the current year from testing performed.
2014-005: Subrecipient Monitoring, Significant Deficiency **Highway Planning and Construction, CFDA 20.205** During testing over reporting requirements, it was noted that the Department provided an incorrect CFDA number on a subaward grant agreement to a subrecipient.	Since this item was brought to the attention of management, the error was communicated to all subrecipients. Further, the template for all subsequent subrecipient awards was modified to include the proper CFDA number and program description. *Auditor's Comment* – We noted no similar instances in the current year from testing performed.