

WYOMING DEPARTMENT OF TRANSPORTATION
Cheyenne, Wyoming

FINANCIAL STATEMENTS
September 30, 2014

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	I
MANAGEMENT'S DISCUSSION AND ANALYSIS	IV
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	1
Statement of Activities.....	2
Balance Sheet - Governmental Funds	3
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position.....	4
Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds.....	5
Reconciliation of Statement of Revenue, Expenditures and Changes in Fund Balance to the Statement of Activities	6
Statement of Fiduciary Net Position - Fiduciary Funds	7
Notes to Financial Statements	8
REQUIRED SUPPLEMENTARY INFORMATION	28
Infrastructure Assets Reported Using the Modified Approach	29
Schedule of Revenue Appropriated and Expenses Allocated - Budget and Actual - WYDOT General Fund	33
Notes to Required Supplementary Information	34
SUPPLEMENTARY INFORMATION	36
Combining Balance Sheet - Other Governmental Funds	37
Combining Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds	38
Fiduciary Funds.....	39
Combining Statement of Fiduciary Net Position.....	40
Combining Statement of Changes in Fiduciary Net Position.....	41

(Continued)

	PAGE
SINGLE AUDIT SECTION	42
Schedule of Expenditures of Federal Awards	43
Notes to the Schedule of Expenditures of Federal Awards.....	44
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	48
Schedule of Findings and Questions Costs	51
Summary Schedule of Prior Audit Findings	58



Independent Auditors' Report

Wyoming Department of 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 the aggregate remaining fund information of the Wyoming Department of Transportation, a component unit of the State of Wyoming, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Wyoming Department of Transportation'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.

Auditors' 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 auditors' 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 entity'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 entity'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 the aggregate remaining fund information of the Wyoming Department of Transportation as of September 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, infrastructure assets reported using the modified approach, and budgetary comparison information on pages IV-XIV and 28-35 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 Wyoming Department of Transportation's basic financial statements. The combining and individual nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are 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 6, 2015, on our consideration of the Wyoming Department of Transportation'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 result 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 Wyoming Department of Transportation's internal control over financial reporting and compliance.

The accompanying financial statements, required supplementary information, other supplementary information and our independent auditors' report are for the purpose of meeting state and federal requirements and are for the use of those entities and the management of the Wyoming Department of Transportation and should not be used or relied upon by any other party for any purpose. Additional users of these financial statements, required supplementary information, other supplementary information and our independent auditors' report are hereby advised that the liability of CliftonLarsonAllen to third party users who use or rely on this information may be limited pursuant to 1995 Wyoming Session Laws, Chapter 155 creating Wyoming Statute §33-3-201.



CliftonLarsonAllen LLP

Broomfield, Colorado
March 6, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2014.

FINANCIAL HIGHLIGHTS

Government-wide

The Department's assets exceeded liabilities as of September 30, 2014 by \$5.85 billion. This is an increase of \$108.2 million from 2013. Of this amount \$125.2 million (unrestricted net position) may be used to meet ongoing obligations, \$41.3 million is restricted by external entities for specific purposes, \$5.68 billion is invested in capital assets, of which \$5.49 billion is invested in infrastructure.

The Department's investment in road, bridge and communication infrastructure assets during the year resulted in an increase of \$99.1 million in infrastructure assets.

Fund Level

As of September 30, 2014, the Department's governmental funds reported combined fund balances of \$138.2 million, an increase of \$13.0 million. As of September 30, 2014, the Department's governmental funds had \$29.6 million classified as nonspendable, which is invested in inventories. \$9.4 million is restricted by creditors for specific use, \$0.7 million is restricted for radioactive waste clean-up, \$5 million is restricted for air service enhancement, \$0.1 million is restricted for ignition interlock device expenditures, and the remaining \$26.1 million is restricted for loans on infrastructure projects. The Department has \$17.8 million classified as committed fund balance which is made up of the unexpended amount of the additional \$.10 motor fuels taxes committed for contractor payments on road construction. The Department has \$7.5 million of its governmental funds' fund balance classified as assigned as the remaining amount of fund balance for the purpose of its State Infrastructure Bank Fund. The remaining fund balance classified as assigned is made up of \$3.8 million for the Department's Statewide Communications Fund, \$0.7 million fund balance after operations for the year for the Motorcycle Safety Fund, and \$1.7 million fund balance for the purposes of the other nonmajor governmental funds. The remaining \$35.7 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 annual report, in accordance with required reporting standards, consists of four components: 1) Management's discussion and analysis (this section), 2) Government-wide financial statements, 3) Fund financial statements, and 4) Notes to the basic financial statements. Required Supplementary Information is included 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 and liabilities 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 total liabilities is titled net position and this difference is similar to the owner's equity presented by a private-sector business.

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, essentially the same thing.

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. Another column identifies 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 1 and 2.

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 revenues, 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, 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 at the bottom of 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 at the bottom of the statement of revenues, 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 governmental funds are aggregated and reported in a single column.

The Department's governmental fund financial statements are presented on pages 3 through 6.

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 7.

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 8 through 27.

Required Supplementary Information is presented concerning the Department's General Fund budgetary schedule and infrastructure assets reported using the modified approach. The Department adopts an annual budget for its general fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. Required supplementary information is presented on pages 29 through 35.

In addition to the required elements, we have included the combining funds statements that provide details about our nonmajor governmental funds presented in a single column in the basic financial statements. These are presented immediately following the required supplementary information. Combining fund statements are presented on pages 37 through 41.

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 exceeded liabilities by \$5.8 billion. By far the largest portion of the Department's net position (97.22%) reflects its investment in capital assets. The vast majority of these capital assets are the \$5.49 billion investment in road, bridge and communication infrastructure assets. These assets are not available for future spending. The Department has \$13.3 million in outstanding debt relating to current and anticipated capital asset purchases. The Department's \$41.3 million restricted net position reflects resources that are legally restricted for specific purposes. The unrestricted net position of \$125.2 million (2.14%) may be used to meet the Department's ongoing obligations.

The following financial information was derived from the September 30, 2014 and 2013 government-wide statements of net position.

	2014		2013		Increase(Decrease)	
Current assets	\$ 242,276,175	4.08%	\$ 219,429,081	3.78%	\$ 22,847,094	10.41%
Noncurrent assets						
Capital assets						
Infrastructure	5,492,214,016	92.60%	5,393,110,842	92.89%	99,103,174	1.84%
Other capital assets	196,890,954	3.32%	193,073,956	3.33%	3,816,998	1.98%
Total assets	<u>\$ 5,931,381,145</u>	<u>100.00%</u>	<u>\$ 5,805,613,879</u>	<u>100.00%</u>	<u>\$ 125,767,266</u>	<u>2.17%</u>
Current liabilities	\$ 53,759,044	67.60%	\$ 46,939,698	75.72%	6,705,508	14.29%
Noncurrent liabilities	25,762,166	32.40%	15,033,509	24.28%	10,568,824	70.30%
Total liabilities	<u>79,521,210</u>	<u>100.00%</u>	<u>61,973,207</u>	<u>100.00%</u>	<u>17,274,332</u>	<u>27.87%</u>
Net position						
Net investment in capital assets	5,685,305,638	97.15%	5,583,339,442	97.21%	101,966,196	1.83%
Restricted net position	41,334,508	0.71%	37,111,993	0.65%	4,222,515	11.38%
Unrestricted net position	125,219,789	2.14%	123,189,237	2.14%	2,030,552	1.65%
Total net position	<u>\$ 5,851,859,935</u>	<u>100.00%</u>	<u>\$ 5,743,640,672</u>	<u>100.00%</u>	<u>\$ 108,219,263</u>	<u>1.88%</u>

The current assets of \$242.3 million consist of \$70.5 million in cash, \$142.2 million in accounts receivable and \$29.6 million in inventories. The \$22.8 million increase in current assets is due to the additional \$.10 motor fuels tax which went into effect at the end of fiscal year 2013. The additional dollars resulting from the fuel tax increase have been committed to construction contracts.

The current liabilities of \$53.8 million are comprised of \$42.5 million in accounts payable, \$10.9 million in compensated absences, \$.1 million in deposits held for others and \$.2 million in current lease purchase agreement payments.

Long-term liabilities are \$12.6 million in compensated absences and \$13.1 million in lease purchase agreement payable.

Governmental activities resulted in an increase in the Department's net position by \$108.2 million. The Department invested \$99.1 million in road, bridge and communication infrastructure assets and \$3.8 million in other capital assets. Current assets increased by \$22.8 million. The majority of this increase was due to accounts receivable increasing by \$12.4 million. Current liabilities increased from the previous year by \$6.7 million. The increases in current liabilities are a result of outstanding contractor progress payments at year-end.

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

	2014		2013		Increase(Decrease)	
Revenues						
Program revenues						
Charges for services	\$ 35,501,868	5.42%	\$ 31,126,773	4.82%	\$ 4,375,095	14.06%
Operating grants and contributions	286,596,590	43.77%	339,327,342	52.49%	(52,730,752)	-15.54%
Capital grants and contributions	16,347,675	2.50%	7,672,496	1.19%	8,675,179	113.07%
General revenues						
Motor fuels tax and registration fees	184,064,580	28.11%	147,455,778	22.23%	36,608,802	27.19%
Mineral royalty and severance taxes	77,428,811	11.83%	73,875,878	11.43%	3,552,933	4.81%
State general fund money	43,986,232	6.72%	40,000,000	6.19%	3,986,232	9.97%
Investment income	2,782,407	0.42%	561,276	0.09%	2,221,131	395.73%
Gain on sale of assets	230,741	0.04%	88,872	0.01%	141,869	159.63%
Other revenue	7,773,609	1.19%	6,320,760	0.98%	1,452,849	22.99%
Total revenue	654,712,513	100.00%	646,429,175	100.00%	8,283,338	1.28%
Expenses						
Road preservation and maintenance	389,308,791	59.46%	404,748,937	62.61%	(15,440,146)	-3.81%
Planning	10,765,136	1.64%	10,763,607	1.67%	1,529	0.01%
Highway safety	7,337,200	1.12%	7,359,930	1.14%	(22,730)	-0.31%
Administration	28,675,118	4.38%	19,383,339	3.00%	9,291,779	47.94%
Federal transit program	19,357,765	2.96%	11,574,456	1.79%	7,783,309	67.25%
Licensing and registration	13,974,492	2.13%	12,861,554	1.99%	1,112,938	8.65%
Law enforcement	36,584,125	5.59%	40,289,925	6.23%	(3,705,800)	-9.20%
Statewide communication system	3,907,681	0.60%	4,252,683	0.66%	(345,002)	-8.11%
Airport improvement program	35,701,489	5.45%	38,008,430	5.88%	(2,306,941)	-6.07%
Flight services program	881,453	0.14%	887,181	0.14%	(5,728)	-0.65%
Total expenses	546,493,250	83.47%	550,130,042	85.10%	(3,636,792)	-0.66%
Change in net position	\$ 108,219,263	16.53%	\$ 96,299,133	14.90%	\$ 12,078,736	12.54%
Net position at beginning of year	5,743,640,672		5,647,341,539		96,299,133	
Net position at end of year	<u>\$ 5,851,859,935</u>		<u>\$ 5,743,640,672</u>		<u>\$ 108,219,263</u>	

The Department's total revenues are flat when compared to previous the year. The Department recognized \$41.4 million more in motor fuels tax revenue but that increase is offset by a \$52.7 million decrease in operating grants and contributions. Capital grants and contributions increased due to the Federal Transit program. Mineral royalties and severance tax revenues increased from revenues received in 2013. 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 up due to market conditions and the amount of cash available during 2014.

Total expenses were down when compared with 2013, decreasing by \$3.7 million. Road preservation and maintenance program expenses were down \$15.4 million and Airport improvement program expenses were up by \$7.8 million during the year. Administration expenses were up during 2014 due to the creation of the Enterprise Technology Division. The Department has increased its payments to other agencies to cover the Department's share of ETS costs.

The Department's net position increased by \$108.2 million in fiscal year 2014 compared to a \$96.3 million increase in fiscal year 2013. The \$108.2 million change in net position is 16.53% of total revenue for the year and is due mainly to an increase in the amount of infrastructure assets capitalized during fiscal year 2014.

Financial Analysis of the Department's Funds

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, 2014, the Department's governmental funds reported combined fund balances of \$138.2 million, an increase of \$13.0 million compared to the prior year.

The General Fund is the main operating fund of the Department. As of September 30, 2014, the total fund balance was \$92.8 million. As of September 30, 2014, the Department's General Fund had \$29.6 million classified as nonspendable, which is invested in inventories. \$9.4 million is restricted by external creditors for energy efficiency upgrade payments. The Department had \$17.8 million classified as committed fund balance for road constructions contractor payments at year end and the remaining \$36.0 million is classified as unassigned. The Department does not have any General Fund balance classified as assigned.

The State Infrastructure Bank fund balance is \$33.6 million. \$26.1 million is restricted to loans made for road construction projects.

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

Revenues	2014		2013		Increase (Decrease)	
Motor fuel and registration taxes	\$ 119,482,106	18.43%	\$ 80,119,378	12.49%	\$ 39,362,728	49.13%
Mineral royalty and severance taxes	74,149,791	11.43%	73,775,878	11.50%	373,913	0.51%
Highway user fees	82,941,498	12.79%	80,916,347	12.61%	2,025,151	2.50%
Federal aid revenue	256,852,362	39.61%	289,037,154	45.06%	(32,184,792)	-11.14%
Federal grant revenue	45,672,484	7.04%	56,077,403	8.74%	(10,404,919)	-18.55%
Interest and investment income	2,782,407	0.43%	561,276	0.09%	2,221,131	395.73%
City, county and other matching revenue	8,033,262	1.24%	9,712,138	1.51%	(1,678,876)	-17.29%
Flight services revenue	723,446	0.11%	734,867	0.11%	(11,421)	-1.55%
Communication network revenue	274,508	0.04%	274,446	0.04%	62	0.02%
Other state sources	43,986,232	6.78%	40,000,000	6.24%	3,986,232	9.97%
Miscellaneous revenue	13,616,426	2.10%	6,672,504	1.61%	6,943,922	104.07%
Total revenues	<u>\$ 648,514,522</u>	<u>100.00%</u>	<u>\$ 637,881,391</u>	<u>100.00%</u>	<u>\$ 10,633,131</u>	<u>1.67%</u>

Total revenues for governmental activities were up slightly when compared to 2013, \$648.5 million in 2014 and \$637.9 million in 2013. Federal Aid was down \$32.2 million due to a decrease in billable Federal construction activity. The \$39.4 million increase in motor fuel and registration taxes reflects the \$.10 increase in motor fuel tax that took effect on July 1, 2013. The recognized amount of mineral royalty and severance tax revenue increased over that of 2013 due to fluctuations in price and production. Federal grant revenue decreased \$10.4 million over that of 2013 due to decreased funding for Airport Improvement and Federal Transit projects. Investment income was up due market conditions and cash available for investment during the year.

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

	2014		2013		Increase (Decrease)	
Expenditures						
Road construction	\$ 362,662,502	55.89%	\$ 354,904,291	56.19%	\$ 7,758,211	2.19%
Maintenance	130,619,988	20.13%	128,559,595	20.35%	2,060,393	1.60%
Planning	10,856,305	1.67%	10,831,874	1.71%	24,431	0.23%
Federal transit program	19,357,765	2.98%	11,574,456	1.83%	7,783,309	67.25%
Administration	27,879,051	4.30%	23,240,238	3.68%	4,638,813	19.96%
Law enforcement	35,995,877	5.55%	39,348,369	6.23%	(3,352,492)	-8.52%
Highway safety	7,334,898	1.13%	7,357,791	1.16%	(22,893)	-0.31%
Licensing and registration	13,956,914	2.15%	12,755,541	2.02%	1,201,373	9.42%
Airport improvement	35,419,971	5.46%	38,004,390	6.02%	(2,584,419)	-6.80%
Flight services	881,454	0.14%	887,181	0.14%	(5,727)	-0.65%
Statewide communication system	3,906,425	0.60%	4,251,428	0.67%	(345,003)	-8.11%
Total expenditures	<u>\$ 648,871,150</u>	<u>100.00%</u>	<u>\$ 631,715,154</u>	<u>100.00%</u>	<u>\$ 17,155,996</u>	<u>2.72%</u>

Expenditures for governmental functions were up slightly from \$631.7 million in 2013 to \$648.9 million for fiscal year 2014, a 2.72% increase. The majority of the increase occurred in roadway construction and the Federal Transit program. Roadway construction experienced an increase of \$7.8 million, which reflects the recognition of less billable Federal construction activities being offset by an increase in fuel taxes revenues. Other programs that had a decrease in expenditures are; statewide communications system, \$.34 million; and the Airport Improvement program, \$2.6 million and law enforcement \$3.35 million.

Capital Assets and Debt Administration

The Department's investment in capital assets for its governmental activities as of September 30, 2014 amounted to \$5.68 billion (net of accumulated depreciation). This investment in capital assets includes infrastructure (consisting of land, roadways, bridges, and statewide communications network), land, site improvements, buildings, equipment and construction in progress.

The Department invested \$99.1 million in Infrastructure assets for the year. During the year, the Department's major addition to depreciable assets was the \$13.2 million additions in vehicles and roadway machinery, and the \$2.1 million in 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, 2013	Additions	Deletions	Ending Balance September 30, 2014
Infrastructure	<u>\$ 5,393,110,842</u>	<u>\$ 122,123,878</u>	<u>\$ 23,020,704</u>	<u>\$ 5,492,214,016</u>
Nondepreciable capital assets				
Land	\$ 7,240,775	\$ -	\$ -	\$ 7,240,775
Work in progress	4,771,869	4,934,106	(3,178,948)	6,527,027
Depreciable and amortizable capital assets				
Site improvements	12,388,037	656,365	(46,464)	12,997,938
Buildings	166,225,169	4,420,838	(1,032,749)	169,613,258
Vehicles, aircraft and road machinery	129,974,558	13,241,613	(6,674,551)	136,541,620
General property	20,336,794	2,129,697	(589,376)	21,877,115
Software	2,106,470	173,739	-	2,280,209
Depletable capital assets				
Gravel pit	1,233,000	-	-	1,233,000
Total capital assets at historical cost	<u>344,276,672</u>	<u>25,556,358</u>	<u>(11,522,088)</u>	<u>358,310,942</u>
Total depreciation, depletion and amortization	<u>(151,202,716)</u>	<u>(16,226,936)</u>	<u>6,009,664</u>	<u>(161,419,988)</u>
Non-infrastructure capital assets - net	<u>\$ 193,073,956</u>	<u>\$ 9,329,422</u>	<u>\$ (5,512,424)</u>	<u>\$ 196,890,954</u>

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 4.0 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 at 3.25 (good) and its Off the National Highway Road System (NHS) at 3.0 (fair). As of September 30, 2014, the NHS is at 3.52 and the Non-NHS is at 3.27.

The Department uses a comprehensive bridge management system (PONTIS) 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 new highway bill, Moving Ahead for Progress in the 21st Century (MAP-21), has restructured the core highway formula programs into the National Highway Performance Program (NHPP). The Highway Bridge Program (HBP) was one the programs that was restructured, and as such, there is no longer a select list to determine deficient bridges. The Department has elected to use the WBI to replace the select list criteria used in the past.

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:

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

Excellent	100 ≥ WBI ≥ 93
Good	93 > WBI ≥ 85
Fair	85 > WBI ≥ 65
Poor	65 > WBI ≥ 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).

Using the BMSINBI conversion program, 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), reassigned the status of several routes not on the National Highway System (NHS) to the NHS. The 2014 data reflects a decrease in the number of Non-NHS bridges and an increase NHS bridges due to this reassignment.

As of September 30, 2014, the bridge ratings were as follows:

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%

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 \$390.8 million for the year ended September 30, 2014. Actual expenditures on infrastructure for maintenance and preservation were \$388.7 million, a difference of \$2.1 million. The difference is due to projects that were awarded late in the previous fiscal year and work not started on these projects until fiscal year 2015.

At the end of the current fiscal year, the Department had \$2.8 million in outstanding debt related to its capital assets in the form of a lease-purchase agreement.

Wyoming Department of Transportation (WYDOT) General Fund Budgetary Highlights

The Department's budget was revised at the first, second and third quarters during FY2014. 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

In April 2013, the Department issued \$2.84 million in long-term debt with a 2.25% interest rate to finance energy efficiency upgrades to some of its facilities. 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.

Interest only payments were due monthly beginning June 1, 2013 through May 1, 2014. The lease purchase agreement is amortized over fifteen (15) years with principal and interest payments which began on June 1, 2014.

In June 2014, the Department entered into an additional long term lease-purchase agreement to finance energy efficiency projects along the roadways as well as in other Department owned facilities. Once again the expectation is that savings on energy bills will be enough to cover the principle and interest payments on the obligation. The 2014 lease-purchase agreement is for \$10,463,763 amortized over 15 years at a rate of 2.85%. Interest payments began accruing as of June 2014, principle and interest payments will begin in November of 2015.

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 legislature did pass a 10 cent a gallon increase in motor fuel tax, resulting in estimated annual revenue to the State of \$72 million. The \$72 million will be shared under the existing distribution formulas. The Department estimates its annual share of the revenue to be \$47.5 million, which is designated to be used for contractor payments for road maintenance. However, other highway user fees and other state revenue sources are not expected to increase.

Federal Highway Trust Fund account appropriations and balances continue to be a concern for Wyoming and all other states. The Congressional Budget Office has testified before Congress that the current spending levels are unsustainable. Starting in fiscal year 2015, the trust fund will have insufficient resources to meet all of its obligations, resulting in accumulating shortfalls.

Dialog on a Federal level suggests that there could be a slowdown in Federal dollars paid to the states and greater Highway trust fund account balances difficulties in 2015.

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 Blvd., Cheyenne, WY 82010.

BASIC FINANCIAL STATEMENTS

WYOMING DEPARTMENT OF TRANSPORTATION
STATEMENT OF NET POSITION
September 30, 2014

ASSETS

Current assets

Cash with Treasurer	\$ 61,002,524
Cash with other institutions	9,467,815
Accounts receivable	142,179,480
Inventories	29,626,356
Total current assets	242,276,175

Noncurrent assets

Nondepreciable capital assets

Land	7,240,775
Non-infrastructure W.I.P.	6,527,027
Infrastructure W.I.P.	298,820,493
Infrastructure	5,193,393,523

Depletable, depreciable and amortizable capital assets,
net of accumulated depreciation, depletion and amortization

Site improvements	3,217,750
Software	167,544
Buildings	93,390,001
Vehicles	78,609,114
General property	6,741,794
Gravel pit	996,949

Total noncurrent assets	5,689,104,970
-------------------------	---------------

Total assets	5,931,381,145
--------------	---------------

LIABILITIES

Current liabilities

Accounts payable	42,542,385
Deposits of others	136,203
Compensated absences	10,884,557
Lease purchase agreement - current	195,899

Total current liabilities	53,759,044
---------------------------	------------

Noncurrent liabilities

Lease purchase agreement - noncurrent	13,010,549
Compensated absences	12,751,617

Total noncurrent liabilities	25,762,166
------------------------------	------------

Total liabilities	79,521,210
-------------------	------------

NET POSITION

Net investment in capital assets	5,685,305,638
Restricted net position	41,334,508
Unrestricted net position	125,219,789
Total net position	\$ 5,851,859,935

The accompanying notes are an integral part of the financial statements

**WYOMING DEPARTMENT OF TRANSPORTATION
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities					
Road preservation - maintenance	\$ 389,308,791	\$ 28,492,697	\$ 257,521,468	\$ -	\$ (103,294,626)
Planning	10,765,136	-	-	-	(10,765,136)
Highway safety	7,337,200	43,100	3,965,520	-	(3,328,580)
Administration	28,675,118	74,992	-	-	(28,600,126)
Federal transit program	19,357,765	-	2,121,437	16,347,675	(888,653)
Licensing and registration	13,974,492	5,893,125	23,700	-	(8,057,667)
Law enforcement	36,584,125	-	1,734,090	-	(34,850,035)
Statewide communication system	3,907,681	274,508	-	-	(3,633,173)
Airport improvement program	35,701,489	-	21,230,375	-	(14,471,114)
Flight services program	881,453	723,446	-	-	(158,007)
Total	<u>\$ 546,493,250</u>	<u>\$ 35,501,868</u>	<u>\$ 286,596,590</u>	<u>\$ 16,347,675</u>	<u>\$ (208,047,117)</u>
General revenues					
Motor fuels and registration fees					\$ 184,064,580
Mineral severance taxes and royalties					77,428,811
State general fund revenue					43,986,232
Investment income					2,782,407
Other revenue					7,773,609
Gain on sale of assets					230,741
Total general revenue					<u>316,266,380</u>
Changes in net position					108,219,263
Net position-beginning of year					5,743,640,672
Net position-end of year					<u>\$ 5,851,859,935</u>

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

**WYOMING DEPARTMENT OF TRANSPORTATION
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2014**

	General Fund	State Infrastructure Bank Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash with Treasurer	\$ 32,393,326	\$ 16,470,747	\$ 12,138,451	\$ 61,002,524
Cash - Other	9,467,815	-	-	9,467,815
Accounts receivable	142,086,729	-	92,751	142,179,480
Due from other funds	38,534	-	67	38,601
Advances to other funds	-	17,125,598	-	17,125,598
Inventories	29,626,356	-	-	29,626,356
Total assets	<u>\$ 213,612,760</u>	<u>\$ 33,596,345</u>	<u>\$ 12,231,269</u>	<u>\$ 259,440,374</u>
LIABILITIES				
Accounts payable	\$ 42,140,217	\$ -	\$ 402,168	\$ 42,542,385
Due to other funds	-	-	38,601	38,601
Accrued compensated absences	1,916,947	-	-	1,916,947
Deposits of others	136,203	-	-	136,203
Advances from other funds	17,125,598	-	-	17,125,598
Total liabilities	<u>61,318,965</u>	<u>-</u>	<u>440,769</u>	<u>61,759,734</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	59,466,686	-	-	59,466,686
Total deferred inflows of resources	<u>59,466,686</u>	<u>-</u>	<u>-</u>	<u>59,466,686</u>
FUND BALANCE				
Nonspendable	29,626,356	-	-	29,626,356
Restricted	9,407,116	26,061,739	5,865,653	41,334,508
Committed	17,816,431	-	-	17,816,431
Assigned	-	7,534,606	6,204,549	13,739,155
Unassigned	35,977,206	-	(279,702)	35,697,504
Total fund balances	<u>92,827,109</u>	<u>33,596,345</u>	<u>11,790,500</u>	<u>138,213,954</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 213,612,760</u>	<u>\$ 33,596,345</u>	<u>\$ 12,231,269</u>	<u>\$ 259,440,374</u>

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

**WYOMING DEPARTMENT OF TRANSPORTATION
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
September 30, 2014**

Total fund balance - Governmental funds \$ 138,213,954

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 consist of: (Net of Accumulated Depreciation)

Infrastructure assets	5,193,393,523	
Land	7,240,775	
Non-infrastructure WIP	6,527,027	
Infrastructure WIP	298,820,493	
Site improvements	3,217,750	
Buildings	93,390,001	
Vehicles, aircraft and road machinery	78,609,114	
General property	6,741,794	
Gravel pit	996,949	
Non-tangible assets	<u>167,544</u>	
		5,689,104,970

Because the focus of governmental funds is in 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 inflows of resources in the governmental funds and, thus are not included in governmental fund balance. 59,466,686

Some liabilities are not due and payable in the current period and, therefore, not reported in the governmental funds. Those liabilities consist of:

Long term lease purchase agreement	(13,206,448)	
Compensated absences and termination benefits	<u>(21,719,227)</u>	
		<u>(34,925,675)</u>

Net position of governmental activities \$ 5,851,859,935

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

WYOMING DEPARTMENT OF TRANSPORTATION
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2014

	General Fund	State Infrastructure Bank Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Gas and special fuel tax revenue	\$ 119,482,106	\$ -	\$ -	\$ 119,482,106
Mineral royalty and severance tax	74,149,791	-	-	74,149,791
Highway user fees	82,224,926	-	716,572	82,941,498
Federal aid revenue	256,660,284	-	192,078	256,852,362
Federal grant revenue	27,802,030	-	17,870,454	45,672,484
Interest and investment income	1,856,407	643,609	282,391	2,782,407
City, county and other match revenue	8,033,262	-	-	8,033,262
Flight services revenue	-	-	723,446	723,446
Communications network revenue	-	-	274,508	274,508
Other state sources revenue	37,090,000	-	6,896,232	43,986,232
Miscellaneous revenue	13,616,630	-	(204)	13,616,426
Total revenues	<u>620,915,436</u>	<u>643,609</u>	<u>26,955,477</u>	<u>648,514,522</u>
Expenditures				
Current				
Road construction	362,662,502	-	-	362,662,502
Maintenance	130,619,988	-	-	130,619,988
Planning	10,856,305	-	-	10,856,305
Federal transit program	-	-	19,357,765	19,357,765
Administration	27,879,051	-	-	27,879,051
Law enforcement	35,995,877	-	-	35,995,877
Highway safety	6,956,769	-	378,129	7,334,898
Licensing and registration	13,857,094	-	99,820	13,956,914
Airport improvement program	33,314,978	-	2,104,993	35,419,971
Flight services program	-	-	881,454	881,454
Statewide communication system	-	-	3,906,425	3,906,425
Total expenditures	<u>622,142,564</u>	<u>-</u>	<u>26,728,586</u>	<u>648,871,150</u>
Excess (deficiency) of revenues over expenditures	<u>(1,227,128)</u>	<u>643,609</u>	<u>226,891</u>	<u>(356,628)</u>
Other financing sources (uses)				
Proceeds from sale of assets	2,918,970	-	-	2,918,970
Transfer of funds in	-	-	1,500,000	1,500,000
Transfer of funds out	(1,500,000)	-	-	(1,500,000)
Proceeds from lease purchase agreement	10,463,763	-	-	10,463,763
Total other financing sources (uses)	<u>11,882,733</u>	<u>-</u>	<u>1,500,000</u>	<u>13,382,733</u>
Net changes in fund balances	10,655,605	643,609	1,726,891	13,026,105
Fund balances, beginning of year	<u>82,171,504</u>	<u>32,952,736</u>	<u>10,063,609</u>	<u>125,187,849</u>
Fund balances, end of year	<u>\$ 92,827,109</u>	<u>\$ 33,596,345</u>	<u>\$ 11,790,500</u>	<u>\$ 138,213,954</u>

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

**WYOMING DEPARTMENT OF TRANSPORTATION
RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURE AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014**

Net change in fund balance - total governmental funds \$ 13,026,105

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 and amortization expense. In the current period, these amounts are:

Expenditures for capital assets, infrastructure and other related asset adjustments:	121,480,585	
Less:		
Current year depreciation, depletion and amortization	(16,226,936)	
Disposition of assets	<u>(2,333,476)</u>	102,920,173
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. The change in these accounts are:		3,279,020
Proceeds from lease purchase agreement provides current financial resources for governmental funds but has no effect on net position.		(10,463,763)
Repayment of capital lease principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position and does not affect the statement of activities		102,671
Change in long-term compensated absences and other long term liabilities 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.		<u>(644,943)</u>
Change in net position of governmental activities		<u>\$ 108,219,263</u>

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

**WYOMING DEPARTMENT OF TRANSPORTATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2014**

ASSETS

Cash with State Treasurer	\$ 10,175,641
Cash with other institutions	708
Accounts receivable	<u>13,400,000</u>
Total assets	<u>\$ 23,576,349</u>

LIABILITIES

Accounts payable	\$ 13,409,855
Deposits of others	<u>10,166,494</u>
Total liabilities	<u>\$ 23,576,349</u>

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

WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Financial Reporting Entity

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.

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.

WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Basis of Accounting

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.

WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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 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:

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

WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fifteen-year schedule starting in November 2015.

Compensated Absences

The Department accrues accumulated unpaid vacation and vested sick leave. A liability for these amounts is reported in the governmental funds only if they have matured and are payable within 60 days of year-end. The WYDOT General Fund has been responsible historically for paying the liability for compensated absences.

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, 2014, represents mineral royalty, severance taxes and fuel taxes receivable not available to meet current obligations.

Short-Term Debt

The Department had no anticipation notes, lines of credit or other short-term debt outstanding at any time during the year ended September 30, 2014.

WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

New and Future Accounting Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities" provides further guidance on determining which balances, currently reported as assets and liabilities, should be reported as deferred outflows or deferred inflows of resources. Under Statement No. 65, items previously reported as deferred revenues are now reported as deferred inflows of resources on the fund financial statements.

The GASB issued Statement No. 68 "Accounting and Financial Reporting for Pensions" (Statement No. 68), which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The Wyoming Department of Transportation provides its employees with pension benefits through a multiple employer cost-sharing defined benefit retirement program administered by the Wyoming Retirement System ("System").

Statement No. 68 is effective for fiscal year 2015 and at this time, management is unable to estimate the magnitude of this impact. Statement No. 68 requires cost-sharing employers participating in the Wyoming Retirement System program, such as the Wyoming Department of Transportation, to record their proportionate share, as defined in Statement No. 68, of the System's unfunded pension liability. The Department has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefits, or annual required contribution decisions made by the System. Information regarding the Wyoming Retirement System's current funding status can be found in its publicly available financial report that includes financial statements and required supplementary information.

**WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014**

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.

Cash on deposit with the State Treasurer at September 30, 2014 was \$71,178,165. Cash held with other institutions at September 30, 2014 was \$9,468,523. Of the cash held with other institutions, \$295,013 was covered by FDIC and \$9,173,510 is secured by the institution as required by Wyoming State Statute 9-4-807.

The following summarizes cash and pooled cash investments:

Cash on deposit with State Treasurer	\$ 71,178,165
Cash held with other institutions	<u>9,468,523</u>
Total	<u>\$ 80,646,688</u>

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

Statement of Net Position:	
Cash with State Treasurer	\$ 61,002,524
Cash with other institutions	9,467,815
Statement of Fiduciary Net Position:	
Cash with State Treasurer	10,175,641
Cash with other institutions	<u>708</u>
	<u>\$ 80,646,688</u>

NOTE 3 – ACCOUNTS RECEIVABLE

	<u>General Fund</u>	<u>Nonmajor Funds</u>
Due from the Federal government	\$ 26,492,379	\$ 34,678
Due from other State agencies	81,691,300	50,754
Due from other governments	5,233,102	-
Other receivables	<u>28,669,948</u>	<u>7,319</u>
Total	<u>\$ 142,086,729</u>	<u>\$ 92,751</u>

**WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014**

NOTE 4 – INVENTORY

Inventories consist of the following:

Road materials and supplies	\$ 26,648,630
Motor operating supplies	961,474
General supplies	347,041
Statewide communication parts	694,169
Work in progress	<u>1,325,042</u>
	29,976,356
Less allowance for obsolescence	<u>(350,000)</u>
Total	<u><u>\$ 29,626,356</u></u>

NOTE 5 – INTERFUND TRANSACTIONS

Due to/from other funds

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 38,534	\$ -
Motorcycle Safety Fund	-	580
Federal Transit Authority Fund	-	1,958
Flight Services Fund	-	29,381
Statewide Communication System Fund	-	5,631
Air service enhancement Fund	67	1,051
	<u>\$ 38,601</u>	<u>\$ 38,601</u>

Advances to/from other funds

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$ 17,125,598
State Infrastructure Bank Fund	17,125,598	-
	<u>\$ 17,125,598</u>	<u>\$ 17,125,598</u>

The balance of \$17,125,598 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.

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 were as follows:

Transfers

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,500,000
Federal Transit Authority Fund	1,500,000	-
	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

**WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014**

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 \$12,372,690 as of September 30, 2014, represents a contingent liability to the Department.

A liability for these amounts is recognized in the WYDOT General Fund only if they have matured, for example, as a result of employees' resignations and retirements or use.

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

	September 30, 2014				
	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One Year
Governmental activities					
Lease purchase agreement PWB-13	\$ 2,845,356	\$ -	\$ 102,671	\$ 2,742,685	\$ 195,899
Lease purchase agreement BOA-14	-	10,463,763	-	10,463,763	-
Compensated absences	<u>23,030,478</u>	<u>11,490,253</u>	<u>10,884,557</u>	<u>23,636,174</u>	<u>10,884,557</u>
Governmental activities					
Long-term liabilities	<u>\$ 25,872,129</u>	<u>\$ 21,954,016</u>	<u>\$ 10,987,228</u>	<u>\$ 36,842,622</u>	<u>\$ 11,080,456</u>

Of the \$10,884,557 of compensated absences due within one year of September 30, 2014, \$3,031,687 has matured as a result of usage.

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 escrow account established for the purchase of the energy efficient equipment and improvements as well as 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, 2014. There was no depreciation associated yet with the equipment as the equipment was not yet placed in service as of September 30, 2014. 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 beginning in June 2014 and running through May 2029. Interest payments became due monthly starting in June 2013 and running through May 2029 and are accrued at an annual interest rate of 2.25%. The debt service payments for the year ended September 30, 2014 were \$171,642, with \$68,971 of the amount paid as interest.

**WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014**

NOTE 6 – COMPENSATED ABSENCES AND LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements for the 2013 lease purchase agreement at September 30, 2014 are as follows:

2013 Lease Purchase Agreement

	Principal	Interest	Total
2015	\$ 195,899	\$ 59,343	\$ 255,242
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 - 2024	908,136	176,499	1,084,635
2025 - 2029	1,085,161	59,241	1,144,402
	<u>\$ 2,742,685</u>	<u>\$ 500,972</u>	<u>\$ 3,243,657</u>

In 2014, the Department entered into an additional lease-purchase agreement with another outside party 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 \$10,463,763 from an outside third party 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 to the Bank of America will begin in 2016 and 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, 2014, there was \$9,407,116 remaining in the escrow account. The energy efficient equipment purchased by the Department under the lease purchase agreement cost \$1,056,647. There was no depreciation associated yet with the equipment as the equipment was not yet placed in service as of September 30, 2014.

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

2014 Lease Purchase Agreement

	Principal	Interest	Total
2015	\$ -	\$ -	\$ -
2016	152,915	516,425	669,340
2017	450,231	300,039	750,269
2018	485,667	287,107	772,774
2019	522,806	273,155	795,961
2020 - 2024	3,235,439	1,117,206	4,352,645
2025 - 2029	4,461,311	584,602	5,045,913
2030	1,155,394	38,443	1,193,837
	<u>\$ 10,463,763</u>	<u>\$ 3,116,976</u>	<u>\$ 13,580,739</u>

WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Infrastructure related assets - nondepreciable				
Land - Infrastructure related	\$ 69,246,068	\$ -	\$ -	\$ 69,246,068
Infrastructure assets				
Bridges	856,242,731	-	-	856,242,731
Roadways	4,188,140,764	23,199,493	-	4,211,340,257
Communication systems	54,205,278	-	-	54,205,278
Permanent easements	-	2,359,189	-	2,359,189
Work in progress	225,276,001	96,565,196	(23,020,704)	298,820,493
Total infrastructure related assets	<u>5,393,110,842</u>	<u>122,123,878</u>	<u>(23,020,704)</u>	<u>5,492,214,016</u>
Capital assets				
Nondepreciable capital assets				
Land	7,240,775	-	-	7,240,775
Work in progress	4,771,869	4,934,106	(3,178,948)	6,527,027
Depreciable and amortizable capital assets				
Site improvements	12,388,037	656,365	(46,464)	12,997,938
Buildings	166,225,169	4,420,838	(1,032,749)	169,613,258
Vehicles, aircraft and road machinery	129,974,558	13,241,613	(6,674,551)	136,541,620
General property	20,336,794	2,129,697	(589,376)	21,877,115
Software	2,106,470	173,739	-	2,280,209
Depletable capital assets				
Gravel pit	1,233,000	-	-	1,233,000
Total capital assets at historical cost	<u>344,276,672</u>	<u>25,556,358</u>	<u>(11,522,088)</u>	<u>358,310,942</u>
Less accumulated depreciation, depletion and amortization				
Site improvements	(9,465,274)	(361,378)	46,464	(9,780,188)
Buildings	(71,988,937)	(5,144,598)	910,278	(76,223,257)
Vehicles, aircraft and road machinery	(54,153,617)	(8,332,421)	4,553,532	(57,932,506)
General property	(13,620,153)	(2,014,558)	499,390	(15,135,321)
Software	(1,754,844)	(357,821)	-	(2,112,665)
Gravel pit	(219,891)	(16,160)	-	(236,051)
Total depreciation, depletion and amortization	<u>(151,202,716)</u>	<u>(16,226,936)</u>	<u>6,009,664</u>	<u>(161,419,988)</u>
Total depreciable, depletable and amortizable capital assets, net of depreciation, depletion and amortization	<u>193,073,956</u>	<u>9,329,422</u>	<u>(5,512,424)</u>	<u>196,890,954</u>
Governmental activities, capital assets, net	<u>\$ 5,586,184,798</u>	<u>\$ 131,453,300</u>	<u>\$ (28,533,128)</u>	<u>\$ 5,689,104,970</u>

WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 7 – CAPITAL ASSETS (CONTINUED)

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

Road preservation and maintenance	\$ 14,281,446
Transportation planning	74,319
Administration	980,270
Highway patrol	588,248
Licensing and registration	17,579
Highway safety	2,300
Aeronautics	281,518
Statewide communication	1,256
	<u>\$ 16,226,936</u>

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, 2014, 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 \$29,626,356.

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: \$9,407,116 as restricted Fund Balance as of September 30, 2014 as part of the energy efficiency upgrade project, \$688,906 as restricted Fund Balance as of September 30, 2014 for radioactive waste clean-up, \$5,047,546 restricted for air service enhancement and \$129,201 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 \$17,816,431 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 General Fund, and in funds other than the General Fund, assigned fund balance represents the remaining amount of fund balance for the purpose of the fund.

**WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014**

NOTE 8 – FUND BALANCE (CONTINUED)

For the State Infrastructure Bank Fund, the \$7,534,606 is the remaining fund balance not restricted to be used to capitalize loans for road construction. For the Statewide Communications Fund the \$3,814,524 is the remaining amount of fund balance to be used for the purpose of the fund. The amount of \$693,264 is the remaining amount of fund balance after operations for the year in the Motorcycle Safety Fund and the \$1,696,761 is the remaining fund balance of the other governmental funds after operations for the year.

Unassigned – represents the residual classification for the Department’s General Fund and could report a surplus or deficit. The Department reports \$35,977,206 as unassigned fund balance in the General Fund as of September 30, 2014. The fund balance for the Flight Services fund has a deficit fund balance of \$279,702 as of September 30, 2014. The Department has increased the hourly charge for airplane usage, which 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.

	General Fund	State Infrastructure Bank Fund	Nonmajor Funds
Fund Balance:			
Nonspendable:			
Inventories	\$ 29,626,356	\$ -	\$ -
Restricted for:			
Energy efficiency upgrades	9,407,116	-	0
Air service enhancement funds	-	-	5,047,546
Hazardous material spill cleanup and training	-	-	688,906
Ignition interlock device expenditures	-	-	129,201
Loans made for road construction projects	-	26,061,739	-
Committed for:			
Additional \$.10 motor fuels tax for contract payments	17,816,431	-	-
Assigned to:			
Loans made for road construction projects	-	7,534,606	-
Communication system enhancements	-	-	3,814,524
Motorcycle safety education	-	-	693,264
Other	-	-	1,696,761
Unassigned:			
Total fund balances	<u>35,977,206</u>	<u>-</u>	<u>(279,702)</u>
	<u>\$ 92,827,109</u>	<u>\$ 33,596,345</u>	<u>\$ 11,790,500</u>

WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 9 – PENSION AND RETIREMENT PLANS

Wyoming Retirement System

All full-time or regular part-time employees of the Department participate in the Wyoming Retirement System (System), a cost sharing, multiple-employer public employee retirement system. The Department's employees participate in three of four plans administered by the System.

All full-time or regular part-time employees of the Department are eligible to participate in the Wyoming Retirement System Plan (WRS) included in the System. WRS allows for normal retirement after four years of service and attainment of age 60 and early retirement options are available. All Department employees, who are sworn officers of the Wyoming Highway Patrol and who have not elected coverage under the WRS described above, are eligible to participate in the Wyoming State Patrol, Game and Fish Warden, and Criminal Investigator Pension Plan included in the System. This plan provides retirement benefits at age 50 with early retirement options available. The System also provides death and disability benefits. Benefits are established by State statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report can be obtained by writing to Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002 or by calling (307) 777-7691.

Public Employees Pension Plan

The System statutorily requires 15.87% of the covered employee's salary for employees participating in WRS to be contributed. Contributions consist of 7.62% of the participant's salary as employer contributions and 8.25% as employee contributions. The amount of contributions designated as employee contributions represent the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers can elect to cover all or apportion of the employee's contribution at their discretion. The Department's contributions to WRS for the years ended September 30, 2014, 2013, 2012 were \$11,708,983, \$11,462,887 and \$11,368,412, respectively, equal to the required contributions for each year.

Through legislation passed during the 2012 legislative session, two tiers of benefits were established. The Tier 1 Plan allows for the employee to be fully vested after four years with normal retirement after at age 60. Early retirement is allowed provided the employee has 25 years of service, or attained 50 years of age with at least four years of service. Benefits will be reduced based on the length of time remaining to age 60.

The Tier 2 Plan allows for the employee to be fully vested after four years with normal retirement after at age 65. Early retirement is allowed provided the employee has 25 years of service, or attained 55 years of age with at least four years of service. Benefits will be reduced based on the length of time remaining to age 65.

The Plan's net position held in trust for benefits on December 31, 2013 totaled \$6.5 billion, an increase of \$620.4 million from 2012. Additions to the Plan net position held in trust for benefits include employer and employee contributions and investment gain/losses.

WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 9 – PENSION AND RETIREMENT PLANS (CONTINUED)

For the calendar year 2013, employee and employer contributions totaled \$244.7 million, an increase of \$4.7 million from 2012. Contributions increased due to legislative rate increase in 2013. The Plan recognized a net investment gain of \$780.6 million for the year 2013 compared with a net investment gain of \$723.5 million in 2012 due to the equities markets.

Deductions from the Plan net position held in trust for benefits resulted from retirement and beneficiary benefits, administrative expenses and refunds to members terminating service. For 2013, benefits totaled \$387.4 million, an increase of \$30.1 million from the previous year. The increase in benefits is due to the number of members retiring is greater than the number of members becoming deceased. Refunds are the result of employees leaving service and requesting the money they contributed plus interest into the system be refunded. Refunds to members during 2013 decreased \$.2 million to \$17.1 million for the year. For 2013, the costs of administering the Plan's benefits totaled \$6.5 million, which was the same as 2012.

An actuarial valuation of the Plan's asset and liabilities is performed annually. At the date of the most recent actuarial valuation, January 1, 2014, the funded status of the Plan decreased .94% to 77.62% due in part to assumptions used, which were changed by the board. The unfunded actuarial accrued liability of the plan, i.e., the amount liabilities exceed assets, was \$1.8 billion as of January 1, 2014. This is an increase of \$231 million from the previous year. The Departments share of these liabilities has not been determined. The active employee payroll remained constant in 2013, compared with an increase of 1.4% the previous year.

State Patrol, Game and Fish Warden and Criminal Investigator Pension Plan

The Wyoming State Patrol, Game and Fish Warden and Criminal Investigator Pension Plan is a cost sharing multiple employer defined benefit, contributory retirement plan covering officers of the Wyoming Highway Patrol, law enforcement officers employed by the Wyoming Game and Fish Department and sworn peace officers of the Division of Criminal Investigation. The System requires 28.42% of the covered employee's salary to be contributed for Wyoming State Highway Patrol employees participating in the State Patrol, Game and Fish Warden and Criminal Investigator Retirement Program. Contributions consist of 13.86% of the participant's salary as employer contributions and 14.56% as employee contributions. The amount of contributions designated as employee contributions represent the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers can elect to cover all or apportion of the employee's contribution at their discretion. The Department's contributions to this plan for the years indeed September 30, 2014, 2013, and 2012 were \$3,322,074, \$3,196,941, \$3,158,635, respectively, equal to the required contributions for each year.

The 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.

The Plan's net position held in trust for benefits at December 31, 2013 totaled \$121.4 million, an increase of \$12.4 million from 2012. Additions to the Plan net position held in trust for benefits include employer and employee contributions and investment gains/losses. For the calendar year 2013, employee and employer contributions totaled \$6.0 million, an increase from 2012 of \$448,642 or 8.1%.

WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 9 – PENSION AND RETIREMENT PLANS (CONTINUED)

Contributions increased due to a legislative increase in the required contribution percentage. Average salary per member decreased from \$75,854 in 2012 to \$75,066 in 2013. The Plan recognized a net investment gain of \$14.4 million for the year 2013 compared with net investment gain of \$13.3 million a year earlier. This is due to the equity market.

Deductions from the Plan net position held in trust for benefits resulted primarily from retirement and beneficiary benefits, administrative expenses and refunds to members terminating service. For 2013, benefits totaled \$7.9 million, an increase from \$7.6 million or 4.1% a year earlier. For 2013, the costs of administering the Plan's benefits totaled \$106,839 compared to \$84,760 a year ago. Refunds are the results of employees leaving public service and requesting the money they contributed plus interest into the system to be refunded. Refunds to members terminating service totaled \$335,592 in 2013, an increase from \$286,976 in 2012.

An actuarial valuation of the Plan asset and benefit obligations is performed annually. At the date of the most recent actuarial valuation, January 1, 2014, the funded status of the Plan increased from 77.2% on January 1, 2013 to 77.4% on January 1, 2014. The amount by which the Plan's actuarial liabilities exceeded actuarial assets was \$33.8 million on January 1, 2014, compared to the amount by which the Plan's actuarial liabilities exceeded actuarial assets by \$31.5 million on January 1, 2013. The Department's share of these liabilities has not been determined.

Law Enforcement Pension Plan

The Wyoming Law Enforcement Pension Plan is a cost sharing multiple employer defined benefit, contributory plan covering any county sheriff, deputy county sheriff, municipal police officer, Wyoming correctional officer, Wyoming law enforcement academy instructor, University of Wyoming campus police officer, detention officer, or dispatcher for law enforcement agencies and certain investigators of the Wyoming Livestock Board.

The System requires 17.2% of covered employee's salary to be contributed for Law Enforcement employees participating in the Law Enforcement Retirement Plan. Contributions consist of 8.6% of the participant's salary as employer contributions and 8.6% as employee contributions. The amount of contributions designated as employee contributions represent the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers can elect to cover all or apportion of the employee's contribution at their discretion. The Department's contributions to this plan for the years ended September 30, 2014, 2013, 2012 at 17.2% of covered salary were \$293,276, \$306,246, \$299,059, equal to the required contributions for each year.

The Plan statutorily provides retirement, disability, and death benefits according to predetermined amounts determined by salary, age and years of service of the participant. Any cost of living adjustment provided to retirees must be granted by the State Legislature. In addition, a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the cost of living adjustment (COLA) is awarded. Participants may withdraw from the Plan at any time and receive refunds of participant contributions plus accumulated interest.

WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 9 – PENSION AND RETIREMENT PLANS (CONTINUED)

The Plan net position held in trust for benefits on December 31, 2013 totaled \$508.5 million, an increase of \$60.4 million from 2012. Additions to the Plan net position held in trust for benefits include employer and employee contributions and investment income. For the calendar year 2013, employee and employer contributions totaled \$26.1 million, an increase from 2012 of \$116,090 or 0.4%. The Plan recognized a net investment gain of \$59.9 million for the year 2013 compared to an investment gain of \$53.8 million in 2012. This is due to the equity market.

Deductions from the Plan net position held in trust for benefits resulted primarily from retirement and beneficiary benefits, administrative expenses, and refunds to employees terminating service. For 2013, benefits totaled \$21.3 million, an increase from \$19.6 million or 8.4%. For 2013, the costs of administering the Plan's benefits totaled \$470,177 compared to \$416,632 during 2012. Refunds are the result of employees leaving public service and requesting the money they contributed plus interest into the system to be refunded. Refunds to members terminating service totaled \$4.4 million in 2013, an increase from \$3.6 million during 2012 or an increase of \$850,134.

An actuarial valuation of the Plan's asset and benefit obligations is performed annually. At the date of the most recent actuarial valuation, January 1, 2014, the funded status of the Plan was 92.4% compared to 92.3% a year earlier. The amount by which the Plan actuarial liabilities exceeded actuarial assets was \$40.0 million compared to the plan actuarial liabilities exceeding actuarial assets by \$36.3 million a year earlier. The Department's share of these liabilities has not been determined.

Deferred Compensation Plan

The State also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, accounted for by the State and available to all State employees, permits State employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. For each participating employee, the Department matches the first \$20 contributed by the employee each month. For the years ended September 30, 2014, 2013 and 2012, the Department contributed \$350,003, \$357,200, and \$355,520 respectively, in matching funds under this program.

Upon qualifying for distributions, benefits are paid out in lump sums, or as periodic benefit payments, at the option of the participant based on individual account balances and Plan provisions. The Plan's account balances are fully vested to the participants at the time of deposit. Investments in the Plan are individually directed by Plan participants among Board approved investment options of varying degrees of risk and earnings potential. Participants may transfer their funds between these options daily. Investments of the Plan are valued daily at fair value.

In addition to employee contributions, this Plan also accepts employer contributions on behalf of their employees, provided such contribution when added to the employees' deferred contribution does not exceed the maximum deferral permitted by the IRS. The State contributes \$20 a month per employee participating in the 457 Plan no matter the amount of the employee's contribution. The State contributed \$1,558,693 on behalf of its employees during the year ended December 31, 2013.

WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 9 – PENSION AND RETIREMENT PLANS (CONTINUED)

The Plan's net position held in trust for Plan participants at December 31, 2013 amounted to \$509 million compared to \$437 million a year earlier. Changes to the Plan net position held in trust for Plan participants include contributions and investment income or loss. The Plan experienced a net increase in market value of \$52,361,453 for the year 2013 compared to a net increase of \$32,623,702 for 2012. For the year 2012, employee contributions and rollovers received totaled \$37.7 million compared to \$41.5 million for 2013. Deductions from the Plan's net position are distributions to participants, and administrative expenses. A participant may request a distribution upon severance of employment, retirement, or an unforeseeable emergency as defined by the IRS Code. For 2013, distributions totaled \$28.0 million compared to \$23.0 million in distributions paid out in 2012.

The cost of the Plan is paid for primarily with administrative fees. Administrative Revenue received totaled approximately \$2.0 million in 2013, which includes participant fees and rebates from investment managers, compared to \$1.8 million in 2012. In years when there is a surplus of participant fees, it is held in trust by WRS for future Plan expenses in periods of down markets. WRS receives a minimal amount of rebates from investment companies, which are also used to fund the costs of plan administration.

In addition to administrative fees, participants also pay fund-operating expenses to the fund managers depending on the funds selected. These expenses are deducted daily before share prices are valued. The Plan's record keeper maintains an individual account for each participant to which deferrals and other changes in value are credited. Administrative expense includes contracted services with the Plan record keeper, investment consultants, as well as other management functions performed by internal employees. The cost of administering the Plan during 2013 totaled \$1,800,126 including \$952,583 in fees paid for contracted services for record keeping, consulting and portfolio management compared to \$1,808,927 in 2012, which included \$954,853 in fees paid for contracted services.

Wyoming Post-Employment Benefits, Other than Pensions

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 on (1) year immediately prior to the date of retirement and is eligible to receive a retirement benefit under the Wyoming Retirement System; and either;

WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 9 – PENSION AND RETIREMENT PLANS (CONTINUED)

- 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 ending June 30, 2014, there were 14,185 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 2014 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 \$20.8 million as of June 30, 2014.

For the year ended September 30, 2014, the State of Wyoming assessed the Wyoming Department of Transportation \$617,582 to help defray these costs.

WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 10 – 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 does not maintain reserves; 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 2011-2013 and \$610,455 for the 2013-2014 biennium. The Department has transferred \$305,228 to the Department of Administration for the fiscal year.

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 2013, the Department contributed 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, 2014 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 2014 and 2013 were \$24,512,198 and \$24,324,379 respectively.

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

Wyoming Statute 27-14-101 created the Wyoming Workers' Compensation Act which is administered as an enterprise fund 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 Department of Employment, State of Wyoming. This amount is based on salaries and a split rate between hazardous and non-hazardous positions.

At June 30, 2014, the State of Wyoming's Workers' Compensation Enterprise Fund reported a claims liability of approximately \$1.6 billion. The Department's proportionate share of the claims liability cannot reasonably be estimated. The amount paid by the Department to the State of Wyoming Workers' Compensation fund during fiscal year 2014 was \$1,954,348.

**WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2014**

NOTE 10 – RISK MANAGEMENT AND CONTINGENCIES (CONTINUED)

Wyoming Statute 27-3-101 created the Unemployment Compensation Act. This Act requires the Department to pay the cost of actual claims incurred. Changes in the balances of claims liabilities during fiscal years 2014 and 2013 were as follows for the Department's participation in the Unemployment Compensation Act Program:

Changes in claims balance during fiscal years:

	2014	2013
Unpaid claims, beginning of fiscal year	\$ -	\$ -
Insured claims	157,575	182,875
Claim payments	(157,575)	(182,875)
Unpaid claims, end of fiscal year	\$ -	\$ -

NOTE 11 – 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 \$12,156,971 for the year ended September 30, 2014.

This information is an integral part of the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WYOMING DEPARTMENT OF TRANSPORTATION
INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH
September 30, 2014
(Unaudited)

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	4.0 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, 2014, the overall PSR for the NHS was 3.52 and Non-NHS was 3.27. The number of miles of NHS and Non-NHS with excellent to good condition and fair to poor condition are as follows:

2014 PSR Condition Rating	NHS		Non-NHS	
	Number of Miles	Percent	Number of Miles	Percent
Good to excellent	2,821	70.8%	1,776	51.8%
Poor to fair	1,161	29.2%	1,651	48.2%
	<u>3,982</u>	<u>100%</u>	<u>3,427</u>	<u>100%</u>

2013 PSR Condition Rating	NHS		Non-NHS	
	Number of Miles	Percent	Number of Miles	Percent
Good to excellent	2,891	72.8%	1,662	48.5%
Poor to fair	1,081	27.2%	1,764	51.5%
	<u>3,972</u>	<u>100%</u>	<u>3,426</u>	<u>100%</u>

2012 PSR Condition Rating	NHS		Non-NHS	
	Number of Miles	Percent	Number of Miles	Percent
Good to excellent	2,603	67.7%	1,625	45.8%
Poor to fair	1,235	32.3%	1,921	54.2%
	<u>3,838</u>	<u>100%</u>	<u>3,546</u>	<u>100%</u>

WYOMING DEPARTMENT OF TRANSPORTATION
INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH
September 30, 2014
(Unaudited)

As of September 30, 2013, the overall PSR for NHS was 3.54, and Non-NHS was 3.23 and as of September 30, 2012 the ratings were 3.46 and 3.19 for the NHS and Non-NHS, respectively.

The Department uses a comprehensive bridge management system, AASHTOWare BrM (formerly PONTIS), 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 new highway bill, Moving Ahead for Progress in the 21st Century (MAP-21), has restructured the core highway formula programs into the National Highway Performance Program (NHPP). The Highway Bridge Program (HBP) was one the programs that was restructured, and as such, there is no longer a select list to determine deficient bridges. The Department has elected to use the WBI to replace the select list criteria used in the past.

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:

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

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

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).

Using the BMSINBI conversion program, 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), reassigned the status of several routes not on the National Highway System (NHS) to the NHS. The 2013 data reflects a decrease in the number of Non-NHS bridges and an increase NHS bridges due to this reassignment.

**WYOMING DEPARTMENT OF TRANSPORTATION
INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH
September 30, 2014
(Unaudited)**

The 2013 and 2012 structure condition rating has been converted and presented in the WBI formula.

2014 Structure Condition Rating					
<u>NHS</u>			<u>Non NHS</u>		
<u>Condition</u>	<u>Number</u>	<u>Percent</u>	<u>Condition</u>	<u>Number</u>	<u>Percent</u>
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					
<u>NHS</u>			<u>Non NHS</u>		
<u>Condition</u>	<u>Number</u>	<u>Percent</u>	<u>Condition</u>	<u>Number</u>	<u>Percent</u>
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%

2012 Structure Condition Rating					
<u>NHS</u>			<u>Non NHS</u>		
<u>Condition</u>	<u>Number</u>	<u>Percent</u>	<u>Condition</u>	<u>Number</u>	<u>Percent</u>
Excellent	104	8.1%	Excellent	98	14.6%
Good	491	38.3%	Good	281	41.9%
Fair	637	49.6%	Fair	255	38.0%
Poor	51	4.0%	Poor	37	5.5%
Total	1283	100.0%	Total	671	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.

**WYOMING DEPARTMENT OF TRANSPORTATION
INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH
September 30, 2014
(Unaudited)**

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

2014 Condition Rating	Number of WyoLink Assets	Percent	Number of Other-Tele-com Assets	Percent
	Acceptable	61	100.0%	166
Deficient	0	0%	0	0%

2013 Condition Rating	Number of WyoLink Assets	Percent	Number of Other-Tele-com Assets	Percent
	Acceptable	8	100.0%	166
Deficient	0	0%	0	0%

2012 Condition Rating	Number of WyoLink Assets	Percent	Number of Other-Tele-com Assets	Percent
	Acceptable	54	100.0%	168
Deficient	0	0%	0	0%

The Department estimated maintenance and preservation expenditures on infrastructure assets of \$390.8 million for the year ended September 30, 2014. Actual expenditures on infrastructure for maintenance and preservation were \$388.7 million, a difference of \$2.1 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:

For the year ended September 30,	Estimated			Actual		
	Road Network	Bridges	Communications System	Road Network	Bridges	Communications System
2010	373.4 million	23.8 million	*	444.6 million	26.2 million	*
2011	349.5 million	20.3 million	.8 million	418.4 million	32.9 million	.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

* No maintenance or operation budget had been established as of this date.

WYOMING DEPARTMENT OF TRANSPORTATION
SCHEDULE OF REVENUE APPROPRIATED AND EXPENSES ALLOCATED –
BUDGET AND ACTUAL - WYDOT GENERAL FUND
Year Ended September 30, 2014
(Unaudited)

	WYDOT General Fund			Variance with Final Budget
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	
	Original	Final		
Revenues appropriated				
Highway user fees	\$ 199,999,179	\$ 197,222,091	\$ 191,768,304	\$ (5,453,787)
Mineral royalties and severance taxes	73,184,000	73,184,000	73,184,000	-
General funds	33,325,815	33,325,815	33,325,815	-
Federal aid	241,706,634	245,758,748	245,193,982	(564,766)
Federal grants	50,753,331	46,660,413	46,064,463	(595,950)
Other sources	28,218,394	38,579,983	31,010,959	(7,569,024)
Total revenues appropriated	<u>627,187,353</u>	<u>634,731,050</u>	<u>620,547,523</u>	<u>(14,183,527)</u>
Expenses allocated				
Highway improvement program	342,851,444	344,535,657	326,271,761	18,263,896
Highway maintenance	126,065,225	142,064,917	135,302,705	6,762,212
Transportation planning	17,834,887	17,857,848	17,100,318	757,530
Other	42,886,377	34,517,174	32,650,487	1,866,687
Legislative appropriated	97,234,323	97,459,357	94,755,951	2,703,406
Capital outlay	9,748,418	13,175,253	12,385,013	790,240
Transfers out - Other State agencies	6,829,087	6,829,087	4,725,986	2,103,101
Total expenses allocated	<u>643,449,761</u>	<u>656,439,293</u>	<u>623,192,221</u>	<u>33,247,072</u>
Revenues appropriated over (under) expenses allocated	<u>\$ (16,262,408)</u>	<u>\$ (21,708,243)</u>	<u>\$ (2,644,698)</u>	<u>\$ 19,063,545</u>

WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended September 30, 2014
(Unaudited)

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 WYDOT General Fund and Motorcycle Safety Special Revenue Fund, which are combined for budgetary purposes. The legal level of budgetary control is total expenditures by fund. 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 General Fund has certain expenditures, including law enforcement, regulatory administration and aeronautics activities, for which a budget is prepared by the Department and approved by 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.

Legal compliance cannot be ascertained from the budgetary comparison schedules since elements of the commission budget are included in the General Fund, and all legislative budget items are subject to biennial budgets.

The State Infrastructure Bank Special Revenue Fund is a mechanism for better utilizing cash flows and managing commitments; as such, it is not required to have a legally adopted budget.

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

**WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended September 30, 2014
(Unaudited)**

NOTE 2 – BASIS OF BUDGETING (CONTINUED)

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 revenues, expenditures, and changes in fund balances - governmental funds are as follows:

	<u>WYDOT General Fund</u>										
Revenues appropriated - actual amounts (basis of budgeting)	\$ 620,547,523										
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	(49,769,825)										
Differences in accrual basis revenues and cash basis budgetary amounts	<u>77,736,824</u>										
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental funds	<u>\$ 648,514,522</u>										
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; vertical-align: bottom;"><u>WYDOT General Fund</u></th> </tr> </thead> <tbody> <tr> <td>Expenses allocated - actual amounts (basis of budgeting)</td> <td style="text-align: right; vertical-align: bottom;">\$ 623,192,221</td> </tr> <tr> <td>Net difference in project-length expenditures budgeted each year for the length of the project, compared to expenses incurred on specific contracts in progress</td> <td style="text-align: right; vertical-align: bottom;">6,306,584</td> </tr> <tr> <td>Differences in accrual basis expenditures and cash basis budgetary amounts</td> <td style="text-align: right; vertical-align: bottom;"><u>19,372,345</u></td> </tr> <tr> <td>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental funds</td> <td style="text-align: right; vertical-align: bottom;"><u>\$ 648,871,150</u></td> </tr> </tbody> </table>			<u>WYDOT General Fund</u>	Expenses allocated - actual amounts (basis of budgeting)	\$ 623,192,221	Net difference in project-length expenditures budgeted each year for the length of the project, compared to expenses incurred on specific contracts in progress	6,306,584	Differences in accrual basis expenditures and cash basis budgetary amounts	<u>19,372,345</u>	Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental funds	<u>\$ 648,871,150</u>
	<u>WYDOT General Fund</u>										
Expenses allocated - actual amounts (basis of budgeting)	\$ 623,192,221										
Net difference in project-length expenditures budgeted each year for the length of the project, compared to expenses incurred on specific contracts in progress	6,306,584										
Differences in accrual basis expenditures and cash basis budgetary amounts	<u>19,372,345</u>										
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental funds	<u>\$ 648,871,150</u>										

SUPPLEMENTARY INFORMATION

**WYOMING DEPARTMENT OF TRANSPORTATION
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
September 30, 2014**

	Motorcycle Safety Fund	Federal Transit Authority Fund	International Fuel Tax Agreement	Radioactive Waste Fees Fund	Ignition Interlock Device Fund	Air Service Enhancement Fund	Flight Services Fund	Statewide Communication System Fund	2014
ASSETS									
Cash with Treasurer	\$ 697,083	\$ 1,376,656	\$ 293,823	\$ 688,306	\$ 129,201	\$ 5,050,916	\$ -	\$ 3,902,466	\$ 12,138,451
Due from other funds	-	-	-	-	-	67	-	-	67
Accounts receivable	6,719	28,572	-	600	-	-	28,185	28,675	92,751
Advances to other funds	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 703,802</u>	<u>\$ 1,405,228</u>	<u>\$ 293,823</u>	<u>\$ 688,906</u>	<u>\$ 129,201</u>	<u>\$ 5,050,983</u>	<u>\$ 28,185</u>	<u>\$ 3,931,141</u>	<u>\$ 12,231,269</u>
LIABILITIES AND FUND BALANCE									
Liabilities									
Accounts payable	\$ 9,958	\$ 332	\$ -	\$ -	\$ -	\$ 2,386	\$ 278,506	\$ 110,986	\$ 402,168
Due from other funds	580	1,958	-	-	-	1,051	29,381	5,631	38,601
Total liabilities	<u>10,538</u>	<u>2,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,437</u>	<u>307,887</u>	<u>116,617</u>	<u>440,769</u>
Fund balances									
Restricted	-	-	-	688,906	129,201	5,047,546	-	-	5,865,653
Assigned	693,264	1,402,938	293,823	-	-	-	-	3,814,524	6,204,549
Unassigned	-	-	-	-	-	-	(279,702)	-	(279,702)
Total fund balance	<u>693,264</u>	<u>1,402,938</u>	<u>293,823</u>	<u>688,906</u>	<u>129,201</u>	<u>5,047,546</u>	<u>(279,702)</u>	<u>3,814,524</u>	<u>11,790,500</u>
Total liabilities and fund balance	<u>\$ 703,802</u>	<u>\$ 1,405,228</u>	<u>\$ 293,823</u>	<u>\$ 688,906</u>	<u>\$ 129,201</u>	<u>\$ 5,050,983</u>	<u>\$ 28,185</u>	<u>\$ 3,931,141</u>	<u>\$ 12,231,269</u>

**WYOMING DEPARTMENT OF TRANSPORTATION
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - OTHER GOVERNMENTAL FUNDS
For the Year Ended September 30, 2014**

	Motorcycle Safety Fund	Federal Transit Authority Fund	International Fuel Tax Agreement	Radioactive Waste Fees Fund	Ignition Interlock Device Fund	Air Service Enhancement Fund	Flight Services Fund	Statewide Communication System Fund	2014
Revenues									
Highway user fees	\$ 455,601	\$ -	\$ 54,151	\$ 125,800	\$ 81,020	\$ -	\$ -	\$ -	\$ 716,572
Federal aid revenue	-	192,078	-	-	-	-	-	-	192,078
Federal grant revenue	-	17,870,454	-	-	-	-	-	-	17,870,454
Interest and investment revenue	20,767	39,268	9,803	6,343	3,784	82,886	-	119,540	282,391
Flight services revenue	-	-	-	-	-	-	723,446	-	723,446
Communications network revenue	-	-	-	-	-	-	-	274,508	274,508
Other state sources revenue	-	-	-	-	-	4,840,187	-	2,056,045	6,896,232
Miscellaneous revenue	-	(255)	-	-	-	-	51	-	(204)
Total revenues	476,368	18,101,545	63,954	132,143	84,804	4,923,073	723,497	2,450,093	26,955,477
Expenditures									
Current									
Highway safety	378,129	-	-	-	-	-	-	-	378,129
Federal transit program	-	19,357,765	-	-	-	-	-	-	19,357,765
Licensing and registration	-	-	33,377	-	66,443	-	-	-	99,820
Statewide communication system	-	-	-	-	-	-	-	3,906,425	3,906,425
Airport improvement program	-	-	-	-	-	2,104,993	-	-	2,104,993
Flight services program	-	-	-	-	-	-	881,454	-	881,454
Total expenditures	378,129	19,357,765	33,377	-	66,443	2,104,993	881,454	3,906,425	26,728,586
Excess(deficiency) of revenues over expenditures	98,239	(1,256,220)	30,577	132,143	18,361	2,818,080	(157,957)	(1,456,332)	226,891
Other financing sources (uses)									
Transfer of funds in	-	1,500,000	-	-	-	-	-	-	1,500,000
Transfer of funds out	-	-	-	-	-	-	-	-	-
Total other financing sources	-	1,500,000	-	-	-	-	-	-	1,500,000
Net change in fund balance	98,239	243,780	30,577	132,143	18,361	2,818,080	(157,957)	(1,456,332)	1,726,891
Fund balance, beginning of year	595,025	1,159,158	263,246	556,763	110,840	2,229,466	(121,745)	5,270,856	10,063,609
Fund balance, end of year	\$ 693,264	\$ 1,402,938	\$ 293,823	\$ 688,906	\$ 129,201	\$ 5,047,546	\$ (279,702)	\$ 3,814,524	\$ 11,790,500

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 following agency funds are maintained:

Vehicle Rental Surcharge – 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) – Counties – accounts for collection and distribution of motor vehicle registration fees due to counties within the State of Wyoming.

Motor Vehicle Registration (MVR) – Other Governments – 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
September 30, 2014**

	Vehicle Rental Surcharge	Commercial Vehicle Bond Fund	Special Fuel Bond Fund	MVR Counties Fund	MVR Other Governments Fund	Gas and Special Fuel Tax Fund	Financial Responsibility Fund	2014
ASSETS								
Cash with State Treasurer	\$ 60	\$ 4,068	\$ 100,000	\$ 85,000	\$ 349,117	\$ 9,583,967	\$ 53,429	\$ 10,175,641
Cash with other institutions	-	-	-	708	-	-	-	708
Accounts receivable	-	-	-	-	-	13,400,000	-	13,400,000
Total assets	<u>\$ 60</u>	<u>\$ 4,068</u>	<u>\$ 100,000</u>	<u>\$ 85,708</u>	<u>\$ 349,117</u>	<u>\$ 22,983,967</u>	<u>\$ 53,429</u>	<u>\$ 23,576,349</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,408,854	\$ 1,001	\$ 13,409,855
Deposits of others	60	4,068	100,000	85,708	349,117	9,575,113	52,428	10,166,494
Total liabilities	<u>\$ 60</u>	<u>\$ 4,068</u>	<u>\$ 100,000</u>	<u>\$ 85,708</u>	<u>\$ 349,117</u>	<u>\$ 22,983,967</u>	<u>\$ 53,429</u>	<u>\$ 23,576,349</u>

**WYOMING DEPARTMENT OF TRANSPORTATION
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 For the Year Ended September 30, 2014**

	Vehicle Rental Surcharge Fund	Commercial Vehicle Bond Fund	Special Fuel Bond Fund	MVR Counties Fund	MVR Other Governments Fund	Gas and Special Fuel Tax Fund	Financial Responsibility Fund	2014
Balance as of September 30, 2013	\$ 14	\$ 4,068	\$ 100,000	\$ 281,265	\$ 316,318	\$ 12,799,850	\$ 43,668	\$ 13,545,183
Additions	337,520	-	-	4,450,807	8,494,045	180,190,664	36,419	193,509,455
Reductions	(337,474)	-	-	(4,647,072)	(8,461,246)	(183,406,547)	(26,658)	(196,878,997)
Balance as of September 30, 2014	<u>\$ 60</u>	<u>\$ 4,068</u>	<u>\$ 100,000</u>	<u>\$ 85,000</u>	<u>\$ 349,117</u>	<u>\$ 9,583,967</u>	<u>\$ 53,429</u>	<u>\$ 10,175,641</u>

SINGLE AUDIT SECTION

**WYOMING DEPARTMENT OF TRANSPORTATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2014**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>2014 Disbursements</u>
DEPARTMENT OF INTERIOR		
Office of Surface Mining Abandoned Mine Reclamation (AMLR) Program	15.252	\$ <u>13,027,324</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Federal Aviation Administration Airport Improvement Program	20.106	21,233,938
Federal Highway Administration Highway Planning and Construction	* 20.205	242,312,628
Federal Motor Carrier Safety Administration National Motor Carrier Safety	20.218	1,358,197
Commercial Vehicle Information Systems and Networks	20.237	325,277
Federal Transit Administration		
Federal Transit Capital Investment Grants	* 20.500	4,382,368
Metropolitan Transportation Planning	20.505	1,418,108
Formula Grants for Rural Areas	20.509	5,640,404
Enhanced Mobility of Seniors and Individuals with Disabilities	* 20.513	741,411
State Planning and Research	20.515	115,531
Job Access and Reverse Commute Program	* 20.516	192,078
Bus and Bus Facilities Formula Program	* 20.526	69,509
National Infrastructure Investments	20.933	5,512,006
National Highway Traffic Safety Administration		
State and Community Highway Safety Program	* 20.600	1,827,261
Alcohol Impaired Driving Countermeasures Incentive Grants I	* 20.601	399,833
Occupant Protection Incentive Grants	* 20.602	78,629
State Traffic Safety Information System Improvement Grants	* 20.610	396,981
Incentive Grant Program to Increase Motorcyclist Safety	* 20.612	1
Alcohol Open Container Requirements	20.607	792,877
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	182,037
National Priority Safety Programs	20.616	<u>1,390,409</u>
Total Department of Transportation		<u>288,369,483</u>
OFFICE OF NATIONAL DRUG CONTROL POLICY		
High Intensity Drug Traffic Areas Program	95.001	<u>43,717</u>
DEPARTMENT OF HOMELAND SECURITY		
Driver's License Security Grant Program	97.089	<u>23,700</u>
Total Federal Awards Expended		<u>\$ 301,464,224</u>

* Indicates a program in a cluster

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2014**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Wyoming Department of Transportation and is presented on the cash basis of accounting. In this basis of accounting, expenses are recognized upon receipt of reimbursement. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts reported in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUBRECIPIENTS

Of the federal awards presented in the schedule, the Wyoming Department of Transportation provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
20.106	AIP - Federal Grant Funds	\$ 21,232,757
20.205	Federal Highway Administration	5,588,545
20.500	Capital Investment Program	4,382,368
20.505	Metropolitan Planning Program	1,418,108
20.509	Nonurbanized Area Formula Program	5,309,229
20.513	Elderly & Disabilities Program	661,190
20.515	State Planning and Research	64,354
20.516	Job Access Reverse Commute	192,078
20.526	Bus and Bus Facilities Formula Program	69,509
20.600	Highway Safety Federal District	400,560
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants	300,346
20.602	Occupant Protection Incentive Grants	40,820
20.607	Alcohol Open Container Requirements	233,662
20.610	State Traffic Safety Information System Improvement Grants	5,162
20.616	National Priority Safety Programs	461,794
20.933	National Infrastructure Investments	<u>5,512,006</u>
Total passed through to recipients		<u>\$ 45,872,488</u>

**WYOMING DEPARTMENT OF TRANSPORTATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2014**

NOTE 3 – STATE AGENCIES

Of the federal awards presented in the schedule, the Wyoming Department of Transportation provided federal awards to other Wyoming State Agencies as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Wyoming State Agencies</u>
20.205	Highway Planning and Construction	\$ 119,156
20.513	Elderly & Disabilities Program	80,221
20.515	State Planning and Research	40,317
20.600	State and Community Highway Safety	10,406
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	5,344
20.610	State Traffic Safety Information System Improvement Grants	144,000
20.607	Alcohol Open Container Requirements	<u>17,492</u>
Total passed through to State Agencies		<u>\$ 416,936</u>



**INDEPENDENT AUDITORS' 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**

Wyoming Department of 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 the Wyoming Department of Transportation, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Wyoming Department of Transportation's basic financial statements, and have issued our report thereon dated March 6, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wyoming Department of Transportation'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 Wyoming Department of Transportation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wyoming Department of Transportation'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 entity'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. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether of the Wyoming Department of Transportation'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*.

Wyoming Department of Transportation's Response to Findings

Wyoming Department of Transportation's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Wyoming Department of Transportation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Broomfield, Colorado
March 6, 2014



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Wyoming Department of Transportation Commission
Wyoming Department of Transportation
Cheyenne, Wyoming

Report on Compliance for Each Major Federal Program

We have audited the Wyoming Department of Transportation's 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 Wyoming Department of Transportation's major federal programs for the year ended September 30, 2014. The Wyoming Department of Transportation's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Wyoming Department of Transportation'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 Wyoming Department of Transportation'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 Wyoming Department of Transportation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Wyoming Department of Transportation 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, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-003, and 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

The Wyoming Department of Transportation's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Wyoming Department of Transportation's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Wyoming Department of Transportation 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 Wyoming Department of Transportation'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 Wyoming Department of Transportation'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002, 2014-003, 2014-004, and 2014-005 that we consider to be significant deficiencies.

The Wyoming Department of Transportation's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Wyoming Department of Transportation's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Broomfield, Colorado
March 6, 2015

**WYOMING DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

Type of auditors’ report issued on compliance for major program: Unmodified

Any audit findings, disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

yes no

Identification of major programs:

CFDA

<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
20.500	Federal Transit Capital Investments Grants
20.509	Formula Grants for Other than Urbanized Areas
20.526	Bus and Bus Facilities Formula Program
20.600	State and Community Highway Safety Program
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I
20.602	Occupant Protection Incentive Grants
20.610	State Traffic Safety Information System Improvement Grants
20.612	Incentive Grant Program to Increase Motorcyclist Safety
20.933	National Infrastructure Investments

Dollar threshold used to distinguish between type A and type B programs

\$3,000,000

Auditee qualified as low-risk auditee?

yes no

**WYOMING DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014**

Section II – Findings Related to Financial Statements

Please see Finding 2014-001 below related to the combined finding for the financial statements and federal awards for the fiscal year ended September 30, 2014. Note that the finding related to the financial statements is a significant deficiency related to the internal control over financial reporting.

Section III – Federal Award Findings and Questioned Costs

DEPARTMENT OF TRANSPORTATION

Finding 2014-001

- Highway Planning and Construction, CFDA 20.205

**Allowable Costs/Cost Principles, Cash Management
Significant Deficiency, Noncompliance**

Criteria: When entities receive federal funds on a reimbursement basis, OMB Circular A-133 requires that program costs must be paid for by the entity before reimbursement is requested from the federal government.

Condition: 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.

Cause: Inadequate internal controls to ensure that the Department is in compliance with all applicable requirements.

Effect: When costs are submitted for reimbursement prior to being paid by the entity, the Wyoming Department of Transportation could be subject to interest penalties based on any advanced funding.

Questioned Costs: We noted \$127.43 in questioned costs related to the above condition.

Recommendation: We recommend that the Department establish a process to ensure all program costs are paid prior to submission for reimbursement from the federal government. We also recommend that the Wyoming Department of Transportation ensure control procedures over payroll requirements are followed to ensure proper payroll charges, along with coding, are made, and to ensure that the entity is in compliance with all applicable requirements.

**WYOMING DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014**

Management's Response: The Department's financial system is designed to be compliant with The Cash Management Improvement Act, in that the Department does not seek reimbursement from the federal government until after the costs are paid, except for overtime hours worked after the State of Wyoming's cutoff date which is around the 15th of each month. The State of Wyoming's anticipatory payroll process results in these transactions being paid after the Department receives reimbursement from the federal government. The payroll transactions in question are overtime hours employees worked after the State of Wyoming's cutoff date. The vouchers in question were isolated cases where the voucher was not paid on its scheduled pay cycle. The voucher was paid on the next pay cycle which was in a matter of days. The State of Wyoming has a Cash Management Agreement with U.S. Treasury Department and the Department is included in this agreement. Each year The Department calculates the interest on the overtime hours employees work after the cutoff and any vouchers that are not paid on their scheduled pay cycle. The Department submits the interest owed to the U.S. Treasury to the State of Wyoming Department of Administration and Information (A & I). A & I includes this interest in their annual report to the U.S. Treasury, if any interest is due the Department pays the U.S. Treasury Department directly. The interest on these transactions has been considered de minimis and in most years is less than one hundred dollars (\$100) for the year. The Department is upgrading its financial system and is looking at customizing the software to separate overtime transactions after the monthly cutoff from other payroll transactions so that they can be billed separate from all the other payroll transactions.

Contact Person: David Stearns, Financial Services Administrator, 307-777-4024

DEPARTMENT OF TRANSPORTATION

Finding 2014-002:

- Highway Planning and Construction, CFDA 20.205

Allowable Costs/Cost Principles

Significant Deficiency

Criteria: OMB Circular A-133 requires the entity to have internal controls in place to ensure that it complies with all applicable compliance requirements.

Condition: 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.

Cause: Lack of adhering to the established controls to ensure compliance with all applicable requirements.

Effect: When employee time card transactions are approved by a supervisor who does not possess the direct knowledge of the employee's activities, incorrect charges could be posted to the federal project activities. Additionally, this could result in payroll costs not in accordance with applicable allowable cost principles being charged to the grant.

Questioned Costs: None

**WYOMING DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014**

Recommendation: We recommend that the Department ensure control procedures over payroll requirements are followed to ensure proper payroll charges, along with coding, are made, and to ensure that the entity is in compliance with all applicable requirements.

Management's Response: The Department's management recognizes the importance of supervisors following procedures in reviewing and approving time cards and other federal expenses for their employees to ensure these costs are charged to the proper project. The Department emphasizes this at new supervisor training sessions, district and statewide supervisor meeting. In addition, every Wednesday morning an e-mail is sent to all supervisors who have not approved their employee's time for the week before. This e-mail is also sent to the second level supervisor and their executive staff member. The Department has configured the time reporting system so there is more than one alternate time card approver for district and program supervisors. District engineers, construction engineers, maintenance engineers, traffic engineers and program managers can now review and approve time for all their employees.

Contact Person: David Stearns, Financial Services Administrator, 307-777-4024

**DEPARTMENT OF TRANSPORTATION
DEPARTMENT OF THE INTERIOR**

Finding 2014-003:

- 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

**Reporting
Significant Deficiency, Noncompliance**

Criteria: Per the Federal Funding Accountability and Transparency Act (FFATA), grant recipients are required to report information related to a subaward by the end of the month following the month in which the subaward or obligation of \$25,000 or greater was made and, for contracts, the month in which a modification was issued that changed previously reported information.

Condition: During our testing, we noted that several reports were not submitted to the federal agency for the grants listed above within the required timeframe.

Cause: The Department does not have a process in place to ensure these reports are submitted within the timeframe as required by the Federal Funding Accountability and Transparency Act.

Effect: The Department does not have adequate controls in place to ensure all required reports are submitted within established and required deadlines and thus, to ensure the entity is in compliance with reporting requirements.

**WYOMING DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014**

Questioned Costs: None

Recommendation: We recommend that the Department establish a process to ensure all reports are submitted within the required timeframe to ensure the entity is in compliance with federal requirements.

Management's Response: The Department's Budget Office, the Office of Local Government Coordination and Highway Safety, have developed a process using WY@ERP funds distribution to tie Federal Transit Authority (FTA) and Highway Safety grants to each specific FTA and Highway Safety grant. Projects and project activities will be set up for each FTA and NHTSA grant reconciled to the latest appropriation. Grant modifications approved by the Department's executive staff will be addressed each quarter and FFATA reports will be modified in the same month. Projects will be set up for Highway Safety grants based on the annual NHTSA Budget/Appropriation report furnished to the Department. These projects will be set up in funds distribution and run through funds distribution each month. This will provide the Department with the information to report on a subaward by the end of the month following the month in which the subaward or obligation of \$25,000 or greater was made and, for contracts, the month in which a modification was issued that changed previously reported information.

Contact Person: Rodney Freier, Budget Manager, 307-777-4174

DEPARTMENT OF TRANSPORTATION

Finding 2014-004:

- Formula Grants for Other than Urbanized Areas, CFDA 20.509

Reporting

Significant Deficiency, Noncompliance

Criteria: Per OMB Circular A-133, recipients are required to submit three annual reports - RU-20, RU-21, and RU-30, containing financial and operating information to the National Transit Database (NTD).

Condition: 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.

Cause: The Department does not have a process in place to ensure these reports are submitted accurately and contain complete information.

Effect: The Department does not have adequate controls in place to ensure required reports are submitted accurately, contain complete information and to ensure the entity is in compliance with reporting requirements.

Questioned Costs: None

Recommendation: We recommend that the Department establish a process to reconcile and review all reports to ensure they are submitted accurately and in compliance with the federal requirements.

**WYOMING DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014**

Management's Response: The Wyoming Department of Transportation Office of Local Government Coordination, Public Transit Division has instituted a new spreadsheet designed to be updated monthly upon receipt of Section 5311(f) subrecipient reimbursement requests. This process will now closely mirror the process used to compile other National Transit Database (NTD) information. Specific data to be recorded on this spreadsheet will be the following information necessary to the reporting requirements of the NTD: (1) Total Monthly Ridership measured as Boardings, (2) Total Monthly Miles Traveled in Wyoming and (3) Total Subsidy Reimbursement.

This information will be recorded each month, upon receipt, and prior to the Request for Reimbursement being forwarded onto the Wyoming Department of Transportation Office of Federal Aid for payment. This spreadsheet will also distinguish between federal and state assistance, and the total amount of assistance being offered.

And finally, because the Section 5311(f) Agreements run on a calendar year cycle, rather than the federal fiscal year, the spreadsheet will list the specific Wyoming Department of Transportation Agreement number enabling the reimbursement. The Office of Local Government Coordination will compile a list of projects funded through CFDA 20.509 to compare against the list of subrecipients that Internal Review monitors. Discrepancies between the lists will be reconciled in advance of the January 31st due date for reporting to the NTD.

Contact Person: Talbot Hauffe, Transit Coordinator, 307-777-4384

DEPARTMENT OF TRANSPORTATION

Finding 2014-005:

- Highway Planning and Construction, CFDA 20.205

**Subrecipient Monitoring
Significant Deficiency**

Criteria: Per the 2013 OMB Circular A-133 Compliance Supplement, pass through entities are required to identify the CFDA title and number, award name and number, and the Federal awarding agency to the subrecipient at the time of the subaward

Condition: During testing over reporting requirements, it was noted that the Department provided an incorrect CFDA number on a subaward grant agreement to a subrecipient .

Cause: No formal policies or controls exist to ensure that all subawards contain accurate information regarding the CFDA title and number, award name and number, and the Federal awarding agency.

Effect: Subrecipients may report inaccurate federal award information based on inaccurate subaward grant agreements.

Questioned Costs: None

Recommendation: We recommend that the Department establish a process to ensure all subaward agreements are being monitored appropriately to verify accurate information.

**WYOMING DEPARTMENT OF TRANSPORTATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014**

Management's Response: The agreement template will be adjusted to reflect the correct CFDA title and number, award name and number and the Federal Awarding agency and there is no need for a detailed process/procedure to fix the issue. This error was due to a simple miscommunication between the Program Manager and the agreement writer for the projects identified as CFDA 20.600 which should have been 20.205. In addition, subrecipients are given the contact information for Financial Services for verification of funds for audit purposes.

For projects that are still open and active that were given the incorrect information, a letter detailing the changes will be sent to the project sponsor. This will be done under the Notices provision of the agreement and identify the correct CFDA title and number, award name and number and the Federal awarding agency. The subrecipient will be instructed to maintain the letter with the project file and to make the appropriate adjustments to any audit reports.

Contact Person: Taylor Rossetti, Local Government Coordinator, 307-777-4438

**WYOMING DEPARTMENT OF TRANSPORTATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2014**

Finding 2013-001

**Allowable Costs/Cost Principles, Cash Management - Significant Deficiency
Highway Planning and Construction, CFDA 20.205**

Summary: Voucher and payroll disbursements were not paid prior to request for reimbursement from the federal government.

Status: Current year testing found that this finding continues to be an issue, reported as a finding, see finding 2014-001.

Finding 2013-002

**Allowable Costs/Cost Principles - Significant Deficiency
Highway Planning and Construction, CFDA 20.205
Alcohol Open Container Requirements, CFDA 20.607**

Summary: Employee time card transactions were not approved by the appropriate employee supervisor per the Wyoming Department of Transportation policy. In addition, unallowable payroll costs were charged to the grant.

Status: Current year testing found that approval of employee time cards per policy continues to be an issue, reported as a finding, see finding 2014-002.

Finding 2013-003:

**Davis Bacon - Significant Deficiency
Highway Planning and Construction, CFDA 20.205**

Summary: The Wyoming Department of Transportation was not consistently tracking and receiving certified payrolls.

Status: Resolved

Finding 2013-004:

**Reporting - Significant Deficiency
Highway Planning and Construction, CFDA 20.205
Formula Grants for Other than Urbanized Areas, CFDA 20.509
Alcohol Open Container Requirements, CFDA 20.607
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**

Summary: Not all reports required by the Federal Funding Accountability and Transparency Act were submitted or submitted within the required timeframe.

Status: Current year testing found finding continues to be an issue, reported as a finding, see finding 2014-003.

**WYOMING DEPARTMENT OF TRANSPORTATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2014**

Finding 2013-005:

**Reporting - Significant Deficiency
Formula Grants for Other than Urbanized Areas, CFDA 20.509**

Summary: Key line items on the RU-20 annual report did not match the information provided by the subrecipients.

Status: Current year testing found finding continues to be an issue, reported as a finding, see finding 2014-004.

Finding 2013-006:

**Procurement, Suspension and Debarment - Significant Deficiency
Highway Planning & Construction, CFDA 20.205**

Summary: Not all vendors were being checked by the Wyoming Department of Transportation for suspension or debarment prior to entering into a covered transaction.

Status: Resolved

Finding 2013-007:

**Earmarking - Significant Deficiency
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**

Summary: The Wyoming Department of Transportation does not have controls in place to ensure earmarking requirements are being met. The Department did not spend at least one half of CFDA 20.601 program funds on high visibility enforcement campaigns and was thus out of compliance.

Status: Resolved

**WYOMING DEPARTMENT OF TRANSPORTATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2014**

Finding 2013-008:

Level of Effort - Significant Deficiency

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

Summary: The Wyoming Department of Transportation does not have controls in place to ensure maintenance of effort requirements are being met. The Department could potentially be out of compliance with respect to level of effort requirements if monitoring is not being conducted. However, we did not note any compliance issues with these requirements.

Status: Resolved