Comprehensive Annual Financial Report

for the fiscal year ended
June 30, 2015

Prepared by the Financial Services Division
under the direction of
Roberta Broeker, CPA, Interim Director/Chief Financial Officer
and Brenda Morris, CPA, Financial Services Director

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Jefferson City, MO 65102
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Missouri Department of Transportation
an agency of the State of Missouri

Table of Contents

Table of Contents

(continued)

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Introductory Section

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MoDOT

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Missouri Department of Transportation
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September 28, 2015

The Honorable Jay Nixon, Governor
Members of the Missouri Legislature
Members of the Missouri Highways and Transportation Commission
Citizens of the State of Missouri

The Missouri Department of Transportation (MoDOT or the Department) is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Department for the fiscal year ended June 30, 2015.

Revised Statutes of Missouri, Section 21.795, require the Department, an agency of the state of Missouri, to have a financial statement audit performed annually by an independent certified public accountant. In fulfillment of this requirement, as well as bond requirements, the Department prepared this CAFR and contracted with the independent auditing firm of RubinBrown, LLP to audit the financial statements.

The objective of the independent audit is to provide reasonable assurance the financial statements are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the Department's financial statements for the fiscal year ended June 30, 2015, are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Their report is presented as the first component in the financial section of this report.

GAAP requires management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to complement Management's Discussion and Analysis, which can be found immediately following the report of the independent auditors, and should be read in conjunction with it.

The CAFR comprises all funds from which MoDOT spends including certain other state agencies' spending as allowed by Missouri law. Only MoDOT appropriations are reported for other state of Missouri funds. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Department.

To provide a reasonable basis for making these representations, the Department has established a comprehensive internal control framework designed to protect the Department's assets from loss, theft, or misuse and to compile reliable information for the preparation of the financial statements in conformity with GAAP. The Department's internal control includes both automated controls, which are an integral component of the financial accounting system, and comprehensive policies and procedures. In addition, the Department's Audits and Investigations Division is an independent audit unit that performs audits of the various districts and divisions of the Department.

Because the cost of internal controls should not outweigh their benefits, the Department's comprehensive framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatements.

To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds. All disclosures necessary to enable the reader to gain an understanding of the Department's financial activities have been included.

Profile of the Department

MoDOT works to provide a world-class transportation experience that delights our customers and promotes a prosperous Missouri. The Department is responsible for designing, building, operating and maintaining Missouri's transportation system - the seventh largest in the United States with approximately 33,895 miles of highway and 10,376 bridges. The Department also works to improve airports, river ports, railroads, public transit systems and pedestrian and bicycle travel.

In 1979, voters of the State passed a constitutional amendment merging the State Highway Department with the Department of Transportation, becoming the Missouri Highways and Transportation Department. In 1996, the Missouri Highways and Transportation Department became the Missouri Department of Transportation by legislative action. The Missouri Highways and Transportation Commission (MHTC or Commission), a six-member bipartisan board, governs the Department. Commission members are appointed by the governor and are confirmed by the Missouri Senate. No more than three commission members may be of the same political party. The Commission appoints the MoDOT director.

The Commission is responsible for the annual update of the Department's five-year Statewide Transportation Improvement Program (STIP) and awards contracts for highway projects. The Commission has authority to issue bonds secured by highway revenues.

As shown on the organizational chart following this letter, the Department is organized by divisions and districts. The divisions represent a variety of disciplines and provide direction and oversight of the activities in the districts and support to the Department. These activities include the design and construction of highways and facilities, transportation planning including the five-year STIP, maintenance and safety of the existing highway system and activities related to other modes of transportation, such as aviation, railways, river ports, freight, transit, and bicycle and pedestrian facilities. The districts represent seven geographical regions of the state of Missouri and are responsible for providing projects and services to the citizens of Missouri.

Budgetary Controls

The Commission approves the appropriation request submitted to the State Legislature for all governmental funds reported by MoDOT with the exception of those funds appropriated to other state agencies and to the Office of Administration for certain fringe benefits. The request is developed with input from the districts and divisions. The legal authority of the State Road Fund budget and any related amendments is the Commission. The legal authority for all other funds rests with the Legislature who takes action on appropriation requests between January and May for the subsequent year's appropriations.

The Department relies on the statewide accounting system to control total expenditures by appropriation utilizing features in the system to ensure budgetary compliance. An additional budgetary control in place includes management using reports to monitor spending by program, division or appropriation.

Missouri Economy

Missouri's transportation system impacts the state's economy. Missouri businesses depend on our roadways, rail, waterways and airports to move their products and services both nationally and globally. An efficient, well-connected transportation system helps attract new businesses to our communities and helps existing businesses maintain a competitive edge with easy customer access, minimal shipping costs and strong links to a diverse workforce. The Department believes investments in transportation should create jobs and provide opportunities for advancement to all Missouri citizens.

Missouri employment continues to show slight growth. Per the Bureau of Labor Statistics, United States Department of Labor, in fiscal year 2015, the unemployment rate continued to decline to 5.8 percent in June 2015. This compares to an unemployment rate of 6.5 percent in June 2014. Compared to the national trend, the Missouri unemployment rate declined less than the United States rate and ended 0.5 percentage points higher in June of 2015 than the national rate of 5.3 percent. Employment gains occurred over the previous year in most areas including construction, manufacturing, finance, professional and business services, educational and health services, leisure and hospitality and government. Personal income in the first quarter of 2015 is continuing to show steady growth at 3.6 percent over the previous year. Consumer confidence increased in fiscal year 2015, but still remains fairly low, which indicates that consumers continue to be cautious about making purchases.

MoDOT contributes to the economy in the areas of job creation, personal income growth and new value added to the economy. Based on the 2015-2019 STIP investment of $3,468.0 million, an analysis estimates that on average, each year the plan creates 3,946 additional jobs, $203.1 million in new personal income and $247.8 million in new value added to the economy. By comparison, the analysis of the 2014-2018 STIP investment of $4,400.0 million estimates 6,528 jobs, $309.9 million in new personal income and $414.5 million in new value added to the economy. The methodology used for the analysis of the 2015-2019 STIP was updated to include higher wage rates, increased labor productivity and fewer large transportation improvement projects. While providing a more accurate estimate of economic return, the overall result is a smaller transportation investment in this STIP supports fewer jobs and has a smaller return for every dollar invested.

The Department's state fuel tax receipts, the second largest source of transportation revenue, increased 1.2 percent in 2015 from 2014; however, the 2015 state fuel tax receipts are 5.0 percent lower than receipts from 2008, the year with the most receipts in the last eight years. Lower fuel prices have equated to people driving more, which in turn uses more fuel. There have been no increases in the motor fuel tax rate since 1996 and it is not indexed to keep pace with inflation. Motor vehicle and driver licensing fees increased 3.0 percent from 2014. Vehicle and driver licensing fees, similar to motor fuel taxes, are not indexed to keep pace with inflation and for most annual registration fees no increases have occurred since 1984. Motor vehicle sales tax receipts increased 6.1 percent from 2014. Overall, state revenues for the Department increased 3.1 percent in 2015 compared to 2014.

Federal funding continues to be uncertain. Congress passed Moving Ahead for Progress in the 21st Century (MAP-21), a two-year $105.0 billion transportation bill for the nation's transportation projects on June 29, 2012. This two-year act was set to expire September 30, 2014. On July 31, 2014, Congress transferred $10.8 billion into the Highway Trust Fund and extended MAP-21 until May 31, 2015. In May 2015, Congress passed another two-month extension that expired July 31, 2015. In July 2015, Congress took action to provide $8.1 billion to the Highway Trust Fund and to extend MAP-21 until October 29, 2015. These short-term fixes will not solve the federal transportation funding issue. Congress will still need to work on a new highway authorization act to secure funding for transportation in the future.

Construction

Missouri's 2016-2020 STIP is primarily maintenance-focused with little room for anything else, but that has not always been the case. In 2004, Missouri voters approved Amendment 3, which redirected motor vehicle sales taxes formerly deposited into the State's General Revenue Fund to the newly created State Road Bond Fund and directed MoDOT to sell bonds and use the proceeds to improve roads and bridges. With that, Missouri's major roads went from 47.0 percent in good condition to 89.2 percent as of December 2014. Minor, less traveled roads have been maintained at 78.3 percent in good condition as of December 2014, a significant improvement from December 2012 when only 69.3 percent were in good condition. The condition of Missouri's bridges steadily improved during the five years of the Safe and Sound Bridge Improvement Program, a program to replace or rehabilitate 802 bridges throughout the state; however, that trend has reversed as the number of bridges in good condition has been declining since fiscal year 2012.

An unprecedented amount of work was also made possible when the President signed into law the American Recovery and Reinvestment Act (ARRA) in February 2009. This $787.0 billion act was intended to stimulate the economy and provide jobs to the American public. As of September 30, 2013, the Department expended $639.2 million and completed its projects associated with Missouri's highway infrastructure, on-the-job training, ferry boat and forest highway projects. In addition, the Department has also expended $67.7 million for other transportation modes, such as rail and transit. Only ARRA rail projects are still in progress.

But these opportunities are over. ARRA funds are gone and the bond proceeds have been used to make improvements Missourians wanted. Now the redirected vehicle sales taxes that made it possible are being used to pay off that debt, just like the mortgage on a home.

The I-64 Daniel Boone Bridge design-build project costing $125.0 million was awarded in July 2012. The project is needed to maintain the existing system by constructing a new bridge over the Missouri River between St. Louis and St. Charles counties to replace an aging structure. The bridge being replaced was built in the mid-1930s and was not designed for interstate level traffic. The project is expected to be completed in the summer of 2016.

In February 2014, construction began on the Manchester Bridge project, located in Jackson County, to replace the I-70 bridges over Manchester Trafficway, the Blue River and an adjacent rail yard. Built in the late 1950s, the current I-70 bridges are among the earliest pieces of interstate construction in western Missouri and need frequent maintenance and extensive repairs. The project is scheduled to conclude in December 2015.

The Department, St. Charles County and local municipalities came together to allocate $119.4 million toward extending Route 364 (Page Phase 3). The project included building an improved connection from Page Avenue and Mid Rivers Mall Drive to I-64/U.S. Route 40/61 at Route N. The design-build contracting process was approved in February 2013 and the project was completely opened to traffic in November 2014.

In July 2014, a project was awarded and construction began to replace the U.S. Route 69 Bridges over the Missouri River between Platte County, Missouri and Wyandotte County, Kansas. The project cost of $79.0 million will be split with the state of Kansas. The southbound U.S. Route 69 Bridge, commonly referred to as the Fairfax Bridge, was built in 1933. The northbound U.S. Route 69 Bridge, commonly referred to as the Platte Purchase Bridge, was built in 1957. Both were built to accommodate the type, size, and weight of vehicles at the time they were constructed, and were not designed for the heavy loads and high volume of truck traffic typically found today within the heavy industrial zone where these bridges are located. The new bridges will be opened for traffic in December 2016.

MoDOT began construction in September 2014 on a project that will convert U.S. Route 60 to a freeway between Greene County Farm Road 241 west of Rogersville and Chicory Road east of Rogersville. This $35.0 million project was awarded in June 2014 and will be completed by December 2016.

The Columbia I-70 Bridges project costs $18.0 million and will replace three bridges over local streets in Columbia. The I-70 bridges cross over Business Loop 70/West Boulevard, Garth Avenue and MO Route 763/Rangeline Street. The project was awarded in June 2015, with construction starting in August 2015. The project is expected to be complete in the fall of 2016.

Long-term Financial Planning

The Department's 2016 budget, $2.1 billion, approved by the Commission in June, is approximately $127.8 million less than the Department's 2015 budget, with amendments. With the completion of projects built with Amendment 3 bond proceeds and ARRA funds, the construction program over the next several years will be smaller than previous years. Program funds will focus on taking care of the existing transportation system as revenues are insufficient to do more.

The Department projects its annual construction program, which only a few years ago was $1.3 billion, will be just under $600.0 million in 2016. The baseline annual amount of contractor awards required to keep the statewide system of roads and bridges in the condition it is today is estimated to be $485.0 million. Because revenues from the three major state revenue sources were higher than projected, contractor awards for fiscal year 2017 will be higher than published in the 2016-2020 STIP. Even with the higher contractor awards, the funds available will be focused on maintaining the current transportation system.

The Commission approved the Bolder Five-Year Direction, a cost savings initiative within MoDOT, in June 2011. As of March 1, 2015, the completion date, the Department realized $605.0 million in savings. The savings have been invested in minor road improvements and in the STIP. In addition to monetary savings, the Department continues to explore ways to do things differently to maximize the limited resources the Department has available.

Other Information

The Department is required to undergo an annual Single Audit in accordance with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, “Audits of States, Local Governments and Non-Profit Organizations.” The Department’s information will be included in the state of Missouri’s Single Audit for the fiscal year ended June 30, 2015.

Acknowledgements

This CAFR is published to demonstrate our intention to maintain the highest quality standards of public accountability. This report could not have been published without the dedicated efforts of MoDOT employees. The commitment and professionalism of the Financial Services Division staff contributed significantly to the timely preparation of the 2015 report.

Respectfully submitted,

Roberta Broeker

Roberta Broeker, CPA
Interim Director/Chief Financial Officer

Principal Officials
as of June 30, 2015

Commission	
Stephen R. Miller	Chairman
Lloyd J. Carmichael	Vice Chairman
Gregg C. Smith	Member
Michael B. Pace	Member
Michael T. Waters	Member
Mary Nelson*	Member
Pam Harlan	Secretary

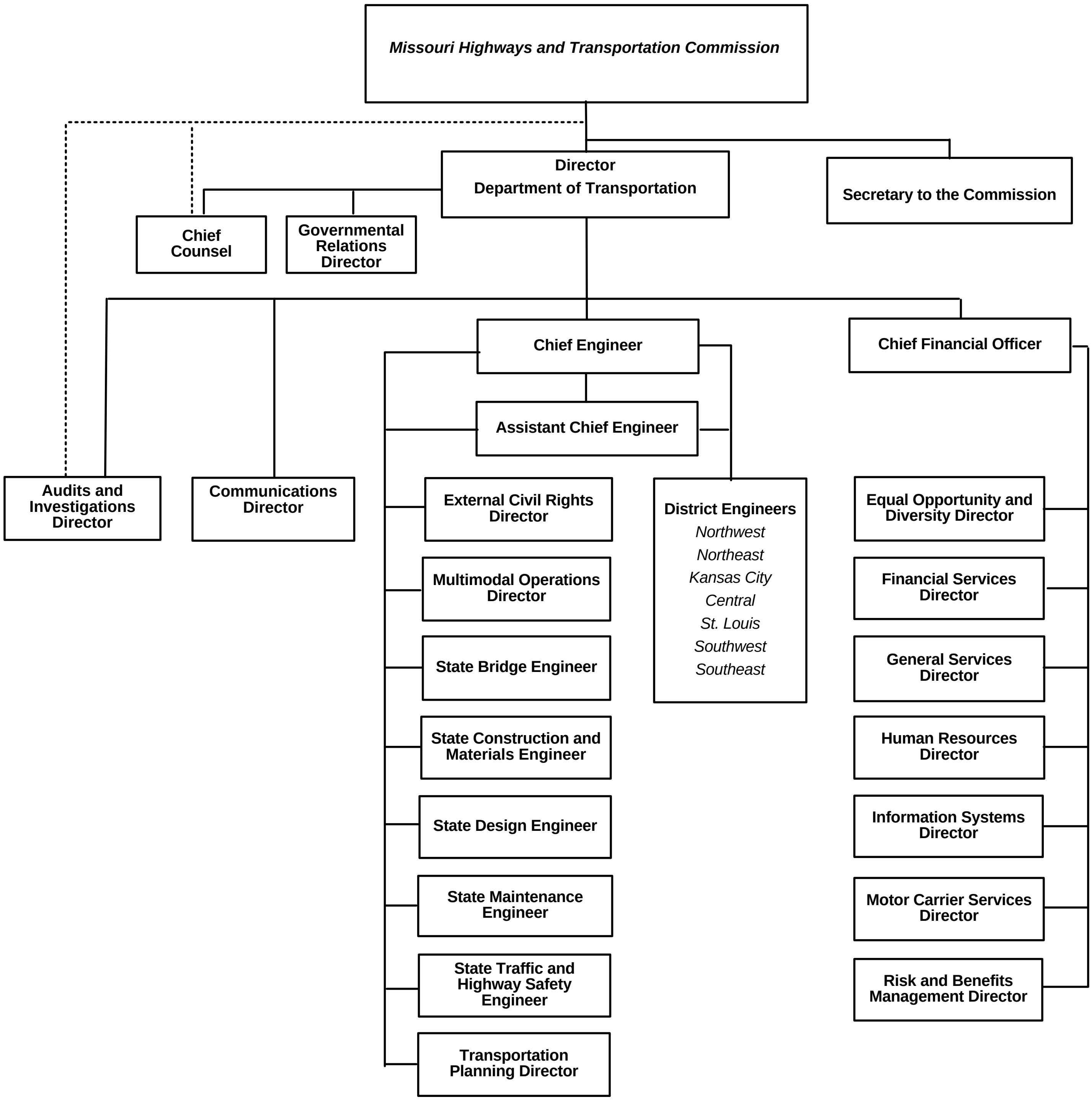
MoDOT	
Roberta Broeker	Interim Director/Chief Financial Officer
Ed Hassinger	Chief Engineer
Kathryn Harvey	Assistant Chief Engineer
Rich Tiemeyer	Chief Counsel
Bill Rogers	Audits and Investigations Director
Dennis Heckman	State Bridge Engineer
Dave Ahlvers	State Construction and Materials Engineer
Fay Fleming	Communications Director
Eric Schroeter	State Design Engineer
Rudy Nickens	Equal Opportunity and Diversity Director
Lester Woods	External Civil Rights Director
Brenda Morris	Financial Services Director
Debbie Rickard	General Services Director
Jay Wunderlich	Governmental Relations Director
Micki Knudsen	Human Resources Director
Beth Ring	Information Systems Director
Becky Allmeroth	State Maintenance Engineer
Scott Marion	Motor Carrier Services Director
Michelle Teel	Multimodal Operations Director
Jeff Padgett	Risk and Benefits Management Director
Eileen Rackers	State Traffic and Highway Safety Engineer
Machelle Watkins	State Transportation Planning Director

Districts	
Don Wichern	Northwest District Engineer
Paula Gough	Northeast District Engineer
Dan Niec	Kansas City District Engineer
Dave Silvester	Central District Engineer
Greg Horn	St. Louis District Engineer
Rebecca Baltz	Southwest District Engineer
Mark Shelton	Southeast District Engineer

* Commissioner Nelson was appointed by the Governor on July 14, 2015 and is awaiting confirmation by the State Senate.

Organizational Chart

June 30, 2015



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Financial Section

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Independent Auditors' Report

Missouri Highways and Transportation Commission
Missouri Department of Transportation
Jefferson City, Missouri

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 Missouri Department of Transportation (the Department) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 Missouri Department of Transportation as of June 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Financial Reporting Entity

As discussed in Note 1, the financial statements of the Missouri Department of Transportation are intended to present the financial position, the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of the state of Missouri that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the state of Missouri as of June 30, 2015 and 2014, and the changes in its financial position and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, in 2015 the Department adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 22 through 33, the Budgetary Comparison Schedules on pages 84 through 86, the Schedule of Proportionate Share of Net Pension Liability and the Schedule of Pension Contributions on page 87, and the Schedule of Funding Progress – Other Post-Employment Benefits on page 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The combining financial statements and the budgetary comparison schedules and reconciliations – debt service and nonmajor governmental funds, the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2015 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

RubinBrown LLP

September 28, 2015

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Management's Discussion and Analysis

Management's Discussion and Analysis

The following section of our annual financial report presents our discussion and analysis of the Department's (or MoDOT's) financial performance during the year. It is intended to assist you in understanding how the various statements relate to each other and provide an objective and easily readable analysis of the Department's financial activities based on currently known facts, decisions and conditions. We encourage readers to consider the information presented here in conjunction with the letter of transmittal included in the introductory section and information presented in the Department's financial statements and notes, which follow this section. Please note the beginning net position for fiscal year 2015 was restated for the implementation of Governmental Accounting Standards Board (GASB) 68, *Accounting and Financial Reporting for Pensions*. GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, was implemented as a clarification of GASB 68. The notes to the financial statements provide more detail.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

- The net position of the Department at the close of the fiscal year was $26.6 billion compared to $27.4 billion at 2014. The department's net position decreased 3.0 percent compared to an increase of 1.7 percent in fiscal year 2014 from 2013. Of the fiscal year 2015 amount, $0.5 billion is a negative unrestricted amount which is offset by the department's investment in capital assets. The inclusion of the pension liability in fiscal year 2015 is the reason for the negative unrestricted amount. The fiscal year 2014 net position had $0.8 billion restricted for highways and transportation uses.

- The majority of the Department's assets is capital assets, which totaled $29.7 billion and $29.5 billion for fiscal years 2015 and 2014, respectively. This represents a 0.8 percent increase compared to a 1.3 percent increase in 2014 from 2013. The decrease in capital assets is less infrastructure added as the Department's focus shifts to taking care of the existing system.

- Non-current liabilities of the Department total $4.1 billion at June 30, 2015 compared to $3.2 billion at 2014, a $0.9 billion increase. The increase in noncurrent liabilities is the additional of the net pension liability. Fiscal year 2014 compared to 2013 had a $0.1 billion decrease.

Fund Highlights

- As of the close of the fiscal year, the Department's *governmental funds* reported combined ending fund balances of $1.0 billion, compared to $1.1 billion in 2014, a decrease of $0.1 billion. From fiscal year 2014 to 2013, a decrease of $0.1 billion also occurred.

- Approximately 96.1 percent of the Department's governmental fund balances, or $1.0 billion, are available for spending at the Department's discretion in accordance with the purpose of the funds, compared to 97.6 percent, or $1.1 billion, in 2014. The nonspendable fund balance related to inventories increased from $29.1 million in fiscal year 2014 to $37.6 million in fiscal year 2015, because the Department prepared for maintenance activities by purchasing inventory and delays occurred due to wet weather. At June 30, 2015, there was not an unassigned fund balance compared to $1.6 million unassigned negative fund balance at June 30, 2014. The unassigned (negative) fund balance was due to the timing of receipts, while the corresponding expenditures were recorded as incurred.

- The *proprietary funds* reported combined net position of $34.0 million at the close of the fiscal year, compared to $36.5 million in 2014. Restricted investments at the close of both years totaled $0.3 million, resulting in unrestricted net position of $33.7 million and $36.2 million for fiscal years 2015 and 2014, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the Department's basic financial statements, which include three components: (1) ***government-wide financial statements,*** (2) ***fund financial statements*** and (3) ***notes to the financial statements***. This section also contains required supplementary information and combining financial statements.

Government-wide Financial Statements (Reporting the Department as a Whole)

The government-wide financial statements are designed to provide readers an overall picture of the Department's financial position. The statements provide both current and noncurrent information about the Department's financial status, which assist the reader in assessing the Department's economic condition at the end of the fiscal year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which are similar to methods followed by most private-sector businesses. These statements take into account all of the current year's revenues and expenses, even if the related cash has not been received or paid. The government-wide financial statements include two statements: the Statements of Net Position and the Statements of Activities. These statements take a much longer view of the Department's finances than do the fund-level statements.

- The *Statements of Net Position* combine and consolidate all of the Department's assets and liabilities, except fiduciary funds, with the difference between the two reported as "net position". This includes current financial resources, capital assets and long-term obligations. Over time, increases or decreases in net position indicate whether the Department's financial health is improving or deteriorating, respectively. Fiduciary fund resources are not reported as they are not available to support Department programs.

- The *Statements of Activities* present information showing how the Department's net assets changed during the fiscal year. The Department reports changes in net position as soon as the event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statements for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The Department's basic services are reported as governmental activities, including administration; fleet, facilities and information systems; maintenance; construction; other modal systems; and other activities. Taxes, fees and federal grants finance most of these activities.

This report includes two schedules that reconcile the amounts reported on the governmental fund financial statements (prepared using the modified accrual basis of accounting and current financial resources measurement focus) with the governmental activities on the appropriate government-wide statements (prepared using the accrual basis of accounting and economic resources measurement focus). The following summarizes the impact of utilizing GASB Statement 34 reporting:

- Other long-term assets that are not available to pay for current period expenditures are not reported on governmental fund statements.

- Internal service fund activities are reported as governmental activities on the government-wide statements, but reported separately as proprietary funds in the fund financial statements.

- Unless currently due and payable, long-term liabilities, such as capital lease obligations, compensated absences and others, appear as liabilities only on the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the governmental fund statements.

- Bond, note and capital lease issuances result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.

- Certain other outlays represent either increases or decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental fund statements.

Deferred inflows and outflows of resources are related to transactions that have occurred but are not yet recognized in the financial statements as revenues or expenditures.

Fund Financial Statements (Reporting the Department's Major Funds)

The fund financial statements provide detailed information about the major individual funds. A fund is an accounting entity with a self-balancing set of accounts the Department uses to keep track of specific sources of funding and spending for a particular purpose. The Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal and contractual requirements. All of the funds of the Department can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. It is important to note these fund categories use different accounting approaches and should be interpreted differently.

- ***Governmental Funds*** Most of the basic services provided by the Department are reported in governmental funds. Reporting focuses on how financial resources flow in and out of the funds, and amounts remaining at year-end for future spending. Governmental funds are accounted for using the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. These statements provide a detailed short-term view of the Department's general governmental operations and the basic services it provides. This information should help determine whether there are more or less current financial resources available for the Department's current needs. Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare these statements with the governmental activities information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund Balance Sheets and the governmental fund Statements of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate a comparison between governmental funds and governmental activities in the government-wide statements. These reconciliations are presented on the page immediately following the governmental fund financial statements.

  The Department reports three major governmental funds. Information is presented separately in the governmental funds Balance Sheets and the governmental funds Statements of Revenues, Expenditures and Changes in Fund Balances for the State Highways and Transportation Department Fund (Highway Fund), the State Road Fund (Road Fund) and the State Road Bond Fund. The Highway and Road funds are special revenue funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State Road Bond Fund is a debt service fund, which was constitutionally established to receive monies from the state's motor vehicle sales tax and is used to fund the repayment of bonds. Data from other funds are combined into a single, aggregated presentation as nonmajor governmental funds. Examples of the nonmajor funds include statutorily established funds for multimodal activities. Individual fund data for each of these nonmajor governmental funds is provided within combining financial statements following the Notes to the Financial Statements.

- ***Proprietary Funds*** When the Department charges customers for some of the services it provides, whether to outside customers, other agencies, or to units within the Department, these funds are reported in proprietary funds. These funds are used to show activities that operate more like those found in the private sector and utilize full accrual accounting, like the government-wide statements.

  The Department has two internal service funds: Missouri Highways and Transportation Commission (MHTC) Self Insurance Plan and the MoDOT and Missouri State Highway Patrol (MSHP) Medical and Life Insurance Plan. Individual data for each of these funds is provided within the combining financial statements following the Notes to the Financial Statements. Internal service fund activities are reported as governmental activities on the government-wide statements with eliminations made to remove the effect of the interfund activity.

- ***Fiduciary Funds*** Fiduciary funds are used to account for resources held for the benefit of parties outside the Department. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Department's activities. These agency funds account for monies held on behalf of various political subdivisions and other interested parties.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements, which discuss particular accounts in more detail, can be found immediately following the fiduciary funds Statements of Assets and Liabilities.

Required Supplementary Information

A section of *Required Supplementary Information* follows the Notes to the Financial Statements. This section includes budgetary comparisons and a separate reconciliation between the fund balances for budgetary purposes and the fund balances as presented for the major special revenue funds in the governmental fund financial statements. The Budgetary Comparison has been provided for the Department's two major special revenue funds to demonstrate compliance with this budget. The legal authority for approval of the Department's budget and amendments for all funds, except the Road Fund, rests with the State Legislature. The authority for the Road Fund rests with the Commission.

Also included is a schedule that reports information about the funding progress of the MoDOT and MSHP Medical and Life Insurance Plan.

Combining Statements

The *Combining Statements* section presents statements reporting individual and total columns for nonmajor governmental funds, proprietary (internal service) funds and fiduciary (agency) funds. This information is presented only in summary form in the basic financial statements.

Budgetary Comparison Schedules and Reconciliations

The *Budgetary Comparison Schedules and Reconciliations* section includes budgetary comparisons and reconciliations between the fund balances for budgetary purposes and the fund balances as presented for the major debt service and nonmajor special revenue funds in the governmental fund financial statements. The legal authority for approval of these budgets and amendments rests with the State Legislature.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statements of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Department's financial health. The following tables, graphs and analyses discuss the financial position and changes in financial position for the Department as a whole as of and for the fiscal years ended June 30, 2015, 2014 and 2013. The Department's combined net position decreased $818.1 million over the course of this fiscal year's operations, a decrease of 3.0 percent. This compares to an increase of $465.0 million in 2014 from 2013. Accounting standards required the total amount of pension obligations be added to liabilities this year to show a better picture of the fiscal position of the entity. The pension obligation of $1.1 billion caused the decrease in net position.

The following table reflects the condensed financial information derived from the Statements of Net Position as of June 30, 2015, 2014 and 2013:

(Amounts in millions)	2015	2014	2013	Percent Change 2015-2014
Assets				
Current and other assets	$ 1,264	$ 1,448	$ 1,514	(12.7)%
Capital assets, net	29,712	29,477	29,093	0.8
Total assets	30,976	30,925	30,607	0.2
Deferred Outflows of Resources				
Deferred bond refunding	204	91	14	124.2
Total deferred outflows of resources	204	91	14	124.2
Liabilities				
Current liabilities	399	428	414	(6.8)
Noncurrent liabilities	4,075	3,170	3,254	28.5
Total liabilities	4,474	3,598	3,668	24.4
Deferred Inflows of Resources				
Pension obligations	106	---	---	100.0
Total deferred inflows of resources	106	---	---	100.0
Net Position				
Net Investment in capital assets	27,075	26,636	26,077	1.6
Restricted (internal service fund requirements and highways and transportation uses)	---	782	876	(100.0)
Unrestricted	(475)	---	---	(100.0)
Total net position	$26,600	$27,418	$26,953	(3.0) %

The total assets of the Department were $31.0 billion with deferred outflows of $204.0 million, while total liabilities were $4.5 billion, with deferred inflows of $106.0 million, resulting in a net position of $26.6 billion. Total assets increased $51.9 million in 2015, compared to a $317.2 million increase in 2014 from 2013. Total liabilities increased $876.5 million in 2015, compared to a $70.9 million decrease in 2014 from 2013. The addition of the pension obligation has a significant effect on many of the areas on the Statements of Net Position. Deferred outflows of resources, total liabilities and deferred inflows of resources increased while the total net position decreased. The largest portion of the department's net position, $27.1 billion, is the investment in capital assets (i.e., land, buildings, equipment, infrastructure and other) less any related debt outstanding needed to acquire or construct the asset. The Department uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. The negative unrestricted amount is the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the net investment of capital assets. Available cash balances, included in current and other net assets, are used to pay debts and liabilities.

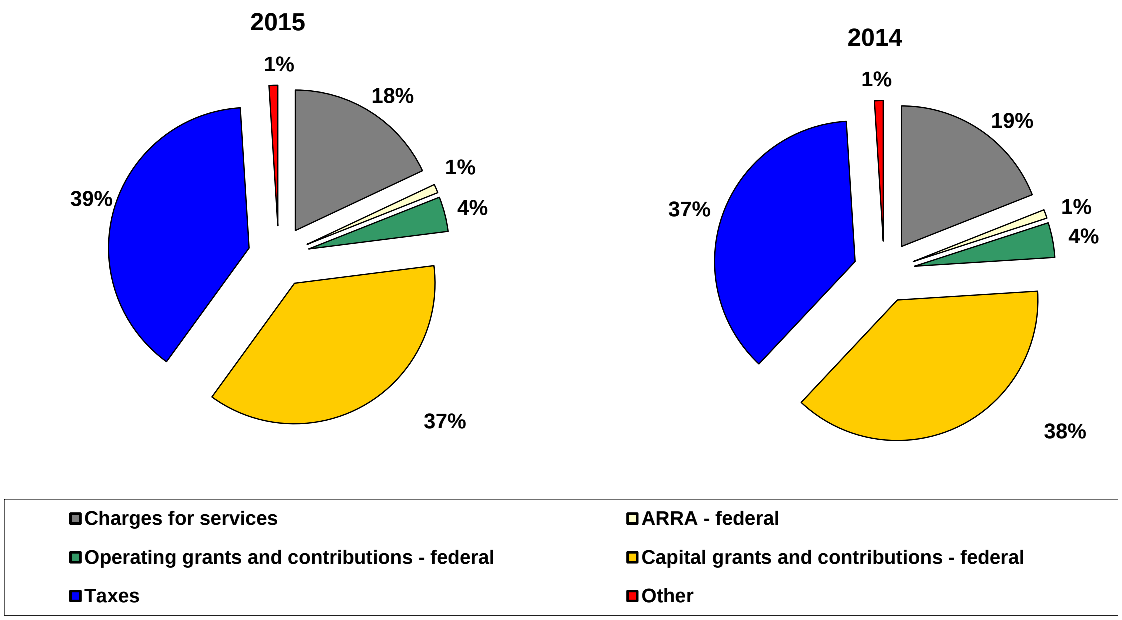
Statements of Activities

The following condensed financial information was derived from the government-wide Statements of Activities and reflects how the Department's net position changed during the year, compared to the prior years. The information is for the fiscal years ended June 30, 2015, 2014 and 2013:

(Amounts in millions)	2015	2014	2013	Percent Change 2015-2014
Revenues				
Program revenues				
Charges for services	$ 385	$ 413	$ 428	(6.8)%
American Recovery and Reinvestment Act	15	29	50	(48.3)
Operating grants and contributions – federal government	83	88	88	(5.7)
Capital grants and contributions – federal government	764	839	892	(8.9)
General revenues				
Taxes	828	802	791	3.2
Investment earnings (loss)	11	14	(1)	(21.4)
Miscellaneous	(1)	(2)	7	50.0
Total revenues	2,085	2,183	2,255	(4.5)
Expenses				
Program expenses				
Administration	25	33	32	24.2
Fleet, facilities and information systems	30	33	35	(9.1)
Maintenance	329	420	398	(21.7)
Construction	275	194	223	41.8
Multimodal operations	84	89	89	(5.6)
Interest on debt	113	130	136	(13.1)
Other state agencies	227	209	200	8.6
Self insurance (workers' compensation and liability)	21	19	15	10.5
Medical and life insurance	106	97	95	9.3
Pension	92	---	---	100.0
Other post-employment benefits	50	51	75	(2.0)
Depreciation on assets	457	443	414	3.2
Total expenses	1,809	1,718	1,712	5.3
Changes in net position	276	465	543	(40.6)
Net position, beginning of year, as previously reported	27,418	26,953	26,410	1.7
Restatement of net position, net pension liability	(1,094)	---	---	(100.0)
Net position, beginning of year, as restated	26,324	26,953	26,410	(2.3)
Net position, end of year	$26,600	$27,418	$26,953	(3.0) %

Governmental Activities

The following chart depicts revenues of the governmental activities, as a percent, for the fiscal years ended June 30, 2015 and 2014:



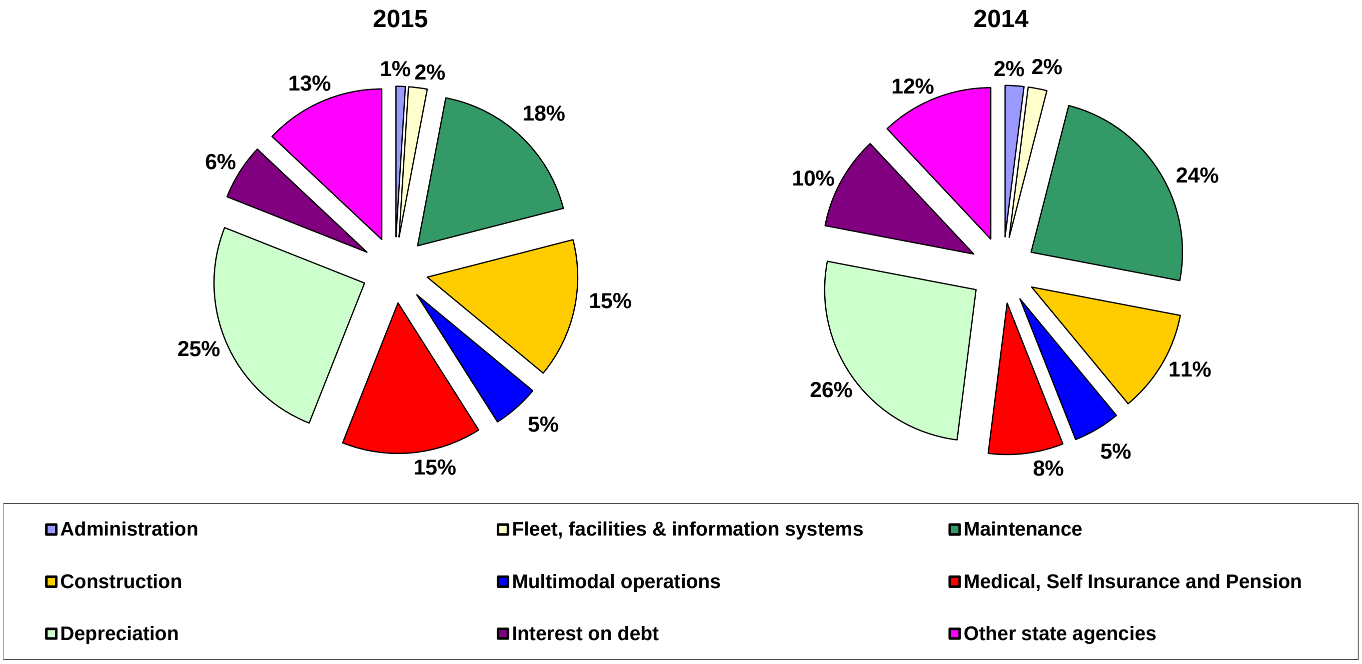
Revenues for the year decreased $98.4 million compared to a decrease of $71.3 million in 2014 from 2013. Federal grants revenue, including operating grants and contributions and capital grants and contributions, decreased $95.1 million from fiscal year 2014. The decrease is the timing and age of advance construction conversions. Advance construction is a Federal Highway Administration financing technique that allows states to initiate a project using non-federal funds and claim reimbursement on the project at a later date, when additional federal funds are available. Projects converted in fiscal year 2015 had fewer expenditures incurred, which equated to less reimbursement being received when they were converted. In addition, because the federal fiscal year is different than the state fiscal year, variances can occur based on when projects are converted. ARRA federal revenue continues to decrease as the program ends and only a few rail projects are still in progress. The following three revenue sources provided $2.0 billion, or 94.8 percent, of the Department's revenues:

- Charges for services, including licenses, fees, permits and cost reimbursements: $385.6 million
- Sales and fuel taxes: $828.5 million
- Federal Highway Administration capital grants: $764.0 million

In 2014, these same revenue sources provided $2.1 billion, or 94.1 percent, of the Department's revenues.

As other revenue sources decline, revenues derived from taxes become a larger portion of the revenue for the department. Taxes overall increased 3.2 percent with sales tax revenues increasing more than 7.6 percent from fiscal year 2015 to 2014. Despite the increases in taxes, overall, revenues decreased. The primary component of the decrease in revenues is cost reimbursements received from local entities for cost share projects, which reflects the suspension of the cost share program.

The following chart depicts expenses of the governmental activities for the fiscal years ended June 30, 2015 and 2014:



Expenses for the year increased $91.2 million, or 5.3 percent. The overall increase in expenses is the addition of pension expense as well as increased expenses for construction and other state agencies, the Patrol and the Department of Revenue.

The Department's expenses for construction and maintenance of the state's highway system totaled $604.0 million and $614.0 million in 2015 and 2014, respectively. This represents 33.4 percent and 35.8 percent of the total expenses for 2015 and 2014, respectively.

FUND FINANCIAL ANALYSIS

As previously mentioned, the Department uses fund accounting to ensure and demonstrate compliance with budgetary and legal requirements. The following is a brief discussion of highlights from the fund financial statements. The purpose of the Department's governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources.

Governmental Funds

At the end of the fiscal year, the fund balances of the governmental funds totaled $1.0 billion, a decrease of $161.7 million from the previous year. This compares to a decrease of $71.5 million in 2014 from 2013. Revenues from the federal government decreased $84.3 million from 2014. The decrease in federal government revenue is the timing and age of advance construction conversions. Advance construction is a Federal Highway Administration financing technique that allows states to initiate a project using non-federal funds and claim reimbursement on the project at a later date, when additional federal funds are available. Projects converted in fiscal year 2015 had fewer expenditures incurred, which equated to less reimbursements being received when they were converted. In addition, because the federal fiscal year is different than the state fiscal year, variances can occur based on when the projects are converted. The Department spent $31.9 million less in 2015. This change is a combination of decreases in maintenance, $16.3 million; capital outlay, $136.1 million; debt service, $10.4 million; and multimodal operations, $4.0 million; a combination of increases from administration, $2.2 million; fleet, facilities and information systems, $3.1 million; construction, $111.7 million; and other state agencies, $17.9 million. Other financing sources decreased 63.6 percent because the Commission issued refunding bonds in fiscal year 2014 and no bonds were issued in fiscal year 2015. In fiscal year 2015, maintenance expenditures decreased in nonmajor funds due to a milder winter with fewer expenditures related to snow and ice expenditures and lower fuel prices when compared to fiscal year 2014.

State Highways and Transportation Department Fund: The Highway Fund was established by statute to receive revenues derived from the use of state highways. The fund pays the costs incurred to collect revenues received and to administer and enforce state motor vehicle laws and traffic regulations. As shown on the Balance Sheets, the fund ended the fiscal year with assets of $106.8 million, liabilities of $9.8 million, deferred inflows of resources $2.4 million and a restricted fund balance of $94.6 million. The Constitution requires the balance of funds remaining after other state agency expenditures be transferred to the Road Fund.

As shown on the Statements of Revenues, Expenditures and Changes in Fund Balances of the governmental funds, the Highway Fund had $687.0 million in revenues, compared to $685.7 million from 2014, a minimal increase. In 2014, revenues were $47.8 million less than 2013. The largest portion of the revenue decrease in fiscal year 2014 is attributed to legislation that became effective in fiscal year 2014 that changed all state use tax to a sales tax. A portion of the use tax collected was deposited into the Highway Fund, but sales tax is not.

State Road Fund: The Road Fund was constitutionally established to receive monies from the motor vehicle sales tax, the federal government and other revenues. This is the primary operating fund of the Department and pays to construct, improve and maintain the state highway system and to administer the Commission and the Department. The fund ended the year with assets of $929.1 million, a decrease of $171.4 million from 2014. This compares to a decrease in 2014 of $79.6 million from 2013. Deferred inflows of resources for the fund was $26.1 million compared to $22.2 million in fiscal year 2014. Liabilities totaled $108.9 million, a decrease of $17.4 million from 2014, and fund balances totaled $794.2 million, a decrease of $157.9 million from 2014 compared to a decrease of $82.2 million in 2014 from 2013.

State Road Bond Fund: The Bond Fund was constitutionally established to receive monies from the state's motor vehicle sales tax. Monies are used to fund the repayment of bonds issued by the Commission. The fund was established in fiscal year 2006 as a debt service fund. At the end of this fiscal year, total assets were $55.9 million, compared to $50.1 million in 2014. The American Recovery and Reinvestment Act of 2009 (ARRA) revenue represents the federal government subsidy received for the Build America Bonds issued in 2010. Sales tax revenue increased $12.7 million. Revenues are used to repay bonds; therefore, expenditures of the Bond Fund were $164.3 million in 2015 compared to $143.8 million in 2014.

Proprietary Funds

The Department's internal service funds consist of the MHTC Self Insurance Fund (workers' compensation, fleet liability and general liability) and the MoDOT and MSHP Medical and Life Insurance Plan. The self insurance fund receives premiums from the Department for fleet and general liability claims and from the Department, MSHP and MoDOT and Patrol Employees' Retirement System (MPERS) for workers' compensation claims. The Department, MSHP, MPERS and employees of those agencies pay premiums to the medical and life insurance fund.

As shown on the Statements of Net Position – Proprietary Funds, total assets decreased $3.9 million in 2015 compared to an increase of $3.7 million in 2014. Total current liabilities of the proprietary funds at 2015 were $43.4 million, a decrease of $2.0 million from 2014. In 2014, total current liabilities of the proprietary funds increased $2.4 million from 2013. Total pending self insurance claims and incurred but not reported claims increased $2.1 million compared to a $2.2 million decrease in 2014 from 2013.

Total net position of the internal service funds decreased $2.6 million at the end of the current fiscal year to $34.0 million, compared to an increase of $3.6 million in 2014 from 2013. Highway worker's compensation and general liability expenses increased $2.4 million while nonoperating revenues had a minimal decrease of $78.0 thousand due to a change in the market value of investments.

The largest operating expenses of the proprietary funds, medical and prescription drug benefits, totaled $114.0 million compared to $104.9 million in 2014. This accounts for 76.6 percent of the total operating expenses, compared to 76.1 percent in 2014. This $9.1 million increase compares to a $2.0 million increase in 2014 from 2013. The net income of the Self Insurance fund was $4.0 million in fiscal year 2015 compared to $4.9 million in fiscal year 2014. The change in net position of the medical and life insurance plan was a negative $6.6 million in fiscal year 2015 compared to a negative change in net position of $1.3 million in fiscal year 2014. The increase in negative net position is the net effect of an operating loss of $7.2 million and nonoperating revenue of $0.6 million. The operating loss can be attributed to an increase in dollar amount of medical and prescription drug claims as well as the change in incurred but not reported claims.

Fiduciary Funds

The Department's agency funds are used to account for monies held on behalf of various political subdivisions and other interested parties. These funds act as clearing accounts and thus do not have a net position.

SIGNIFICANT EVENTS FOR THE YEAR ENDED JUNE 30, 2015

The I-64 Daniel Boone Bridge Design-Build project costing $125.0 million was awarded in July 2012. The project is needed to maintain the existing system by constructing a new bridge over the Missouri River between St. Louis and St. Charles counties to replace an aging structure. The bridge being replaced was built in the mid-1930s and was not designed for interstate level traffic. The project is expected to be completed in the summer of 2016.

The Department, St. Charles County and the local municipalities partnered together to extend Route 364 in St. Charles County (Page Phase 3), a $119.4 million project. The project included building an improved connection from Page Avenue and Mid Rivers Mall Drive to I-64/US Route 40/61 at Route N. The design-build contracting process was approved in February 2013 and the project was completely opened to traffic in November 2014.

In February of 2014, construction began on the Manchester Bridge project, located in Jackson County, to replace the I-70 bridges over Manchester Trafficway, the Blue River and an adjacent rail yard. This project is a "take care of the system" type project. Built in the late 1950s, the current I-70 bridges are among the earliest pieces of interstate construction in western Missouri and need frequent maintenance and extensive repairs. The project is scheduled to conclude in December 2015.

In July 2014, a project was awarded and construction began to replace the U.S. 69 Bridges over the Missouri River between Platte County, Missouri and Wyandotte County, Kansas. The project cost of $79.0 million will be split with the state of Kansas. The southbound U.S. Route 69 Bridge, commonly referred to as the Fairfax Bridge, was built in 1933. The northbound U.S. Route 69 Bridge, commonly referred to as the Platte Purchase Bridge was built in 1957. Both were built to accommodate the type, size and weight of vehicles at the time they were constructed, and were not designed for the heavy loads and high volume of truck traffic typically found today within the heavy industrial zone where these bridges are located. The new bridges will open to traffic in December 2016.

The Department began construction in September 2014 on a project that will convert U.S. Route 60 to a freeway between Greene County Farm Road 241 west of Rogersville and Chicory Road east of Rogersville. This $35.0 million project was awarded in June 2014 and will be completed by December 2016.

The Columbia Interstate 70 (I-70) Bridges project costs $18.0 million and will replace three bridges over local streets in Columbia. The I-70 bridges cross over Business Loop 70/West Boulevard, Garth Avenue and MO Route 763/Rangeline Street. The project was awarded in June 2015, with construction starting in August 2015. The project is expected to be complete in the fall of 2016.

Additional federal revenues became available to all states when the President signed ARRA into law. As of September 30, 2013, the Department expended $639.2 million and completed its projects associated with Missouri's highway infrastructure, on-the-job training, ferry boat and forest highway projects. The Department has also expended $67.7 million for other transportation modes, such as rail and transit. Only ARRA rail projects are still in progress.

While construction project bid amounts and subsequent construction awards were slightly higher than the budgeted amount in fiscal year 2014, in fiscal year 2015, the construction award amount was once again less than the budgeted amount as it was in years prior to fiscal year 2014. The Department has successfully used a variety of innovations, which focus on getting the most value for each tax dollar, to minimize the impacts of rising costs. These innovations include:

- practical design, governed by three ground rules – safety, communication and quality – delivers "good" projects everywhere, instead of "perfect" projects somewhere;
- value engineering, a systematic process to review and provide recommendations to improve value while addressing the project's purpose and need;
- alternate bidding of materials on specific projects;
- alternate technical concepts allowing the bidder to propose design changes with bid submittal; and
- packaging of bids to increase competition among bidders.

The Department is recognized nationally by other departments of transportation for its performance management system and practical design efforts. In fact, the Federal Highway Administration acknowledged the Department's performance management system as a noteworthy practice because it achieves accountability and transparency, aligns performance measures and strategic goals and is an outcome-based performance management tool.

During the fiscal year 2015 legislative session, the legislature considered legislation that would increase the motor fuel tax. The original bill that was filed would have increased motor fuel tax by two cents each year for three years and then would have indexed the rate to the consumer price index. The legislature through the amendment process had several different versions with reduced increases. Although the legislation was discussed at length, ultimately nothing was passed.

CAPITAL ASSETS AND LONG-TERM OBLIGATION ADMINISTRATION

Capital Assets

The Department's investment in capital assets for its governmental activities as of June 30, 2015, totals $54.0 billion, with accumulated depreciation of $24.3 billion and a net value of $29.7 billion. The net value represents an increase of $235.7 million from fiscal year 2014, compared to an increase of $383.3 million in 2014 from 2013. These assets are summarized in the table below. Additional information about the Department's capital assets is presented in the Notes to the Financial Statements.

(Amounts in millions)	2015	2014	2013	Percent Change 2015-2014
Land and permanent easements	$ 2,633	$ 2,486	$ 2,490	5.9 %
Software in progress	4	3	1	33.3
Construction in progress	13	159	167	(91.8)
Infrastructure in progress	1,652	2,170	2,735	(23.9)
Land improvements	16	17	18	(5.9)
Buildings	160	162	156	(1.2)
Software	6	5	6	20.0
Vehicles and equipment	176	174	171	1.1
Temporary easements	1	1	1	---
Infrastructure	25,051	24,300	23,348	3.1
Total	$29,712	$29,477	$29,093	0.8 %

As provided by generally accepted accounting principles (GAAP), the Department records its infrastructure assets at actual or estimated historical cost. Included in infrastructure are 33,895 miles of highways and 10,376 bridges that the Department is responsible for maintaining.

The Statewide Transportation Improvement Program (STIP) sets the specific construction projects the Department will undertake in the next five years. It covers highways and bridges, transit, aviation, rail, waterways, enhancements and other projects. The program, updated annually, is dynamic with adjustments made to project plans during the life of the STIP based on needs and goals of the Department. The Commission approves amendments during the fiscal year as circumstances require.

Long-Term Obligation Administration

The following table presents a summary of the Department's long-term obligations for governmental activities. Additional information about the Department's long-term obligations is presented in the Notes to the Financial Statements.

(Amounts in millions)	2015	2014	2013	Percent Change 2015-2014
State road bonds	$2,510	$2,679	$2,918	(6.3)%
Premium on bonds	199	230	84	(13.5)
Advances from other entities	7	23	26	(69.6)
Capital lease obligations	---	---	2	---
Compensated absences	32	33	32	(3.0)
Other liabilities	7	3	5	133.3
Total obligations	2,755	2,968	3,067	(7.2)
Current portion of obligations	202	211	198	(4.3)
Total noncurrent obligations	$2,553	$2,757	$2,869	(7.4)%

The Department's total noncurrent obligations, excluding pending self insurance claims, incurred but unreported claims, pension and other post-employment obligations decreased $204.0 million from 2014, compared to a decrease of $112.0 million in 2014 from 2013. At the end of the current fiscal year, state road bonds total $2.5 billion, or 91.1 percent, of the total obligations. Revenues collected under Article IV, Section 30(a) and (b) of the Missouri Constitution and revenues collected from federal highway reimbursements secure the bonds. These revenues are state highway user fees, including fuel taxes, sales taxes, licenses and fees and federal highway reimbursements. Principal payments are due on various dates through fiscal year 2033.

The advances from other entities are related to construction projects accelerated to meet the needs of the users. Principal payments are due on various dates through fiscal year 2021.

The Department has entered into various capital lease obligations. The lease agreements provide a means of financing office equipment. Capital lease payments mature on various dates through fiscal year 2020.

RECENT EVENTS AND FUTURE BUDGETS

The Department's fiscal year 2016 budget for all funds was approved by the Legislature in May 2015 and signed into law by the Governor in June 2015. The fund level is the legal level of control for the State Road Fund, with approval of the State Road Fund budget by the Commission. The Commission approved the budget for all funds in June 2015, with a total spending plan of $2.1 billion. The fiscal year 2016 budget is less than the fiscal year 2015 budget, and it is significantly smaller than the fiscal year 2011 budget of $3.0 billion. Program funds over the next several years will focus on taking care of the existing transportation system as revenues are insufficient to do more.

Federal funding continues to be uncertain. On June 29, 2012, Congress passed Moving Ahead for Progress in the 21st Century (MAP-21), a two-year, $105.0 billion transportation bill for the nation's transportation projects. This two-year act was set to expire September 30, 2014. On July 31, 2014, Congress transferred $10.8 billion into the Highway Trust Fund and extended MAP-21 until May 31, 2015. In May 2015, Congress passed another two-month extension that expired July 31, 2015. In July 2015, Congress took action to provide $8.1 billion to the Highway Trust Fund and to extend MAP-21 until October 29, 2015. These short-term fixes will not solve the federal transportation funding issue. Congress will still need to work on a new highway authorization act to secure funding for transportation in the future.

Annually, the Department prepares a financial forecast that is used to develop its STIP. The financial forecast for the 2016-2020 STIP projected a significant decline in federal revenues because of the inability to match all federal funds, as well as, an ongoing erosion of state revenues. This reduced projected funding led to a significant decline in estimated construction awards. Because revenues from the three major state revenue sources were higher than projected in fiscal year 2015, contractor awards for fiscal year 2017 will be higher than published in the 2016-2020 STIP. Even with the higher contractor awards, the funds available will be focused on maintaining the current transportation system. This means more maintenance-related activities like resurfacing and bridge repair projects rather than expansion projects. The financial forecast will be refreshed in the fall and will determine the projected awards for the upcoming years.

The STIP further illustrates the downturn in MoDOT's construction budget that has been falling since a peak of $1.3 billion in 2009. In fiscal year 2016, construction awards are projected to be just under $600.0 million. The baseline amount of contractor awards needed to maintain roads and bridges in the condition they are today is estimated at $485.0 million. Since 1992, concrete and asphalt costs have outpaced fuel tax revenue two-to-one. With no new funding source available in the near future, the Department will work closely with planning partners and other transportation stakeholders to keep the funding conversation going.

MoDOT has always embraced innovative solutions to get projects done better, faster and cheaper. In June 2015, the Commission reached out to the world to bring solutions for I-70 by creating the "Road to Tomorrow" team. MoDOT's "Road to Tomorrow" team has solicited private industry, innovators, entrepreneurs and the general public for innovative techniques, products and funding streams to rebuild I-70 as the first section of the "highway of the future". Ideas submitted will be screened and vetted.

ECONOMIC CONDITIONS

The current economic environment presents government entities, including state transportation departments, with unusual circumstances and challenges. The past year has seen improvement in the Missouri economy. Consumer sentiment indices have shown a slight increase in consumer confidence, but they remain fairly low as consumers remain cautious with spending. All three major state revenue sources increased in fiscal year 2015. Surprisingly, fuel prices have decreased significantly in the last year and motor fuel taxes collected was up in fiscal year 2015, the first time in several years. A certain amount of uncertainty exists as to the sustainability of the growth from these sources. While the bidding environment for fiscal year 2014 was not favorable, that reversed in fiscal year 2015. During the previous five fiscal years, 2011-2015, 1,722 highway and bridge construction projects estimated at $3.7 billion were awarded for $3.5 billion, a 5.74 percent difference.

CONTACTING THE DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Missouri Department of Transportation's interested parties, including citizens, taxpayers, customers, investors and creditors, with a general overview of the Department's finances and to demonstrate the Department's accountability for the money it receives. Questions about this report or requests for additional financial information should be addressed to the Missouri Department of Transportation, Financial Services Division, P.O. Box 270, Jefferson City, MO 65102. This report is also included in the Report to the Joint Committee on Transportation Oversight and is available on the Department's website at www.modot.org.

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Government-wide Financial Statements

Statements of Net Position

June 30, 2015 and 2014

	Governmental Activities 2015	Governmental Activities 2014
Assets		
Current assets		
Cash and cash equivalents	$ 797,065,572	$ 965,699,201
Investments	2,027,008	3,303,283
Restricted cash and investments	71,154,650	72,250,000
State taxes and fees receivables	131,696,061	137,254,182
Federal government receivables	72,766,961	77,779,235
Miscellaneous receivables, net	17,606,025	39,976,921
Loans receivable	327,998	341,764
Inventories	37,574,480	29,135,029
Total current assets	1,130,218,755	1,325,739,615
Noncurrent assets		
Investments	121,933,202	108,417,861
Restricted cash and investments	200,000	---
Miscellaneous receivables, net	10,832,468	12,547,870
Loans receivable	1,033,374	1,359,115
Capital assets		
Assets not being depreciated	4,301,866,993	4,818,408,397
Assets being depreciated, net	25,410,492,694	24,658,204,174
Total noncurrent assets	29,846,358,731	29,598,937,417
Total assets	30,976,577,486	30,924,677,032
Deferred Outflows of Resources		
Bond refunding	79,024,126	91,218,404
Pension contributions	124,597,572	---
Total deferred outflows of resources	203,621,698	91,218,404
Liabilities		
Current liabilities		
Accounts payable	94,084,712	118,352,903
Accrued payroll	24,173,234	23,432,173
Accrued interest payable	25,715,853	23,469,734
Deposits	1,332,705	758,573
Unearned revenue	17,622,408	18,685,379
Pending self insurance claims	18,365,000	17,541,000
Incurred but not reported claims	15,680,000	14,982,000
Financing and other obligations	202,265,942	210,991,374
Total current liabilities	399,239,854	428,213,136
Noncurrent liabilities		
Pending self insurance claims	48,778,816	47,216,461
Incurred but not reported claims	12,429,000	13,410,000
Net pension liability	1,079,844,816	---
Other post-employment benefit obligations	380,743,798	351,544,236
Financing and other obligations	2,552,930,757	2,757,109,627
Total noncurrent liabilities	4,074,727,187	3,169,280,324
Total liabilities	4,473,967,041	3,597,493,460
Deferred Inflows of Resources		
Pension obligations	105,957,686	---
Total deferred inflows of resources	105,957,686	---
Net Position		
Net investment in capital assets	27,075,170,368	26,636,055,757
Restricted for:		
Internal service fund requirements	300,000	300,000
Highways and transportation	---	782,046,219
Unrestricted	(475,195,911)	---
Total net position	$26,600,274,457	$27,418,401,976

The notes to the financial statements are an integral part of these statements.

Statements of Activities

Years Ended June 30, 2015 and 2014

	Governmental Activities 2015	Governmental Activities 2014
Transportation Program Expenses		
Administration	$ 24,672,341	$ 32,790,697
Fleet, facilities and information systems	29,864,529	32,790,073
Maintenance	329,098,380	419,999,406
Construction	274,932,657	194,551,808
Multimodal operations	84,259,338	89,148,029
Interest	112,690,238	129,873,350
Other state agencies	226,369,722	208,609,602
Self insurance	21,375,544	19,407,407
Medical and life insurance	106,452,874	97,482,972
Pension	91,857,655	---
Other post-employment benefits	50,179,235	50,586,458
Depreciation	457,406,357	442,733,984
Total transportation program expenses	1,809,158,870	1,717,973,786
Transportation Program Revenues		
Charges for services		
Licenses, fees and permits	290,319,461	290,152,501
Intergovernmental/cost reimbursements/miscellaneous	55,447,636	85,337,046
Interest	5,315	51,964
Member insurance premiums	39,870,440	38,169,311
Total charges for services	385,642,852	413,710,822
Federal government		
American Recovery and Reinvestment Act	14,628,334	28,764,691
Operating	82,520,993	87,530,939
Capital	763,951,868	839,911,985
Total federal government	861,101,195	956,207,615
Total transportation program revenues	1,246,744,047	1,369,918,437
Net expense of transportation program	(562,414,823)	(348,055,349)
General Revenues		
Fuel taxes	493,076,325	489,983,918
Sales and use taxes	335,419,712	311,761,030
Unrestricted investment earnings (loss)	10,569,229	13,755,109
State appropriations	15,009,755	14,346,615
Gain (loss) on sale of capital assets	(15,842,870)	(16,407,568)
Total general revenues	838,232,151	813,439,104
Changes in Net Position	275,817,328	465,383,755
Net Position, beginning of year, as previously reported	27,418,401,976	26,953,018,221
Restatement of net position, net pension liability	(1,093,944,847)	---
Net Position, beginning of year, as restated	26,324,457,129	26,953,018,221
Net Position, end of year	$ 26,600,274,457	$ 27,418,401,976

The notes to the financial statements are an integral part of these statements.

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Fund Financial Statements

Balance Sheets
Governmental Funds
June 30, 2015 and 2014

	2015				
	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 6,761,118	$713,355,794	$41,015,693	$24,130,231	$ 785,262,836
State taxes and fees receivable	97,565,630	18,895,606	14,746,988	487,837	131,696,061
Federal government receivable	---	65,767,339	---	6,999,622	72,766,961
Miscellaneous receivables, net	2,428,287	22,211,282	95,762	1,214,753	25,950,084
Loans receivable	---	---	---	1,361,372	1,361,372
Due from other funds	---	242,020	---	---	242,020
Inventories	---	37,574,480	---	---	37,574,480
Restricted cash and investments	---	71,054,650	---	---	71,054,650
Total assets	$106,755,035	$929,101,171	$55,858,443	$34,193,815	$1,125,908,464
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 2,004,983	$ 81,474,660	$ ---	$ 8,871,005	$ 92,350,648
Accrued payroll	7,756,708	16,307,217	---	109,309	24,173,234
Deposits	---	1,332,705	---	---	1,332,705
Unearned revenue	---	9,750,252	---	260,438	10,010,690
Due to other funds	---	---	---	242,020	242,020
Total liabilities	9,761,691	108,864,834	---	9,482,772	128,109,297
Deferred Inflows of Resources					
Deferred Revenues	2,359,952	26,073,470	---	243,619	28,677,041
Total deferred inflows of resources	2,359,952	26,073,470	---	243,619	28,677,041
Fund balances					
Nonspendable – inventories	---	37,574,480	---	---	37,574,480
Unassigned	---	---	---	---	---
Restricted – highways and transportation	94,633,392	756,588,387	55,858,443	24,467,424	931,547,646
Total fund balances	94,633,392	794,162,867	55,858,443	24,467,424	969,122,126
Total liabilities, deferred inflows of resources and fund balances	$106,755,035	$929,101,171	$55,858,443	$34,193,815	$1,125,908,464

The notes to the financial statements are an integral part of these statements.

2014				
State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 8,715,400	$ 866,458,834	$36,669,426	$25,638,948	$ 937,482,608
103,857,406	19,602,586	13,330,509	463,681	137,254,182
---	62,053,996	---	15,725,239	77,779,235
3,395,221	43,472,957	63,917	3,335,614	50,267,709
---	---	---	1,700,879	1,700,879
---	7,844,525	---	---	7,844,525
---	29,135,029	---	---	29,135,029
---	71,950,000	---	---	71,950,000
$115,968,027	$1,100,517,927	$50,063,852	$46,864,361	$1,313,414,167
$ 1,196,187	$ 98,779,510	$ ---	$13,017,776	$ 112,993,473
7,273,756	16,064,945	---	93,472	23,432,173
---	758,573	---	---	758,573
---	10,624,707	---	583,769	11,208,476
---	---	---	7,844,525	7,844,525
8,469,943	126,227,735	---	21,539,542	156,237,220
2,074,523	22,212,790	---	2,031,057	26,318,370
2,074,523	22,212,790	---	2,031,057	26,318,370
---	29,135,029	---	---	29,135,029
---	---	---	(1,575,780)	(1,575,780)
105,423,561	922,942,373	50,063,852	24,869,542	1,103,299,328
105,423,561	952,077,402	50,063,852	23,293,762	1,130,858,577
$115,968,027	$1,100,517,927	$50,063,852	$46,864,361	$1,313,414,167

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Reconciliation of the Governmental Funds Balance Sheets to the Statements of Net Position

Governmental Funds

June 30, 2015 and 2014

	Total	
	2015	**2014**
Fund balances – total governmental funds	$ 969,122,126	$ 1,130,858,577
Amounts reported for governmental activities in the statements of net position are different because:		
Capital assets, net of accumulated depreciation of $24,287,711,690 and $23,890,841,995 in 2015 and 2014, respectively, used in governmental activities are not financial resources and therefore are not reported in the funds.	29,712,359,687	29,476,612,571
Amounts resulting from the difference calculated between the reacquisition price and the net carrying amount of refunded bonds, reported as deferred outflows of resources, are not reported in the funds.	79,024,126	91,218,404
Some of the Department's tax and other revenue will be collected after the 60-day availability period and is deferred in the fund financial statements. However, revenue from this amount is recognized in the government-wide financial statements, net of allowance for uncollectible amounts.	28,677,041	26,318,370
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included only in the statements of net position.		
Medical and life insurance plan	23,709,834	30,284,966
Self insurance plan	10,242,923	6,224,059
Certain changes in the net pension liability are amortized over time and are not reported in the funds.	18,639,886	---
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (current and noncurrent).		
Financing and other obligations	(2,755,196,699)	(2,968,101,001)
Pension obligations	(1,079,844,816)	---
Other post-employment benefits obligations	(380,743,798)	(351,544,236)
Accrued interest payable	(25,715,853)	(23,469,734)
Total net position – governmental activities	$26,600,274,457	$27,418,401,976

The notes to the financial statements are an integral part of these statements.

Statements of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Years Ended June 30, 2015 and 2014

	2015				
	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Fuel taxes	$ 492,700,999	$ 128,680	$ ---	$ 246,646	$ 493,076,325
Sales and use taxes	1,624,896	159,900,440	164,274,352	9,620,024	335,419,712
Licenses, fees and permits	187,446,092	100,202,370	---	2,670,999	290,319,461
Intergovernmental/cost reimbursements/miscellaneous	4,994,890	43,632,172	416	2,388,959	51,016,437
Investment earnings	260,640	7,680,363	579,402	134,954	8,655,359
American Recovery and Reinvestment Act	---	7,417,054	5,392,783	1,948,548	14,758,385
State government	---	---	---	15,009,755	15,009,755
Federal government	---	757,676,085	---	84,178,380	841,854,465
Total revenues	687,027,517	1,076,637,164	170,246,953	116,198,265	2,050,109,899
Expenditures					
Current					
Administration	---	50,713,412	---	---	50,713,412
Fleet, facilities and information systems	---	38,980,057	---	---	38,980,057
Maintenance	---	418,005,872	---	16,322,595	434,328,467
Construction	---	328,246,059	---	---	328,246,059
Multimodal operations	---	432,877	---	84,929,842	85,362,719
Capital outlay	---	713,572,065	---	214,561	713,786,626
Debt service	---	152,961,283	164,487,260	---	317,448,543
Other state agencies	251,407,679	---	---	---	251,407,679
Total expenditures	251,407,679	1,702,911,625	164,487,260	101,466,998	2,220,273,562
Excess of revenues over (under) expenditures	435,619,838	(626,274,461)	5,759,693	14,731,267	(170,163,663)
Other Financing Sources (Uses)					
Notes issued	---	3,618,567	---	---	3,618,567
Refunding bonds issued	---	---	---	---	---
Premium on bonds	---	---	---	---	---
Refunding bonds escrow payment	---	---	---	---	---
Capital leases issued	---	18,362	---	---	18,362
Capital asset sales	---	4,790,283	---	---	4,790,283
Transfers in	---	459,967,612	34,898	---	460,002,510
Transfers out	(446,410,007)	(34,898)	---	(13,557,605)	(460,002,510)
Total other financing sources (uses)	(446,410,007)	468,359,926	34,898	(13,557,605)	8,427,212
Net Changes in Fund Balances	(10,790,169)	(157,914,535)	5,794,591	1,173,662	(161,736,451)
Fund Balances, beginning of year	105,423,561	952,077,402	50,063,852	23,293,762	1,130,858,577
Fund Balances, end of year	$ 94,633,392	$ 794,162,867	$ 55,858,443	$ 24,467,424	$ 969,122,126

The notes to the financial statements are an integral part of these statements.

2014				
State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 489,629,923	$ 128,032	$ ---	$ 225,963	$ 489,983,918
2,320,388	147,776,270	151,612,341	10,052,031	311,761,030
187,620,158	100,109,044	---	2,428,698	290,157,900
5,836,383	78,193,683	---	722,832	84,752,898
264,207	10,785,218	413,683	215,631	11,678,739
---	12,986,185	4,913,556	10,734,899	28,634,640
---	---	---	14,346,615	14,346,615
---	839,979,131	---	86,191,381	926,170,512
685,671,059	1,189,957,563	156,939,580	124,918,050	2,157,486,252
---	48,547,149	---	---	48,547,149
---	35,904,361	---	---	35,904,361
---	436,404,202	---	14,172,464	450,576,666
---	216,562,721	---	---	216,562,721
---	762,747	---	88,569,370	89,332,117
---	849,812,486	---	84,830	849,897,316
---	184,001,031	143,838,727	---	327,839,758
233,469,660	---	---	---	233,469,660
233,469,660	1,771,994,697	143,838,727	102,826,664	2,252,129,748
452,201,399	(582,037,134)	13,100,853	22,091,386	(94,643,496)
---	13,240,155	---	---	13,240,155
---	900,990,000	---	---	900,990,000
---	185,693,095	---	---	185,693,095
---	(1,082,244,879)	---	---	(1,082,244,879)
---	(2,043,820)	---	---	(2,043,820)
---	7,443,361	---	44,480	7,487,841
---	476,745,383	---	---	476,745,383
(454,584,060)	---	---	(22,161,323)	(476,745,383)
(454,584,060)	499,823,295	---	(22,116,843)	23,122,392
(2,382,661)	(82,213,839)	13,100,853	(25,457)	(71,521,104)
107,806,222	1,034,291,241	36,962,999	23,319,219	1,202,379,681
$ 105,423,561	$ 952,077,402	$ 50,063,852	$ 23,293,762	$ 1,130,858,577

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Reconciliation of the Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances to the Statements of Activities

Years Ended June 30, 2015 and 2014

	2015	2014
Net changes in fund balances – total governmental funds	$(161,736,451)	$ (71,521,104)
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statements of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. These are the amounts by which capital outlays ($713,786,626 and $849,897,316 for 2015 and 2014, respectively) exceeded depreciation ($457,406,357 and $442,733,984 for 2015 and 2014, respectively).	256,380,269	407,163,332
In the statements of activities, only the gains (losses) on the sale of the capital assets are reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the changes in net position differ from the changes in fund balances by the book value of the assets sold.	(20,633,153)	(23,895,409)
Certain revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	2,358,671	(3,189,940)
Certain changes in the net pension liability, not applicable to the current period, are not reported in the governmental funds.	124,597,572	---
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statements of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statements of net position. These are the net effects of the differences in the treatment of long-term debt obligations and related items.	185,275,929	163,269,002
Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	1,160,644	(1,012,974)
Interest expense recognition	15,845,447	19,062,856
Claims and judgments	(3,818,115)	1,527,528
Net pension liability	(91,857,655)	---
Other post-employment benefits obligations	(29,199,562)	(29,606,785)
Pollution remediation obligations	---	30,000
Internal service funds are used by management for the medical and life insurance plan and the self insurance plan. The net revenues of internal service funds are reported with governmental activities.		
Medical and life insurance plan	(6,575,132)	(1,336,680)
Self insurance plan	4,018,864	4,893,929
Changes in net position – governmental activities	$ 275,817,328	$ 465,383,755

The notes to the financial statements are an integral part of these statements.

Statements of Net Position

Proprietary Funds

June 30, 2015 and 2014

	Internal Service Funds	
	2015	2014
Assets		
Current assets		
Cash and cash equivalents	$ 11,802,736	$ 28,216,593
Investments	2,027,008	3,303,283
Restricted investments	100,000	300,000
Miscellaneous receivables	2,488,409	2,257,082
Total current assets	16,418,153	34,076,958
Noncurrent assets		
Investments	121,933,202	108,417,861
Restricted investments	200,000	----
Total noncurrent assets	122,133,202	108,417,861
Total assets	138,551,355	142,494,819
Liabilities		
Current liabilities		
Accounts payable	1,734,064	5,359,430
Unearned revenue	7,611,718	7,476,903
Pending self insurance claims	18,365,000	17,541,000
Incurred but not reported claims	15,680,000	14,982,000
Total current liabilities	43,390,782	45,359,333
Noncurrent liabilities		
Pending self insurance claims	48,778,816	47,216,461
Incurred but not reported claims	12,429,000	13,410,000
Total noncurrent liabilities	61,207,816	60,626,461
Total liabilities	104,598,598	105,985,794
Net Position		
Restricted net position	300,000	300,000
Unrestricted net position	33,652,757	36,209,025
Total net position	$ 33,952,757	$ 36,509,025

The notes to the financial statements are an integral part of these statements.

Statements of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Years Ended June 30, 2015 and 2014

	Internal Service Funds	
	2015	**2014**
Operating Revenues		
Self insurance premiums		
Highway workers' compensation	$ 7,200,000	$ 6,900,000
Highway patrol workers' compensation	2,750,000	3,000,000
Highway fleet vehicle liability	1,400,000	1,400,000
Highway general liability	12,500,000	11,410,000
Medical insurance premiums		
State	74,048,522	73,050,798
Member	39,870,440	38,169,311
Other	6,516,813	5,346,829
Total operating revenues	144,285,775	139,276,938
Operating Expenses		
Self insurance programs		
Highway workers' compensation	6,116,125	4,871,116
Highway patrol workers' compensation	2,310,090	1,723,458
Highway fleet vehicle liability	953,547	2,458,877
Highway general liability	10,980,555	9,786,534
Other	1,015,227	567,422
Medical and life insurance program		
Insurance premiums	6,854,614	6,609,549
Medical benefits	90,260,350	83,413,544
Prescription drug benefits	23,751,514	21,495,343
Professional fees	934,397	1,062,677
Administrative services	5,631,672	5,881,532
Total operating expenses	148,808,091	137,870,052
Operating income (loss)	(4,522,316)	1,406,886
Nonoperating Revenues		
Net appreciation and investment income	1,966,048	2,150,363
Total nonoperating revenues	1,966,048	2,150,363
Changes in Net Position	(2,556,268)	3,557,249
Net Position, beginning of year	36,509,025	32,951,776
Net Position, end of year	$ 33,952,757	$ 36,509,025

The notes to the financial statements are an integral part of these statements.

Statements of Cash Flows
Proprietary Funds
Years Ended June 30, 2015 and 2014

	Internal Service Funds	
	2015	2014
Cash Flows From Operating Activities		
Receipts from interfund services provided	$ 144,106,558	$ 139,093,764
Payments for interfund services used	(138,988,626)	(132,502,164)
Payments to suppliers	(11,206,661)	(5,188,589)
Net cash provided by (used in) operating activities	(6,088,729)	1,403,011
Cash Flows From Investing Activities		
Proceeds from sale and maturities of investments	48,273,106	47,400,889
Purchases of investments	(60,722,105)	(41,526,394)
Interest received	2,243,205	2,442,834
Investment fees	(119,334)	(133,221)
Net cash provided by (used in) investing activities	(10,325,128)	8,184,108
Net increase (decrease) in cash and cash equivalents	(16,413,857)	9,587,119
Cash and Cash Equivalents, beginning of year	28,216,593	18,629,474
Cash and Cash Equivalents, end of year	$ 11,802,736	$ 28,216,593
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	$ (4,522,316)	$ 1,406,886
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Receivables	(179,217)	(183,175)
Accounts and claims payable	(1,522,011)	110,541
Unearned revenue	134,815	68,759
Net cash provided by (used in) operating activities	$ (6,088,729)	$ 1,403,011
Noncash Items Impacting Recorded Assets		
Increase (decrease) in fair value of investments	$ (209,933)	$ (194,544)

The notes to the financial statements are an integral part of these statements.

Statements of Assets and Liabilities

Fiduciary Funds – Agency

June 30, 2015 and 2014

	Agency Funds	
	2015	2014
Assets		
Restricted cash and cash equivalents	$65,119,872	$43,670,322
Restricted investments	---	21,444,033
Other	1,674	50,346
Total assets	$65,121,546	$65,164,701
Liabilities		
Due to other governments	$10,765,737	$ 4,697,641
Advances from other governments	54,355,809	60,467,060
Total liabilities	$65,121,546	$65,164,701

The notes to the financial statements are an integral part of these statements.

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Notes to the Financial Statements

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INDEX FOR THE NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

Note 1: Summary of Significant Accounting Policies

The State Highway Department was created in 1913 to act as the agent of the state of Missouri (the state) for public roads. The State Highway Commission was created in 1921 with the passage of the Centennial Road Law and was charged with the administration of the network of connecting state highways, including their location, design, construction and maintenance.

In 1979, Missouri voters passed a constitutional amendment merging the State Highway Department with the Department of Transportation. By statute, the resulting department was named the Missouri Highways and Transportation Department. The constitutional amendment gave the Highways and Transportation Commission (the MHTC or Commission) the authority over all state transportation programs and facilities. The Commission is a bipartisan body of six members appointed by the Governor, with the consent of the Senate, for a term of six years. In 1996, by legislative action, the Missouri Highways and Transportation Department became the Missouri Department of Transportation (MoDOT or Department).

In 2002, several functions from other state agencies were combined with MoDOT. This consolidation was the result of legislative action and the Governor's Executive Order, which created the "One-Stop Shop" for motor carrier services (MCS), railroad operators and overdimension and overweight permitting. In 2003, by Governor's Executive Order, the Division of Highway Safety was transferred from the Department of Public Safety to MoDOT. Legislation passed in 2014 to recognize that 2003 reorganization, transferring all the authority, powers, duties, and functions of the Division of Highway Safety relating to the motorcycle safety program, the driver improvement program, the ignition interlock program, and other state highway safety programs from the Department of Public Safety to the Commission and Department. In 2006, the unit that audits motor carrier operators was transferred to MoDOT from the Department of Revenue. This unit is responsible for auditing International Fuel Tax Agreement tax returns and International Registration Plan applications.

(A) Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 61, establishes the criteria to be used for defining primary governments, component units and related organizations. The Department does not meet the GASB's criteria to be reported as its own primary government or other stand-alone government and is part of the primary government of the state. Like other state agencies, the Department is included in the financial statements of the state. These financial statements report the funds from which MoDOT spends. The nonmajor Multimodal Fund includes only MoDOT appropriations from the state's General fund. The nonmajor MCS Federal Fund is the Motor Carrier Safety Assistance Program.

Certain legally separate organizations are involved in transportation-related projects, such as the Missouri Transportation Finance Corporation (MTFC) and other transportation corporations. Although these organizations cooperate with the Department to meet their objectives and are included in the financial statements of the state as blended or discretely presented component units, they are not part of the Department's defined reporting entity.

The state's Comprehensive Annual Financial Report may be obtained by writing to the state of Missouri, Office of Administration, Division of Accounting, P. O. Box 809, Jefferson City, MO 65102, or may be accessed online at www.oa.mo.gov/acct.

(B) Government-wide and Fund Financial Statements

1. Government-wide Financial Statements

The government-wide statements of net position and statements of activities report the overall financial activities of the Department, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The financial activities of the Department consist only of governmental activities, which are primarily supported by state taxes and intergovernmental revenues.

The Department administers a single program – transportation. The statements of activities demonstrate the degree to which the direct expenses of that function are offset by program revenues. Direct expenses are those that are clearly identifiable with the function. Program revenues include (a) charges paid by the recipients of goods or services offered by the program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of the program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. 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, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Department reports the following governmental funds:

State Highways and Transportation Department Fund (Highway Fund) – This special revenue fund was established by Section 226.200, Revised Statutes of Missouri (RSMo.) to receive revenues derived from the use of state highways. This fund pays the costs incurred to collect that revenue, to administer and enforce any state motor vehicle laws or traffic regulations and to provide other related functions.

State Road Fund (Road Fund) – This special revenue fund was constitutionally established to receive monies from the state's motor vehicle sales tax, the federal government, transfers from the Highway Fund and other related revenues. Disbursements consist of costs incurred to construct, improve and maintain the state highway system and for debt service payments.

State Road Bond Fund – This debt service fund was constitutionally established to receive monies from the state's motor vehicle sales tax. Monies are used for the repayment of bonds issued by the Commission to fund the construction and reconstruction of the state highway system or for refunded bonds.

Nonmajor Funds – The remaining funds are considered nonmajor. They are special revenue funds, which account for grants and other resources whose use is restricted for a particular purpose.

The Department reports the following additional fund types:

Internal Service Funds – These proprietary funds account for the financing of services provided to other funds within the Department and other participating agencies on a cost-reimbursement basis. These funds are used to account for medical and life insurance coverage and self insurance activities. Department activity comprises the majority of these funds. These funds are included in the government-wide statements by eliminating off-setting revenues and expenses.

Agency Funds – These fiduciary funds account for monies held on behalf of various political subdivisions and other interested parties and will be used to reimburse the Department for expenditures incurred by the Department on behalf of the previously mentioned parties and to collect and administer registration, license fees and fuel taxes payable to states, excluding Hawaii and Alaska, and Canadian provinces. These funds are not included in the government-wide statements, because they are held on behalf of various political subdivisions and other interested parties, and they are not available for Department use.

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

1. Government-wide Financial Statements

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange include fuel taxes, sales and use taxes, Medicare Part D gap coverage federal subsidies, grants, entitlements and donations. On an accrual basis, revenues from fuel taxes and sales and use taxes are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenues from Medicare Part D gap coverage, based on the current funding levels from the federal government, are recognized in the fiscal year in which the revenue-generating transactions occur. Because potential retroactive adjustments to the federal subsidies are not measurable, revenue impacts are recognized in the fiscal period in which adjustments are made by the federal government. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

2. Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, all revenue sources are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department, consistent with the state of Missouri, considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are recorded as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The Department's operating revenues and expenses generally result from providing services in connection with the internal service funds' principal ongoing operations. The principal operating revenues are charges for insurance premiums. Operating expenses include self insurance claims, benefits claims, insurance premiums and administrative expenses. Investment income is reported as nonoperating revenue.

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.

(D) Financial Statement Element Attributes

1. Cash and Cash Equivalents and Investments

Cash and cash equivalents include:

- Cash
- Repurchase agreements, which are investments with original maturities of three months or less
- Pooled monies, including pooled investments, with the State Treasurer's Office

Investments are valued at fair value.

2. Inventories

Inventories, primarily consisting of maintenance materials, are valued at cost using the weighted average method. Inventories are recorded in the governmental funds as expenditures when consumed rather than when purchased.

3. Interfund Transactions

The Department reports the following types of interfund transactions:

Interfund services provided and used – This consists of sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and as expenditures or expenses in purchaser funds. This internal activity is included in the government-wide statements by eliminating off-setting revenues and expenses.

Transfers – This consists of flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

4. Capital Assets

Capital assets, such as land, buildings, equipment and infrastructure assets, are reported at cost (or estimated historical cost) as governmental activities in the government-wide financial statements. Infrastructure assets are those assets that are normally immovable and of value to the citizens of the state of Missouri, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The Department capitalizes assets with an expected useful life of more than one year with a cost greater than $1,000 for equipment, $5,000 for software and $15,000 for buildings and land improvements. No dollar threshold is set for land, easements and infrastructure. Donated capital assets are recorded at their fair value at the date of the donation.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense, including amortization of leased capital and intangible assets, is recorded in the government-wide financial statements.

Capital assets are depreciated or amortized on the straight-line method over the asset's estimated useful life. There is no depreciation recorded for land, permanent easements, software in progress, construction in progress and infrastructure in progress. Generally, estimated useful lives are as follows:

Vehicles, machinery and equipment	1 to 20 years
Buildings and other improvements	10 to 50 years
Infrastructure	7 to 50 years
Software	5 years
Temporary Easements	3 years

5. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, financial statements may report a separate section for deferred outflows of resources. Deferred outflows of resources consists of the consumption of net position that is applicable to a future reporting period and so will not be recognized as an outflow of resources until then. Deferred outflows of resources related to refunding long-term debt and certain pension contributions are reported in the statements of net position. The deferred bond refunding amount results from the difference in the carrying value of refunded debt and its reacquisition price, and is amortized over the shorter of the life of the refunded or refunding debt. The pension contributions represent contributions made to the plan between the measurement date of the pension obligations and the end of the fiscal year.

In addition to liabilities, financial statements may report a separate section for deferred inflows of resources. Deferred inflows of resources consists of the acquisition of net position that is applicable to a future reporting period and so will not be recognized as inflow of resources until then. Deferred inflows of resources in the fund financial statements are reported as receivables, when the corresponding revenues are unavailable. Deferred inflows of resources includes federal reimbursements, cost reimbursements and other miscellaneous receivables. For the government-wide financial statements, deferred inflows of resources relate to certain changes in pension obligations that are amortized over future periods.

6. Deposits and Unearned Revenue

Deposits consist of amounts held to ensure permit work, such as driveway installations, is completed to MoDOT specifications. Upon approval, the deposits are returned.

Unearned revenue consists of amounts collected in advance of the year in which earned. In the government-wide and governmental funds, local shares of project costs and property sales down-payments are held until work or contract completion. In the internal service funds, employee and employer medical insurance premiums received a month in advance are held for the subsequent month's coverage.

7. Compensated Absences

Under the terms of the Department's personnel policy, Department employees are granted 10 to 14 hours of annual leave per month. Additionally, certain employees can accrue a maximum of 240 hours of compensatory time for unpaid overtime. Employees have accrued annual leave and compensatory time available amounting to $32,272,194 and $33,432,838 as of June 30, 2015 and 2014, respectively, recorded in the government-wide financial statements. Because employees are not paid for accumulated sick leave upon retirement or termination, no liability has been recorded for this leave.

8. Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources and discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Pollution Remediation Obligations

MoDOT estimates the components of expected pollution remediation activities and determines whether expected outlays for those components should be accrued as a liability and expensed or, if appropriate, capitalized. Pollution remediation obligations are measured at the current cost of future activities and are valued using the expected cash flow method, which measures the liability based on probability-weighted amounts. The determined liabilities could change over time due to changes in costs of goods and services, changes in remediation technology or changes in laws and regulations governing the remediation efforts.

10. Pensions

Pension-related expenses, liabilities, deferred outflows of resources and deferred inflows of resources have been determined on the same basis as they are reported by the MoDOT and Patrol Employees' Retirement System (MPERS). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Fund Balances

In the fund financial statements, fund balances are displayed as follows:

Nonspendable – This consists of State Road Fund balances of $37,574,480 and $29,135,029 at June 30, 2015 and 2014, respectively, representing inventories held.

Unassigned - This consists of a deficit fund balance in the Multimodal Federal Fund of $1,575,780 as of June 30, 2014. Under the modified accrual basis of accounting, fund payables are recorded as expenditures when incurred. However, due to the timing of receipts, the corresponding federal revenue was deferred, resulting in a negative fund balance.

Restricted – This consists of fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Total restricted fund balances of $931,547,646 and $1,103,299,328 at June 30, 2015 and 2014, respectively, were restricted by enabling legislation.

12. Net Position

In the government-wide and proprietary fund financial statements, net position is displayed as follows:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted – This consists of assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. This also includes unexpended bond or lease proceeds less the related outstanding liability. Total restricted net position at June 30, 2015 and 2014, $300,000 and $782,346,219, respectively, were restricted by enabling legislation or by outside parties.

Unrestricted – This consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. As a result of the inclusion of the net pension liability in fiscal year 2015, the unrestricted net position at June 30, 2015 is a deficit of $475,195,911.

13. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses or expenditures and other changes in net position or fund balances during the reporting period. Actual results could differ from those estimates.

Note 2: Deposits and Investments

Cash and investments include amounts held by the State Treasurer's Office as required by the state constitution for all state funds of the primary government. Interest income earned on cash and investments in the State Treasury is allocated to the funds based on the respective investment and cash balances. In addition, cash and investments also include funds held in depository banks, as allowed by state statute.

By policy, investments may include linked deposits, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements and reverse repurchase agreements, U.S. Treasury obligations and federal agency securities. The Department's investments are reported at fair value. While the majority of the Department's investments are pooled in the State Treasury or with the Department of Revenue, a portion is held at banks outside those state agencies. At June 30, 2015 and 2014, the Department's portfolio of non-pooled funds had $124,160,210 and $133,365,177, respectively, of uninsured, unregistered investments held in the Commission's or State's name. Also at June 30, 2015 and 2014, the Department had book balances of $11,639,443 and $67,188,078, respectively, and bank balances of $14,033,465 and $67,959,364, respectively, of repurchase agreements. All repurchase agreements were collateralized by securities held by a financial institution's trust department in the Commission's or State's name.

Interest Rate Risk – The State Treasurer's Office policy states it will minimize the risk that the market value of investments will fall due to changes in general interest rates by maintaining an effective duration of less than 2.5 years and holding at least 25.0 percent of the portfolio's total market value in securities with a maturity of 12 months or less. MoDOT's policy for the investment portfolios of non-pooled funds states they are to be structured so securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Of the total non-pooled investments, $123,943,346 is highly sensitive to interest rate changes because the investments are callable or subject to prepayment. The effective maturities are disclosed based on assumptions provided by the Department's investment advisor.

Credit Risk – The State Treasurer's Office policy states it will minimize the risk of loss due to the failure of a security issuer or backer by pre-approving financial institutions, companies, brokers and dealers and conducting regular credit monitoring and due diligence. MoDOT's policy for the investment portfolios of non-pooled funds states they are to be limited to the safest types of securities, as described above. The policies for both portfolios require diversification so potential losses on individual securities will be minimized.

Concentration of Credit Risk – The policies of both the State Treasurer's Office and the Department state investments are to be diversified and limits are set to minimize the risk of loss resulting from excess concentration in a specific maturity, issuer or class of security. The asset allocation is periodically reviewed by the State Treasurer and the Department's investment advisor. At June 30, 2015 and 2014, no investments in any one organization (other than those issued or sponsored by the U.S. Government and those in pooled investments) represented 5.0 percent of total investments.

At June 30, 2015, the Department's cash and investments consisted of the following:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds	Internal Service Funds	Agency Funds
Cash and investments:						
Cash and investments pooled in the State Treasury	$6,761,118	$713,355,794	$41,015,693	$24,130,231	$ ---	$ ---
Cash deposited with banks	---	---	---	---	163,293	---
U.S. agency obligations	---	---	---	---	123,943,346	---
U.S. Treasury obligations	---	---	---	---	16,864	---
Repurchase agreements	---	---	---	---	11,639,443	---
Total	$6,761,118	$713,355,794	$41,015,693	$24,130,231	$135,762,946	$ ---
Restricted assets:						
Cash and investments pooled in the State Treasury	$ ---	$ 71,054,650	$ ---	$ ---	$ ---	$ ---
Cash and investments pooled with the Mo. Dept. of Revenue	---	---	---	---	---	10,764,063
Cash deposited with banks	---	---	---	---	---	54,355,809
U.S. Treasury obligations	---	---	---	---	200,000	---
Certificate of deposit	---	---	---	---	100,000	---
Total	$ ---	$ 71,054,650	$ ---	$ ---	$ 300,000	$65,119,872

At June 30, 2014, the Department's cash and investments consisted of the following:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds	Internal Service Funds	Agency Funds
Cash and investments:						
Cash and investments pooled in the State Treasury	$8,715,400	$ 866,458,834	$36,669,426	$25,638,948	$ ---	$ ---
Cash deposited with banks	---	---	---	---	2,641	---
U.S. agency obligations	---	---	---	---	111,705,665	---
U.S. Treasury obligations	---	---	---	---	15,479	---
Repurchase agreements	---	---	---	---	28,213,952	---
Total	$8,715,400	$ 866,458,834	$36,669,426	$25,638,948	$139,937,737	$ ---
Restricted assets:						
Cash and investments pooled in the State Treasury	$ ---	$ 71,950,000	$ ---	$ ---	$ ---	$ ---
Cash and investments pooled with the Mo. Dept. of Revenue	---	---	---	---	---	4,696,041
Cash deposited with banks	---	---	---	---	---	155
U.S. agency obligations	---	---	---	---	---	21,444,033
U.S. Treasury obligations	---	---	---	---	200,000	---
Certificate of deposit	---	---	---	---	100,000	---
Repurchase agreements	---	---	---	---	---	38,974,126
Total	$ ---	$ 71,950,000	$ ---	$ ---	$ 300,000	$65,114,355

The maturities of mortgage-backed investments have been estimated based on the weighted average life of the investment type. Estimated maturities will differ from actual maturities because issuers may have the right to call or prepay obligations.

At June 30, 2015, the Department's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1 to 5	6 to 10
Repurchase agreements	$ 11,639,443	$11,639,443	$ ---	$ ---
Certificate of deposit	100,000	100,000	---	---
U.S. Treasury obligations	216,864	---	216,864	---
U.S. agency obligations	123,943,346	2,027,008	112,989,131	8,927,207
	$135,899,653	$13,766,451	$113,205,995	$8,927,207

At June 30, 2014, the Department's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1 to 5	6 to 10
Repurchase agreements	$ 67,188,078	$ 67,188,078	$ ---	$ ---
Certificate of deposit	100,000	100,000	---	---
U.S. Treasury obligations	215,479	215,479	---	---
U.S. agency obligations	133,149,698	8,554,851	111,259,332	13,335,515
	$200,653,255	$ 76,058,408	$111,259,332	$13,335,515

At June 30, 2015, the Department's non-pooled investments were rated as shown below:

Investment Type	Moody's	Standard and Poor's	Fair Value
U.S. agency obligations	Aaa	AA+	$ 123,943,346
U.S. Treasury obligations	Aaa	AA+	216,864
Repurchase agreements	Aaa	AA+	11,639,443
			$ 135,799,653

At June 30, 2014, the Department's non-pooled investments were rated as shown below:

Investment Type	Moody's	Standard and Poor's	Fair Value
U.S. agency obligations	Aaa	AA+	$ 133,149,698
U.S. Treasury obligations	Aaa	AA+	215,479
Repurchase agreements	Aaa	AA+	67,188,078
			$ 200,553,255

Note 3: Receivables

Reimbursement receivables consist of billings to outside entities for repayment of expenditures incurred by MoDOT. Also included are miscellaneous receivables from contractors and others. Reimbursement receivables are shown net of an allowance for doubtful accounts of $2,957,672 and $3,573,114 at June 30, 2015 and 2014, respectively. The Department provides an allowance based upon a review of the outstanding receivables, historical collection information and existing economic conditions.

Contributions receivable consists of amounts due from participating employers and members in the Department's insurance and risk management plans. The federal government receivable represents funds to be received on federally-participating projects. Loans receivable represents loans to cities and counties for nonhighway-related projects, such as airport improvements.

Receivables at June 30, 2015 for the government's individual major funds, nonmajor funds and internal service funds were as follows:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds
State taxes and fees	$ 97,565,630	$ 18,895,606	$14,746,988	$ 487,837
Federal government	---	65,767,339	---	6,999,622
Miscellaneous:				
Reimbursements	2,367,153	21,018,051	---	1,184,980
Interest	61,134	1,193,231	95,762	29,773
Contributions	---	---	---	---
Total miscellaneous	2,428,287	22,211,282	95,762	1,214,753
Loans	---	---	---	1,361,372
Total receivables	$ 99,993,917	$106,874,227	$14,842,750	$10,063,584

Receivables at June 30, 2014 for the government's individual major funds, nonmajor funds and internal service funds were as follows:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds
State taxes and fees	$103,857,406	$ 19,602,586	$13,330,509	$ 463,681
Federal government	---	62,053,996	---	15,725,239
Miscellaneous:				
Reimbursements	3,336,523	42,380,363	---	3,301,886
Interest	58,698	1,092,594	63,917	33,728
Contributions	---	---	---	---
Total miscellaneous	3,395,221	43,472,957	63,917	3,335,614
Loans	---	---	---	1,700,879
Total receivables	$107,252,627	$125,129,539	$13,394,426	$21,225,413

Internal Service Funds	Total	Due Within One Year
$ ---	$131,696,061	$131,696,061
---	72,766,961	72,766,961
595,615	25,165,799	14,333,331
315,716	1,695,616	1,695,616
1,577,078	1,577,078	1,577,078
2,488,409	28,438,493	17,606,025
---	1,361,372	327,998
$2,488,409	$234,262,887	$222,397,045

Internal Service Funds	Total	Due Within One Year
$ ---	$137,254,182	$137,254,182
---	77,779,235	77,779,235
507,740	49,526,512	36,978,642
263,606	1,512,543	1,512,543
1,485,736	1,485,736	1,485,736
2,257,082	52,524,791	39,976,921
---	1,700,879	341,764
$2,257,082	$269,259,087	$255,352,102

Note 4: Capital Assets

Changes in capital assets for the year ended June 30, 2015 are summarized below:

	Beginning Balance	Additions	Deletions/ Retirements	Transfers	Ending Balance
Nondepreciable capital assets					
Land and permanent easements	$ 2,486,248,707	$ 659,545	$ 8,746,631	$ 154,937,555	$ 2,633,099,176
Software in progress	3,424,179	1,463,061	---	(996,136)	3,891,104
Construction in progress	158,653,614	17,710,756	---	(163,389,544)	12,974,826
Infrastructure in progress	2,170,081,897	660,593,965	---	(1,178,773,975)	1,651,901,887
Total nondepreciable capital assets	4,818,408,397	680,427,327	8,746,631	(1,188,222,100)	4,301,866,993
Depreciable/amortizable capital assets					
Land improvements	28,965,221	---	139,068	1,036,887	29,863,040
Buildings	268,496,309	99,379	3,185,875	7,415,102	272,824,915
Software	21,028,559	2,208,505	115,228	996,136	24,117,972
Equipment and vehicles	500,025,957	30,748,799	21,562,191	---	509,212,565
Temporary easements	2,160,208	302,616	844,892	---	1,617,932
Infrastructure	47,728,369,915	---	46,575,930	1,178,773,975	48,860,567,960
Total depreciable/amortizable capital assets	48,549,046,169	33,359,299	72,423,184	1,188,222,100	49,698,204,384
Accumulated depreciation/amortization					
Land improvements	11,974,607	1,233,466	129,097	---	13,078,976
Buildings	106,157,122	8,683,232	2,058,607	---	112,781,747
Software	15,901,929	2,403,158	114,965	---	18,190,122
Equipment and vehicles	326,483,629	27,468,469	20,578,601	---	333,373,497
Temporary easements	828,676	719,986	844,892	---	703,770
Infrastructure	23,429,496,032	416,898,046	36,810,500	---	23,809,583,578
Total accumulated depreciation/amortization	23,890,841,995	457,406,357	60,536,662	---	24,287,711,690
Total depreciable/amortizable capital assets, net	24,658,204,174	(424,047,058)	11,886,522	1,188,222,100	25,410,492,694
Total net capital assets	$ 29,476,612,571	$ 256,380,269	$ 20,633,153	$ ---	$ 29,712,359,687

Changes in capital assets for the year ended June 30, 2014 are summarized below:

Beginning Balance	Additions	Deletions/ Retirements	Transfers	Ending Balance
$ 2,489,518,763	$ 279,789	$ 11,798,394	$ 8,248,549	$ 2,486,248,707
1,459,303	2,091,416	---	(126,540)	3,424,179
167,383,106	21,262,137	---	(29,991,629)	158,653,614
2,734,582,631	791,584,820	---	(1,356,085,554)	2,170,081,897
5,392,943,803	815,218,162	11,798,394	(1,377,955,174)	4,818,408,397
28,986,465	87,301	487,026	378,481	28,965,221
259,982,735	---	12,851,025	21,364,599	268,496,309
19,363,437	1,538,582	---	126,540	21,028,559
491,064,238	32,534,449	23,572,730	---	500,025,957
1,936,847	518,822	295,461	---	2,160,208
46,420,050,152	---	47,765,791	1,356,085,554	47,728,369,915
47,221,383,874	34,679,154	84,972,033	1,377,955,174	48,549,046,169
10,889,170	1,193,035	107,598	---	11,974,607
103,815,259	8,325,584	5,983,721	---	106,157,122
13,626,796	2,275,133	---	---	15,901,929
319,842,269	28,862,445	22,221,085	---	326,483,629
478,604	645,533	295,461	---	828,676
23,072,330,931	401,432,254	44,267,153	---	23,429,496,032
23,520,983,029	442,733,984	72,875,018	---	23,890,841,995
23,700,400,845	(408,054,830)	12,097,015	1,377,955,174	24,658,204,174
$ 29,093,344,648	$ 407,163,332	$ 23,895,409	$ ---	$ 29,476,612,571

Note 5: Risk Management

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition, various lawsuits against the Department arise incident to the Department's normal operations. These risks have been classified as workers' compensation, vehicle liability, general liability, condemnation and inverse condemnation, contractor suits, employment suits, environmental regulatory liability and levy and drainage district suits. It is the policy of the Department to manage its risks internally, with the exception of purchased earthquake and major building insurance policies. No insurance settlements exceeded coverage in the last three years. In addition, all state employees and officers are covered by the state's Legal Expense Fund.

(A) Workers' Compensation, Vehicle and General Liabilities

The Department sets aside assets for the settlement of workers' compensation, vehicle liability and general liability claims in an internal service fund, the MHTC Self Insurance Fund. Section 537.610, RSMo. limits the liability of the state and its public entities on claims within the scope of Sections 537.600 to 537.650, RSMo., except for those claims governed by the provisions of the Missouri Workers' Compensation Law, Chapter 287, RSMo. The limits were $2,727,489 and $2,687,594 for all claims arising out of a single accident or occurrence, and $409,123 and $403,139 for any one person in a single accident or occurrence, at June 30, 2015 and 2014, respectively, as set by the Missouri Department of Insurance.

Estimated pending self insurance claims represent the expected losses to be realized on known claims pending and include minor non-incremental claims adjustment expenses. Estimated unreported claims represent expected losses or claims incurred but not reported. Amounts are reported based on actuarial calculations. Liabilities for incurred losses related to workers' compensation and general and vehicle liability claims are reported at their discounted value, assuming an investment yield of 2.0 percent.

Changes in pending self insurance claims and incurred but not reported claims for workers' compensation, vehicle and general liability during the past two years are:

	Beginning Balance	Current Claims and Estimate Changes	Claim Payments	Ending Balance
2015	$83,149,461	$20,360,317	$19,256,962	$84,252,816
2014	$85,261,962	$18,839,985	$20,952,486	$83,149,461

(B) Other Claims

Claims for condemnation and inverse condemnation, contractor suits, levy and drainage district suits, environmental regulatory liability and employment suits are paid from the State Road Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. As listed in the Financing and Other Obligations note disclosure, the Department has approximately $6,711,060 and $2,892,945 in claims and judgments payable at June 30, 2015 and 2014, respectively. The Department is involved in other such suits for which no liability has been recorded, as a probable loss has not occurred. The aggregate potential liability of all claims deemed probable or possible to result in a loss was estimated to be approximately $15,740,060 and $15,515,445 as of June 30, 2015 and 2014, respectively. These estimates are within a range of $2,988,105 to $115,584,105 and $5,728,966 to $62,671,445 as of June 30, 2015 and 2014, respectively.

Note 6: Medical and Life Insurance Plan

The MoDOT and Missouri State Highway Patrol (MSHP) Insurance Plan (the Medical and Life Insurance Plan) Internal Service Fund accounts for the medical coverage provided on a self insured basis and life insurance benefits underwritten by commercial insurance companies. These benefits are available to employees, retirees, certain disabled employees, spouses, certain dependents and survivors of deceased employees and retirees of the Department, the MSHP and the MoDOT and Patrol Employees' Retirement System (MPERS). Changes to plan benefits and funding are required to be approved by the Commission. Incurred but not reported claims of $11,000,000 and $10,000,000 were reported in the Medical and Life Insurance Plan as of June 30, 2015 and 2014, respectively.

Claims incurred but not reported represent estimated unreported claims. This liability is established from an actuarial report, which is based on data provided by the Department and claims administrators. Changes in the incurred but not reported claims liability during the past two years are:

	Beginning Balance	Current Claims and Estimate Changes	Claim Payments	Ending Balance
2015	$10,000,000	$114,011,864	$113,011,864	$11,000,000
2014	$10,100,000	$104,908,887	$105,008,887	$10,000,000

Note 7: Pension Plan

(A) General Information about the Pension Plan

1. Plan Description

MPERS provides retirement, death, and disability benefits. MPERS was established in accordance with Section 104.020, RSMo., and is administered by an 11-member Board of Trustees. The plan is administered in accordance with the requirements of a cost sharing, multiple-employer, public employee retirement plan under the Revised Statutes of Missouri. MPERS is a part of the state of Missouri financial reporting entity and is included in the State's financial reports as a component unit shown as a pension trust fund. As a separate legal entity, MPERS issues its own stand-alone financial report, which provides detailed information regarding actuarial assumptions and funding progress. Copies may be requested from the MoDOT and Patrol Employees' Retirement System, P.O. Box 1930, Jefferson City, Missouri 65102, or can be found online at www.mpers.org.

2. Benefits Provided

Employees eligible to be members of MPERS are those working in a position that normally requires the performance of duties for at least 1,040 hours annually. Benefits are designated by state statute. Any amendments to the plan require changes in state statute. MPERS has three benefit structures known as the Closed Plan, the Year 2000 Plan, and the Year 2000 Plan - 2011 Tier.

Closed Plan - Employees covered by the Closed Plan are fully vested for benefits upon receiving five years of creditable service. The base benefit in the Closed Plan is equal to 1.6 percent multiplied by the final average pay multiplied by years of creditable service. For members employed prior to August 28, 1997, Cost of Living Allowances (COLAs) are provided annually based on 80.0 percent of the increase in the Consumer Price Index for all urban consumers for the United States (CPI-U). The minimum rate is 4.0 percent and the maximum rate is 5.0 percent, until the cumulative amount of COLAs equals 65.0 percent of the original benefit. Thereafter, the 4.0 percent minimum rate is eliminated and the annual COLA rate will be equal to 80.0 percent of the increase in the CPI-U (annual maximum of 5.0 percent). For members employed on or after August 28, 1997, COLAs are provided annually based on 80.0 percent of the increase in the CPI-U, up to a maximum rate of 5.0 percent. This benefit structure is closed to new entrants.

Year 2000 Plan - Employees covered by the Year 2000 Plan are fully vested for benefits upon earning five years of creditable service. The base benefit in the Year 2000 Plan is equal to 1.7 percent multiplied by the final average pay multiplied by years of creditable service. Members retiring under the Rule of 80 receive an additional temporary benefit until age 62. The temporary benefit is equivalent to 0.8 percent multiplied by final average pay multiplied by years of creditable service. COLAs are provided annually based on 80.0 percent of the increase in the CPI-U, up to a maximum rate of 5.0 percent. This benefit structure is closed to new entrants.

Year 2000 Plan - 2011 Tier - Employees covered by the Year 2000 Plan – 2011 Tier are fully vested for benefits upon earning 10 years of creditable service. The base benefit in the 2011 Tier is equal to 1.7 percent multiplied by the final average pay multiplied by years of creditable service. Members retiring under the Rule of 90 receive an additional temporary benefit until age 62. The temporary benefit is equivalent to 0.8 percent multiplied by final average pay multiplied by years of creditable service. COLAs are provided annually based on 80.0 percent of the change in the CPI-U, up to a maximum rate of 5.0 percent.

3. Contributions

Employer contributions paid to the system are determined by an actuary and are set by the Board. Annual contribution amounts are designed to fund in advance the benefits designated by state statute. Employee contribution amounts are designated by state statute. New employees hired for the first time on or after January 1, 2011 (Year 2000 Plan-2011 Tier) contribute 4.0 percent of their pay. The Department's contributions to MPERS for fiscal years 2015 and 2014 were 58.76 percent and 54.25 percent, respectively, of eligible (covered) payroll. Required employer contributions totaling $124,597,572 and $116,000,251 for fiscal years 2015 and 2014, respectively, represent funding of normal costs and amortization of the unfunded accrued liability. Actual contributions made were 100.0 percent of required contributions.

(B) Actuarial Information

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	3.0%
Salary increases	3.5% to 11%
Investment rate of return	7.75%
Cost-of-living adjustments	2.40% compound

The mortality tables, for post-retirement mortality, used in evaluating allowances to be paid to non-disabled pensioners were the RP2000 Combined Healthy Mortality Tables, projected 16 years and set back one year for males and females. Pre-retirement mortality used was 70 percent for males and 50 percent for females of the postretirement tables, set back one year for males and females. Disabled pension mortality was based on Pension Benefit Guaranty Corporation's Disabled Mortality Tables. The healthy mortality tables include a margin for mortality improvement. The margin is in the 16-year projection. The disabled mortality tables do not include a margin for mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2007 – June 30, 2012.

The Board of Trustees establishes MPERS' policy in regard to the allocation of invested assets, and may amend the policy. The following is MPERS current asset allocation policy:

Asset Class	Target Allocation
Global equity	30 %
Private equity	15
Fixed income	25
Real assets	5
Real estate	10
Hedge funds	15
Cash	0

The long-term (30-year) expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(ies). These estimates for each major asset class included in MPERS' target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Global equity	5.05%
Private equity	6.75
Fixed income	0.59
Real assets	4.75
Real estate	2.75
Hedge funds	3.25

A single discount rate of 7.75 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.75 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Department's proportional share of the plan's net pension liability, calculated using a single discount rate of 7.75 percent, as well as what the Department's proportional share of the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1 Percent Decrease (6.75%)	Current Discount Rate (7.75%)	1 Percent Increase (8.75%)
$1,357,138,116	$1,079,844,816	$848,581,820

(C) Liabilities, Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Department reported a liability of $1,079.84 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Department's proportion of the net pension liability was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating departments, actuarially determined. At June 30, 2014, the Department's proportion was 63.79 percent. For the year ended June 30, 2015, the Department recognized pension expense of $91.86 million. At June 30, 2015, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ ---	$ 8,663,279
Net difference between projected and actual investment earnings on pension plan investment	---	97,294,407
Contributions subsequent to measurement date	124,597,572	---
Total	$124,597,572	$105,957,686

Deferred outflows of resources resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	Net Deferred Outflows of Resources
2016	$ 26,896,675
2017	26,896,675
2018	26,896,675
2019	25,267,661
Total	$ 105,957,686

Note 8: Other Post-Employment Benefits (OPEB)

The Department provides a portion of healthcare insurance through the Medical and Life Insurance Plan, as discussed in the prior Note, in accordance with Section 104.270, RSMo. For purposes of reporting OPEB costs and obligations in accordance with GASB Statement 45, the Insurance Plan is disclosed within the state of Missouri reporting entity as a single employer plan. However, it is disclosed for the Department's reporting purposes as an agent, multiple-employer plan, as it includes employees of MoDOT, MSHP and MPERS, and is not a separate legal entity. These other post-employment benefit costs are included in the Medical and Life Insurance Plan Internal Service Fund.

Eligible members are employees who retire from the Department participating in the Medical and Life Insurance Plan with a minimum of five years of creditable service if hired before January 1, 2011 or ten years of creditable service if hired on or after January 1, 2011. Premiums vary by coverage categories, which include retirees, certain disabled employees, spouses, certain dependents and survivors of deceased employees and retirees. Members' and the Department's required contribution rates average approximately 31.7 percent and 68.3 percent, respectively, of total premiums. Plan member contributions range from $81 to $834 per month. The medical insurance benefits, and employer and member contribution amounts, are recommended by the Medical and Life Insurance Plan's Board of Trustees and are approved by the Commission. Retiree medical premiums are based on total years of service, with the Commission contributing 2.0 percent per year of service, not to exceed 50.0 percent of the total premium. The Insurance Plan is financed on a pay-as-you-go basis.

	Plan Total			Department Portion		
	2015	2014	2013	2015	2014	2013
Annual OPEB cost	$ 72,601,215	$ 73,230,318	$ 104,781,853	$ 50,179,235	$ 50,586,458	$ 75,151,587
Net OPEB obligations at year end	544,582,647	499,473,379	453,735,008	380,743,798	351,544,236	321,937,451
Percentage of annual OPEB cost contributed	n/a	n/a	n/a	42 %	42 %	29 %

The Department contributed $21.0 million, including implicit rate subsidies, during each of the fiscal years 2015 and 2014. Payments for OPEB liabilities are made from the Road Fund. Although funding is not related to payroll amounts, an equivalent Annual Required Contribution (ARC) rate would be 23.7 percent and 23.7 percent of annual covered payroll of $212,044,881 and $213,845,536 for fiscal years 2015 and 2014, respectively. MoDOT's share of the changes in the Plan's net OPEB obligation at June 30, 2015 and 2014 is as follows:

	2015	2014
Normal cost	$ 17,238,832	$ 17,238,832
Amortization payment	35,406,639	35,406,639
Interest on net OPEB obligation	18,188,537	16,856,231
Adjustment to ARC	(20,654,773)	(18,915,244)
Annual OPEB cost	50,179,235	50,586,458
Contributions	(20,979,673)	(20,979,673)
Increase in net OPEB obligation	29,199,562	29,606,785
Net OPEB obligation – beginning of year	351,544,236	321,937,451
Net OPEB obligation – end of year	$ 380,743,798	$ 351,544,236

Based on an actuarial valuation report as of July 1, 2013, the Plan's total actuarial accrued liability is $842.8 million. Because the Plan is an internal service fund of the Department, the Plan's assets have not been set aside; therefore, there is no actuarial value of assets. The Department's portion of the actuarial accrued liability at year-end was as follows:

Actuarial accrued liability (AAL)	$602,620,999
Actuarial value of assets	---
Unfunded actuarial accrued liability (UAAL)	$602,620,999
Funded ratio (actuarial value of plan assets/AAL)	0 %
Fiscal Year 2015 covered payroll	$212,044,881
UAAL as a percentage of covered payroll	284 %

Actuarial valuations reflect a long-term perspective and involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These calculations are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. A Schedule of Funding Progress, presented as Required Supplementary Information, follows the Notes to the Financial Statements. As allowed by the GASB, this reporting requirement is being implemented prospectively, as data is not available for prior years. Over time, a Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits. The actuarial calculations have been based on the substantive plan in place at the time of valuation and on the pattern of cost sharing between the employers and members at that point.

The actuarial methods and assumptions utilized in the valuation were as follows:

Actuarial cost method	projected unit credit
UAAL amortization method	level dollar amount
UAAL amortization period, closed/open	30 years, open
Investment return (discount) rate	4.5 %
Healthcare cost trend rate	8%, decreasing to 5% in 2017

Note 9: Financing and Other Obligations

Changes in long-term obligations for the year ended June 30, 2015 were as follows:

Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State road bonds	$2,679,170,000	$ ---	$169,550,000	$2,509,620,000	$168,470,000
Notes issued	22,923,199	3,618,567	19,311,932	7,229,834	6,585,335
Capital leases	92,683	18,362	50,927	60,118	38,697
Claims and judgments	2,892,945	5,223,332	1,405,217	6,711,060	5,243,560
Compensated absences	33,432,838	20,767,706	21,928,350	32,272,194	21,928,350
Pollution remediation	---	2,980	2,980	---	---
	$2,738,511,665	$29,630,947	$212,249,406	$2,555,893,206	$202,265,942
Amortization of financing activity:					
Discount				$ (18,534)	
Premium				199,322,027	
				$2,755,196,699	

Changes in long-term obligations for the year ended June 30, 2014 were as follows:

Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State road bonds	$2,918,000,000	$900,990,000	$1,139,820,000	$2,679,170,000	$169,550,000
Notes issued	26,404,304	13,240,156	16,721,261	22,923,199	15,693,366
Capital leases	2,268,795	(2,043,820)	132,292	92,683	48,257
Claims and judgments	4,420,473	2,176,595	3,704,123	2,892,945	2,809,746
Compensated absences	32,419,864	23,902,979	22,890,005	33,432,838	22,890,005
Pollution remediation	30,000	---	30,000	---	---
	$2,983,543,436	$938,265,910	$1,183,297,681	$2,738,511,665	$210,991,374
Amortization of financing activity:					
Discount				$ (24,404)	
Premium				229,613,740	
				$2,968,101,001	

Information related to claims and judgments and compensated absences can be found in the Summary of Significant Accounting Policies Note and the Risk Management Note.

Payments on State Road bonds are made from the Road Fund and the Road Bond Fund. Compensated absences are made by the governmental funds from which the related salaries are paid. All other long-term obligation payments are liquidated from the Road Fund.

House Bill 1742, signed by the Governor on May 30, 2000, authorized the Department to issue bonds of $2.25 billion through 2006, with no more than $500.0 million issued in any one year. Under Constitutional Amendment 3, approved by Missouri voters on November 2, 2004, the authority of the Commission to issue State Road bonds is not subject to statutory provisions.

(A) State Road Bonds

1. Bonded Debt Detail:

	2015	2014
Series A 2005 State Road bonds, originally issued for $278,660,000, to finance projects pursuant to the Smoother, Safer, Sooner road and bridge program, due in annual installments of $23,835,000 to $33,940,000 beginning May 1, 2006 through 2015; interest varying from 2.50 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	$ ---	$ 33,940,000
Series B 2005 State Road bonds, originally issued for $72,000,000, to finance projects pursuant to the Smoother, Safer, Sooner road and bridge program, demand bonds due in 2015; variable interest rate determined weekly, not to exceed 10 percent or the maximum rate permitted by law; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution. See Variable Rate Demand Bonds subsection.	---	15,660,000
Series A 2006 State Road bonds, originally issued for $296,670,000, to finance projects pursuant to the Smoother, Safer, Sooner road and bridge program; due in annual installments of $10,000,000 to $49,085,000; beginning in 2009 through 2021; interest varying from 3.75 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	22,520,000	42,520,000
Series 2006 Refunding State Road bonds, originally issued for $394,870,000, to advance refund certain portions of Series A 2000 through 2003 State Road bonds; due in annual installments of $13,110,000 to $61,200,000 beginning February 1, 2013 through 2022; interest varying from 4.00 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	291,045,000	340,235,000
Series A 2007 State Road bonds, originally issued for $526,800,000, to finance projects pursuant to the Smoother, Safer, Sooner road and bridge program due in annual installments of $1,600,000 to $69,765,000 beginning in 2009 through 2027; interest varying from 4.00 percent to 5.25 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	143,175,000	156,730,000
Series A 2008 Federal Reimbursement State Road bonds, originally issued for $142,735,000, to finance federally-eligible projects, including the new I-64 project in St. Louis, due in annual installments of $7,140,000 to $12,870,000 beginning in 2011 through 2025; interest varying from 3.00 percent to 5.00 percent; secured by revenues collected from federal highway reimbursements.	104,805,000	112,860,000
Series A 2009 Federal Reimbursement State Road bonds, originally issued for $195,625,000, to finance federally-eligible projects, including the Safe and Sound bridge program, due in annual installments of $14,505,000 to $21,870,000 beginning in 2011 through 2021; interest varying from 2.00 percent to 5.00 percent; secured by revenues collected from federal highway reimbursements.	117,365,000	134,190,000
Series B 2009 Federal Reimbursement State Road bonds, originally issued for $404,375,000, to finance federally-eligible projects, including the Safe and Sound bridge program, due in annual installments of $23,175,000 to $43,250,000 beginning in 2022 through 2033; interest varying from 4.80 percent to 5.45 percent, exclusive of expected U.S. Treasury subsidy; secured by revenues collected from federal highway reimbursements.	404,375,000	404,375,000
Series C 2009 State Road bonds, originally issued for $300,000,000, to finance projects pursuant to Amendment 3 due in annual installments of $19,070,000 to $28,015,000 beginning in 2017 through 2029; interest varying from 4.31 percent to 5.63 percent, exclusive of expected U.S. Treasury subsidy; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	300,000,000	300,000,000

Series A 2010 Federal Reimbursement State Road bonds, originally issued for $128,865,000, to finance federally-eligible projects, including the new Mississippi River Bridge in St. Louis and the Safe and Sound bridge program, due in annual installments of $2,745,000 to $13,610,000 beginning in 2011 through 2022; interest varying from 1.50 percent to 5.00 percent; secured by revenues collected from federal highway reimbursements.	$ 77,460,000	$ 88,580,000
Series B 2010 Federal Reimbursement State Road bonds, originally issued for $56,135,000, to finance federally-eligible projects, including the new Mississippi River Bridge in St. Louis and the Safe and Sound bridge program, due in annual installments of $11,290,000 to $15,425,000 beginning in 2022 through 2025; interest varying from 4.72 percent to 5.02 percent, exclusive of expected U.S. Treasury subsidy; secured by revenues collected from federal highway reimbursements.	56,135,000	56,135,000
Series C 2010 Refunding State Road bonds, originally issued for $130,390,000, to advance refund certain portions of Series A 2001 through 2003 State Road bonds; due in annual installments of $1,205,000 to $31,145,000 beginning February 1, 2013 through 2023; interest varying from 3.00 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	91,750,000	92,955,000
Series A 2014 First Lien Refunding State Road bonds, originally issued for $589,015,000, to advance refund certain portions of Series A & B 2006 First Lien State Road bonds; due in annual installments of $18,810,000 to $104,510,000 beginning May 1, 2017 through 2026; interest varying from 2.00 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	589,015,000	589,015,000
Series B 2014 Second Lien Refunding State Road bonds, originally issued for $311,975,000, to advance refund certain portions of Series 2007 Second Lien State Road bonds; due in annual installments of $3,130,000 to $68,350,000 beginning May 1, 2018 through 2025; interest varying from 3.00 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	311,975,000	311,975,000
	$2,509,620,000	$2,679,170,000

2. Tax Status of Bonds

Tax-Exempt issuances: The Series Refunding Series 2006 and 2010 bonds are Senior Bonds and would take priority in payment over other bonds. The Series A and B 2006 and Refunding Series A 2014 bonds are First Lien bonds. The Series A 2005 bonds were First Lien bonds. The Series A 2007 bonds and Refunding Series B 2014 are Second Lien bonds. The Series B 2005 bonds were Third Lien bonds. The Series A 2008, A 2009 and A 2010 bonds are liens on federal highway reimbursement revenues. As tax-exempt issuances, these bonds are subject to federal arbitrage regulations.

Taxable issuances: The Series B 2009 and B 2010 bonds are liens on federal highway reimbursement revenues. The Series C 2009 bonds are Third Lien bonds. These bonds are taxable Build America Bonds as established under the American Recovery and Reinvestment Act of 2009.

3. Variable Rate Demand Bonds

The Series B 2005 State Road bonds were issued as variable rate instruments with weekly rate changes and matured May 1, 2015. The remarketing agents determined the interest rate as the lowest rate that would permit the bonds to be sold at par. During the year, interest rates ranged from 0.02 percent to 0.08 percent. Accrued interest was paid on a monthly basis. These bonds were demand obligations and were subject to tender. If the tendered bonds could not have been remarketed, the remarketing agents had agreed to purchase the bonds and hold them for a maximum of 180 days. The remarketing agents received quarterly fees to provide the service. The fees were 7.5 basis points of amounts outstanding.

Under an irrevocable letter of credit issued by State Street Bank and Trust Company, the bank was obligated to pay the bond trustee the purchase price of bonds not remarketed. The original letter of credit expired July 21, 2012. The letter of credit was extended to match the final maturity of the bonds, May 1, 2015. No monies were drawn on the letter of credit. The Department paid quarterly fees of 17 basis points to the bank on the original letter of credit. Under the extended letter of credit, the quarterly fees were 60 basis points.

4. Bond Debt Maturity

Annual debt service requirements to maturity are indicated in the following schedule. The interest amounts for the demand obligation bonds reflect the year-end rate of 0.18 percent and are based upon the current debt service schedule. The interest payments for the Build America Bonds are shown excluding the expected receipt of interest subsidy payments from the U.S. Treasury.

Fiscal Year	Principal Due	Interest Due	Total Due
2016	$ 168,470,000	$124,630,321	$ 293,100,321
2017	190,770,000	116,788,687	307,558,687
2018	200,185,000	107,954,523	308,139,523
2019	209,355,000	98,351,723	307,706,723
2020	218,270,000	88,317,734	306,587,734
2021-2025	980,165,000	287,129,109	1,267,294,109
2026-2030	417,055,000	86,967,874	504,022,874
2031-2034	125,350,000	13,809,337	139,159,337
	$ 2,509,620,000	$923,949,308	$ 3,433,569,308

5. Defeased Debt – Fiscal Year 2014

In June 2014, the Commission issued $901.0 million in State Road Bonds with interest rates ranging from 2.00 percent to 5.00 percent to advance refund $977.8 million of outstanding State Road Bonds. The net proceeds of $1,082.2 million were deposited into an irrevocable trust with an escrow agent to purchase State and Local Government Securities (SLGS) and U.S. Treasury Notes to provide for future debt service payments of portions of the Series A 2006, B 2006, and 2007 bonds. As a result, those portions of the bonds are considered defeased, and the liability for those bonds has been removed from the Department's government-wide statements of net position. The reacquisition price ($1,086.7 million) exceeded the net carrying amount of the old debt ($1,001.1 million) by $85.6 million. This advanced refunding was undertaken to reduce total debt service payments by $122.7 million and resulted in an economic gain (present value savings) of $105.6 million. The amounts of outstanding bonds considered defeased at June 30, 2015 and 2014 are as follows:

Bond Series	Principal Defeased
2006 A	$149,150,000
2006 B	503,330,000
2007	325,290,000
Total	$977,770,000

(B) Notes Issued

1. Notes Issued Detail:

	2015	2014
City of Kansas City; to make improvements at Route 150 and Botts Road; principal due August 1, 2012 and August 1, 2013; no interest will accrue.	$ ---	$ 2,684,000
Kansas City Tax Increment Financing Commission; to construct interchange improvements at I-29 and Tiffany Springs Parkway; principal due August 15, 2014; no interest will accrue.	---	4,088,705
City of O'Fallon; to accelerate a portion of the Route 364 (Page Avenue Extension) project, which consists of constructing a south outer road; principal due July 1, 2015; no interest will accrue.	6,585,335	6,585,335
City of Poplar Bluff; to improve intersections at Route 67, Business Route 67, and Oak Grove Road; principal due August 1, 2014; no interest will accrue.	---	3,647,331
County of St. Charles; to provide a location, needs and cost study of a river crossing on Highway 40 between St. Louis County and St. Charles County; principal due July 1, 2020; no interest will accrue.	644,499	644,498
County of St. Charles; to make improvements to I-70 at Mid Rivers Mall Drive interchange and Route 370; principal due August 1, 2014; no interest will accrue.	---	3,334,405
Highway 71/291 Transportation Development District; to make improvements to the Route 291 and Route 71 interchange in the City of Harrisonville; principal due August 15, 2014; no interest will accrue.	---	1,938,925
	$ 7,229,834	$22,923,199

2. Notes Issued Debt Maturity

Annual debt service requirements to maturity for all notes issued are indicated in the following schedule. In addition to the notes described in Notes Issued Detailed, the Commission is responsible for loan interest payments to make improvements to Highway 36, due in annual installments beginning in fiscal year 2011 through 2020, at an interest rate of 3.99 percent. The U.S. Highway 36 – Interstate 72 Corridor Transportation Development District is responsible for principal payments.

Fiscal Year	Principal Due	Interest Due	Total Due
2016	$6,585,335	$ 627,680	$7,213,015
2017	---	506,783	506,783
2018	---	382,894	382,894
2019	---	259,403	259,403
2020	---	155,065	155,065
2021-2025	644,499	---	644,499
	$7,229,834	$1,931,825	$9,161,659

(C) Capital Lease Obligations

The Department is committed under several capital leases to finance the acquisition of various vehicles and equipment, as well as a building. Lease-purchase agreements for equipment, vehicles and the building grant a security interest in the related capital assets. The assets acquired through these capital leases are included in capital assets as follows:

	2015	2014
Equipment	$176,431	$158,069
Less: accumulated depreciation	118,239	64,125
Capital leased assets, net	$ 58,192	$ 93,944

The following schedule presents the future minimum lease payments under the capital leases and the present value of the future minimum lease payments as of June 30, 2015:

2016	39,470
2017	12,034
2018	7,722
2019	1,925
2020	163
Total minimum lease payments	61,314
Less: amount representing interest	1,196
Present value of minimum lease payments	$60,118

(D) Pollution Remediation Obligations

MoDOT is involved in remediation activities in two instances related to buildings and grounds caused by contamination and a fuel leak. The potential for additional pollution remediation exists; however, any future remediation obligations are not yet estimable.

Note 10: Tax Revenues

Tax revenues for the fiscal years 2015 and 2014 were as follows:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds	Total 2015
Fuel taxes	$492,700,999	$ 128,680	$ ---	$ 246,646	$493,076,325
Sales and use taxes	1,624,896	159,900,440	164,274,352	9,620,024	335,419,712
Total tax revenue	$494,325,895	$ 160,029,120	$164,274,352	$9,866,670	$828,496,037

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds	Total 2014
Fuel taxes	$489,629,923	$ 128,032	$ ---	$ 225,963	$489,983,918
Sales and use taxes	2,320,388	147,776,270	151,612,341	10,052,031	311,761,030
Total tax revenue	$491,950,311	$147,904,302	$151,612,341	$10,277,994	$801,744,948

Taxes are remitted by the Missouri Department of Revenue to the Department subsequent to collection. The Department receives the following taxes:

- **Fuel taxes** are paid on the sale of gasoline, aviation fuel used in propelling aircraft with reciprocating engines and diesel fuel. The taxes are authorized by Sections 142.010 – 142.350, 155.080 and 155.090, and 142.362 – 142.621, RSMo. The tax rate on gasoline and diesel fuels is $0.17 per gallon. The State receives 75.0 percent of the first $0.11 and 70.0 percent of the next $0.06. The remaining tax is distributed to cities and counties. In addition, the Department receives the entire tax on aviation fuel of $0.09 per gallon.
- **Sales and use taxes** are paid on the purchase of any new or used motor vehicle or trailer, on vehicles purchased out of state and titled in Missouri and on the sale of a vehicle between individuals within Missouri. The taxes are authorized by Sections 144.070 and 144.440, RSMo. The general sales tax rate is 3.0 percent and Proposition C tax (Section 144.701, RSMo.) is 1.0 percent, for a total of 4.0 percent. The Department receives 75.0 percent of the motor vehicle sales voter-approved Constitutional Amendment 3 tax. The remainder is distributed to cities, counties and school districts. In fiscal year 2013, the State received 100 percent of the 3.0 percent general use tax and 75.0 percent of the Proposition C use tax. The other 25.0 percent of the Proposition C use tax is distributed to cities and counties. During the 2013 legislative session, the legislature passed changes to Sections 144.020 and 144.440, RSMo., that changed all state use tax to a state sales tax. The State no longer collects use tax on motor vehicle transactions, but motor vehicle transactions are subject to sales tax. In addition, the Department receives sales and use tax on jet fuel, limited to a maximum of $10.0 million annually.

Note 11: Interfund Transactions

State statute (226.200, RSMo.) requires the transfer of unspent monies in the Highway Fund to the State Road Fund on a monthly basis. Transfers for the years ended June 30, 2015 and 2014 were as follows:

	2015		2014	
	Transfers In	**Transfers Out**	**Transfers In**	**Transfers Out**
State Highways and Transportation Department Fund	$ ---	$446,410,007	$ ---	$454,584,060
State Road Fund	459,967,612	34,898	476,745,383	---
State Road Bond Fund	34,898	---	---	---
Nonmajor Funds	---	13,557,605	---	22,161,323
Total transfers	$460,002,510	$460,002,510	$476,745,383	$476,745,383

The due to/from amounts in the Road Fund and non-major funds represent interfund services provided and used. Amounts receivable/payable as of June 30, 2015 and 2014 were as follows:

	2015		2014	
	Receivable	**Payable**	**Receivable**	**Payable**
State Road Fund	$242,020	$ ---	$7,844,525	$ ---
Nonmajor Funds	---	242,020	---	7,844,525
Total due to/from	$242,020	$242,020	$7,844,525	$7,844,525

Note 12: Commitments and Contingencies

(A) Unemployment Benefits

The Department is subject to the Missouri Employment Security Law. Department employees who qualify are entitled to benefit payments during periods of unemployment. The Department is required to reimburse the Division of Employment Security for benefit payments made to its former employees. The Department has identified no practical method of estimating the amount of future benefit payments that may be made to former employees for wage credits earned prior to June 30, 2015 and 2014. Consequently, this potential obligation is not included in the accompanying basic financial statements. Total reimbursements made by the Department were $206,258 and $391,025 for fiscal years 2015 and 2014, respectively.

(B) Construction Commitments

Construction awards outstanding for both state and federal participating projects at June 30, 2015 and 2014 amounted to approximately $590,272,914 and $635,008,222, respectively. The federal portion of this total was $491,575,358 and $473,023,196, or approximately 83.28 percent and 74.49 percent, for 2015 and 2014, respectively.

(C) Operating Leases

The Department is committed under operating leases for buildings, as well as various office and maintenance equipment. Lease expenditures for the years ended June 30, 2015 and 2014 amounted to $1,986,136 and $2,251,075, respectively. Future minimum lease payments for these leases are as follows:

	2015	**2014**
Year ending:		
2015	$ ---	$355,904
2016	221,570	8,619
2017	55,044	2,155
2018	14,319	744
2019	744	744
2020	744	744
	$292,421	$368,166

(D) Federal Funding

The Department receives federal grants that are subject to review and audit by federal grantor agencies. This could result in requests for reimbursement by the grantor agency for any expenditures disallowed under grant terms. The Department believes such disallowances, if any, would be immaterial.

Note 13: Accounting Pronouncements and Restatements

MoDOT implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015. This statement establishes new financial reporting and disclosure requirements of the Department as an employer participating in a cost-sharing, multiple-employer, defined benefit pension plan. Under the new requirements, in addition to expanded note disclosure, the Department's financial statements reflect the accrual of unfunded actuarially-determined obligations. In addition, MoDOT implemented GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in fiscal year 2015. This statement establishes accounting requirements related to certain pension contributions, effective with the implemention of GASB 68. The effect of the implementation on the comparative statements is as follows:

	July 1, 2014
Government-wide financial statements:	
Net Position, beginning of year, as previously reported	$27,418,401,976
Restatement of net position, net pension liability	(1,093,944,847)
Net Position, beginning of year, as restated	$26,324,457,129
Restatement consists of:	
Net pension liability is reported as a noncurrent liability, July 1, 2014	$ 1,210,908,096
Contributions made subsequent to the beginning net pension liability's measurement date of June 30, 2013 are reported as deferred outflows of resources	(116,963,249)
	$ 1,093,944,847

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Required Supplementary Information

Required Supplementary Information

Budgetary Comparison Schedules – State Highways and Transportation Department Fund

Year Ended June 30, 2015

With Summarized Financial Information for 2014

	Budgeted Amounts			Variances Between Final Budget and Actual	
	Original	Final	Actual	2015	2014
Budgetary fund balance, beginning of year	$ 8,727,667	$ 8,727,667	$ 8,727,667	$ ---	$ ---
Resources (inflows)					
Fuel taxes	480,444,000	480,444,000	494,520,033	14,076,033	(32,533,601)
License, fees and permits	186,197,000	186,197,000	191,889,108	5,692,108	249,114
Vehicle sales and use taxes	---	---	1,647,752	1,647,752	(48,329,318)
Interest	253,000	253,000	240,315	(12,685)	(538,799)
Intergovernmental/cost reimbursements/miscellaneous	4,992,000	4,992,000	6,247,852	1,255,852	1,635,376
Amount available for appropriation	680,613,667	680,613,667	703,272,727	22,659,060	(79,517,228)
Charges to appropriations (outflows)					
Appropriations spent by other state agencies	260,447,368	264,024,749	250,108,753	13,915,996	4,857,155
Total charges to appropriations	260,447,368	264,024,749	250,108,753	13,915,996	4,857,155
Transfers to State Road Fund	420,166,299	416,588,918	(446,410,007)	(29,821,089)	73,415,940
Budgetary fund balance, end of year	$ ---	$ ---	$ 6,753,967	$ 6,753,967	$ (1,244,133)

Required Supplementary Information

Budgetary Comparison Schedules – State Road Fund

Year Ended June 30, 2015

With Summarized Financial Information for 2014

	Budgeted Amounts			Variances Between Final Budget and Actual	
	Original	Final	Actual	2015	2014
Budgetary fund balance, beginning of year	$ 939,721,199	$ 939,721,199	$ 939,721,199	$ ---	$ ---
Resources (inflows)					
Fuel taxes	153,000	153,000	128,680	(24,320)	(27,967)
License, fees and permits	86,557,000	86,557,000	102,217,604	15,660,604	13,216,989
Vehicle sales and use taxes	147,991,000	147,991,000	158,598,938	10,607,938	25,042,808
Interest	5,968,000	5,968,000	5,169,427	(798,573)	(12,644,784)
Intergovernmental/cost reimbursements/miscellaneous	132,914,000	132,914,000	75,616,672	(57,297,328)	(13,108,611)
Federal government	831,409,000	832,009,000	760,238,525	(71,770,475)	(93,908,527)
American Recovery and Reinvestment Act	---	---	---	---	(433,781)
Amount available for appropriation	2,144,713,199	2,145,313,199	2,041,691,045	(103,622,154)	(81,863,873)
Charges to appropriations (outflows)					
Administration					
Personal service	17,764,450	17,764,450	17,053,497	710,953	388,856
Fringe benefits	29,266,768	28,272,791	27,109,684	1,163,107	627,135
Expense and equipment	7,137,160	7,092,708	6,554,461	538,247	731,348
Maintenance					
Personal service	135,365,933	133,885,933	131,385,179	2,500,754	1,290,182
Fringe benefits	120,480,388	121,474,365	114,157,255	7,317,110	4,982,161
Expense and equipment	200,591,642	192,575,667	189,542,583	3,033,084	1,814,669
Construction					
Personal service	61,469,471	63,730,707	61,375,435	2,355,272	2,241,124
Fringe benefits	50,085,255	51,995,834	48,576,399	3,419,435	2,828,619
Expense and equipment	12,222,242	20,406,541	19,169,196	1,237,345	938,596
Contracts	1,056,882,485	1,182,723,212	899,513,532	283,209,680	52,013,487
Right of way purchase	20,000,000	20,000,000	13,270,177	6,729,823	4,751,127
Fleet, facilities and information systems					
Personal service	10,836,630	10,830,796	10,488,483	342,313	228,386
Fringe benefits	8,913,999	8,913,999	8,395,142	518,857	370,715
Expense and equipment	56,536,957	60,010,554	48,233,995	11,776,559	9,870,320
Multimodal operations					
Personal service	460,589	446,653	456,192	(9,539)	(20,581)
Fringe benefits	426,958	426,958	325,864	101,094	23,051
Expense and equipment	24,852	24,852	473,286	(448,434)	(95,518)
Program	176,000	176,000	175,997	3	---
Bond principal and interest payments	138,321,024	129,000,000	128,951,107	48,893	789
Total charges to appropriations	1,926,962,803	2,049,752,020	1,725,209,638	324,542,382	82,984,466
Transfers from Highway Fund	448,466,299	444,888,918	446,410,007	1,521,089	(73,415,940)
Transfers from Highway Safety Fund	30,000,000	30,000,000	21,166,817	(8,833,183)	(13,055,336)
Budgetary fund balance, end of year	$ 696,216,695	$ 570,450,097	$ 784,058,231	$ 213,608,134	$ (55,350,683)

Required Supplementary Information

Budget Basis to GAAP Reconciliations and Disclosure

Years Ended June 30, 2015 and 2014

The following are reconciliations of the differences between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis for 2015:

	State Highways and Transportation Department Fund	State Road Fund
Fund balance, budgetary basis	$ 6,753,967	$784,058,231
Receivables	99,993,917	106,874,228
Due from other funds	---	242,020
Inventories	---	37,574,480
Payables	(9,760,163)	(98,090,348)
Deposits	---	(1,332,705)
Unearned revenue	---	(9,750,252)
Deferred revenues	(2,359,952)	(26,073,470)
Change in fair value of investments	5,623	660,683
Fund balance, GAAP basis	$ 94,633,392	$794,162,867

The following are reconciliations of the differences between the State's budgetary basis and accounting principles GAAP basis for 2014:

	State Highways and Transportation Department Fund	State Road Fund
Fund balance, budgetary basis	$ 8,727,667	$ 939,721,199
Receivables	107,252,627	125,129,539
Due from other funds	---	7,844,525
Inventories	---	29,135,029
Payables	(8,469,943)	(114,844,455)
Deposits	---	(758,573)
Unearned revenue	---	(10,624,707)
Deferred revenues	(2,074,523)	(22,212,790)
Change in fair value of investments	(12,267)	(1,312,365)
Fund balance, GAAP basis	$105,423,561	$ 952,077,402

Budgetary Principles and Presentation

The budgetary comparison schedules are presented on the State's budgetary basis of accounting. Under this basis, revenues are recognized when cash is received. Expenditures are recognized for cash disbursements made during the fiscal year and for cash adjustments made in the lapse period, as defined by the Office of Administration.

All governmental funds reported by MoDOT have legally adopted annual budgets. The legal authority for approval of the Department's budget and amendments for the State Highways and Transportation Department Fund rests with the State Legislature. The Commission approves the State Road Fund budget and amendments. The fund level is the legal level of control for the State Road Fund. However, at any time, the Commission may approve the Department to spend more or less than the State Legislature or the fund level of the State Road Fund, which will drive the Department's budget to be higher or lower than the other legal limits.

The Department develops its budget through processes involving the districts and the central office divisions. Upon Commission approval, the legislative budget request is sent to the Office of Administration on October 1 and is forwarded to the Governor's Office. The Governor develops a recommendation regarding the budget and forwards both the budget request and the recommendation to the Legislature. The Legislature generally acts on budget matters between January and May. The Governor has veto authority and generally acts on those matters in June. Upon Commission approval in June, the Department then internally distributes available funds based on input and feedback from the districts and the central office divisions.

Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability (NPL)*

Actuarial Valuation Date	MoDOT's Proportion of NPL	MoDOT's Share of NPL	MoDOT's Covered Payroll	MoDOT's NPL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2014	63.79 %	$1,079,844,816	$213,845,536	504.96 %	53.63 %

*This schedule will ulitimately present ten years of data when available.

Required Supplementary Information
Schedule of Pension Contributions

Fiscal Year	Actuarially Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as of Percentage of Covered Payroll
2015	$124,597,572	$124,597,572	$ ---	$212,044,881	58.76 %
2014	116,000,251	116,000,251	---	213,845,536	54.24
2013	107,190,383	107,190,383	---	210,507,429	50.92
2012	102,014,954	102,014,954	---	224,455,344	45.45
2011	99,109,317	99,109,317	---	251,164,672	39.46
2010	83,667,034	83,667,034	---	266,455,521	31.40
2009	82,112,149	82,112,149	---	267,292,152	30.72
2008	81,450,011	81,450,011	---	262,657,307	31.01
2007	80,949,952	80,949,952	---	260,289,235	31.10
2006	75,755,230	75,755,230	---	248,459,265	30.49

There were no changes to benefit terms in the plan or to assumptions in valuations for the plan year ended June 30, 2014.

Required Supplementary Information
Schedule of Funding Progress for Other Post-Employment Benefits*

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2013	---	$602,620,999	$602,620,999	0 %	$213,845,536	282 %
7/1/2011	---	783,896,843	783,896,843	0	224,455,344	349
7/1/2009	---	798,601,629	798,601,629	0	266,455,521	300
7/1/2007	---	686,992,459	686,992,459	0	262,657,307	262

*This schedule will ulitimately present ten years of data when available.

Actuarial valuations are performed biennially. The Department is the majority employer participating in the MoDOT and MSHP Medical and Life Insurance Plan. The Insurance Plan's total actuarial accrued liability is $842.8 million.

Because the Insurance Plan is an internal service fund of the Department, the net assets have not been set aside; therefore, there is no actuarial value of assets. This results in a calculated funded ratio of zero percent. The Insurance Plan is financed on a pay-as-you-go basis. The Plan's funding is not based on covered payroll; the required information is displayed for information purposes. Refer to the Medical and Life Insurance Plan and Other Post-Employee Benefits disclosures in the Notes to the Financial Statements for further information on the Insurance Plan.

Combining
Financial Statements
Nonmajor Governmental Funds

Combining Balance Sheets

Nonmajor Governmental Funds – Special Revenue

June 30, 2015

With Summarized Financial Information for 2014

	Multimodal Federal Fund	State Transportation Fund	Aviation Trust Fund	State Transportation Assistance Revolving Fund	MCS Federal Fund
Assets					
Cash and cash equivalents	$1,542,438	$3,270,047	$11,299,977	$2,631,556	$ 118,419
State taxes and fees receivable	---	391,066	5,987	---	---
Federal government receivable	4,598,079	---	---	---	91,460
Miscellaneous receivables, net	1,127,449	---	13,712	16,061	---
Loans receivable	---	---	---	1,361,372	---
Total assets	$7,267,966	$3,661,113	$11,319,676	$4,008,989	$ 209,879
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$6,019,987	$ 9,612	$ 281,853	$ ---	$ 89,483
Accrued payroll	21,135	9,459	32,519	---	---
Unearned revenue	260,438	---	---	---	---
Due to other funds	9,874	4,166	16,337	---	---
Total liabilities	6,311,434	23,237	330,709	---	89,483
Deferred Inflows of Resources					
Deferred revenues	186,588	---	---	---	---
Total deferred inflows of resources	186,588	---	---	---	---
Fund Balances					
Unassigned	---	---	---	---	---
Restricted – highways and transportation	769,944	3,637,876	10,988,967	4,008,989	120,396
Total fund balances	769,944	3,637,876	10,988,967	4,008,989	120,396
Total liabilities, deferred inflows of resources and fund balances	$7,267,966	$3,661,113	$11,319,676	$4,008,989	$ 209,879

Grade Crossing Safety Fund	Railroad Expense Fund	Highway Safety Fund	Motorcycle Safety Fund	Total 2015	Total 2014
$3,878,017	$976,830	$ 208,328	$204,619	$24,130,231	$25,638,948
90,784	---	---	---	487,837	463,681
---	---	2,310,083	---	6,999,622	15,725,239
57,031	500	---	---	1,214,753	3,335,614
---	---	---	---	1,361,372	1,700,879
$4,025,832	$977,330	$2,518,411	$204,619	$34,193,815	$46,864,361
$ 446,505	$ 5,404	$2,018,161	$ ---	$ 8,871,005	$13,017,776
---	29,976	16,220	---	109,309	93,472
---	---	---	---	260,438	583,769
---	15,907	195,736	---	242,020	7,844,525
446,505	51,287	2,230,117	---	9,482,772	21,539,542
57,031	---	---	---	243,619	2,031,057
57,031	---	---	---	243,619	2,031,057
---	---	---	---	---	(1,575,780)
3,522,296	926,043	288,294	204,619	24,467,424	24,869,542
3,522,296	926,043	288,294	204,619	24,467,424	23,293,762
$4,025,832	$977,330	$2,518,411	$204,619	$34,193,815	$46,864,361

Combining Statements of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds – Special Revenue

Year Ended June 30, 2015

With Summarized Financial Information for 2014

	Multimodal Federal Fund	State Transportation Fund	Aviation Trust Fund	State Transportation Assistance Revolving Fund	MCS Federal Fund
Revenues					
Fuel taxes	$ ---	$ ---	$ 246,646	$ ---	$ ---
Sales and use taxes	---	4,379,975	5,240,049	---	---
Licenses, fees and permits	---	---	---	740	---
Intergovernmental/cost reimbursements/miscellaneous	2,384,899	---	---	---	841
Investment earnings	---	---	71,684	63,270	---
American Recovery and Reinvestment Act	1,948,548	---	---	---	---
State government	15,009,755	---	---	---	---
Federal government	54,532,773	---	---	---	1,170,115
Total revenues	73,875,975	4,379,975	5,558,379	64,010	1,170,956
Expenditures					
Current					
Maintenance	---	---	---	---	1,170,956
Multimodal operations	71,315,690	3,195,719	6,718,607	817	---
Capital outlay	214,561	---	---	---	---
Total expenditures	71,530,251	3,195,719	6,718,607	817	1,170,956
Excess of revenues over (under) expenditures	2,345,724	1,184,256	(1,160,228)	63,193	---
Other Financing Sources (Uses)					
Capital asset sales	---	---	---	---	---
Transfers out	---	---	---	---	---
Total other financing sources (uses)	---	---	---	---	---
Net Changes in Fund Balances	2,345,724	1,184,256	(1,160,228)	63,193	---
Fund Balances, beginning of year	(1,575,780)	2,453,620	12,149,195	3,945,796	120,396
Fund Balances, end of year	$ 769,944	$ 3,637,876	$ 10,988,967	$ 4,008,989	$ 120,396

	Grade Crossing Safety Fund	Railroad Expense Fund	Highway Safety Fund	Motorcycle Safety Fund	Total 2015	Total 2014
	$ ---	$ ---	$ ---	$ ---	$ 246,646	$ 225,963
	---	---	---	---	9,620,024	10,052,031
	1,314,990	1,027,745	---	327,524	2,670,999	2,428,698
	36	65	3,118	---	2,388,959	722,832
	---	---	---	---	134,954	215,631
	---	---	---	---	1,948,548	10,734,899
	---	---	---	---	15,009,755	14,346,615
	---	---	28,475,492	---	84,178,380	86,191,381
	1,315,026	1,027,810	28,478,610	327,524	116,198,265	124,918,050
	---	---	14,921,019	230,620	16,322,595	14,172,464
	2,925,716	773,293	---	---	84,929,842	88,569,370
	---	---	---	---	214,561	84,830
	2,925,716	773,293	14,921,019	230,620	101,466,998	102,826,664
	(1,610,690)	254,517	13,557,591	96,904	14,731,267	22,091,386
	---	---	---	---		44,480
	---	---	(13,557,605)	---	(13,557,605)	(22,161,323)
	---	---	(13,557,605)	---	(13,557,605)	(22,116,843)
	(1,610,690)	254,517	(14)	96,904	1,173,662	(25,457)
	5,132,986	671,526	288,308	107,715	23,293,762	23,319,219
	$3,522,296	$ 926,043	$ 288,294	$204,619	$ 24,467,424	$ 23,293,762

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Combining
Financial Statements
Proprietary Funds

Combining Statements of Net Position

Proprietary Funds – Internal Service

June 30, 2015

With Summarized Financial Information for 2014

	MoDOT & MSHP Medical and Life Insurance Plan	MHTC Self Insurance Plan	Total 2015	Total 2014
Assets				
Current assets				
Cash and cash equivalents	$ 8,461,020	$ 3,341,716	$ 11,802,736	$ 28,216,593
Investments	316,336	1,710,672	2,027,008	3,303,283
Restricted investments	100,000	---	100,000	300,000
Miscellaneous receivables	2,213,952	274,457	2,488,409	2,257,082
Total current assets	11,091,308	5,326,845	16,418,153	34,076,958
Noncurrent assets				
Investments	32,931,741	89,001,461	121,933,202	108,417,861
Restricted investments	---	200,000	200,000	---
Total noncurrent assets	32,931,741	89,201,461	122,133,202	108,417,861
Total assets	44,023,049	94,528,306	138,551,355	142,494,819
Liabilities				
Current liabilities				
Accounts payable	1,701,497	32,567	1,734,064	5,359,430
Unearned revenue	7,611,718	---	7,611,718	7,476,903
Pending self insurance claims	---	18,365,000	18,365,000	17,541,000
Incurred but not reported claims	11,000,000	4,680,000	15,680,000	14,982,000
Total current liabilities	20,313,215	23,077,567	43,390,782	45,359,333
Noncurrent liabilities				
Pending self insurance claims	---	48,778,816	48,778,816	47,216,461
Incurred but not reported claims	---	12,429,000	12,429,000	13,410,000
Total noncurrent liabilities	---	61,207,816	61,207,816	60,626,461
Total liabilities	20,313,215	84,285,383	104,598,598	105,985,794
Net Position				
Restricted net position	100,000	200,000	300,000	300,000
Unrestricted net position	23,609,834	10,042,923	33,652,757	36,209,025
Total net position	$23,709,834	$10,242,923	$ 33,952,757	$ 36,509,025

Combining Statements of Revenues, Expenses and Changes in Net Position

Proprietary Funds – Internal Service

Year Ended June 30, 2015

With Summarized Financial Information for 2014

	MoDOT & MSHP Medical and Life Insurance Plan	MHTC Self Insurance Plan	Total 2015	Total 2014
Operating Revenues				
Self insurance premiums				
Highway workers' compensation	$ ---	$ 7,200,000	$ 7,200,000	$ 6,900,000
Highway patrol workers' compensation	---	2,750,000	2,750,000	3,000,000
Highway fleet vehicle liability	---	1,400,000	1,400,000	1,400,000
Highway general liability	---	12,500,000	12,500,000	11,410,000
Medical insurance premiums				
State	74,048,522	---	74,048,522	73,050,798
Member	39,870,440	---	39,870,440	38,169,311
Other	6,350,111	166,702	6,516,813	5,346,829
Total operating revenues	120,269,073	24,016,702	144,285,775	139,276,938
Operating Expenses				
Self insurance programs				
Highway workers' compensation	---	6,116,125	6,116,125	4,871,116
Highway patrol workers' compensation	---	2,310,090	2,310,090	1,723,458
Highway fleet vehicle liability	---	953,547	953,547	2,458,877
Highway general liability	---	10,980,555	10,980,555	9,786,534
Other	---	1,015,227	1,015,227	567,422
Medical and life insurance program				
Insurance premiums	6,854,614	---	6,854,614	6,609,549
Medical benefits	90,260,350	---	90,260,350	83,413,544
Prescription drug benefits	23,751,514	---	23,751,514	21,495,343
Professional fees	934,397	---	934,397	1,062,677
Administrative services	5,631,672	---	5,631,672	5,881,532
Total operating expenses	127,432,547	21,375,544	148,808,091	137,870,052
Operating income (loss)	(7,163,474)	2,641,158	(4,522,316)	1,406,886
Nonoperating Revenues				
Net appreciation and investment income	588,342	1,377,706	1,966,048	2,150,363
Total nonoperating revenues	588,342	1,377,706	1,966,048	2,150,363
Changes in Net Position	(6,575,132)	4,018,864	(2,556,268)	3,557,249
Net Position, beginning of year	30,284,966	6,224,059	36,509,025	32,951,776
Net Position, end of year	$ 23,709,834	$ 10,242,923	$ 33,952,757	$ 36,509,025

Combining Statements of Cash Flows

Proprietary Funds – Internal Service

Year Ended June 30, 2015
With Summarized Financial Information for 2014

	MoDOT & MSHP Medical and Life Insurance Plan	MHTC Self Insurance Plan	Total 2015	Total 2014
Cash Flows From Operating Activities				
Receipts from interfund services provided	$ 120,139,867	$ 23,966,691	$144,106,558	$139,093,764
Payments for interfund services used	(119,731,664)	(19,256,962)	(138,988,626)	(132,502,164)
Payments to suppliers	(10,214,834)	(991,827)	(11,206,661)	(5,188,589)
Net cash provided by (used in) operating activities	(9,806,631)	3,717,902	(6,088,729)	1,403,011
Cash Flows From Investing Activities				
Proceeds from sale and maturities of investments	10,900,957	37,372,149	48,273,106	47,400,889
Purchases of investments	(8,629,484)	(52,092,621)	(60,722,105)	(41,526,394)
Interest received	683,979	1,559,226	2,243,205	2,442,834
Investment fees	(35,952)	(83,382)	(119,334)	(133,221)
Net cash provided by (used in) investing activities	2,919,500	(13,244,628)	(10,325,128)	8,184,108
Net increase (decrease) in cash and cash equivalents	(6,887,131)	(9,526,726)	(16,413,857)	9,587,119
Cash and Cash Equivalents, beginning of year	15,348,151	12,868,442	28,216,593	18,629,474
Cash and Cash Equivalents, end of year	$ 8,461,020	$ 3,341,716	$ 11,802,736	$ 28,216,593
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	$ (7,163,474)	$ 2,641,158	$ (4,522,316)	$ 1,406,886
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Receivables	(129,206)	(50,011)	(179,217)	(183,175)
Accounts and claims payable	(2,648,766)	1,126,755	(1,522,011)	110,541
Unearned revenue	134,815	---	134,815	68,759
Net cash provided by (used in) operating activities	$ (9,806,631)	$ 3,717,902	$ (6,088,729)	$ 1,403,011
Noncash Items Impacting Recorded Assets				
Increase (decrease) in fair value of investments	$ (68,183)	$ (141,750)	$ (209,933)	$ (194,544)

Combining
Financial Statements
Fiduciary Funds

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Combining Statements of Assets and Liabilities

Fiduciary Funds – Agency

June 30, 2015

With Summarized Financial Information for 2014

	Local Fund	MCS Agency Fund	Total 2015	Total 2014
Assets				
Restricted cash and cash equivalents	$54,355,809	$10,764,063	$65,119,872	$43,670,322
Restricted investments	---	---	---	21,444,033
Other	---	1,674	1,674	50,346
Total assets	$54,355,809	$10,765,737	$65,121,546	$65,164,701
Liabilities				
Due to other governments	$ ---	$10,765,737	$10,765,737	$ 4,697,641
Advances from other governments	54,355,809	---	54,355,809	60,467,060
Total liabilities	$54,355,809	$10,765,737	$65,121,546	$65,164,701

Combining Statements of Changes in Assets and Liabilities

Fiduciary Funds – Agency

Years ended June 30, 2015 and 2014

	2015			
	Beginning Balance	Additions	Deductions	Ending Balance
Local Fund				
Assets				
Restricted cash and cash equivalents	$38,974,282	$ 95,286,240	$ 79,904,713	$54,355,809
Restricted investments	21,444,033	44,501,261	65,945,294	---
Other	48,745	---	48,745	---
Total assets	$60,467,060	$139,787,501	$145,898,752	$54,355,809
Liabilities				
Advances from other governments	$60,467,060	$ 29,163,613	$ 35,274,864	$54,355,809
Total liabilities	$60,467,080	$ 29,163,613	$ 35,274,864	$54,355,809
MCS Agency Fund				
Assets				
Restricted cash and cash equivalents	$ 4,696,041	$206,683,043	$200,615,021	$10,764,063
Other	1,600	23,439	23,365	1,674
Total assets	$ 4,697,641	$206,706,482	$200,638,386	$10,765,737
Liabilities				
Due to other governments	$ 4,697,641	$206,706,482	$200,638,386	$10,765,737
Total liabilities	$ 4,697,641	$206,706,482	$200,638,386	$10,765,737
Totals				
Assets				
Restricted cash and cash equivalents	$43,670,323	$301,969,283	$280,519,734	$65,119,872
Restricted investments	21,444,033	44,501,261	65,945,294	---
Other	50,345	23,439	72,110	1,674
Total assets	$65,164,701	$346,493,983	$346,537,138	$65,121,546
Liabilities				
Due to other governments	$ 4,697,641	$206,706,482	$200,638,386	$10,765,737
Advances from other governments	60,467,060	29,163,613	35,274,864	54,355,809
Total liabilities	$65,164,701	$235,870,095	$235,913,250	$65,121,546

2014			
Beginning Balance	Additions	Deductions	Ending Balance
$28,321,391	$ 89,895,968	$ 79,243,078	$38,974,281
58,136,872	27,765,332	64,458,171	21,444,033
177,767	542,036	671,057	48,746
$86,636,030	$118,203,336	$144,372,306	$60,467,060
$86,636,030	$ 24,766,738	$ 50,935,707	$60,467,060
$86,636,030	$ 24,766,738	$ 50,935,707	$60,467,060
$ 5,240,750	$203,754,358	$204,299,067	$ 4,696,041
349	6,480	5,229	1,600
$ 5,241,099	$203,760,838	$204,304,296	$ 4,697,641
$ 5,241,099	$203,760,838	$204,304,296	$ 4,697,641
$ 5,241,099	$203,760,838	$204,304,296	$ 4,697,641
$33,562,142	$293,650,325	$283,542,144	$43,670,323
58,136,871	27,765,333	64,458,171	21,444,033
178,115	548,517	676,287	50,345
$91,877,128	$321,964,175	$348,676,602	$65,164,701
$ 5,241,099	$203,760,838	$204,304,296	$ 4,697,641
86,636,029	24,766,738	50,935,707	60,467,060
$91,877,128	$228,527,576	$255,240,003	$65,164,701

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Budgetary Comparison Schedules and Reconciliations Debt Service and Nonmajor Governmental Funds

Budgetary Comparison Schedule and Reconciliation

Debt Service – State Road Bond Fund

Year Ended June 30, 2015
With Summarized Financial Information for 2014

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2015	Variances Between Final Budget and Actual 2014
Budgetary fund balance, beginning of year	$ 36,721,033	$ 36,721,033	$ ---	$ ---
Resources (inflows)				
Vehicle sales and use tax	150,004,000	162,857,873	12,853,873	39,137,308
Interest	273,000	461,837	188,837	(523,564)
Amount available for appropriation	186,998,033	200,040,743	13,042,710	38,613,744
Charges to appropriations (outflows				
Bond principal and interest payments	162,081,996	159,058,163	3,023,833	88,982
Total charges to appropriations	162,081,996	159,058,163	3,023,833	88,982
Budgetary fund balance, end of year	$ 24,916,037	$ 40,982,580	$16,066,543	$38,702,726

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	**Actual 2015**
Budgetary fund balance, end of year	$40,982,580
Receivables	14,842,750
Payables	(1,000)
Change in fair value of investments	34,113
GAAP basis fund balance, end of year	$55,858,443

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Multimodal Federal Fund

Year Ended June 30, 2015

With Summarized Financial Information for 2014

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2015	Variances Between Final Budget and Actual 2014
Budgetary fund balance, beginning of year	$ 1,651,161	$ 1,651,161	$ ---	$ ---
Resources (inflows)				
State government	17,028,305	13,938,305	(3,090,000)	(92,325)
Intergovernmental/cost reimbursement/miscellaneous	---	2,278,610	2,278,610	982,189
American Recovery and Reinvestment Act	14,000,000	1,311,184	(12,688,816)	(17,730,480)
Federal government	52,566,531	55,375,103	2,808,572	(9,333,578)
Amount available for appropriation	85,245,997	74,554,363	(10,691,634)	(26,174,194)
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	243,214	300,957	(57,743)	(4,597)
Fringe benefits	203,594	219,409	(15,815)	(852)
Expense and equipment	140,000	103,061	36,939	220,931
Program	90,491,278	72,388,498	18,102,780	26,447,000
Total charges to appropriations	91,078,086	73,011,925	18,066,161	26,662,482
Budgetary fund balance, end of year	$ (5,832,089)	$ 1,542,438	$ 7,374,527	$ 488,288

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2015
Budgetary fund balance, end of year	$ 1,542,438
Receivables	4,904,682
Due from other funds	820,846
Payables	(6,041,122)
Unearned revenues	(260,438)
Deferred revenues	(186,588)
Due to other funds	(9,874)
GAAP basis fund balance, end of year	$ 769,944

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental - State Transportation Fund

Year Ended June 30, 2015

With Summarized Financial Information for 2014

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2015	Variances Between Final Budget and Actual 2014
Budgetary fund balance, beginning of year	$2,110,874	$2,110,874	$ ---	$ ---
Resources (inflows)				
Sales and use taxes	3,940,864	4,344,331	403,467	1,116,131
Amount available for appropriation	6,051,738	6,455,205	403,467	1,116,131
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	125,829	137,039	(11,210)	8,772
Fringe benefits	102,706	101,552	1,154	8,032
Expense and equipment	23,479	30,645	(7,166)	11,568
Program	2,985,353	2,915,922	69,431	67,439
Total charges to appropriations	3,237,367	3,185,158	52,209	95,811
Budgetary fund balance, end of year	$2,814,371	$3,270,047	$ 455,676	$1,211,942

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2015
Budgetary fund balance, end of year	$3,270,047
Receivables	391,066
Payables	(23,237)
Due to other funds	---
GAAP basis fund balance, end of year	$3,637,876

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental - Aviation Trust Fund

Year Ended June 30, 2015

With Summarized Financial Information for 2014

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2015	Variances Between Final Budget and Actual 2014
Budgetary fund balance, beginning of year	$13,166,319	$13,166,319	$ ---	$ ---
Resources (inflows				
Fuel taxes	270,696	247,362	(23,334)	(78,495)
Sales and use taxes	5,141,623	5,747,310	605,687	1,087,260
Interest	16,466	58,806	42,340	(3,482)
Intergovernmental/cost reimbursements/miscellaneous	---	---	---	3,998
Amount available for appropriation	18,595,104	19,219,797	624,693	1,009,281
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	463,360	444,475	18,885	24,014
Fringe benefits	365,537	352,698	12,839	27,367
Expense and equipment	138,932	150,127	(11,195)	19,559
Program	8,350,000	6,454,752	1,895,248	9,377,975
Total charges to appropriations	9,317,829	7,402,052	1,915,777	9,448,915
Budgetary fund balance, end of year	$ 9,277,275	$11,817,745	$2,540,470	$10,458,196

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2015
Budgetary fund balance, end of year	$11,817,745
Receivables	19,699
Payables	(821,634)
Due to other funds	(16,337)
Change in fair value of investments	(10,506)
GAAP basis fund balance, end of year	$10,988,967

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – State Transportation Assistance Revolving Fund

Year Ended June 30, 2015

With Summarized Financial Information for 2014

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2015	Variances Between Final Budget and Actual 2014
Budgetary fund balance, beginning of year	$2,230,976	$2,230,976	$ ---	$ ---
Resources (inflows)				
Interest	---	63,601	63,601	73,993
License fees, and permits	---	740	740	---
Intergovernmental/cost reimbursements/miscellaneous	391,682	339,503	(52,179)	(53,520)
Amount available for appropriation	2,622,658	2,634,820	12,162	20,473
Charges to appropriations (outflows)				
Multimodal operations				
Expense and equipment	817	817	---	---
Program	---	---	---	550,000
Total charges to appropriations	817	817	---	550,000
Budgetary fund balance, end of year	$2,621,841	$2,634,003	$ 12,162	$570,473

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2015
Budgetary fund balance, end of year	$2,634,003
Receivables	1,377,433
Change in fair value of investments	(2,447)
GAAP basis fund balance, end of year	$4,008,989

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – MCS Federal Fund

Year Ended June 30, 2015

With Summarized Financial Information for 2014

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2015	Variances Between Final Budget and Actual 2014
Budgetary fund balance, beginning of year	$ 120,396	$ 120,396	$ ---	$ ---
Resources (inflows				
Intergovernmental/cost reimbursements/miscellaneous	---	841	841	4,597
Federal government	1,999,725	1,364,589	(635,136)	(521,993)
Amount available for appropriation	2,120,121	1,485,826	(634,295)	(517,396)
Charges to appropriations (outflows)				
Maintenance				
Program	1,999,725	1,367,407	632,318	521,896
Total charges to appropriations	1,999,725	1,367,407	632,318	521,896
Budgetary fund balance, end of year	$ 120,396	$ 118,419	$ (1,977)	$ 4,500

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2015
Budgetary fund balance, end of year	$118,419
Receivables	91,460
Payables	(89,483)
GAAP basis fund balance, end of year	$120,396

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Grade Crossing Safety Fund

Year Ended June 30, 2015

With Summarized Financial Information for 2014

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2015	Variances Between Final Budget and Actual 2014
Budgetary fund balance, beginning of year	$5,310,422	$5,310,422	$ ---	$ ---
Resources (inflows				
License, fees and permits	1,331,857	1,325,763	(6,094)	18,146
Intergovernmental/cost reimbursements/miscellaneous	---	3,999	3,999	48,199
Amount available for appropriation	6,642,279	6,640,184	(2,095)	66,345
Charges to appropriations (outflows)				
Multimodal operations				
Expense and equipment	12,625	12,624	1	9,107
Program	4,000,000	2,749,543	1,250,457	1,787,207
Total charges to appropriations	4,012,625	2,762,167	1,250,458	1,796,314
Transfers to Railroad Expense Fund	---	---	---	---
Budgetary fund balance, end of year	$2,629,654	$3,878,017	$1,248,363	$1,862,659

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	**Actual 2015**
Budgetary fund balance, end of year	$3,878,017
Receivables	147,815
Payables	(446,505)
Deferred revenues	(57,031)
GAAP basis fund balance, end of year	$3,522,296

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Railroad Expense Fund

Year Ended June 30, 2015

With Summarized Financial Information for 2014

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2015	Variances Between Final Budget and Actual 2014
Budgetary fund balance, beginning of year	$ 706,049	$ 706,049	$ ---	$ ---
Resources (inflows)				
License, fees and permits	802,559	1,027,245	224,686	(37,237)
Intergovernmental/cost reimbursements/miscellaneous	---	65	65	---
Amount available for appropriation	1,508,608	1,733,359	224,751	(37,237)
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	429,723	331,227	98,496	5,169
Fringe benefits	356,401	257,702	98,699	45,174
Expense and equipment	157,726	167,600	(9,874)	31,551
Total charges to appropriations	943,850	756,529	187,321	81,894
Budgetary fund balance, end of year	$ 564,758	$ 976,830	$412,072	$ 44,657

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	**Actual 2015**
Budgetary fund balance, end of year	$976,830
Receivables	500
Payables	(35,380)
Due to other funds	(15,907)
GAAP basis fund balance, end of year	$926,043

Budgetary Comparison Schedule and Reconciliation
Nonmajor Governmental – Highway Safety Fund
Year Ended June 30, 2015
With Summarized Financial Information for 2014

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2015	2014
Budgetary fund balance, beginning of year	$ 264,496	$ 264,496	$ ---	$ ---
Resources (inflows)				
Intergovernmental/cost reimbursements/miscellaneous	---	3,118	3,118	8,090
Federal government	19,566,091	34,986,689	15,420,598	15,376,328
Amount available for appropriation	19,830,587	35,254,303	15,423,716	15,384,418
Charges to appropriations (outflows)				
Maintenance				
Personal service	283,494	248,479	35,015	23,167
Fringe benefits	251,084	190,550	60,534	39,215
Expense and equipment	54,393	54,317	76	---
Program	18,977,120	13,385,812	5,591,308	1,232,404
Total charges to appropriations	19,566,091	13,879,158	5,686,933	1,294,786
Transfers to Road Fund	(30,000,000)	(21,166,817)	8,833,183	13,055,336
Budgetary fund balance, end of year	$(29,735,504)	$ 208,328	$18,569,966	$(27,144,968)

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	**Actual 2015**
Budgetary fund balance, end of year	$ 208,328
Receivables	2,310,083
Payables	(2,034,381)
Due to other funds	(195,736)
GAAP basis fund balance, end of year	$ 288,294

Budgetary Comparison Schedule and Reconciliation
Nonmajor Governmental – Motorcycle Safety Fund
Year Ended June 30, 2015
With Summarized Financial Information for 2014

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2015	Variances Between Final Budget and Actual 2014
Budgetary fund balance, beginning of year	$107,715	$107,715	$ ---	$ ---
Resources (inflows)				
License, fees and permits	428,600	327,524	(101,076)	(71,117)
Amount available for appropriation	536,315	435,239	(101,076)	(71,117)
Charges to appropriations (outflows)				
Maintenance				
Expense and equipment	3,600	3,600		1,367
Program	425,000	227,020	197,980	106,859
Total charges to appropriations	428,600	230,620	197,980	108,226
Budgetary fund balance, end of year	$107,715	$204,619	$ 96,904	$ 37,109

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2015
Budgetary fund balance, end of year	$204,619
GAAP basis fund balance, end of year	$204,619

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Statistical Section

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Index and Overview
Statistical Section

Sources:

Unless otherwise stated, information in the following tables is derived from the Missouri Department of Transportation (MoDOT) annual financial reports for the years shown.

Note:

The objective of this statistical section is to provide users with historical perspective by presenting information for multiple years. Schedules originate with the year that the Department began tracking the information, the tracking process or data collection system changed, or it became administratively feasible to report retroactively.

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Financial Trends
Net Position – Government-wide
Years Ended June 30

(Amounts in Thousands)

Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total
2015	$27,075,170	$ 300	$ (475,196)	$26,600,274
2014	26,636,056	782,346	---	27,418,402
2013	26,077,114	875,904	---	26,953,018
2012	25,383,369	1,027,111	---	26,410,480
2011	24,603,720	1,390,363	---	25,994,083
2010	24,396,695	985,705	---	25,382,400
2009	24,461,090	678,643	---	25,139,733
2008	23,945,040	1,061,821	---	25,006,861
2007	24,016,417	788,665	---	24,805,082
2006	24,341,909	401,282	---	24,743,191

Notes:

Amounts for 2009 include the restatement of beginning balances due the to implementation of GASB 51, *Accounting and Financial Reporting for Intangible Assets.*

Amounts for fiscal year 2012, 2013 and 2014 were restated due to the implementation of GASB 65, *Items Previously Reported as Assets and Liabilities*, and to correct errors related to infrastructure in progress, infrastructure and infrastructure depreciation.

Amounts for 2015 include restatement of beginning balances due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*.

Financial Trends
Changes in Net Position – Government-wide

Years Ended June 30

(Amounts in Thousands)

	2015	2014	2013	2012
Transportation Program Expenses				
Administration	$ 24,672	$ 32,791	$ 32,244	$ 30,040
Fleet, facilities and information systems	29,865	32,790	34,905	37,268
Maintenance	329,098	420,000	398,274	389,803
Construction	274,933	194,552	222,767	321,048
Multimodal operations	84,259	89,148	89,184	68,282
Interest	112,690	129,873	136,493	140,710
Other state agencies	226,370	208,610	199,660	214,696
Self insurance	21,376	19,407	15,336	13,894
Medical and life insurance	106,453	97,483	94,695	97,137
Pension obligations	91,858	---	---	---
Other post-employment benefit obligations	50,179	50,586	75,152	75,896
Depreciation	457,406	442,734	413,382	323,238
Total transportation program expenses	1,809,159	1,717,974	1,712,092	1,712,012
Transportation Program Revenues				
Charges for services				
Licenses, fees and permits	290,319	290,153	283,022	284,677
Member insurance premiums	39,870	38,169	37,328	35,636
Other	55,454	85,389	108,043	131,371
Total charges for services	385,643	413,711	428,393	451,684
Federal government				
American Recovery and Reinvestment Act	14,628	28,765	49,912	99,266
Operating	82,521	87,531	87,689	73,930
Capital	763,952	839,912	892,031	860,754
Total federal government	861,101	956,208	1,029,632	1,033,950
Total transportation program revenues	1,246,744	1,369,919	1,458,025	1,485,634
Net expense of transportation program	(562,415)	(348,055)	(254,067)	(226,379)
General Revenues				
Fuel taxes	493,076	489,984	486,529	496,608
Sales and use taxes	335,420	311,761	304,163	291,279
Unrestricted investment earnings	10,569	13,755	(1,157)	13,309
State appropriations	15,010	14,347	11,630	11,130
Donated assets	---	---	---	---
Gain (loss) on sale of capital assets	(15,843)	(16,408)	(4,560)	(3,223)
Total general revenues	838,232	813,439	796,605	809,103
Changes in Net Position	$ 275,817	$ 465,384	$ 542,538	$ 582,725

Notes:

Government-wide financial statements are prepared on a full accrual basis and include transactions related to capital assets and long-term obligations. These statements also include the effects of eliminating off-setting revenues and expenses related to the Department's internal service funds.

Amounts for fiscal year 2012, 2013 and 2014 were restated due to the implementation of GASB 65, *Items Previously Reported as Assets and Liabilities*, and to correct errors related to infrastructure in progress, infrastructure and infrastructure depreciation.

2011	2010	2009	2008	2007	2006
$ 33,168	$ 33,648	$ 34,834	$ 33,645	$ 38,887	$ 30,838
44,866	55,543	54,464	56,721	54,400	53,222
412,469	433,729	424,327	406,374	378,902	362,163
318,551	268,009	257,943	240,821	273,086	165,494
64,873	110,151	85,999	74,128	71,268	60,530
147,720	138,106	106,538	102,344	75,228	53,543
198,814	177,646	174,587	178,319	169,906	146,969
29,222	31,967	19,210	32,103	7,854	27,387
94,472	90,644	89,774	87,710	102,642	92,952
---	---	---	---	---	---
79,025	83,132	65,804	69,731	---	---
747,674	876,501	751,246	746,456	849,957	829,556
2,170,854	2,299,076	2,064,726	2,028,352	2,022,130	1,822,654
274,673	284,337	290,399	291,843	259,086	299,892
32,591	30,868	29,047	26,534	25,369	26,216
150,871	108,214	160,013	86,719	67,816	46,165
458,135	423,419	479,459	405,096	352,271	372,273
248,894	298,421	28,279	---	---	---
57,953	84,212	76,569	62,179	78,588	61,630
1,228,181	974,391	833,839	907,956	797,196	768,173
1,535,028	1,357,024	938,687	970,135	875,784	829,803
1,993,163	1,780,443	1,418,146	1,375,231	1,228,055	1,202,076
(177,691)	(518,633)	(646,580)	(653,121)	(794,075)	(620,578)
499,416	503,488	499,506	514,908	517,648	522,896
269,336	250,432	233,810	272,039	275,259	182,465
13,950	12,123	27,607	51,581	49,301	24,450
11,132	12,111	16,634	13,257	12,283	11,453
---	---	---	---	441	4
(4,460)	(16,854)	(1,928)	3,115	1,034	1,436
789,374	761,300	775,629	854,900	855,966	742,704
$ 611,683	$ 242,667	$ 129,049	$ 201,779	$ 61,891	$ 122,126

Financial Trends
Changes in Fund Balances – Governmental Funds
Years Ended June 30

(Amounts in Thousands)

	2015	2014	2013	2012
Revenues				
Fuel taxes	$ 493,076	$ 489,984	$ 486,529	$ 496,608
Sales and use taxes	335,420	311,761	304,163	291,279
Licenses, fees and permits	290,319	290,158	283,022	284,614
Intergovernmental/cost reimbursements/miscellaneous	51,017	84,753	138,732	138,629
Investment earnings	8,655	11,679	(1,149)	11,011
American Recovery and Reinvestment Act	14,758	28,635	49,912	99,265
State government	15,010	14,346	11,630	11,131
Federal government	841,855	926,170	985,071	928,718
Total revenues	2,050,110	2,157,486	2,257,910	2,261,255
Expenditures				
Administration	50,713	48,547	46,936	46,636
Fleet, facilities and information systems	38,980	35,904	38,058	41,133
Maintenance	434,328	450,577	454,740	440,357
Construction	328,246	216,563	241,931	354,259
Multimodal operations	85,363	89,332	89,404	68,481
Capital outlay	713,787	849,897	956,489	1,112,769
Debt service - principal	188,913	178,903	165,332	143,582
Debt service - interest	128,536	148,936	150,721	155,534
Other state agencies	251,408	233,470	226,683	240,086
Total expenditures	2,220,274	2,252,129	2,370,294	2,602,837
Excess of revenues over (under) expenditures	(170,164)	(94,643)	(112,384)	(341,582)
Other Financing Sources (Uses)				
Notes issued	3,619	13,240	9,493	9,097
Bonds issued	---	---	---	---
Refunding bonds issued	---	900,990	---	---
Refunding bonds escrow payment	---	(1,082,245)	---	---
Bond interest rate swap	---	---	---	---
Premium on bonds	---	185,693	---	---
Discount on bonds	---	---	---	---
Capital leases issued	18	(2,044)	116	12
Refinancing capital leases issued	---	---	---	---
Capital lease termination payment	---	---	---	---
Capital asset sales	4,790	7,488	13,301	10,591
Transfers in	460,003	476,745	511,732	496,854
Transfers out	(460,003)	(476,745)	(511,732)	(496,854)
Total other financing sources (uses)	8,427	23,122	22,910	19,700
Net Changes in Fund Balances	$ (161,737)	$ (71,521)	$ (89,474)	$ (321,882)
Debt service as a percentage of noncapital expenditures	21 %	23 %	22 %	20 %
Debt service as a percentage of total revenues	15 %	15 %	14 %	13 %

Notes:

Governmental fund financial statements are prepared on a modified accrual basis to report changes in net current financial resources. These statements differ from cash-based budget reports primarily because revenues are recognized if they are collected within 60 days of the end of the fiscal year and expenditures are recorded when the related liability is incurred, except that certain long-term obligations are recognized to the extent they have matured.

Some amounts have been recategorized for comparability and implementation of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in fiscal year 2011.

2011	2010	2009	2008	2007	2006
$ 499,416	$ 503,488	$ 499,506	$ 514,908	$ 517,648	$ 522,896
269,336	251,343	234,599	270,339	275,259	182,465
274,709	284,909	290,925	290,709	259,086	299,892
131,809	128,160	139,105	80,668	89,997	53,652
11,548	8,957	23,417	46,890	44,388	22,256
248,834	298,333	28,279	---	---	---
11,132	12,111	16,634	13,257	12,283	11,453
1,283,838	1,059,348	909,634	970,135	877,795	827,791
2,730,622	2,546,649	2,142,099	2,186,906	2,076,456	1,920,405
48,833	49,247	49,224	46,822	45,797	42,843
49,110	59,586	56,986	58,933	58,759	68,753
450,103	471,740	466,143	433,653	436,796	411,847
338,482	293,021	273,099	264,693	300,579	190,713
65,112	110,412	86,202	74,303	71,485	60,676
1,249,787	1,405,741	1,307,318	1,143,496	1,248,304	1,252,825
166,854	102,261	103,123	88,097	105,630	73,919
162,911	146,006	115,468	109,730	89,997	57,776
223,667	201,472	197,248	199,237	189,409	169,726
2,754,859	2,839,486	2,654,811	2,418,964	2,546,756	2,329,078
(24,237)	(292,837)	(512,712)	(232,058)	(470,300)	(408,673)
10,095	10,910	1,856	4,539	406	1,787
---	1,085,000	142,735	526,800	800,000	350,660
130,390	---	---	---	394,870	---
(150,477)	---	---	---	(432,408)	---
---	---	---	(11,118)	---	---
20,972	30,631	2,835	27,808	73,180	21,336
---	---	---	(170)	---	---
4,869	3,284	581	763	1,355	2,646
---	---	---	22,985	---	---
---	---	---	(22,559)	---	---
9,358	7,252	6,830	8,705	8,679	6,669
515,181	536,864	527,110	574,864	523,744	570,592
(515,181)	(536,864)	(527,110)	(574,864)	(523,744)	(570,592)
25,207	1,137,077	154,837	557,753	846,082	383,098
$ 970	$ 844,240	$ (357,875)	$ 325,695	$ 375,782	$ (25,575)
22 %	17 %	16 %	16 %	15 %	12 %
12 %	10 %	10 %	9 %	9 %	7 %

Financial Trends
Fund Balances – Governmental Funds

Years Ended June 30

(Amounts in Thousands)

Year	Nonspendable - Inventories	Restricted - Highways and Transportation	Unassigned	Total
2015	$37,574	$ 931,548	$ ---	$ 969,122
2014	29,135	1,103,299	(1,576)	1,130,858
2013	34,841	1,167,773	(234)	1,202,380
2012	45,790	1,248,963	(2,899)	1,291,854
2011	46,731	1,567,005	---	1,613,736
2010	43,711	1,569,055	---	1,612,766
2009	47,693	1,210,523	(489,690)	768,526
2008	42,443	1,083,957	---	1,126,400
2007	40,366	760,339	---	800,705
2006	37,673	388,576	(1,326)	424,923

Notes:

Amounts were reclassified in fiscal year 2011 due to implementation of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Financial Trends
Expenditures of Federal Awards

Years Ended June 30

(Amounts in Thousands)

Year	Roads and Bridges	Multimodal	Motor Carriers	Highway Safety	Total
2014	$ 843,571	$65,095	$3,374	$31,199	$ 943,239
2013	912,736	61,776	3,225	40,381	1,018,118
2012	940,436	44,769	2,838	24,523	1,012,566
2011	1,459,615	43,409	1,576	18,517	1,523,117
2010	1,244,642	69,158	1,701	21,925	1,337,426
2009	858,715	52,741	1,207	25,377	938,040
2008	909,643	46,440	1,410	17,208	974,701
2007	800,933	47,658	1,327	34,637	884,555
2006	764,803	45,148	1,434	28,596	839,981
2005	764,091	34,203	2,733	20,057	821,084

Source:

MoDOT Schedule of Expenditures of Federal Awards prepared for inclusion in the State Auditor’s single audit report for the state of Missouri

Notes:

Expenditures include State Emergency Management Agency amounts.

Fiscal year 2015 data is not yet available.

Revenue Capacity
Revenue Base – State Motor Fuel Taxes
Years Ended June 30

(Amounts in Thousands)

			Distribution		
Year	Gallons	Net State Receipts	Cities	Counties	MoDOT
2015	4,009,046	$680,045	$103,909	$81,487	$494,649
2014	3,925,826	667,361	100,077	78,484	488,800
2013	3,919,121	666,106	99,433	77,980	488,693
2012	3,976,007	676,601	100,994	79,206	496,401
2011	4,033,033	685,447	103,065	80,851	501,531
2010	4,032,237	684,164	102,113	80,085	501,966
2009	4,002,068	680,862	101,685	79,750	499,427
2008	4,182,599	710,246	106,357	83,418	520,471
2007	4,141,906	704,071	105,875	83,036	515,160
2006	4,156,348	707,856	104,820	82,208	520,828

Source:

MoDOT Financial Services Division

Notes:

Amounts are provided on a cash basis.

Dollar amounts are shown net of motor fuel tax refunds.

Revenue Capacity
Revenue Rates – State Motor Fuel Taxes
Years Ended June 30

(Cents per Gallon)

Year	Total Fuel Tax Rate	Local Governments	MoDOT
2015	17.00	4.55	12.45
2014	17.00	4.55	12.45
2013	17.00	4.55	12.45
2012	17.00	4.55	12.45
2011	17.00	4.55	12.45
2010	17.00	4.55	12.45
2009	17.00	4.55	12.45
2008	17.00	4.55	12.45
2007	17.00	4.55	12.45
2006	17.00	4.55	12.45

Source:

MoDOT Financial Services Division

Note:

Motor fuel tax rates are established by Chapter 142, RSMo. Increases in these rates require a statutory change.

Revenue Capacity
Principal Revenue Suppliers – State Motor Fuel Taxes
Year Ended June 30

(Amounts in Thousands)

	2015	2006
Gallons from top ten suppliers	3,464,260	3,388,082
Net revenue from top ten suppliers	$ 588,924	$ 575,974
Net revenue from all suppliers	$ 680,045	$ 707,856
Percentage from top ten suppliers	87 %	81 %

Sources:

Net revenue from top ten suppliers: Missouri Department of Revenue

Net revenue from all suppliers: MoDOT Financial Services Division

Remainder of information is extrapolated

Notes:

Top ten supplier information is released by the Department of Revenue only in the aggregate. Information on individual suppliers is not available. There are 119 total suppliers.

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Debt Capacity
Ratios of Outstanding Debt

Years Ended June 30

(Amounts in Thousands Except Per Capita)

	Debt Outstanding at June 30			
Year	**Road Bonds**	**Notes Issued**	**Capital Leases**	**Total**
2015	$2,509,620	$ 7,230	$ 60	$2,516,910
2014	2,679,170	22,923	93	2,702,186
2013	2,918,000	26,404	2,269	2,946,673
2012	3,071,525	28,405	2,466	3,102,396
2011	3,204,715	23,678	8,476	3,236,869
2010	3,352,640	32,707	14,322	3,399,669
2009	2,355,925	27,164	19,646	2,402,735
2008	2,298,080	34,042	28,443	2,360,565
2007	1,833,795	46,453	35,225	1,915,473
2006	1,119,885	68,376	43,505	1,231,766

Sources:

Personal Income: United States Department of Commerce, Bureau of Economic Analysis

Population: United States Department of Commerce, Census Bureau

Notes:

Personal income and population are reported on a calendar year basis within the applicable fiscal year.

Ratio of Debt to Income		Ratio of Debt to Population	
Personal Income	Percentage of Personal Income	Population	Per Capita
$255,748,000	0.98 %	6,064	$415
238,095,000	1.13	6,044	447
223,049,000	1.32	6,022	490
229,986,000	1.35	6,011	516
217,486,000	1.49	6,012	538
213,238,000	1.59	5,987	568
205,288,000	1.17	5,912	406
198,757,000	1.19	5,878	402
188,399,000	1.02	5,838	328
178,036,000	0.69	5,788	213

Debt Capacity
Pledged Revenue Coverage Related to Revenue Bonds

Years Ended June 30

(Amounts in Thousands Except Coverage)

Year	Senior Bond Revenues (1)	Operating Expenses (2)	Senior Net Pledged Revenues Available	Senior Lien Bonds Principal	Senior Lien Bonds Interest	Senior Lien Bonds Coverage
2015	$934,340	$373,739	$560,601	$50,395	$21,555	7.79
2014	914,514	348,537	$565,977	47,815	23,877	7.89
2013	937,165	333,327	603,838	44,255	25,467	8.66
2012	935,399	342,240	593,159	31,790	26,868	10.11
2011	929,143	324,416	604,727	56,795	28,443	7.09
2010	916,929	281,320	635,609	41,280	32,386	8.63
2009	906,977	279,971	627,006	39,540	34,339	8.49
2008	965,169	279,823	685,346	38,005	36,118	9.25
2007	959,049	269,210	689,839	36,740	38,899	9.12
2006	946,991	245,217	701,774	35,440	40,537	9.25

Year	Federal Reimbursement Revenues (5)	Expenses	Federal Reimbursement Bonds Net Pledged Revenues	Federal Reimbursement Principal	Federal Reimbursement Interest (6)	Federal Reimbursement Coverage
2015	$ 624,417	$ ---	$ 624,417	$36,000	$31,203	9.29
2014	708,726	---	708,726	34,825	32,453	10.53
2013	771,710	---	771,710	33,450	33,161	11.59
2012	719,532	---	719,532	32,725	33,889	10.80
2011	1,226,128	---	1,226,128	30,595	36,026	18.40
2010	749,825	---	749,825	---	19,476	38.50
2009	712,574	---	712,574	---	2,596	274.44
2008	---	---	---	---	---	---
2007	---	---	---	---	---	---
2006	---	---	---	---	---	---

Sources:
MoDOT Financial Services Division

Notes:

(1) Senior Bond Revenues consist of various percentages of the state motor fuel tax, sales and use taxes and motor vehicle fees, as set by the state's constitution and statutes. Revenues are reported net of refunds and exclude sales tax revenue deposited into the State Road Bond Fund.

(2) Operating Expenses consist of retirement benefit costs, the cost of enforcement of motor vehicle laws and the cost of collection of taxes and fees. The cost of collection reflects actual expenditures and does not reflect any Missouri Department of Revenue refunds associated with spending over the three percent cap during previous years.

(3) First, Second, Third Lien Revenues consist of sales taxes deposited into the State Road Bond Fund.

(4) First, Second, Third Lien Net Pledged Revenues consist of excess Senior Net Pledged Revenues and sales tax deposited into the State Road Bond Fund.

(5) Federal Reimbursement Revenues exclude American Recovery and Reinvestment Act revenue and amounts passed through to other political entities. For debt service coverage calculation purposes, excess First, Second, Third Lien Net Revenues are not included.

(6) Federal reimbursement interest is reported net of federal subsidies associated with Build America Bonds.

First, Second, Third Lien Revenues (3)	First, Second, Third Lien Net Pledged Revenues (4)	First Lien			Second Lien			Third Lien		
		Principal	Interest	Coverage	Principal	Interest	Coverage	Principal	Interest	Coverage
$162,858	$651,509	$53,940	$30,044	7.76	$13,555	$21,768	5.46	$15,660	$10,308	4.48
149,793	644,078	52,330	38,643	7.08	12,055	25,316	5.02	15,025	10,352	4.19
113,443	647,559	50,805	41,111	7.05	10,605	25,798	5.05	14,410	9,974	4.24
106,451	640,952	49,385	43,432	6.91	5,465	26,024	5.16	13,825	9,989	4.33
100,945	620,434	48,025	45,721	6.62	1,600	26,088	5.11	---	10,048	4.72
93,744	655,687	41,725	47,609	7.34	5,280	26,299	5.42	---	4,785	5.22
91,013	644,140	35,575	49,140	7.60	9,775	26,690	5.32	---	668	5.29
84,476	695,699	24,510	50,204	9.31	---	16,978	7.59	---	1,654	7.45
65,738	679,938	23,530	40,651	10.60	---	---	---	13,080	2,339	8.55
26,096	651,893	23,835	10,392	19.05	---	---	---	---	2,047	17.98

Demographic and Economic Information Population, Personal Income and Unemployment Rate

Years Ended December 31

(Amounts in Thousands)

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2014	6,064	$255,748,000	$42	5.1 %
2013	6,044	238,095,000	39	7.4
2012	6,022	223,049,000	39	7.6
2011	6,011	229,986,000	38	7.7
2010	6,012	217,486,000	36	9.2
2009	5,988	213,238,000	36	9.2
2008	5,912	205,288,000	35	6.0
2007	5,878	198,757,000	34	5.1
2006	5,838	188,399,000	32	5.2
2005	5,788	178,036,000	31	6.3

Sources:

Population: United States Department of Commerce, Census Bureau

Personal Income, Per Capita Personal Income and Unemployment Rate: United States Department of Commerce, Bureau of Economic Analysis

Demographic and Economic Information
Employment Sectors
Years Ended December 31

(Amounts in Thousands)

	2014			2005		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Trade, transportation and utilities	537	1	20 %	557	1	20 %
Government	441	2	16	440	2	16
Education and health services	438	3	16	376	3	14
Professional and business services	358	4	13	326	4	12
Leisure and hospitality	278	5	10	266	6	10
Manufacturing	261	6	9	310	5	11
Financial activities	165	7	6	164	7	6
Other services	113	8	4	119	9	4
Construction, natural resources and mining	112	9	4	150	8	5
Information	57	10	2	64	10	2
Total	2,760		100 %	2,772		100 %

Source:

United States Department of Labor, Bureau of Labor Statistics

Note:

Information on employers is provided at the more general level of employment sectors, rather than the top ten specific employers of the state of Missouri. This data is more relevant to the mission of a transportation system.

Demographic and Economic Information
Licensed Drivers with Population Data
Years Ended June 30

(Amounts in Thousands)

Year	Licensed Drivers	Change in Licensed Drivers	Population	Change in Population
2014	4,295	15	6,044	22
2013	4,280	(8)	6,022	11
2012	4,288	11	6,011	(1)
2011	4,277	31	6,012	24
2010	4,246	28	5,988	76
2009	4,218	21	5,912	34
2008	4,197	35	5,878	40
2007	4,162	22	5,838	50
2006	4,140	5	5,788	43
2005	4,135	87	5,745	39

Sources:

Licensed Drivers: Missouri Department of Revenue for federal reporting

Population: United States Department of Commerce, Census Bureau

Notes:

Fiscal year 2015 licensed drivers data is not yet available.

Population is reported on a calendar year basis within the applicable fiscal year.

Demographic and Economic Information
Vehicle Registrations with Fuel Tax Receipts

Years Ended June 30

(Amounts in Thousands Except Fuel Tax Receipts per Registration)

Fiscal Year	Registrations	Percentage Change in Registrations	Net State Fuel Tax Receipts	Percentage Change in Fuel Tax Receipts	Fuel Tax Receipts per Registration
2014	6,390	(6.1) %	$680,045	1.9 %	106
2013	6,807	2.2	667,361	0.2	98
2012	6,659	8.7	666,106	(2.8)	100
2011	6,124	(8.5)	685,447	0.2	112
2010	6,691	10.5	684,164	0.5	102
2009	6,057	1.6	680,862	(4.1)	112
2008	5,961	(0.6)	710,246	0.9	119
2007	5,997	(0.7)	704,071	(0.5)	117
2006	6,040	7.7	707,856	(0.4)	117
2005	5,609	(1.9)	710,343	1.4	127

Sources:

Registrations: Missouri Department of Revenue, Missouri State Highway Patrol and MoDOT for federal reporting

Fuel Tax Receipts: MoDOT Financial Services Division, cash basis

Note:

Fiscal year 2015 registrations data is not yet available.

Operating Information
Demand and Level of Service Indicators
Years Ended December 31

	Daily Vehicle Miles Traveled (Amounts in Thousands)				
Year	**State Highways**	**Non-State Highways**	**Total Public Highways**	**Population (Amounts in Thousands)**	**Average Daily Miles Per Capita**
2014	134,056	60,293	194,349	6,064	32.1
2013	131,064	58,871	189,935	6,044	31.4
2012	130,518	56,887	187,405	6,022	31.1
2011	129,512	58,948	188,460	6,011	31.4
2010	130,628	62,879	193,507	6,012	32.2
2009	130,047	59,257	189,304	5,988	31.6
2008	130,703	55,834	186,537	5,912	31.6
2007	134,149	55,303	189,452	5,878	32.2
2006	132,758	55,828	188,586	5,838	32.3
2005	132,604	55,763	188,367	5,788	32.5

Sources:

Daily Vehicle Miles Traveled: MoDOT Transportation Planning Division

Population: United States Department of Commerce, Census Bureau

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Operating Information
Demand and Level of Service Indicators
Years Ended June 30

	Freight Tonnage By Mode (Amounts In Thousands) (1) (2)				Travel Information by Mode		
Year	**Port**	**Motor Carrier**	**Aviation**	**Rail**	**Number of Transit Passengers**	**Number of River Runner Rail Passengers**	**Number of Airline Passengers (Amounts in Millions) (2)**
2015	n/a-cy	n/a-cy	n/a-cy	n/a-cy	n/a-src	185,600	n/a-cy
2014	45,000	485,000	196	431,000	63,100,000	189,200	11.9
2013	35,000	464,000	198	420,000	62,500,000	197,000	11.6
2012	30,000	409,000	195	438,000	63,400,000	193,000	11.6
2011	33,000	400,000	197	449,000	58,600,000	191,000	11.7
2010	33,000	398,000	182	441,000	56,300,000	165,000	11.5
2009	24,000	368,000	190	416,000	68,400,000	153,000	11.5
2008	26,000	361,000	240	412,000	68,600,000	138,000	13.0
2007	29,000	470,000	260	410,000	64,800,000	144,312	13.4
2006	35,000	399,000	267	441,000	71,100,000	174,513	13.0

Source:

MoDOT Tracker – Measures of Departmental Performance

Notes:

(1) Data is estimated and provides generalized trends and movements.

(2) Measured on a calendar year basis.

(3) Negative numbers mean final project cost was less than the amount budgeted for the project.

(4) Prior years data may be updated for information received in subsequent years.

n/a-cy: Not available - calendar year basis.

n/a-src: Not available - external source provides data.

Road and Bridge Projects		Safety		
Percent of Programmed Project Cost As Compared To Final Project Cost (3)	Percent of Projects Completed on Time	Number of Fatalities from Traffic Crashes (2) (4)	Number of Serious Injuries from Traffic Crashes (2) (4)	Percent of Stripes on Major Roads In Good Condition (2)
(5.56) %	67 %	n/a-cy	n/a-cy	n/a-cy
(7.70)	73	766	4,491	83.0 %
(12.47)	80	757	4,939	92.1
(10.43)	75	826	5,506	96.4
(15.37)	74	786	5,643	92.4
(11.48)	79	821	6,096	91.3
0.31	67	878	6,540	91.0
(2.27)	71	960	6,931	96.4
(2.57)	74	992	7,744	95.7
1.61	64	1,096	8,151	95.4

Operating Information
Capital Asset Indicators (1)
Years Ended December 31

Year	Centerline Miles (2)	Percentage of Major Highways In Good Condition (3)	Number of Deficient Bridges (4)
2014	33,892	89.2 %	1,914
2013	33,890	89.7	1,966
2012	33,885	88.5	2,081
2011	33,845	88.1	2,208
2010	33,702	85.8	2,486
2009	33,639	86.5	2,679
2008	33,676	83.4	2,838
2007	33,685	78.0	2,844
2006	33,681	74.0	2,836
2005	32,423	60.8	2,892

Sources:

MoDOT Tracker – Measures of Departmental Performance

Centerline miles provided by Transportation Planning Division

Notes:

(1) Assets of non-highway modes are not owned by the state. MoDOT administers funds to those entities, primarily through federal and state grants.

(2) Beginning in 2006, outer roadways were included in the mileage report.

(3) The Department's emphasis on Smooth Roads Initiative projects in 2005 and 2006 significantly increased the condition of major highways.

(4) The Safe and Sound Bridge Improvement program, completed in October 2012, rehabilitated 248 and replaced 554 bridges.

Operating Information
Capital Asset Indicators
Years Ended December 31

	Total Public Centerline Miles									
Functional Classification	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Rural										
Interstate	842	841	867	723	722	722	722	722	800	800
Freeway/expressway	920	923	878	967	953	2	2	---	---	---
Principal arterial	2,043	2,037	2,103	2,157	2,171	3,115	3,116	3,117	3,246	3,171
Minor arterial	3,953	3,964	3,962	3,959	3,944	3,948	3,927	3,927	4,076	4,135
Major collector	16,134	16,164	16,191	16,181	16,185	16,182	16,211	16,216	16,444	16,461
Minor collector	5,946	5,953	5,961	5,954	5,944	5,948	5,961	5,966	5,995	5,949
Local	923	934	965	963	935	885	875	869	922	21
Urban										
Interstate	538	538	512	482	459	459	459	459	381	381
Freeway/expressway	461	446	434	455	470	398	397	399	343	344
Principal arterial	689	708	719	730	730	803	808	811	701	694
Minor arterial	582	571	565	549	527	526	516	513	352	340
Major collector	517	485	446	445	414	410	437	442	235	111
Minor collector	23	14	2	---	---	---	---	---	---	---
Local	321	312	280	280	248	241	245	244	186	16
Total centerline miles	33,892	33,890	33,885	33,845	33,702	33,639	33,676	33,685	33,681	32,423
Statewide Composite										
Interstate	1,380	1,379	1,379	1,206	1,181	1,181	1,181	1,181	1,181	1,181
Freeway/expressway	1,381	1,369	1,312	1,421	1,423	400	399	399	343	344
Arterial	7,267	7,280	7,349	7,394	7,372	8,392	8,367	8,368	8,375	8,340
Collector	22,620	22,616	22,600	22,580	22,542	22,540	22,609	22,624	22,674	22,521
Local	1,244	1,246	1,245	1,244	1,184	1,126	1,120	1,113	1,108	37
Total centerline miles	33,892	33,890	33,885	33,845	33,702	33,639	33,676	33,685	33,681	32,423

Source:

MoDOT Transportation Planning Division

Note:

Beginning in 2006, outer roadways were included in the mileage report.

Operating Information
Employee Full-Time Equivalents (FTE)
Years Ended June 30

	2015	2014	2013	2012	2011	2010	2009	2008	2007
District offices	4,610	4,653	4,501	4,685	5,183	5,541	5,512	5,577	5,765
Central office	771	765	765	886	1,028	1,096	1,124	1,189	1,233
Total	5,381	5,418	5,266	5,571	6,211	6,637	6,636	6,766	6,998

Source:

State of Missouri payroll reporting system

Note:

The decreases in 2011-2013 resulted from planned staffing reductions.

Other Information

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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*

Missouri Highways and Transportation Commission
Missouri Department of Transportation
Jefferson City, Missouri

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 Missouri Department of Transportation (the Department), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated September 28, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. 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.

Compliance And Other Matters

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

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 results 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.

RubinBrown LLP

September 28, 2015