



WYOMING DEPARTMENT OF TRANSPORTATION FINANCIAL AND COMPLIANCE REPORT SEPTEMBER 30, 2020





Wyoming Department of Transportation

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INDEPENDENT AUDITOR'S REPORT

To the Transportation Commission
Wyoming Department of Transportation
Cheyenne, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Wyoming Department of Transportation (the "Department"), a component unit of the State of Wyoming, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Department as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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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 4 through 13, Infrastructure Assets Reported Using the Modified Approach on pages 46 through 49, Schedule of Revenue Appropriated and Expenditures Allocated – Budget and Actual – WYDOT General Fund on page 50, Schedule of Revenue Appropriated and Expenditures Allocated – Budget and Actual – State Infrastructure Bank Fund on page 51, Schedules of the Department's Proportionate Shares of the Net Pension Liabilities and Schedules of the Department's Contributions on pages 52 through 54, Schedule of the Department's Proportionate Share of the Total OPEB Liability on page 55, and the Notes to Required Supplementary Information on pages 56 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The Combining Statements of Nonmajor Governmental Funds, Combining Statements of Fiduciary Funds, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
March 10, 2021



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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the financial report of the Wyoming Department of Transportation (Department), a component unit of the State of Wyoming, presents our discussion and analysis of the Department's financial performance during the fiscal year that ended on September 30, 2020.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

The Department's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources as of September 30, 2020 by \$5.85 billion. This is an increase of \$36.79 million from 2019. The Department's unrestricted net position increased by \$4.49 million from a negative \$177.72 million to a negative \$173.23 million. The Department's restricted net position increased by \$0.63 million from \$44.40 million to \$45.03 million. The Department has \$5.98 billion invested in infrastructure and capital assets which is an increase of \$31.67 million from the previous year.

The Department's investment in road, bridge and communication infrastructure assets during the year resulted in an increase of \$28.62 million in infrastructure assets.

Fund Financial Statements

As of September 30, 2020, the Department's governmental funds reported combined fund balances of \$193.24 million, an increase of \$20.16 million. The Department's governmental funds had \$27.96 million classified as non-spendable invested in inventories. The Department had \$45.03 million classified as restricted fund balance which consisted of \$0.30 million restricted for radioactive waste clean-up, \$0.33 million restricted for ignition interlock device expenditures, \$16.10 million restricted for commercial air service improvement, \$1.62 million restricted for air service enhancement, \$26.06 million restricted for loans on infrastructure projects, \$0.46 million restricted for wildlife conservation, and \$0.15 million restricted for other governmental entities per Wyoming Statute. The Department had \$33.44 million of committed fund balance at year end for the additional \$0.10 motor fuels tax committed for contractor payments on road construction. The Department had \$18.49 million classified as assigned fund balance to include \$10.63 million for the purpose of its State Infrastructure Bank Fund, \$1.66 million for the Motorcycle Safety Fund, \$0.66 million to help local governments with mass transit purchases through the Federal Transit Authority, \$5.39 million for communication system enhancements, and \$0.15 million related to other nonmajor governmental funds. The Department had \$68.32 million classified as unassigned fund balance in the WYDOT General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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Government-Wide Financial Statements

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

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

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

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

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

The Department's government-wide financial statements are presented on pages 16 and 17.

Fund Financial Statements

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



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

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

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

The Department's governmental fund financial statements are presented on pages 18 through 21.

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

The fiduciary funds statement is presented on page 22.

Notes to the basic financial statements provide additional information that is essential to a full understanding of data provided in the government-wide and fund statements. The notes are presented on pages 23 through 44.

Required Supplementary Information (RSI) is presented concerning the Department's infrastructure assets reported using the modified approach, budgetary schedules, proportionate share of the net pension liability, contributions to the net pension liability, proportionate share of the total OPEB liability, and notes to the Required Supplementary Information. The RSI is presented on pages 45 through 58.

In addition to the required elements, we have included the combining funds statements that provide details about our nonmajor governmental and fiduciary funds presented in single columns in the basic financial statements. These are presented immediately following the required supplementary information on pages 59 through 67.



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GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Department's financial position. The Department's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5.85 billion. By far the largest portion of the Department's net position reflects its investment in capital assets. The vast majority of these capital assets are the \$5.80 billion investment in road, bridge, and communication infrastructure assets. These assets are not available for future spending. The Department has \$10.21 million in outstanding debt relating to current capital assets. The Department's other significant noncurrent liabilities include net pension liability of \$143.84 million and total OPEB liability of \$135.81 million for the year ended September 30, 2020. The Department's \$45.03 million restricted net position reflects resources that are legally restricted for specific purposes. The unrestricted net position increased \$4.49 million to \$(173.23) million.

The following financial information was derived from the September 30, 2020 and 2019 Statements of Net Position.

Summary of Net Position

	2020		2019		Increase (Decrease)	
Current assets	\$ 269,027,555	4.30%	\$ 248,590,834	4.01%	\$ 20,436,721	8.22%
Noncurrent assets						
Infrastructure	5,796,901,601	92.63%	5,768,282,761	92.93%	28,618,840	0.50%
Other capital assets	192,215,115	3.07%	189,902,699	3.06%	2,312,416	1.22%
Total assets	6,258,144,271	100.00%	6,206,776,294	100.00%	51,367,977	0.83%
Deferred outflows of resources	47,759,505	100.00%	89,503,113	100.00%	(41,743,608)	-46.64%
Current liabilities	67,396,010	18.28%	66,222,121	14.96%	1,173,889	1.77%
Noncurrent liabilities	301,238,024	81.72%	376,533,741	85.04%	(75,295,717)	-20.00%
Total liabilities	368,634,034	100.00%	442,755,862	100.00%	(74,121,828)	-16.74%
Deferred inflows of resources	86,555,528	100.00%	39,601,796	100.00%	46,953,732	118.56%
Net position						
Invested in capital assets	5,978,907,711	102.19%	5,947,241,178	102.29%	31,666,533	0.53%
Restricted net position	45,033,620	0.77%	44,398,711	0.76%	634,909	1.43%
Unrestricted net position	(173,227,117)	-2.96%	(177,718,140)	-3.05%	4,491,023	-2.53%
Total net position	\$ 5,850,714,214	100.00%	\$ 5,813,921,749	100.00%	\$ 36,792,465	0.63%

The current assets of \$269.03 million consist of \$151.21 million in cash, \$88.41 million in accounts receivable and \$27.96 million in inventories. The \$20.44 million increase in current assets is due to an increase in cash at year end due to a continued effort in fiscal year 2020 to increase cash reserves on hand and to an increase in accounts receivable which fluctuates with the timing and mix of projects in progress.

The current liabilities of \$67.40 million, an increase of \$1.17 million, are comprised of \$53.59 million in accounts payable, \$0.19 million in deposits held for others, \$1.13 million in unearned revenue, \$0.79 million in lease purchase payable due within one year, and \$11.70 million in compensated absences due within one year. The \$1.17 million increase is due to the increase in accounts payable which normally fluctuates with the timing and mix of projects in progress.

The noncurrent liabilities of \$301.24 million are mostly due to the recognition of the Department's



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\$143.84 million net pension liability, \$135.81 million total OPEB liability, compensated absences due in more than one year of \$12.17 million, and lease purchase agreement payable due in more than one year of \$9.42 million.

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

Summary of Changes in Net Position

	2020		2019		Increase (Decrease)	
Revenues						
Program revenues						
Charges for services	\$ 26,650,439	3.73%	\$ 32,487,054	4.93%	\$ (5,836,615)	-17.97%
Operating grants and contributions	408,373,134	57.23%	321,739,568	48.80%	86,633,566	26.93%
Capital grants and contributions	10,407,575	1.46%	8,581,777	1.30%	1,825,798	21.28%
General revenues						
Motor fuels tax and registration fees	199,224,811	27.91%	208,532,879	31.63%	(9,308,068)	-4.46%
Mineral royalty and severance tax	54,197,260	7.59%	71,403,429	10.83%	(17,206,169)	-24.10%
State general fund revenue	6,283,103	0.88%	(83,732)	-0.01%	6,366,835	-7603.83%
Investment income	4,579,783	0.64%	8,438,425	1.28%	(3,858,642)	-45.73%
Other revenue	4,020,997	0.56%	8,171,659	1.24%	(4,150,662)	-50.79%
Total revenue	713,737,102	100.00%	659,271,059	100.00%	54,466,043	8.26%
Expenses						
Road preservation and maintenance	493,018,955	72.84%	475,279,405	74.53%	17,739,550	3.73%
Planning	14,188,312	2.10%	11,944,869	1.87%	2,243,443	18.78%
Highway safety	7,331,166	1.08%	7,614,219	1.19%	(283,053)	-3.72%
Administration	32,470,404	4.80%	36,013,744	5.65%	(3,543,340)	-9.84%
Federal transit	13,083,147	1.93%	12,442,561	1.95%	640,586	5.15%
Licensing and registration	13,630,138	2.01%	12,403,451	1.95%	1,226,687	9.89%
Law enforcement	42,848,512	6.33%	44,864,983	7.04%	(2,016,471)	-4.49%
Statewide communication network	2,389,408	0.35%	1,476,306	0.23%	913,102	61.85%
Airport improvement	57,573,690	8.50%	34,936,189	5.48%	22,637,501	64.80%
Flight services	410,905	0.06%	699,262	0.11%	(288,357)	-41.24%
Total expenses	676,944,637	100.00%	637,674,989	100.00%	39,269,648	6.16%
Change in net position	36,792,465		21,596,070		15,196,395	
Net position, beginning	5,813,921,749		5,792,325,679		21,596,070	
Net position, ending	\$ 5,850,714,214		\$ 5,813,921,749		\$ 36,792,465	

The Department's total revenues increased by \$54.47 million when compared to the previous year. The global pandemic declared in March 2020 had a negative impact on the department's revenues from investment income, severance tax, fuel tax, highway user fees, as well as, city, county and other matching on projects that were either cancelled or delayed. However, the Department experienced an overall increase in revenues due to an increase in size and timing related to road preservation and maintenance and airport improvement projects. A \$6.37 million increase in state general fund revenue received was due to increased funding provided by the federal government related to the pandemic passed through to WYDOT.

Total expenses increased when compared with 2019, increasing by \$39.27 million. Road preservation and maintenance and airport improvement expenses increased \$17.74 and \$22.64 million, respectively, in fiscal year 2020 primarily due to the amount of noncapitalized construction that did not improve existing infrastructure assets or provide for new infrastructure.



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Fund Level Financial Analysis

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

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

At September 30, 2020, the Department's governmental funds reported combined fund balances of \$193.24 million, an increase of \$20.16 million compared to the prior year.

The General Fund is the main operating fund of the Department. As of September 30, 2020, the total fund balance was \$129.72 million. The State Infrastructure Bank fund balance as of September 30, 2020 was \$36.69 million. The remaining nonmajor governmental funds have a combined fund balance of \$26.83 million.

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

Summary of Revenue - Governmental Funds

REVENUES	2020		2019		Increase (Decrease)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Motor fuels tax and registration fees	\$112,447,333	15.76%	\$118,810,429	18.27%	\$ (6,363,096)	-5.36%
Mineral royalty and severance tax	54,826,907	7.68%	68,904,200	10.60%	(14,077,293)	-20.43%
Highway user fees	107,483,921	15.06%	110,702,051	17.03%	(3,218,130)	-2.91%
Federal aid	364,722,552	51.11%	292,375,433	44.97%	72,347,119	24.74%
Federal grant	53,417,116	7.49%	37,945,911	5.84%	15,471,205	40.77%
Interest and investment	4,579,781	0.64%	8,438,425	1.30%	(3,858,644)	-45.73%
City, County and other matching	3,572,361	0.50%	7,824,824	1.20%	(4,252,463)	-54.35%
Flight services	438,870	0.06%	608,186	0.09%	(169,316)	-27.84%
Statewide communication network	255,243	0.04%	280,952	0.04%	(25,709)	-9.15%
Other state sources	6,283,103	0.88%	(83,732)	-0.01%	6,366,835	-7603.83%
Other miscellaneous	5,334,941	0.75%	4,411,881	0.67%	923,060	20.92%
Revenue from others	179,847	0.03%	-	0.00%	179,847	100.00%
Total revenues	\$713,541,975	100.00%	\$650,218,560	100.00%	\$ 63,323,415	9.74%

Total revenues for governmental activities increased from \$650.22 million in 2019 to \$713.54 million in 2020. The global pandemic declared in March 2020 had a negative impact on the department's revenues from investment income, severance tax, fuel tax, highway user fees, as well as, city, county and other matching on projects that were either cancelled or delayed. However, the Department experienced an overall increase in revenues due to an increase in size and timing related to road preservation and maintenance and airport improvement projects. A \$6.37 million increase in state general fund revenue received was due to increased funding provided by the federal government related to the pandemic passed through to WYDOT.



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

Summary of Expenditures - Governmental Funds

	2020		2019		Increase (Decrease)	
EXPENDITURES						
Current						
Road preservation and maintenance	\$ 514,483,438	74.11%	\$ 457,700,004	73.56%	\$ 56,783,434	12.41%
Planning	13,794,734	1.99%	11,265,054	1.81%	2,529,680	22.46%
Highway safety	6,399,892	0.92%	6,139,474	0.99%	260,418	4.24%
Administration	29,806,620	4.29%	30,159,976	4.85%	(353,356)	-1.17%
Federal transit	13,060,833	1.88%	12,400,350	1.99%	660,483	5.33%
Licensing and registration	13,582,560	1.96%	12,342,925	1.98%	1,239,635	10.04%
Law enforcement	42,010,406	6.05%	39,459,790	6.34%	2,550,616	6.46%
Statewide communication network	2,380,928	0.34%	1,462,206	0.24%	918,722	62.83%
Airport improvement	57,298,728	8.25%	34,580,086	5.56%	22,718,642	65.70%
Flight services	410,906	0.06%	699,262	0.11%	(288,356)	-41.24%
Debt Service						
Principal	735,277	0.11%	15,686,132	2.52%	(14,950,855)	-95.31%
Interest	290,852	0.04%	310,110	0.05%	(19,258)	-6.21%
Total expenditures	<u>\$ 694,255,174</u>	<u>100.00%</u>	<u>\$ 622,205,369</u>	<u>100.00%</u>	<u>\$ 72,049,805</u>	<u>11.58%</u>

Expenditures for governmental functions increased from \$622.21 million in 2019 to \$694.26 million for fiscal year 2020, an 11.58% increase. The majority of the increase occurred in road preservation and maintenance and airport improvement due to the amount of noncapitalized construction that did not improve existing infrastructure assets or provide for new infrastructure.

Capital Assets and Debt Administration

The Department's investment in capital assets for its governmental activities as of September 30, 2020 amounted to \$5.98 billion (net of accumulated depreciation). This investment in capital assets includes infrastructure (consisting of roadways, bridges, and statewide communications network), land, site improvements, buildings, equipment, and construction in progress. Additional information on the Department's capital assets can be found in Note 7 of the financial statements.

During the year, the Department invested \$28.62 million in infrastructure assets, which was a decrease of \$151.96 million from fiscal year 2019. The Department had additions to depreciable assets of: \$4.48 million for buildings; \$13.29 million for vehicles, aircraft and road machinery; \$0.26 million for site improvements and \$0.95 million for general property. The Department continues to stretch the existing equipment replacement cycle in order to reduce amounts expended. Note 7 provides more detailed information on the capital asset activity during the year for the Department.



Wyoming Department of Transportation

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

	Beginning Balance September 30, 2019	Additions	Deletions	Transfers	Ending Balance September 30, 2020
Infrastructure	\$ 5,768,282,761	\$ 28,618,840	\$ -	\$ -	\$ 5,796,901,601
Nondepreciable capital assets					
Land	\$ 7,240,775	\$ 743,000	\$ -	\$ -	\$ 7,983,775
Work in progress	9,250,367	279,033	(620,789)	(3,884,163)	5,024,448
Depreciable and amortizable capital assets					
Site improvements	14,876,623	263,310	-	874,667	16,014,600
Buildings	197,626,959	4,477,976	-	3,009,496	205,114,431
Vehicles, aircraft and road machinery	154,676,622	13,286,125	(3,702,447)	-	164,260,300
General property	23,122,573	953,629	(834,252)	-	23,241,950
Software	10,341,469	-	-	-	10,341,469
Depletable capital assets					
Gravel pit	1,233,000	-	-	-	1,233,000
Total capital assets at historical cost	418,368,388	20,003,073	(5,157,488)	-	433,213,973
Total depreciation, depletion and amortization	(228,465,689)	(16,132,256)	3,599,087	-	(240,998,858)
Non-infrastructure capital assets - net	\$ 189,902,699	\$ 3,870,817	\$ (1,558,401)	\$ -	\$ 192,215,115

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

The Department manages its road network with a pavement management system developed by the Department. A consulting firm is contracted to collect the data. The pavement condition is rated in three areas: ride, rutting, and cracking. A composite rating is derived from three condition ratings called the Pavement Serviceability Rating (PSR). The pavement management system establishes a PSR on a scale from 0 to 5 for each road section with excellent 5.0 to 3.6, good 3.5 to 3.1, fair 3.0 to 2.6 and poor 2.5 to 0. It is the Department's policy to maintain its Interstate and Non-Interstate National Highway Road System (NHS) at an overall 2.8 (fair) and its Off the National Highway Road System (Non-NHS) at 2.5 (poor). As of September 30, 2020, the NHS is at an overall 3.1, with Interstate at 3.2 and Non-Interstate at 3.1, and the Non-NHS is at 3.0.

The Department uses a comprehensive bridge management system to assist in managing the State's bridges. Each bridge is inspected at least once every two years. Each Bridge is composed of three components: deck, superstructure and substructure. Inspectors collect inventory data and assess the conditions of bridge components (decks, superstructures, substructures and culverts) in accordance with the FHWA *Recording and Coding Guide for the Structure Inventory and Appraisal of the Nation's Bridges* (Coding Guide). Also, inspectors assess conditions of bridge elements (such as slabs, girders, abutments, piers, culverts, etc.) in accordance with the AASHTO *Manual for Bridge Element Inspection* (MBEI).



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Using the bridge element conditions as a basis, an inspector provides an overall condition rating for each bridge component based on a rating scale of 9 (Excellent) to 0 (Failed) in accordance with the Coding Guide. The inspector provides a separate component condition rating for a culvert.

Each bridge is given a performance rating based on the National Highway Performance Program (NHPP) guidelines. The rating is based on the minimum condition of the three bridge components (deck, superstructure, substructure).

Targets based on the MAP-21 required state of good repair have been set for bridge conditions. The Department's goal is to maintain 10% percent of its NHS and Non-NHS bridges in Good Condition and less than 10% in Poor Condition based on bridge deck area.

As of September 30, 2020, the bridge ratings were at 20.0% for NHS/25.4% for Non-NHS in Good Condition and at 6.3% for NHS/7.6% for Non-NHS in Poor Condition.

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

To assess and monitor the communication system's operating effectiveness, Telecom Infrastructure Asset ratings are calculated from the Telecommunications Program using various measures. Ratings are grouped as WyoLink Base/Repeater, and Other-Telecom (Radio Site and Microwave). Telecom maintained this communications infrastructure following the technical evaluation and documentation procedures detailed in the policy. The Department's policy is to maintain 100% of its communication system in acceptable condition; actual overall rating was 98.6% of WyoLink assets and 97.1% of other Telecom assets in acceptable or good condition at the end of the year.

The Department estimated maintenance and preservation expenditures on infrastructure assets of \$447.1 million for the year ended September 30, 2020. Actual expenditures on infrastructure for maintenance and preservation were \$422.7 million, a difference of \$24.4 million. The difference is due to the size and length of the construction projects.

WYDOT Budgetary Highlights

WYDOT's fiscal year 2021 operating budget demonstrates revenues that, overall, are flat and a decrease in buying power. Fuel tax revenue includes a decrease of \$21.00 million or 18% due to traffic reductions and a projected reduction in revenue due to the global pandemic (COVID-19). Federal funding is projected to increase approximately \$7.40 million or 6%, primarily due to new grant funding for specific construction projects. WYDOT also expects an additional \$63.50 million in one-time COVID-19 relief funding.

WYDOT included cuts in the fiscal year 2021 operating budget to respond to the expected decrease in fuel tax revenue. Ten rest areas were closed, approximately \$5.00 million was cut from the equipment budget, a reduction in maintenance for buildings and strict adherence to the snow control plan which was reduced overall by limiting the number of hours snow removal on certain roads.



Wyoming Department of Transportation

Lease Purchase Agreement

At the end of the current year, the Department had \$10.21 million in outstanding debt related to its capital assets in the form of a lease-purchase agreement. The energy efficiencies should provide enough energy cost savings to make the principal and interest payments. This strategy allowed the Department to invest in the energy upgrades without taking financial resources from the Department's core mission of providing a safe and efficient transportation system. Additional information on the Department's lease purchase agreements can be found in Note 6 to the financial statements.

Economic Outlook

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in the U.S. as Federal, state and local governments reacted to the public health crisis. The Department experienced a decrease in fuel tax revenues as well as decreased highway user fees. In addition, the Department receives an allocation of investment earnings from the State and investment values may be affected in the future. To the extent that future economic conditions continue to impact discretionary consumer spending, fuel tax revenues and highway user fees will likely be affected. At this time, the overall impact of the global COVID-19 pandemic on the Department, as well as the substantial budget cuts facing governmental entities within the State of Wyoming, is unknown.

WYDOT initially expected a significant decrease in fuel tax revenues due to a decrease in traffic numbers related to the global COVID-19 pandemic when preparing the fiscal year 2021 budget. The first quarter of fiscal year 2021 is indicating recovery of the traffic numbers. The current expectation is that traffic numbers may increase to levels experienced in the last three years, which would have less impact on the Department than originally anticipated.

WYDOT began a study in fiscal year 2020 to examine the needs of the entire agency, department by department, to include building needs. The study was a comprehensive look at all agency needs, for example, design and construction, computer systems, highway patrol, communication, motor vehicle services, airport improvements, etc. The results of the study show that WYDOT has a \$354.00 million per year unfunded need as compared to current revenues. This information is being used to contribute to the overall strategic direction of WYDOT as future revenue needs are addressed.

Requests for Information

This financial report is designed to provide a general overview of the Department's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Wyoming Department of Transportation, Financial Services, 5300 Bishop Boulevard, Cheyenne, Wyoming 82009.



Wyoming Department of Transportation





BASIC FINANCIAL STATEMENTS



Wyoming Department of Transportation

STATEMENT OF NET POSITION

September 30, 2020

ASSETS

Current Assets

Cash with State Treasurer	\$ 151,207,221
Accounts receivable	88,408,027
Advances to Primary Government	100,000
Due from Primary Government	1,351,350
Inventories	27,960,957
Total current assets	269,027,555

Noncurrent Assets

Depreciable capital assets, net	179,206,892
Land and non-depreciable infrastructure	5,590,038,334
Construction in progress	219,871,490
Total noncurrent assets	5,989,116,716

Total assets

\$ 6,258,144,271

DEFERRED OUTFLOWS OF RESOURCES

Pension related	\$ 20,586,854
OPEB related	27,172,651
Total deferred outflows of resources	\$ 47,759,505

LIABILITIES

Current Liabilities

Accounts payable	\$ 53,594,764
Deposits of others	185,047
Unearned revenue	1,134,155
Lease purchase payable, due within one year	786,691
Compensated absences, due within one year	11,695,353
Total current liabilities	67,396,010

Noncurrent Liabilities

Lease purchase payable, due in more than one year	9,422,314
Compensated absences, due in more than one year	12,172,715
Net pension liability	143,837,246
Total OPEB liability	135,805,749
Total noncurrent liabilities	301,238,024

Total liabilities

\$ 368,634,034

DEFERRED INFLOWS OF RESOURCES

Pension related	\$ 40,791,689
OPEB related	45,763,839
Total deferred inflows of resources	\$ 86,555,528

NET POSITION

Net Investment in Capital Assets	\$ 5,978,907,711
Restricted	45,033,620
Unrestricted (Deficit)	(173,227,117)
Total net position	\$ 5,850,714,214

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



Wyoming Department of Transportation

STATEMENT OF ACTIVITIES For the Year Ended September 30, 2020

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental Activities					
Road preservation and maintenance	\$ 493,018,955	\$ 17,891,837	\$ 365,293,129	\$ -	\$ (109,833,989)
Planning	14,188,312	-	-	-	(14,188,312)
Highway safety	7,331,166	40,600	3,508,701	-	(3,781,865)
Administration	32,470,404	4,387	2,457,736	-	(30,008,281)
Federal transit	13,083,147	-	502,699	10,407,575	(2,172,873)
Licensing and registration	13,630,138	8,003,157	-	-	(5,626,981)
Law enforcement	42,848,512	16,345	1,367,585	-	(41,464,582)
Statewide communication network	2,389,408	255,243	-	-	(2,134,165)
Airport improvement	57,573,690	-	35,243,284	-	(22,330,406)
Flight services	410,905	438,870	-	-	27,965
	<u>\$ 676,944,637</u>	<u>\$ 26,650,439</u>	<u>\$ 408,373,134</u>	<u>\$ 10,407,575</u>	<u>(231,513,489)</u>
General Revenue					
					199,224,811
					54,197,260
					6,283,103
					4,579,783
					4,020,997
					<u>268,305,954</u>
					<u>36,792,465</u>
					<u>5,813,921,749</u>
					<u>\$ 5,850,714,214</u>

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



Wyoming Department of Transportation

**BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2020**

	WYDOT General Fund	State Infrastructure Bank Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash with State Treasurer	\$ 87,251,666	\$ 36,565,090	\$ 27,390,465	\$ 151,207,221
Accounts receivable	88,148,054	-	259,973	88,408,027
Due from other funds	334,137	127,775	-	461,912
Advances to Primary Government	-	-	100,000	100,000
Due from Primary Government	790,012	-	561,338	1,351,350
Inventories	27,960,957	-	-	27,960,957
Total assets	\$ 204,484,826	\$ 36,692,865	\$ 28,311,776	\$ 269,489,467
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 52,120,064	\$ -	\$ 1,474,700	\$ 53,594,764
Due to other funds	453,986	-	7,926	461,912
Deposits of others	185,047	-	-	185,047
Unearned revenue	1,134,155	-	-	1,134,155
Total liabilities	53,893,252	-	1,482,626	55,375,878
Deferred Inflows of Resources				
Unavailable revenue	20,873,192	-	-	20,873,192
Fund Balances				
Non-spendable	27,960,957	-	-	27,960,957
Restricted	-	26,061,739	18,971,881	45,033,620
Committed	33,437,802	-	-	33,437,802
Assigned	-	10,631,126	7,857,269	18,488,395
Unassigned	68,319,623	-	-	68,319,623
Total fund balances	129,718,382	36,692,865	26,829,150	193,240,397
Total liabilities, deferred inflows of resources, and fund balances	\$ 204,484,826	\$ 36,692,865	\$ 28,311,776	\$ 269,489,467

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



Wyoming Department of Transportation

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

September 30, 2020

Total fund balances - Total governmental funds \$ 193,240,397

Amounts reported for governmental activities in the statement of net position are different because:

Infrastructure and other capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. When capital assets used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. These assets and related accumulated depreciation, depletion, and amortization consist of:

Infrastructure assets	\$ 5,582,054,559	
Land	7,983,775	
Non-infrastructure WIP	5,024,448	
Infrastructure WIP	214,847,042	
Site improvements	16,014,600	
Buildings	205,114,431	
Vehicles, aircraft, and road machinery	164,260,300	
General property	23,241,950	
Gravel pit	1,233,000	
Non-tangible assets	10,341,469	
Accumulated depreciation, depletion, and amortization	<u>(240,998,858)</u>	5,989,116,716

Pension and OPEB related deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 47,759,505

Because the focus of governmental funds is on short-term financing, some assets (mineral and severance tax receivable) will not be available to pay for current expenditures. Those assets are offset by deferred revenue in the governmental funds and, thus, are not included in governmental fund balance. 20,873,192

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

Net pension liability	\$ (143,837,246)	
Total OPEB liability	(135,805,749)	
Long-term lease purchase agreement	(10,209,005)	
Compensated absences and termination benefits	<u>(23,868,068)</u>	(313,720,068)

Pension and OPEB related and other deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. (86,555,528)

Net position of governmental activities \$ 5,850,714,214

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



Wyoming Department of Transportation

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020

	WYDOT General	State		Total Governmental
	Fund	Infrastructure Bank Fund	Nonmajor Funds	
Revenues				
Motor fuels tax and registration fees	\$ 112,447,333	\$ -	\$ -	\$ 112,447,333
Mineral royalty and severance tax	54,826,907	-	-	54,826,907
Highway user fees	106,721,172	-	762,749	107,483,921
Federal aid	364,721,159	-	1,393	364,722,552
Federal grant	40,844,277	-	12,572,839	53,417,116
Interest and investment	2,446,937	1,565,776	567,068	4,579,781
City, county and other matching	2,931,321	-	641,040	3,572,361
Flight services	-	-	438,870	438,870
Statewide communication network	-	-	255,243	255,243
Other state sources	345,000	-	5,938,103	6,283,103
Other miscellaneous	5,334,910	-	31	5,334,941
Revenue from others	151,960	-	27,887	179,847
Total revenues	690,770,976	1,565,776	21,205,223	713,541,975
Expenditures				
Current				
Road preservation and maintenance	514,483,438	-	-	514,483,438
Planning	13,794,734	-	-	13,794,734
Highway safety	5,997,678	-	402,214	6,399,892
Administration	29,806,620	-	-	29,806,620
Federal transit	-	-	13,060,833	13,060,833
Licensing and registration	13,542,029	-	40,531	13,582,560
Law enforcement	42,010,406	-	-	42,010,406
Statewide communication network	-	-	2,380,928	2,380,928
Airport improvement	53,354,002	-	3,944,726	57,298,728
Flight services	-	-	410,906	410,906
Debt Service				
Principal	735,277	-	-	735,277
Interest	290,852	-	-	290,852
Total expenditures	674,015,036	-	20,240,138	694,255,174
Excess of revenue over expenditures	16,755,940	1,565,776	965,085	19,286,801
Other financing sources (uses)				
Transfers in	97,925,880	0	4,208,051	102,133,931
Transfers out	(102,132,768)	-	(1,163)	(102,133,931)
Proceeds from sale of assets	874,058	-	-	874,058
Total other financing sources (uses)	(3,332,830)	0	4,206,888	874,058
Net change in fund balances	13,423,110	1,565,776	5,171,973	20,160,859
Fund Balances, beginning	116,295,272	35,127,089	21,657,177	173,079,538
Fund Balances, ending	\$ 129,718,382	\$ 36,692,865	\$ 26,829,150	\$ 193,240,397

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



Wyoming Department of Transportation

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Net change in fund balances - total governmental funds \$ 20,160,859

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their useful lives as depreciation, depletion, or amortization expense, as applicable. In the current period, these amounts are:

Expenditures for capital assets, infrastructure, and other related asset adjustments:	\$ 48,001,124	
Current year depreciation, depletion, and amortization	(16,132,256)	
Disposition of assets	<u>(937,612)</u>	
		30,931,256

Some mineral royalties and severance tax revenues reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported in the governmental funds. (678,934)

Repayment of lease purchase agreement principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is offset by the total proceeds from the lease purchase agreement during the year. 735,277

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These expenses consist of:

Compensated absences	\$ (342,203)	
Net pension liability	(7,104,740)	
Total OPEB liability	<u>(6,909,050)</u>	
		<u>(14,355,993)</u>

Change in net position of governmental activities \$ 36,792,465

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



Wyoming Department of Transportation

STATEMENT OF FIDUCIARY NET POSITION

September 30, 2020

ASSETS

Cash with State Treasurer	\$ 10,613,669
Accounts receivable	10,231,703
Total assets	\$ 20,845,372

LIABILITIES

Accounts payable	\$ 16,092,868
Deposits of others	4,752,504
Total liabilities	\$ 20,845,372

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



Wyoming Department of Transportation

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

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

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

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

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

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

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

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

The Department reports the following major governmental funds:

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



Wyoming Department of Transportation

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

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

The Department also reports the following type of fund:

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

A summary of significant accounting policies follows:

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

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

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

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

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

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



Wyoming Department of Transportation

of these receivables and past experience.

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

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

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

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

The Department evaluates prominent events or changes in circumstances that affect capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, and changes in the manner or duration of use of a capital asset. The Department will consider an asset impaired if, both, the decline in service utility of the capital asset is significant and the event or change in circumstance is outside the normal life cycle of the capital asset. The Department will recognize an impairment loss when the Department considers a capital asset impaired, and will recognize the capital asset at the lower of carrying value or fair value.

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

Current note payable: For the 2019-2020 biennium, the State Auditor is authorized by Wyoming Statute 9-1-418 to borrow from the legislative stabilization reserve account an amount not to exceed \$200 million at any one time to meet the obligations of the Department. This statute requires an interest rate on the



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unpaid balance equal to the rate of return earned on pooled fund investments in the previous fiscal year. As of September 30, 2020, there are no amounts borrowed under this authority for the Department.

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

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

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

Postemployment benefits other than pensions (OPEB): The total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense associated with the State of Wyoming Group Insurance Retiree Health Plan have been determined on the same basis as they are reported by the State of Wyoming. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Net position: The Department's net position reported on the government-wide and fiduciary fund financial statements is allocated to the following three categories:

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for notes and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often is designated to indicate that management does not consider them to be available for general operations. Unrestricted net position often have constraints on resources that are imposed by management, but can be removed or modified.

Fund balances: The Department's fund balances are classified in a hierarchical structure with the following classifications: (1) Nonspendable - this classification represents fund balances that are not in spendable form (inventory, loan receivables, and prepaids), (2) Restricted - this classification includes those balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation, (3) Committed - refers to fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the Transportation Commission (highest level of



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decision making authority for the Department) and may be established, modified or rescinded only through resolutions approved by the Transportation Commission, (4) Assigned - this fund balance classification includes amounts that have been constrained to being used for a specific purpose, but are neither restricted or committed and may be made under statutory authority of management of the Department, and (5) Unassigned - fund balance is that portion of fund balance that is available for any purpose the Department chooses. The General Fund is the only fund that reports a positive unassigned fund balance. In governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. See further detail in Note 8.

Policy on Use of Unrestricted Fund Balance. The Department does not have a formal policy on the use of unrestricted fund balance and therefore adopts the GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, recommendation that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The Department does not have a formal policy on the use of funds when both restricted and unrestricted resources are available for use. It is assumed that restricted resources are used first, then unrestricted resources as needed.

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

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

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

Note 2. Cash and Pooled Cash Investments

The Department has funds on deposit with the Wyoming State Treasurer's pooled investments. Deposits with the State Treasurer's pooled investments are not insured or otherwise guaranteed by the State of Wyoming, and participants share proportionally in any realized gains or losses on investments. The Department's participation in the pooled investments and mutual funds may indirectly expose it to risks associated with using, holding, or writing derivatives. However, specific information about any such transactions is not available to the Department. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Department will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Certain deposits held in Department bank accounts are insured by Federal depository insurance or are collateralized by the custodian bank. As of September 30, 2020, the governmental funds did not have bank balances on



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deposit, nor did the fiduciary funds have any bank balances on deposit.

The following summarizes cash and pooled cash investments:

Cash on deposit with State Treasurer \$ 161,820,890

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

Statement of Net Position	
Cash with State Treasurer	\$ 151,207,221
Statement of Fiduciary Net Position	
Cash with State Treasurer	<u>10,613,669</u>
	<u>\$ 161,820,890</u>

Note 3. Accounts Receivable

Accounts receivable consists primarily of mineral royalty, fuel taxes, and grant receivables. The following schedule summarizes the carrying amounts and fair values of receivables by source at September 30, 2020:

	WYDOT	
	General Fund	Nonmajor Funds
Due from the Federal government	\$ 37,064,225	\$ 29,765
Due from other State agencies	3,375,181	183,806
Due from other governments	932,068	-
Other receivables	46,776,580	46,402
	<u>\$ 88,148,054</u>	<u>\$ 259,973</u>

Note 4. Inventory

Inventories consist primarily of materials to maintain Department assets during the year. The following schedule summarizes the value of inventories at September 30, 2020:

Road materials and supplies	\$ 26,248,045
Motor operating supplies	466,239
General supplies	330,952
Statewide communication parts	696,591
Work in progress	<u>569,130</u>
	28,310,957
Less allowance for obsolescence	<u>(350,000)</u>
Total	<u>\$ 27,960,957</u>

Note 5. Interfund Transactions

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



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	Due From	Due To
WYDOT General Fund	\$ 334,137	\$ 453,986
State Infrastructure Bank Fund	127,775	-
Motorcycle Safety Fund	-	329
Federal Transit Authority Fund	-	2,541
Air Service Enhancement Fund	-	335
Flight Services Fund	-	4,554
Statewide Communication System Fund	-	167
	\$ 461,912	\$ 461,912

Advances to/from other funds: The balance of interfund advances from the State Infrastructure Bank results from the loans made to provide financing for large, long-term road construction projects. The loans are repaid to the State Infrastructure Bank Fund with future Federal obligation authorization. There were no advances as of September 30, 2020.

Transfers: Transfers were made from the WYDOT General Fund to subsidize operations of special revenue funds as mandated by the State Legislature and to maximize the Department's cash flow and Federal obligations. Transfers as of September 30, 2020 are as follows:

	Transfers In	Transfers Out
WYDOT General Fund	\$ 97,925,880	\$ 102,132,768
Wildlife Conservation Fund	394,310	-
Federal Transit Authority Fund	1,500,000	1,163
Air Service Enhancement Fund	1,353,190	-
Statewide Communication System Fund	960,551	-
	\$ 102,133,931	\$ 102,133,931

Note 6. Long-Term Obligations

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

	September 30, 2020					
	Beginning				Ending	Amount Due
	Balance	Additions	Reductions	Balance	within One Year	
Governmental activities						
Lease purchase agreement PWB-13	\$ 1,993,298	\$ -	\$ 161,083	\$ 1,832,215	\$ 170,938	
Lease purchase agreement BOA-14	8,950,984	-	574,194	8,376,790	615,753	
Compensated absences	23,525,865	12,037,556	11,695,353	23,868,068	11,695,353	
Governmental activities						
Long-term liabilities	\$ 34,470,147	\$ 12,037,556	\$ 12,430,630	\$ 34,077,073	\$ 12,482,044	

Lease Purchase Agreements

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

During fiscal year 2013, the Department entered into a \$2.84 million lease purchase agreement, in addition to using \$1.02 million of funds on hand, to finance energy efficiency upgrades to some of its facilities. The lease purchase agreement is secured by the equipment and improvements themselves. The Department capitalized \$3.86 million on improvements under this lease purchase agreement that met the capitalization policy and were recorded in its capital asset records. There was \$257,333 of depreciation



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associated with the equipment for the year ended September 30, 2020. The investment should allow the Department to pay the principal and interest on the lease purchase agreement from the savings on energy bills. This strategy allowed the Department to invest in and upgrade the facilities without taking financial resources from the Department’s core mission of improving and maintaining the transportation system.

Principal payments due monthly, began in June 2014 and continue through May 2029. Interest payments due monthly, began in June 2013 and continue through May 2029. Interest payments are accrued at an annual interest rate of 2.25%. The debt service payments for the fiscal year ended September 30, 2020 were \$204,294 with \$43,211 of the amount paid as interest.

Annual debt service requirements for the 2013 lease purchase agreement at September 30, 2020 are as follows:

2013 Lease Purchase Agreement:

Year ended September 30,	Principal	Interest	Total
2021	\$ 170,938	\$ 39,486	\$ 210,424
2022	181,202	35,535	216,737
2023	191,892	31,349	223,241
2024	203,021	26,918	229,939
2025	214,606	22,231	236,837
2026-2029	870,556	37,011	907,567
	<u>\$ 1,832,215</u>	<u>\$ 192,530</u>	<u>\$ 2,024,745</u>

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

During the construction phase of the agreement during fiscal years 2014 and 2015, the Department accrued interest monthly. Payments began in 2016 and will be repaid on a 15-year schedule at an interest rate of 2.85%. The lease purchase agreement is secured by the equipment and improvements. The energy efficient equipment purchased by the Department under the lease purchase agreement is mostly roadway lighting upgrades. There is no depreciation associated with the equipment as it will be expensed against the infrastructure assets.

Principal payments due monthly, began in December 2015 and continue through October 2030. Interest payments started accruing in July 2014 during the construction phase and were added to the principle at an annual interest rate of 2.85%. The debt service payments for the year ended September 30, 2020 were \$821,835 with \$247,641 of the amount paid as interest.



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Annual debt service requirements for the 2014 lease purchase agreement at September 30, 2020 are as follows:

2014 Lease Purchase Agreement:

Year ended September 30,	Principal	Interest	Total
2021	\$ 615,753	\$ 230,737	\$ 846,490
2022	659,263	212,622	871,885
2023	704,801	193,241	898,042
2024	752,448	172,535	924,983
2025	802,290	150,443	952,733
2026-2030	4,842,235	367,697	5,209,932
	<u>\$ 8,376,790</u>	<u>\$ 1,327,275</u>	<u>\$ 9,704,065</u>

Compensated Absences

Department employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. Vacation up to 72 days and up to one-half of unused sick leave, to a maximum of 60 days, vests and may be paid upon leaving the employment of the Department. The non-vesting portion of the sick leave benefits totaling \$10,712,186 as of September 30, 2020, represents a contingent liability to the Department.



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Note 7. Capital Assets

Capital asset activity for the year ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Infrastructure related assets - nondepreciable					
Land - Infrastructure related	\$ 69,246,068	\$ -	\$ -	\$ -	\$ 69,246,068
Infrastructure assets					
Bridges	871,942,363	-	-	-	871,942,363
Roadways	4,509,138,756	-	-	67,343,206	4,576,481,962
Communication systems	59,249,007	-	-	840,431	60,089,438
Permanent easements	4,294,728	-	-	-	4,294,728
Work in progress	254,411,839	28,618,840	-	(68,183,637)	214,847,042
Total infrastructure related assets	5,768,282,761	28,618,840	-	-	5,796,901,601
Capital assets					
Nondepreciable capital assets					
Land	7,240,775	743,000	-	-	7,983,775
Work in progress	9,250,367	279,033	(620,789)	(3,884,163)	5,024,448
Depreciable and amortizable capital assets					
Site improvements	14,876,623	263,310	-	874,667	16,014,600
Buildings	197,626,959	4,477,976	-	3,009,496	205,114,431
Vehicles, aircraft and road machinery	154,676,622	13,286,125	(3,702,447)	-	164,260,300
General property	23,122,573	953,629	(834,252)	-	23,241,950
Software	10,341,469	-	-	-	10,341,469
Depletable capital assets					
Gravel pit	1,233,000	-	-	-	1,233,000
Total capital assets	418,368,388	20,003,073	(5,157,488)	-	433,213,973
Less accumulated depreciation, depletion and amortization					
Site improvements	(11,859,587)	(561,828)	-	-	(12,421,415)
Buildings	(105,580,147)	(6,397,447)	-	-	(111,977,594)
Vehicles, aircraft and road machinery	(80,761,953)	(7,806,236)	2,837,950	-	(85,730,239)
General property	(19,911,291)	(1,143,295)	761,137	-	(20,293,449)
Software	(10,116,660)	(223,450)	-	-	(10,340,110)
Gravel pit	(236,051)	-	-	-	(236,051)
Total depreciation, depletion and amortization	(228,465,689)	(16,132,256)	3,599,087	-	(240,998,858)
Total depreciable, depletable and amortizable capital assets, net of depreciation, depletion and amortization	189,902,699	3,870,817	(1,558,401)	-	192,215,115
Governmental activities, capital assets, net	\$ 5,958,185,460	\$ 32,489,657	\$ (1,558,401)	\$ -	\$ 5,989,116,716



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

Road preservation and maintenance	\$	15,111,363
Planning		19,515
Highway safety		10,986
Administration		521,315
Licensing and registration		47,577
Law enforcement		318,479
Airport improvement		103,021
		103,021
	\$	16,132,256

Note 8. Governmental Fund Balances

The Department’s governmental fund balances are reported according to the constraints that control how amounts can be spent. Classifications include nonspendable, restricted, committed, assigned, and unassigned, which are further described in Note 1.

Below is a presentation of the fund balance classifications for the Department’s funds:

	WYDOT General Fund	State Infrastructure Bank Fund	Other Nonmajor Special Revenue Funds
Fund Balances			
Nonspendable			
Inventories	\$ 27,960,957	\$ -	\$ -
Restricted for			
Air service enhancement funds	-	-	1,621,904
Commercial air service improvement fund	-	-	16,102,970
Hazardous material spill cleanup and training	-	-	302,841
Ignition interlock device expenditures	-	-	327,011
Loans made for road construction projects	-	26,061,739	-
Flight service expenditures	-	-	154,356
Wildlife conservation	-	-	462,799
Committed for			
Additional \$.10 motor fuels tax for contract payments	33,437,802	-	-
Assigned to			
Loans made for road construction projects	-	10,631,126	-
Communication system enhancements	-	-	5,387,738
Motorcycle safety education	-	-	1,659,743
Other	-	-	809,788
Unassigned			
WYDOT General Fund	68,319,623	-	-
Total fund balances	\$ 129,718,382	\$ 36,692,865	\$ 26,829,150



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Note 9. Pensions – Wyoming Retirement System

General Information

Substantially all employees of the Department, excluding hourly part-time employees, are provided with pensions through either the Public Employees Pension Plan, the State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan, or the Law Enforcement Pension Plan. These plans are statewide cost-sharing multiple-employer defined benefit pension plans administered by the Wyoming Retirement System (WRS). The authority for establishing and amending the benefits and contribution rates rests with the Legislature of the State of Wyoming.

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued WRS financial report available from the Wyoming Retirement System, 6101 Yellowstone Road, Cheyenne, Wyoming 82002 or at <https://retirement.wyo.gov/About/Reports?Label=Financial#categories>.

Public Employees Pension Plan

Plan description: The Public Employees Pension Plan covers the employees of the Department that do not participate in law enforcement activities. WRS is granted the authority to administer the Plan by Wyoming State Statutes 9-3-401 through 432.

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

Service Retirement Tier 1: Full retirement at age 60 or qualifies for the Rule of 85. Early retirement is permitted at age 50 or 25 years of service. Formula for retirement equals 2.125% times the number of years of service times the 3 years highest average salary for the first 15 years and 2.25% times the number of years of service times the 3 years highest average over 15 years.

Service Retirement Tier 2: Full retirement at age 65 or qualifies for the Rule of 85. Early retirement is permitted at age 55 or 25 years of service. Formula for retirement equals 2% times the number of years of service times the 5 years highest average salary.

Disability Benefits: Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his/her duties. To qualify, the member must have at least 10 years of service and must be "in service" at the time of application for disability retirement. Upon retirement for a partial disability, the member receives a monthly disability retirement benefit for the period of his/her disability equal to 50% of the normal benefit payable to the member, as if the member was eligible for normal retirement benefits. Upon retirement for a total disability, the member receives a monthly disability benefit equal to 100% of his/her service retirement benefit as if the member was eligible for normal retirement benefits. Disability benefits are payable for the life of the member or until death.

Survivor's Benefits: Certain surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased, as well as the benefit option selected by the member at the date of retirement.

Contributions: Per Title 9-3-412 and 413 of Wyoming State Statutes, effective July 1, 2020, member contributions were required to be 9.00% of compensation and employer contributions were required to be 9.12% of compensation. Previously, the member and employer contribution percentages were 8.75% and



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8.87%, respectively. In accordance with Title 9-3-412 (c) (ii) of Wyoming State Statutes, the Department has elected to pay 5.57% of the member contributions in addition to the employer contributions. Total contributions to the pension plan from the Department were \$13,382,840 for the year ended September 30, 2020.

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

Plan description: The State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan covers the sworn law officers of the Wyoming State Highway Patrol. WRS is granted the authority to administer the Plan by Wyoming State Statutes 9-3-601 through 620.

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

Service Retirement: Full retirement at age 50 with 6 years of service. Formula for retirement equals 2.5% times the number of years of service times the 3 years highest average salary, limited to 75% of the highest average salary.

Disability Benefits: Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his/her duties. A member who suffers a partial or total disability resulting from an individual and specific act, the type of which would normally occur only while employed, is eligible for a duty connected disability regardless of years of service. A member who is not eligible for a duty connected disability, must have at least 10 years of service and must be "in service" at the time of application for disability retirement. Upon retirement for a partial or total duty connected disability, the member receives a monthly disability retirement benefit equal to 62.5% of his/her highest average salary. Upon retirement for a partial or total nonduty connected disability, the member receives a monthly disability benefit equal to 50% of his/her highest average salary. Disability benefits are payable for the life of the member or until the member is no longer disabled or under certain other circumstances related to employment.

Survivor's Benefits: Certain surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased, as well as the benefit option selected by the member at the date of retirement.

Contributions: Per Title 9-3-604 and 605 of Wyoming State Statutes, for the year ended September 30, 2020, member contributions were required to be 14.56% of compensation, and employer contributions were required to be 14.88% of compensation. In accordance with Title 9-3-604 (a) of Wyoming State Statutes, the Department has elected to pay 11.92% of the member contributions in addition to the employer contribution. Total contributions to the pension plan from the Department were \$4,123,905 for the year ended September 30, 2020.

Law Enforcement Pension Plan

Plan description: The Law Enforcement Pension Plan covers the dispatchers that have elected to participate in that plan instead of the Public Employees Pension Plan. WRS is granted the authority to administer the Plan by Wyoming State Statutes 9-3-401 through 432.

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

Service Retirement: Full retirement at age 60 with 4 or more years of service or at least 20 years of



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service regardless of age. Formula for retirement equals 2.5% times the number of years of service times the 5 years highest average salary with a maximum of 75%.

Disability Benefits: Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his/her duties. To qualify, the member must have at least 10 years of service and must be “in service” at the time of application for disability retirement. Upon retirement for a partial disability, the member receives a monthly disability retirement benefit for the period of his/her disability equal to 50% of the normal benefit payable to the member, as if the member was eligible for normal retirement benefits. Upon retirement for a total disability, the member receives a monthly disability benefit equal to 100% of his service retirement benefit as if the member was eligible for normal retirement benefits. Any member previously covered under W.S. 15-5-301 through 15-5-314 may retire upon partial or total duty connected disability, the member receives a monthly disability retirement benefit for the period of his/her disability equal to 62.5% of salary at the time the disability was incurred. For a partial or total nonduty connected disability, the member receives a monthly disability retirement benefit equal to 50% of his/her salary at the time the disability was incurred. Disability benefits are payable for the life of the member or until the member is no longer disabled.

Survivor’s Benefits: Certain surviving dependents receive benefits based on the deceased member’s compensation and their relationship to the deceased, as well as the benefit option selected by the member at the date of retirement.

Contributions: Per Title 9-3-432 of Wyoming State Statutes, for the year ended September 30, 2020, member contributions were required to be 8.6% of compensation, and employer contributions were required to be 8.6% of compensation. In accordance with Title 9-3-432 (a) of Wyoming State Statutes, the Department has elected to pay 8.6% of the member contributions in addition to the employer contributions. Total contributions to the pension plan from the Department were \$327,353 for the year ended September 30, 2020.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2020, the following table shows the total net pension liability and total pension expense for the Department, in addition to the net pension liability and pension expense for each plan, for its proportionate share of the net pension liability:

	September 30, 2020	
	Net Pension Liability	Pension Expense
Public Employees Pension Plan	\$ 118,793,027	\$ 15,395,856
State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan	\$ 23,996,437	\$ 1,755,338
Law Enforcement Pension Plan	\$ 1,047,782	\$ 348,190
Total Liability for Department	\$ 143,837,246	\$ 17,499,384

The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The Department’s proportion of the net pension liability for each plan was based on the relationship of the Department’s total contributions to each plan for the year ended December 31, 2019, to the contributions of all participating employers for the same period to each plan.



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At December 31, 2019, the Department's proportionate share of each plan is shown below:

	Proportionate Share at December 31, 2019	Proportionate Share at December 31, 2018
Public Employees Pension Plan	5.0551810168%	5.0878742593%
State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan	62.2417231000%	59.9420871000%
Law Enforcement Pension Plan	1.2155420295%	1.2219378569%

At September 30, 2020, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience		
Public Employees Pension Plan	\$ -	\$ (2,345,074)
State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan	693,862	(1,590,179)
Law Enforcement Pension Plan	186,412	(78,887)
Net difference between projected and actual earnings on pension plan investments		
Public Employees Pension Plan	-	(17,517,963)
State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan	-	(4,380,179)
Law Enforcement Pension Plan	-	(364,500)
Changes in proportionate share of contributions		
Public Employees Pension Plan	1,157,269	(743,954)
State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan	1,301,750	(290,016)
Law Enforcement Pension Plan	36,354	(11,954)
Change in assumptions		
Public Employees Pension Plan	4,158,025	-
State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan	4,173,498	(12,422,870)
Law Enforcement Pension Plan	866,299	(1,046,113)
Contributions subsequent to the measurement date		
Public Employees Pension Plan	6,183,013	-
State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan	1,708,190	-
Law Enforcement Pension Plan	122,182	-
	\$ 20,586,854	\$ (40,791,689)

An amount of \$8,013,385 reported as deferred outflows of resources related to pensions resulting from the Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense on the following page.



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	Public Employees Pension Plan	State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan	Law Enforcement Pension Plan
Year ended September 30,			
2021	\$ (1,981,855)	\$ (5,655,584)	\$ 9,971
2022	(4,845,491)	(3,249,205)	(25,775)
2023	(544,082)	(1,458,882)	(128,541)
2024	(7,920,269)	(2,150,463)	(268,044)
	\$ (15,291,697)	\$ (12,514,134)	\$ (412,389)

Actuarial assumptions

There were no changes in assumptions between the December 31, 2018 measurement date and the December 31, 2019 measurement date. The total pension liability in the January 1, 2019 actuarial valuation was determined using the actuarial assumptions adopted by the Wyoming Retirement System's Board effective August 23, 2017 and applied to all periods included in the measurement:

	Public Employees Pension Plan	State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan	Law Enforcement Pension Plan
Valuation date	January 1, 2019	January 1, 2019	January 1, 2019
Assumed inflation rate	2.25%	2.25%	2.25%
Projected salary increases includes inflation	2.50% - 6.50%	2.50% - 8.50%	4.75% - 8.75%
Payroll growth rate	2.50%	2.50%	2.50%
Investment rate of return	7.00%	7.00%	7.00%
Mortality	*	*	*

*Healthy Pre-Retirement Mortality: RP-2014 Employee Mortality Table, fully generational, projected with Scale MP-2017 Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100% Healthy Post-Retirement Mortality: RP-2014 Healthy Annuitant Mortality Table, fully generational, projected with Scale MP-2017 Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 88%

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Each major asset class is included in the pension plan's target asset allocation as of January 1, 2019. These best estimates are summarized in the table on the following page.



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Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	2.00%	-0.20%	-0.20%
Fixed income	21.00%	1.32%	1.67%
Equity	48.50%	5.43%	7.42%
Marketable alternatives	19.00%	3.46%	4.33%
Private markets	9.50%	4.46%	5.58%
	100.00%	3.99%	5.30%

Experience analysis

An experience study was conducted on behalf of all WRS's plans covering the five-year period ended December 31, 2016. That study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return, and discount rate. The study also analyzed each major actuarial assumption (e.g., mortality, salary increases, retirement, termination, and disability) and proposed assumptions consistent with the findings.

Discount rate

The discount rate used to measure the total pension liability for each plan was:

Public Employee Pension Plan	7.00%
State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan	7.00%*
Law Enforcement Pension Plan	7.00%*

*Discount rate of 6.33% and 5.92%, respectively, used in prior valuation

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

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate

The table on the following page presents the Department's proportionate share of the net pension liability calculated using the discount rate as stated for each plan, as well as what the Department's proportionate share of the net pension liability for each plan would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.



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	1% Decrease (6.00%)	Current (7.00%)	1% Increase (8.00%)
Public Employees Pension Plan	\$ 179,476,224	\$ 118,793,027	\$ 68,147,317
State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan	\$ 39,022,945	\$ 23,996,437	\$ 11,622,588
Law Enforcement Pension Plan	\$ 2,335,861	\$ 1,047,782	\$ (5,199)

Note 10. Post-Employment Benefits Other than Pensions (OPEB) Commitment

General Information

Plan description: Eligible employees of the Department are provided with OPEB through the State of Wyoming Group Insurance Retiree Health Plan (the “Plan”) – a cost-sharing multiple-employer defined benefit OPEB plan administered by the State of Wyoming Employee Group Insurance (EGI). Any employee of a participating agency is eligible for retiree coverage under the Plan at premium rates established by EGI, provided that:

- 1) The employee had coverage in effect under the Plan for at least one year just prior to retirement; and
- 2) The employee is eligible to receive a retirement benefit under the Wyoming Retirement System or TIAA CREF and either
 - a) Has attained age 50 with at least four years of service credit as an employee of one of the employing entities participating in the Plan; or
 - b) Has at least 20 years of service credit as an employee of one of the employing entities participating in the Plan. Retirement eligibility varies under the Wyoming Retirement System. The Public Employees’ Pension Plan, which is the Plan applicable to the Department, requires 25 years of service credit.

The State of Wyoming Legislature has the authority to establish and amend the benefit terms of the Plan. The Plan does not issue a separate report; however, additional Plan information can be obtained from the State of Wyoming’s Comprehensive Annual Financial Report, which may be obtained from the State’s website at <http://sao.wyo.gov/publications>.

Benefits provided: The Plan provides medical and prescription drug benefits for retirees and their dependents through payment of insurance premiums for life. Surviving spouses are allowed to continue coverage after the retiree’s death provided they were covered at the time of death.

Funding Policy: The State finances this program on a pay-as-you-go basis, and there are no assets held in trust for pre-funding the obligations of the Plan. The State of Wyoming Legislature has the authority for establishing and amending the funding policy.



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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2020, the Department reported a liability of \$135,805,749 for its proportionate share of the collective total OPEB liability. The collective total OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective total OPEB liability was determined by an actuarial valuation as of June 30, 2020. The Department's proportion of the collective total OPEB liability was based on a projection of the Department's expected payments to the OPEB plan relative to the projected benefit payments made on behalf of all participating employers, actuarially determined. The projection of the sharing of benefit-related costs is based on an established pattern of practice. At June 30, 2020, the Department's proportion was 14.35569%, which was an decrease from the June 30, 2019 proportion of 15.32656%.

For the year ended September 30, 2020, the Department recognized OPEB expense of \$6,909,050. At September 30, 2020, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources as follows:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 26,121,651	\$ (18,723,151)
Change in proportionate share	-	(11,015,066)
Change in assumptions	1,051,000	(16,025,622)
	\$ 27,172,651	\$ (45,763,839)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Department's OPEB expense as follows:

Year ended September 30,	
2021	\$ (2,407,540)
2022	(2,407,540)
2023	(2,407,540)
2024	(2,407,540)
2025	(2,407,540)
Thereafter	(6,553,488)
	\$ (18,591,188)

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	July 1, 2019 (based on July 1, 2019 census data).
Inflation	2.50%
Salary Increases	2.50% - 6.50%
Mortality Rates	Pre-Termination: RP-2014 Combined, 100% male, 88% female, generational projection using MP-2017. Post-Termination: RP-2014 Combined, 100% male, 88% female,



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	Disabled:	generational projection using MP-2017. RP-2014 Combined, 100% male, 100% female, generational projection using MP-2017.
Healthcare Cost Trend Rates	Non-Medicare:	7.20% decreasing annually until reaching the ultimate trend rate of 4.50%
	Medicare:	7.60% decreasing annually until reaching the ultimate trend rate of 4.50%
Participation Rate		65% will elect coverage and 30% will cover a spouse.
Spouse Age Differential		Males are assumed to be 3 years older than females.
Cost Method		Entry Age Normal. Under this method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working lifetime as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay over the year. The Normal Cost is equal to the prorated cost for the year of the valuation.
Benefits Excluded		Benefits related to retiree dental and life insurance have been excluded from this valuation.

The health care trend rate assumption was based on national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data plan renewal data, and vendor Rx report with adjustments based on the provisions of the benefits offered by EGI.

Significant assumptions are based on an experience study that covered a five-year period ending December 31, 2016. Significant assumptions varied within the various retirement Plans within Wyoming Retirement System.

Discount rate

The discount rate used to measure the total OPEB liability was 3.51%, which represents an decrease from the discount rate of 3.87% utilized for the June 30, 2018 measurement date. As the Plan is unfunded the Plan has no fiduciary net position from which to make future benefit payments. Therefore, the discount rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Sensitivity of the Department's proportionate share of the collective total OPEB liability to changes in the discount rate

The table below presents the Department's proportionate share of the collective total OPEB liability calculated using the discount rate of 3.51%, as well as what the Department's proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.51%) or 1-percentage-point higher (4.51%) than the current discount rate.

	1% Decrease (2.51%)	Current (3.51%)	1% Increase (4.51%)
Proportionate share of the collective total OPEB liability	\$ 165,330,908	\$ 135,805,749	\$ 113,053,265



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Sensitivity of the Department’s proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rates

The table below presents the Department’s proportionate share of the collective total OPEB liability, as well as what the Department’s proportionate share of the collective total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Non-Medicare	6.20%	7.20%	8.20%
Medicare	6.60%	7.60%	8.60%
Proportionate share of the collective total OPEB liability	\$ 114,002,136	\$ 135,805,749	\$ 165,165,496

Note 11. Risk Management and Contingencies

The Department participates in two self-insurance plans: the State Self-Insurance Program and the State Group Insurance (employee medical, life, and dental) Program.

The Department participates in the self-insurance program, which is maintained by the State’s Department of Administration and Information (State Administration). The State self-insurance fund was created to handle property, casualty and liability insurance claims brought against the State. The State Administration generally maintains sufficient reserves for incurred but unpaid claims as well as incurred but unreported claims; losses are covered by a combination of appropriations from the State’s general fund in the year in which the payment occurs and by assessing all State agencies a pro rata share of anticipated claims for the fiscal year. The State Administration assessed the Department \$599,606 for the 2019-2020 biennium. The Department has transferred \$299,803 to the Department of Administration in fiscal year 2020 for the second half of the biennium.

The Department also participates in an employees' group insurance program, which is co-administered with a third-party health provider/claim service company. The State self-insures medical and dental costs and sums all the risk for claims incurred by plan participants. The State does not retain any risk of loss for the life insurance plan as the insurance provider assumes all risk for claims incurred by the participant. During the majority of fiscal year 2020, the Department contributed 87%-100%, up to \$1,899.76 per month for insurance premiums for each covered participant towards these plans, depending on the plan chosen by the employee. Effective August 1, 2020, the Department contributed 84%-94%, up to \$2,244.77 per month for insurance premiums for each covered participant towards these plans, depending on the plan chosen by the employee. Participants are responsible for paying premium charges in excess of this amount.

The State’s group insurance fund was solvent at June 30, 2020, and the Department expects to incur no liability in connection with the group insurance program. Group insurance premiums paid by the Department during fiscal years 2020 and 2019 were \$33,084,589 and \$29,677,239, respectively.

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

Wyoming Statute 27-14-101-806 created the Wyoming Workers’ Compensation Act, which is administered by the State. All employers within the State are participants of this plan unless the employer elects not to be covered under the plan. This act requires the Department to obtain liability coverage for



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payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This act provides general protection from suits filed by employees against the Department. The Department makes monthly transfers to the State's Department of Workforce Services. This amount is based on salaries and a split rate between hazardous and non-hazardous positions.

At June 30, 2020, the State Workers' Compensation Fund reported a claims liability of approximately \$2 billion. The Department's proportionate share of the claims liability cannot reasonably be estimated. The amount paid by the Department to the State Workers' Compensation fund during fiscal year 2020 was \$1,936,024.

The Department does not carry unemployment insurance but pays the cost of actual claims incurred. The Department paid \$123,802 unemployment claims for the fiscal year ended September 30, 2020.

Note 12. Transactions with the State

The Department pays for services provided by the State for warehouse and computer processing time, plus a statewide cost allocation system amount. The total disbursed for these services was \$17,363,789 for the year ended September 30, 2020.

Note 13. Commitments and Contingencies

Federal Grants: Grant monies received and disbursed by the Department are for specific purposes and are subject to audit by the grantor agency. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience and current knowledge, the Department does not believe that such disallowances, if any, would have a material effect on the financial position or results of operations of the Department.

Commitments: The Department has commitments of \$333 million, which are made up of purchase orders, encumbrances, and contracts at year end. Construction, maintenance, and airport improvement contracts make up the majority of these commitments. At September 30, 2020, work has yet to be completed and approved by the Department and, as such, any Federal financial assistance has not been recognized.

Outstanding commitments at September 30, 2020 are as follows:

	WYDOT	
	General Fund	Nonmajor Funds
Construction and maintenance	\$ 230,775,939	\$ -
Airport improvement	75,185,193	-
Other	12,611,678	14,845,970
	<u>\$ 318,572,810</u>	<u>\$ 14,845,970</u>



REQUIRED SUPPLEMENTARY INFORMATION



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INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH September 30, 2020

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

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

Excellent	5.0 to 3.6
Good	3.5 to 3.1
Fair	3.0 to 2.6
Poor	2.5 to 0.0

It is the Department's goal to maintain its National Highway System (NHS) which is broken out between Interstate NHS and Non-Interstate NHS roadway system at an average rating of 2.8 (fair) as a whole and its Off the National Highway System (Non-NHS) at an average rating of 2.5 (poor) for the Non-NHS system as a whole. The Interstate NHS routes' conditions are collected every year, the Non-Interstate NHS routes' conditions are collected every other year, and the Non-NHS routes' conditions are collected every third year. The road subsystem condition assessment is done every year utilizing computer simulations to predict future conditions of each highway network.

As of September 30, 2020, the overall PSR for Interstate NHS was 3.2, Non-Interstate NHS was 3.1 and Non-NHS was 3.0. As of September 30, 2019, the overall PSR for Interstate NHS was 3.3, Non-Interstate-NHS was 3.0, and Non-NHS was 3.0. As of September 30, 2018, the overall PSR for Interstate NHS was 3.8, Non-Interstate NHS was 3.2 and Non-NHS was 2.9.

The number of miles of Interstate NHS, Non-Interstate NHS and Non-NHS with good to excellent condition and poor to fair condition are presented on the following page.



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2020 PSR Condition Rating						
Condition	Interstate NHS		Non-Interstate NHS		Non-NHS	
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
Good to Excellent	1,132	62.0%	1,199	55.6%	1,778	53.8%
Poor to Fair	695	38.0%	958	44.4%	1,528	46.2%
Total	1,827	100.0%	2,157	100.0%	3,306	100.0%

2019 PSR Condition Rating						
Condition	Interstate NHS		Non-Interstate NHS		Non-NHS	
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
Good to Excellent	1,212	66.4%	1,189	53.8%	1,836	55.5%
Poor to Fair	614	33.6%	1,023	46.2%	1,470	44.5%
Total	1,826	100.0%	2,212	100.0%	3,306	100.0%

2018 PSR Condition Rating						
Condition	Interstate NHS		Non-Interstate NHS		Non-NHS	
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
Good to Excellent	1,612	88.2%	1,375	63.6%	1,613	48.7%
Poor to Fair	215	11.8%	787	36.4%	1,696	51.3%
Total	1,827	100.0%	2,162	100.0%	3,309	100.0%

The Department uses a comprehensive bridge management system to assist in managing the State's bridges. Each bridge is inspected at least once every two years. Each Bridge is composed of three components: deck, superstructure and substructure. Inspectors collect inventory data and assess the conditions of bridge components (decks, superstructures, substructures and culverts) in accordance with the FHWA *Recording and Coding Guide for the Structure Inventory and Appraisal of the Nation's Bridges* (Coding Guide). Also, inspectors assess conditions of bridge elements (such as slabs, girders, abutments, piers, culverts, etc.) in accordance with the AASHTO *Manual for Bridge Element Inspection* (MBEI).

Using the bridge element conditions as a basis, an inspector provides an overall condition rating for each bridge component based on a rating scale of 9 (Excellent) to 0 (Failed) in accordance with the Coding Guide. The inspector provides a separate component condition rating for a culvert.

Each bridge is given a performance rating based on the National Highway Performance Program (NHPP) guidelines. The rating is based on the minimum condition of the three bridge components (deck, superstructure, substructure). The NHPP performance condition ratings are as follows:

Good	9 to 7
Fair	6 to 5
Poor	≤ 4



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Targets based on the Moving Ahead for Progress in the 21st Century Act (MAP-21) required state of good repair have been set for bridge conditions. The Department’s goal is to maintain 10% percent of its NHS and Non-NHS bridges in Good Condition and less than 10% in Poor Condition based on bridge deck area.

2020 Structure Condition Rating					
NHS			Non-NHS		
<u>Condition</u>	<u>Area</u>	<u>Percent</u>	<u>Condition</u>	<u>Area</u>	<u>Percent</u>
Good	1,624,726	20.0%	Good	833,006	25.4%
Fair	5,992,618	73.7%	Fair	2,193,918	67.0%
Poor	509,857	6.3%	Poor	248,761	7.6%
Total	8,127,201	100.0%	Total	3,275,685	100.0%

2019 Structure Condition Rating					
NHS			Non-NHS		
<u>Condition</u>	<u>Area</u>	<u>Percent</u>	<u>Condition</u>	<u>Area</u>	<u>Percent</u>
Good	1,914,239	23.8%	Good	885,248	27.1%
Fair	5,709,374	70.9%	Fair	2,132,402	65.3%
Poor	428,305	5.3%	Poor	249,151	7.6%
Total	8,051,918	100.0%	Total	3,266,801	100.0%

2018 Structure Condition Rating					
NHS			Non-NHS		
<u>Condition</u>	<u>Area</u>	<u>Percent</u>	<u>Condition</u>	<u>Area</u>	<u>Percent</u>
Good	1,806,348	22.1%	Good	892,839	27.5%
Fair	5,711,602	69.8%	Fair	2,085,031	64.2%
Poor	661,495	8.1%	Poor	269,627	8.3%
Total	8,179,445	100.0%	Total	3,247,497	100.0%

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

To assess and monitor the communication system’s operating effectiveness, Telecom Infrastructure Asset ratings are calculated from the Telecommunications Program maintenance measures. Ratings are grouped as WyoLink Base/Repeater, and Other Telecom (Radio Site and Microwave). Telecom maintained this communications infrastructure following the technical evaluation and documentation procedures detailed in the programs policies. The Department's policy is to maintain 100% of its communication system in acceptable condition; actual overall rating was 98.6% of WyoLink assets and 97.1% of other Telecom assets in acceptable or good condition at the end of the year.



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Following is a summary of the quantity and percentage of Telecom infrastructure assets in acceptable condition:

2020 Condition Rating				
Condition	Number of WyoLink Assets	Percent	Number of Other Telecom Assets	Percent
Acceptable	69	98.6%	200	97.1%
Deficient	1	1.4%	6	2.9%

2019 Condition Rating				
Condition	Number of WyoLink Assets	Percent	Number of Other Telecom Assets	Percent
Acceptable	69	100.0%	195	99.5%
Deficient	-	0.0%	1	0.5%

2018 Condition Rating				
Condition	Number of WyoLink Assets	Percent	Number of Other Telecom Assets	Percent
Acceptable	69	100.0%	196	100.0%
Deficient	-	0.0%	-	0.0%

The Department estimated maintenance and preservation expenditures on infrastructure assets of \$447.1 million for the year ended September 30, 2020. Actual expenditures on infrastructure for maintenance and preservation were \$422.7 million, a difference of \$24.4 million. The difference is due to the size and length of the construction projects. Estimated and actual amounts used to maintain or preserve the Department's infrastructure systems at the Department's target PSR ratings for the past five years are as follows:

For the fiscal year ended September 30,	Estimated (in millions)			Actual (in millions)		
	Road Network	Bridges	Communications System	Road Network	Bridges	Communications System
2016	316.7	41.3	3.0	297.7	27.4	3.0
2017	332.1	44.6	3.2	308.8	21.9	3.2
2018	304.3	43.5	3.2	319.7	30.4	3.2
2019	365.4	18.5	3.4	348.8	22.0	3.4
2020	400.2	43.8	3.1	379.6	40.0	3.1



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**SCHEDULE OF REVENUES APPROPRIATED AND EXPENDITURES ALLOCATED -
 BUDGET AND ACTUAL - WYDOT GENERAL FUND
 For the Year Ended September 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	
Revenues appropriated:				
Highway user fees	\$ 220,398,322	\$ 220,398,322	\$ 219,751,788	\$ (646,534)
Mineral royalties and severance taxes	71,309,000	71,309,000	71,388,325	79,325
Federal aid	297,358,094	311,469,102	346,771,742	35,302,640
Federal grants	32,126,520	82,783,700	81,443,137	(1,340,563)
Other sources	21,809,357	26,071,794	20,103,133	(5,968,661)
Total revenues appropriated	643,001,293	712,031,918	739,458,125	27,426,207
Expenditures allocated:				
Highway improvement program	370,925,801	370,390,203	428,931,144	(58,540,941)
Highway maintenance	110,312,942	118,855,152	116,187,853	2,667,299
Transportation planning	27,556,582	31,338,716	22,825,770	8,512,946
Other	12,897,699	13,402,481	11,164,223	2,238,258
Legislative appropriated	94,713,076	149,803,747	139,007,296	10,796,451
Capital outlay	18,635,855	20,282,281	14,888,353	5,393,928
Transfers out, other State agencies	7,959,338	7,959,338	6,729,542	1,229,796
Total expenditures allocated	643,001,293	712,031,918	739,734,181	(27,702,263)
Revenues appropriated (under) expenditures allocated	\$ -	\$ -	\$ (276,056)	\$ (276,056)

See Notes to Required Supplementary Information



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**SCHEDULE OF REVENUES APPROPRIATED AND EXPENDITURES ALLOCATED -
 BUDGET AND ACTUAL - STATE INFRASTRUCTURE BANK FUND
 For the Year Ended September 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Budgetary Basis)	with Final Budget
Revenues appropriated:				
Reimbursements on advance	\$ 15,000,000	\$ 16,424,894	\$ 25,915,147	\$ 9,490,253
Interest and investment revenue	156,404	156,404	476,060	319,656
Total revenues appropriated	15,156,404	16,581,298	26,391,207	9,809,909
Expenditures allocated:				
Project loans/advances	10,000,000	10,000,000	-	10,000,000
Revenues appropriated over expenditures allocated	\$ 5,156,404	\$ 6,581,298	\$ 26,391,207	\$ 19,809,909

See Notes to Required Supplementary Information



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SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Employee Pension Plan

Last 7 Fiscal Years *

Year	Department's proportion of the net pension liability (asset)	Department's proportionate share of the net pension liability (asset)	Department's covered payroll	Department's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	5.104146471%	\$ 77,610,610	\$ 90,224,761	86.02%	81.10%
2015	5.052798616%	\$ 89,166,344	\$ 88,707,147	100.52%	79.08%
2016	5.036738840%	\$ 117,323,165	\$ 88,054,761	133.24%	73.40%
2017	4.965505536%	\$ 120,041,107	\$ 89,024,753	134.84%	73.42%
2018	5.020331501%	\$ 114,430,450	\$ 88,720,609	128.98%	76.35%
2019	5.087874259%	\$ 154,940,570	\$ 89,116,030	173.86%	69.17%
2020	5.055181017%	\$ 118,793,027	\$ 90,264,639	131.61%	76.83%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is to be built prospectively until it contains ten years of data.

See Notes to Required Supplementary Information

SCHEDULE OF THE DEPARTMENT'S CONTRIBUTIONS

Public Employee Pension Plan

Last 7 Fiscal Years *

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	\$ 6,446,786	\$ 6,446,786	\$ -	\$ 89,000,266	7.24%
2015	\$ 6,806,929	\$ 6,806,929	\$ -	\$ 87,070,992	7.82%
2016	\$ 7,526,573	\$ 7,526,573	\$ -	\$ 89,923,215	8.37%
2017	\$ 7,441,050	\$ 7,441,050	\$ -	\$ 88,901,439	8.37%
2018	\$ 7,437,243	\$ 7,437,243	\$ -	\$ 88,639,065	8.39%
2019	\$ 7,755,983	\$ 7,755,983	\$ -	\$ 89,321,989	8.68%
2020	\$ 8,242,594	\$ 8,242,594	\$ -	\$ 92,284,497	8.93%

* This schedule is to be built prospectively until it contains ten years of data.

See Notes to Required Supplementary Information



Wyoming Department of Transportation

SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan
Last 7 Fiscal Years *

	Department's proportion of the net pension liability (asset)	Department's proportionate share of the net pension liability (asset)	Department's covered payroll	Department's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	61.283406236%	\$ 17,543,018	\$ 13,256,425	132.34%	80.91%
2015	61.283406236%	\$ 20,347,234	\$ 13,287,888	153.13%	78.99%
2016	60.371025837%	\$ 46,703,915	\$ 13,642,139	342.35%	61.07%
2017	61.245726000%	\$ 46,746,785	\$ 14,528,127	321.77%	62.53%
2018	61.051384000%	\$ 25,045,867	\$ 14,447,986	173.35%	77.54%
2019	59.942087100%	\$ 40,182,064	\$ 14,116,782	284.64%	66.53%
2020	62.241723100%	\$ 23,996,437	\$ 15,092,317	159.00%	80.01%

** The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is to be built prospectively until it contains ten years of data.*

See Notes to Required Supplementary Information

SCHEDULE OF THE DEPARTMENT'S CONTRIBUTIONS

State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan
Last 7 Fiscal Years *

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	\$ 1,733,326	\$ 1,733,326	\$ -	\$ 13,116,763	13.21%
2015	\$ 1,878,094	\$ 1,878,094	\$ -	\$ 13,290,661	14.13%
2016	\$ 2,145,844	\$ 2,145,844	\$ -	\$ 14,420,992	14.88%
2017	\$ 2,166,246	\$ 2,166,246	\$ -	\$ 14,558,104	14.88%
2018	\$ 2,086,422	\$ 2,086,422	\$ -	\$ 14,021,651	14.88%
2019	\$ 2,199,735	\$ 2,199,735	\$ -	\$ 14,783,163	14.88%
2020	\$ 2,289,691	\$ 2,289,691	\$ -	\$ 15,387,705	14.88%

** This schedule is to be built prospectively until it contains ten years of data.*

See Notes to Required Supplementary Information



Wyoming Department of Transportation

SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Law Enforcement Pension Plan

Last 7 Fiscal Years *

	Department's proportion of the net pension liability (asset)	Department's proportionate share of the net pension liability (asset)	Department's covered payroll	Department's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	1.114913918%	\$ 203,576	\$ 1,758,238	11.58%	96.53%
2015	1.081209276%	\$ 318,562	\$ 1,684,499	18.91%	94.76%
2016	1.061807493%	\$ 797,629	\$ 1,829,004	43.61%	87.49%
2017	1.133215016%	\$ 855,486	\$ 1,771,971	48.28%	88.11%
2018	1.164762869%	\$ 1,002,214	\$ 1,813,562	55.26%	87.99%
2019	1.221937857%	\$ 2,957,973	\$ 1,914,442	154.51%	71.22%
2020	1.215542030%	\$ 1,047,782	\$ 1,914,600	54.73%	89.05%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is to be built prospectively until it contains ten years of data.

See Notes to Required Supplementary Information

SCHEDULE OF THE DEPARTMENT'S CONTRIBUTIONS

Law Enforcement Pension Plan

Last 7 Fiscal Years *

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	\$ 146,637	\$ 146,637	\$ -	\$ 1,705,092	8.60%
2015	\$ 151,072	\$ 151,072	\$ -	\$ 1,756,022	8.60%
2016	\$ 155,258	\$ 155,258	\$ -	\$ 1,805,321	8.60%
2017	\$ 155,364	\$ 155,364	\$ -	\$ 1,806,555	8.60%
2018	\$ 162,158	\$ 162,158	\$ -	\$ 1,885,553	8.60%
2019	\$ 165,952	\$ 165,952	\$ -	\$ 1,929,669	8.60%
2020	\$ 163,677	\$ 163,677	\$ -	\$ 1,903,215	8.60%

* This schedule is to be built prospectively until it contains ten years of data.

See Notes to Required Supplementary Information



Wyoming Department of Transportation

SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY

Employee Group Insurance Retiree Health Plan Last 3 Fiscal Years*

	Department's proportion of the total OPEB liability (asset)	Department's proportionate share of the total OPEB liability (asset)	Department's covered payroll	Department's proportionate share of the total OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	15.743690000%	\$ 124,531,264	N/A	N/A	0.00%
2019	15.326560000%	\$ 156,245,938	N/A	N/A	0.00%
2020	14.355690000%	\$ 135,805,749	N/A	N/A	0.00%

* This schedule is to be built prospectively until it contains ten years of data.

See Notes to Required Supplementary Information



Wyoming Department of Transportation

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budget Structure

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

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

Note 2. Basis of Budgeting

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

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

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

Note 3. Budgetary Reports

Stand alone budgetary reports are prepared by the Department and are available from the Department's administration offices at 5300 Bishop Boulevard, Cheyenne, Wyoming 82009.



Wyoming Department of Transportation

Note 4. Budget Reconciliation

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

	WYDOT <u>General Fund</u>
Revenues appropriated - actual amounts (basis of budgeting)	\$ 739,458,125
Net difference in project-related revenues budgeted each year as appropriated for the complete project, compared to revenues earned in the current year on specific contract in progress	(11,223,056)
Differences in accrual basis revenues and cash basis budgetary amounts	<u>(37,464,093)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 690,770,976</u>

	WYDOT <u>General Fund</u>
Expenditures allocated - actual amounts (basis of budgeting)	\$ 739,734,181
Net difference in project-length expenditures budgeted each year for the length of the project, compared to expenditures incurred on specific contracts in progress	80,429,715
Differences in accrual basis expenditures and cash basis budgetary amounts	<u>(146,148,860)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 674,015,036</u>

	State Infrastructure <u>Bank Fund</u>
Revenues appropriated - actual amounts (basis of budgeting)	\$ 26,391,207
Differences in budgetary basis to GAAP	
Reimbursements on advance	(25,915,147)
Unrealized gain on investments	<u>1,089,716</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 1,565,776</u>

	State Infrastructure <u>Bank Fund</u>
Expenditures allocated - actual amounts (basis of budgeting)	\$ -
Differences in budgetary basis to GAAP	
Project loan advances	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ -</u>



Wyoming Department of Transportation

Note 5. Retirement Commitment – Wyoming Retirement System

Changes in benefit terms: There were no changes in benefit terms between the initial December 31, 2013 measurement date through the December 31, 2019 measurement date.

Changes in assumptions: For all below pension plans, effective in fiscal year 2019, the inflation rate decreased from 3.25% in 2017 to 2.25% in 2018. Effective from fiscal year 2015 to fiscal year 2018, the inflation rate remained at a constant 3.25%. In addition, health care trend rates were updated along with the assumptions relating to mortality rates, retirement rates, withdrawal rates, disability rates and salary increased rates based on the WRS December 31, 2016 actuarial experience study.

The plans also had the following fluctuations in their discount rates:

Fiscal year ended	Public Employee Pension Plan	State Patrol, Game and Fish Warden, and Criminal Investigator Pension Plan	Law Enforcement Pension Plan
2014	7.75%	7.75%	7.75%
2015	7.75%	7.75%	7.75%
2016	7.75%	6.13%	7.75%
2017	7.75%	6.34%	7.75%
2018	7.00%	7.00%	7.00%
2019	7.00%	6.33%	5.92%
2020	7.00%	7.00%	7.00%

Note 6. OPEB Commitment – Wyoming Employees’ Group Insurance

Changes in benefit terms: There were no changes in benefit terms between the June 30, 2016 measurement date through the June 30, 2019 measurement date.

Changes in assumptions: Effective for fiscal year 2020, the discount rate changed since the prior measurement period from 3.87% in 2018 to 3.51% in 2019 and the inflation rate increased from 2.25% in 2018 to 2.50% in 2019. Effective for fiscal year 2019, the discount rate changed since the prior measurement period from 3.58% in 2017 to 3.87% in 2018 and the inflation rate decreased from 2.50% in 2017 to 2.25% in 2018. Effective for fiscal year 2018 the discount rate changed since the prior measurement period from 2.85% in 2016 to 3.58% in 2017. In addition, health care trend rates were updated along with the assumptions relating to mortality rates, retirement rates, withdrawal rates, disability rates and salary increases rates based on the WRS December 31, 2016 actuarial experience study.



SUPPLEMENTARY INFORMATION



Wyoming Department of Transportation





NONMAJOR GOVERNMENTAL FUNDS

The Department maintains the following nonmajor governmental funds:

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

Wildlife Conservation Fund – accounts for resources restricted to support wildlife conservation efforts related to the transportation system.

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

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

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

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

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

Commercial Air Service Improvement Fund – accounts for resources restricted to commercial air service improvements.

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

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



Wyoming Department of Transportation

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020**

	Motorcycle Safety Fund	Wildlife Conservation Fund	Federal Transit Authority Fund	IFTA Decal Fund	Radioactive Waste Fees Fund	Ignition Interlock Device Fund	Air Service Enhancement Fund	Commercial Air Service Improvement Fund	Flight Services Fund	Statewide Communication System Fund	Total
ASSETS											
Cash with State Treasurer	\$ 1,662,019	\$ 362,799	\$ 2,037,837	\$ 154,144	\$ 258,041	\$ 327,239	\$ 1,622,304	\$ 15,612,027	\$ 75,689	\$ 5,278,366	\$ 27,390,465
Accounts receivable	965	-	68,407	-	44,800	-	-	(70,395)	106,739	109,457	259,973
Advances to Primary Government	-	100,000	-	-	-	-	-	-	-	-	100,000
Due from Primary Government	-	-	-	-	-	-	-	561,338	-	-	561,338
Total assets	\$ 1,662,984	\$ 462,799	\$ 2,106,244	\$ 154,144	\$ 302,841	\$ 327,239	\$ 1,622,304	\$ 16,102,970	\$ 182,428	\$ 5,387,823	\$ 28,311,776
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts payable	\$ 2,912	\$ -	\$ 1,448,059	\$ -	\$ -	\$ 228	\$ 65	\$ -	\$ 23,518	\$ (82)	\$ 1,474,700
Due to other funds	329	-	2,541	-	-	-	335	-	4,554	167	7,926
Total liabilities	3,241	-	1,450,600	-	-	228	400	-	28,072	85	1,482,626
Fund Balances											
Restricted	-	462,799	-	-	302,841	327,011	1,621,904	16,102,970	154,356	-	18,971,881
Assigned	1,659,743	-	655,644	154,144	-	-	-	-	-	5,387,738	7,857,269
Total fund balances	1,659,743	462,799	655,644	154,144	302,841	327,011	1,621,904	16,102,970	154,356	5,387,738	26,829,150
Total liabilities and fund balances	\$ 1,662,984	\$ 462,799	\$ 2,106,244	\$ 154,144	\$ 302,841	\$ 327,239	\$ 1,622,304	\$ 16,102,970	\$ 182,428	\$ 5,387,823	\$ 28,311,776



Wyoming Department of Transportation

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

	Motorcycle Safety Fund	Wildlife Conservation Fund	Federal Transit Authority Fund	IFTA Decal Fund	Radioactive Waste Fees Fund	Ignition Interlock Device Fund	Air Service Enhancement Fund	Commercial Air Service Improvement Fund	Flight Services Fund	Statewide Communication System Fund	Total
Revenues											
Highway user fees	\$ 521,600	\$ 25,400	\$ -	\$ 38,697	\$ 90,200	\$ 86,852	\$ -	\$ -	\$ -	\$ -	\$ 762,749
Federal aid	-	-	1,393	-	-	-	-	-	-	-	1,393
Federal grant	-	-	10,910,274	-	-	-	-	1,662,565	-	-	12,572,839
Interest and investment	31,553	15,202	35,192	3,651	-	7,572	29,656	235,987	-	208,255	567,068
City, county and other matching	-	-	-	-	-	-	-	641,040	-	-	641,040
Flight services	-	-	-	-	-	-	-	-	438,870	-	438,870
Statewide communication network	-	-	-	-	-	-	-	-	-	255,243	255,243
Other state sources	-	-	-	-	-	-	-	-	-	5,938,103	5,938,103
Other miscellaneous	-	-	31	-	-	-	-	-	-	-	31
Revenue from others	-	27,887	-	-	-	-	-	-	-	-	27,887
Total revenues	553,153	68,489	10,946,890	42,348	90,200	94,424	29,656	2,539,592	438,870	6,401,601	21,205,223
Expenditures											
Highway safety	402,214	-	-	-	-	-	-	-	-	-	402,214
Federal transit	-	-	13,060,833	-	-	-	-	-	-	-	13,060,833
Licensing and registration	-	-	-	22,341	-	18,190	-	-	-	-	40,531
Statewide communication network	-	-	-	-	-	-	-	-	-	2,380,928	2,380,928
Airport improvement	-	-	-	-	-	-	1,240,899	2,703,827	-	-	3,944,726
Flight services	-	-	-	-	-	-	-	-	410,906	-	410,906
Total expenditures	402,214	-	13,060,833	22,341	-	18,190	1,240,899	2,703,827	410,906	2,380,928	20,240,138
Excess(deficiency) of revenue over expenditures	150,939	68,489	(2,113,943)	20,007	90,200	76,234	(1,211,243)	(164,235)	27,964	4,020,673	965,085
Other financing sources (uses)											
Transfers in	-	394,310	1,500,000	-	-	-	1,353,190	-	-	960,551	4,208,051
Transfers out	-	-	(1,163)	-	-	-	-	-	-	-	(1,163)
Total other financing sources (uses)	-	394,310	1,498,837	-	-	-	1,353,190	-	-	960,551	4,206,888
Net change in fund balances	150,939	462,799	(615,106)	20,007	90,200	76,234	141,947	(164,235)	27,964	4,981,224	5,171,973
Fund Balances, beginning	1,508,804	-	1,270,750	134,137	212,641	250,777	1,479,957	16,267,205	126,392	406,514	21,657,177
Fund Balances, ending	\$ 1,659,743	\$ 462,799	\$ 655,644	\$ 154,144	\$ 302,841	\$ 327,011	\$ 1,621,904	\$ 16,102,970	\$ 154,356	\$ 5,387,738	\$ 26,829,150



Wyoming Department of Transportation





Wyoming Department of Transportation

FIDUCIARY FUNDS

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

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

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

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

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

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

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

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



Wyoming Department of Transportation

COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
September 30, 2020

	Vehicle Rental Surcharge Fund	Commercial Vehicle Bond Fund	Special Fuel Bond Fund	MVR to Counties Fund	MVR to Other Governments Fund	Gas and Special Fuel Tax Fund	Financial Responsibility Fund	Total
ASSETS								
Cash with State Treasurer	\$ 30	\$ -	\$ 210,548	\$ 901,641	\$ 1,721,602	\$ 7,677,973	\$ 101,875	\$ 10,613,669
Accounts receivable	-	-	-	-	-	10,231,703	-	10,231,703
Total assets	\$ 30	\$ -	\$ 210,548	\$ 901,641	\$ 1,721,602	\$ 17,909,676	\$ 101,875	\$ 20,845,372
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ 900,270	\$ 3,156	\$ 15,189,442	\$ -	\$ 16,092,868
Deposits of others	30	-	210,548	1,371	1,718,446	2,720,234	101,875	4,752,504
Total liabilities	\$ 30	\$ -	\$ 210,548	\$ 901,641	\$ 1,721,602	\$ 17,909,676	\$ 101,875	\$ 20,845,372



Wyoming Department of Transportation

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS

For the Year Ended September 30, 2020

	Vehicle Rental Surcharge Fund	Commercial Vehicle Bond Fund	Special Fuel Bond Fund	MVR to Counties Fund	MVR to Other Governments Fund	Gas and Special Fuel Tax Fund	Financial Responsibility Fund	Total
Balance as of September 30, 2019	\$ 90	\$ -	\$ -	\$ 987,581	\$ 1,526,781	\$ 18,712,309	\$ 76,874	\$ 21,303,635
Additions	941,497	-	210,688	5,529,223	5,767,780	190,533,413	55,032	203,037,633
Reductions	(941,557)	-	(140)	(5,615,163)	(5,572,959)	(191,336,046)	(30,031)	(203,495,896)
Balance as of September 30, 2020	\$ 30	\$ -	\$ 210,548	\$ 901,641	\$ 1,721,602	\$ 17,909,676	\$ 101,875	\$ 20,845,372



Wyoming Department of Transportation





SINGLE AUDIT SECTION



Wyoming Department of Transportation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation				
Federal Aviation Administration				
COVID-19 Airport Improvement Program	20.106	-	\$ 6,433,953	\$ 6,433,953
Airport Improvement Program	20.106	-	28,005,415	28,174,836
<i>Total Airport Improvement Program</i>			34,439,368	34,608,789
Federal Highway Administration				
Highway Research & Development Program				
<i>Highway Planning and Construction Cluster</i>	20.200	-	-	2,138,675
Highway Planning and Construction	20.205	-	5,019,051	344,710,875
Highway Training & Education	20.215	-	-	183,983
Federal Motor Carrier Safety Administration				
<i>FMCSA Cluster</i>				
National Motor Carrier Safety	20.218	-	-	1,218,892
Federal Transit Administration				
<i>Federal Transit Cluster</i>				
Bus and Bus Facilities Formula Program	20.526	-	1,000,816	1,000,816
<i>Transit Services Programs Cluster</i>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	-	152,744	243,958
Metropolitan Transportation Planning & Research				
State and Non-Metropolitan Planning and Research	20.505	-	461,640	502,699
COVID-19 Formula Grants for Rural Areas	20.509	-	3,145,729	4,948,523
Formula Grants for Rural Areas	20.509	-	3,312,818	4,214,299
<i>Total Formula Grants for Rural Areas</i>			6,458,547	9,162,822
Office of the Secretary (OST) Administration Secretariate				
National Infrastructure Investments	20.933	-	-	15,995,248
National Highway Traffic Safety Administration				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety Program	20.600	-	670,660	2,101,467
National Priority Safety Programs	20.616	-	645,592	1,962,073
<i>Total Highway Safety Cluster</i>			1,316,252	4,063,540
Alcohol Open Container Requirements	20.607	-	437,796	596,574
Total U.S. Department of Transportation			49,286,214	414,426,871
Executive Office of the President				
High Intensity Drug Traffic Areas Program	95.001	-	-	75,087
U.S. Department of Homeland Security				
Passed through the State of Wyoming Office of Homeland Security				
Homeland Security Grant Program	97.067	-	-	5,332
U.S. Department of Justice				
Drug Enforcement Administration				
Law Enforcement Assistance Narcotics & Dangerous Drugs Laboratory Analysis	16.001	-	-	64,660
U.S. Department of the Treasury				
Passed through the State of Wyoming Auditor's Office				
Coronavirus Relief Fund	21.019	-	-	2,457,736
Total Federal award expenditures			\$ 49,286,214	\$ 417,029,686

See Notes to Schedule of Expenditures of Federal Awards.



Wyoming Department of Transportation

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Account Policies

The Schedule of Expenditures of Federal Awards (the “Schedule”) is presented on the cash basis of accounting. In this basis of accounting, expenses are recognized upon payment by the Department, receipt of obligation of authority, and request for reimbursement. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indicial Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are now allowable or are limited as to reimbursement.

Note 2. De Minimis Cost Rate

The Department uses an indirect cost rate, approved by the Federal Highway Administration, as it applies to programs funded by that agency. The Department used an 8.23% indirect cost rate through October 31, 2016. A rate of 11% was approved and applied to new projects beginning November 1, 2016. The rate of 11% is applied to existing projects when the project changes to a new activity or phase after November 1, 2016; current project activities as of November 1, 2016 will continue with the previous rate of 8.23%. An exception is for projects let to construction phase after March 31, 2016, the Department will use the rate of 11% on construction activity transactions starting November 1, 2016. For other programs not awarded by the Federal Highway Administration, the Department does not charge indirect costs under the de minimis rate. The Federal Highway Administration approved the 11% indirect cost rate for the period of October 1, 2020 to September 30, 2024.

Note 3. Basis of Presentation

The accompanying Schedule includes the Federal award activity of the Department under programs of the Federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Department, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Department.



Wyoming Department of Transportation



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

To the Transportation Commission
Wyoming Department of Transportation
Cheyenne, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wyoming Department of Transportation (the "Department"), a component unit of the State of Wyoming, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated March 10, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.



Wyoming Department of Transportation

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 result of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
March 10, 2021



Wyoming Department of Transportation



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Transportation Commission
Wyoming Department of Transportation
Cheyenne, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Wyoming Department of Transportation's (the "Department"), a component unit of the State of Wyoming, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Department's major Federal programs for the year ended September 30, 2020. The Department's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Department's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of



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requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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

McLee, Hearne & Paiz, LLP

Cheyenne, Wyoming
March 10, 2021



Wyoming Department of Transportation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For The Year Ended September 30, 2020

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? Yes No
- Significant deficiency (ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major Federal programs:

- Material weakness (es) identified? Yes No
- Significant deficiency (ies) identified? Yes None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)? Yes No

Identification of major Federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster
20.218	Federal Motor Carrier Safety Assistance Cluster
20.600, 20.616	Highway Safety Cluster
20.933	National Infrastructure Investments

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? Yes No



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SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) **For The Year Ended September 30, 2020**

II. FINANCIAL STATEMENT FINDINGS

None.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS For the Year Ended September 30, 2019

2019-001: Audit Adjustments

Condition/Context: The Department omitted year end accruals for mineral severance tax collections received subsequent to year-end but related to collections prior to year end. As a result, an adjusting journal entry was proposed and recorded within the WYDOT General Fund to increase accounts receivable by \$3.8 million and the corresponding mineral royalty and severance tax revenue and deferred revenue by approximately \$1.3 million and \$2.5 million, respectively. In addition, an adjusting entry was proposed and recorded within the government wide financial statements to increase mineral royalty and severance tax revenue a total of approximately \$3.8 million.

Status: The Financial Services Management has updated procedures in the audit files to ensure that the mineral severance tax accrual information will be reviewed and considered on an annual basis. This information is obtained from the Department of Revenue subsequent to year end.

Auditor's Comments: Based on the testing performed in the current year, MHP noted the finding has been properly cleared and the year end accruals for mineral severance tax were recorded.

2019-002: Allowable Costs/Cost Principles

Condition/Context: Of the six (6) items selected for allowable costs/cost principles testing, the Program requested reimbursement for the full amount of an expenditure submitted by a sub-recipient that had not been paid in full at the time the reimbursement request was made. Specifically, the expenditure in question related to a reimbursement requested by the Town of Jackson, which had withheld a portion of payment due to unsatisfactory work from the vendor. However, the Department was unaware of the partial payment and requested reimbursement in full from the U.S. Department of Transportation after paying the full amount of the requested reimbursement to the Town of Jackson. Furthermore, the program with the Town of Jackson had been audited as a major program by its auditor who reported no findings for this program even though the unpaid amount made up approximately 15% of the grant expenditures.

Status: The Department contacted the Federal Transit Administration on guidance for the questioned costs. At the recommendation of the FTA, the Department requested repayment of the funds from the Town of Jackson. The Department received repayment of the funds and credited the amount to FTA. Additionally, the Department required supporting documentation to be posted in BlackCat before any reimbursements were processed for subrecipients.

Auditor's Comments: Based on the testing performed in the current, MHP noted the funds were returned to the Department and the finding has been properly cleared.



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