

WYOMING DEPARTMENT OF TRANSPORTATION

FINANCIAL AND COMPLIANCE REPORT

SEPTEMBER 30, 2019



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, 2019, 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, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, Infrastructure Assets Reported Using the Modified Approach on pages 46 through 49, Schedule of Revenue Appropriated and Expenses Allocated – Budget and Actual –



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WYDOT General Fund on page 50, Schedule of Revenue Appropriated and Expenses 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 (GASB) 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 May 5, 2020 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.

McLee, Hearne & Paig, LLP

Cheyenne, Wyoming
May 5, 2020



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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, 2019.

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, 2019 by \$5.81 billion. This is an increase of \$21.60 million from 2018. The Department's unrestricted net position increased by \$24.33 million from a negative \$202.05 million to a negative \$177.72 million. The Department's restricted net position decreased by \$0.02 million from \$44.42 million to \$44.40 million. The Department has \$5.95 billion invested in infrastructure and capital assets which is an decrease of \$2.72 million from the previous year.

The Department's investment in road, bridge and communication infrastructure assets during the year resulted in an increase of \$8.08 million in infrastructure assets.

Fund Financial Statements

As of September 30, 2019, the Department's governmental funds reported combined fund balances of \$173.08 million, an increase of \$32.73 million. The Department's governmental funds had \$27.55 million classified as non-spendable invested in inventories. The Department had \$44.40 million classified as restricted fund balance which consisted of \$0.21 million restricted for radioactive waste clean-up, \$1.48 million restricted for air service enhancement, \$16.27 million restricted for commercial air service improvement, \$0.25 million restricted for ignition interlock device expenditures, \$26.06 million restricted for loans on infrastructure projects, and \$0.13 million restricted for other governmental entities per Wyoming Statute. The Department had \$29.99 million of committed fund balance at year end for the additional \$0.10 motor fuels taxes committed for contractor payments on road construction. The Department had \$12.39 million classified as assigned fund balance to include \$9.07 million for the purpose of its State Infrastructure Bank Fund, \$1.51 million for the Motorcycle Safety Fund, \$1.27 million to help local governments with mass transit purchases through the Federal Transit Authority and \$0.54 million related to other nonmajor governmental funds. The Department had \$58.75 million classified as unassigned fund balance consisting of \$58.75 million 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 the financial reporting is to provide external parties that read financial statements with information that will help them to make decisions or draw conclusions about an entity. These parties do not always have the same specific objectives. In order to address the needs of as many parties as reasonably possible, the Department's basic financial statements, in accordance with required reporting standards, 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. Also, there is an analysis following the Statement of Revenue, Expenditures, and Changes in Fund Balances that reconciles to the change in net position presented in the government-wide Statement of Activities.

The Department presents in separate columns funds that are most significant to the Department, and all other 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 46 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 62 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 \$5.81 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 \$5.77 billion investment in road, bridge, and communication infrastructure assets. These assets are not available for future spending. The Department has \$10.94 million in outstanding debt relating to current capital assets. The Department's other significant noncurrent liabilities include net pension liability of \$198.08 million and Total OPEB liability of \$156.25 million for the year ended September 30, 2019. The Department's \$44.40 million restricted net position reflects resources that are legally restricted for specific purposes. The unrestricted net position increased \$24.33 million to \$(177.72) million.

The following financial information was derived from the September 30, 2019 and 2018 Statements of Net Position.

Summary of Net Position

	2019		2018		Increase (Decrease)	
Current assets	\$ 248,590,834	4.01%	\$ 213,079,220	3.45%	\$ 35,511,614	16.67%
Noncurrent assets						
Infrastructure	5,768,282,761	92.93%	5,760,202,664	93.29%	8,080,097	0.14%
Other capital assets	189,902,699	3.06%	201,389,079	3.26%	(11,486,380)	-5.70%
Total assets	6,206,776,294	100.00%	6,174,670,963	100.00%	32,105,331	0.52%
Deferred outflows of resources	89,503,113	100.00%	51,810,486	100.00%	37,692,627	72.75%
Current liabilities	66,222,121	14.96%	82,096,812	22.22%	(15,874,691)	-19.34%
Noncurrent liabilities	376,533,741	85.04%	287,296,304	77.78%	89,237,437	31.06%
Total liabilities	442,755,862	100.00%	369,393,116	100.00%	73,362,746	19.86%
Deferred inflows of resources	39,601,796	100.00%	64,762,654	100.00%	(25,160,858)	-38.85%
Net position						
Invested in capital assets	5,947,241,178	102.29%	5,949,961,329	102.72%	(2,720,151)	-0.05%
Restricted net position	44,398,711	0.76%	44,416,584	0.77%	(17,873)	-0.04%
Unrestricted net position	(177,718,140)	-3.05%	(202,052,234)	-3.49%	24,334,094	-12.04%
Total net position	\$ 5,813,921,749	100.00%	\$ 5,792,325,679	100.00%	\$ 21,596,070	0.37%

The current assets of \$248.59 million consist of \$115.18 million in cash, \$105.86 million in accounts receivable and \$27.55 million in inventories. The \$35.51 million increase in current assets is due to an increase in cash at year end due to an effort in fiscal year 2019 to increase cash reserves on hand.

The current liabilities of \$66.22 million, a decrease of \$15.87 million, are comprised of \$51.82 million in accounts payable, \$0.14 million in deposits held for others, \$1.99 million in unearned revenue, \$0.74 million in lease purchase payable due within one year, and \$11.53 million in compensated absences due within one year. The \$15.87 million decrease is due to the decrease in note payable.



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The noncurrent liabilities of \$376.53 million are mostly due to the recognition of the Department's \$198.08 million net pension liability, \$156.25 million total OPEB liability, compensated absences due in more than one year of \$12.00 million, and lease purchase agreement payable due in more than one year of \$10.21 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

	2019		2018		Increase (Decrease)	
Revenues						
Program revenues						
Charges for services	\$ 32,487,054	4.93%	\$ 39,188,176	6.42%	\$ (6,701,122)	-17.10%
Operating grants and contributions	321,739,568	48.80%	322,206,719	52.77%	(467,151)	-0.14%
Capital grants and contributions	8,581,777	1.30%	7,169,121	1.17%	1,412,656	19.70%
General revenues						
Motor fuels tax and registration fees	208,532,879	31.63%	193,314,625	31.66%	15,218,254	7.87%
Mineral royalty and severance tax	71,403,429	10.83%	24,126,712	3.95%	47,276,717	195.95%
State general fund revenue	(83,732)	-0.01%	16,373,046	2.68%	(16,456,778)	-100.51%
Investment income	8,438,425	1.28%	1,835,632	0.30%	6,602,793	359.70%
Other revenue	8,171,659	1.24%	6,424,711	1.05%	1,746,948	27.19%
Total revenue	659,271,059	100.00%	610,638,742	100.00%	48,632,317	7.96%
Expenses						
Road preservation and maintenance	475,279,405	74.53%	414,067,016	71.70%	61,212,389	14.78%
Planning	11,944,869	1.87%	13,321,455	2.31%	(1,376,586)	-10.33%
Highway safety	7,614,219	1.19%	7,370,833	1.28%	243,386	3.30%
Administration	36,013,744	5.65%	35,362,951	6.13%	650,793	1.84%
Federal transit	12,442,561	1.95%	9,629,748	1.67%	2,812,813	29.21%
Licensing and registration	12,403,451	1.95%	13,134,587	2.28%	(731,136)	-5.57%
Law enforcement	44,864,983	7.04%	40,297,168	6.98%	4,567,815	11.34%
Statewide communication network	1,476,306	0.23%	4,441,912	0.77%	(2,965,606)	-66.76%
Airport improvement	34,936,189	5.48%	39,204,822	6.79%	(4,268,633)	-10.89%
Flight services	699,262	0.11%	509,240	0.09%	190,022	37.31%
Total expenses	637,674,989	100.00%	577,339,732	100.00%	60,335,257	10.45%
Change in net position	21,596,070		33,299,010		(11,702,940)	
Net position, beginning	5,792,325,679		5,759,026,669		33,299,010	
Net position, ending	<u>\$ 5,813,921,749</u>		<u>\$ 5,792,325,679</u>		<u>\$ 21,596,070</u>	

The Department's total revenues increased when compared to the previous year. The Department recognized \$16.46 million less in State general fund revenue offset by \$47.28 million more mineral royalty and severance tax revenue, \$15.22 million more in motor fuels tax and registration fees. Mineral royalty and severance tax revenues increased as a result of changes made by State Legislation to restore the revenues for the 19-20 biennium after previous year decreases during the 17-18 biennium when the mineral royalty and severance tax revenue was replaced with AML funding. The Department's highway user fees increased as of July 1, 2017 per State Legislation which continues to result in an increase of the motor fuels tax and registration fees in the current year.

Total expenses increased when compared with 2018, increasing by \$60.34 million. Road preservation and maintenance program expenses increased \$61.21 million in fiscal year 2019 primarily due to the amount of noncapitalized road 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, 2019, the Department's governmental funds reported combined fund balances of \$173.08 million, an increase of \$32.73 million compared to the prior year.

The General Fund is the main operating fund of the Department. As of September 30, 2019, the total fund balance was \$116.30 million. The State Infrastructure Bank fund balance as of September 30, 2019 was \$35.13 million. The remaining nonmajor governmental funds have a combined fund balance of \$21.66 million.

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

Summary of Revenue - Governmental Funds

REVENUES	2019		2018		Increase (Decrease)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Motor fuels tax and registration fees	\$ 118,810,429	18.27%	\$ 112,384,154	18.50%	\$ 6,426,275	5.72%
Mineral royalty and severance tax	68,904,200	10.60%	24,126,712	3.97%	44,777,488	185.59%
Highway user fees	110,702,051	17.03%	100,859,349	16.61%	9,842,702	9.76%
Federal aid	292,375,433	44.97%	290,597,600	47.85%	1,777,833	0.61%
Federal grant	37,945,911	5.84%	38,778,242	6.39%	(832,331)	-2.15%
Interest and investment	8,438,425	1.30%	1,835,631	0.30%	6,602,794	359.70%
City, County and other matching	7,824,824	1.20%	10,684,107	1.76%	(2,859,283)	-26.76%
Flight services	608,186	0.09%	623,808	0.10%	(15,622)	-2.50%
Statewide communication network	280,952	0.04%	334,353	0.06%	(53,401)	-15.97%
Other state sources	(83,732)	-0.01%	16,373,046	2.70%	(16,456,778)	-100.51%
Other miscellaneous	4,411,881	0.67%	10,668,124	1.76%	(6,256,243)	-58.64%
Total revenues	\$ 650,218,560	100.00%	\$ 607,265,126	100.00%	\$ 42,953,434	7.07%

Total revenues for governmental activities increased from \$607.27 million in 2018 to \$650.22 million in 2019. Mineral royalty and severance tax revenues increased as a result of changes made by State Legislation. During the 17-18 biennium, the mineral royalty and severance tax revenue for the Department was replaced with AML funding. The mineral royalty and severance tax revenue was restored for the 19-20 biennium. The Department completed the expenditures of AML in fiscal year 2018. The Department's highway user fees increased as of July 1, 2017 per State Legislation. The current year increase is due to the increased fees.



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

Summary of Expenditures - Governmental Funds

	2019		2018		Increase (Decrease)	
EXPENDITURES						
Current						
Road preservation and maintenanc	\$ 457,700,004	73.56%	\$ 443,074,994	72.36%	\$ 14,625,010	3.30%
Planning	11,265,054	1.81%	12,784,126	2.09%	(1,519,072)	-11.88%
Highway safety	6,139,474	0.99%	6,161,469	1.01%	(21,995)	-0.36%
Administration	30,159,976	4.85%	30,099,355	4.91%	60,621	0.20%
Federal transit	12,400,350	1.99%	9,608,864	1.57%	2,791,486	29.05%
Licensing and registration	12,342,925	1.98%	13,072,080	2.13%	(729,155)	-5.58%
Law enforcement	39,459,790	6.34%	37,778,279	6.17%	1,681,511	4.45%
Statewide communication network	1,462,206	0.24%	4,430,224	0.72%	(2,968,018)	-66.99%
Airport improvement	34,580,086	5.56%	38,919,675	6.36%	(4,339,589)	-11.15%
Flight services	699,262	0.11%	509,241	0.08%	190,021	37.31%
Debt Service						
Principal	15,686,132	2.52%	15,639,164	2.55%	46,968	0.30%
Interest	310,110	0.05%	328,056	0.05%	(17,946)	-5.47%
Total expenditures	<u>\$ 622,205,369</u>	<u>100.00%</u>	<u>\$ 612,405,527</u>	<u>100.00%</u>	<u>\$ 9,799,842</u>	<u>1.60%</u>

Expenditures for governmental functions increased from \$612.41 million in 2018 to \$622.21 million for fiscal year 2019, a 1.60% increase. The majority of the increase occurred in road preservation and maintenance due to the amount of noncapitalized road 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, 2019 amounted to \$5.96 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 \$180.58 million in infrastructure assets. The Department also had major additions to depreciable assets of: \$0.14 million for buildings; \$11.23 million for vehicles, aircraft and road machinery; and \$0.52 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.

The schedule on the following page shows the changes in capital assets during the year.



Wyoming Department of Transportation

	Beginning Balance September 30, 2018	Additions	Deletions	Ending Balance September 30, 2019
Infrastructure	\$5,760,202,664	\$ 180,583,759	\$(172,503,662)	\$5,768,282,761
Nondepreciable capital assets				
Land	\$ 7,240,775	\$ -	\$ -	\$ 7,240,775
Work in progress	10,723,750	1,092,881	(2,566,264)	9,250,367
Depreciable and amortizable capital assets				
Site improvements	14,876,623	-	-	14,876,623
Buildings	197,488,736	138,223	-	197,626,959
Vehicles, aircraft and road machinery	150,676,234	11,231,289	(7,230,901)	154,676,622
General property	23,196,243	523,018	(596,688)	23,122,573
Software	10,341,469	-	-	10,341,469
Depletable capital assets				
Gravel pit	1,233,000	-	-	1,233,000
Total capital assets at historical cost	415,776,830	12,985,411	(10,393,853)	418,368,388
Total depreciation, depletion and amortization	(214,387,751)	(18,239,432)	4,161,494	(228,465,689)
Non-infrastructure capital assets - net	\$ 201,389,079	\$ (5,254,021)	\$ (6,232,359)	\$ 189,902,699

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

The Department manages its road network with a pavement management system developed by the Department. The pavement condition is rated in three areas: ride, rutting, and cracking. A composite rating is derived from the three condition ratings called the Pavement Serviceability Rating (PSR). The pavement management system establishes a PSR on a scale from 0 to 5 for each road section with excellent 5.0 to 3.6, 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 3.25 (good) and its Off the National Highway Road System (Non-NHS) at 3.0 (fair). As of September 30, 2019, the Interstate is at 3.3, Non-Interstate NHS is at 3.0, 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).

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



Wyoming Department of Transportation

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 Department switched from the Wyoming Bridge Index (WBI) to the National Highway Performance Program (NHPP) during the year ended September 30, 2019.

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, 2019, the bridge ratings were as follows:

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%

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

To assess and monitor the communication system's operating effectiveness, Telecom Infrastructure Asset ratings are calculated from the Telecommunications Program using various measures. Ratings are grouped as WyoLink Base/Repeater, and Other-Telecom (Radio Site and Microwave). Telecom maintained this communications infrastructure following the technical evaluation and documentation procedures detailed in the policy. The Department's policy is to maintain 100% of its communication system in acceptable condition; actual overall rating was 100% of WyoLink assets and 99.5% 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 \$387.30 million for the year ended September 30, 2019. Actual expenditures on infrastructure for maintenance and preservation were \$374.20 million, a difference of \$13.10 million. The difference is due to the size and length of the construction projects.

WYDOT Budgetary Highlights

WYDOT's fiscal year 2020 operating budget includes an increase of \$47 million in revenues. Federal revenue is expected to increase by \$35 million or 11% for fiscal year 2020. This increase is attributable to an increase in federal aid due to FHWA formula distribution as well as an increase in FTA funding due to increased apportionments. The Highway User Fees are projected to increase \$9 million or 4% due primarily to an increase in sales of diesel fuel which have been on an upward trend since 2015. Other highway user fees are expected to remain flat in fiscal year 2020.



Wyoming Department of Transportation

Lease Purchase Agreement

At the end of the current year, the Department had \$10.94 million in outstanding debt related to its capital assets in the form of a lease-purchase agreement. The energy efficiencies should provide enough energy cost savings to make the principal and interest payments. This strategy allowed the Department to invest in the energy upgrades without taking financial resources from the Department's core mission of providing a safe and efficient transportation system. Additional information on the Department's lease purchase agreements can be found in Note 6 of the financial statements.

Economic Outlook

The State budget proposed by the Governor for the 2021-2022 biennium is funding standard agency budgets without cuts while continuing to keep spending low, calling for a reduction in capital construction and limiting the use of the rainy day fund to only legislatively mandated educational needs and local communities. The State budget will be finalized by the Legislature during the 2020 Legislative Session, which is currently underway. There are bills proposed during this legislative session that could increase WYDOT revenues. WYDOT anticipates no commission budget reductions through fiscal year 2020.

WYDOT is undertaking two studies to provide additional information about the needs of the agency. An assessment of building needs has begun to provide information on maintenance and capital improvement needs. A study is beginning in fiscal year 2020 to examine the needs of the entire agency, department by department. This study will be a comprehensive look at all agency needs, for example, design and construction, computer systems, highway patrol, communication, motor vehicle services, airport improvements, etc.

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, 2019

ASSETS

Current Assets

Cash with State Treasurer	\$ 115,177,860
Accounts receivable	105,864,666
Inventories	27,548,308
Total current assets	<u>248,590,834</u>

Noncurrent Assets

Depreciable capital assets, net	173,411,557
Land and non-depreciable infrastructure	5,521,111,697
Construction in progress	263,662,206
Total noncurrent assets	<u>5,958,185,460</u>

Total assets \$ 6,206,776,294

DEFERRED OUTFLOWS OF RESOURCES

Pension related	\$ 57,453,973
OPEB related	32,049,140
Total deferred outflows of resources	<u>\$ 89,503,113</u>

LIABILITIES

Current Liabilities

Accounts payable	\$ 51,824,683
Deposits of others	139,785
Unearned revenue	1,994,702
Lease purchase payable, due within one year	735,277
Compensated absences, due within one year	11,527,674
Total current liabilities	<u>66,222,121</u>

Noncurrent Liabilities

Lease purchase payable, due in more than one year	10,209,005
Compensated absences, due in more than one year	11,998,191
Net pension liability	198,080,607
Total OPEB liability	156,245,938
Total noncurrent liabilities	<u>376,533,741</u>

Total liabilities \$ 442,755,862

DEFERRED INFLOWS OF RESOURCES

Pension related	\$ 16,310,707
OPEB related	23,291,089
Total deferred inflows of resources	<u>\$ 39,601,796</u>

NET POSITION

Net Investment in Capital Assets	\$ 5,947,241,178
Restricted	44,398,711
Unrestricted (Deficit)	(177,718,140)
Total net position	<u>\$ 5,813,921,749</u>

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, 2019

	Expenses	Program Revenues		Net (Expenses)	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities	
FUNCTIONS/PROGRAMS					
Governmental Activities					
Road preservation and maintenance	\$ 475,279,405	\$ 23,116,317	\$ 292,844,813	\$ -	\$ (159,318,275)
Planning	11,944,869	-	-	-	(11,944,869)
Highway safety	7,614,219	41,600	4,203,905	-	(3,368,714)
Administration	36,013,744	6,804	-	-	(36,006,940)
Federal transit	12,442,561	-	1,397,711	8,581,777	(2,463,073)
Licensing and registration	12,403,451	8,418,436	-	-	(3,985,015)
Law enforcement	44,864,983	14,759	1,256,365	-	(43,593,859)
Statewide communication network	1,476,306	280,952	-	-	(1,195,354)
Airport improvement	34,936,189	-	22,036,774	-	(12,899,415)
Flight services	699,262	608,186	-	-	(91,076)
	<u>\$ 637,674,989</u>	<u>\$ 32,487,054</u>	<u>\$ 321,739,568</u>	<u>\$ 8,581,777</u>	<u>(274,866,590)</u>
General Revenue					
					208,532,879
					71,403,429
					(83,732)
					8,438,425
					8,171,659
					<u>296,462,660</u>
					<u>21,596,070</u>
					<u>5,792,325,679</u>
					<u>\$ 5,813,921,749</u>

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



Wyoming Department of Transportation

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019

	WYDOT General Fund	State Infrastructure Bank Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash with State Treasurer	\$ 84,056,047	\$ 9,084,166	\$ 22,037,647	\$ 115,177,860
Accounts receivable	105,402,137	-	462,529	105,864,666
Due from other funds	333,371	-	-	333,371
Advances to other funds	-	26,042,923	-	26,042,923
Inventories	27,548,308	-	-	27,548,308
Total assets	\$ 217,339,863	\$ 35,127,089	\$ 22,500,176	\$ 274,967,128
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 51,015,651	\$ -	\$ 809,032	\$ 51,824,683
Due to other funds	299,404	-	33,967	333,371
Deposits of others	139,785	-	-	139,785
Unearned revenue	1,994,702	-	-	1,994,702
Advances from other funds	26,042,923	-	-	26,042,923
Total liabilities	79,492,465	-	842,999	80,335,464
Deferred Inflows of Resources				
Unavailable revenue	21,552,126	-	-	21,552,126
Fund Balances				
Non-spendable	27,548,308	-	-	27,548,308
Restricted	-	26,061,739	18,336,972	44,398,711
Committed	29,994,447	-	-	29,994,447
Assigned	-	9,065,350	3,320,205	12,385,555
Unassigned	58,752,517	-	-	58,752,517
Total fund balances	116,295,272	35,127,089	21,657,177	173,079,538
Total liabilities, deferred inflows of resources, and fund balance	\$ 217,339,863	\$ 35,127,089	\$ 22,500,176	\$ 274,967,128

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, 2019**

Total fund balances - Total governmental funds \$ 173,079,538

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, 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	\$	5,513,870,922	
Land		7,240,775	
Non-infrastructure WIP		9,250,367	
Infrastructure WIP		254,411,839	
Site improvements		14,876,623	
Buildings		197,626,959	
Vehicles, aircraft, and road machinery		154,676,622	
General property		23,122,573	
Gravel pit		1,233,000	
Non-tangible assets		10,341,469	
Accumulated depreciation, depletion, and amortization		<u>(228,465,689)</u>	
			5,958,185,460

Pension and OPEB related deferred outflows of resources used in governmental activities are not financial resources and, therefore, not reported in the governmental funds. 89,503,113

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. 21,552,126

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

Net pension liability	\$	(198,080,607)	
Total OPEB liability		(156,245,938)	
Long term lease-purchase agreement		(10,944,282)	
Compensated absences and termination benefits		<u>(23,525,865)</u>	
			(388,796,692)

Pension and OPEB related and other deferred inflows of resources used in governmental activities are not financial resources and, therefore, not reported in the governmental funds. (39,601,796)

Net position of governmental activities \$ 5,813,921,749

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



Wyoming Department of Transportation

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

For the Year Ended September 30, 2019

	WYDOT General Fund	State Infrastructure Bank Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Motor fuels tax and registration fees	\$ 118,810,429	\$ -	\$ -	\$ 118,810,429
Mineral royalty and severance tax	68,904,200	-	-	68,904,200
Highway user fees	109,966,266	-	735,785	110,702,051
Federal aid	292,375,421	-	12	292,375,433
Federal grant	27,966,424	-	9,979,487	37,945,911
Interest and investment	5,879,641	917,441	1,641,343	8,438,425
City, county and other matching	7,824,824	-	-	7,824,824
Flight services	-	-	608,186	608,186
Statewide communication network	-	-	280,952	280,952
Other state sources	(1,456,778)	-	1,373,046	(83,732)
Other miscellaneous	4,411,893	-	(12)	4,411,881
Total revenue	634,682,320	917,441	14,618,799	650,218,560
Expenditures				
Current				
Road preservation and maintenance	457,700,004	-	-	457,700,004
Planning	11,265,054	-	-	11,265,054
Highway safety	5,786,379	-	353,095	6,139,474
Administration	30,159,976	-	-	30,159,976
Federal transit	-	-	12,400,350	12,400,350
Licensing and registration	12,305,026	-	37,899	12,342,925
Law enforcement	39,258,013	-	201,777	39,459,790
Statewide communication network	-	-	1,462,206	1,462,206
Airport improvement	31,520,676	-	3,059,410	34,580,086
Flight services	-	-	699,262	699,262
Debt Service				
Principal	15,686,132	-	-	15,686,132
Interest	310,110	-	-	310,110
Total expenditures	603,991,370	-	18,213,999	622,205,369
Excess (deficiency) of revenue over expenditures	30,690,950	917,441	(3,595,200)	28,013,191
Other financing sources (uses)				
Transfers in	85,664,901	-	4,575,023	90,239,924
Transfers out	(90,233,089)	-	(6,835)	(90,239,924)
Proceeds from sale of assets	4,721,137	-	-	4,721,137
Total other financing sources (uses)	152,949	-	4,568,188	4,721,137
Net changes in fund balances	30,843,899	917,441	972,988	32,734,328
Fund Balances, beginning	85,451,373	34,209,648	20,684,189	140,345,210
Fund Balances, ending	\$ 116,295,272	\$ 35,127,089	\$ 21,657,177	\$ 173,079,538

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



Wyoming Department of Transportation

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

For the Year Ended September 30, 2019

Net change in fund balances - total governmental funds \$ 32,734,328

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

Expenditures for capital assets, infrastructure, and other related asset adjustments:	\$ 18,499,244	
Current year depreciation, depletion, and amortization	(18,239,432)	
Disposition of assets	<u>(3,666,095)</u>	(3,406,283)

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. 4,331,362

Payment of note payable reported on the Statement of Revenues, Expenditures and Changes in Fund Balances as a decrease of current financial resources but as a liability on the Statement of Net Position and, therefore, does not decrease the net position of the Department. 15,000,000

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. 686,132

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	\$ (1,286,204)	
Net pension liability	(18,500,493)	
Total OPEB liability	<u>(7,962,772)</u>	<u>(27,749,469)</u>

Change in net position of governmental activities \$ 21,596,070

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



Wyoming Department of Transportation

STATEMENT OF FIDUCIARY NET POSITION

September 30, 2019

ASSETS

Cash with State Treasurer	\$	11,440,814
Accounts receivable		9,862,821
Total assets	\$	21,303,635

LIABILITIES

Accounts payable	\$	17,560,232
Deposits of others		3,743,403
Total liabilities	\$	21,303,635

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 the minerals are removed from the extraction site.

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

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

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

State 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, bond and debentures; commercial paper; banker’s acceptances; loans specifically identified by collateralized mortgage obligation, which are collateralized and paid from cash flows on mortgages, and are subject to prepayments by mortgagees which can result in interest rate fluctuation.



Wyoming Department of Transportation

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

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

Capital assets: Capital assets, which include work in progress, property, equipment, and infrastructure assets, are recorded at historical cost or at estimated historical cost if the actual historical cost is not available in the government-wide financial statements. Infrastructure assets include roads, bridges, water/sewer, lighting system, drainage systems and flood control, and rest areas. The Department's 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 large in magnitude 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.



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Current note payable: For the 2017-2018 biennium, the State Auditor was authorized by 2016 Wyoming Session Laws, Chapter 31, Section 301(b) and 318(c), at the Department's request, to borrow from the State's pooled fund investments \$100 million and \$82 million, respectively, for the purpose of assisting the Department's cash flow. Section 301(b) borrowing authority requires an interest rate which shall be determined by using the interest rate earned on pooled fund investments in the previous fiscal year. Section 318(c) does not have an interest requirement. The current note payable was the result of the Department exercising the borrowing authority under Section 318(c) during fiscal year 2016. This short-term note was paid off during the year ended September 30, 2019. 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 unpaid balance equal to the rate of return earned on pooled fund investments in the previous fiscal year. As of September 30, 2019, 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.

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.



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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.

Subsequent Event: 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., accelerating during the first half of March, as federal, state and local governments react to the public health crisis, creating significant uncertainties in the U.S. economy. The Department has noted a decrease in fuel tax revenues during this period. In addition, the Department receives an allocation of investment earnings from the State and investment values may be affected. This situation is rapidly changing and additional impacts to the Department may arise that we are not aware of currently. While the disruption is currently expected to be temporary, there is uncertainty around the duration. The ultimate impact of the pandemic on the Department cannot be reasonably estimated at this time.

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, 2019, the primary government did not have bank balances on 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	<u>\$ 126,618,674</u>
--------------------------------------	-----------------------

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

Statement of Net Position	
Cash with State Treasurer	\$ 115,177,860
Statement of Fiduciary Net Position	
Cash with State Treasurer	11,440,814
	<u>\$ 126,618,674</u>



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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, 2019:

	WYDOT	
	General Fund	Nonmajor Funds
Due from the Federal government	\$ 40,032,529	\$ 313,075
Due from other State agencies	20,713,341	145,261
Due from other governments	4,437,524	-
Other receivables	40,218,743	4,193
	\$ 105,402,137	\$ 462,529

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, 2019:

Road materials and supplies	\$ 25,650,447
Motor operating supplies	658,135
General supplies	319,005
Statewide communication parts	701,591
Work in progress	569,130
	27,898,308
Less allowance for obsolescence	(350,000)
Total	\$ 27,548,308

Note 5. Interfund Transactions

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

	Due From	Due To
WYDOT General Fund	\$ 333,371	\$ 299,404
Motorcycle Safety Fund	-	274
Federal Transit Authority Fund	-	1,610
Air Service Enhancement Fund	-	269
Flight Services Fund	-	31,298
Statewide Communication System Fund	-	516
	\$ 333,371	\$ 333,371

Advances to/from other funds: The balance of interfund advances from the State Infrastructure Bank resulted from the loans made to provide financing for large, long-term road construction projects. The loans will be repaid to the State Infrastructure Bank Fund with future Federal obligation authorization. Advances as of September 30, 2019 are shown on the following page.



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	Receivable	Payable
WYDOT General Fund	\$ -	\$ 26,042,923
State Infrastructure Bank Fund	26,042,923	-
	\$ 26,042,923	\$ 26,042,923

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, 2019 are as follows:

	Transfers In	Transfers Out
WYDOT General Fund	\$ 85,664,901	\$ 90,233,089
Motorcycle Safety Fund	-	3,369
Federal Transit Authority Fund	1,506,075	1,439
Air Service Enhancement Fund	1,773,564	-
Flight Services Fund	-	1,440
Statewide Communication System Fund	1,295,384	587
	\$ 90,239,924	\$ 90,239,924

Note 6. Long-Term Obligations

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

	September 30, 2019				
	Beginning				Amount Due
	Balance	Additions	Reductions	Ending Balance	within One Year
Governmental activities					
Notes payable	\$ 15,000,000	\$ -	\$ 15,000,000	\$ -	\$ -
Lease purchase agreement PWB-13	2,144,922	-	151,624	1,993,298	161,083
Lease purchase agreement BOA-14	9,485,492	-	534,508	8,950,984	574,194
Compensated absences	22,239,661	12,813,878	11,527,674	23,525,865	11,527,674
Governmental activities					
Long-term liabilities	\$ 48,870,075	\$ 12,813,878	\$ 27,213,806	\$ 34,470,147	\$ 12,262,951

Notes Payable

For the 2017-2018 biennium, the State Auditor was authorized by 2016 Wyoming Session Laws, Chapter 31, Section 301(b) and 318(c), at the Department's request, to borrow from the State's pooled fund investments \$100 million and \$82 million, respectively, for the purpose of assisting the Department's cash flow. Section 301(b) borrowing authority requires an interest rate which shall be determined by using the interest rate earned on pooled fund investments in the previous fiscal year. Section 318(c) does not have an interest requirement.

The Department exercised the borrowing authority under Section 318(c) during fiscal year 2016 and entered into a note payable to the State Treasurer of \$82 million. The balance of this note was paid during the fiscal year ended September 30, 2019. All payments to the State Treasurer for this note payable agreement were paid through the WYDOT General Fund.



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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 unpaid balance equal to the rate of return earned on pooled fund investments in the previous fiscal year. As of September 30, 2019, there are no amounts borrowed under this authority for the Department.

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 associated with the equipment for the year ended September 30, 2019. 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 are 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, 2019 were \$198,344 with \$46,720 of the amount paid as interest.

Annual debt service requirements for the 2013 lease purchase agreement at September 30, 2019 are as follows:

2013 Lease Purchase Agreement:			
For the fiscal year			
ended September 30,	Principal	Interest	Total
2020	\$ 161,083	\$ 43,211	\$ 204,294
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
2025-2029	1,085,162	59,242	1,144,404
	<u>\$ 1,993,298</u>	<u>\$ 235,741</u>	<u>\$ 2,229,039</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.



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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, 2019 were \$797,898 with \$263,390 of the amount paid as interest.

Annual debt service requirements for the 2014 lease purchase agreement at September 30, 2019 are as follows:

2014 Lease Purchase Agreement:

For the fiscal year

ended September 30,

	Principal	Interest	Total
2020	\$ 574,194	\$ 247,641	\$ 821,835
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
2025-2029	4,556,910	501,275	5,058,185
2030	1,087,615	16,863	1,104,478
	<u>\$ 8,950,984</u>	<u>\$ 1,574,914</u>	<u>\$ 10,525,898</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 \$11,196,963 as of September 30, 2019, represents a contingent liability to the Department.



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Note 7. Capital Assets

Capital asset activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Infrastructure related assets - nondepreciable				
Land - Infrastructure related	\$ 69,246,068	\$ -	\$ -	\$ 69,246,068
Infrastructure assets				
Bridges	871,942,363	-	-	871,942,363
Roadways	4,351,756,054	157,382,702	-	4,509,138,756
Communication systems	59,249,007	-	-	59,249,007
Permanent easements	4,294,728	-	-	4,294,728
Work in progress	403,714,444	23,201,057	(172,503,662)	254,411,839
Total infrastructure related assets	5,760,202,664	180,583,759	(172,503,662)	5,768,282,761
Capital assets				
Nondepreciable capital assets				
Land	7,240,775	-	-	7,240,775
Work in progress	10,723,750	1,092,881	(2,566,264)	9,250,367
Depreciable and amortizable capital assets				
Site improvements	14,876,623	-	-	14,876,623
Buildings	197,488,736	138,223	-	197,626,959
Vehicles, aircraft and road machinery	150,676,234	11,231,289	(7,230,901)	154,676,622
General property	23,196,243	523,018	(596,688)	23,122,573
Software	10,341,469	-	-	10,341,469
Depletable capital assets				
Gravel pit	1,233,000	-	-	1,233,000
Total capital assets	415,776,830	12,985,411	(10,393,853)	418,368,388
Less accumulated depreciation, depletion and amortization				
Site improvements	(11,371,726)	(487,861)	-	(11,859,587)
Buildings	(99,231,785)	(6,348,362)	-	(105,580,147)
Vehicles, aircraft and road machinery	(76,866,561)	(7,518,449)	3,623,057	(80,761,953)
General property	(19,246,369)	(1,203,359)	538,437	(19,911,291)
Software	(7,435,259)	(2,681,401)	-	(10,116,660)
Gravel pit	(236,051)	-	-	(236,051)
Total depreciation, depletion and amortization	(214,387,751)	(18,239,432)	4,161,494	(228,465,689)
Total depreciable, depletable and amortizable capital assets, net of depreciation, depletion and amortization	201,389,079	(5,254,021)	(6,232,359)	189,902,699
Governmental activities, capital assets, net	\$ 5,961,591,743	\$ 175,329,738	\$ (178,736,021)	\$ 5,958,185,460



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

Road preservation and maintenance	\$	14,765,492
Planning		22,106
Highway safety		1,640
Administration		2,939,754
Licensing and registration		50,544
Law enforcement		356,875
Airport improvement		103,021
	\$	<u>18,239,432</u>

Note 8. Governmental Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. Per GASB 54, as of September 30, 2019, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are not spendable in form or because they are legally or contractually required to be maintained intact. The Department has inventories of \$27,548,308.

Restricted – amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The Department reports the following balances as of September 30, 2019: \$212,641 as restricted fund balance for hazardous material spill cleanup and training; \$1,479,957 restricted for the air service enhancement fund; \$16,267,205 for the commercial air service improvement fund; \$250,777 for ignition interlock device fund; and \$126,392 for flight services for other governmental entities as per Wyoming Statute. The Department also has \$26,061,739 in the State Infrastructure Bank Fund, which is restricted for loans on infrastructure projects.

Committed – amounts that are subject to a purpose constraint imposed by a formal action of the Transportation Commission (Commission). The Commission is the highest level of decision-making authority for the Department. Commitments may be established, modified or rescinded only through resolutions approved by the Commission. The Department has \$29,994,447 reported in the WYDOT General Fund as committed for road construction projects as part of the \$.10 fuel tax increase.

Assigned – amounts that are subject to a purpose constraint that represents an intended use established by the Department in its budget process. The purpose of the assignment must be narrower than the purpose of the WYDOT General Fund, and in funds other than the WYDOT General Fund, assigned fund balance represents the remaining amount of fund balance for the purpose of the fund. For the State Infrastructure Bank Fund, the \$9,065,350 is the remaining fund balance not restricted to be used to capitalize loans for road construction. The amount of \$1,508,804 is the remaining amount of fund balance after operations for the year in the Motorcycle Safety Fund, and the \$1,811,401 is the remaining fund balance of the other governmental funds after operations for the year.

Unassigned – represents the residual classification for the WYDOT General Fund and could report a surplus or deficit. The Department reports unassigned fund balance of \$58,752,517 in the WYDOT General Fund.



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

	WYDOT General Fund	State Infrastructure Bank Fund	Other Nonmajor Special Revenue Funds
Fund Balance			
Nonspendable			
Inventories	\$ 27,548,308	\$ -	\$ -
Restricted for			
Air service enhancement funds	-	-	1,479,957
Commercial air service improvement fund	-	-	16,267,205
Hazardous material spill cleanup and training	-	-	212,641
Ignition interlock device expenditures	-	-	250,777
Loans made for road construction projects	-	26,061,739	-
Flight service expenditures	-	-	126,392
Committed for			
Additional \$.10 motor fuels tax for contract payments	29,994,447	-	-
Assigned to			
Loans made for road construction projects	-	9,065,350	-
Communication system enhancements	-	-	406,514
Motorcycle safety education	-	-	1,508,804
Other	-	-	1,404,887
Unassigned			
WYDOT General Fund	58,752,517	-	-
Total fund balances	\$ 116,295,272	\$ 35,127,089	\$ 21,657,177

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 <http://retirement.state.wy.us/home/index.html>.



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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, 2019, member contributions were required to be 8.75% of compensation and employer contributions were required to be 8.87% of compensation. Previously, the member and employer contribution percentages were 8.50% and 8.62%, 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 \$12,731,217 for the year ended September 30, 2019.

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.



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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, 2019, 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 \$3,961,888 for the year ended September 30, 2019.

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 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



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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, 2019, member contributions were required to be 8.60% of compensation, and employer contributions were required to be 8.60% of compensation. In accordance with Title 9-3-432 (a) of Wyoming State Statutes, the Department has elected to pay 8.60% of the member contributions in addition to the employer contributions. Total contributions to the pension plan from the Department were \$331,903 for the year ended September 30, 2019.

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

At September 30, 2019, 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, 2019	
	Net Pension Liability	Pension Expense
Public Employees Pension Plan	\$ 154,940,570	\$ 22,268,711
State Patrol, Game & Fish, Warden and Criminal Investigator Pension Plan	\$ 40,182,064	\$ 5,249,802
Law Enforcement Pension Plan	\$ 2,957,973	\$ 777,674
Total Liability for Department	\$ 198,080,607	\$ 28,296,187

The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 and incorporated assumption changes adopted by the Wyoming Retirement Systems Board effective August 23, 2017. 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, 2018 to the contributions of all participating employers for the same period to each plan.

At December 31, 2018, the Department's proportionate share of each plan was as follows:

	Proportionate Share at December 31, 2018	Proportionate Share at December 31, 2017
Public Employees Pension Plan	5.0878742593%	5.0203315014%
State Patrol, Game & Fish, Warden and Criminal Investigator Pension Plan	59.9420871000%	61.0513840000%
Law Enforcement Pension Plan	1.2219378569%	1.1647628692%

At September 30, 2019, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as shown in the table on the following page.



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	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience		
Public Employees Pension Plan	\$ -	\$ (3,859,151)
State Patrol, Game & Fish, Warden and Criminal Investigator Pension Plan	15,117	(2,519,089)
Law Enforcement Pension Plan	-	(130,183)
Net difference between projected and actual earnings on pension plan investments		
Public Employees Pension Plan	23,379,634	-
State Patrol, Game & Fish, Warden and Criminal Investigator Pension Plan	5,287,247	-
Law Enforcement Pension Plan	483,634	-
Changes in proportionate share of contributions		
Public Employees Pension Plan	1,853,121	(369,114)
State Patrol, Game & Fish, Warden and Criminal Investigator Pension Plan	268,024	(430,132)
Law Enforcement Pension Plan	72,736	-
Change in assumptions		
Public Employees Pension Plan	7,638,418	-
State Patrol, Game & Fish, Warden and Criminal Investigator Pension Plan	9,587,580	(9,003,038)
Law Enforcement Pension Plan	1,245,358	-
Contributions subsequent to the measurement date		
Public Employees Pension Plan	5,835,707	-
State Patrol, Game & Fish, Warden and Criminal Investigator Pension Plan	1,664,236	-
Law Enforcement Pension Plan	123,161	-
	\$ 57,453,973	\$ (16,310,707)

An amount of \$7,623,104 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Public Employees Pension Plan	State Patrol, Game & Fish, Warden and Criminal Investigator Pension Plan	Law Enforcement Pension Plan
Year ended			
2020	\$ 11,243,484	\$ 2,927,060	\$ 539,668
2021	6,280,072	(2,200,970)	435,378
2022	3,416,437	344,648	399,632
2023	7,702,915	2,134,971	296,867
	\$ 28,642,908	\$ 3,205,709	\$ 1,671,545

Actuarial assumptions

There were changes in assumptions between the December 31, 2017 measurement date and the December 31, 2018 measurement date. The total pension liability in the January 1, 2018 actuarial valuation was determined using the actuarial assumptions adopted by the Wyoming Retirement Systems Board effective August 23, 2017 and applied to all periods included in the measurement:



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	Public Employees Pension Plan	State Patrol, Game & Fish, Warden and Criminal Investigator Pension Plan	Law Enforcement Pension Plan
Valuation date	January 1, 2018	January 1, 2018	January 1, 2018
Assumed inflation rate	2.25%	2.25%	2.25%
Projected salary increases includes inflation	4.75% - 8.75%	2.50% - 8.50%	4.75% - 8.75%
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. For each major asset class that is included in the pension plans target asset allocation for the fiscal year 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	0.00%	0.30%	0.30%
Fixed income	20.00%	1.50%	2.00%
Equity	49.00%	6.00%	7.40%
Marketable alternatives	19.00%	3.10%	3.50%
Private markets	12.00%	5.20%	7.00%
	100.00%	4.40%	5.50%

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.....	6.33%*
Law Enforcement Pension Plan.....	5.92%*

*Discount rate of 7.00% used in prior valuation



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

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

The following table 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:

	1% Decrease (6.00%)	Current (7.00%)	1% Increase (8.00%)
Public Employees Pension Plan	\$ 214,881,689	\$ 154,940,570	\$ 104,920,270
	1% Decrease (5.33%)	Current (6.33%)	1% Increase (7.33%)
State Patrol, Game & Fish, Warden and Criminal Investigator Pension Plan	\$ 55,850,823	\$ 40,182,064	\$ 27,225,676
	1% Decrease (4.92%)	Current (5.92%)	1% Increase (6.92%)
Law Enforcement Pension Plan	\$ 4,453,496	\$ 2,957,973	\$ 1,745,545

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 (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.



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Retirement eligibility varies under each system within the Wyoming Retirement System. 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.

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

At September 30, 2019, the Department reported a liability of \$156,245,938 for its proportionate share of the collective total OPEB liability. The collective total OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The Department's proportion of the collective total OPEB liability was based on a projection of the Department's expected payments/contributions to the OPEB plan relative to the projected contributions 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, 2019, the Department's proportion was 15.32656%, which is a decrease from the June 30, 2018 proportion of 15.74369%.

For the year ended September 30, 2019, the Department recognized OPEB expense of \$7,962,772. At September 30, 2019, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 32,049,140	\$ -
Change in proportionate share		(2,936,885)
Change in assumptions	-	(20,354,204)
	\$ 32,049,140	\$ (23,291,089)

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	
2020	\$ 852,711
2021	852,711
2022	852,711
2023	852,711
2024	852,711
Thereafter	4,494,496
	\$ 8,758,051



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Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	July 1, 2018 (based on July 1, 2017 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, generational projection using MP-2017. Disabled: RP-2014 Combined, 100% male, 100% female, generational projection using MP-2017.
Healthcare Cost Trend Rates	Non-Medicare: 7.60% decreasing annually until reaching the ultimate trend rate of 4.50% Medicare: 8.10% 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. For the excise tax, the overall value of the benefit was compared to the excise tax threshold. The values of the benefits were assumed to increase with the valuation trend and the excise tax thresholds were assumed to increase by 2.25% per year. On a blended basis, the excise tax threshold is estimated to hit in 2022.

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 Systems.

Discount rate: The discount rate used to measure the total OPEB liability was 3.87%, which represents an increase from the discount rate of 3.58% utilized for the June 30, 2017 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.



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Sensitivity of the Department’s proportionate share of the collective total OPEB liability to changes in the discount rate: The table on the following page presents the Department’s proportionate share of the collective total OPEB liability calculated using the discount rate of 3.87%, 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 (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate.

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Proportionate share of the collective total OPEB liability	\$ 190,935,892	\$ 156,245,938	\$ 129,605,244

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 Healthcare Cost Trend Rates	1% Increase
Non-Medicare	6.60%	7.60%	8.60%
Medicare	7.10%	8.10%	9.10%
Proportionate share of the collective total OPEB liability	\$ 129,239,492	\$ 156,245,938	\$ 192,904,647

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 2019 for the first 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 assumes all the risk for claims incurred by plan participants. The State does not retain any risk of loss for the life insurance plan as the insurance provider assumes all risk for claims incurred by the participant. During fiscal year 2019 the Department contributed 87% up to \$1,899.76 per month for insurance premiums for each covered participant towards these plans. Participants are responsible for paying premium charges in excess of this amount.



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The State’s group insurance fund was solvent at June 30, 2019, 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 2019 and 2018 were \$29,677,239 and \$29,307,667, respectively.

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

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

At June 30, 2019, 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 2019 was \$2,428,254.

The Department does not carry unemployment insurance but pays the cost of actual claims incurred. The Department paid \$70,602 unemployment claims for the fiscal year ended September 30, 2019.

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 \$14,319,706 for the year ended September 30, 2019.

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 \$359 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, 2019, 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, 2019 are as follows:

	WYDOT	
	General Fund	Nonmajor Funds
Construction and Maintenance	\$ 298,148,836	\$ -
Airport Improvement	42,291,882	-
Other	10,763,149	7,942,065
	<u>\$ 351,203,867</u>	<u>\$ 7,942,065</u>



REQUIRED SUPPLEMENTARY INFORMATION



Wyoming Department of Transportation

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH September 30, 2019

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

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

Excellent	5.0 to 3.6
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 broke out between Interstate NHS and Non-Interstate NHS roadway system at an average rating of 3.25 (good) as whole and its Off the National Highway System (Non-NHS) at an average rating of 2.50 (poor) for the Non-NHS system as a whole. Each road section has data collected every other year. The road subsystem condition assessment is done every year.

As of September 30, 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. As of September 30, 2017, the overall PSR for Interstate NHS was 3.7, Non-Interstate NHS was 3.5 and Non-NHS was 3.4.

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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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%

2017 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	1,559	85.1%	1,448	70.6%	2,033	61.2%
Poor to Fair	272	14.9%	602	29.4%	1,291	38.8%
Total	1,831	100.0%	2,050	100.0%	3,324	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 Department switched from the Wyoming Bridge Index (WBI) to the National Highway Performance Program (NHPP) during the year ended September 30, 2019. 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.

2019 Structure Condition Rating					
NHS			Non-NHS		
Condition	Area	Percent	Condition	Area	Percent
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		
Condition	Area	Percent	Condition	Area	Percent
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%

2017 Structure Condition Rating					
NHS			Non-NHS		
Condition	Area	Percent	Condition	Area	Percent
Good	1,203,019	14.7%	Good	618,060	19.5%
Fair	6,121,892	74.7%	Fair	2,217,652	70.0%
Poor	886,008	10.8%	Poor	338,321	10.7%
Total	8,210,919	100.0%	Total	3,174,033	100.0%

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

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



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

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%

2017 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 \$387.3 million for the year ended September 30, 2019. Actual expenditures on infrastructure for maintenance and preservation were \$374.2 million, a difference of \$13.1 million. The difference is due to the size and length of the construction projects. Estimated and actual amounts used to maintain or preserve the Department's infrastructure systems at the Department's target PSR ratings for the past five years are as follows:

For the fiscal year ended September 30,	Estimated (in millions)			Actual (in millions)		
	Road Network	Bridges	Communications System	Road Network	Bridges	Communications System
2015	368.2	45.2	2.8	420.4	22.0	2.8
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



Wyoming Department of Transportation

**SCHEDULE OF REVENUE APPROPRIATED AND EXPENSES ALLOCATED -
 BUDGET AND ACTUAL - WYDOT GENERAL FUND
 For the Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Revenues appropriated:				
Highway user fees	\$ 211,427,005	\$ 211,427,005	\$ 225,057,467	\$ 13,630,462
Mineral royalties and severance taxes	73,184,000	73,184,000	71,402,475	(1,781,525)
Federal aid	265,210,981	289,934,905	311,547,872	21,612,967
Federal grants	32,418,827	47,378,830	46,744,307	(634,523)
Other sources	23,610,477	25,283,494	19,582,213	(5,701,281)
Total revenues appropriated	<u>605,851,290</u>	<u>647,208,234</u>	<u>674,334,334</u>	<u>27,126,100</u>
Expenses allocated:				
Highway improvement program	341,342,095	364,029,311	400,708,976	(36,679,665)
Highway maintenance	105,491,562	108,201,347	102,236,598	5,964,749
Transportation planning	25,654,244	27,536,198	23,097,623	4,438,575
Other	13,308,086	13,135,583	11,768,150	1,367,433
Legislative appropriated	94,873,076	110,788,478	110,728,478	60,000
Capital outlay	17,222,889	15,557,979	15,243,594	314,385
Transfers out, other State agencies	7,959,338	7,959,338	7,959,338	-
Total expenses allocated	<u>605,851,290</u>	<u>647,208,234</u>	<u>671,742,757</u>	<u>(24,534,523)</u>
Revenues appropriated over (under) expenses allocated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,591,577</u>	<u>\$ 2,591,577</u>

See Notes to Required Supplementary Information.



Wyoming Department of Transportation

**SCHEDULE OF REVENUE APPROPRIATED AND EXPENSES ALLOCATED -
 BUDGET AND ACTUAL - STATE INFRASTRUCTURE BANK FUND
 For the Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues appropriated:				
Reimbursements on advance	\$ 10,000,000	\$ 10,000,000	\$ 15,364,412	\$ 5,364,412
Interest and investment revenue	156,404	156,404	607,718	451,314
Total revenues appropriated	10,156,404	10,156,404	15,972,130	5,815,726
Expenses allocated:				
Project loans/advances	-	15,000,000	20,000,000	(5,000,000)
Revenues appropriated over (under) expenses allocated	\$ 10,156,404	\$ (4,843,596)	\$ (4,027,870)	\$ 815,726

See Notes to Required Supplementary Information.



Wyoming Department of Transportation

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

Public Employee Pension Plan

Last 6 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	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%

* 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 6 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	\$ 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%

* 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 6 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%

** 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 6 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%

** 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 6 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%

* 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 6 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%

* 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 2 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%

* 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



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 Expenses Allocated and the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds are as follows:

	WYDOT General Fund
Revenues appropriated - actual amounts (basis of budgeting)	\$ 674,334,334
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	(54,850,184)
Differences in accrual basis revenues and cash basis budgetary amounts	15,198,170
Total revenues as reported on the Statement of Revenue, Expenditures and Changes in Fund Balances	\$ 634,682,320
	WYDOT General Fund
Expenses allocated - actual amounts (basis of budgeting)	\$ 671,742,757
Net difference in project-length expenditures budgeted each year for the length of the project, compared to expenses incurred on specific contracts in progress	96,834,114
Differences in accrual basis expenditures and cash basis budgetary amounts	(164,585,501)
Total expenditures as reported on the Statement of Revenue, Expenditures and Changes in Fund Balances	\$ 603,991,370
	State Infrastructure Bank Fund
Revenues appropriated - actual amounts (basis of budgeting)	\$ 15,972,130
Differences in budgetary basis to GAAP	
Reimbursements on advance	(15,364,412)
Unrealized gain on investments	309,723
Total revenues as reported on the Statement of Revenue, Expenditures and Changes in Fund Balances	\$ 917,441
	State Infrastructure Bank Fund
Expenses allocated - actual amounts (basis of budgeting)	\$ 20,000,000
Differences in budgetary basis to GAAP	
Project loan advances	20,000,000
Total expenditures as reported on the Statement of Revenue, Expenditures and Changes in Fund Balances	\$ -



Wyoming Department of Transportation

Note 5. Retirement Commitment – Wyoming Retirement System

Changes in benefit terms: There were no changes in benefit terms between the December 31, 2017 measurement date and the December 31, 2018 measurement date.

Changes in assumptions:

Public Employee Pension Plan - There were no changes in assumptions between the December 31, 2017 measurement date and the December 31, 2018 measurement date.

State Patrol, Game & Fish, Warden and Criminal Investigator Pension Plan - There was a change in the assumed discount rate from 7.00% to 6.33% between the December 31, 2017 measurement date and the December 31, 2018 measurement date.

Law Enforcement Pension Plan - There was a change in the assumed discount rate from 7.00% to 5.92% between the December 31, 2017 measurement date and the December 31, 2018 measurement date.

Note 6. OPEB Commitment – Wyoming Employees Group Insurance

Changes in benefit terms: There were no changes in benefit terms since the prior valuation.

Changes in assumptions: The valuation reflects the following assumption changes from the June 30, 2017 measurement date to the June 30, 2018 measurement date.

- Discount rate changed from 3.58% to 3.87%.
- Mortality rates were updated to reflect the tables used by the Wyoming Retirement System. Specifically, the mortality assumption was changed from the RP-2006 tables projected using scale MP-2017 to the RP-2014 tables projected using scale MP-2017. See the Actuarial Assumptions section for additional details.
- Health care trend rates were changed from 6.50% to 7.60% for non-Medicare and from 7.50% to 8.10% for Medicare.

In addition to the above changes, the valuation also reflects updated health care claims costs based on recent EGI experience, which was generally higher than expected, and no increase in retiree contributions between 2018 and 2019.



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.

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, 2019**

	Motorcycle Safety 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	\$ 1,520,246	\$ 1,605,938	\$ 134,137	\$ 212,041	\$ 250,777	\$ 1,628,197	\$ 16,267,205	\$ 105,096	\$ 314,010	\$ 22,037,647
Accounts receivable	(35)	298,709	-	600	-	-	-	70,261	92,994	462,529
Total assets	\$ 1,520,211	\$ 1,904,647	\$ 134,137	\$ 212,641	\$ 250,777	\$ 1,628,197	\$ 16,267,205	\$ 175,357	\$ 407,004	\$ 22,500,176
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ 11,133	\$ 632,287	\$ -	\$ -	\$ -	\$ 147,971	\$ -	\$ 17,667	\$ (26)	\$ 809,032
Due to other funds	274	1,610	-	-	-	269	-	31,298	516	33,967
Total liabilities	11,407	633,897	-	-	-	148,240	-	48,965	490	842,999
Fund Balances										
Restricted	-	-	-	212,641	250,777	1,479,957	16,267,205	126,392	-	18,336,972
Assigned	1,508,804	1,270,750	134,137	-	-	-	-	-	406,514	3,320,205
Total fund balances	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
Total liabilities and fund balances	\$ 1,520,211	\$ 1,904,647	\$ 134,137	\$ 212,641	\$ 250,777	\$ 1,628,197	\$ 16,267,205	\$ 175,357	\$ 407,004	\$ 22,500,176



Wyoming Department of Transportation

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019**

	Motorcycle Safety 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
Revenue										
Highway user fees	\$ 506,274	\$ -	\$ 47,911	\$ 114,200	\$ 67,400	\$ -	\$ -	\$ -	\$ -	\$ 735,785
Federal aid revenue	-	12	-	-	-	-	-	-	-	12
Federal grant	-	9,979,487	-	-	-	-	-	-	-	9,979,487
Interest and investment	101,240	115,950	10,102	2,075	18,153	139,057	1,228,368	1,798	24,600	1,641,343
Flight services	-	-	-	-	-	-	-	608,186	-	608,186
Statewide communication network	-	-	-	-	-	-	-	-	280,952	280,952
Other state sources	-	-	-	-	-	-	-	-	1,373,046	1,373,046
Other miscellaneous	-	(29)	-	-	-	-	-	-	17	(12)
Total revenue	607,514	10,095,420	58,013	116,275	85,553	139,057	1,228,368	609,984	1,678,615	14,618,799
Expenditures										
Highway safety	353,095	-	-	-	-	-	-	-	-	\$ 353,095
Federal transit	-	12,400,350	-	-	-	-	-	-	-	12,400,350
Licensing and registration	-	-	29,114	-	8,785	-	-	-	-	37,899
Law enforcement	-	-	-	201,777	-	-	-	-	-	201,777
Statewide communication network	-	-	-	-	-	-	-	-	1,462,206	1,462,206
Airport improvement	-	-	-	-	-	3,059,410	-	-	-	3,059,410
Flight services	-	-	-	-	-	-	-	699,262	-	699,262
Total expenditures	353,095	12,400,350	29,114	201,777	8,785	3,059,410	-	699,262	1,462,206	18,213,999
Excess(deficiency) of revenue over expenditures	254,419	(2,304,930)	28,899	(85,502)	76,768	(2,920,353)	1,228,368	(89,278)	216,409	(3,595,200)
Other financing sources (uses)										
Transfers in	-	1,506,075	-	-	-	1,773,564	-	-	1,295,384	\$ 4,575,023
Transfers out	(3,369)	(1,439)	-	-	-	-	-	(1,440)	(587)	(6,835)
Total other financing sources (uses)	(3,369)	1,504,636	-	-	-	1,773,564	-	(1,440)	1,294,797	4,568,188
Net change in fund balances	251,050	(800,294)	28,899	(85,502)	76,768	(1,146,789)	1,228,368	(90,718)	1,511,206	972,988
Fund Balances, beginning	1,257,754	2,071,044	105,238	298,143	174,009	2,626,746	15,038,837	217,110	(1,104,692)	20,684,189
Fund Balances, ending	\$ 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



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, 2019

	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	\$ 90	\$ -	\$ -	\$ 987,581	\$ 1,526,781	\$ 8,849,488	\$ 76,874	\$ 11,440,814
Accounts receivable	-	-	-	-	-	9,862,821	-	9,862,821
Total assets	\$ 90	\$ -	\$ -	\$ 987,581	\$ 1,526,781	\$ 18,712,309	\$ 76,874	\$ 21,303,635
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ 987,726	\$ 2,296	\$ 16,566,206	\$ 4,004	\$ 17,560,232
Deposits of others	90	-	-	(145)	1,524,485	2,146,103	72,870	3,743,403
Total liabilities	\$ 90	\$ -	\$ -	\$ 987,581	\$ 1,526,781	\$ 18,712,309	\$ 76,874	\$ 21,303,635



Wyoming Department of Transportation

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS**

For the Year Ended September 30, 2019

	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, 2018	\$ 30	\$ -	\$ -	\$ 193,912	\$ 353,490	\$ 17,303,136	\$ 69,620	\$ 17,920,188
Additions	756,721	-	-	6,737,357	10,614,792	199,230,107	51,211	217,390,188
Reductions	(756,661)	-	-	(5,943,688)	(9,441,501)	(197,820,934)	(43,957)	(214,006,741)
Balance as of September 30, 2019	\$ 90	\$ -	\$ -	\$ 987,581	\$ 1,526,781	\$ 18,712,309	\$ 76,874	\$ 21,303,635



Wyoming Department of Transportation





SINGLE AUDIT SECTION



Wyoming Department of Transportation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2019

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				
Drug Enforcement Administration				
Law Enforcement Assistance Narcotics & Dangerous Drugs Laboratory Analysis	16.001	-	-	45,351
Federal Aviation Administration				
Airport Improvement Program	20.106	-	22,030,229	22,030,229
Federal Highway Administration				
Highway Research & Development Program	20.200	-	-	1,026,326
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	-	4,193,705	296,742,385
Highway Training & Education	20.215	-	-	87,363
Federal Motor Carrier Safety Administration				
National Motor Carrier Safety	20.218	-	-	1,069,771
Federal Transit Administration				
<i>Federal Transit Cluster</i>				
Bus and Bus Facilities Formula Program	20.526	-	1,338,064	1,338,064
<i>Transit Services Programs Cluster</i>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	-	197,966	308,332
Metropolitan Transportation Planning & Research				
State and Non-Metropolitan Planning and Research	20.505	-	1,371,002	1,397,711
Formula Grants for Rural Areas	20.509	-	6,539,292	6,935,381
Office of the Secretary (OST) Administration Secretariate				
National Infrastructure Investments	20.933	-	-	443,655
National Highway Traffic Safety Administration				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety Program	20.600	-	584,359	2,217,099
Occupant Protection Incentive Grants	20.602	-	-	4,292
National Priority Safety Programs	20.616	-	456,736	1,599,330
<i>Total Highway Safety Cluster</i>			1,041,095	3,820,721
Alcohol Open Container Requirements	20.607	-	436,436	526,491
Total U.S. Department of Transportation			37,147,789	335,771,780
Executive Office of the President				
High Intensity Drug Traffic Areas Program	95.001	-	-	86,420
U.S. Department of Homeland Security				
Passed through the State of Wyoming Office of Homeland Security				
Homeland Security Grant Program	97.067	-	-	54,822
Total Federal award expenditures			\$ 37,147,789	\$ 335,913,022

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.

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, 2019. 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, 2019, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated May 5, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs identified as item 2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the



Wyoming Department of Transportation

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Department's Response to Finding

The Department's response to the finding identified in our audit is described in the accompanying Exhibit I, Corrective Action Plans. The Department's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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
May 5, 2020



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, 2019. 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, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-002. Our opinion on each major Federal program is not modified with



Wyoming Department of Transportation

respect to these matters.

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

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with 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

May 5, 2020



Wyoming Department of Transportation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended September 30, 2019

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:

CFDA Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster
20.106	Airport Improvement Program
20.526	Federal Transit Cluster

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

Auditee qualified as low-risk auditee? Yes No



Wyoming Department of Transportation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) Year Ended September 30, 2019

II. FINANCIAL STATEMENT FINDINGS

2019-001: Mineral Severance Tax Adjustment

Criteria: An internal control structure should be designed to identify adjusting journal entries that are significant to the Department's financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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.

Effect: Prior to the audit adjustment, the government-wide and fund-level financial statements were not properly stated in accordance with U.S. GAAP.

Cause: Mineral severance tax distributions were not made to the Department by the State of Wyoming during State fiscal years 2017 and 2018 in accordance with Section 325 of Senate File 1 2016 Budget Session. Over that time period, turnover in key Financial Services program positions resulted in new employees being responsible for the transaction in the event mineral severance tax distributions were approved by the State of Wyoming. In addition, the Department did not have a control system in place to ensure that the collection information being distributed by the Department of Revenue was being provided to the Financial Services program for them to analyze for the appropriate accounting treatment under U.S. GAAP.

Identification as a Repeat Finding: No

Recommendation: We recommend that the Department implement a control system to ensure information received by other departments is timely provided to Financial Services to ensure they are able to analyze for the appropriate accounting treatment under U.S. GAAP.

Views of Responsible Officials: Management concurs with the finding. See further discussion in the planned corrective action on Exhibit I.

Planned Corrective Actions: See Exhibit I



Wyoming Department of Transportation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) Year Ended September 30, 2019

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2019-002: Allowable Costs/Cost Principles

Catalog of Federal Assistance (CFDA) Number and Title: <i>CFDA #20.526 Bus & Bus Facilities Formula & Discretionary Programs (Federal Transit Cluster)</i>
Federal Agency Name: <i>Department of Transportation</i>
Pass-Through Entity Name (if applicable): <i>Not Applicable</i>
Award Number/Name: <i>1168-2017-1; WY-34-001-02</i>
Award Year(s): <i>3/9/17-9/30/21; 6/20/14 – 10/31/20</i>

Criteria: PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

2 CFR 200.305 (b)(c)(iv) a payment must not be made to a non-Federal entity for amounts that are withheld by the non-Federal entity from payment to contractors to assure satisfactory completion of work. A payment must be made when the non-Federal entity actually disburses the withheld funds to the contractors or to escrow accounts established to assure satisfactory completion of work.

Condition/Context: Of the 6 items selected for allowable costs/cost principles, 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.

Questioned Costs: \$25,940

Effect: If a non-Federal entity fails to comply with Federal statutes, regulations or the terms and conditions of a Federal award, the Federal awarding agency may impose additional conditions, which include requiring payments as reimbursements rather than advance payments, withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance, require additional, more detailed financial reports, require additional project monitoring, require the non-Federal entity to obtain technical or management assistance, and establish additional prior approvals. If the Federal awarding agency determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency may take one or more of the following actions, as appropriate in the circumstances: (a) Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency. (b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance. (c) Wholly or partly suspend or terminate the Federal award. (d) Initiate suspension or debarment proceedings as authorized under 2 CFR part 180 and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency). (e) Withhold further Federal awards for the project or program. (f) Take other remedies that may be legally available.



Wyoming Department of Transportation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) **Year Ended September 30, 2019**

Cause: The Town of Jackson submitted invoices for reimbursement which had not been paid in full due to a holdback pending resolution of issues with contractor performance and the Department was not made aware of this.

Identifications as a Repeat Finding: No.

Recommendation: We recommend that the Department contact the federal agency, return the funds in question, including interest (if applicable) and request the return of the funds from the Town of Jackson. Also, Town of Jackson should be notified that they can resubmit for reimbursement when the remaining funds have been paid to the contractor subject to the grant's period of availability. We recommend the Department request Town of Jackson to submit proof of payment for all invoices submitted for reimbursement request in the future until such time the Department determines that Town of Jackson's procedures and internal controls ensure that payments submitted for reimbursement have been paid prior to submission. We also recommend that the Department consider reminding other sub-recipients that only expenditures that have been paid are eligible for reimbursement.

Views of Responsible Officials: Management concurs with the finding. See further discussion in the planned corrective action on Exhibit I.

Planned Corrective Actions: See Exhibit I



Wyoming Department of Transportation

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

2018-001: Audit Adjustments

Condition/Context: As part of our audit, one significant adjustment was proposed and recorded in order to properly state the financial statements GAAP.

Status: The Financial Services Management has taken steps to ensure the receipt of revenue to be reimbursed by outside agencies is correctly calculated and recorded as required under the modified accrual basis of accounting.

Auditor's Comments: Based on current year testing, we determined the Department correctly calculated and recorded revenue reimbursements from outside agencies.



EXHIBIT I
CORRECTIVE ACTION PLANS



Mark Gordon
Governor

WYOMING Department of Transportation

"Providing a safe, high quality, and efficient transportation system"

5300 Bishop Boulevard, Cheyenne, Wyoming 82009-3340



Date: May 5, 2020

To: McGee, Hearne & Paiz, LLP

From: Dennis Byrne, Chief Financial Officer

Re: Wyoming Department of Transportation Financial and Compliance Report – Fiscal Year 2019

The following is the Corrective Action Plan to address the control deficiencies and findings in the Fiscal Year 2019 Financial and Compliance Report.

2019-001: Mineral Severance Tax Adjustment

Corrective Action: When the adjustment was identified during the audit, Financial Services contacted the Department of Revenue to have the proper information directed to Financial Services personnel for distributions made during the fiscal year as well as for the end of year information necessary for the accrual. Procedures were updated in the audit files to ensure that the mineral severance tax accrual will be reviewed and considered each year going forward.

Completion Date: March 31, 2020

Contact Person(s): Rhonda Holt, Controller, Financial Services



WYOMING Department of Transportation

"Providing a safe, high quality, and efficient transportation system"

5300 Bishop Boulevard, Cheyenne, Wyoming 82009-3340



Date: May 5, 2020

To: McGee, Hearne & Paiz, LLP

From: Talbot Hauffe, Transit Program Coordinator

Re: Wyoming Department of Transportation Financial and Compliance Report – Fiscal Year 2019

The following is the Corrective Action Plan to address the control deficiencies and findings in the Fiscal Year 2019 Financial and Compliance Report.

2019-002: Allowable Costs/Cost Principles

Catalog of Federal Assistance (CFDA) Number and Title: <i>CFDA #20.526 Bus & Bus Facilities Formula & Discretionary Programs (Federal Transit Cluster)</i>
Federal Agency Name: <i>Department of Transportation</i>
Pass-Through Entity Name (if applicable): <i>Not Applicable</i>
Award Number/Name: <i>1168-2017-1; WY-34-001-02</i>
Award Year(s): <i>3/9/17-9/30/21; 6/20/14 – 10/31/20</i>

Corrective Action: The Transit Program Coordinator has contacted the Federal Transit Administration (FTA) on April 20, 2020 on guidance for the questioned costs of \$25,940. The FTA has advised WYDOT to get the money back from the Town of Jackson and to do an amendment to the award. WYDOT has also contacted the Town of Jackson and informed them of the requirement to repay these funds.

Going forward WYDOT’s Transit Program will work with the subrecipient; Town of Jackson-Southern Teton Area Transit System (START) to ensure the subrecipients’ vendors are paid before WYDOT reimburses these payments. Since BlackCat is the system of record for applications, agreements, invoices and reimbursements, WYDOT’s Transit Program will require copies of payments from the subrecipients to be posted in BlackCat before WYDOT reimburses the subrecipient.

Completion Date: May 30, 2020

Contact Person(s): Talbot Hauffe, Transit Program Coordinator