



**John Watson**  
Missouri State Auditor

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# TRANSPORTATION

## Department of Transportation

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April 2015  
Report No. 2015-015



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**John Watson**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the Department of Transportation

Recusal	To avoid any appearance of a conflict of interest, the State Auditor recused himself from participation in this audit and directed the Deputy State Auditor to oversee procedures performed by the State Auditor's professional audit staff.
Restricted Funds	Article IV, Section 30(b) of the Missouri Constitution limits the use of State Road Fund monies to activities related to construction and maintenance of the highway system, but the Missouri Department of Transportation (MoDOT) disbursed over \$7 million of these funds for other uses, including safety grants to local coalitions, legal settlements with former employees, administrative leave, and an employee's personal loss.
Personnel Payments	The MoDOT placed 122 employees on administrative leave for 2 months prior to termination without requiring the employees to do any work during this time, costing MoDOT almost \$1.5 million in salary and benefits. The MoDOT has a more generous relocation assistance policy than the Office of Administration's (OA) relocation policy, and it made some payments which did not comply with its own policy. In the 2 years ended June 30, 2014, MoDOT paid \$872,991 in relocation assistance, \$622,147 more than would have been allowed under the OA policy. In addition, the MoDOT paid \$91,168 on behalf of one employee to relocate to Kansas City, when the employee was not eligible to receive relocation assistance, according to the MoDOT policy. A portion of these costs covered a \$30,000 loss on the sale of residential property for this employee (a second residence which had nothing to do with the relocation) and gave this employee dual housing reimbursements totaling \$21,816 for 18 months prior to the sale of this house, instead of the 6 months allowed by MoDOT policy.
Sunshine Law	The Commission approved a \$625,000 settlement to a former employee in a closed meeting but did not publicly disclose the final resolution as required by the state Sunshine Law.
Property Damage	The MoDOT's efforts to locate parties responsible for damaging MoDOT property are inadequate, and it appears the MoDOT may be writing off accounts prematurely. During the 2 years ended June 30, 2014, the MoDOT closed 6,903 property damage accounts (totaling \$6,477,930) because the responsible party was not identified and wrote off 1,348 accounts (totaling \$2,168,518) as uncollectible. District personnel stated they do not document efforts to locate responsible parties. In addition, for 2 of 25 write offs tested, the MoDOT received payments totaling \$476 after the accounts had been written off.

Vehicle Usage	The MoDOT does not have a formal policy regarding the utilization of vehicles, and some MoDOT vehicles may be underutilized. The MoDOT's informal policy considers light duty trucks, cars, and pickup trucks driven less than 10,125, 11,250, and 11,718 miles per year, respectively, to be underutilized. By this standard, 513 vehicles (33 percent) were underutilized in fiscal year 2014 and 532 (34 percent) were underutilized in fiscal year 2013.
State Flight Operations	The State Auditor issued the State Flight Operations report (2015-003) in January 2015, which included findings related to the MoDOT. The state paid for charter flights for MoDOT commission members when the state-owned planes were available. The MoDOT spent approximately \$259,000 flying commission members to commission meetings, when commission members of state boards other than the MoDOT and the Missouri Department of Conservation typically receive motor vehicle mileage reimbursement for travel costs. The MoDOT allowed non-authorized passengers on state passenger flights.

In the areas audited, the overall performance of this entity was **Fair**.\*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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## **JOHN WATSON**

### **Missouri State Auditor**

Honorable Jeremiah W. (Jay) Nixon, Governor  
and  
Missouri Highways and Transportation Commission  
and  
David Nichols, Director  
Department of Transportation  
Jefferson City, Missouri

To avoid any appearance of a conflict of interest, the State Auditor recused himself from participation in this audit and directed the Deputy State Auditor to oversee procedures performed by the State Auditor's professional audit staff. We have audited certain operations of the Department of Transportation, in fulfillment of our duties under Chapter 29, RSMo. The department engaged Rubin Brown, Certified Public Accountants (CPAs), to audit the department's financial statements for the years ended June 30, 2014 and 2013. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm for the year ended June 30, 2013, since the year ended June 30, 2014, audit had not been completed at the time we started our audit. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2014 and 2013. The objectives of our audit were to:

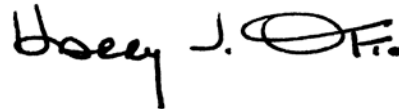
1. Evaluate the department's internal controls over significant management and financial functions.
2. Evaluate the department's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the department, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the department.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and operations. The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Transportation.

A handwritten signature in black ink that reads "Harry J. Otto". The signature is written in a cursive style with a large, stylized "H" and "O".

Harry J. Otto, CPA  
Deputy State Auditor

The following auditors participated in the preparation of this report:

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# Department of Transportation

## Management Advisory Report

### State Auditor's Findings

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#### **1. Restricted Funds**

The Missouri Department of Transportation (MoDOT) disbursed \$7,148,195 in restricted monies from the State Road Fund for safety grants to local coalitions, legal settlements with former employees, administrative leave, and an employee's loss on the sale of residential property that are not allowable State Road Fund disbursements under the Missouri Constitution.

Article IV, Section 30(b), Missouri Constitution, limits the use of State Road Fund monies to activities related to construction and maintenance of the highway system. In addition, Section 226.220.2, RSMo, limits State Road Fund costs and expenses to locating, relocating, establishing acquiring, reimbursing for construction, improving and maintaining state highways in the system as specified in Article IV, Section 30(b), of the constitution; acquiring, materials, equipment and buildings; and other purposes and contingencies relating and appertaining to the construction and maintenance of highways. In addition, in *Smith v. Coffey*, 37 S.W.3d 797 (Mo. Banc 2001) and *State ex. Rel. Missouri Highway and Transportation Commission v. Keeven*, 895 S.W.2d 587 (Mo. Banc 1995), the Missouri Supreme Court held that highway funds can only be used on projects directly related to highway construction or on highway related activities. The following disbursements from the State Road Fund do not directly relate to these purposes:

- The MoDOT disburses monies on behalf of local coalitions for public information and outreach, training, child safety seats, bicycle helmets, and emergency response initiatives related to highway safety. In addition, the MoDOT pays local municipalities directly for some law enforcement costs, such as officer overtime and equipment, associated with highway safety. During the 2 years ended June 30, 2014, the MoDOT disbursed \$3,757,610 related to this safety grant program from the State Road Fund.
- The MoDOT paid settlements to former employees who accused the department of discrimination from the State Road Fund. The MoDOT disbursed 10 settlements totaling \$1,899,000 during the 2 years ended June 30, 2014 from the State Road Fund. At least 9 settlements related to employee discrimination lawsuits, the majority of which related to the Bolder Five-Year Direction (BFYD) Plan.
- The MoDOT placed 122 employees on administrative leave for 60 days prior to termination. The salary and benefit costs paid from the State Road Fund totaled \$1,461,585 during the 2 years ended June 30, 2014. Paying employees not to work (leave with pay) is neither related to the construction of highways or highway related activities.
- The MoDOT paid an employee \$30,000 from the State Road Fund to help offset the loss on the sale of residential property that was not located in the employee's official domicile.



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Management Advisory Report - State Auditor's Findings

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Since these disbursements do not relate to the construction and maintenance of highways, our legal analysis concludes the disbursements are not allowable costs of the State Road Fund.

## Recommendation

The MoDOT refrain from making disbursements from the State Road Fund that are not allowable under Article IV, Section 30(b), Missouri Constitution, and Section 226.220.2, RSMo.

## Auditee's Response

*The MoDOT disagrees the cited State Road Fund payments are not allowable under the Missouri Constitution and state law. The Commission's express authority to hire personnel carries with it the reasonably implied authority to pay salary and benefits to such personnel from the State Road Fund and to resolve employment disputes and litigation with current or former employees. Section 105.716, RSMo, provides it is the MoDOT's responsibility for the negotiation, compromise and payment of claims against the MoDOT. The Commission has the authority to "otherwise improve" the state highway system under Article IV, Section 30(b), Missouri Constitution, which can include making state highway travel safer such as through promotion of safety belt laws, motorcycle safety, etc.*

*We will, however, contact the Office of Administration-Division of Budget and Planning, and seek their advice on requesting appropriations from alternative funding sources for the payment of judgments and settlements. We will also look to federal funding sources and see if it is possible to use federal funds for the highway safety expenses cited.*

## Auditor's Comment

Article IV, Section 30(b) of the Missouri Constitution lists the allowable uses of State Road Fund monies, and states that these monies may be used for those listed state highway system uses and purposes and no others. Each purpose listed clearly refers to the maintenance and construction of the state highway system. We agree that State Road Fund monies may be expended to employ necessary personnel for the purposes listed in this section. Additionally, we agree that State Road Fund monies may be used for the payment of salary and benefits. However, the administrative leave provided to certain employees documented in this report was not related to the construction and maintenance of the state highway system. These employees were placed on administrative leave for a period of time immediately prior to being terminated. As such, they were no longer employed as necessary for the purposes listed in Article IV, Section 30(b) of the constitution. It is also our interpretation that the payment of legal settlements, unless related to the construction and maintenance of the state highway system, is not an acceptable use of State Road Fund monies. The constitution does provide that monies may be used "to complete and widen or **otherwise improve** and maintain the state highway system heretofore designated and laid out under existing laws" (emphasis added). However,





this is clearly referring to the maintenance and construction of the highway system and does not include safety programs.

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## 2. Personnel Payments

### 2.1 Administrative leave

The MoDOT paid benefits to, or on behalf of, employees that were excessive and provided little or no value to the MoDOT or the road and bridge system.

During the year ended June 30, 2013, as part of planned employee reductions, the MoDOT placed 122 employees on administrative leave for 2 months prior to terminating these employees. The MoDOT did not require the employees to work while on administrative leave and paid them a total of \$1,483,949 in salary and benefits over the 2-month period.

In June 2011, the Highways and Transportation Commission (the Commission) approved the Bolder Five-Year Direction (BFYD) Plan, that included an elimination of approximately 1,200 staff positions. Some of these positions were vacant at the time and some employees left the MoDOT for other employment opportunities prior to the effective date of the staff reductions. However, as of November 2012, there were 122 active employees in positions marked for elimination. At that time the Commission approved placing these employees on administrative leave for 60 days prior to official termination. While on administrative leave, the MoDOT continued to compensate the employees at the same pay rate and provided benefits, including health, life, and disability insurance; annual and sick leave; and contributions to the retirement fund.

The MoDOT placed 108 employees on administrative leave on December 1, 2012, and allowed the remaining 14 employees to work 2 additional months before placing them on administrative leave on February 1, 2013. Six of these 14 employees were eligible for retirement on March 1, 2013, or April 1, 2013, so their employments were extended to allow them to reach retirement eligibility. However, the remaining 8 employees were eligible for retirement prior to March 2013, but the MoDOT extended their employment to allow them to reach a service anniversary date of 2 to 5 years past retirement eligibility to have full years of service for the retirement backdrop.

The MoDOT has not established a policy regarding the use of administrative leave, other than its limited use in the employee award program. In addition, the extensive use of administrative leave in this instance appears unnecessary and provided no benefit to the MoDOT or to the road and bridge system. Further, in our opinion, these payments were not allowable to be paid from the State Road Fund under the Missouri Constitution (see finding number 1).



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## 2.2 Relocation assistance

The MoDOT's relocation assistance policy is more generous than the Office of Administration's (OA) relocation policy. In addition, the MoDOT made some relocation assistance payments that did not comply with MoDOT policy. As a result, during the 2 years ended June 30, 2014, the MoDOT paid approximately \$622,000 more in employee relocation assistance than would have been allowed for employees of most other state agencies.

### Costs eligible for reimbursement

During the 2 years ended June 30, 2014, the MoDOT paid \$872,991 to, or on behalf of, employees who were relocated by the MoDOT; however, some payments appear excessive and the total amount of assistance an employee may receive is not capped.

The OA's relocation assistance policy limits employee relocation expenses to costs of moving household goods and personal belongings, costs of storing household goods and personal belongings up to 1 month, and costs of transportation for 1 round trip to locate a home and 1 one-way trip for the actual move. These costs are capped at 10 percent of the employee's salary immediately after the move. The policy also allows for temporary lodging for up to 30 calendar days, which is not capped. The OA policy does not allow for increased salary payments, and specifically states meal expenses and real estate fees are not allowable for reimbursement.

The MoDOT paid a total of \$250,844 in relocation expenses that are allowable under the OA policy. The remaining \$622,147 not reimbursable under the OA policy, included:



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Description	2014	2013	Total
Realtor fees	\$ 5,557	9,150	14,707
Loan discount fee reimbursement	3,000	0	3,000
Increased mortgage interest rate	350	616	966
Loan fees	5,843	6,104	11,947
Closing fees	11,654	15,870	27,524
Dual housing (1)	827	22,746	23,573
Meals - house hunting	290	125	415
Meals - move new home	132	131	263
Meals - temporary quarters	8,577	12,801	21,378
Lump sum for graduates (2)	21,500	3,250	24,750
Buyer Value Option Services (3)	158,975	156,035	315,010
Carrying Cost (4)	36,022	86	36,108
Bridge loan interest	4,592	0	4,592
4 percent temporary (6 month) salary increase	19,546	20,790	40,336
One-time salary payment (5)	22,090	74,051	96,141
Unassigned	40	1,397	1,437
	<u>\$ 298,995</u>	<u>323,152</u>	<u>622,147</u>

(1) Reimbursement for one of the employee's mortgage payments if the employee has not been able to sell the residence in the prior location, but has purchased a residence in the new location.

(2) New college graduates are allowed a lump sum payment to help offset initial moving costs.

(3) Employee home sales coordinated through a third party. Includes closing costs to sell a house.

(4) Taxes, insurance, and utilities of properties of transferred employees who are selling their properties through the Buyer Value Option Service.

(5) To offset the employee's increased tax liability owed on moving expense reimbursements, homeowners receive a one-time payment equal to one semi-monthly paycheck, and renters and mobile home owners receive a one-time payment equal to one-half of a semi-monthly paycheck. The 2013 amount also includes a \$30,000 personal loss on the sale of a house, which is not allowed under the policy, as explained below.

As shown, the MoDOT policy allows for various costs of selling a house, including mortgage assistance and the option for the MoDOT to pay a third party to sell an employee's house. The MoDOT also gives employees one-time lump sum payments to help offset the increased taxes the employees will have to pay on taxable relocation expense reimbursements.

Noncompliance with policy

The MoDOT made relocation assistance payments to an employee who was not eligible to receive these payments. In addition, the payments, including a \$30,000 payment to partially cover the loss the employee incurred on the sale of residential property and \$15,321 for extended dual housing reimbursements, did not comply with the MoDOT's relocation assistance policy.

In 2011, as a result of the employee reduction plan, the MoDOT eliminated the Macon district and the employee transferred to the Kansas City district with the same job title. The MoDOT policy states an employee is only allowed relocation assistance for a lateral move if the employee competed for the position. The Chief Engineer at the time approved providing relocation assistance to this employee, even though MoDOT personnel could not provide written documentation showing this employee competed for the position.



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Prior to the 2011 move, this employee transferred to the Macon office in 2007 and purchased a second residential property outside of his domiciled area. In 2011 the employee was transferred to the Kansas City office and was attempting to sell both residential properties. In November 2012, the employee notified the MoDOT he could not sell either property without incurring a loss, and the MoDOT agreed to reimburse the employee \$30,000 on the loss of the sale of the property located outside of the employee's official domicile because that property was considered to be the most marketable. However, a personal loss on the sale of residential property is not a reimbursable cost under the MoDOT relocation assistance policy. In addition, the property in question had nothing to do with his employment in either the Macon or Kansas City districts. The MoDOT disbursed the \$30,000 payment through the state payroll system and included the amount in the employee's regular income for income tax purposes. This employee also exercised the Buyer Value Option in the MoDOT's policy to sell the residence, resulting in the MoDOT paying a third party \$21,101 in selling costs.

In addition, the MoDOT paid this employee \$21,816 in dual housing reimbursements for 18 months prior to the sale of the house. However, MoDOT policy only provides for dual housing mortgage payment reimbursement for up to 6 months. If the MoDOT had limited reimbursement to 6 months, dual housing reimbursement would have been \$6,495.

In total, the MoDOT paid \$91,168 to, or on behalf of, this employee in relocation assistance related to this move. Had the MoDOT limited relocation expenses to 10 percent of the employee's salary as provided for in the OA policy, reimbursements would have been only \$10,236 plus temporary housing of \$1,335, a savings of \$79,597.

## Conclusions

The MoDOT has little apparent justification to provide relocation assistance to its employees that are more generous than those provided to most other state employees. In addition, the MoDOT did not follow its own policy when reimbursing an employee for dual housing costs and a loss on the sale of residential property. Also, our legal analysis concluded the reimbursement for an employee's loss, even though the property was outside of the employee's official domicile at the time of the purchase, violates Article III, Section 39, Missouri Constitution, which prohibits granting any extra compensation, fee, or allowance to employees for services already rendered.

## Recommendations

The MoDOT:

- 2.1 Establish an administrative leave policy that does not provide excessive benefits and directly benefits the road and bridge system.



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## Auditee's Response

2.2 Revise its relocation assistance policy to provide benefits similar to those allowed under the OA's relocation assistance policy, and ensure future relocation reimbursements comply with the revised policy.

2.1 *The paid administrative leave was limited to an extraordinary circumstance where leave with pay was warranted. The Missouri Code of State Regulations provides the necessary guidance for this type of administrative leave as it grants to the appointing authority (in this case, the MoDOT) the discretion to determine when extraordinary reasons exist for time off with pay. The circumstances of the BFYD Plan were extraordinary and historical – a significant organizational restructuring and work force reduction initiated by the MoDOT.*

*In this circumstance, administrative leave was beneficial to MoDOT and to the road and bridge system. The Commission committed that the staffing reduction of 1,200 employees would be completed by March 31, 2013. The Commission and the MoDOT committed to our employees that layoffs would be the last step of the process. The administrative leave benefited those being laid off because it allowed them to move on with their lives and livelihoods with less negative impact. It benefited the remaining MoDOT employees as it improved their safety, security and wellbeing. The citizens of Missouri benefited because the MoDOT could begin hiring maintenance workers. The hiring freeze had resulted in significant understaffing in maintenance and we needed additional personnel on board and ready to fight the coming winter weather.*

*Through December 31, 2014, the actions taken to reduce workforce, facilities and equipment have resulted in operating budget savings of \$605 million. Those savings, which will be well over \$1 billion by the time ten years have passed, were directed to the construction program. That action served Missouri well by increasing contractor work to maintain the roads and bridges in the state. It also delayed the point where state transportation funds are insufficient to match federal funds. When Missouri can no longer match federal funds, which even with the BFYD Plan we estimate will occur in 2017, fuel taxes paid in the state of Missouri will go to other states.*

*Should the Commission and the MoDOT again be faced with extraordinary circumstances that would require a massive workforce reduction and layoffs, we will consider the need to create an administrative leave policy that supplements the requirements of the Code of State Regulations and fits the situation.*



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2.2 *While MoDOT's policy may be more generous than OA's policy, the department is not required to follow OA's policy and instead has established a program that meets our needs. While we have adjusted it over the years, it has been in place for decades. It was particularly important during the BFYD Plan, when so many employees were required to relocate their families to remain employed.*

*Related to BFYD Plan and the findings regarding one particular employee's relocation assistance, the MoDOT disagrees the employee was not eligible to receive the payments.*

*The district engineers and division heads were assigned to one of three teams, each led by a member of the executive management team, and given the task of significantly downsizing the MoDOT to save operating costs so the savings could be directed to road construction and maintenance. It was clear from the beginning that the process would lead to fewer districts and fewer divisions, therefore fewer district engineers and division heads. Each of the team members knew that every day they were competing for one of the remaining jobs. The executive management team made those decisions and the job offers. District engineers and division heads that did not accept the position they were offered knew they could end up without a job. The number of districts was reduced from ten to seven, and this employee was appointed to the same position in the Kansas City district that the employee previously held in the Macon district, a district that was eliminated. It is true no paper form exists to document interest in these positions. But we believe it is inaccurate to say these individuals did not compete for their jobs. The employee was eligible for relocation assistance consistent with how similarly situated employees were handled. Under the unique circumstances of the BFYD Plan, an informed organizational decision was made to extend dual housing beyond the initial six months for several employees who were required to accept a job offer in another location in order to remain employed. With respect to the payment for the loss on the sale of the home, the employee would not have chosen to sell any home but for the required move to another work location. The employee simply chose to sell the most marketable home, in part to minimize the overall expenses associated with the relocation. While the lump sum payment for the loss on the sale of the home was done in addition to other benefits offered under the relocation assistance program, the department believes the payment was necessary and done with the right approvals.*



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*The MoDOT disagrees the payment violates Article III, § 39, Missouri Constitution. Payment of benefits to current employees is not extra compensation after service has been rendered but is a benefit for continuing and current employment.*

## Auditor's Comment

2.1 The MoDOT refers to guidelines contained in state regulations regarding the use of administrative leave, but does not acknowledge state regulations regarding employee layoff procedures. The MoDOT acknowledges in its response that the BFYD Plan was an employee layoff. 1 CSR 20-3.070, Separation, Suspension, and Demotion, does not provide for leave with pay for employee layoffs.

Article IV, Section 30(b), Missouri Constitution, provides that State Road Fund monies may be used to employ personnel as necessary for the purposes described in that section. Those purposes clearly refer to the construction and maintenance of the state highway system. It is our belief that the use of administrative leave in this manner was not necessary for the purposes listed in Article IV, Section 30(b), Missouri Constitution, and as such, were not an appropriate use of State Road Fund monies.

2.2 A loss on the sale of a residence is not a reimbursable cost under the MoDOT relocation assistance policy, and the property in question had nothing to do with his employment in either the Macon or Kansas City districts. As such, our legal analysis concluded that the \$30,000 payment constituted an impermissible extra compensation or allowance as defined under Article III, Section 39, Missouri Constitution.

## 3. Sunshine Law

The Commission does not always make public the final disposition of legal matters discussed in closed meetings. An employee discrimination settlement totaling \$625,000 was approved by the Commission in May 2013. The final resolution of the lawsuit was not publicly disclosed as required by law.

Section 610.021(1), RSMo, requires any minutes, vote or settlement agreement relating to legal actions, causes of action or litigation involving the commission or any agent or entity representing its interests or acting on its behalf or with its authority, including any insurance company acting on behalf of a public government body as its insured, shall be made public upon final disposition of the matter voted upon or upon the signing by the parties of the settlement agreement, including the terms of the settlements.

## Recommendation

The MoDOT ensure the final disposition of legal matters discussed at closed meetings is made public as required by state law.



## Auditee's Response

*The MoDOT disagrees with the SAO's legal conclusion regarding the Sunshine Law. Settled or resolved lawsuits are not published or announced in open meetings, but the Commission and the MoDOT treat settlement agreements as open records and provide such information upon request. This practice complies with the Sunshine Law. In fact, in the 2013 legislative session, Senate Bill 843 was introduced that would specifically require the publication of such information in an open meeting as the SAO suggests, but Senate Bill 843 did not pass.*

## Auditor's Comment

MoDOT's position that it complies with the Sunshine Law by making settlements approved in closed meeting available "upon request" is illogical. When the Commission goes into a closed session it merely cites Section 610.021(1), RSMo, and does not inform the public that a settlement was discussed and approved in a closed meeting. Furthermore, closed meeting minutes are closed records so the public cannot ask for closed meeting minutes to determine if a settlement was approved. Requiring the public to speculate a settlement occurred in a meeting closed pursuant to Section 610.021(1), RSMo, surely does not comply with the Sunshine Law's liberal construction requirement under Section 610.011, RSMo.

In addition, the meaning of the phrase "shall be made public" in Section 610.021(1) RSMo, is not defined in Missouri case law or through an Attorney General's opinion. However, employing the normal rules of statutory construction of giving words their plain and ordinary meaning, the phrase "shall be made public upon final disposition" is in active voice requiring a more affirmative action rather than just a passive response of making settlement agreements available only upon a request. Our interpretation of the meaning of the phrase "shall be made public upon final disposition" as it relates to settlement agreements leads us to conclude some action is required by the MoDOT to meet this requirement. Had the legislature's intent been for the final disposition of legal settlements to only be made available to the public upon request, we believe the language would convey that, since other sections of Chapter 610 use similar language in referencing disclosure of matters discussed and voted on in closed meetings. The MoDOT is using taxpayer money to settle lawsuits and should err on the side of full disclosure once all parties agree to a settlement and it is finalized.

## 4. Property Damage

The MoDOT's efforts to locate individuals responsible for damaging MoDOT property and subsequent collection procedures are not adequate. During the 2 years ended June 30, 2014, the MoDOT closed 6,903 property damage accounts totaling \$6,477,930 because the responsible party was not identified, and wrote off 1,348 accounts totaling \$2,168,518 as uncollectible.

When district employees discover damage to MoDOT property (typically occurring because of vehicular accidents) the employees report the damage





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to the district office and a property damage account is set up by the district to track the repair costs. Under MoDOT's current procedure, employees within the district where the damage occurred review the Missouri State Highway Patrol accident systems to match damage identified by the MoDOT to related police reports. If the responsible party is not located within 6 months, the account is closed by central office personnel without discussing the accounts with the district employees or determining if any effort has been made to locate the responsible party. We contacted the district with the highest number of closed accounts (2,551 closed accounts, or 37 percent statewide). District personnel stated they do not document efforts to locate responsible parties; therefore, there is no documentation the central office could review before closing the accounts in that district.

In addition to closing the account, if the responsible party is located and the MoDOT later determines the account is uncollectable, the account is written off and the MoDOT does not perform any additional efforts to collect monies or send the account to a collection agency. For 2 of the 25 write offs tested, the MoDOT received payments totaling \$476 after the accounts had been written off. Although the additional amount recovered was minimal, it appears the MoDOT may be writing off accounts prematurely and may be able to collect through additional efforts, including the use of a collection agency.

Adequate controls and procedures over property damage are necessary to ensure responsible parties are identified and the costs to repair property damage are properly collected from the responsible parties. Communication between the central office and district offices is essential and a checklist or similar document would assist in ensuring all efforts have been made to locate the responsible party and collect related monies. In addition, utilizing a collection agency for unpaid accounts could help the MoDOT maximize property damage revenue.

## Recommendation

The MoDOT develop controls and procedures for documenting efforts to locate responsible parties, perform adequate oversight to ensure efforts have been performed to collect property damage revenues prior to closing or writing off accounts, and consider utilizing a collection agency to maximum property damage revenues.

## Auditee's Response

*The MoDOT is reviewing the advantages and disadvantages of outsourcing property damage collection. We are preparing a request for proposal and once responses are received, we will determine if we should outsource this function. Additionally, the MoDOT will review controls and procedures related to locating responsible parties and performing oversight of account closing and write offs, to ensure appropriate documentation exists.*



## 5. Vehicle Usage

The MoDOT does not have a formal policy related to utilization of vehicles. As a result, some MoDOT vehicles may be underutilized.

The MoDOT's informal vehicle policy, as stated in the General Services Division annual fleet data report, considers light duty trucks, cars, and pickup trucks driven less than 10,125, 11,250, and 11,718 miles, respectively each year, to be underutilized. There are no formal policies requiring documentation of how each vehicle is to be used and anticipated mileage of each vehicle. During the year ended June 30, 2014, MoDOT employees drove 513 of the 1,562 light duty trucks, cars, and pickup trucks (33 percent) less than the mileage thresholds listed above. Similarly, during the year ended June 30, 2013, the MoDOT underutilized 532 of the 1,571 such vehicles (34 percent).

Two district representatives stated some vehicles are underutilized because districts are short-staffed and do not currently have personnel to use the vehicles. These representatives also stated if the vehicles are transferred or sold, it is difficult to obtain authorization for additional vehicles in the future so districts wish to maintain current vehicle levels. However, since MoDOT staffing levels statewide are currently very close to its staffing level goal under the BFYD Plan, it is unlikely that the districts will increase their staffing levels in the foreseeable future and vehicles may continue to be underutilized. Another district representative stated the district needs some vehicles for seasonal employees, but the vehicles are rarely used during the offseason. The MoDOT General Services Division reported similar results in its annual fleet data report.

Given the large number of vehicles operated by the MoDOT, an adequate district vehicle policy is necessary to address justification for assigning vehicles to each district, anticipated use and mileage of vehicle types, and standardization of vehicle log documentation to ensure vehicles are used in accordance with district needs.

### Recommendation

The MoDOT create a formal policy for management of fleet vehicles, including establishing minimum annual mileage requirements or requiring written justification for maintaining underutilized vehicles.

### Auditee's Response

*A team of district representatives and central office general services staff annually identify the number of units of each fleet class needed to address the responsibilities of the department. This includes identifying best practices to ensure we are managing our fleet to the appropriate number of units. Many factors contribute to annual fleet mileage including staffing levels in specific job titles requiring passenger vehicles, demographics of the district (districts that cover a smaller geographic area have lower mileage), and the physical location of projects within the districts. Some of these factors result in lower mileage on specific vehicles without changing*



Department of Transportation  
Management Advisory Report - State Auditor's Findings

*the duties and responsibilities of employees and their need for a vehicle. We focus more on utilization compared to the age of the vehicle, rather than one year's use.*

*We have discussed documentation and retention of fleet decisions with applicable staff. District general services managers review fleet use to determine if it is within the desired thresholds. They will identify fleet above or below the desired thresholds and discuss with the district management team opportunities to improve utilization though moving units within the district, between districts or to the central office. The district may determine it is appropriate to retain the unit as is/where is, for review in the subsequent year, but will better document the analysis and decisions.*

## 6. State Flight Operations

In January 2015, the Office of the State Auditor issued Report No. 2015-003, *State Flight Operations*. The report communicated the results of our audit performed to determine if flights were managed in a cost effective, efficient, and consistent manner.

The audit concluded the state airplane fleet is larger than necessary, there is duplication of efforts between agencies, and despite the low utilization of state aircraft, state agencies incur unnecessary costs for chartered flights. In addition, there were specific concerns related to the MoDOT, as follows:

- For the 2 years ended December 2013, MoDOT's utility plane flew only 47 days (9.7 percent of available days). The state paid \$183,638 for chartered flights, primarily to provide transportation to MoDOT and Missouri Department of Conservation (MDC) commission members; even though state-owned pressurized passenger planes were available on 67 percent of the days charter flights were used, resulting in approximately \$122,000 in unnecessary costs.
- During the 2 years ended June 30, 2013, the MoDOT spent approximately \$259,000 flying governor-appointed commission members to commission meetings held across the state, when commission members of state boards other than the MoDOT and the MDC typically receive motor vehicle mileage for reimbursement of travel costs. We estimate the MoDOT could have saved \$211,000 during the 2-year audit period by providing commissioners mileage reimbursement instead of plane transportation.
- The MoDOT allowed non-authorized passengers on state passenger flights, including commission members' spouses, family members, and former commissioners, which is against state policy.



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Complete findings, recommendations, and auditee response are contained in the *State Flight Operations* report.

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# Department of Transportation

## Organization and Statistical Information

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The State Highway Department was created in 1913 to act as the state's agent for public roads. The State Highway Commission was created in 1921 with the passage of the Centennial Road Law and was charged with the administration of the network of connecting state highways, including their location, design, construction, and maintenance. Missouri's state highway system currently encompasses some 33,890 miles of highway that have been developed and improved since 1917.

The Missouri Department of Transportation was created by the Omnibus State Reorganization Act of 1974. The department's objective was to develop and implement a plan for meeting the total transportation needs of the people of the state.

On November 6, 1979, an amendment to the Missouri Constitution was passed by the state's voters. It merged the Department of Transportation and the State Highway Department to form the Department of Highways and Transportation. This constitutional amendment gave a newly created Highways and Transportation Commission the authority over all state transportation programs and facilities.

In August 1996, Section 226.005, RSMo, changed the name of the department to the Department of Transportation.

The department is divided into a central office and seven districts. The central office, which oversees the operation and administration of the department, is separated into administrative and engineering divisions and is located in Jefferson City. The districts are seven separate geographical areas with a district engineer in charge of each district to administer the work within the defined area.

In addition to designing, building, and maintaining roads and bridges, the MoDOT is responsible for administering a number of state and federal programs that fund and support aviation, railroads, transit, waterways and freight development, as well as administering motor carrier and highway safety programs.

On November 2, 2004, Amendment 3 to the Missouri Constitution was passed by the state's voters which set in motion a 4-year phase in, redirecting motor vehicle sales taxes previously deposited in the state's general revenue fund to a newly created State Road Bond Fund. Amendment 3 also requires all state revenue derived from highway users, less certain expenses for collection and actual cost of the Missouri Highway Patrol in administering and enforcing any state motor vehicle law and traffic regulations, to be deposited in the State Road Fund. Monies disbursed from the State Road Fund are restricted to payments of principal and interest on state road bonds, and to construct and maintain the highway system.



Department of Transportation  
Organization and Statistical Information

The department employed 5,068 full-time employees and 271 part-time employees on June 30, 2014.

The Highways and Transportation Commission is headed by a six-member bipartisan commission, appointed by the governor with the advice and consent of the senate. They serve without compensation for staggered 6 year terms.

Commission Members At  
June 30, 2014

Commissioner	Term Expires
Stephen R. Miller (1)	March 1, 2011
Lloyd J. Carmichael	March 1, 2015
Kenneth H. Suelthaus	March 1, 2015
Gregg C. Smith	March 1, 2019
Vacant (2)	March 1, 2017
Vacant	March 1, 2019

- (1) Although the Commissioner's term has expired, he continues to serve on the Commission until a successor is appointed by the Governor.
- (2) On September 3, 2014, Bryan T. Scott was appointed by the Governor to fill this vacant position.

The Commission appoints a director who implements policies and is responsible for the statewide management of transportation programs. The director reports regularly to the commission concerning all aspects of program operations through monthly commission meetings.

Kevin Keith served as Director until his resignation effective March 20, 2013. Dave Nichols was appointed Director on April 2, 2013.

Appendix A

Missouri Department of Transportation  
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2014			2013		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
<b>GENERAL REVENUE FUND</b>						
Port authority capital improvement assistance	\$ 3,000,000	2,909,999	90,001 *	0	0	0 *
Elderly and disabled transportation assistance	1,194,129	1,158,305	35,824 *	1,194,129	1,158,305	35,824 *
Urban, small urban, and rural transportation systems	500,000	485,000	15,000 *	0	0	0 *
Port authority grants	0	0	0 *	250,000	242,500	7,500 *
Rail Program	8,900,000	8,900,000	0	7,900,000	7,900,000	0
Local and regional port authority	0	0	0	1,000,000	0	1,000,000
St. Charles Bike/Pedestrian Bridge Feasibility Study	50,000	48,500	1,500 *	0	0	0 *
Total General Revenue Fund	13,644,129	13,501,804	142,325	10,344,129	9,300,805	1,043,324
<b>MULTIMODAL OPERATIONS FEDERAL FUND</b>						
Fringe Benefits personal service	184,799	163,312	21,487	223,978	156,441	67,537
Transit Program Grants under 49 USC 5305	15,910,249	6,823,761	9,086,488	15,910,249	6,570,440	9,339,809
Transit Program Grants under 49 USC 5309	16,499,394	3,227,637	13,271,757	16,499,394	5,207,197	11,292,197
Rail Program infrastructure improvements	35,000,000	13,291,968	21,708,032	33,000,000	13,586,661	19,413,339
New Freedom Transit Program	0	0	0	1,390,030	780,952	609,078
Job Access and Reverse Commute Grants Program	0	0	0	3,200,000	1,749,473	1,450,527
Multimodal operations	83,500	34,933	48,567	83,500	41,845	41,655
Federal Rail, Port And Freight Assistance Program	1,000,000	0	1,000,000	1,000,000	0	1,000,000
Transit Program grants to public transit providers	5,000,000	0	5,000,000	0	0	0
Transit Program Sections under 49 USC 5310 and 5317	15,190,030	815,674	14,374,356	9,686,400	3,925,745	5,760,655
Transit Program Sections under 49 USC 5311 and 5316	27,124,692	15,048,232	12,076,460	23,926,692	13,647,177	10,279,515
Administration personal service	269,658	241,935	27,723	492,211	236,291	255,920
Administration expense and equipment	249,625	27,003	222,622	400,000	75,362	324,638
Aviation Program	41,416,304	26,030,302	15,386,002	41,416,304	18,014,516	23,401,788
Total Multimodal Operations Federal Fund	157,928,251	65,704,757	92,223,494	147,228,758	63,992,100	83,236,658
<b>DEPARTMENT OF TRANSPORTATION HIGHWAY SAFETY FUND</b>						
Maintenance Program personal service	307,771	264,211	43,560	305,696	208,806	96,890
Maintenance Program expense and equipment	54,393	54,393	0	55,000	36,562	18,438
Maintenance Program fringe benefits personal service	216,453	154,991	61,462	187,664	109,443	78,221
Maintenance Program fringe benefits expense and equipment	3,010	0	3,010	3,010	0	3,010
Maintenance Program	18,977,120	13,744,716	5,232,404	40,000,000	39,998,074	1,926
Total Department of Transportation Highway Safety Fund	19,558,747	14,218,311	5,340,436	40,551,370	40,352,885	198,485
<b>MOTOR CARRIER SAFETY ASSISTANCE PROGRAM TRANSPORTATION - FEDERAL FUND</b>						
Motor Carrier Safety Assistance Program (MCSAP)	1,999,725	1,477,829	521,896	2,000,000	1,427,704	572,296
Total MCSAP Transportation-Federal Fund	1,999,725	1,477,829	521,896	2,000,000	1,427,704	572,296

Appendix A

Missouri Department of Transportation  
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2014			2013		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
<b>MOTORCYCLE SAFETY TRUST FUND</b>						
Maintenance Program expense and equipment	425,000	318,141	106,859	425,000	387,026	37,974
Total Motorcycle Safety Trust Fund	425,000	318,141	106,859	425,000	387,026	37,974
<b>GRADE CROSSING SAFETY ACCOUNT FUND</b>						
Protection of the public against hazards	3,000,000	1,208,831	1,791,169	3,000,000	1,353,382	1,646,618
Total Grade Crossing Safety Account Fund	3,000,000	1,208,831	1,791,169	3,000,000	1,353,382	1,646,618
<b>STATE ROAD BOND FUND</b>						
Outstanding State Road Bond debt	139,018,000	138,929,018	88,982	121,268,046	119,787,910	1,480,136
Total State Road Bond Fund	139,018,000	138,929,018	88,982	121,268,046	119,787,910	1,480,136
<b>STATE ROAD FUND</b>						
Fleet, Facilities, and Information Systems expense and equipment	58,749,799	51,647,591	7,102,208	66,261,050	51,657,577	14,603,473
Outstanding State Road Bond debt	154,001,750	154,000,961	789	169,546,229	169,546,229	0
Maintenance Program expense and equipment	218,437,298	202,437,027	16,000,271	219,226,815	191,074,261	28,152,554
Construction Program expense and equipment	19,576,496	18,636,066	940,430	17,569,603	17,001,549	568,054
Construction Program construction	964,034,011	907,275,559	56,758,452	1,104,807,979	1,060,836,251	43,971,728
Administration personal service	18,092,652	16,811,848	1,280,804	18,005,009	17,005,093	999,916
Administration expense and equipment	6,579,562	5,848,214	731,348	5,222,664	4,708,257	514,407
Administration fringe benefit personal service	12,471,061	10,959,139	1,511,922	11,319,034	10,350,621	968,413
Administration fringe benefit expense and equipment	14,565,765	13,514,869	1,050,896	14,573,543	13,275,559	1,297,984
Construction Program personal service	64,987,950	61,272,626	3,715,324	70,146,669	63,074,055	7,072,614
Construction Program fringe benefits personal service	45,328,542	41,083,675	4,244,867	44,648,988	40,375,619	4,273,369
Construction Program fringe benefits expense and equipment	456,307	455,628	679	1,944,952	458,556	1,486,396
Maintenance Program personal service	137,946,508	132,245,713	5,700,795	144,570,654	127,397,838	17,172,816
Maintenance Program fringe benefits personal service	102,015,953	92,948,921	9,067,032	94,290,586	85,909,350	8,381,236
Maintenance Program fringe benefits expense and equipment	6,288,445	6,287,267	1,178	6,537,541	6,285,320	252,221
Fleet, Facilities, and Information Systems (IS) personal services	13,825,716	10,484,168	3,341,548	13,750,903	10,443,123	3,307,780
Fleet, Facilities, and IS fringe benefits personal service	9,402,328	7,118,278	2,284,050	8,735,740	6,741,963	1,993,777
Fleet, Facilities, and IS fringe benefits expense and equipment	204,117	203,410	707	261,260	204,014	57,246
Multimodal Operations administration personal service	436,794	422,003	14,791	435,101	433,130	1,971
Multimodal Operations fringe benefits personal service	305,740	251,226	54,514	261,364	227,436	33,928
Multimodal Operations administration expense and equipment	24,852	21,342	3,510	49,212	49,212	0
Total State Road Fund	1,847,731,646	1,733,925,531	113,806,115	2,012,164,896	1,877,055,013	135,109,883
<b>STATE ROAD FUND - SERIES 2008 FUND</b>						
Construction Bond Debt	1	0	1	1	0	1
Total State Road Fund-Series 2008 Fund	1	0	1	1	0	1



Appendix A

Missouri Department of Transportation  
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2014			2013		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
<b>STATE HIGHWAYS AND TRANSPORTATION DEPARTMENT FUND</b>						
Refunds and distribution of motor fuel taxes	25,000	23,237	1,763	34,000	32,936	1,064
Motor fuel tax refund	30,000,000	19,696,978	10,303,022	30,000,000	20,460,925	9,539,075
Total State Highways and Transportation Department Fund	30,025,000	19,720,215	10,304,785	30,034,000	20,493,861	9,540,139
<b>RAILROAD EXPENSE FUND</b>						
Multimodal Operations administration personal service	410,086	341,753	68,333	408,018	338,749	69,269
Multimodal Operations administration expense and equipment	100,902	85,263	15,639	75,421	75,416	5
Multimodal Operations Reimbursement Railroad Expense Fund	90,500	75,741	14,759	90,500	66,264	24,236
Multimodal Operations fringe benefits personal service	289,644	196,583	93,061	245,334	178,568	66,766
Total Railroad Expense Fund	891,132	699,340	191,792	819,273	658,997	160,276
<b>STATE TRANSPORTATION FUND</b>						
Multimodal Operations fringe benefits personal service	94,731	74,377	20,354	82,056	79,596	2,460
Multimodal Operations reimbursement	35,000	23,603	11,397	35,000	17,009	17,991
Transit Program distributing funds	560,875	560,875	0	560,875	560,875	0
Station repairs and improvements	25,000	25,000	0	25,000	25,000	0
Multimodal Operations administration expense and equipment	21,226	8,649	12,577	10,395	9,831	564
Waterways Program grants to port authorities	375,000	368,960	6,040	375,000	372,332	2,668
Transit Program operating subsidy	1,274,478	1,213,078	61,400	1,274,478	1,274,478	0
Freight Enhancement Program	850,000	850,000	0	0	0	0
Multimodal Operations administration personal service	147,971	111,189	36,782	147,244	139,532	7,712
Total State Transportation Fund	3,384,281	3,235,731	148,550	2,510,048	2,478,653	31,395
<b>LIGHT RAIL SAFETY FUND</b>						
Light Rail Safety Program	1,000,000	0	1,000,000	1,000,000	0	1,000,000
Total Light Rail Safety Fund	1,000,000	0	1,000,000	1,000,000	0	1,000,000
<b>STATE TRANSPORTATION ASSISTANCE REVOLVING FUND</b>						
Multimodal Operations loans	1,000,000	0	1,000,000	1,000,000	0	1,000,000
Total State Transport Assistance Revolving Fund	1,000,000	0	1,000,000	1,000,000	0	1,000,000
<b>AVIATION TRUST FUND</b>						
Aviation Program	10,000,000	4,012,860	5,987,140	10,000,000	5,322,898	4,677,102
Multimodal Operations administration personal service	487,175	430,559	56,616	484,907	461,789	23,118
Multimodal Operations administration expense and equipment	24,827	16,694	8,133	24,827	20,815	4,012
Multimodal Operations fringe benefits personal service	345,628	284,297	61,331	292,515	276,251	16,264
Multimodal Operations Reimbursement Availton Trust Fund	75,567	64,141	11,426	75,567	68,190	7,377
Airport master planning	1,000,000	0	1,000,000	0	0	0
Airport Improvements	5,000,000	109,165	4,890,835	0	0	0
Total Aviation Trust Fund	16,933,197	4,917,716	12,015,481	10,877,816	6,149,943	4,727,873

Appendix A

Missouri Department of Transportation  
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2014			2013		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
FEDERAL STIMULUS-MODOT FUND						
ARRA Transit Program locally matched grants	2,000	2,000	0	0	0	0
Total Federal Stimulus-MoDOT Fund	2,000	2,000	0	0	0	0
Total All Funds	\$ 2,236,541,109	1,997,859,224	238,681,885	2,383,223,337	2,143,438,279	239,785,058

\* The lapsed balances include the following withholdings made at the Governor's request:

	Year Ended June 30,	
	2014	2013
General Revenue Fund		
Port authority capital improvement assistance	\$ 90,000	0
Elderly and disabled transportation assistance	35,824	35,824
Urban, small urban, and rural transportation systems	15,000	0
Port authority grants	0	7,500
St. Charles Bike/Pedestrian Bridge Feasibility Study	1,500	0
Total General Revenue Fund	\$ 142,324	43,324

Appendix B

Department of Transportation  
 Comparative Statement of Expenditures (from Appropriations)

	Year Ended June 30,				
	2014	2013	2012	2011	2010
Salaries and wages	222,626,003	219,738,406	234,342,827	258,566,155	275,595,771
Benefits	153,234,800	144,405,289	144,253,178	146,226,119	132,427,469
Travel, in-state	1,670,171	1,495,242	1,602,477	1,879,889	2,173,440
Travel, out-of-state	305,923	324,457	307,847	258,118	490,705
Fuel and utilities	9,248,198	8,496,937	8,230,272	8,803,091	8,339,508
Supplies	140,038,877	123,544,033	135,636,993	159,351,884	165,436,637
Professional development	1,386,656	1,335,354	1,132,759	1,511,075	1,962,539
Communication service and supplies	4,560,855	4,971,350	4,278,451	5,387,720	5,443,075
Services:					
Professional services	62,921,558	50,048,882	39,353,816	51,771,295	82,236,017
Housekeeping and janitorial	7,614,341	5,899,107	5,487,146	5,768,465	6,023,848
Maintenance and repair	13,721,200	13,892,976	11,531,469	14,019,513	18,167,790
Equipment:					
Computer	5,928,603	6,013,478	3,708,014	10,078,444	7,550,706
Motorized	20,936,481	20,705,141	13,903,617	16,016,417	20,883,068
Office	61,179	109,449	62,659	193,652	340,480
Other	11,031,571	7,225,019	5,159,885	8,794,634	13,509,471
Property and improvements	761,480,866	915,098,995	1,132,673,176	1,208,955,032	1,313,162,354
Debt service	298,965,904	302,300,356	285,301,311	314,919,362	227,064,352
Building lease payments	775,663	364,651	509,152	561,792	850,829
Equipment rental and leases	1,647,471	1,840,523	2,150,766	2,160,269	2,703,250
Miscellaneous expenses	36,147,995	38,549,488	35,848,829	32,242,843	30,249,120
Refunds	21,348,760	24,278,278	26,079,696	28,797,603	25,806,320
Program distributions	222,206,149	252,800,868	259,505,900	262,449,023	253,388,447
Total Expenditures	<u>1,997,859,224</u>	<u>2,143,438,279</u>	<u>2,351,060,240</u>	<u>2,538,712,395</u>	<u>2,593,805,196</u>

Appendix C-1

Department of Transportation  
 Statements of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Year Ended June 30, 2014

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Multimodal Operations Federal Fund
<b>Revenues</b>				
Fuel taxes	\$ 489,629,923	128,032	0	0
Sales and use taxes	2,320,388	147,776,270	151,612,341	0
Licenses, fees and permits	187,620,158	100,109,044	0	0
Intergovernmental/cost reimbursements/miscellaneous	5,836,383	78,193,683	0	671,845
Investment earnings	264,207	10,785,218	413,683	0
American Recovery and Reinvestment Act	0	12,986,185	4,913,556	10,734,899
State government	0	0	0	14,346,615
Federal government	0	839,979,131	0	49,659,157
<b>Total Revenues</b>	<b>685,671,059</b>	<b>1,189,957,563</b>	<b>156,939,580</b>	<b>75,412,516</b>
<b>Expenditures</b>				
<b>Current</b>				
Administration	0	48,547,149	0	0
Fleet, facilities and information systems	0	35,904,361	0	0
Maintenance	0	436,404,202	0	0
Construction	0	216,562,721	0	0
Multimodal operations	0	762,747	0	77,691,359
Capital outlay	0	849,812,486	0	84,830
Debt service	0	184,001,031	143,838,727	0
Other state agencies	233,469,660	0	0	0
<b>Total expenditures</b>	<b>233,469,660</b>	<b>1,771,994,697</b>	<b>143,838,727</b>	<b>77,776,189</b>
Excess of revenues over (under) expenditures	452,201,399	(582,037,134)	13,100,853	(2,363,673)
<b>Other Financing Sources (Uses)</b>				
Notes issued	0	13,240,155	0	0
Refunding bonds issued	0	900,990,000	0	0
Premium on bonds	0	185,693,095	0	0
Refunding bonds escrow payment	0	(1,082,244,879)	0	0
Capital leases issued	0	(2,043,820)	0	0
Capital asset sales	0	7,443,361	0	35,982
Transfers in	0	476,745,383	0	0
Transfers out	(454,584,060)	0	0	0
<b>Total other financing sources (uses)</b>	<b>(454,584,060)</b>	<b>499,823,295</b>	<b>0</b>	<b>35,982</b>
<b>Net Changes in Fund Balances</b>	<b>(2,382,661)</b>	<b>(82,213,839)</b>	<b>13,100,853</b>	<b>(2,327,691)</b>
Fund Balances, beginning of year	107,806,222	1,034,291,241	36,962,999	751,911
Fund Balances, end of year	\$ 105,423,561	952,077,402	50,063,852	(1,575,780)

Appendix C-1

Department of Transportation  
 Statements of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Year Ended June 30, 2014

	State Transportation Fund	Aviation Trust Fund	State Transportation Assistance Revolving Fund	Motor Carrier Safety Assistance Program Transportation Federal Fund
<b>Revenues</b>				
Fuel taxes	0	225,963	0	0
Sales and use taxes	4,042,317	6,009,714	0	0
Licenses, fees and permits	0	0	0	0
Intergovernmental/cost reimbursements/miscellaneous	0	0	0	97
Investment earnings	0	119,152	96,479	0
American Recovery and Reinvestment Act	0	0	0	0
State government	0	0	0	0
Federal government	0	0	0	1,688,957
Total Revenues	<u>4,042,317</u>	<u>6,354,829</u>	<u>96,479</u>	<u>1,689,054</u>
<b>Expenditures</b>				
<b>Current</b>				
Administration	0	0	0	0
Fleet, facilities and information systems	0	0	0	0
Maintenance	0	0	0	1,339,153
Construction	0	0	0	0
Multimodal operations	3,247,108	5,586,754	391	0
Capital outlay	0	0	0	0
Debt service	0	0	0	0
Other state agencies	0	0	0	0
Total expenditures	<u>3,247,108</u>	<u>5,586,754</u>	<u>391</u>	<u>1,339,153</u>
Excess of revenues over (under) expenditures	795,209	768,075	96,088	349,901
<b>Other Financing Sources (Uses)</b>				
Notes issued	0	0	0	0
Refunding bonds issued	0	0	0	0
Premium on bonds	0	0	0	0
Refunding bonds escrow payment	0	0	0	0
Capital leases issued	0	0	0	0
Capital asset sales	0	3,998	0	4,500
Transfers in	0	0	0	0
Transfers out	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>3,998</u>	<u>0</u>	<u>4,500</u>
Net Changes in Fund Balances	795,209	772,073	96,088	354,401
Fund Balances, beginning of year	<u>1,658,411</u>	<u>11,377,122</u>	<u>3,849,708</u>	<u>(234,005)</u>
Fund Balances, end of year	<u><u>2,453,620</u></u>	<u><u>12,149,195</u></u>	<u><u>3,945,796</u></u>	<u><u>120,396</u></u>

Appendix C-1

Department of Transportation  
 Statements of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Year Ended June 30, 2014

	Grade Crossing Account Safety Fund	Railroad Expense Fund	Department of Transportation Highway Safety Fund	Motorcycle Safety Trust Fund
<b>Revenues</b>				
Fuel taxes	0	0	0	0
Sales and use taxes	0	0	0	0
Licenses, fees and permits	1,312,967	756,623	0	359,108
Intergovernmental/cost reimbursements/miscellaneous	42,800	0	8,090	0
Investment earnings	0	0	0	0
American Recovery and Reinvestment Act	0	0	0	0
State government	0	0	0	0
Federal government	0	0	34,843,267	0
Total Revenues	<u>1,355,767</u>	<u>756,623</u>	<u>34,851,357</u>	<u>359,108</u>
<b>Expenditures</b>				
<b>Current</b>				
Administration	0	0	0	0
Fleet, facilities and information systems	0	0	0	0
Maintenance	0	0	12,511,312	321,999
Construction	0	0	0	0
Multimodal operations	1,309,355	734,403	0	0
Capital outlay	0	0	0	0
Debt service	0	0	0	0
Other state agencies	0	0	0	0
Total expenditures	<u>1,309,355</u>	<u>734,403</u>	<u>12,511,312</u>	<u>321,999</u>
Excess of revenues over (under) expenditures	46,412	22,220	22,340,045	37,109
<b>Other Financing Sources (Uses)</b>				
Notes issued	0	0	0	0
Refunding bonds issued	0	0	0	0
Premium on bonds	0	0	0	0
Refunding bonds escrow payment	0	0	0	0
Capital leases issued	0	0	0	0
Capital asset sales	0	0	0	0
Transfers in	0	0	0	0
Transfers out	0	0	(22,161,323)	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(22,161,323)</u>	<u>0</u>
Net Changes in Fund Balances	46,412	22,220	178,722	37,109
Fund Balances, beginning of year	<u>5,086,574</u>	<u>649,306</u>	<u>109,586</u>	<u>70,606</u>
Fund Balances, end of year	<u><u>5,132,986</u></u>	<u><u>671,526</u></u>	<u><u>288,308</u></u>	<u><u>107,715</u></u>

Appendix C-2

Department of Transportation  
 Statements of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Year Ended June 30, 2013

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Multimodal Operations Federal Fund
<b>Revenues</b>				
Fuel taxes	\$ 486,135,509	138,610	0	0
Sales and use taxes	56,791,147	125,161,522	114,329,854	0
Licenses, fees and permits	183,156,641	97,407,997	0	0
Intergovernmental/cost reimbursements/miscellaneous	7,237,088	129,295,255	0	2,212,066
Investment earnings	176,449	(1,434,901)	69,963	0
American Recovery and Reinvestment Act	0	28,026,219	5,337,922	16,547,733
State government	0	0	0	11,630,299
Federal government	0	894,664,491	0	48,623,933
Total Revenues	<u>733,496,834</u>	<u>1,273,259,193</u>	<u>119,737,739</u>	<u>79,014,031</u>
<b>Expenditures</b>				
Current				
Administration	0	46,936,054	0	0
Fleet, facilities and information systems	0	38,057,876	0	0
Maintenance	0	417,868,882	0	0
Construction	0	241,930,422	0	0
Multimodal operations	0	824,349	0	77,739,458
Capital outlay	0	955,004,763	0	1,409,895
Debt service	0	190,944,733	125,107,968	0
Other state agencies	226,683,268	0	0	0
Total expenditures	<u>226,683,268</u>	<u>1,891,567,079</u>	<u>125,107,968</u>	<u>79,149,353</u>
Excess of revenues over (under) expenditures	506,813,566	(618,307,886)	(5,370,229)	(135,322)
<b>Other Financing Sources (Uses)</b>				
Notes issued	0	9,493,172	0	0
Capital leases issued	0	116,309	0	0
Capital asset sales	0	13,288,747	0	0
Transfers in	0	511,732,245	0	0
Transfers out	(509,143,956)	0	0	0
Total other financing sources (uses)	<u>(509,143,956)</u>	<u>534,630,473</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	(2,330,390)	(83,677,413)	(5,370,229)	(135,322)
Fund Balances, beginning of year	<u>110,136,612</u>	<u>1,117,968,654</u>	<u>42,333,228</u>	<u>887,233</u>
Fund Balances, end of year	<u>\$ 107,806,222</u>	<u>1,034,291,241</u>	<u>36,962,999</u>	<u>751,911</u>

Appendix C-2

Department of Transportation  
 Statements of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Year Ended June 30, 2013

	State Transportation Fund	Aviation Trust Fund	State Transportation Assistance Revolving Fund	Motor Carrier Safety Assistance Program Transportation Federal Fund
<b>Revenues</b>				
Fuel taxes	0	254,711	0	0
Sales and use taxes	3,048,207	4,832,189	0	0
Licenses, fees and permits	0	0	0	0
Intergovernmental/cost reimbursements/miscellaneous	0	(18,300)	0	45
Investment earnings	0	(9,652)	49,181	0
American Recovery and Reinvestment Act	0	0	0	0
State government	0	0	0	0
Federal government	0	0	0	1,117,640
Total Revenues	<u>3,048,207</u>	<u>5,058,948</u>	<u>49,181</u>	<u>1,117,685</u>
<b>Expenditures</b>				
<b>Current</b>				
Administration	0	0	0	0
Fleet, facilities and information systems	0	0	0	0
Maintenance	0	0	0	1,406,706
Construction	0	0	0	0
Multimodal operations	2,489,320	6,319,888	10,476	0
Capital outlay	0	74,205	0	0
Debt service	0	0	0	0
Other state agencies	0	0	0	0
Total expenditures	<u>2,489,320</u>	<u>6,394,093</u>	<u>10,476</u>	<u>1,406,706</u>
Excess of revenues over (under) expenditures	558,887	(1,335,145)	38,705	(289,021)
<b>Other Financing Sources (Uses)</b>				
Notes issued	0	0	0	0
Capital leases issued	0	0	0	0
Capital asset sales	0	0	0	6,547
Transfers in	0	0	0	0
Transfers out	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,547</u>
Net Changes in Fund Balances	558,887	(1,335,145)	38,705	(282,474)
Fund Balances, beginning of year	<u>1,099,524</u>	<u>12,712,267</u>	<u>3,811,003</u>	<u>48,469</u>
Fund Balances, end of year	<u><u>1,658,411</u></u>	<u><u>11,377,122</u></u>	<u><u>3,849,708</u></u>	<u><u>(234,005)</u></u>



Appendix C-2

Department of Transportation  
 Statements of Revenues, Expenditures, and  
 Changes in Fund Balances  
 Year Ended June 30, 2013

	Grade Crossing Safety Account Fund	Railroad Expense Fund	Department of Transportation Highway Safety Fund	Motorcycle Safety Trust Fund
<b>Revenues</b>				
Fuel taxes	0	0	0	0
Sales and use taxes	0	0	0	0
Licenses, fees and permits	1,300,150	784,786	0	372,221
Intergovernmental/cost reimbursements/miscellaneous	3,896	0	1,431	0
Investment earnings	0	0	0	0
American Recovery and Reinvestment Act	0	0	0	0
State government	0	0	0	0
Federal government	0	0	40,664,497	0
Total Revenues	<u>1,304,046</u>	<u>784,786</u>	<u>40,665,928</u>	<u>372,221</u>
<b>Expenditures</b>				
<b>Current</b>				
Administration	0	0	0	0
Fleet, facilities and information systems	0	0	0	0
Maintenance	0	0	35,072,355	392,423
Construction	0	0	0	0
Multimodal operations	1,298,519	722,013	0	0
Capital outlay	0	0	0	0
Debt service	0	0	0	0
Other state agencies	0	0	0	0
Total expenditures	<u>1,298,519</u>	<u>722,013</u>	<u>35,072,355</u>	<u>392,423</u>
Excess of revenues over (under) expenditures	5,527	62,773	5,593,573	(20,202)
<b>Other Financing Sources (Uses)</b>				
Notes issued	0	0	0	0
Capital leases issued	0	0	0	0
Capital asset sales	0	2,600	3,066	0
Transfers in	0	0	0	0
Transfers out	0	0	(2,588,289)	0
Total other financing sources (uses)	<u>0</u>	<u>2,600</u>	<u>(2,585,223)</u>	<u>0</u>
Net Changes in Fund Balances	5,527	65,373	3,008,350	(20,202)
Fund Balances, beginning of year	<u>5,081,047</u>	<u>583,933</u>	<u>(2,898,764)</u>	<u>90,808</u>
Fund Balances, end of year	<u><u>5,086,574</u></u>	<u><u>649,306</u></u>	<u><u>109,586</u></u>	<u><u>70,606</u></u>