

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016

# 2016 Missouri

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016



***On the Cover:***

State Capitol, Jefferson City, Missouri, 1990s; *Department of Economic Development, Division of Tourism*, Record Group 104; Missouri State Archives.

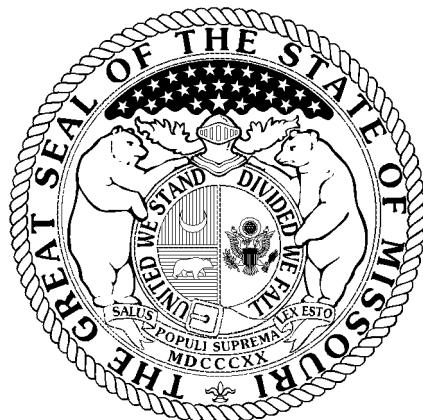
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**STATE OF MISSOURI**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

*Fiscal Year Ended June 30, 2016*



**JEREMIAH W. (JAY) NIXON**  
*Governor*

**DOUGLAS E. NELSON**  
*Commissioner*  
*Office of Administration*

**STACY NEAL**  
*Director*  
*Division of Accounting*

*Prepared by*  
*Office of Administration, Division of Accounting*

**STATE OF MISSOURI**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2016**

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*The Introductory Section includes material to familiarize the reader with the organizational structure of the State, the nature and scope of services the State provides, and a summary of the financial activities of the State and the factors that influence these activities.*

**Jeremiah W. (Jay) Nixon**  
Governor



**Doug Nelson**  
Commissioner

State of Missouri  
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**Stacy Neal**  
Director

December 30, 2016

The Honorable Jeremiah W. (Jay) Nixon  
The Honorable Members of the Legislature  
Citizens of the State of Missouri

In accordance with generally accepted accounting principles, I submit to you the Comprehensive Annual Financial Report (CAFR) of the State of Missouri for the fiscal year ended June 30, 2016. This report was prepared by the Office of Administration, Division of Accounting, whose management is responsible for its contents.

The report is prepared to show the financial position and operating results of the State. The State's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefit. We believe the data presented is accurate in all material respects and that all disclosures necessary to enable the reader to gain a reasonable understanding of the State's financial activities have been included.

An annual audit of the basic financial statements is completed each year by the State Auditor's Office. The State Auditor conducts the audit in accordance with generally accepted government auditing standards, and her opinion has been included in this report. The State Auditor conducts a "Single Audit" of all federal funds in accordance with the Federal Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform guidance).

A narrative introduction, overview, and analysis of the basic financial statements is presented in the *Management's Discussion and Analysis (MD&A)* section of this report. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

## PROFILE OF THE GOVERNMENT

Missouri was organized as a territory in 1812 and was the second state (after Louisiana) of the Louisiana Purchase to be admitted to the Union. Statehood was granted on August 10, 1821, making Missouri the 24th state. The State encompasses 68,945 square miles.

The State operates under three branches of government: executive, legislative, and judicial. The executive branch consists of the Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, and Attorney General. The legislative branch consists of 34 members of the Senate and 163 members of the House of Representatives. The judicial branch is a three-tier court system: the Supreme Court, the State's highest court, has statewide jurisdiction; a court of appeals that consists of districts established by the General Assembly; and a system of circuit courts that has original jurisdiction over all cases and matters, civil and criminal.

The State provides a range of services in the areas of agriculture, education, health and social services, transportation systems, public safety, judicial systems, economic development, conservation and natural resources, labor relations, and general administration.

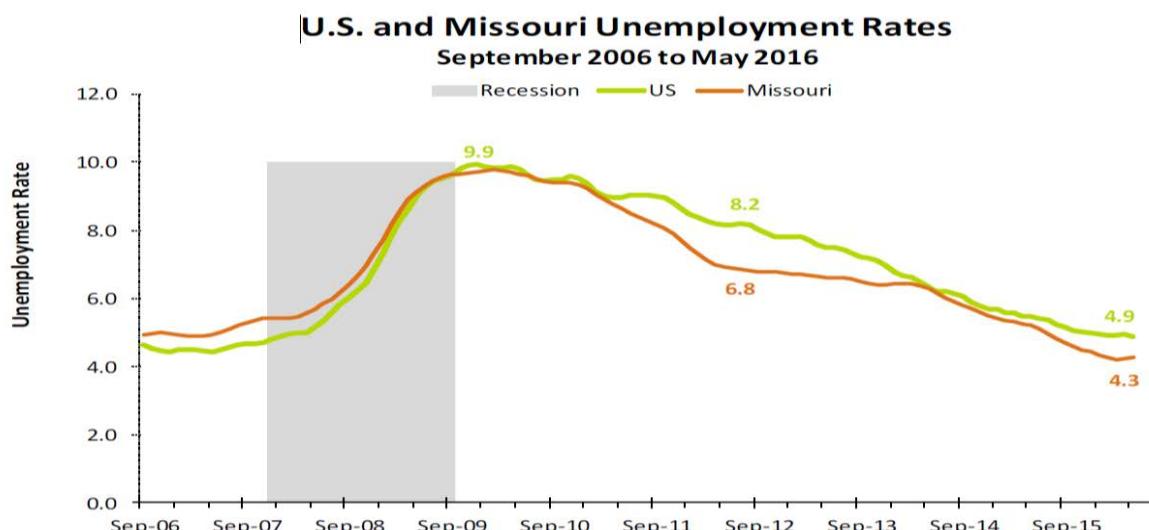
The State operates on a legally adopted budget in order to ensure compliance with legal provisions embodied in the annual appropriated budget passed by the General Assembly and approved by the Governor prior to the beginning of the fiscal year. If appropriations are not sufficient for a fiscal year, supplemental amounts are requested during the next legislative session by the same process that original appropriations are requested. Budgets are established at the program level. Expenditures cannot exceed the individual appropriation amount. The Governor has the authority to reduce the allotments of appropriations in any fund if it appears that the revenue estimate will not be met. Article IV, Section 27 of the Missouri Constitution, amended in 2014, requires the Governor to notify the General Assembly if the Governor reduces allotments when it appears revenues will be less than estimated. This Section then gives the General Assembly the authority to overturn any of the Governor's restrictions with a two-thirds vote, similar to the procedure to overturn a veto. Unexpended appropriations lapse at the end of each appropriation year, unless reappropriated to the following appropriation year.

The financial reporting entity of the State includes all of the funds of the primary government as well as component units for which the State is financially accountable. The transmittal letter, MD&A, and the financial statements focus on the primary government and its activities. Although information pertaining to the component units is provided, their separately issued financial statements should be read to obtain a complete overview of their financial position.

## ECONOMIC CONDITION AND OUTLOOK

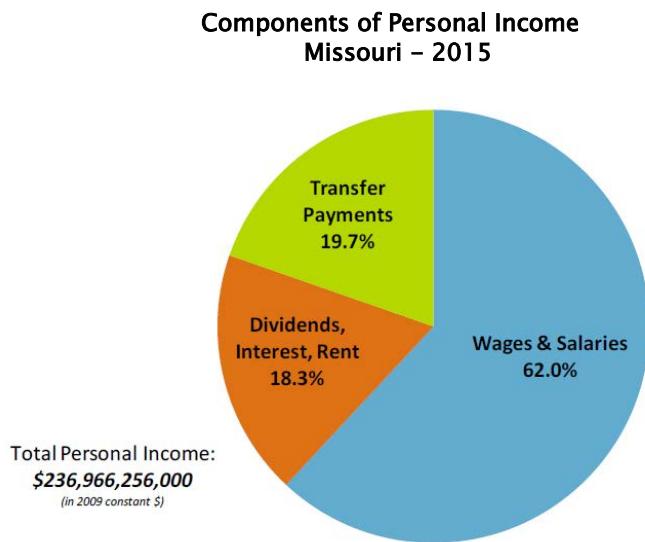
### State Economy

Missouri's economy has continued to show some growth over the past year. However, there are signs of uncertainty in the U.S. and Missouri's economy. Missouri's unemployment rate and total employment both moved in a positive direction. Between December 2014 and December 2015, 50,000 jobs were added to the Missouri payrolls, which is the largest year-over-year increase in ten years. The State's unemployment rate was at 4.3% in May 2016 which is down from May 2015 at 5.8%. Beginning in January 2011, the State's unemployment rate was, on average, six-tenths of a point lower than the nation. By May 2016, the State had its lowest unemployment rate in eleven years, which is just slightly lower than the U.S. unemployment rate of 4.9% as is shown in the following graph.



Source: MERIC 2016 Missouri Economic Report.

Unemployment has continued to decline, but there have been slight increases that may signal that the economy is still weak. Missouri's gross domestic product (GDP) was \$261.5 billion in 2015, which is a 1.3 percent increase over 2014. Nationally, GDP increased 2.4% over the same period. Even with uneven growth, positive signs remain for Missouri. Missouri's personal income grew 2% in 2015. Since 2005, personal incomes have increased, on average, 1.1% annually for the State and 1.5% for the nation. The average income of a Missouri citizen was \$42,752 in 2015, which was lower than the national average of \$47,669. While the State's per capita income is lower than the national average, so is the cost of living. Missouri is among the most affordable states as it had the eleventh lowest cost of living costs in the United States in 2015. The below graph depicts the components of personal income, with transfer payments (such as social security, Medicare, etc.) comprising 19.7% of the State's total personal income, due in part to the State's aging population.



*Source: MERIC 2016 Missouri Economic Report*

### Long-Term Financial Planning

During the 2014 legislative session, the legislature passed Senate Bill 509 and Senate Bill 496, which made substantial changes to the State's existing tax structure. The legislation reduced the maximum tax rate on personal income, created an income tax deduction for business income as well as increased a personal exemption for individuals that have an adjusted gross income of less than \$20,000. The implementation of the tax cut is gradual with a 0.10% decline each calendar year and will go into effect following fiscal years where net general revenue collections grow at least \$150 million. Some ambiguity in the bills makes them difficult to estimate the impact. Estimates indicate that the bills will cost at least \$620 million annually once fully in effect, which will occur in fiscal year 2023 at the earliest, due to a phased implementation. Collections in fiscal year 2015 were not sufficient to cause a tax rate reduction. The first reduction could occur January 1, 2018.

During 2016, the State has continued to implement a program of improving capital assets by issuing bonds at historically low interest rates. In fiscal year 2016, the Board of Public Buildings (BPB) Bonds issued the Series B 2015 bonds for \$60 million in September 2015 and the Series A 2016 bonds for \$100 million in May 2016 utilizing the SB 723 authorization. Additional series of BPB bonds are expected to be issued over the next year. The bond proceeds from these issuances will be used to finance \$75 million of improvements to the State Capitol Building and Capitol Annex; \$77.8 million in state projects, including state parks, veterans' commission, and state office buildings; and \$161.5 million of repairs at university and community college campuses. In 2016, the Missouri Development Finance Board (MDFB) also issued bonds for construction of State facilities. This included \$33.8 million in bonds for the construction of the State Historical Society building.

MDFB also issued \$97.225 million in bonds to fully fund the design, acquisition, construction, furnishing, and equipping of a new Fulton State Hospital and related facilities. It is expected that the project will consist of the construction of a new building that will be approximately 413,000 square feet and demolition of the existing

Fulton State Hospital. The project will eliminate the backlog of maintenance and repairs that were too extensive to repair the current hospital. The entire project is expected to be completed in 2018.

#### **Relevant Financial Policies**

Article X, Sections 16–24 of the Constitution of Missouri (the “Tax Limitation Amendment”), imposes a limit on the amount of taxes that may be imposed by the General Assembly in any fiscal year. This limit is tied to total state revenues for fiscal year 1981, as defined in the Tax Limitation Amendment and adjusted annually based on a formula which is tied to increases in the personal income of Missouri for certain designated periods. If the revenue limit is exceeded by one percent or more in any fiscal year, the excess revenue will be refunded based on the liability reported on state income tax returns. If the excess revenue collected is less than one percent of the revenue limit, the excess revenue shall be transferred to the General Revenue Fund.

The revenue limit can be exceeded by a constitutional amendment duly adopted by the people or, if the General Assembly approves by a two-thirds vote, an emergency declaration by the Governor. Strong economic growth resulted in revenues above the total state revenue limit in fiscal years 1995–1999. The State has refunded to income taxpayers \$979 million in excess revenue for these fiscal years. The revenue limit was not exceeded in fiscal years 2000 through 2016, inclusive. The State is currently \$3.76 billion below the limit and does not expect the limit to be exceeded in fiscal year 2017.

#### **Major Initiatives**

As the economy is slow to fully recover, the State has continued to focus on reduced spending. Major initiatives include a focus on economic development and the well-being of Missouri citizens.

**Public Safety.** House Bill 1941 enacts the Missouri Fantasy Sports Consumer Protection Act. The bill enacts numerous consumer protections including, but not limited to, prohibiting contests based on college, high school and youth sports, ensuring prizes are deposited into a participant’s account within 48 hours, requiring licensed operators to develop/maintain online self-exclusion forms and processes, and requiring licensed operators to conduct and pay for annual independent financial audits.

**Education.** Senate Bill 997 helps Missouri undergraduates complete their degree programs by making dual-credit courses available to more high school students, increasing the ease with which credits can be transferred between higher education institutions, and requiring development of policies and pilot programs encouraging degree completion. The bill also requires the Coordinating Board for Higher Education to work with public colleges and universities to develop a 42-credit-hour block of foundational courses that can be transferred between any higher education institutions within the state and creates a scholarship fund to assist low-income students in taking dual-credit courses while they are still in high school.

Senate Bill 638 establishes a Quality Rating System for early childhood education for children between the ages of birth and kindergarten to be developed by the Departments of Elementary and Secondary Education, Mental Health, Social Services and Health and Senior Services along with Missouri Head Start. Other provisions of this bill will also help more Missouri students attend community college through the A+ Program, establish a Legislative Task Force on Dyslexia, require school districts to create and implement a mechanism for identifying at-risk students, add successful completion of American Civics to graduation requirements, and enhance academic and financial standards for charter schools.

**2016 Tax Legislation.** During the 2016 legislative session the General Assembly passed several bills that will each have an impact to the general revenue funds. Senate Bill 794 exempts durable medical equipment from sales tax. The official fiscal note estimate was that the bill could cost more than \$100,000; however, after further review the cost is believed to be significantly higher and some estimates put the cost at \$16 million per year. Senate Bill 814 exempts all active duty military income for personnel stationed in and having a home record of Missouri. This is estimated to reduce general revenue by \$3.6 million annually. Senate Bill 1025 exempts fitness classes from sales tax. This is estimated to reduce general revenue by \$5.7 million annually. Senate Bill 1025 was vetoed by the Governor and subsequently overridden by the General Assembly on September 14, 2016. Senate Bill 861 creates new tax credits and expands the Brownfield tax credit. This is estimated to reduce general revenue by \$6 million annually. Senate Bill 641 will exempt all agricultural disaster payments from income tax. The bill allows tax returns to be amended back through tax year 2014. It is estimated that this will reduce general revenue by \$28.4 million to \$51.5 million in FY 2017 and \$9.9 million to \$17.2 million in future years depending upon the number and cost of any future agricultural disaster payments. Senate Bill 641 was vetoed by the Governor and subsequently overridden by the General Assembly on September 14, 2016. While there was a number of tax reduction bills passed, the cumulative effect on the State’s budget is expected to be minimal.

## ACKNOWLEDGEMENTS

While the Office of Administration, Division of Accounting, is responsible for the contents of this report, no one division could do it alone. Many people were involved in the compilation of materials necessary to complete the report.

We want to issue a special thanks to all the personnel at the State agencies who provided us with information quickly and accurately so that we could issue the CAFR in a timely manner. We also owe thanks to the professionalism and dedication demonstrated by technical and management personnel within the State Auditor's Office, the State Treasurer's Office, Office of Administration, Information Technology Services Division, and the State Printing Center. We appreciate all their efforts.

Sincerely,

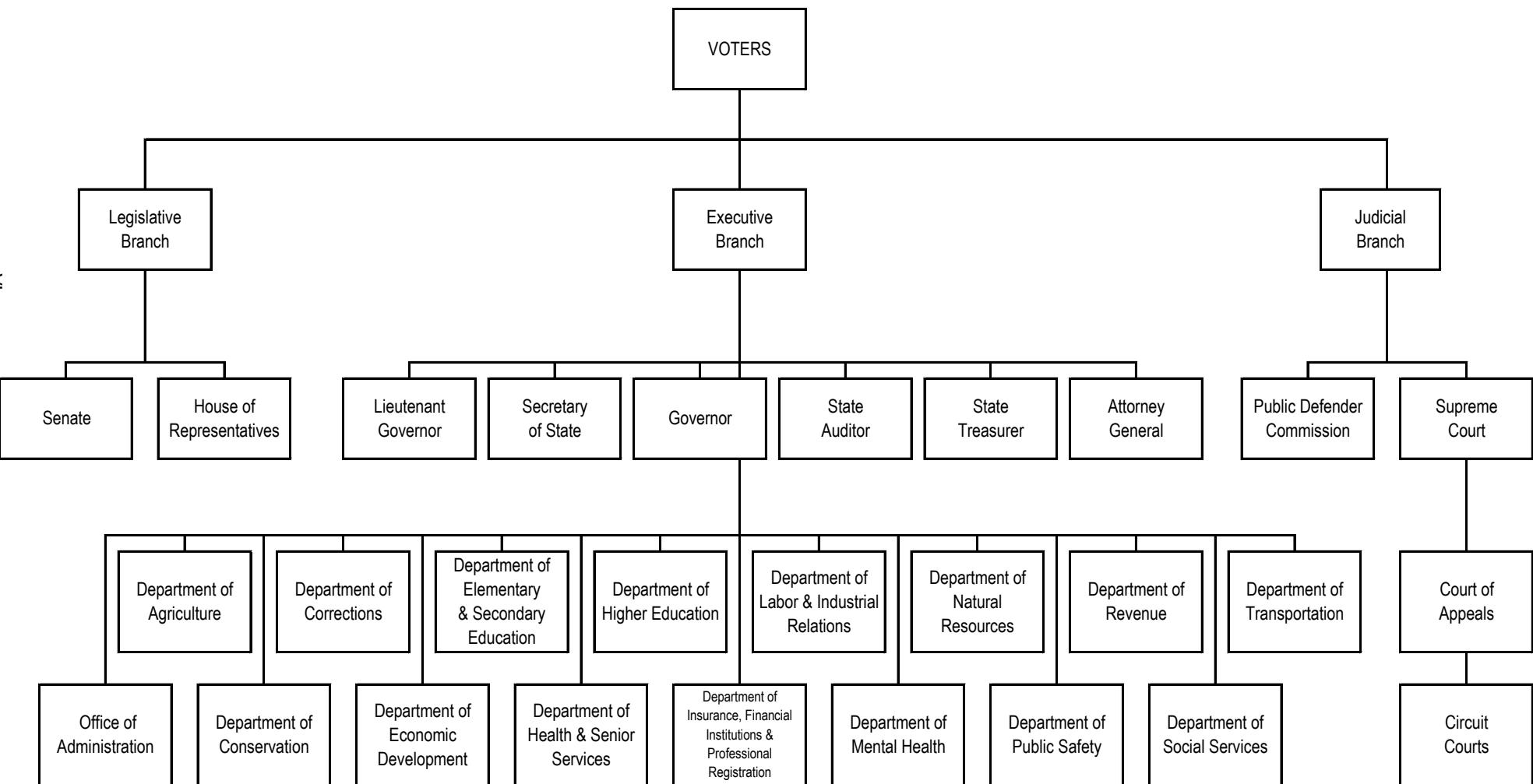
A handwritten signature in black ink that reads "Stacy Neal". The signature is fluid and cursive, with "Stacy" on the top line and "Neal" on the bottom line.

Stacy Neal, CPA  
Director

# STATE OF MISSOURI

## ORGANIZATIONAL CHART

June 30, 2016



STATE OF MISSOURI  
PRINCIPAL STATE OFFICIALS  
as of June 30, 2016

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**EXECUTIVE**

**Jeremiah W. (Jay) Nixon**  
*Governor*

**Peter Kinder**  
*Lieutenant Governor*

**Jason Kander**  
*Secretary of State*

**Nicole Galloway, CPA**  
*State Auditor*

**Clint Zweifel**  
*State Treasurer*

**Chris Koster**  
*Attorney General*

**LEGISLATIVE**

**Tom Dempsey**  
*President Pro Tem of the Senate*

**Todd Richardson**  
*Speaker of the House of Representatives*

**JUDICIAL**

**Mary R. Russell**  
*Chief Justice of the Supreme Court*



*The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, and Supplementary Information.*



## **NICOLE GALLOWAY, CPA**

### **Missouri State Auditor**

#### **INDEPENDENT AUDITOR'S REPORT**

Honorable Jeremiah W. (Jay) Nixon, Governor  
and

Members of the General Assembly

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the state'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 did not audit the financial statements of certain entities. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors. Those entities were:

1. The Missouri Road Fund, a major fund; the Missouri Road Bond Fund; the Conservation Employees' Insurance Plan; the Transportation Self-Insurance Plan; the Missouri State Employees' Insurance Plan; the Missouri Consolidated Health Care Plan; and the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan which represent 77 percent of the assets and 11 percent of the revenues of the governmental activities.
2. The State Lottery and the Petroleum Storage Tank Insurance Fund which are both major funds and represent 17 percent of the assets and 65 percent of the revenues of the business-type activities.

3. The aggregate discretely presented component units.
4. The pension (and other employee benefit) trust funds and the Missouri Department of Transportation agency funds which represent 94 percent of the assets and 95 percent of the additions of the fiduciary funds.

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. The financial statements of the Conservation Employees' Insurance Plan, the Missouri State Employees' Insurance Plan and the Missouri Consolidated Health Care Plan, internal service funds; the Missouri Development Finance Board and the Missouri Agricultural and Small Business Development Authority, discretely presented component units; and the pension (and other employee benefit) trust funds were not audited in accordance with *Government Auditing Standards*.

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions on the governmental activities and the General Fund opinion units and our unmodified opinions on all remaining opinion units.

#### ***Basis for Qualified Opinions on the Governmental Activities and the General Fund***

We were not allowed access to tax returns and related source documents for income taxes. Access was denied based on the Department of Revenue's interpretation of the decision rendered by the Missouri Supreme Court in the case of *Director of Revenue v. State Auditor* 511 S.W.2d 779 (Mo. 1974). Approximately 28 percent of governmental activity revenues and 33 percent of General Fund revenues are from this source. We were unable to satisfy ourselves by appropriate audit procedures as to the income tax revenue beyond the amounts recorded.

#### ***Qualified Opinions***

In our opinion, based on our audit and the reports of other auditors, and except for the possible effects of the matter described in the "Basis for Qualified Opinions on the Governmental Activities and the General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the state of Missouri, as of June 30, 2016, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund excluding the General Fund, and the aggregate remaining fund information of the state of Missouri, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

For the fiscal year ended June 30, 2016, the state of Missouri reclassified the Veterans' Commission Capital Improvement Fund from a capital projects fund to a special revenue fund. See Note 2 and Note 18 to the financial statements for further information. Our opinions are not modified with respect to this matter.

As discussed in Note 18 to the financial statements, the 2015 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; the Budgetary Comparison Schedule-General Fund, Major Special Revenue Funds; the Schedule of Changes in Net Pension Liability and Related Ratios; the Schedule of Proportionate Share of the Net Pension Liability; and the Schedule of State Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state of Missouri's basic financial statements. The supplementary information, as listed in the table of contents, and the other information, which consists of the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

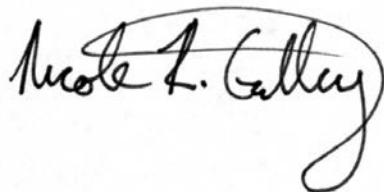
The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the audit procedures applied 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, and except for the possible effects on the supplementary information of the matter discussed in the "Basis for Qualified Opinions on the Governmental Activities and the General Fund" paragraph, the supplementary information, as listed in the table of contents, is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The information in the introductory and statistical sections has not been subjected to the audit procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, our report dated December 30, 2016, on our consideration of the state of Missouri'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 is issued under separate cover in the Single Audit Report. The purpose of our report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Our report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the state of Missouri's internal control over financial reporting and compliance.



Nicole R. Galloway, CPA  
State Auditor

December 30, 2016



*The Management's Discussion and Analysis provides a narrative overview and analysis of the financial activities of the State.*

# Management's Discussion and Analysis

The following is a discussion and analysis of the State of Missouri's financial activities for the fiscal year ended June 30, 2016. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal.

## FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

### Government-Wide:

- *Net Position.* Assets and deferred outflows of the State of Missouri exceeded liabilities and deferred inflows at the close of fiscal year 2016 by \$28.9 billion. Of the \$28.9 billion, "unrestricted net position" is reported as a negative \$4.8 billion, offset by \$4.4 billion in "restricted net position" and \$29.3 billion net investment in capital assets.
- *Changes in Net Position.* The State's total net position increased by \$656.7 million in fiscal year 2016. Net position for governmental-type activities increased by \$355.4 million.
- *Excess of Revenues over (under) Expenses.* During fiscal year 2016, the State's total revenues of \$26.3 billion were \$654.2 million greater than total expenses of \$25.7 billion (excluding transfers and extraordinary items). Of these expenses, \$14.8 billion were covered by program revenues. General revenues, generated primarily from various taxes, totaled \$11.5 billion.

### Fund-Level:

- *Governmental Funds – Fund Balance.* At the close of fiscal year 2016, the State's governmental fund assets exceeded liabilities by \$5.2 billion, an increase of \$266.9 million or 5.4% from the prior year. The increase was primarily due to the net effect of an increase in contributions and intergovernmental revenue of \$286.0 million, an increase in \$248.0 million in tax revenue, an increase in education expenditures of \$219.8 million, an increase in Human Services of \$276.5 million, and an increase in other financing sources of \$124.7 million.
- *General Fund – Fund Balance.* At the end of the current fiscal year, the State's General Fund reported a balance of \$1.5 billion.

Additional information regarding individual funds begins on Page 9.

### Debt Issued and Outstanding:

- The primary government's total long-term obligations related to bonds payable decreased \$76.4 million, or 2.2%, over the prior year. The outstanding bonds payable represents 37.7% of financial assets (cash, receivables, and investments) and 8.2% of total assets. The net decrease in bonds payable resulted from a decrease of \$270,225,000 due to bond payments, and an increase of \$193,800,000 due to issuances of Board of Public Buildings Bonds and Missouri Development Finance Board State Historical Society Project Bonds. Additional detail is available in *Note 12*.

### Revenue Limit:

- The State Constitution limits the State's ability to retain revenue collected over an amount set by a constitutional amendment known as Article X. Excess revenue of 1.0% or more must be refunded to the taxpayers each year. During fiscal year 2016, the State did not exceed the revenue limit.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The State's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

## **Government-Wide Financial Statements:**

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the State's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them reported as *net position*. Increases or decreases in net position may serve as a useful indicator of the State's financial position.

The *Statement of Activities* presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of when the cash is received. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report three activities:

*Governmental Activities* are primarily supported by taxes and intergovernmental revenues. They include general government, education, natural and economic resources, transportation and law enforcement, and human services.

*Business-Type Activities* are intended to recover all or a significant portion of their costs through user fees and charges. They include constructing or operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, and insurance coverage. Also included are the operations of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance funds.

*Discretely Presented Component Units* are operations for which the State has financial accountability, but are legally separate. They include the college and universities, Missouri Development Finance Board, Missouri Agricultural and Small Business Development Authority, Missouri Transportation Finance Corporation, and Missouri Wine and Grape Board.

## **Fund Financial Statements:**

The fund financial statements present more detailed information about the government's operations than the government-wide statements. The State uses fund accounting to ensure and demonstrate compliance with statutory requirements. The funds of the State can be divided into three categories: governmental, proprietary, and fiduciary.

*Governmental funds.* Governmental funds are used to account for most of the basic services provided by the State. Unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of current financial resources and utilize the modified accrual basis of accounting. This presentation focuses on when cash will be received and disbursed making the statements useful in evaluating a government's financing requirements in the near future.

Governmental funds include the general, special revenue, capital projects, debt service, and permanent funds. Major funds include general, public education, conservation and environmental protection, and the Missouri Road Fund which are presented in separate columns. Data from other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in supplementary information.

A user can compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. A reconciliation to facilitate this comparison is provided on the page immediately following each governmental fund financial statement.

**Proprietary funds.** Proprietary funds are used to account for activities similar to private businesses in which goods and services are sold for specified fees. Generally, the State uses enterprise funds to account for activities that provide goods and services to the general public. These include constructing or operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, and publishing maps and documents. Also included are the operations of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance funds. Internal service funds report activities that provide supplies and services for the State's other programs and activities. The State uses internal service funds to account for insurance and health care plans, as well as administrative services for other state agencies, such as fleet management, data processing, and telecommunication services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds focus on economic resources and utilize the full accrual basis of accounting. The proprietary fund financial statements provide separate information for the State Lottery, Unemployment Compensation, and Petroleum Storage Tank Insurance, which are considered major enterprise funds. Non-major enterprise funds are also combined into a single column for aggregated presentation. All internal service funds are combined into a single column in the proprietary fund financial statements. Individual fund data for the non-major enterprise and internal service funds is provided in the form of combining statements in supplementary information.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside State government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the State's own programs. The fiduciary funds are presented using the full accrual basis of accounting.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) including a budgetary comparison schedule for the General Fund and major special revenue funds. Other supplementary information includes the combining statements for the general, non-major governmental, non-major enterprise, internal service, fiduciary, and non-major component unit funds. It also includes the statistical section as well as budgetary comparison schedules for the Missouri Road Fund, non-major special revenue, debt service, and permanent funds.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Position:

The State's total net position increased \$656.7 million or 2.3% during fiscal year 2016. This increase resulted primarily from an increase in cash and cash equivalents and investments of \$433.2 million and an increase in capital assets of \$283.2 million. Cash and cash equivalents, and investments increased mainly due to receiving \$200.7 million more in operating grants and contributions and \$164.4 million more in charges for services than during fiscal year 2015. Net investment in capital assets and restricted net position, which do not represent resources available to pay day-to-day operating expenses, increased by \$1.0 billion or 3.1%. The net investment in capital assets and restricted net position, components of net position, increase was primarily due to the increase in capital assets of \$283.2 million and a decrease in related outstanding bond obligation of \$180.7 million.

Net investment in capital assets, which includes capital assets, bonds payable, and capital lease obligations, is the largest component of the State's net position at \$29.3 billion or 101.5%. These assets include construction in progress, software in progress, infrastructure in progress, land, easements, land improvements, buildings, equipment, software, and trademarks which are not easily converted to cash or readily available to pay state debts as they come due.

Restricted net position of the primary government totaled \$4.4 billion or 15.1% of total net position vs. 13.5% from the prior year. Net position is restricted for several reasons including constitutional, legal, enabling legislation, or external requirements. Examples of restricted net position include lottery proceeds restricted for public education, funds restricted for debt service, and certain sales taxes restricted for the maintenance of highways or state parks and conservation areas. Also, many federal funds are restricted to funding certain programs.

The following table displays the current and prior year government-wide condensed Statement of Net Position.

<b>STATEMENT OF NET POSITION</b>						
(In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015*	2016	2015*	2016	2015*
<b>ASSETS:</b>						
Current and Other Assets	\$ 8,180,423	\$ 8,027,277	\$ 956,188	\$ 696,242	\$ 9,136,611	\$ 8,723,519
Capital Assets, Net	<u>32,443,755</u>	<u>32,203,097</u>	<u>98,657</u>	<u>56,146</u>	<u>32,542,412</u>	<u>32,259,243</u>
<i>Total Assets</i>	<i>40,624,178</i>	<i>40,230,374</i>	<i>1,054,845</i>	<i>752,388</i>	<i>41,679,023</i>	<i>40,982,762</i>
<b>DEFERRED OUTFLOWS:</b>	828,665	630,237	17,636	10,268	846,301	640,505
<b>LIABILITIES:</b>						
Other Liabilities	1,563,857	1,547,012	21,782	21,551	1,585,639	1,568,563
Long-Term Liabilities	<u>11,598,513</u>	<u>10,821,087</u>	<u>266,026</u>	<u>238,901</u>	<u>11,864,539</u>	<u>11,059,988</u>
<i>Total Liabilities</i>	<i>13,162,370</i>	<i>12,368,099</i>	<i>287,808</i>	<i>260,452</i>	<i>13,450,178</i>	<i>12,628,551</i>
<b>DEFERRED INFLOWS:</b>	167,039	724,484	2,095	20,952	169,134	745,436
<b>NET POSITION:</b>						
Net Investment in Capital						
Assets	29,239,586	28,791,258	98,353	55,669	29,337,939	28,846,927
Restricted	4,346,676	3,811,927	6,104	4,588	4,352,780	3,816,515
Unrestricted	<u>(5,462,828)</u>	<u>(4,835,157)</u>	<u>678,121</u>	<u>420,995</u>	<u>(4,784,707)</u>	<u>(4,414,162)</u>
<i>Total Net Position</i>	<i>\$ 28,123,434</i>	<i>\$ 27,768,028</i>	<i>\$ 782,578</i>	<i>\$ 481,252</i>	<i>\$ 28,906,012</i>	<i>\$ 28,249,280</i>

\*Fiscal year 2015 amounts have been restated.

## Changes in Net Position:

The schedule below reflects how the State's net position changed during the year. The State collected program revenues of \$14.8 billion and general revenues of \$11.5 billion for total revenues of \$26.3 billion during fiscal year 2016. Expenses for the State during fiscal year 2016 were \$25.7 billion. Total net position, net of contributions and transfers, increased by \$656.7 million.

The following table displays the current and prior year government-wide condensed Statement of Activities.

<b>STATEMENT OF ACTIVITIES</b>						
(In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015*	2016	2015*	2016	2015*
<b>REVENUES:</b>						
Program Revenues:						
Charges for Services	\$ 1,623,258	\$ 1,639,560	\$ 1,384,507	\$ 1,203,803	\$ 3,007,765	\$ 2,843,363
Operating Grants and Contributions	10,178,230	9,960,965	677,118	693,657	10,855,348	10,654,622
Capital Grants and Contributions	917,255	838,354	---	---	917,255	838,354
General Revenues:						
Sales and Use Taxes	3,112,912	3,142,387	---	---	3,112,912	3,142,387
Income Taxes	6,735,687	6,908,510	---	---	6,735,687	6,908,510
Other Taxes	1,570,924	1,610,759	---	---	1,570,924	1,610,759
Other Revenues	103,559	100,997	11,420	3,591	114,979	104,588
<i>Total Revenues</i>	<i>24,241,825</i>	<i>24,201,532</i>	<i>2,073,045</i>	<i>1,901,051</i>	<i>26,314,870</i>	<i>26,102,583</i>
<b>EXPENSES:</b>						
General Government	1,081,467	1,064,771	---	---	1,081,467	1,064,771
Education	6,902,929	6,680,646	---	---	6,902,929	6,680,646
Natural and Economic Resources	992,634	910,502	---	---	992,634	910,502
Transportation and Law Enforcement	1,913,384	1,861,116	---	---	1,913,384	1,861,116
Human Services	13,133,373	12,800,735	---	---	13,133,373	12,800,735
State Lottery	---	---	1,025,086	873,502	1,025,086	873,502
Unemployment Compensation	---	---	312,295	391,508	312,295	391,508
Petroleum Storage Tank Insurance	---	---	16,205	14,705	16,205	14,705
State Fair Fees	---	---	4,375	4,390	4,375	4,390
State Parks and DNR	---	---	8,001	8,264	8,001	8,264
Historic Preservation	---	---	577	741	577	741
Veterans' Homes	---	---	100,770	92,501	100,770	92,501
Surplus Property	---	---	2,576	3,169	2,576	3,169
Revenue Information	---	---	14	13	14	13
All Other Expenses	166,952	139,112	---	---	166,952	139,112
<i>Total Expenses</i>	<i>24,190,739</i>	<i>23,456,882</i>	<i>1,469,899</i>	<i>1,388,793</i>	<i>25,660,638</i>	<i>24,845,675</i>
Increase (Decrease) in Net Position before Transfers and Extraordinary Items	51,086	744,650	603,146	512,258	654,232	1,256,908
<i>Adjustments to Claims</i>						
Reserve	---	---	2,500	---	2,500	---
<i>Transfers and Extraordinary Items</i>						
Items	304,320	275,997	(304,320)	(275,997)	---	---
Change in Net Position	355,406	1,020,647	301,326	236,261	656,732	1,256,908
<i>Net Position - July 1</i>	<i>27,768,028</i>	<i>26,747,381</i>	<i>481,252</i>	<i>244,991</i>	<i>28,249,280</i>	<i>26,992,372</i>
<i>Net Position - June 30</i>	<i>\$ 28,123,434</i>	<i>\$ 27,768,028</i>	<i>\$ 782,578</i>	<i>\$ 481,252</i>	<i>\$ 28,906,012</i>	<i>\$ 28,249,280</i>

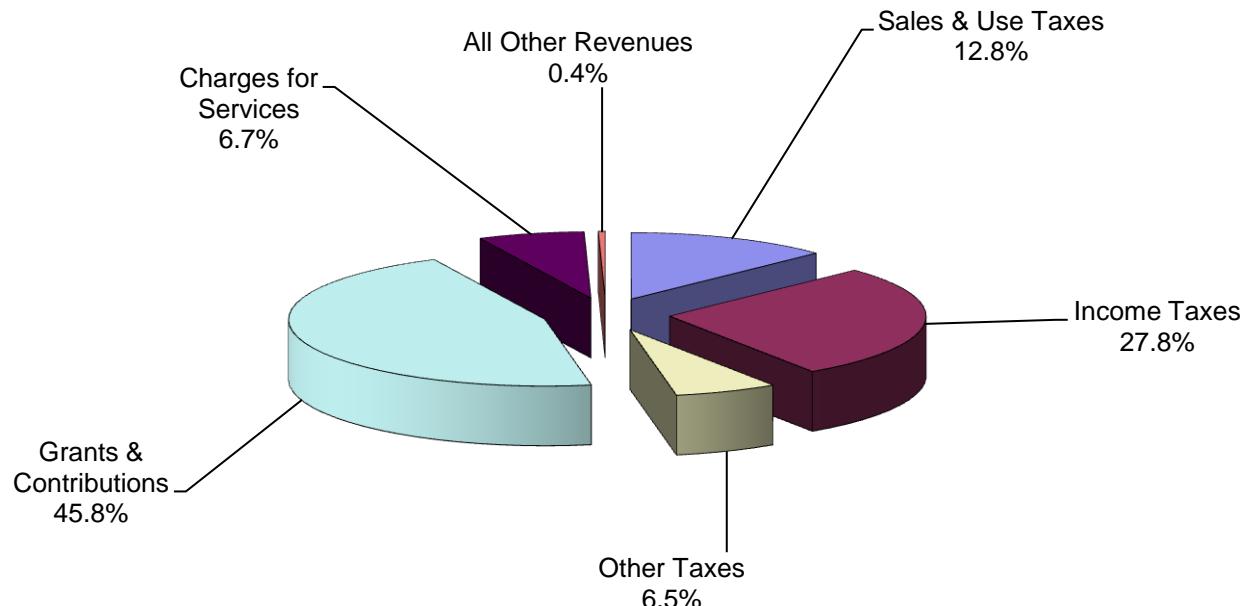
\*Fiscal year 2015 amounts have been restated.

## Governmental Activities

The net position of governmental activities increased \$355.4 million in fiscal year 2016. General and program revenues of governmental activities were \$40.3 million more in fiscal year 2016 than in fiscal year 2015.

As shown in the Revenues by Source chart below, approximately 47.1% of revenues from all sources earned came from taxes. Grants and contributions, which represents amounts received from other governments/entities, primarily the federal government, provided 45.8% of total revenue. Charges for services contributed 6.7% and various other revenues provided 0.4% of the remaining governmental activity revenue sources.

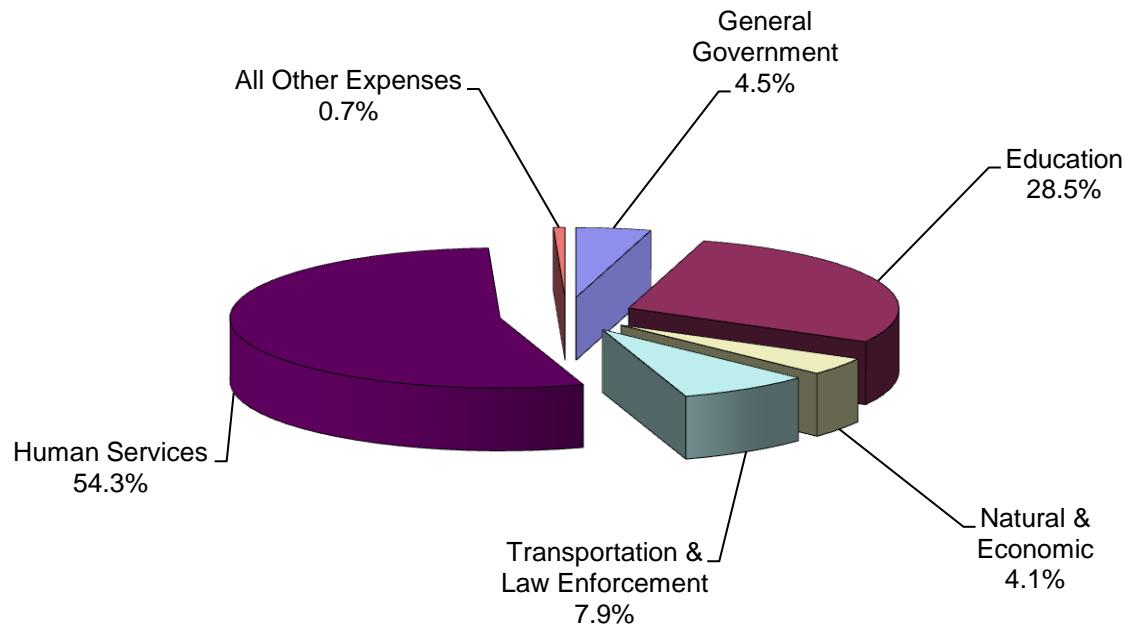
## Revenues by Source



The State's governmental activities program expenses for fiscal year 2016 were \$733.9 million more than fiscal year 2015. Education expenses were \$222.3 million more, General Government expenses were \$16.7 million more, Natural and Economic Resources expenses were \$82.1 million more, Transportation and Law Enforcement expenses were \$52.3 million more, Human Services expenses were \$332.6 million more, and all Other Expenses were \$27.8 million more. The additional expenses are directly related to the government funding priorities of education and a higher demand for Social Services such as Medicaid.

As shown in the Expenses by Function chart below, expense for Human Services makes up the largest portion – 54.3% – of total governmental activities expenses.

## Expenses by Function

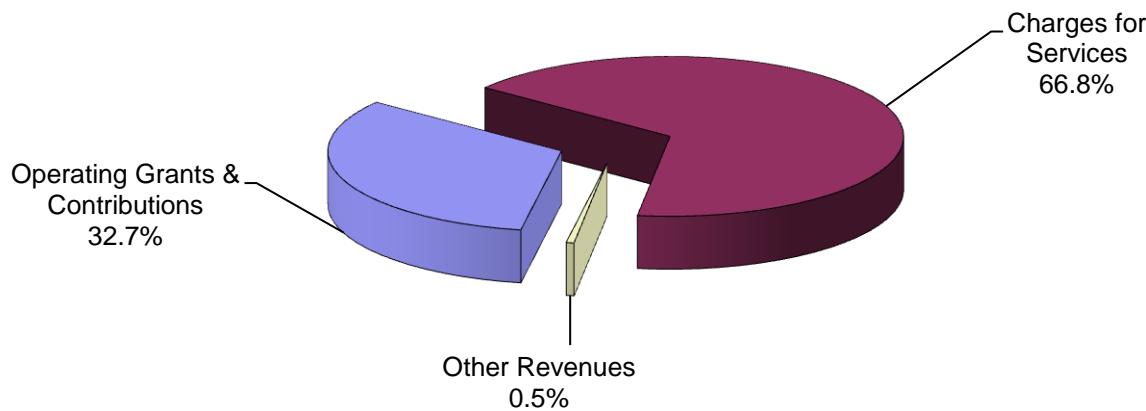


## Business-Type Activities

Net position of the State's business-type activities increased \$301.3 million in fiscal year 2016, mainly due to an increase in cash in Unemployment Compensation. The increase was due to the payoff of the loan balance with the federal government in fiscal year 2014, which allows excess cash to remain in the fund.

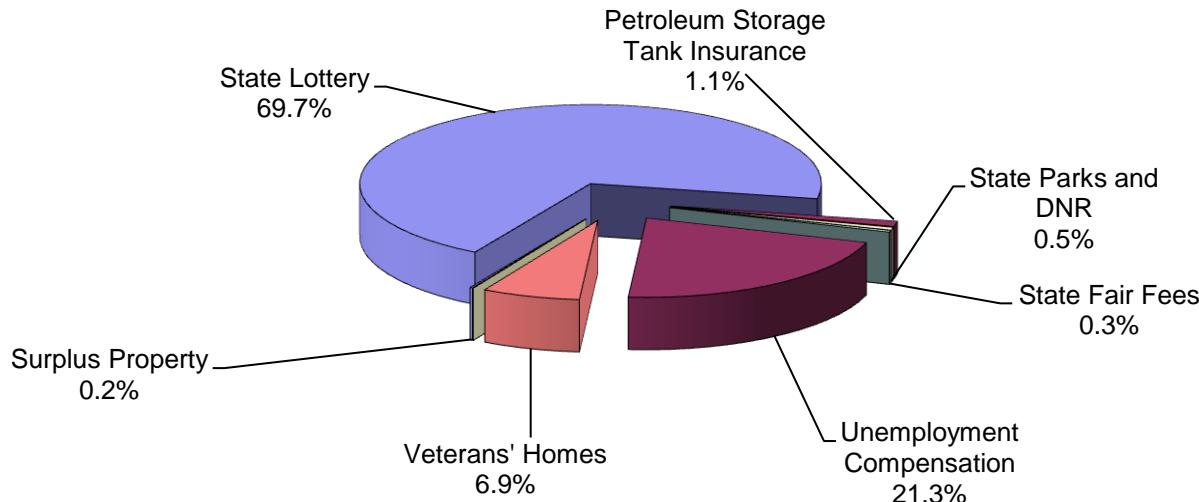
Revenues of business-type activities totaled \$2.1 billion. As shown in the Revenues by Source chart below, 66.8% of the revenues came from charges for services. Operating grants and contributions provided 32.7% of the total revenues and all other revenues provided 0.5%.

## Revenues by Source



Expenses of business-type activities totaled \$1.5 billion. As shown in the Expenses by Fund chart below, State Lottery makes up the largest portion with 69.7% of total business-type expenses. Unemployment Compensation comes in second at 21.3%, followed by Veterans' Homes at 6.9%, Petroleum Storage Tank Insurance at 1.1%, State Parks and DNR at 0.5%, State Fair Fees at 0.3%, and Surplus Property at 0.2%.

## Expenses by Fund



## FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

### Governmental Funds:

At the end of fiscal year 2016, the State's governmental funds reported combined ending fund balances of \$5.2 billion. Approximately 55.2% is unrestricted and available for spending at the government's discretion. The remainder of fund balance is nonspendable and restricted to indicate that it is not available for new spending because it has already been allocated for: 1) inventories, 2) to pay debt service, 3) for loans receivable, and 4) for a variety of other purposes.

Fund balances (in thousands) for governmental funds are as follows:

	Conservation and Environmental Protection					Missouri Road Fund	Non-Major Funds	Total
	General Fund	Public Education	Environmental Protection	Road Fund	Non-Major Funds			
Nonspendable	\$ 57,170	\$ 48	\$ 381	\$ 39,614	\$ 56,984	\$ 154,197		
Restricted	488,202	216,176	146,793	789,045	547,944	2,188,160		
Committed	589,870	12,453	1,506,938	---	24,522	2,133,783		
Assigned	79,670	70,109	114,868	---	245,957	510,604		
Unassigned	238,830	---	---	---	---	238,830		
<b>Total</b>	<b>\$ 1,453,742</b>	<b>\$ 298,786</b>	<b>\$ 1,768,980</b>	<b>\$ 828,659</b>	<b>\$ 875,407</b>	<b>\$ 5,225,574</b>		

The General Fund is the chief operating fund of the State. At the end of fiscal year 2016, the State's General Fund reported a total fund balance of \$1.5 billion, an increase of \$53.1 million from fiscal year 2015. Total revenue increased \$291.5 million, mainly due to an increase of \$142.5 million in taxes and an increase of \$238.1 million in contributions and intergovernmental revenues, with a decline of \$99.4 from penalties and unclaimed property and other miscellaneous revenues. Net general revenue tax collections grew from \$8.7 billion last year to \$8.8 billion this year, an increase of 1.6%. The increase of \$238.1 million in contributions and intergovernmental revenues is mainly related to an increase in Medicaid and Other Assistance Grant Programs. Total expenditures increased \$2.4 billion from \$15.5 billion last year to \$17.9 billion this year, which is mainly due to an increase of \$2.2 billion expenditures in public education and \$271.6 million in human services. The \$2.2 billion increase in public education expenditures related to public school payments being made from the General Fund in fiscal year 2016, whereas last year, the General Fund transferred monies to the Public Education Fund to make the public school payments (*for additional information see Note 17*). The \$271.6 million increase in human services expenditures mainly related to the increase in the number of people utilizing Medicaid and Other Assistance Grant Programs, as well as the increased service costs for these programs.

The Public Education Fund provides general and special education services to the children of the State and other related functions, such as library services and student loans. Total fund balance grew from \$295 million last year to \$298.8 million this year, an increase of 1.3%. Total expenditures decreased by \$2 billion, mainly due to transfers from the General Fund to the Public Education Fund being discontinued in fiscal year 2016 as the public school payments were made directly from the General Fund in fiscal year 2016 (*for additional information see Note 17*).

The Conservation and Environmental Protection Fund provides the preservation of the State's wildlife and environment. At the end of fiscal year 2016, the fund balance was \$1.8 billion, an increase of \$32.8 million from fiscal year 2015. Total expenditures increased by \$69.1 million, mainly due to an increase in natural and economic resources related to new clean water and drinking water projects.

The Missouri Road Fund accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system. Total revenues increased \$105.8 million in fiscal year 2016. This increase was from receiving federal grants revenue, including operating and capital grants. Taxes overall increased 4.7 percent with sales tax revenues increasing 4.5 percent in fiscal year 2016 from 2015.

## Proprietary Funds:

The State has three major proprietary funds: State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance Fund. The State Lottery Fund was established in 1986 to account for the sale of lottery tickets and lottery operations. Since 1992, public education has been the sole beneficiary of lottery proceeds. Unemployment Compensation accounts for contributions and payments collected from Missouri employers under the provision of the "Unemployment Compensation Law." This tax finances benefits for workers who become unemployed through no fault of their own. The Petroleum Storage Tank Insurance Fund accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks. The fund pays cleanup expenses for petroleum leaks or spills from underground storage tanks and certain above ground storage tanks as well as third party property damage or bodily injury resulting from such discharges. This fund is one of the largest insurers of storage tanks in the country.

The State Lottery Fund's net position increased by \$2.6 million. Changes in net position are the result of fluctuations in market yields, which increase or reduce the unrealized gain on investments. In fiscal year 2015, a prior period adjustment was recorded to establish the Lottery's net pension liability pursuant to GASB 68. Total operating revenues increased by 16% from \$1,144.6 million in fiscal year 2015 to \$1,327.9 million in fiscal year 2016. Ticket sales in fiscal year 2016 were ahead of fiscal year 2015 levels by \$188.3 million, or 16.7%. Scratchers sales increased by \$91.8 million, or 12.3%, while Draw Game sales increased by \$54.9 million, or 15.5%. Total Draw Game sales increased by \$54.9 million in fiscal year 2016 due mainly to Powerball. Powerball sales were up \$49.2 million over fiscal year 2015 due to the record \$1.59 billion jackpot. Pick 3, Pick 4, Lotto, Club Keno, EZ Match and Lucky for Life sales also showed increases, while Show Me Cash and Mega Millions sales were down slightly. \$250K Triple Play sales, which were discontinued in January 2016, were down \$2.5 million from fiscal year 2015.

The Unemployment Compensation Fund's net position increased by \$284 million due to an increase in cash in the fund of \$298 million. The increase in cash is due to the remaining loan balance with the federal government being paid off in fiscal year 2014, allowing excess cash to remain in the fund for the past 2 years. Total revenues decreased by \$31.7 million, mainly because there was a decrease in revenues from unemployment taxes and penalties due to less tax liability owed by employers. Total expenses decreased by \$79 million because of decreased claims and because temporary federal benefit programs have ended.

The Petroleum Storage Tank Insurance Fund's net position decreased by \$420 thousand. Operating revenues declined by \$1.1 million while operating expenses increased by \$1.5 million over fiscal year 2015.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget is the appropriated budget that is truly agreed to and finally passed by the legislature, and signed by the Governor at the beginning of the fiscal year. The final budget includes emergency and supplemental appropriations, reverted and increases to estimated appropriations, which occur during the fiscal year.

Budgeted appropriations for fiscal year 2016 from the General Fund were \$25.1 billion original budget and \$25.5 billion final budget. Actual spending was \$23.6 billion. Reasons for the final budget variances include:

- Appropriation authority exceeded cash available for expenditures.
- Lapse of various appropriations.
- Multiple year grants are appropriated in one year, but the expenditures may occur over several years.
- Capital improvement appropriations were restricted during the budget process.

Budgeted revenues/transfers in for fiscal year 2016 for the General Fund were \$24.3 billion original budget and \$24.6 billion final budget. Actual revenue/transfers in was \$23.6 billion.

Refer to the *Notes to RS/*, Budgetary Reporting, on page 122 for more information on budgetary variances.

## GOVERNMENT-WIDE CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets:

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2016, was \$32.5 billion (net of accumulated depreciation/amortization). This investment in capital assets includes construction in progress, software in progress, infrastructure in progress, land, permanent easements, land improvements, temporary easements, buildings and improvements, equipment, software, trademarks, and infrastructure.

#### Capital Assets of the State include (in thousands):

	Governmental Activities	Business-Type Activities	Total
Construction in Progress	\$ 197,322	\$ 39,445	\$ 236,767
Software in Progress	52,855	---	52,855
Infrastructure in Progress	1,368,383	---	1,368,383
Land	3,095,767	23,358	3,119,125
Permanent Easements	3,786	---	3,786
Land Improvements	199,112	14,781	213,893
Temporary Easements	1,798	50	1,848
Buildings and Improvements	3,387,261	32,966	3,420,227
Equipment	1,308,225	50,673	1,358,898
Software	208,569	1,130	209,699
Trademarks	17	---	17
Infrastructure	49,657,137	---	49,657,137
<i>Subtotal</i>	59,480,232	162,403	59,642,635
Less Accumulated Depreciation/Amortization	(27,036,477)	(63,746)	(27,100,223)
<b>Total Capital Assets, Net</b>	<b>\$ 32,443,755</b>	<b>\$ 98,657</b>	<b>\$ 32,542,412</b>

Additional information on capital assets can be found in *Note 5* of this report.

### Debt Administration:

At the end of fiscal year 2016, the primary government had total general obligation and other bonded debt outstanding of \$3.4 billion. Of this amount, \$208.9 million comprises debt backed by the full faith and credit of the government.

Principal amounts retired or refunded in fiscal year 2016 were \$57.4 million for general obligation bonds and \$212.8 million for other bonds.

The State of Missouri is proud to have maintained a Triple-A credit rating since 1989 from all three major credit rating agencies (Moody's Investor Services, Inc., Standard and Poor's, and Fitch Ratings, Inc.) on the State's General Obligation Bonds.

#### Outstanding Bonds Payable of the State include (in thousands):

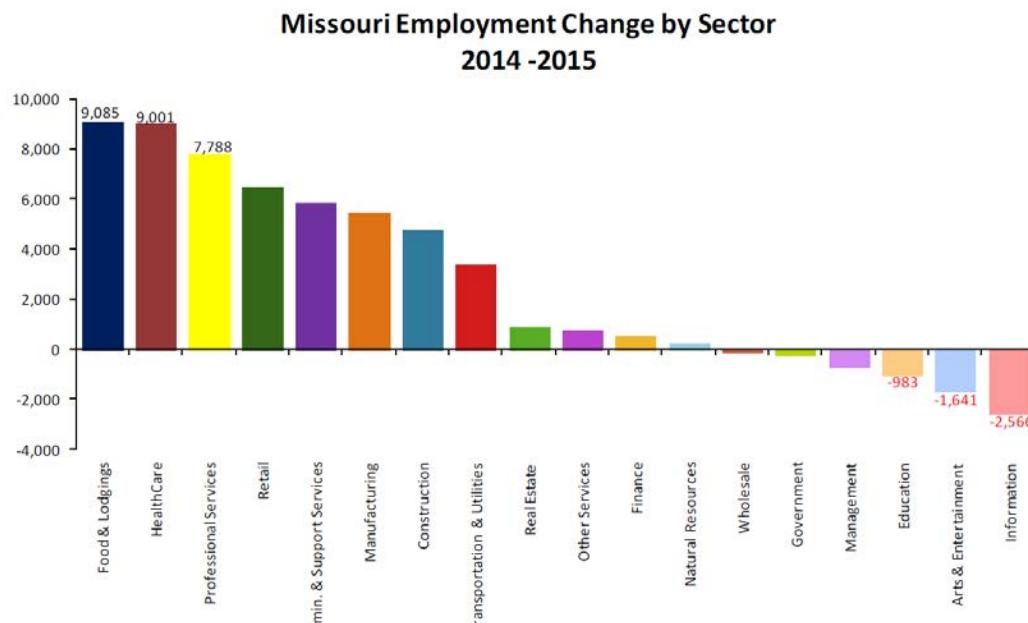
	Governmental Activities	Component Units	Total
General Obligation Bonds	\$ 208,880	\$ ---	\$ 208,880
Other Bonds	3,207,400	2,113,652	5,321,052
<b>Total</b>	<b>\$ 3,416,280</b>	<b>\$ 2,113,652</b>	<b>\$ 5,529,932</b>

Additional information on long-term debt can be found in *Notes 11, 12, and 13* of this report.

## ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The State ended fiscal year 2016, with an increase in net general revenue collections of 0.9 percent over fiscal year 2015. However, total fiscal year 2016 revenue collections declined by 0.4% when compared to the Fiscal Year 2015 collections. The 4.1% revenue growth estimate for Fiscal Year 2017, based on the actual Fiscal Year 2016 collections, will not provide sufficient resources to cover anticipated spending, therefore, the Governor restricted approximately \$116 million of the budget in July. Furthermore, when the General Assembly overrode several tax related bills in the September veto session, the Governor restricted an additional \$57.2 million to balance the budget. After revenue growth in September, the Governor released \$12.1 million of those restrictions on October 5, 2016 and after receiving a portion of the nationwide Volkswagen settlement, the Governor released \$8.7 million of the restrictions on October 21, 2016. After disappointing revenue collections in November, the Governor restricted an additional \$51.6 million to ensure the budget remains balanced.

The outlook for general revenue for Fiscal Year 2017 remains uncertain. Equity markets continue to show some volatility and the possibility for positive and negative swings remains. While the number of jobs is steadily improving, it is at a slower pace than anticipated. Growth in sales tax is expected to continue as consumers begin to feel more secure about their income and spend the savings from lower gasoline prices. Despite an increase in issued permits, single family housing markets continue to struggle in parts of the country. The largest industry subsectors to grow between 2014 and 2015 was Food and Lodging; Healthcare; and Professional Services. With most of the sectors showing employment increases, it bodes well for Missouri's continued economic growth.



*Source: MERIC analysis of the Quarterly Census of Employment and Wages micro-data, 2014- 2015*

Missouri continues to show strong fiscal management even during tough economic times. Conservative management, including Missouri's constitutional provisions for the Governor to line item veto and restrict expenditures below appropriated levels, ensures the budget is balanced each fiscal year. In addition, Missouri has kept debt balances low providing for more flexibility with budgetary spending.

As the economic recovery has taken hold in both the U.S. and Missouri, positive signs of improvement can be seen. This includes growth in employment, personal income, and a reduction in the unemployment rate.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State's finances for all those with an interest in the State's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Administration, Division of Accounting, P.O. Box 809, Jefferson City, MO 65102.



***The Basic Financial Statements include the Government-Wide Financial Statements, the Governmental Fund Financial Statements, the Proprietary Fund Financial Statements, the Fiduciary Fund Financial Statements, the Component Unit Financial Statements, and the accompanying notes to the statements.***

**STATE OF MISSOURI**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and Cash Equivalents (Note 3)	\$ 1,734,050	\$ 644,276	\$ 2,378,326	\$ 399,772
Investments (Note 3)	2,336,630	64,382	2,401,012	2,496,226
Invested Securities Lending Collateral (Note 3)	---	---	---	28,225
Receivables, Net (Note 14)	3,940,735	220,547	4,161,282	670,178
Internal Balances	13,935	(13,935)	---	---
Inventories	79,706	1,527	81,233	56,263
Deposits and Prepaid Expenses	133	---	133	43,421
Restricted Assets:				
Cash and Cash Equivalents (Note 3)	39,329	---	39,329	139,798
Investments (Note 3)	32,731	39,391	72,122	1,328,056
Receivables, Net	---	---	---	50,940
Other Assets	3,174	---	3,174	9,377
Capital Assets (Note 5):				
Non-Depreciable	4,718,113	62,803	4,780,916	434,558
Depreciable, Net	27,725,642	35,854	27,761,496	4,855,070
Total Assets	<u>40,624,178</u>	<u>1,054,845</u>	<u>41,679,023</u>	<u>10,511,884</u>
 <b>Deferred Outflows of Resources (Note 15)</b>	 <u>828,665</u>	 <u>17,636</u>	 <u>846,301</u>	 <u>415,039</u>
 <b>Liabilities</b>				
Bank Overdraft (Notes 3 and 10)	2	---	2	---
Payables (Note 14)	1,400,426	19,999	1,420,425	694,694
Securities Lending Obligation (Note 3)	---	---	---	28,225
Unearned Revenue (Note 1)	63,472	1,783	65,255	149,491
Escheat/Unclaimed Property	99,957	---	99,957	---
Long-Term Liabilities (Note 11):				
Due Within One Year	752,203	89,047	841,250	471,762
Due in More Than One Year	<u>10,846,310</u>	<u>176,979</u>	<u>11,023,289</u>	<u>3,649,885</u>
Total Liabilities	<u>13,162,370</u>	<u>287,808</u>	<u>13,450,178</u>	<u>4,994,057</u>
 <b>Deferred Inflows of Resources (Note 15)</b>	 <u>167,039</u>	 <u>2,095</u>	 <u>169,134</u>	 <u>44,785</u>
 <b>Net Position</b>				
Net Investment in Capital Assets	29,239,586	98,353	29,337,939	2,866,900
Restricted for:				
Budget Reserve	586,214	---	586,214	---
Debt Service	401,368	---	401,368	---
Grants	483,567	---	483,567	---
Enabling Legislation (Note 1)	493,884	---	493,884	---
Loans Receivable	1,273,548	---	1,273,548	---
Permanent Trusts:				
Expendable	104	---	104	549,404
Non-Expendable	52,673	---	52,673	1,039,047
External Parties	1,055,318	6,104	1,061,422	94,336
Unrestricted	<u>(5,462,828)</u>	<u>678,121</u>	<u>(4,784,707)</u>	<u>1,338,394</u>
Total Net Position	<u>\$ 28,123,434</u>	<u>\$ 782,578</u>	<u>\$ 28,906,012</u>	<u>\$ 5,888,081</u>

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

**STATE OF MISSOURI**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2016  
(In Thousands of Dollars)

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
<b>Primary Government:</b>								
Governmental Activities:								
General Government	\$ 1,081,467	\$ 579,633	\$ 99,512	\$ 6	\$ (402,316)	\$ ---	\$ (402,316)	\$ ---
Education	6,902,929	49,842	1,167,133	---	(5,685,954)	---	(5,685,954)	---
Natural and Economic Resources	992,634	268,124	312,984	---	(411,526)	---	(411,526)	---
Transportation and Law Enforcement	1,913,384	230,723	265,350	917,147	(500,164)	---	(500,164)	---
Human Services	13,133,373	475,156	8,333,251	102	(4,324,864)	---	(4,324,864)	---
Interest on Debt (Excluding Direct Expense)	166,952	19,780	---	---	(147,172)	---	(147,172)	---
Total Governmental Activities	<u>24,190,739</u>	<u>1,623,258</u>	<u>10,178,230</u>	<u>917,255</u>	<u>(11,471,996)</u>	<u>---</u>	<u>(11,471,996)</u>	<u>---</u>
Business-Type Activities:								
State Lottery	1,025,086	1,327,852	---	---	302,766	302,766	---	
Unemployment Compensation	312,295	---	592,234	---	279,939	279,939	---	
Petroleum Storage Tank Insurance	16,205	12,897	---	---	(3,308)	(3,308)	---	
State Fair Fees	4,375	4,191	178	---	(6)	(6)	---	
State Parks and DNR	8,001	8,861	14,536	---	15,396	15,396	---	
Historic Preservation	577	16	---	---	(561)	(561)	---	
Missouri Veterans' Homes	100,770	27,119	70,170	---	(3,481)	(3,481)	---	
Surplus Property	2,576	2,393	---	---	(183)	(183)	---	
Revenue Information	14	1,178	---	---	1,164	1,164	---	
Total Business-Type Activities	<u>1,469,899</u>	<u>1,384,507</u>	<u>677,118</u>	<u>---</u>	<u>591,726</u>	<u>591,726</u>	<u>---</u>	<u>---</u>
Total Primary Government	<u>\$ 25,660,638</u>	<u>\$ 3,007,765</u>	<u>\$ 10,855,348</u>	<u>\$ 917,255</u>	<u>(11,471,996)</u>	<u>591,726</u>	<u>(10,880,270)</u>	<u>---</u>
Component Units:								
College and Universities	\$ 4,269,331	\$ 2,860,239	\$ 1,473,102	\$ 67,569	---	---	---	131,579
Non-Major Component Units	9,536	8,955	---	---	---	---	---	(581)
Total Component Units	<u>\$ 4,278,867</u>	<u>\$ 2,869,194</u>	<u>\$ 1,473,102</u>	<u>\$ 67,569</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>130,998</u>
 General Revenues:								
Taxes:								
Sales and Use			3,112,912	---	3,112,912	---		
Individual Income			6,324,548	---	6,324,548	---		
Corporate Income			411,139	---	411,139	---		
County Foreign Insurance			218,083	---	218,083	---		
Alcoholic Beverage			30,913	---	30,913	---		
Corporate Franchise			17,197	---	17,197	---		
Fuel			640,934	---	640,934	---		
Miscellaneous Taxes			663,797	---	663,797	---		
Grants and Contributions not Restricted to Specific Programs			58,971	---	58,971	4,307		
Unrestricted Investment Earnings			44,588	11,420	56,008	33,965		
Adjustments to Claims Reserve			---	2,500	2,500	---		
Transfers			304,320	(304,320)	---	---		
Total General Revenues and Transfers			<u>11,827,402</u>	<u>(290,400)</u>	<u>11,537,002</u>	<u>38,272</u>		
Change in Net Position			<u>355,406</u>	<u>301,326</u>	<u>656,732</u>	<u>169,270</u>		
Net Position – Beginning			<u>27,768,028</u>	<u>481,252</u>	<u>28,249,280</u>	<u>5,718,811</u>		
Net Position – Ending			<u>\$ 28,123,434</u>	<u>\$ 782,578</u>	<u>\$ 28,906,012</u>	<u>\$ 5,888,081</u>		

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



*The **Governmental Funds** focus on current financial resources.*

### ***Governmental Fund Financial Statements***

#### **Major Funds**

**General Fund** – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

#### **Major Special Revenue Funds:**

**Public Education** – Provides general and special education needs of the State and other related areas such as library services and student loans.

**Conservation and Environmental Protection** – Provides for the preservation of the State's wildlife and environment.

#### **Major Capital Projects Fund:**

**Missouri Road Fund** – Accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system.

#### **Non-Major Funds**

Non-Major Governmental Funds are presented in the Combining and Individual Fund Statements and Schedules for non-major funds as part of Supplementary Information.

**STATE OF MISSOURI**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	<b>Totals</b>	
						June 30, 2016	
<b>ASSETS</b>							
Cash and Cash Equivalents (Note 3)	\$ 590,480	\$ 87,463	\$ 167,980	\$ 411,090	\$ 290,988	\$ 1,548,001	
Investments (Note 3)	813,001	116,560	339,131	344,952	535,336	2,148,980	
Accounts Receivable, Net	2,144,352	133,754	50,324	99,801	171,733	2,599,964	
Interest Receivable	2,023	333	2,607	1,039	910	6,912	
Due from Other Funds (Note 16)	---	7,757	---	---	1,079	8,836	
Due from Component Units (Note 16)	---	---	947	---	---	947	
Inventories	24,295	48	381	39,614	4,311	68,649	
Advance to Component Units (Note 16)	---	---	1,130	---	---	1,130	
Loans Receivable	32,875	---	1,237,814	---	2,859	1,273,548	
Restricted Assets:							
Cash and Cash Equivalents (Note 3)	---	---	---	38,648	---	38,648	
Investments (Note 3)	---	---	---	32,431	---	32,431	
Total Assets	<u>\$ 3,607,026</u>	<u>\$ 345,915</u>	<u>\$ 1,800,314</u>	<u>\$ 967,575</u>	<u>\$ 1,007,216</u>	<u>\$ 7,728,046</u>	
<b>LIABILITIES</b>							
Accounts Payable	\$ 1,036,847	\$ 5,109	\$ 5,097	\$ 83,799	\$ 110,215	\$ 1,241,067	
Accrued Payroll	59,192	239	5,080	16,642	11,974	93,127	
Due to Other Funds (Note 16)	5,658	31	222	257	1,870	8,038	
Unearned Revenue (Note 1)	14,634	---	181	20,493	---	35,308	
Escheat/Unclaimed Property	99,957	---	---	---	---	99,957	
Total Liabilities	<u>\$ 1,216,288</u>	<u>5,379</u>	<u>10,580</u>	<u>121,191</u>	<u>124,059</u>	<u>1,477,497</u>	
<b>DEFERRED INFLOWS OF RESOURCES (Note 15)</b>	<u>936,996</u>	<u>41,750</u>	<u>20,754</u>	<u>17,725</u>	<u>7,750</u>	<u>1,024,975</u>	
<b>FUND BALANCES (Note 4)</b>							
Nonspendable	57,170	48	381	39,614	56,984	154,197	
Restricted	488,202	216,176	146,793	789,045	547,944	2,188,160	
Committed	589,870	12,453	1,506,938	---	24,522	2,133,783	
Assigned	79,670	70,109	114,868	---	245,957	510,604	
Unassigned	238,830	---	---	---	---	238,830	
Total Fund Balances	<u>1,453,742</u>	<u>298,786</u>	<u>1,768,980</u>	<u>828,659</u>	<u>875,407</u>	<u>5,225,574</u>	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,607,026</u>	<u>\$ 345,915</u>	<u>\$ 1,800,314</u>	<u>\$ 967,575</u>	<u>\$ 1,007,216</u>	<u>\$ 7,728,046</u>	

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

**STATE OF MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**June 30, 2016**  
**(In Thousands of Dollars)**

---

Total Fund Balances – Governmental Funds \$ 5,225,574

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental funds are not financial resources and are not reported in the funds. These assets consist of (Note 5):

Construction in Progress	197,079
Software in Progress	52,495
Infrastructure in Progress	1,368,383
Land	3,088,045
Permanent Easements	3,786
Land Improvements	196,050
Temporary Easements	1,798
Buildings and Improvements	2,899,478
Equipment	1,178,274
Software	185,082
Trademarks	17
Infrastructure	49,657,137
Accumulated Depreciation/Amortization	<u>(26,722,889)</u>
	32,104,735

Deferred inflows of resources related to the State's revenues that will be collected after year-end, but are not available soon enough to pay for the current period's expenditures are deferred in the funds. 1,024,975

Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and therefore, not reported in the funds. 552,132

Deferred outflows and inflows of resources related to deferred charges or credits on debt refundings and other assets are applicable to future reporting periods and therefore, not reported in the funds. 100,450

Some liabilities are not due and payable in the current period and therefore, not reported in the funds. Those liabilities consist of (Note 11):

Due to Other Entities	(1,358)
General Obligation and Other Bonds Payable	(3,416,280)
Unamortized Bond Premium	(245,482)
Accrued Interest on Bonds	(33,099)
Obligation under Lease Purchases	(82,521)
Pollution Remediation	(49,725)
Compensated Absences	(170,178)
Claims Liability	(37,883)
Contingent Liabilities	(1,771,725)
Net Other Postemployment Benefit Obligation	(1,003,433)
Net Pension Liability	<u>(4,546,799)</u>
	(11,358,483)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities are included in governmental activities in the Statement of Net Position. 474,051

Net Position of Governmental Activities \$ 28,123,434

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

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

							Totals
	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	Eliminations	June 30, 2016
<b>Revenues:</b>							
Taxes	\$ 8,798,146	\$ 1,254,283	\$ 207,141	\$ 167,461	\$ 1,123,191	\$ ---	\$ 11,550,222
Licenses, Fees, and Permits	90,932	1,462	85,554	106,614	400,733	---	685,295
Sales	490	---	7,282	---	1,230	---	9,002
Leases and Rentals	18	---	2	---	51	---	71
Services	115,060	---	---	---	1,073	---	116,133
Contributions and Intergovernmental	9,883,791	28,661	71,042	836,652	337,508	---	11,157,654
Investment Earnings:							
Net Increase (Decrease) in the Fair Value of Investments	2,377	324	558	1,490	1,226	---	5,975
Interest	11,836	970	5,283	3,986	3,459	---	25,534
Penalties and Unclaimed Properties	62,207	2,829	1,321	---	6,095	---	72,452
Cost Reimbursement/							
Miscellaneous	274,204	94,222	3,033	58,461	62,767	---	492,687
Total Revenues	<u>19,239,061</u>	<u>1,382,751</u>	<u>381,216</u>	<u>1,174,664</u>	<u>1,937,333</u>	<u>---</u>	<u>24,115,025</u>
<b>Expenditures:</b>							
Current:							
General Government	641,314	176	2,127	---	242,555	---	886,172
Education	4,203,875	2,647,147	---	---	42,098	---	6,893,120
Natural and Economic Resources	300,865	2,933	342,567	---	267,302	---	913,667
Transportation and Law Enforcement	335,054	283	803	810,616	328,744	---	1,475,500
Human Services	12,346,056	12,281	715	---	678,615	---	13,037,667
Capital Outlay:							
General Government	---	---	---	---	2,474	---	2,474
Education	---	---	---	---	29	---	29
Natural and Economic Resources	---	---	---	---	246	---	246
Transportation and Law Enforcement	---	---	---	689,976	293	---	690,269
Human Services	---	---	---	---	37,384	---	37,384
Debt Service:							
Principal	63,735	---	---	63,458	165,328	---	292,521
Interest	26,624	---	---	49,072	90,304	---	166,000
Bond Issuance Costs	492	---	---	---	263	---	755
Underwriter's Discount	---	---	---	---	1,231	---	1,231
Total Expenditures	<u>17,918,015</u>	<u>2,662,820</u>	<u>346,212</u>	<u>1,613,122</u>	<u>1,856,866</u>	<u>---</u>	<u>24,397,035</u>
Excess Revenues (Expenditures)	<u>1,321,046</u>	<u>(1,280,069)</u>	<u>35,004</u>	<u>(438,458)</u>	<u>80,467</u>	<u>---</u>	<u>(282,010)</u>
<b>Other Financing Sources (Uses):</b>							
Proceeds from Notes/Capital Leases	4,615	---	315	114	9,738	---	14,782
Proceeds From Bonds	---	---	---	---	193,800	---	193,800
Bond Premium (Note 11)	---	---	---	---	17,810	---	17,810
Proceeds from Sale of Capital Assets	467	---	24	11,884	6,019	---	18,394
Transfers In (Note 17)	40,916	1,307,412	963	460,956	326,960	(1,826,365)	310,842
Transfers Out (Note 17)	(1,313,884)	(23,529)	(3,437)	---	(491,525)	1,826,365	(6,010)
Total Other Financing Sources (Uses)	<u>(1,267,886)</u>	<u>1,283,883</u>	<u>(2,135)</u>	<u>472,954</u>	<u>62,802</u>	<u>---</u>	<u>549,618</u>
Net Change in Fund Balances	53,160	3,814	32,869	34,496	143,269	---	267,608
Fund Balances – Beginning (Note 18)	1,400,623	294,990	1,736,166	794,163	732,731	---	4,958,673
Increase (Decrease) in Reserve for Inventory	(41)	(18)	(55)	---	(593)	---	(707)
Fund Balances – Ending	<u>\$ 1,453,742</u>	<u>\$ 298,786</u>	<u>\$ 1,768,980</u>	<u>\$ 828,659</u>	<u>\$ 875,407</u>	<u>\$ ---</u>	<u>\$ 5,225,574</u>

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

**STATE OF MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES IN**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

Net Change in Fund Balances – Total Governmental Funds	\$ 267,608
Amounts reported for governmental activities in the Statement of Activities are different because:	
Inventories, which are recorded under the purchases method for governmental fund reporting, are reported under the consumption approach on the Statement of Activities. As a result of this change, the Increase in Reserve for Inventories on the fund statement has been reclassified as a functional expense on the government-wide statement.	(707)
Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount that capital outlays of \$885,391 exceeds depreciation/amortization of \$614,891 in the current period.	270,500
In the Statement of Activities only the gain/loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus the change in net position differs from the change in governmental fund balance by the net book value of the assets sold.	(24,787)
The net effect of the donation of capital assets increased net position.	138
Deferred inflows do not provide current financial resources and are not recognized as revenues until available in governmental funds.	(118,709)
Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.	
Pension Contributions	485,459
Pension Expense	(417,626)
Proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. In governmental funds, repayment of principal is an expenditure, but the repayment reduces long-term liabilities in the Combined Statement of Net Position (Note 11):	
Bonds Issued	(193,800)
Bond Premiums and Refunding Costs	(17,810)
Bonds Retired	270,225
Capital Leases Issued	(14,551)
Capital Lease Payments	22,296
	66,360
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, not reported as expenditures in governmental funds (Note 11):	
Amortization of Bond Premium and Refunding Costs	27,664
Decrease in Accrued Interest	302
Decrease in Due to Other Entities	6,354
Increase in Pollution Remediation	(12,723)
Increase in Compensated Absences	(1,645)
Increase in Contingent Liabilities	(67,072)
Increase in Claims Liability	(9,976)
Increase in Net Other Postemployment Benefit Obligation	(82,580)
	(139,676)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue and expense of internal service funds are reported with governmental activities.	(33,154)
Change in Net Position of Governmental Activities	\$ 355,406

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue and expense of internal service funds are reported with governmental activities.

### Change in Net Position of Governmental Activities

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



*The Proprietary Funds focus on economic resources and are operated in a manner similar to private business enterprises.*

### ***Proprietary Fund Financial Statements***

#### **Major Funds**

**State Lottery** – Accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

**Unemployment Compensation** – Accounts for contributions and payments collected under the provisions of the “Unemployment Compensation Law” to pay benefits.

**Petroleum Storage Tank Insurance** – Accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

#### **Non-Major Funds**

Non-major enterprise funds and all internal service funds are presented in our combining non-major fund financial statements as part of Supplementary Information.

**STATE OF MISSOURI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	Business-Type Activities – Enterprise Funds						June 30, 2016	Governmental Activities – Internal Service Funds		
	Major Funds									
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	Eliminations					
<b>ASSETS</b>										
Current Assets:										
Cash and Cash Equivalents (Note 3)	\$ 20,614	\$ 587,778	\$ 24,639	\$ 11,245	\$ ---	\$ 644,276	\$ 186,049			
Investments (Note 3)	15,455	---	33,456	15,471	---	64,382	80,662			
Restricted:										
Investments (Note 3)	3,929	---	---	---	---	3,929	100			
Accounts Receivable, Net	46,039	163,999	1,489	8,364	---	219,891	57,967			
Interest Receivable	23	---	63	46	---	132	266			
Due from Other Funds (Note 16)	---	---	---	202	(5)	197	8,222			
Due from Component Units (Note 16)	---	---	---	---	---	---	1			
Inventories	---	---	---	1,527	---	1,527	11,057			
Prepaid Items	---	---	---	---	---	---	133			
Loans Receivable	---	---	---	524	---	524	---			
Total Current Assets	<u>86,060</u>	<u>751,777</u>	<u>59,647</u>	<u>37,379</u>	<u>(5)</u>	<u>934,858</u>	<u>344,457</u>			
Non-Current Assets:										
Investments	---	---	---	---	---	---	106,988			
Restricted:										
Cash and Cash Equivalents (Note 3)	---	---	---	---	---	---	681			
Investments (Note 3)	35,462	---	---	---	---	35,462	200			
Capital Assets (Note 5):										
Construction in Progress	---	---	---	39,445	---	39,445	243			
Software in Progress	---	---	---	---	---	---	360			
Land	353	---	---	23,005	---	23,358	7,722			
Land Improvements	---	---	---	14,781	---	14,781	3,062			
Temporary Easements	---	---	---	50	---	50	---			
Buildings	5,270	---	---	27,696	---	32,966	487,783			
Equipment	8,183	---	165	42,325	---	50,673	129,951			
Software	996	---	---	134	---	1,130	23,487			
Less Accumulated Depreciation/Amortization	<u>(11,867)</u>	<u>---</u>	<u>(150)</u>	<u>(51,729)</u>	<u>---</u>	<u>(63,746)</u>	<u>(313,588)</u>			
Total Non-Current Assets	<u>38,397</u>	<u>---</u>	<u>15</u>	<u>95,707</u>	<u>---</u>	<u>134,119</u>	<u>446,889</u>			
Total Assets	<u>124,457</u>	<u>751,777</u>	<u>59,662</u>	<u>133,086</u>	<u>(5)</u>	<u>1,068,977</u>	<u>791,346</u>			
<b>DEFERRED OUTFLOWS OF RESOURCES (Note 15)</b>	<b>2,029</b>	<b>---</b>	<b>276</b>	<b>15,331</b>	<b>---</b>	<b>17,636</b>	<b>13,833</b>			
<b>LIABILITIES</b>										
Current Liabilities:										
Bank Overdraft (Note 3 and 10)	---	---	---	---	---	---	2			
Accounts Payable	3,989	10,786	676	1,927	---	17,378	31,284			
Accrued Payroll	286	---	36	2,299	---	2,621	1,851			
Due to Other Funds (Note 16)	7,788	1,079	6	62	(5)	8,930	287			
Unearned Revenue (Note 1)	1,189	---	530	64	---	1,783	28,164			
Claims Liability (Note 11)	---	---	12,250	---	---	12,250	77,463			
Grand Prize Winner Liability (Note 11)	72,401	---	---	---	---	72,401	---			
Obligations under Lease Purchase (Note 11)	---	---	---	176	---	176	8,821			
Compensated Absences (Note 11)	586	---	65	3,569	---	4,220	3,597			
Total Current Liabilities	<u>86,239</u>	<u>11,865</u>	<u>13,563</u>	<u>8,097</u>	<u>(5)</u>	<u>119,759</u>	<u>151,469</u>			
Non-Current Liabilities:										
Claims Liability (Note 11)	---	---	70,985	---	---	70,985	67,084			
Grand Prize Winner Liability (Note 11)	29,351	---	---	---	---	29,351	---			
Obligations under Lease Purchase (Note 11)	---	---	128	---	---	128	39,044			
Compensated Absences (Note 11)	96	---	22	61	---	179	1,023			
Net Pension Liability (Note 11)	11,184	---	1,396	63,756	---	76,336	76,097			
Total Non-Current Liabilities	<u>40,631</u>	<u>---</u>	<u>72,403</u>	<u>63,945</u>	<u>---</u>	<u>176,979</u>	<u>183,248</u>			
Total Liabilities	<u>126,870</u>	<u>11,865</u>	<u>85,966</u>	<u>72,042</u>	<u>(5)</u>	<u>296,738</u>	<u>334,717</u>			
<b>DEFERRED INFLOWS OF RESOURCES (Note 15)</b>	<b>239</b>	<b>---</b>	<b>33</b>	<b>1,823</b>	<b>---</b>	<b>2,095</b>	<b>1,613</b>			
<b>NET POSITION</b>										
Net Investment in Capital Assets	2,935	---	15	95,403	---	98,353	290,933			
Restricted for:										
Other Purposes	6,104	---	---	---	---	6,104	981			
Unrestricted	(9,662)	739,912	(26,076)	(20,851)	---	683,323	176,935			
Total Net Position (Note 19)	<u>\$ (623)</u>	<u>\$ 739,912</u>	<u>\$ (26,061)</u>	<u>\$ 74,552</u>	<u>\$ ---</u>	<u>\$ 787,780</u>	<u>\$ 468,849</u>			
Total Net Position Reported Above						\$ 787,780				
Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds						(5,202)				
Net Position of Business-Type Activities						\$ 782,578				

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

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	Business-Type Activities – Enterprise Funds							Governmental Activities – Internal Service Funds	
	Major Funds			Petroleum Storage Tank Insurance	Non-Major Funds	Totals			
	State Lottery	Unemployment Compensation	June 30, 2016			June 30, 2016	June 30, 2016		
<b>Operating Revenues:</b>									
Employer Contributions	\$ ---	\$ 584,667	\$ ---	\$ ---	\$ 584,667	\$ 584,667	\$ 444,973		
Employee Contributions	---	---	---	---	---	---	163,855		
Federal Contracts	---	7,567	---	---	---	7,567	---		
Medicare Part D Subsidy	---	---	---	---	---	---	4,975		
Licenses, Fees, and Permits	---	---	12,897	9,123	22,020	22,020	8,275		
Sales	1,327,648	---	---	5,218	1,332,866	1,332,866	28,480		
Leases and Rentals	---	---	---	3,863	3,863	3,863	61,503		
Charges for Services	---	---	---	26,839	26,839	26,839	133,564		
Cost Reimbursement/Miscellaneous	204	---	---	504	708	708	18,993		
Total Operating Revenues	1,327,852	592,234	12,897	45,547	1,978,530	1,978,530	864,618		
<b>Operating Expenses:</b>									
Cost of Goods Sold	23,705	---	---	1,905	25,610	25,610	22,068		
Personal Service	10,009	---	1,694	83,447	95,150	95,150	69,609		
Operations	94,000	---	3,670	24,581	122,251	122,251	140,938		
Prizes Expense	888,861	---	---	---	888,861	888,861	---		
Specific Programs	---	---	10,839	1,606	12,445	12,445	11,227		
Insurance Benefits	---	---	---	---	---	---	631,544		
Unemployment Benefits	---	312,295	---	---	312,295	312,295	---		
Depreciation/Amortization	968	---	5	4,268	5,241	5,241	25,437		
Other Charges	7,475	---	---	482	7,957	7,957	1,876		
Total Operating Expenses	1,025,018	312,295	16,208	116,289	1,469,810	1,469,810	902,699		
Operating Income (Loss)	302,834	279,939	(3,311)	(70,742)	508,720	508,720	(38,081)		
<b>Non-Operating Revenues (Expenses):</b>									
Contributions and Intergovernmental	(42)	---	---	84,884	84,842	84,842	25		
Interest Expense	---	---	---	(6)	(6)	(6)	(1,256)		
Investment Earnings:									
Net Increase (Decrease) in the									
Fair Value of Investments	1,560	---	105	71	1,736	1,736	626		
Interest	104	9,109	286	185	9,684	9,684	3,564		
Adjustments to Claims Reserve	---	---	2,500	---	2,500	2,500	---		
Penalties and Unclaimed Properties	---	---	---	651	651	651	1		
Disposal of Capital Assets	13	---	---	2	15	15	(17)		
Total Non-Operating Revenues (Expenses)	1,635	9,109	2,891	85,787	99,422	99,422	2,943		
Income (Loss) Before Transfers	304,469	289,048	(420)	15,045	608,142	608,142	(35,138)		
Transfers In (Note 17)	42	730	---	5,103	5,875	5,875	198		
Transfers Out (Note 17)	(301,910)	(5,783)	---	(2,502)	(310,195)	(310,195)	(710)		
Change in Net Position	2,601	283,995	(420)	17,646	303,822	303,822	(35,650)		
Total Net Position – Beginning (Note 18)	(3,224)	455,917	(25,641)	56,906	483,958	483,958	504,499		
Total Net Position – Ending (Note 19)	\$ (623)	\$ 739,912	\$ (26,061)	\$ 74,552	\$ 787,780	\$ 787,780	\$ 468,849		
					Total Net Change in Net Assets Reported Above	\$ 303,822			
					Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds		\$ (2,496)		
					Change in Net Assets of Business-Type Activities		\$ 301,326		

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

**STATE OF MISSOURI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

Business-Type Activities – Enterprise Funds							Governmental Activities – Internal Service Funds	
Major Funds				Totals				
State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2016				
<b>Cash Flows from Operating Activities:</b>								
Receipts from Internal Customers and Users	\$ 2,035	\$ ---	\$ 592	\$ 2,627	\$ 644,801			
Receipts from External Customers and Users	604,937	12,888	42,834	1,988,895	197,899			
Payments to Suppliers	(116,927)	(3,966)	(27,012)	(147,905)	(155,412)			
Payments to Employees	(10,071)	(1,743)	(83,973)	(95,787)	(70,114)			
Payments Made for Program Expense	(881,843)	(313,132)	(13,658)	(1,606)	(1,210,239)	(629,315)		
Other Receipts	204	---	---	504	708	18,993		
Other Payments	(7,475)	---	---	(482)	(7,957)	(1,876)		
Net Cash Provided (Used) by Operating Activities	<u>312,124</u>	<u>293,840</u>	<u>(6,479)</u>	<u>(69,143)</u>	<u>530,342</u>	<u>4,976</u>		
<b>Cash Flows from Non-Capital Financing Activities:</b>								
Loans Made to Outside Entities	---	---	38	38	---			
Due to/from Other Funds	(7,089)	73	5	51	(6,960)	(1,464)		
Contributions and Intergovernmental	---	---	75,612	75,612	25			
Transfers to/from Other Funds	(301,910)	(5,053)	---	2,601	(304,362)	(512)		
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(308,999)</u>	<u>(4,980)</u>	<u>5</u>	<u>78,302</u>	<u>(235,672)</u>	<u>(1,951)</u>		
<b>Cash Flows from Capital and Related Financing Activities:</b>								
Interest Expense	---	---	(6)	(6)	(1,256)			
Purchases and Construction of Capital Assets	(1,540)	---	(6)	(37,110)	(38,656)	(6,495)		
Capital Lease Downpayment/Obligations	---	---	(173)	(173)	(10,175)			
Disposal of Capital Assets	13	---	---	178	191	82		
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,527)</u>	<u>---</u>	<u>(6)</u>	<u>(37,111)</u>	<u>(38,644)</u>	<u>(17,844)</u>		
<b>Cash Flows from Investing Activities:</b>								
Proceeds from Sales and Investment Maturities	4,223	---	8,778	20,080	33,081	1,176,399		
Purchase of Investments	---	---	---	---	---	(1,173,747)		
Interest and Dividends Received	104	9,109	304	203	9,720	3,666		
Investment Fees	---	---	---	---	---	(31)		
Penalties and Other Receipts	---	---	---	651	651	1		
Net Cash Provided (Used) by Investing Activities	<u>4,327</u>	<u>9,109</u>	<u>9,082</u>	<u>20,934</u>	<u>43,452</u>	<u>6,288</u>		
Net Increase (Decrease) in Cash	5,925	297,969	2,602	(7,018)	299,478	(8,531)		
Cash and Cash Equivalents, Beginning of Year	14,689	289,809	22,037	18,263	344,798	195,259		
Cash and Cash Equivalents, End of Year	<u>\$ 20,614</u>	<u>\$ 587,778</u>	<u>\$ 24,639</u>	<u>\$ 11,245</u>	<u>\$ 644,276</u>	<u>\$ 186,728</u>		
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>								
Operating Income (Loss)	\$ 302,834	\$ 279,939	\$ (3,311)	\$ (70,742)	\$ 508,720	\$ (38,081)		
Depreciation/Amortization Expense	968	---	5	4,268	5,241	25,437		
Pension Deferrals	(3,007)	---	(412)	(22,806)	(26,225)	(20,473)		
Changes in Assets and Liabilities:								
Accounts Receivable	(76)	14,738	---	(1,632)	13,030	(3,430)		
Inventories	---	---	---	(453)	(453)	6,981		
Prepaid Items	---	---	---	---	---	(85)		
Accounts Payable	778	(837)	(296)	(73)	(428)	698		
Accrued Payroll	3	---	(12)	(2)	(11)	(5)		
Unearned Revenue	664	---	---	15	679	505		
Grand Prize Winner Liability	7,018	---	---	---	7,018	---		
Claims Liability	---	---	(2,819)	---	(2,819)	13,456		
Deferred Revenue	---	---	(9)	---	(9)	---		
Compensated Absences	8	---	(31)	(145)	(168)	(34)		
Net Pension Liability	2,934	---	406	22,427	25,767	20,007		
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ 312,124</u></b>	<b><u>\$ 293,840</u></b>	<b><u>\$ (6,479)</u></b>	<b><u>\$ (69,143)</u></b>	<b><u>\$ 530,342</u></b>	<b><u>\$ 4,976</u></b>		
<b>Non-Cash Financing and Investing Activities:</b>								
Capital Lease Issuance	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 13,986		
Capital Asset Donations	---	---	---	9,272	9,272	---		
Increase (Decrease) in Fair Value of Investments	1,560	---	105	71	1,736	626		
Adjustments to Claims Reserve	---	---	2,500	---	2,500	---		
Net Non-Cash Financing and Investing Activities	<u>\$ 1,560</u>	<u>\$ ---</u>	<u>\$ 2,605</u>	<u>\$ 9,343</u>	<u>\$ 13,508</u>	<u>\$ 14,612</u>		

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



*The **Fiduciary Funds** account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.*

Individual fund financial statements for pension (and other employee benefit) trust funds, private-purpose trust funds, and agency funds are presented as part of Supplementary Information.

**STATE OF MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	Pension (and Other Employee Benefit) Trust Funds	Private- Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and Cash Equivalents (Note 3)	\$ 2,457,773	\$ 18,144	\$ 114,501
Investments at Fair Value (Note 3):			
U.S. Government Securities	4,185,145	1,403	408,018
U.S. Agency Sponsored Securities	---	19,370	16,332
Stocks	715,671	79	20
Bonds	941,758	---	---
International Equities	789,143	---	---
Mutual and Index Funds	1,054,164	---	---
Venture Capital Limited Partnership	4,895,357	---	---
Other Investments	724,053	4,171	829
Invested Securities Lending Collateral (Note 3)	65,819	---	---
Assets Held in Escheats	---	21,385	---
Receivables:			
Accounts Receivable	130,981	35	404,907
Interest Receivable	6,406	9	70
Inventories	---	2	---
Prepaid Expenses	68	---	---
Capital Assets:			
Land	351	---	---
Buildings	4,866	---	---
Equipment	1,514	64	---
Software	4,013	100	---
Accumulated Depreciation/Amortization	(5,633)	(61)	---
Total Capital Assets, Net	<u>5,111</u>	<u>103</u>	<u>---</u>
Total Assets	<u>15,971,449</u>	<u>64,701</u>	<u>\$ 944,677</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>(Note 15)</b>	<u>---</u>	<u>154</u>	<u>\$ ---</u>
<b>LIABILITIES</b>			
Accounts Payable	65,160	671	33
Obligations under Repurchase Agreements	3,601,462	---	---
Accrued Payroll	---	22	---
Due to Other Entities	---	---	917,698
Due to Individuals	---	---	26,946
Securities Lending Obligation (Note 3)	67,663	---	---
Unearned Revenue (Note 1)	3,918	---	---
Claims Liability	10,107	---	---
Compensated Absences	525	35	---
Net Pension Liability	---	705	---
Total Liabilities	<u>3,748,835</u>	<u>1,433</u>	<u>\$ 944,677</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>			
<b>(Note 15)</b>	<u>---</u>	<u>18</u>	<u>\$ ---</u>
Net Position Restricted for Pension Benefits, OPEB, Deferred Compensation, and Other Purposes	<u>\$ 12,222,614</u>	<u>\$ 63,404</u>	

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

**STATE OF MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	<u>Pension (and Other Employee Benefit) Trust Funds</u>	<u>Private- Purpose Trust Funds</u>
<b>Additions:</b>		
Contributions:		
Employer	\$ 629,409	\$ ---
Plan Member	132,911	---
Other	91,157	---
Total Contributions	<u>853,477</u>	<u>---</u>
Investment Earnings:		
Increase (Decrease) in Appreciation of Assets	(8,702)	(1,783)
Interest and Dividends	149,519	636
Securities Lending Income	508	---
Total Investment Earnings	<u>141,325</u>	<u>(1,147)</u>
Less Investment Expenses:		
Investment Activity Expense	(102,760)	---
Securities Lending Expense	(305)	---
Total Investment Expense	<u>(103,065)</u>	<u>---</u>
Net Investment Earnings (Loss)	38,260	(1,147)
Unclaimed Property	---	39,892
Cost Reimbursement/Miscellaneous	<u>2,350</u>	<u>9,705</u>
Total Additions	<u>894,087</u>	<u>48,450</u>
<b>Deductions:</b>		
Benefits	1,195,037	---
Administrative Expenses	22,917	2,104
Program Distributions	69,299	49,372
Service Transfer Payments	3,072	---
Depreciation/Amortization	698	12
Total Deductions	<u>1,291,023</u>	<u>51,488</u>
Change in Net Position	(396,936)	(3,038)
Net Position – Beginning of Year (Note 18)	<u>12,619,550</u>	<u>66,442</u>
Net Position – End of Year	<u>\$ 12,222,614</u>	<u>\$ 63,404</u>

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



*The **Component Units** account for all transactions relating to legally separate entities which, for reporting purposes, are a part of the State.*

### ***Component Unit Financial Statements***

#### **Major**

##### **College and Universities**

#### **Non-Major**

Non-Major proprietary component unit statements are found in the combining fund financial statements as part of Supplementary Information.

**STATE OF MISSOURI**  
**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	College and Universities	Non-Major	Totals
			June 30, 2016
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 351,985	\$ 47,787	\$ 399,772
Investments	228,443	17,262	245,705
Invested Securities Lending Collateral	28,225	---	28,225
Receivables, Net	495,557	1,908	497,465
Inventories	56,261	2	56,263
Restricted Assets:			
Cash and Cash Equivalents	126,763	2,979	129,742
Investments	35,009	7,092	42,101
Receivables, Net	16,074	7,805	23,879
Deposits and Prepaid Expenses	42,243	1,178	43,421
Other Assets	637	---	637
Total Current Assets	<u>1,381,197</u>	<u>86,013</u>	<u>1,467,210</u>
Non-Current Assets:			
Investments	2,212,563	37,958	2,250,521
Receivables, Net	130,761	41,952	172,713
Restricted Assets:			
Cash and Cash Equivalents	1,885	8,171	10,056
Investments	1,272,854	13,101	1,285,955
Receivables, Net	1,533	25,528	27,061
Other Assets	8,740	---	8,740
Capital Assets, Net of Accumulated Depreciation/Amortization (Note 5)	<u>5,223,252</u>	<u>66,376</u>	<u>5,289,628</u>
Total Non-Current Assets	<u>8,851,588</u>	<u>193,086</u>	<u>9,044,674</u>
Total Assets	<u>10,232,785</u>	<u>279,099</u>	<u>10,511,884</u>
<b>DEFERRED OUTFLOWS OF RESOURCES (Note 15)</b>	<u>414,246</u>	<u>793</u>	<u>415,039</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	531,415	427	531,842
Due to Primary Government (Note 16)	---	948	948
Securities Lending Obligation	28,225	---	28,225
Unearned Revenue (Note 1)	127,864	---	127,864
Deposits	78,710	---	78,710
Claims Liability (Note 21)	42,894	---	42,894
Compensated Absences	75,085	66	75,151
Other Postemployment Obligations, Net	408	---	408
Capital Lease Obligations (Note 6)	5,427	---	5,427
Bonds and Notes Payable (Note 12)	<u>347,523</u>	<u>359</u>	<u>347,882</u>
Total Current Liabilities	<u>1,237,551</u>	<u>1,800</u>	<u>1,239,351</u>
Non-Current Liabilities:			
Accounts Payable and Accrued Liabilities	65,707	---	65,707
Advance from Primary Government (Note 16)	---	1,130	1,130
Unearned Revenue (Note 1)	19,875	1,752	21,627
Deposits and Reserves	392	15,965	16,357
Claims Liability (Note 21)	45,673	---	45,673
Compensated Absences	28,531	53	28,584
Other Postemployment Obligations, Net	219,461	---	219,461
Capital Lease Obligations (Note 6)	45,509	---	45,509
Bonds and Notes Payable (Note 12)	<u>2,043,136</u>	<u>51,381</u>	<u>2,094,517</u>
Net Pension Liability	<u>1,214,598</u>	<u>1,543</u>	<u>1,216,141</u>
Total Non-Current Liabilities	<u>3,682,882</u>	<u>71,824</u>	<u>3,754,706</u>
Total Liabilities	<u>4,920,433</u>	<u>73,624</u>	<u>4,994,057</u>
<b>DEFERRED INFLOWS OF RESOURCES (Note 15)</b>	<u>44,745</u>	<u>40</u>	<u>44,785</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,852,265	14,635	2,866,900
Restricted for:			
Expendable	549,404	---	549,404
Non-Expendable	1,039,047	---	1,039,047
Other Purposes	---	94,336	94,336
Unrestricted	<u>1,241,137</u>	<u>97,257</u>	<u>1,338,394</u>
Total Net Position	<u>\$ 5,681,853</u>	<u>\$ 206,228</u>	<u>\$ 5,888,081</u>

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

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION/STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	College and Universities	Non-Major	Totals		Statement of Activities
			June 30, 2016	Adjustments	
<b>Revenues:</b>					
Operating Revenues:					
Licenses, Fees, and Permits	\$     ---	\$ 2,447	\$ 2,447	\$     ---	\$ 2,447
Student Tuition and Fees (Net of Scholarship Allow.)	1,076,068	---	1,076,068	---	1,076,068
Sales and Services of Educational Departments	51,047	---	51,047	---	51,047
Auxiliary Enterprises	1,633,444	---	1,633,444	---	1,633,444
Leases and Rentals	---	5,510	5,510	---	5,510
Cost Reimbursement/Miscellaneous	102,047	998	103,045	(2,367)	100,678
Total Charges for Services					2,869,194
Federal Appropriations, Grants, and Contracts	186,817	---	186,817	209,483	396,300
State Grants and Contracts	83,255	---	83,255	780,821	864,076
Private Gifts, Grants, and Contracts	77,737	---	77,737	102,142	179,879
Additions to Endowments	1,254	---	1,254	31,593	32,847
Total Operating Grants and Contributions					1,473,102
Interest Revenue	---	1,872	1,872	(1,872)	
Total Operating Revenues	<u>3,211,669</u>	<u>10,827</u>	<u>3,222,496</u>	<u>1,119,800</u>	
<b>Expenses:</b>					
Operating Expenses:					
Personal Service	2,546,063	1,440	2,547,503	---	2,547,503
Operations	---	3,571	3,571	---	3,571
Specific Programs	---	2,033	2,033	---	2,033
Scholarships and Fellowships	142,742	---	142,742	---	142,742
Utilities	33,356	---	33,356	---	33,356
Supplies and Other Services	1,087,377	---	1,087,377	---	1,087,377
Contracted Services	36,615	---	36,615	---	36,615
Interest Expense	---	---	---	92,639	92,639
Depreciation/Amortization	292,490	1,952	294,442	---	294,442
Miscellaneous	38,238	76	38,314	275	38,589
Total Operating Expenses	<u>4,176,881</u>	<u>9,072</u>	<u>4,185,953</u>	<u>92,914</u>	<u>4,278,867</u>
Operating Income (Loss)	<u>(965,212)</u>	<u>1,755</u>	<u>(963,457)</u>	<u>1,026,886</u>	
<b>Non-Operating Revenues (Expenses):</b>					
Federal Appropriations, Grants, and Contracts	209,483	---	209,483	(209,483)	---
State Appropriations, Grants, and Contracts	780,821	---	780,821	(780,821)	---
Private Gifts, Grants, and Contracts	102,142	---	102,142	(102,142)	---
Contributions and Intergovernmental	---	4,307	4,307	---	4,307
Total Unrestricted Grants and Contributions					4,307
Investment Earnings:					
Increase (Decrease) in the Fair Value of Investments	---	(172)	(172)	---	(172)
Investment and Endowment Income (Loss)	31,230	---	31,230	---	31,230
Interest	---	1,035	1,035	1,872	2,907
Interest and Bond Related Expenses	(91,629)	(1,010)	(92,639)	92,639	---
Gain (Loss) on Sale of Capital Assets	(821)	---	(821)	821	---
Miscellaneous Revenues (Expenses)	(2,367)	546	(1,821)	1,821	---
Total Unrestricted Investment Earnings					33,965
Total Non-Operating Revenues (Expenses)	<u>1,028,859</u>	<u>4,706</u>	<u>1,033,565</u>	<u>(995,293)</u>	
Income Before Other Revenues (Expenses)					
Or Gains (Losses)	63,647	6,461	70,108	31,593	
State Capital Appropriations	67,569	---	67,569	---	67,569
Total Capital Grants and Contributions					67,569
Additions to Endowments	31,593	---	31,593	(31,593)	---
Change in Net Position	<u>162,809</u>	<u>6,461</u>	<u>169,270</u>	<u>---</u>	<u>169,270</u>
Net Position – Beginning of Year (Note 18)	<u>5,519,044</u>	<u>199,767</u>	<u>5,718,811</u>	<u>---</u>	<u>5,718,811</u>
Net Position – End of Year	<u>\$ 5,681,853</u>	<u>\$ 206,228</u>	<u>\$ 5,888,081</u>	<u>\$ ---</u>	<u>\$ 5,888,081</u>

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



*The Notes to the Financial Statements provide a summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements.*

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 1 – Significant Accounting Policies**

**A. Financial Statements and Reporting Entity**

The accompanying financial statements of the State of Missouri (primary government) and its component units have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The financial statements include the departments, agencies, boards, commissions, and other organizational units over which the State has financial accountability. GASB set forth the following criteria in Statement No. 14, *The Financial Reporting Entity*, for determining financial accountability: appointment of a voting majority of an organization's governing body and either: 1) the ability to impose the State's will on the organization; or 2) the organization's ability to provide specific benefits to, or impose specific burdens on, the primary government. Where the State does not appoint a voting majority of the governing body, the entity would still be included if it is fiscally dependent on the State. Statement No. 39, *Determining Whether Certain Entities are Component Units*, added a requirement to include all entities whose relationship with the State would make it misleading to exclude it. Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, improves financial reporting by amending GASB Statement No. 14, *The Financial Reporting Entity*, and Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, in blending component units: 1) if there is a financial benefit or burden relationship with the primary government; 2) management of the primary government has operational responsibility for the component unit's activities; and 3) if the total outstanding debt is expected to be repaid entirely or almost entirely with the resources of the primary government.

In addition to the legislative, executive, and judicial branches, the following organizations are included in these financial statements:

**Component Units (Blended):**

Blended component units are legally separate entities from the State, but are so intertwined with the State that they are, for all practical purposes, the same as the State. They are reported as part of the primary government and blended into the appropriate funds. The following component units are blended because they provide services entirely or almost entirely to the primary government:

**Governmental Funds:**

**Board of Fund Commissioners** – The Board was created by state law and is comprised of the Governor, Lieutenant Governor, Attorney General, State Treasurer, and the Commissioner of Administration. The Board's purpose is to issue, redeem, and cancel state general obligation bonds and perform other administrative activities related to state general obligation debt as assigned by law. Separate financial statements are not required or issued for the Board.

**Board of Private Investigator and Private Fire Investigator Examiners** – The Board was created by state law and is charged with the licensure and regulation of the practice of private investigators and private fire investigators in Missouri. The seven member board shall consist of three private investigators, two private fire investigators, and two public members, appointed by the Governor. Separate financial statements are not required for the Board.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 1 – Significant Accounting Policies (cont.)**

**Board of Unemployment Fund Financing** – The Board was created by state law to provide a method of providing funds for the payment of unemployment benefits and maintaining an adequate fund balance in the Unemployment Compensation Fund. The Board is comprised of the Governor, Lieutenant Governor, Attorney General, the Director of the Department of Labor and Industrial Relations, and the Commissioner of Administration. Separate financial statements are not required for the Board.

**Coordinating Board for Early Childhood** – The Board was created by state law within the Missouri Children's Services Commission. The Board's purpose is to develop a comprehensive statewide long-range strategic plan for a cohesive early childhood system, and to work with public and private entities for the purpose of promoting and improving the development of Missouri's children from birth through age five. The 17 member Board is composed of representatives from the Governor's Office; the following departments: Health and Senior Services, Mental Health, Social Services, and Elementary and Secondary Education; the judiciary; the Family and Community Trust Board; the Head Start Program; and nine members appointed by the Governor. Separate financial statements are not required for the Board.

**Missouri State Penitentiary Redevelopment Commission** – The Commission was established to coordinate the planning and redevelopment of the old Jefferson City Correctional Center. The ten member commission consists of three members appointed by the Jefferson City mayor, three members appointed by the Cole County Commission, and four members appointed by the Governor. Separate financial statements are not required for the Commission.

**Internal Service Funds:**

**Board of Public Buildings** – This is reported with the State Facility Maintenance and Operation Fund. The Board was created by state law and its governing body is made up of the Governor, the Lieutenant Governor, and the Attorney General. Its purpose is to provide state buildings by issuing revenue bonds and to supervise the operations of these facilities. All construction contracts must be approved by the Division of Facilities Management, Design and Construction, and its projects must be approved by the General Assembly. The Board can require state agencies to occupy its projects. The General Assembly appropriates to the Board, on behalf of the state agencies, amounts sufficient to pay the principal and interest on the bonds and pay the costs of operations.

**Conservation Employees' Insurance Plan** – The Plan provides health and life insurance coverage to eligible employees and retirees of the Missouri Department of Conservation. The Plan is administered by a five member board of trustees made up of three members of the Plan appointed by the Conservation Commission which consist of two Conservation employees and Division Chief, the Chief Financial Officer, and the Human Resources Division Chief. Copies of the Plan's financial statements may be requested from:

Missouri Department of Conservation  
P.O. Box 180  
Jefferson City, Missouri 65102

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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**Note 1 – Significant Accounting Policies (cont.)**

Transportation Self-Insurance Plan – The Plan provides fleet vehicle liability, workers' compensation, and general liability insurance. The Plan is administered by the Missouri Department of Transportation. Additional information may be requested from:

Missouri Department of Transportation  
Financial Services Division  
P.O. Box 270  
Jefferson City, Missouri 65102

Missouri State Employee's Insurance Plan – The Plan was created to provide basic life insurance to eligible members and is administered through the Missouri State Employees' Retirement System (MOSERS). Death benefits, optional life insurance, and long-term disability benefits are also provided by the Plan for certain members. The MOSERS Board of Trustees oversees the State's Deferred Compensation Plan which is administered by a third party. Copies of the System's financial statements may be requested from:

Missouri State Employees' Retirement System  
P.O. Box 209  
Jefferson City, Missouri 65102-0209

Missouri Consolidated Health Care Plan (MCHCP) – The Plan was created by state law to provide medical benefits to its members and is administered by a board of trustees. The Board consists of two members of the Senate; two members of the House; six members appointed by the Governor; the Director of the Department of Health and Senior Services; the Director of the Department of Insurance, Financial Institutions and Professional Registration; and the Commissioner of Administration. The management of MCHCP is the responsibility of the Executive Director who is appointed by the Board. Copies of the Plan's financial statements may be requested from:

Missouri Consolidated Health Care Plan  
P.O. Box 104355  
832 Weathered Rock Court  
Jefferson City, Missouri 65110-4355

MoDOT/MSHP Medical and Life Insurance Plan – The Plan provides health and life insurance coverage to eligible employees, retirees, and their dependents of the Missouri Department of Transportation (MoDOT) and the Missouri State Highway Patrol (MSHP). The Plan is administered by a board of trustees consisting of four active MoDOT employees, one retired MoDOT employee appointed by the Director of MoDOT, two active MSHP employees, and one retired MSHP employee appointed by the Superintendent of MSHP. Additional information may be requested from:

Missouri Department of Transportation  
Financial Services Division  
P.O. Box 270  
Jefferson City, Missouri 65102

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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**Note 1 – Significant Accounting Policies (cont.)**

**Pension (and other employee benefit) trust funds:**

Missouri State Employees' Retirement System (MOSERS) – The System was created by state law and provides retirement, survivor, and disability benefits to its members and is administered by a board of trustees. The Board consists of two members of the Senate, two members of the House, two members appointed by the Governor, three members elected by the System's members, the State Treasurer, and the Commissioner of Administration. The management of MOSERS is the responsibility of the Executive Director who is appointed by the Board. Copies of the System's financial statements may be requested from:

Missouri State Employees' Retirement System  
P.O. Box 209  
Jefferson City, Missouri 65102-0209

Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) – The System provides retirement, survivor, and disability benefits to qualified employees of the Missouri Department of Transportation, uniformed and non-uniformed members of the Missouri State Highway Patrol, and MPERS staff. The System is administered by a board of trustees consisting of three members of the Missouri Highways and Transportation Commission, the Director of the Missouri Department of Transportation, the Superintendent of the Missouri State Highway Patrol, one member of the Senate, one member of the House, one member elected by MoDOT employees, one member elected by the Missouri State Highway Patrol employees, one retired member elected by retired MoDOT employees, and one retired member elected by retired Missouri State Highway Patrol employees. Copies of the System's financial statements may be requested from:

Missouri Department of Transportation and  
Highway Patrol Employees' Retirement System  
P.O. Box 1930  
Jefferson City, Missouri 65102-1930

Missouri Consolidated Health Care Plan (MCHCP) State Retiree Welfare Benefit Trust – The Trust was established on June 27, 2008, to provide health and welfare benefits for the exclusive benefit of current and future retired employees of the State and their dependents who meet eligibility requirements, except those covered by other State sponsored post-employment benefit plans. The Trust is administered by the MCHCP board of trustees, which also administers the benefits for the active participants of the Plan. The net position and activity related to active participants are reported in an internal service fund. Copies of the Plan's financial statements may be requested from:

Missouri Consolidated Health Care Plan  
P.O. Box 104355  
832 Weathered Rock Court  
Jefferson City, Missouri 65110-4355

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 1 – Significant Accounting Policies (cont.)**

Missouri State Public Employees' Deferred Compensation Plan – The Missouri State Public Employees' Deferred Compensation Plan is administered by ICMA-RC and oversight of the Plan is provided by the MOSERS board of trustees. Under this Plan, employees are permitted to defer a portion of their current salary until future years. In addition, eligible employees have the opportunity to participate in the Missouri State Employees' Deferred Compensation Incentive Plan. Under this Plan, the State contributes \$25, \$30, or \$35 per month on behalf of any employee who contributes at least that amount to the Missouri State Public Employees' Deferred Compensation Plan and who has been an employee of the State for at least one year. However, due to budget constraints, the State's contribution amount was suspended in March 2010. Copies of financial statements for both Plans may be requested from:

Plan Administrator  
c/o MOSERS  
P.O. Box 209  
Jefferson City, Missouri 65102-0209

**Component Units (Discretely Presented):**

Discretely presented component units are legally separate entities for which the State is financially accountable. The financial data for these entities is reported separately from the financial data of the primary government.

**Major**

College and Universities – The Coordinating Board for Higher Education has certain responsibilities for these institutions and they receive State support. Following are the public college and universities included in the financial statements:

**Harris-Stowe State University**  
3026 Laclede Avenue  
St. Louis, Missouri 63103

**Southeast Missouri State University**  
One University Plaza, Mail Stop 3200  
Cape Girardeau, Missouri 63701

**Lincoln University**  
820 Chestnut Street  
Jefferson City, Missouri 65102

**State Technical College of Missouri**  
One Technology Drive  
Linn, Missouri 65051

**Missouri Southern State University**  
3950 East Newman Road  
Joplin, Missouri 64801-1595

**Truman State University**  
Business Office  
100 East Normal  
Kirksville, Missouri 63501

**Missouri State University**  
901 South National Avenue, Room 119  
Springfield, Missouri 65897

**University of Central Missouri**  
316 Administration Building  
Warrensburg, Missouri 64093

**Missouri Western State University**  
4525 Downs Drive  
St. Joseph, Missouri 64507

**University of Missouri System**  
118 University Hall  
Columbia, Missouri 65211

**Northwest Missouri State University**  
107 Administration Building  
800 University Drive  
Maryville, Missouri 64468-6001

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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**Note 1 – Significant Accounting Policies (cont.)**

**Non-Major**

**Missouri Development Finance Board** – The Board was created by state law as an independent, self-supporting, body corporate and politic to promote economic development of the State and was created within the Department of Economic Development. The Board is empowered to issue taxable, tax-exempt, and public purpose infrastructure industrial revenue bonds or notes; provide loans or loan guarantees to eligible businesses; provide loans and grants to political subdivisions to fund public infrastructure improvements; and issue tax credits against certain state income taxes in exchange for contributions made to the Board. The twelve member board is made up of the Lieutenant Governor and the Directors of the Department of Economic Development, the Department of Natural Resources, and the Department of Agriculture, who serve as ex-officio voting members, and eight members appointed by the Governor and confirmed by the Senate. Copies of the Board's financial statements may be requested from:

Missouri Development Finance Board  
Governor Office Building  
200 Madison Street, Suite 1000  
Jefferson City, Missouri 65102

**Missouri Agricultural and Small Business Development Authority** – The Authority was created by state law and is authorized to issue bonds to finance agricultural and small business development loans for property acquisitions/renovations and pollution control facilities throughout the State. If for any reason, the Authority ceases to exist, all rights and properties of the Authority will pass to the State. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements may be requested from:

Missouri Agricultural and Small  
Business Development Authority  
P.O. Box 630  
1616 Missouri Boulevard  
Jefferson City, Missouri 65102

**Missouri Transportation Finance Corporation** – The Corporation is a not-for-profit corporation organized under the Missouri Nonprofit Corporation Law. The Corporation is financed by federal highway and transit dollars, plus state and local matching funds. It is authorized to issue revenue bonds. The Corporation provides loans to assist public and private entities fund highway and transportation projects throughout the State. The Missouri Highways and Transportation Commission determines which applicants are extended loans from the Missouri Transportation Finance Corporation. Copies of the Corporation's financial statements may be requested from:

Missouri Department of Transportation  
Central Office, Financial Services  
105 West Capitol Avenue  
Jefferson City, Missouri 65101

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 1 – Significant Accounting Policies (cont.)**

Missouri Wine and Grape Board – The Board was created by state law to further growth and development of the grape growing industry in Missouri and foster the expansion of the grape market for Missouri grapes. The eleven member board consists of seven members representing the grape and wine industry, food service industry, or media marketing industry. The four other members include the director of the Department of Agriculture and the presidents of the Missouri Grape Growers Association, the Missouri Vintners Association, and the Missouri Wine Marketing and Research Council. Copies of the Board's annual report may be requested from:

Missouri Wine and Grape Board  
P.O. Box 630  
1616 Missouri Boulevard  
Jefferson City, Missouri 65102

**Related Organizations**

Related organizations are excluded from the financial reporting entity because the State's accountability does not extend beyond appointing a voting majority of the organization's board members. Related organizations of the State of Missouri include:

Missouri Health and Educational Facilities Authority – finances health and educational facilities.

Missouri Higher Education Loan Authority – provides a secondary market for loans made under the Federal Family Education Loan Program.

Missouri Housing Development Commission – finances the purchase, development or rehabilitation of affordable housing and funds housing assistance.

Missouri Technology Corporation – promotes the modernization of businesses through the development of science and technology applications.

Missouri Public Entity Risk Management Fund – provides liability protection to participating public entities, their officials, and employees.

State Environmental Improvement and Energy Resources Authority – finances, acquires, constructs, and equips projects to reduce, prevent, and control pollution and develop the energy resources of the State.

Jackson County Sports Complex Authority – responsible for construction, operation, and financing of the Jackson County Sports Complex.

Kansas City Regional Sports Complex Authority – responsible for the study and review of all current major sports leagues, clubs, or franchises in Kansas City.

St. Charles County Convention and Sports Facility Authority – responsible for planning, constructing, and managing convention and sports facilities in the St. Charles area.

Missouri Cotton Growers' Organization – organized for boll weevil eradication.

KCT Intermodal Transportation Corporation – organized to pay for a railroad bridge in the Blue Valley Industrial District in Kansas City.

Westside Intermodal Transportation Corporation – organized to pay for rail additions and improvements of the Kansas City Terminal Railway.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 1 – Significant Accounting Policies (cont.)**

Universal Service Board – organized to ensure just, reasonable, and affordable rates for comparable essential local telecommunication services throughout the State.

Interstate Commission for Adult Offender Supervision – responsible for promoting public safety and protecting the rights of victims through the control and regulation of the interstate movement of adults placed under community supervision.

Missouri Health Insurance Pool – organized to provide health care coverage for residents who are unable to obtain individual health coverage.

Board of Trustees of the Missouri Mesothelioma Risk Management Fund – provides coverage of liabilities for participating employers relating to mesothelioma awards.

P-20 Council – organized to create a more efficient and effective education system that more adequately prepares students for the challenges of entering the workforce.

Missouri Propane Safety Commission – responsible for developing comprehensive plans and programs for the prevention, control, and abatement of propane-related accidents in Missouri.

Missouri Family Trust Board of Trustees – provides trust services for persons with disabilities.

**B. Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements:**

The government-wide financial statements focus on the government as a whole. The Statement of Net Position and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Governmental activities include governmental type funds and internal service funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services and consist of enterprise funds.

The Statement of Net Position presents the reporting entity's non-fiduciary assets plus deferred outflows and liabilities plus deferred inflows with the difference reported as net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Indirect costs, such as depreciation/amortization expense, are included in the direct expenses reported for individual functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred. Fiduciary funds have been excluded from the government-wide financial statements because, by definition, the resources of these funds cannot be used to support government operations. Generally, interfund transactions have also been eliminated. Some interfund transactions, such as the exchange of services, were not eliminated because doing so would mistakenly understate both expenses of the buyer and revenues of the seller.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 1 – Significant Accounting Policies (cont.)**

The difference between fund assets plus deferred outflows and liabilities plus deferred inflows is reported as "Net Position" on the government-wide, proprietary, and fiduciary fund statements and "Fund Balance" on the governmental fund financial statements.

**Fund Financial Statements:**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. For governmental and proprietary fund financial statements, the emphasis is on major individual governmental and enterprise funds, with each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Internal service funds are also aggregated and reported in a separate column on the proprietary fund financial statements.

The governmental fund financial statements are presented using the current financial resources measurement focus and modified accrual basis of accounting. With the current financial resources measurement focus, only current assets and current liabilities are included on the balance sheet. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. Operating statements of governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance. Material revenues susceptible to accrual include federal grants and sales and income taxes. Expenditures are recognized when the related fund liability is incurred except for the following:

- Principal and interest on general long-term debt is recorded as an expenditure when due.
- Compensated absences (accumulated vacation and compensatory time) and sick pay are recorded as expenditures when paid.
- Inventories are reported as expenditures when purchased, except for the Missouri Road Fund, which updates inventory perpetually under the consumption method.

The proprietary, pension (and other employee benefit) trust, and private-purpose trust fund financial statements are presented using the economic resources measurement focus and accrual basis of accounting. With the economic resources measurement focus, assets, deferred outflows, liabilities, and deferred inflows associated with the operation of these funds are included on the Statement of Net Position. Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary fund-type operating statements present revenues and expenses in total net position. Operating revenues and expenses in proprietary funds are classified as those activities that make up the primary ongoing operations associated with those funds. Non-operating revenues and expenses in proprietary funds are classified as those activities that are deemed incidental or unusual for those funds.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The agency fund financial statements are presented on the accrual basis of accounting.

The discretely presented component unit financial statements are presented using the economic resources measurement focus and accrual basis of accounting with the following exception in regard to the college and universities. Revenues and related expenditures in connection with the summer sessions in progress at June 30 are deferred at that date.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 1 – Significant Accounting Policies (cont.)**

The State reports the following major funds categories:

General Fund – accounts for all current financial resources not required by law or administrative action to be accounted for in another fund. Major revenues include contributions and taxes.

Public Education – provides general and special education needs of the State and other related areas such as library services and student loans. Major revenues include contributions and taxes.

Conservation and Environmental Protection – provides for the preservation of the State's wildlife and environment. Major revenues include contributions, taxes and licenses, fees, and permits.

Missouri Road Fund – accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system. Major revenues are from contributions.

State Lottery – accounts for proceeds from the sale of lottery tickets and all other moneys credited to this fund. A minimum of 45% of the moneys are used for prizes. Major revenues are from sales of lottery tickets.

Unemployment Compensation – accounts for contributions, payments, and federal loans collected under the provisions of the Unemployment Compensation Law to pay benefits. Major revenues include federal and employer contributions.

Petroleum Storage Tank Insurance – accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks. Major revenues are from fees.

**C. Basis of Presentation**

The State's financial practices are based upon fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and fund balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The accompanying financial statements are structured into three categories of funds and discretely presented component units:

**Primary Government:**

Governmental Funds include the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. These funds account for the revenues and expenditures, capital outlay, and certain debt service of the State.

Proprietary Funds include enterprise funds and internal service funds. These funds account for the cost of certain services provided by the State.

Fiduciary Funds include pension (and other employee benefit) trust funds, private-purpose trust funds, and agency funds. These funds account for assets held by the State in a trustee capacity or as an agent for individuals, other governments, and other entities.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 1 – Significant Accounting Policies (cont.)**

**Discretely Presented Component Units:**

**Major**

College and Universities account for moneys from student tuition and fees, federal and state grants, debt proceeds, gifts and contributions, state appropriations, investments, and endowments. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position are accounted for on the Statement of Net Position. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Net Position/Statement of Activities.

**Non-Major**

Non-Major Component Units account for moneys from bond proceeds, loans, contributions, gifts, grants, and other revenue sources. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position are accounted for on the Statement of Net Position. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Net Position/Statement of Activities.

**D. Cash and Cash Equivalents**

For reporting purposes, cash and cash equivalents include bank accounts, petty cash, and all investments with an original maturity of 92 days or less, such as certificates of deposit, money market certificates, and repurchase agreements. Cash and cash equivalents on the Proprietary Funds Statement of Cash Flows are also reported under this definition. Cash balances of most state funds are pooled and invested by the State Treasurer (see *Note 3*).

**E. Investments**

These are long-term investments with an original maturity greater than 92 days which are expected to be held to maturity and redeemed at face value. The majority of investments are reported in pension (and other employee benefit) trust funds, however, investments are held in all fund types. Repurchase agreements held by the State Treasurer's Office are reported at amortized cost. The Missouri State Public Employees' Deferred Compensation Plan and the Missouri State Public Employees' Deferred Compensation Incentive Plan report their Stable Value Funds at contract value. All other investments of the State are reported at fair value.

There are multiple funds that have income from investments which are directed to the General Fund. These funds consist of special revenue, enterprise, internal service, private-purpose, and agency funds.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 1 – Significant Accounting Policies (cont.)**

**F. Interfund Receivables/Payables**

The State makes various transactions between funds or between the primary government and component units to distribute interest earnings, finance operations, provide services, and acquire capital assets. These receivables at June 30 are classified as “due from other funds” or “due from primary government/component units” on the Balance Sheet and Statement of Net Position. Payables are classified as “due to other funds” or “due to primary government/component units” on the Balance Sheet and Statement of Net Position (see *Note 16*). These receivables/payables are due within one year. Any receivables/payables that are due to and due from an enterprise fund are eliminated on the face of the Proprietary Funds Statement of Net Position. If any receivables/payables that remain after this elimination are both in the same activity (Governmental), they are eliminated at the Government-Wide Statement of Net Position. Interfund receivables/payables between the primary government and the component units are reclassified as accounts receivable/payable at the government-wide level. Any remaining interfund receivables/payables are reported as internal balances on the Government-Wide Statement of Net Position.

**G. Advances to/from Other Funds**

Long-term interfund receivables are classified as “advances to other funds” or “advances to primary government/component units” on the Balance Sheet and Statement of Net Position. Long-term interfund payables are classified as “advances from other funds” or “advances from primary government/component units” on the Balance Sheet and Statement of Net Position (see *Note 16*). These receivables/payables are eliminated if both the receivable and payable are in the same activity (Governmental). Advances to/from that are between the primary government and the component units are reclassified as accounts receivable/payable at the government-wide level. Any remaining long-term interfund receivables/payables are reported as internal balances on the Government-Wide Statement of Net Position.

**H. Inventories**

Inventories in the governmental funds consist of expendable supplies held for consumption, the cost of which is recorded as an expenditure at the time of purchase, except for the Missouri Road Fund, which updates inventory perpetually under the consumption method. Inventory balances for governmental funds are shown in the nonspendable fund balance classification. Inventories in the proprietary funds consist of both expendable supplies held for consumption and the cost of goods held for resale, the cost of which is recorded as an expense as they are used. Inventories are valued at cost using various methods such as moving average; weighted average; and first-in, first-out.

**I. Capital Assets**

Capital assets, which include construction in progress, software in progress, infrastructure in progress, land, land improvements, permanent and temporary easements, buildings and improvements, equipment, software, trademarks, and infrastructure assets, are valued at historical cost or estimated historical cost if actual historical cost is not available. The estimate of historical cost was based on current appraised value indexed to the date of acquisition. Donated capital assets are reported at estimated acquisition value at the time received. Capital assets acquired through lease agreements are capitalized at the inception of the agreement (see *Notes 5 and 6*).

Infrastructure assets (including highways, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items) are capitalized. Interest costs incurred during construction of capital assets are not capitalized.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 1 – Significant Accounting Policies (cont.)**

The capitalization threshold for all capital assets is as follows: land improvements – \$15,000, buildings and improvements – \$15,000, software and trademarks – \$5,000, and equipment – \$1,000. No dollar threshold is set for land, easements, or infrastructure.

Capital assets are depreciated/amortized using the straight-line method of depreciation/amortization over the following useful lives: buildings – 40 to 50 years, land improvements and building improvements – 15 to 20 years, temporary easements – term of easement, equipment – 2 to 5 years, software – 3 to 5 years, trademarks – 10 years, and infrastructure – 12 to 50 years. Construction in progress, software in progress, infrastructure in progress, land, and permanent easements are not depreciated/amortized.

Most works of art and historical treasures are not capitalized or depreciated/amortized. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, monuments, and other art throughout the capitol grounds. Assets that were previously capitalized continue to be reported in the government-wide financial statements.

Component unit capital assets are stated at cost and are depreciated/amortized using the straight-line method of depreciation/amortization over the following useful lives: buildings – 40 years, land improvements and building improvements – 20 years, equipment – 5 to 15 years, and software – 3 to 5 years.

**J. Deferred Outflow of Resources and Deferred Inflow of Resources**

In addition to assets, the Statement of Net Position/Balance Sheet may report a separate line item for deferred outflows of resources. Deferred outflows of resources consist of the decrease of net position by the State that is applicable to a future reporting period and will not be recognized as outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position/Balance Sheet may report a separate line item for deferred inflows of resources. Deferred inflows of resources consist of the increase of net position by the State that is applicable to a future reporting period and will not be recognized as inflow of resources (revenue) until then.

**K. Unearned Revenues**

Unearned revenues are amounts collected in advance of the year in which earned.

**L. Long-Term Debt**

Long-term liabilities that will be financed from governmental funds are not reported on the fund financial statements. However, the long-term liabilities are reported on the government-wide financial statements. The reconciliation between fund financial statements and government-wide financial statements includes a line item for the long-term liabilities of governmental funds. These long-term liabilities include the following:

1. Due to Other Entities includes outstanding principal on advances from other governments and contractual obligations to other governments. The expenditures are recorded in the appropriate governmental funds when the liability is paid (see *Note 11*).
2. Outstanding principal for general obligation debt. The expenditure for payment of principal and interest for general obligation debt is recorded in the debt service funds when paid (see *Note 12*).

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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**Note 1 – Significant Accounting Policies (cont.)**

3. Outstanding principal for bonds issued by the Board of Public Buildings, bonds issued by the Health and Educational Facilities Authority, the Regional Convention and Sports Complex Authority, the Missouri Development Finance Board, and the State Road Bonds issued by the Missouri Highways and Transportation Commission. The expenditure for payment of principal and interest for these bonds is recorded in the appropriate governmental funds when paid (see *Note 12*).
4. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. Premiums on debt issuances are reported as other financing sources (see *Note 11*).

5. Obligations under lease/purchases reported include the present value of net minimum future lease payments, which will be paid from the General Fund, various special revenue funds, proprietary funds, and the Missouri Road Fund (see *Notes 6 and 11*).
6. Pollution remediation liabilities are measured based on the pollution remediation outlays expected to be incurred to settle those liabilities. These liabilities include all remediation work that the State expects to perform, including work expected to be performed for other responsible parties or potentially responsible parties, whether or not the State is required to do that work. For goods or services used for pollution remediation activities, amounts that are normally expected to be liquidated with expendable available financial resources are recognized as liabilities upon receipt of those goods and services (see *Note 11 and 22*).
7. Compensated absences include accumulated unpaid vacation and compensatory time accruals and related employer payroll taxes. These amounts are not accrued in the governmental funds, but are recorded as expenditures when paid (see *Note 11*).

Vacation leave is accumulated at a rate of 10 to 14 hours per month depending on the number of years of employment. Accumulated vacation leave cannot exceed twice the number of vacation hours earned annually. Compensatory time is accumulated as earned by an individual employee.

Sick leave is accumulated at a rate of 10 hours per month with no limit to the amount which can be accumulated. Accumulated sick leave is not paid upon employee termination and does not represent a liability of the State. However, unused sick leave may be converted to additional credited service upon retirement (usable only for benefit computation, not eligibility).

8. Claims and contingent liabilities include estimates of the risk of loss related to tort liability, general liability, motor vehicle liability, contractor liability, and injuries to employees. These liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred, but not reported. Expenditures are recorded in the fund from which the liability is paid (see *Notes 11, 21, and 23*).

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 1 – Significant Accounting Policies (cont.)**

9. The State provides postemployment health care and life insurance benefits to the majority of employees who either retire from the State or receive long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the MoDOT/MSHP Medical and Life Insurance Plan (MHPML), and the Conservation Employees' Insurance Plan (CEIP). Health care benefits and MOSERS life insurance benefits are funded through both employer and employee contributions. The annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer (see *Note 8*).
10. The State has two major retirement systems which cover substantially all State employees and a retirement plan for University of Missouri employees. These systems are the Missouri State Employees' Retirement System (MOSERS) and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS). The Missouri State Employees' Plan (MSEP) is a cost-sharing multi-employer defined benefit public employee retirement plan administered by MOSERS. MOSERS also administers the Judicial Plan, a single-employer defined benefit public employee retirement plan. MPERS is a single-employer defined benefit public employee retirement plan. The University of Missouri Retirement, Disability, and Death Benefit Plan is a single-employer defined benefit plan for all qualified employees.

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 and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported. 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 (see *Note 7*).

Long-term liabilities of all proprietary, pension (and other employee benefit) trust, and private-purpose trust funds are accounted for in the respective funds.

**M. Net Position**

Net Position is reported in three categories:

**Net Investment in Capital Assets** – An account used to segregate the portion of net position attributable to capital assets and related debt. It consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributed to acquisition, construction, or improvement of those assets.

**Restricted Net Position** – An account used to segregate the portion of net position that have constraints on their use, which are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation.

Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. At June 30, 2016, net position restricted by enabling legislation equaled \$493,884,000 for governmental activities.

**Unrestricted Net Position** – An account used to segregate the portion of net position that does not meet the definition of the two preceding categories.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 1 – Significant Accounting Policies (cont.)**

When both restricted and unrestricted resources are available for use, generally the State uses restricted resources first, then unrestricted resources as they are needed. However, there may be instances in which restricted funds may only be spent in proportion to unrestricted funds spent.

**N. Interfund Transactions**

During the fiscal year, the State incurs various transactions between funds, including expenditures and transfers of resources to distribute interest earnings, finance operations, provide services, service debt, and acquire capital assets. Interfund transactions consist of these three types:

1. Transactions that would be treated as revenues or expenditures/expenses, if they involved organizations external to the State, are similarly treated when involving other funds of the State. Major transactions that fall into this category include payments to internal service funds from other funds for services rendered and to agency funds for contributions for employee benefits.
2. Transactions that reimburse another fund for an expense reduce the expenses of the fund that is being reimbursed and increase the expenses for the fund doing the reimbursement. Therefore, they are not shown on the face of the statements.
3. Operating subsidies and transfers from funds receiving revenues to funds through which the resources are to be expended are classified as transfers (see *Note 17*). These transactions are eliminated on the face of the financial statements if the transfer in and transfer out are either both in governmental funds or both in enterprise funds. Of the remaining transfers, any transfers in and transfers out that are within the governmental activities are eliminated at the Government-Wide Statement of Activities.

**O. Property Taxes**

Presently there is a state property tax of three cents on each hundred dollars assessed valuation on all real estate and personal property. The tax collected is deposited into the Blind Pension Fund, which is a component of social assistance.

Property taxes in Missouri are levied by October 31 of each year on assessed valuation as of January 1 of that year. Property taxes are due and payable by December 31 and penalties on unpaid taxes are imposed after that date. Assessed values are established by each county assessor's office and are calculated as a percent of market value except for agricultural land which is calculated on productive capability. The percentage for real property varies according to use: residential at 19%, commercial at 32%, and agricultural at 12%. Personal property is assessed according to type with the majority at 33 1/3% of market value.

**Note 2 – Reporting Changes and Classifications**

The State of Missouri implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ending June 30, 2016:

- GASB Statement No. 72, *Fair Value Measurement and Application*, which requires measurement of certain assets and liabilities at fair value, provides guidance for applying fair value to certain investments, and requires disclosures related to all fair value measurements. The implementation of this statement is reflected in *Note 3 – Deposits and Investments*.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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**Note 2 – Reporting Changes and Classifications (cont.)**

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which establishes requirements for defined benefit pensions and defined contribution pensions which are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*; as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes. The implementation of this statement did not require modification of the financial statements.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which identifies the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this statement did not require modification of the financial statements.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes specific criteria to be used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement for financial reporting purposes. The implementation of this statement did not require modification of the financial statements.

The State of Missouri has reclassified one fund for the fiscal year ending June 30, 2016. The Veterans' Commission Capital Improvement Fund was reclassified from a capital projects fund to a special revenue fund due to its expenditures being comprised of operating expenses, such as repairs and maintenance as opposed to capital improvements.

**Note 3 – Deposits and Investments**

The State Treasurer's Office maintains a cash and short-term investment pool that is used by substantially all state funds of the primary government. These funds do not include accrued interest. Certain organizational units are authorized to administer assets designated to their organization in a manner similar to the deposit and investment activities of the State as a whole. Summarized on the following page is the portfolio that represents the "Cash and Cash Equivalents," "Investments," "Restricted Assets – Cash and Cash Equivalents," and "Restricted Assets – Investments" as reported at June 30, 2016.

**A. Deposits**

The State minimizes custodial credit risk by restrictions set forth in state law and stipulations in the State Treasurer's Office Investment Policy. Custodial credit risk is risk that, in the event of the failure of a depository financial institution, the State will not be able to recover deposits or will not be able to recover collateralized securities that are in the possession of an outside party. Statutes restrict the State Treasurer's Office to deposit funds in financial institutions that are physically located in Missouri, which are selected based on financial stability and community involvement. The financial institution's loan to deposit ratio must exceed 50% at the time of deposit and deposits must be collateralized at least 100% in excess of FDIC coverage with approved securities. Deposits must have a maturity of five years or less and earn interest at varying rates based on State law.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 3 – Deposits and Investments (cont.)**

**Primary Government**

At June 30, 2016, the bank balance of the primary government's deposits was \$1,345,645,000. Of the bank amount, \$14,237,000 was exposed to custodial credit risk by being uninsured and collateralized with securities held by the pledging financial institutions, \$585,826,000 was held by the U.S. Treasury, and the remainder was not exposed to custodial risk.

**Fiduciary**

At June 30, 2016, the bank balance of the deposits of the fiduciary funds was \$119,458,000. None of these deposits were exposed to custodial credit risk.

**Component Units**

Information on the component units' deposits is available within their individual financial statements.

**B. Investments**

Statutes authorize the State Treasurer's Office to invest in U.S. Treasury or Agency securities maturing within five years, commercial paper and banker's acceptances maturing within 180 days, or in repurchase agreements maturing within 90 days secured by U.S. Treasury, or Agency securities of any maturity. There have been no violations of these investment restrictions during fiscal year 2016.

The State Treasurer's Office minimizes credit risk, the risk of loss due to the failure of the security issuer or backer, by establishing a pre-approved list of financial institutions and companies that will be used to purchase commercial paper. The State Treasurer's Office also conducts regular credit monitoring, pre-qualifies the financial institutions and brokers/dealers with which the State Treasurer's Office will do business for broker services and repurchase agreements, and diversifies the portfolio to reduce potential losses on individual securities.

Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the State will not be able to recover the value of their investment or collateral securities that are in the possession of an outside party. The State Treasurer's Office minimizes custodial credit risk by requiring that all securities be held in the State's name at the State's custodial bank, Wells Fargo Bank, National Association, or at one of the State Treasurer's Office approved collateral custodians.

**Primary Government**

At June 30, 2016, the reported amount of the primary government's investments was \$3,581,729,000. Of this amount, \$151,206,000 was exposed to custodial credit risk because it was uninsured and unregistered with securities held by the State's counterparty.

**Fiduciary**

At June 30, 2016, the reported amount of the fiduciary funds investments was \$16,234,151,000. Of this amount, \$12,484,000 was exposed to custodial credit risk because it was uninsured and unregistered with securities held by the State's counterparty.

**Component Units**

Information on the component units investments is available within their individual financial statements.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 3 – Deposits and Investments (cont.)**

The following table (in thousands of dollars) provides information about the interest rate risks associated with the State's investments. Statutes also authorize investment of funds not held by the State Treasurer's Office. The externally-held internal service funds, the agency and pension (and other employee benefit) trust funds, and the component units, in accordance with statutory authority, invest primarily in U.S. government securities, repurchase agreements, preferred and common stocks, bonds, real estate, fixed income securities, mutual funds, and investments in limited partnerships. The investments include certain short-term cash equivalents, various long-term items, and restricted assets by maturity, or in certain instances, a weighted average maturity in years. The State Treasurer's Office minimizes the risk of the market value of securities falling due to changes in interest rates by maintaining an effective duration of less than 2.5 years, and holding at least 25% of the portfolio's total market value in securities with a maturity of 12 months or less.

	Maturities in Years						No Maturity	Total Fair Value	*
	Less than 1	1-5	6-10	More than 10					
<b>All Fund Types except Fiduciary Funds and Component Units:</b>									
U.S. Treasury Securities	\$ 93,213	\$ 180,589	\$ 13,198	\$ 9,341	\$ ---	\$ ---	\$ ---	\$ 296,341	
U.S. Agency Securities	707,929	1,331,263	---	---	---	---	---	2,039,192	
U.S. Government Guaranteed Mortgages	---	5,012	---	---	---	---	---	5,012	
Collateralized Mortgage Obligations	85	2,481	---	---	---	---	---	2,566	
U.S. Agency- Sponsored Securities	13,360	105,285	1,685	---	---	---	---	120,330	
Repurchase Agreements	1,106,582	---	---	---	---	---	---	1,106,582	
Stocks	---	---	---	---	---	6,332	6,332		
Bonds	400	926	711	895	---	---	2,932		
Mutual Funds	---	---	---	---	---	2,442	2,442		
<b>Subtotal</b>	<b>1,921,569</b>	<b>1,625,556</b>	<b>15,594</b>	<b>10,236</b>	<b>8,774</b>	<b>3,581,729</b>			

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 3 – Deposits and Investments (cont.)**

	Maturities in Years					Total Fair Value	* *
	Less than 1	1-5	6-10	More than 10	No Maturity		
<b>Fiduciary Funds:</b>							
U.S. Government Securities	47,606	16,375	8,010	12,533	---	84,524	
U.S. Treasury Securities	703,372	3,391,461	2,108	273,306	---	4,370,247	
U.S. Agency Securities	6,265	38,478	3,673	49,793	---	98,209	
U.S. Government Mortgage-Backed Securities	214	17,732	2,877	44,734	---	65,557	
U.S. Agency-Sponsored Securities	12,484	---	---	---	---	12,484	
Repurchase Agreements	28,412	---	---	---	---	28,412	
Stocks	---	---	---	---	715,770	715,770	
Bonds	1,566	823,746	17,838	98,608	---	941,758	
International Equities	---	48,499	---	---	740,645	789,144	
Mortgages/Real Estate	---	14,947	---	66,951	211,319	293,217	
Asset-Backed Securities	---	9,669	74,786	58,053	---	142,508	
Short-Term Securities	2,583,132	---	---	---	---	2,583,132	
Foreign Currencies	7,822	---	---	---	---	7,822	
Mutual Funds	---	---	---	---	1,054,164	1,054,164	
Venture Capital Limited Partnership	---	---	---	---	4,895,357	4,895,357	
Absolute Return	---	---	---	---	155,894	155,894	
Other	---	---	---	---	(4,048)	(4,048)	
Subtotal	<u>3,390,873</u>	<u>4,360,907</u>	<u>109,292</u>	<u>603,978</u>	<u>7,769,101</u>	<u>16,234,151</u>	
<b>Total Investments</b>	<b>\$ 5,312,442</b>	<b>\$ 5,985,504</b>	<b>\$ 124,864</b>	<b>\$ 614,190</b>	<b>\$ 7,778,879</b>	<b>\$ 19,815,880</b>	

\*The State Treasurer's Office reports their repurchase agreements in the amount of \$1,089,000 at amortized costs. The Missouri State Public Employees Deferred Compensation Plan and the Missouri State Public Employees Deferred Compensation Incentive Plan reports their Stable Value Funds in the amounts of \$487,000 and \$313,000, respectively, at contract value.

The State minimizes concentration of credit risk, the risk attributed to the magnitude of an investment in a single issuer. State statute prohibits the State Treasurer's Office from investing more than 10% of the total time deposits with any single financial institution. State investment policy limits investment in commercial paper to 5% of the total portfolio per issuer and no more than 15% of the total portfolio may be invested in repurchase agreements with a single counterparty. There are no restrictions in the amount that can be invested in U.S. securities. During fiscal year 2016, the State did not have any instances of noncompliance with these requirements and policies.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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**Note 3 – Deposits and Investments (cont.)**

**Fair Value Measurement**

The State of Missouri categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurements and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are unobservable.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lower level input that is significant to the valuation. The State's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The State Treasurer's Office uses the market approach for the determination of the fair value of investments, except for repurchase agreements, which are measured at amortized costs.

Debt, equities, and investment derivatives classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Debt securities and liabilities classified in level 2 have non-proprietary information that was readily available to market participants from multiple independent sources, which are known to be actively involved in the market. Pricing inputs may include market quotations, yields, maturities, call features, and ratings. A portion of the derivative securities classified in level 2 are securities whose values are derived daily from associated traded securities. Other investments listed as level 2 include debt securities where an independent pricing evaluator had direct observable information, including: trading volume, multiple sources of market data and benchmark spreads. FX forwards are included due to the valuation coming from observable forward rates on the underlying currencies. The equity index swap is included because valuation inputs include an observable interest rate and the underlying index.

Private equity securities classified at level 2 are valued at the price observed in subsequent market activity.

Investments listed as level 3 include debt securities where an independent pricing evaluator did not have direct observable information for comparable securities. Significant inputs used in the valuation are not available aside from the evaluator providing the price. Direct investments in private equity, real estate, credit, and real assets are included because the valuation techniques utilize discounted cash flows or other non-observable market information.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 3 – Deposits and Investments (cont.)**

**Investments Measured at Fair Value as of June 30, 2016 for the Primary Government (in thousands):**

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Equity Securities</b>				
Repurchase Agreements	\$ 36,043	\$ 6,462	\$ 29,581	\$ ---
Stocks	6,332	6,332	---	---
Mutual Funds	2,442	2,442	---	---
<b>Total Equity Securities</b>	<b>44,817</b>	<b>15,236</b>	<b>29,581</b>	<b>---</b>
<b>Debt Securities</b>				
U.S. Treasury Securities	296,341	60,111	236,230	---
U.S. Agency Securities	2,039,192	10,277	2,028,915	---
U.S. Government Guaranteed				
Mortgages	5,012	---	5,012	---
Collateralized Mortgage				
Obligations	2,566	---	2,566	---
U.S. Agency- Sponsored				
Securities	120,330	---	120,330	---
Bonds	2,932	2,932	---	---
<b>Total Debt Securities</b>	<b>2,466,373</b>	<b>73,320</b>	<b>2,393,053</b>	<b>---</b>
<b>Total Primary Government Investments</b>	<b>2,511,190</b>	<b>88,556</b>	<b>2,422,634</b>	<b>---</b>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 3 – Deposits and Investments (cont.)**

Investments Measured at Fair Value as of June 30, 2016 for the Fiduciary funds (in thousands):

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Total		
<b>Equity Securities</b>				
Stocks	340,990	340,939	39	12
Mutual Funds	346,451	346,451	---	---
Other Investments	6,611	6,611	---	---
<b>Total Equity Securities</b>	<b>694,052</b>	<b>694,001</b>	<b>39</b>	<b>12</b>
<b>Debt Securities</b>				
U.S. Treasury Securities	4,757,667	4,718,715	38,952	---
U.S. Agency Securities	609,264	12,484	596,780	---
U.S. Short-Term Securities	589,280	589,280	---	---
Collateralized Debt				
Obligations	155,256	---	68,556	86,700
Repurchase Agreements	1,020,000	---	1,020,000	---
Bonds	131,809	---	67,596	64,213
Foreign Debt Securities	48,741	---	48,741	---
Mortgage Backed Securities	148,406	---	57,293	91,113
<b>Total Debt Securities</b>	<b>7,460,423</b>	<b>5,320,479</b>	<b>1,897,918</b>	<b>242,026</b>
<b>Private Markets</b>				
Private Equity	382,371	---	33,585	348,786
Real Estate	219,041	---	---	219,041
Real Assets	148,141	---	---	148,141
Opportunistic Debt	125,458	---	---	125,458
<b>Total Private Markets</b>	<b>875,011</b>	<b>---</b>	<b>33,585</b>	<b>841,426</b>
<b>Reverse Repurchase Agreements</b>	<b>(3,601,462)</b>	<b>---</b>	<b>(3,601,462)</b>	<b>---</b>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 3 – Deposits and Investments (cont.)**

Investments Measured at Fair Value as of June 30, 2016 for the Fiduciary funds (in thousands) (cont.):

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Total				
<b>Investment Derivative Instruments</b>				
Future Contracts	(16,252)	(16,252)	---	---
Options Contracts	(10,658)	(10,658)	---	---
Foreign Exchange Foreign Contracts	283	283	---	---
Swap Market Value	46,713	---	46,713	---
Equity Futures	2,080	2,080	---	---
Equity Swaps	(909)	---	(909)	---
FX Forwards (assets)	323	---	323	---
<b>Total Investment Derivative Instruments</b>	<b>21,580</b>	<b>(24,547)</b>	<b>46,127</b>	<b>---</b>
<b>Invested Securities Lending Collateral</b>				
U.S. Short-Term Funds	1,151	1,151	---	---
Commingled Funds	37	---	37	---
Repurchase Agreements	13,071	---	13,071	---
<b>Total Invested Securities Lending Collateral</b>	<b>14,259</b>	<b>1,151</b>	<b>13,108</b>	<b>---</b>
<b>Total Investments by Fair Value Level</b>	<b>\$ 5,463,863</b>	<b>\$ 5,991,084</b>	<b>\$ (1,610,685)</b>	<b>\$ 1,083,464</b>

Investments Measured at the Net Asset Value (NAV):

	Total
Active Hedge Funds	2,837,959
Commingled international equity funds	1,217,103
MOSERS investment portfolio fund	4,709
Missouri target date funds	708,577
Private equity funds	1,038,341
Private real estate funds	192,594
Private timber funds	269,477
<b>Total investments measured at NAV</b>	<b>\$ 6,268,760</b>
<b>Total Investments Measured at Fair Value</b>	<b>\$ 11,732,624</b>
<b>Other Investments</b>	
STIF Not Leveled(payable for investment purchases and other miscellaneous)	\$ (25,763)
Other cash	7,722
Other no leveled Obligations	125,836
<b>Total Other Investments</b>	<b>\$ 107,795</b>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 3 – Deposits and Investments (cont.)**

**Investments Measured at the Net Asset Value as of June 30, 2016 (in thousands):**

Investments	Fair Value	Unfunded Commitments (U.S. Dollars)	Unfunded Commitments (Euro Currency)	Redemption Frequency (If currently eligible)	Redemption Notice Period (Days)
Active hedge funds					
Activist equity <sup>1</sup>	\$ 22,308	\$ ---	---	Yearly, Every 3 Years	90
Commodity trading advisors <sup>2</sup>	20,750	---	---	Monthly Quarterly, Semi-	30
Equity long/short <sup>3</sup>	357,581	---	---	Annually, Annually Quarterly for MOSERS;	30-60
Equity market neutral <sup>4</sup>	107,331	---	---	Monthly for MPERS Quarterly for MOSERS;	90
Event driven <sup>5</sup>	177,516	---	---	Monthly for MPERS	60-90
Fund-of-funds <sup>6</sup>	348,120	---	---	Monthly	95
Global asset allocation <sup>7</sup>	15,655	---	---	Monthly	5
In liquidation <sup>8</sup>	106,010	---	---	N/A	N/A
Long/short credit <sup>9</sup>	49,671	---	---	Quarterly	75
Macro <sup>10</sup>	200,059	---	---	Monthly, Quarterly	30-90
Merger arbitrage <sup>11</sup>	52,906	---	---	Monthly	45
Multi-strategies <sup>12</sup>	91,269	---	---	Quarterly	60-90
Risk parity <sup>13</sup>	887,780	---	---	Monthly	5-15
Risk premia <sup>14</sup>	390,078	---	---	Bi-weekly, Monthly	15-30
Structured credit – relative value <sup>15</sup>	10,925	---	---	Quarterly	60
Total active hedge funds	<u>2,837,959</u>	<u>---</u>	<u>---</u>		
Commingled international equity funds <sup>16</sup>	1,217,103	---	---	Daily, Monthly	1-30
MOSERS investment portfolio fund <sup>17</sup>	4,709	---	---	Monthly	None
Missouri target date funds <sup>18</sup>	708,577	---	---	Daily	None
Private equity funds <sup>19</sup>	1,038,341	437,653	€ 869	N/A	N/A
Private real estate funds <sup>19</sup>	192,594	20,029	---	N/A	N/A
Private timber funds <sup>19</sup>	269,477	---	---	N/A	N/A
Total investments measured at NAV	<u>\$ 6,268,760</u>	<u>\$ 457,682</u>	<u>€ 869</u>		

The following is a description of valuation methodologies used for assets recorded at fair value.

<sup>1</sup>Activist equity – This value is 100% from MPERS. Consisting of 2 funds, this strategy focuses on obtaining publicly traded shares of companies and effecting changes within the companies that it owns whether that be value creation through operational, financial or corporate governance changes. One fund's focus is on North American companies and the other fund's focus is on European and Nordic companies. Due to contractual lock-up restrictions and the necessity for activist managers to retain capital in order to realize desired company changes, 50% of this strategy's investments are eligible for redemption on a rolling 3-year basis. The remaining 50% are eligible for redemption on a rolling 1-year basis.

<sup>2</sup>Commodity trading advisors – This value is 100% from MPERS. Consisting of 2 funds, 1 fund focuses on a systematic strategy that follows medium-term trends, while the other fund focuses on more short-term trading and tends to be counter-trend. The value of these investments is eligible for redemption in the next 2 months.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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**Note 3 – Deposits and Investments (cont.)**

<sup>3</sup>Long/short equity hedge funds – This value is 90.6% from MOSERS and 9.4% from MPERS. Consisting of 4 funds for MOSERS and 3 funds for MPERS, this strategy invests both long and short in U.S. and global equity securities, with a goal of adding growth and minimizing market exposure. Due to contractual lock-up restrictions, these investments remain restricted from anywhere ranging from 4 to 30 months for MOSERS and 6 to 9 months for MPERS.

<sup>4</sup>Equity market neutral hedge fund – This value is 86.7% from MOSERS and 13.3% from MPERS. For MOSERS, this consists of 1 fund whereby the strategy invests both long and short in U.S. and global equity securities, with the goal of having little to no net market exposure. This investment is redeemable quarterly and is not subject to lockup restrictions. For MPERS, this consists of 1 fund whereby the strategy invests in both long and short equities capturing price differences and seeks to maintain a neutral exposure to the market by having no sector, industry, market capitalization, or country biases. Due to contractual lock-up restrictions, the value of these investments is eligible for redemption in the next 4 months.

<sup>5</sup>Event driven hedge funds – This value is 95.0% from MOSERS (with a redemption period of 60–65 days) and 5.0% from MPERS (with a redemption period of 90 days). Consisting of 2 funds for MOSERS and 1 fund for MPERS, this strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. Due to contractual lock-up restrictions, (a) approximately 16% of the value of these investments are eligible for redemption quarterly, with the remaining 84% of the value of these investments remaining restricted for 24 months for MOSERS and (b) the value of these investments is eligible for redemption in the next 4 months for MPERS.

<sup>6</sup>Fund-of-funds – This value is 100% from MOSERS. Consisting of 1 fund, this fund seeks to provide diversification by holding a number of funds within a single fund structure. This investment is redeemable monthly and is not subject to lock-up restrictions.

<sup>7</sup>Global asset allocation – This value is 100% from MPERS. Consisting of 1 fund, this strategy is highly diversified and uses fundamental research to develop systematic rules for trading positions. Due to contractual lock-up restrictions, the value of these investments is eligible for redemption in the next 4 months.

<sup>8</sup>Pending liquidated hedge funds – This value is 99.3% from MOSERS and .7% from MPERS. MOSERS has 13 hedge funds that have been fully redeemed as of June 30, 2016, which are awaiting final distribution of the proceeds. Approximately 83% of the value was received within 90 days of June 30, 2016. The remaining 17% will be received upon sale of the underlying investments or upon completion of the audit of the firm's annual financial statements. MPERS has a small investment in 3 hedge funds that are in liquidation and have been closed, which are awaiting the sale of the final assets.

<sup>9</sup>Long/short credit hedge fund – This value is 100% from MOSERS. Consisting of 1 fund, this strategy invests in corporate bonds and leveraged loans within the U.S. and Europe with the goal of generating attractive risk adjusted returns. This investment is redeemable quarterly and is not subject to lockup restrictions.

<sup>10</sup>Macro hedge funds – This value is 96.3% from MOSERS and 3.7% from MPERS. For MOSERS, consisting of 2 funds, this strategy seeks to take advantage of macroeconomic dislocations between countries by trading a number of different markets and financial instruments. This investment is redeemable monthly and quarterly and is not subject to lock-up restrictions. For MPERS, consisting of 1 fund, this strategy focuses on capturing inefficiencies in the market that exist as a result of interest rate differences and foreign exchange rate differences. The fund trades a highly diversified portfolio using a range of assets. Due to contractual lock-up restrictions, the value of these investments is eligible for redemption in the next 4 months.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 3 – Deposits and Investments (cont.)**

<sup>11</sup>Merger arbitrage hedge fund – This value is 100% from MOSERS. Consisting of 1 fund, this strategy invests in the common stock of companies that are involved in publicly announced mergers and seeks to generate attractive returns while dampening volatility. These investments are redeemable monthly and are not subject to lock-up restrictions.

<sup>12</sup>Multi-strategy hedge fund – This value is 77.0% from MOSERS and 23.0% from MPERS. Consisting of 1 fund for MOSERS and 4 funds for MPERS, these strategies seek to generate attractive returns or diversify risk while reducing volatility. For MOSERS, this investment is redeemable quarterly and is not subject to lock-up restrictions. For MPERS, due to contractual lock-up restrictions, the value of these investments are eligible for redemption in the next 6 to 9 months.

<sup>13</sup>Risk parity funds – This value is 100% from MOSERS. Consisting of 2 funds, these strategies attempt to build a more efficient portfolio through an equal risk methodology. They take long only positions across equity indices, developed nominal bonds, TIPS, commodities and credit. Diversification benefits decrease both the expected return and volatility thus requiring leverage to maintain a similar return to a more conventional portfolio. This investment is redeemable monthly and is not subject to lock-up restrictions.

<sup>14</sup>Risk premia hedge funds – This value is 100% from MOSERS. Consisting of 2 funds, these strategies seek to capture hedge fund betas through the use of systematic, bottoms up security selection across major hedge fund strategies. Style premia such as value, momentum and carry help build the long/short portfolios. This investment is redeemable at least monthly and is not subject to lock-up restrictions.

<sup>15</sup>Structured credit – relative value – This value is 100% from MPERS. Consisting of 1 fund, this strategy's main focus is to benefit from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing or selling these instruments. Due to contractual lock-up restrictions, all funds are eligible for redemption within the next six months.

<sup>16</sup>Commingled international equity funds – This value is 83.4% from MOSERS (with a redemption period of 65 days) and 16.6% from MPERS (with a redemption period of 5-10 days and 30 days). These international equity funds (3 for MOSERS and 4 for MPERS) are considered to be commingled in nature. For MOSERS, each are valued at the net asset value held at the end of the period based upon the fair value of the underlying investments. For MPERS, due to contractual lock-up restrictions, 70% of this capital is eligible for redemption in 1 month; the remaining 30% has daily liquidity.

<sup>17</sup>MOSERS Investment Portfolio (MIP) fund – This value is 84.6% from the Deferred Compensation Plan and 15.4% from the Deferred Compensation Incentive Plan. Participant transactions (purchases and sales) may occur monthly. The significant investment strategies are designed to achieve long-term total returns, comprised of capital appreciation and income. There are no unfunded commitments. There are generally no restrictions as to the redemption of these investments nor does the Plan have any contractual obligations to further invest in any of these funds.

<sup>18</sup>Missouri target date funds – This value is 78.4% from Deferred Compensation Plan and 21.6% from the Deferred compensation Incentive Plan. Participant transactions (purchases and sales) may occur daily. The significant investment strategies of the funds are to seek the highest total return over time, consistent with the fund's asset mix. The asset allocations within these target date funds adjust automatically over time. Each fund invests more aggressively in its early years and becomes more conservative as it reaches its time horizon. There are generally no restrictions as to the redemption of these investments nor are there any contractual obligations to further invest in any of these funds.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

### **Note 3 – Deposits and Investments (cont.)**

<sup>19</sup>Private equity, real estate and timber funds – This value is 100% from MOSERS. MOSERS' private equity portfolio consists of 60 funds with exposure to buyout funds, distressed funds, infrastructure, energy, royalty funds, and special situations. The real estate portfolio, comprised of five funds, invests mainly in U.S. commercial real estate. The timber portfolio consists of 4 funds which invests in global timberland. The fair values of the majority of these funds has been determined using net assets valued 1 quarter in arrears plus current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments as the funds are liquidated, which on average can occur over the span of 5 to 10 years.

The State Treasurer's Office requires investments in commercial paper and bankers' acceptances to have the highest letter and numerical ranking (such as A1/P1) as rated by at least two Nationally Recognized Statistical Rating Organizations (NRSROs). The Treasurer does not have any additional policies regarding credit ratings of investments. The following table (in thousands of dollars) provides information on the credit ratings associated with the State's investments in debt securities.

	Moody's	S & P	Fair Value
Primary Government/Fiduciary:			
U.S. Government Securities	NR	NR	\$ 36,895
U.S. Government Guaranteed Mortgages	Aaa	AA+	2,743
U.S. Treasury	Aaa	AA+	398
	NR	NR	39,391
	Aaa	AA+	223,123
	Aaa	NR	442,116
U.S. Agencies	NR	NR	2,245
	Aaa	NR	37,804
	NR	AA	52,517
U.S. Government Mortgage-Backed Securities	NR	AAA	214
	Aaa	NR	18,495
	NR	NR	49,118
Bonds	NR	NR	108
	Aa2	NR	112
	A3	NR	147
	A1	NR	182
	Aa3	NR	335
	NR	A	473
	Aa1	NR	494
	Aaa	NR	546
	NR	BBB	1,329
	A+	NR	10,814
	NR	NR	24,593
	NR	AAA	25,038
	NR	AA	74,999
	NR	BBB	653
	NR	A	3,966
	NR	AAA	6,151
	NR	AA+	800,566
Repurchase Agreements	Aaa	AA+	18,998
	NR	NR	2,134,746
U.S. Agency-Sponsored Securities	Aaa	AA+	581
	Aaa	NR	2,842
	NR	NR	12,484
	NR	AA+	40,003
	Aaa	AA+	2,123,100

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 3 – Deposits and Investments (cont.)**

	Moody's	S & P	Fair Value
Asset-Backed Securities	NR	B	1,521
	NR	BB	3,737
	NR	A	7,625
	NR	AA	31,596
	NR	NR	48,502
	NR	AAA	49,564
Mutual Funds	3-STAR	NR	22,113
Pooled Investments	NR	AAA	40,431
Implicit U.S. Agencies	NR	AA	475,752
U.S. Agency Securities	Aaa	AA+	1,481
Collateralized Mortgage Obligations	Aaa	AA+	2,565
	Aaa	NR	13,378
Equities	A	NR	17,705
Equity Funds	NR	NR	2,210
Fixed Income	NR	NR	231
Stock	NR	NR	6,332
	NR	NR	20
Other	NR	CC	173
	NR	AAA	3,736
	NR	CCC	5,361
	NR	D	10,002
	NR	B	10,833
	NR	BB	11,938
	NR	A	14,934
	NR	BBB	26,436
	NR	NR	33,176
	NR	AA	37,255
Total Rated Investments			<u>\$ 7,066,926</u>

NR = Not Rated.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 3 – Deposits and Investments (cont.)**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The State Treasurer's Office does not have any deposits or investments in foreign currency and therefore does not have a policy regarding foreign currency risk. The Missouri State Employees' Retirement System and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System do have foreign currency deposits and investments which may be used for hedging purposes. The following table (in thousands of dollars) provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars.

Currency	Investment Type						Total
	Cash	Equities	Fixed Income	Alternatives	Real Estate		
Australian Dollar	\$ 356	\$ 1,502	\$ 179	\$ ---	\$ ---		2,037
Brazilian Real	132	11,018	7,794	---	---		18,944
British Pound Sterling	(872)	137,802	662	---	14,585		152,177
Canadian Dollar	(94)	35	331	---	---		272
Chilean Peso	36	1,613	44	---	---		1,693
Colombian Peso	13	584	3,906	---	---		4,503
Czech Koruna	10	306	---	---	---		316
Danish Krone	---	10,531	---	---	---		10,531
Egyptian Pound	4	254	---	---	---		258
Euro	(2,079)	143,971	(3,647)	58,980	17,781		215,006
Hong Kong Dollar	(400)	99,780	---	---	---		99,380
Hungarian Forint	11	457	---	---	---		468
Indian Rupee	219	13,786	---	---	---		14,005
Indonesian Rupiah	76	4,993	5,386	---	---		10,455
Japanese Yen	1,968	198,165	299	---	---		200,432
Malaysian Ringgit	82	10,024	4,245	---	---		14,351
Mexican Peso	159	8,588	5,190	---	---		13,937
Norwegian Krone	---	5,391	---	---	---		5,391
Philippine Peso	29	2,642	---	---	---		2,671
Polish Zloty	2	1,902	5,827	---	---		7,731
Qatari Riyal	---	1,498	---	---	---		1,498
Romanian New Leu	---	---	638	---	---		638
Russian Ruble	---	538	3,254	---	---		3,792
Singapore Dollar	---	29,060	---	---	---		29,060
South African Rand	(82)	12,131	5,810	---	---		17,859
South Korean Won	(1,596)	35,339	1,170	---	---		34,913
Swedish Krona	---	7,954	---	---	---		7,954
Swiss Franc	---	80,398	---	---	---		80,398
Taiwan New Dollar	181	32,751	---	---	---		32,932
Thai Baht	17	28,070	2,032	---	---		30,119
Turkish Lira	66	10,505	4,735	---	---		15,306
United Arab Emirates Dirham	22	1,340	---	---	---		1,362
<b>Total</b>	<b>\$ (1,740)</b>	<b>\$ 892,928</b>	<b>\$ 47,855</b>	<b>\$ 58,980</b>	<b>\$ 32,366</b>		<b>\$ 1,030,389</b>

**C. Securities Lending Program**

State Treasurer's Office:

The Missouri State Treasurer's Office participates in a securities lending program to augment investment income. Authority to participate rests in Section 30.260.7, RSMo. Citibank, National Association, acts as securities lending agent and Wells Fargo acts as the State Treasurer's Office custodial bank.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 3 – Deposits and Investments (cont.)**

Collateral may be in the form of cash, securities issued or guaranteed by the U.S. government or its agencies, or bank letters of credit or equivalent obligation if pre-approved by the State Treasurer's Office. Collateral must be provided in the amount of 102% of the then market value of the loaned securities and accrued interest, if any. The maximum duration gap between loans and investments shall be 15 days. The maximum life of term loans shall be 90 days. The Custodian provides for full indemnification to the State Treasurer's Office for any losses that might occur in the program due to borrower default, insolvency, or failure to return loaned securities.

At June 30, 2016, the State Treasurer's Office had no securities lending outstanding.

**Missouri State Employees' Retirement System:**

The Missouri State Employees' Retirement System's (MOSERS) board of trustees' investment policies permit the pension trust funds to participate in a securities lending program. Certain securities of the pension trust funds are loaned to participating brokers who provide collateral in the form of cash, U.S. Treasury or government agency securities, or letters of credit issued by approved banks. Collateral must be provided in the amount of 102% of fair value for domestic loans and 105% of fair value for international loans. MOSERS does not have the authority to pledge or sell collateral securities without borrower default. On June 30, 2016, MOSERS had no credit risk exposure to borrowers because the collateral amounts received exceeded amounts out on loan.

Deutsche Bank AG, New York Branch served as the agent for the fixed income, domestic equity, and international equity securities lending programs. MOSERS reduces credit risk by allowing Deutsche Bank to lend these securities to a diverse group of dealers on behalf of MOSERS. Deutsche Bank provides indemnification against dealer default.

Daily monitoring of securities that are on loan ensure proper collateralization levels and mitigate counterparty risk. The majority of the security loans are open loans and can be terminated on demand by either MOSERS or the borrower. Cash collateral is invested in short-term investment funds, managed by Deutsche Bank. On June 30, 2016, the cash collateral fund had a fair value of \$14,259,000 and a weighted average maturity of 1 day. At June 30, 2016 and June 30, 2015, MOSERS had earned \$0 and \$116,000, respectively, on the securities lending program.

**Missouri Department of Transportation and Highway Patrol Employees' Retirement System:**

In accordance with the investment policies set by the board of trustees, the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS), lends its securities to broker-dealers and banks pursuant to a form of loan agreement. MPERS custodial bank, Northern Trust, is authorized to lend available securities to approved broker-dealers and banks subject to the receipt of acceptable collateral.

MPERS may lend securities and receive cash, securities insured or guaranteed by the U.S. government or its agencies, and irrevocable bank letters of credit as collateral. MPERS cannot pledge or sell non-cash collateral unless a borrower defaults. Borrowers are required to deliver collateral for each loan equal to: 1) 102% of the fair value of the loaned securities plus any accrued interest in the case of loaned securities denominated in United States dollars or whose primary trading market is located in the United States, and 2) 105% of the fair value of the loaned securities plus any accrued interest in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States.

MPERS did not impose any restrictions during the fiscal year on the amount of the loans that the custodial bank made on its behalf. There were no known failures by any borrowers to return loaned securities or pay distributions thereon during the year.

**STATE OF MISSOURI**  
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**Note 3 – Deposits and Investments (cont.)**

MPERS and borrowers maintained the right to terminate all securities lending transactions on demand. At June 30, 2016, the cash collateral fund had a market value of \$51,560,000.

At June 30, 2016 and June 30, 2015, MPERS had earned \$203,000 and \$208,000, respectively, on the securities lending program.

Component Units:

Information on the component units securities lending program is available within their individual financial statements.

**D. Derivatives**

Missouri State Employees' Retirement System:

While the Board has no formal policy specific to derivatives, Missouri State Employees' Retirement System (MOSERS), through its external investment managers, holds investments in futures contracts, swap contracts, forward foreign currency exchange contracts, and option contracts. MOSERS does not anticipate additional significant market risk from the swap arrangements. The forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign equities. For the year ended June 30, 2016, the change in fair value of the foreign exchange contracts resulted in \$200,000 of investment income. MOSERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. MOSERS anticipates that the counterparties will be able to satisfy their obligation as credit evaluations and credit limits are monitored by the investment managers. MOSERS also invests in mortgage-backed securities to diversify the portfolio and increase the return while minimizing the extent of risk. At June 30, 2016, MOSERS Foreign Currency Forward Contracts had a pending receivable of \$60,629,000 and a pending payable of \$60,346,000 resulting in a final asset of \$283,000.

The following table (in thousands of dollars) summarizes the various contracts in MOSERS portfolio as of June 30, 2016. The investments are reported at fair value and are included on the Statement of Fiduciary Net Position of the pension (and other employee benefit) trust funds.

Futures Contracts:

<u>Notional Amount</u>	<u>Exposure</u>
\$ 2,058,660	\$ (16,251)

Swap Contracts:

<u>Notional Amount</u>	<u>Counterparty Exposure</u>
\$ 2,076,275	\$ 22,357

Options Contracts:

<u>Notional Amount</u>	<u>Exposure</u>
\$ (32,612)	\$ (10,658)

Foreign Currency Forward Contracts:

<u>Notional Amount</u>	<u>Exposure</u>
\$ 283	\$ 283

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 3 – Deposits and Investments (cont.)**

Missouri Department of Transportation and Highway Patrol Employees' Retirement System:

MPERS has an investment policy which holds investments in future contracts, swap contracts, options contracts, and forward foreign currency exchange contracts. Derivative financial instruments involve credit risk and market risk. The notional value related to these derivative instruments are generally not recorded on the financial statements; however, the change in market value of these instruments is incorporated in performance.

The following table (in thousands of dollars) summarizes the various contracts in MPERS portfolio as of June 30, 2016. The investments are reported at fair value and are included on the Statement of Fiduciary Net Position of the pension (and other employee benefit) trust funds.

Type	Notional/Fair Value	Unrealized Gain (Loss)
Futures Contracts	\$ 171,677	\$ 5,804
Swap Contracts	22,543	(762)
Rights/Warrants	12	---
Foreign Currency		
Forward Contracts	(24,676)	325
Total	\$ 169,556	\$ 5,367

Through the use of derivatives, MPERS is exposed to risk if the counterparties involved in the contracts are unable to meet the term of their obligation. MPERS investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. MPERS anticipates the counterparties will be able to satisfy their obligations under the contracts. The associated counterparty's credit rating is an A-.

Component Units:

Information on the component units derivatives is available within their individual financial statements.

**E. Assets Held in Escheat**

The Unclaimed Property Division of the Missouri State Treasurer's Office holds unclaimed stocks, bonds, mutual fund positions, and other securities that have been turned over by their holders on behalf of the securities' owners. The State takes custody of these securities until the owner claims them or if unclaimed, liquidates them after 18 to 24 months. The State holds the securities in order to return them to their owners. The State does not report these securities as investments because they do not meet the Governmental Accounting Standards Board's definition of "investments". This is because the State does not hold the securities for income or profit, nor do the securities have a present service capacity for the State. A total of \$21.4 million of these unclaimed securities is shown as "Assets Held in Escheat" on the private-purpose trust funds combining statement of fiduciary net position in Unclaimed Property.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 4 – Governmental Fund Balance**

**A. Governmental Fund Balance Classifications**

The State's fund balances are classified as:

**Nonspendable** – Amounts that are not expected to be converted to cash or amounts that are legally or contractually required to be maintained intact.

**Restricted** – Amounts that are restricted for specific purpose due to constraints that are externally imposed by creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**Committed** – Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the legislature. Committed amounts cannot be used for other purposes unless the General Assembly passes legislation to remove the restraints.

**Assigned** – Amounts that are constrained by the legislature's intent to be used for a specific purpose, but do not meet the criteria for restricted or committed. The constraint for assigned fund balance is established by the Revised Statutes of the State of Missouri.

**Unassigned** – Amounts that do not meet the criteria of any of the classifications listed above.

**Fund Balance Classifications by Purpose** – In the basic financial statements, the fund balance classifications are presented in the aggregate. The following displays the fund balances by major purpose (in thousands of dollars):

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
<b>General Fund</b>				
Inventories	\$ 24,295	\$ ---	\$ ---	\$ ---
Loans Receivable	32,875	---	---	---
Consumer Protection	---	---	---	19,092
Budget Reserve	---	---	586,214	---
Education	---	3,785	---	18,876
Energy Programs	---	---	---	21,591
Forfeited Financial Instruments	---	---	---	1,514
Federal Government	---	483,567	---	---
Taxes	---	---	---	5,909
Other	---	850	3,656	12,688
<b>Total</b>	<b>\$ 57,170</b>	<b>\$ 488,202</b>	<b>\$ 589,870</b>	<b>\$ 79,670</b>
<b>Public Education</b>				
Inventories	\$ 48	\$ ---	\$ ---	\$ ---
Education	---	216,176	12,453	70,109
<b>Total</b>	<b>\$ 48</b>	<b>\$ 216,176</b>	<b>\$ 12,453</b>	<b>\$ 70,109</b>
<b>Conservation and Environmental Protection</b>				
Inventories	\$ 381	\$ ---	\$ ---	\$ ---
Loans Receivable	---	2,735	1,224,302	10,777
Conservation Commission	---	75,676	---	---
Environmental Conservation	---	48,169	282,636	103,125
State Parks	---	20,213	---	---
Forfeited Financial Instruments	---	---	---	966
<b>Total</b>	<b>\$ 381</b>	<b>\$ 146,793</b>	<b>\$ 1,506,938</b>	<b>\$ 114,868</b>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 4 – Governmental Fund Balance (cont.)**

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
<b>Missouri Road Fund</b>				
Inventories	\$ 39,614	\$ ---	\$ ---	\$ ---
Highways and Transportation	---	789,045	---	---
<b>Total</b>	<b>\$ 39,614</b>	<b>\$ 789,045</b>	<b>\$ ---</b>	<b>\$ ---</b>
<b>Non-Major Special Revenue Funds</b>				
Inventories	\$ 4,311	\$ ---	\$ ---	\$ ---
Loans Receivable	---	---	---	2,859
Professional Boards and Licensure	---	---	17,221	40,756
Legal Assistance	---	25,538	281	5,315
Agriculture	---	3,514	775	6,692
Medical and Other Assistance	---	5,721	5,236	5,835
Transportation	---	30,821	---	161,830
Highway Patrol and Water Patrol	---	5,454	1,009	10,392
Workers' Compensation and Unemployment Compensation	---	28,186	---	---
Veterans' Homes	---	49,515	---	---
Other	---	10,339	---	12,174
<b>Total</b>	<b>\$ 4,311</b>	<b>\$ 159,088</b>	<b>\$ 24,522</b>	<b>\$ 245,853</b>
<b>Non-Major Debt Service Funds</b>				
General Obligation Bonds	\$ ---	\$ 62,539	\$ ---	\$ ---
Fulton State Hospital	---	12,805	---	---
Missouri Road Bond	---	53,001	---	---
<b>Total</b>	<b>\$ ---</b>	<b>\$ 128,345</b>	<b>\$ ---</b>	<b>\$ ---</b>
<b>Non-Major Capital Projects Funds</b>				
Board of Public Buildings-Education	\$ ---	\$ 80,477	---	\$ ---
Board of Public Buildings-State Capitol	---	40,810	---	---
Board of Public Buildings-State Facility	---	47,315	---	---
Fulton State Hospital	---	57,157	---	---
State Historical Society	---	34,752	---	---
<b>Total</b>	<b>\$ ---</b>	<b>\$ 260,511</b>	<b>\$ ---</b>	<b>\$ ---</b>
<b>Non-Major Permanent Funds</b>				
Arrow Rock State Historic Site Endowment	\$ 28	\$ ---	\$ ---	\$ ---
Confederate Memorial Park	75	---	---	102
State Public School	52,205	---	---	---
Smith Memorial Endowment Trust	365	---	---	2
<b>Total</b>	<b>\$ 52,673</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 104</b>

**B. Negative Fund Balance**

A negative fund balance is prohibited in all fund balance classifications except Unassigned. When a negative fund balance exists, the shortfall would be covered by the next fund balance classification for that specific purpose.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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**Note 4 – Governmental Fund Balance (cont.)**

**C. Budget Reserve Fund**

The Budget Reserve Fund is established in Article IV, Section 27(a) of the Missouri Constitution. The Commissioner of Administration may transfer amounts from the Budget Reserve Fund to any other fund when necessary to meet the cash requirements of the State. However, the Budget Reserve Fund must be paid back with interest prior to May 16<sup>th</sup> of the fiscal year in which the transfer was made.

Budget stabilization expenditures may occur in a fiscal year in which the Governor reduces the expenditures of the State or any of its agencies below their appropriation or in which there is a budget need due to a natural disaster as proclaimed by the Governor to be an emergency. An appropriation from the Budget Reserve Fund may be granted by a two-thirds vote of the members elected to each house. The maximum amount which may be appropriated at any one time for budget stabilization purposes is one-half the sum of the balance of the Budget Reserve Fund and any amounts appropriated or otherwise owed to the fund, less all amounts owed to the fund for budget stabilization purposes but not yet appropriated for repayment to the fund. One-third of the amount expended or transferred from the Budget Reserve Fund for budget stabilization purposes plus interest shall stand appropriated to the Budget Reserve Fund during each of the next three fiscal years from the fund which received the budget stabilization appropriation. The balance of the Budget Reserve Fund at June 30, 2016, was \$586,214,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

**Note 5 – Capital Assets**

Capital asset activity for the year ended June 30, 2016, was as follows (in thousands of dollars):

	<sup>*</sup> Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated/Amortized:				
Construction in Progress.....	\$ 159,711	\$ 108,159	\$ (70,548)	\$ 197,322
Software in Progress.....	18,561	41,858	(7,564)	52,855
Infrastructure in Progress.....	1,727,637	629,217	(988,471)	1,368,383
Land.....	3,083,277	17,241	(4,751)	3,095,767
Permanent Easements.....	3,405	381	---	3,786
<b>Total Capital Assets not being Depreciated/Amortized</b> .....	<b>4,992,591</b>	<b>796,856</b>	<b>(1,071,334)</b>	<b>4,718,113</b>
Capital Assets being Depreciated/Amortized:				
Land Improvements.....	198,394	1,485	(767)	199,112
Temporary Easements.....	1,619	975	(796)	1,798
Buildings and Improvements.....	3,290,184	122,040	(24,963)	3,387,261
Equipment.....	1,270,644	133,632	(96,051)	1,308,225
Software.....	186,799	32,360	(10,590)	208,569
Trademarks.....	17	---	---	17
Infrastructure.....	48,830,901	906,573	(80,337)	49,657,137
<b>Total Capital Assets being Depreciated/Amortized</b> .....	<b>53,778,558</b>	<b>1,197,065</b>	<b>(213,504)</b>	<b>54,762,119</b>
Less Accumulated Depreciation/Amortization for:				
Land Improvements.....	(109,828)	(4,550)	644	(113,734)
Temporary Easements.....	(704)	(539)	796	(447)
Buildings and Improvements.....	(1,647,994)	(90,265)	21,781	(1,716,478)
Equipment.....	(910,874)	(87,562)	78,448	(919,988)
Software.....	(92,307)	(23,098)	273	(115,132)
Trademarks.....	(9)	(2)	---	(11)
Infrastructure.....	(23,806,336)	(434,312)	69,961	(24,170,687)
<b>Total Accumulated Depreciation/Amortization</b> ...	<b>(26,568,052)</b>	<b>(640,328)</b>	<b>171,903</b>	<b>(27,036,477)</b>
Total Capital Assets being				
Depreciated/Amortized, Net.....	27,210,506	556,737	(41,601)	27,725,642
<b>Governmental Activities Capital Assets, Net</b> .....	<b>\$ 32,203,097</b>	<b>\$ 1,353,593</b>	<b>\$ (1,112,935)</b>	<b>\$ 32,443,755</b>
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated/Amortized:				
Construction in Progress.....	\$ 7,046	\$ 33,491	\$ (1,092)	\$ 39,445
Software in Progress.....	---	17	(17)	---
Land.....	14,510	8,848	---	23,358
<b>Total Capital Assets not being Depreciated/Amortized</b> .....	<b>21,556</b>	<b>42,356</b>	<b>(1,109)</b>	<b>62,803</b>
Capital Assets being Depreciated/Amortized:				
Land Improvements.....	14,127	654	---	14,781
Temporary Easements.....	50	---	---	50
Buildings and Improvements.....	32,195	771	---	32,966
Equipment.....	49,698	5,044	(4,069)	50,673
Software.....	1,989	165	(1,024)	1,130
<b>Total Capital Assets being Depreciated/Amortized</b> .....	<b>98,059</b>	<b>6,634</b>	<b>(5,093)</b>	<b>99,600</b>
Less Accumulated Depreciation/Amortization for:				
Land Improvements.....	(6,739)	(543)	---	(7,282)
Temporary Easements.....	(20)	(2)	---	(22)
Buildings and Improvements.....	(20,067)	(951)	---	(21,018)
Equipment.....	(34,840)	(3,595)	3,938	(34,497)
Software.....	(1,803)	(150)	1,026	(927)
<b>Total Accumulated Depreciation/Amortization</b> ...	<b>(63,469)</b>	<b>(5,241)</b>	<b>4,964</b>	<b>(63,746)</b>
Total Capital Assets being				
Depreciated/Amortized, Net.....	34,590	1,393	(129)	35,854
<b>Business-Type Activities Capital Assets, Net</b> .....	<b>\$ 56,146</b>	<b>\$ 43,749</b>	<b>\$ (1,238)</b>	<b>\$ 98,657</b>

\*Beginning balances as of July 1, 2015 have been restated (see Note 18).

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 5 – Capital Assets (cont.)**

Depreciation/amortization expense of governmental activities was charged to functions as follows (in thousands of dollars):

General Government.....	\$ 40,109
Education .....	3,669
Natural and Economic Resources .....	23,918
Transportation and Law Enforcement.....	510,449
Human Services .....	<u>62,183</u>
 Total .....	 <u>\$ 640,328</u>

**Discretely Presented Component Units**

The following table summarizes net capital assets reported by the discretely presented component units (in thousands of dollars):

	College and Universities	Non-Major Component Units	Total
<b>Capital Assets not being Depreciated/Amortized:</b>			
Construction in Progress.....	\$ 236,535	\$ 101	\$ 236,636
Land.....	166,477	7,220	173,697
Other Non-Depreciable/Amortizable Assets.....	<u>24,225</u>	---	<u>24,225</u>
 Total Capital Assets not being Depreciated/Amortized....	 <u>427,237</u>	 <u>7,321</u>	 <u>434,558</u>
<b>Capital Assets being Depreciated/Amortized:</b>			
Land Improvements .....	33,993	---	33,993
Buildings and Improvements.....	6,394,592	75,861	6,470,453
Equipment, Fixtures, and Books .....	1,466,197	445	1,466,642
Software .....	61,554	26	61,580
Infrastructure .....	<u>770,642</u>	---	<u>770,642</u>
 Total Capital Assets being Depreciated/Amortized.....	 <u>8,726,978</u>	 <u>76,332</u>	 <u>8,803,310</u>
 Less Total Accumulated Depreciation/Amortization .....	 <u>(3,930,963)</u>	 <u>(17,277)</u>	 <u>(3,948,240)</u>
 Total Capital Assets being Depreciated/Amortized, Net...	 <u>4,796,015</u>	 <u>59,055</u>	 <u>4,855,070</u>
<b>Discretely Presented Component Units –</b>			
Capital Assets, Net .....	<u>\$ 5,223,252</u>	<u>\$ 66,376</u>	<u>\$ 5,289,628</u>

**Note 6 – Leases**

**Capital**

The State has entered into various agreements to lease buildings, equipment and software. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, requires a lease that transfers substantially all of the benefits and risks of ownership to the lessee to be accounted for as the acquisition of a capital asset and the incurrence of an obligation by the lessee (a capital lease liability).

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 6 – Leases (contd.)**

Capital leases for the internal service funds, enterprise funds, and college and universities are reported as a long-term obligation in those funds along with the related assets. Capital leases and the related assets are not reported on the fund financial statements of governmental type funds. However, the capital leases and related assets of governmental funds are included on the government-wide financial statements and they are shown on the reconciliation between fund financial statements and government-wide statements.

Following is a summary of the future minimum lease payments for capital leases (in thousands of dollars):

<u>Fiscal Year Ending June 30</u>	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Enterprise Funds</u>	<u>College and Universities</u>
2017	\$ 9,403	\$ 7,618	\$ 180	\$ 7,270
2018	8,144	4,905	129	7,312
2019	6,580	3,056	---	7,300
2020	5,442	1,996	---	6,069
2021	5,015	1,153	---	5,666
2022-2026	8,917	604	---	24,388
2027-2031	2,996	483	---	1,669
<b>Total Minimum Lease Payments</b>	<b>46,497</b>	<b>19,815</b>	<b>309</b>	<b>59,674</b>
<b>Less Amount Representing Interest</b>	<b>(3,746)</b>	<b>(720)</b>	<b>(5)</b>	<b>(8,738)</b>
<b>Present Value of Net Minimum Lease Payments</b>	<b>\$ 42,751</b>	<b>\$ 19,095</b>	<b>\$ 304</b>	<b>\$ 50,936</b>

The State has entered into a lease with the Missouri Development Finance Board. The State's obligation under this lease does not constitute a general obligation or other indebtedness of the State. Payments under the lease agreement have been structured in amounts sufficient to pay principal and interest on the Leasehold Revenue Bonds issued by the Board. In November 2005, the Board issued \$28,995,000 of Leasehold Revenue Bonds Series 2005 for the purpose of purchasing buildings in Florissant, St. Louis, and Jennings. In May 2006, the Board issued \$9,865,000 of Leasehold Revenue Bonds Series 2006 for the purpose of purchasing one building in St. Louis. In June 2013, the Board issued \$21,820,000 of Leasehold Revenue Refunding Bonds Series A 2013 and \$7,450,000 of Leasehold Revenue Refunding Bonds Series B 2013 for the purpose of refunding \$20,805,000 of Leasehold Revenue Bonds Series 2005 and \$7,100,000 of Leasehold Revenue Bonds Series 2006, respectively. The payments on these leases are subject to annual appropriation by the State legislature.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 6 – Leases (cont.)**

Following is a summary of the future minimum lease payments to pay interest and principal of the Leasehold Revenue Bonds (in thousands of dollars):

<u>Fiscal Year Ending June 30</u>	<u>Internal Service Funds</u>
2017	\$ 2,418
2018	2,418
2019	2,416
2020	2,412
2021	2,414
2022–2026	12,046
2027–2031	12,030
Total Minimum Lease Payments	<u>36,154</u>
Less Amount Representing Interest	<u>(7,384)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 28,770</u>

Series A 2005 Refunding Certificates of Participation dated March 1, 2005, in the amount of \$120,490,000 refunded \$13,945,000 of Missouri Public Facilities Corporation Certificates of Participation (Acute Care Psychiatric Hospital Project) Series A 1994, \$13,400,000 of Missouri PRC Corporation Certificates of Participation (Psychiatric Rehabilitation Center Project) Series A 1995, \$9,915,000 of Northwest Missouri Public Facilities Corporation Certificates of Participation (Northwest Missouri Psychiatric Rehabilitation Center Project) Series B 1995, and \$83,480,000 of Missouri Public Facilities Corporation II Certificates of Participation (Bonne Terre Prison Project) Series A 1999. The State issued Refunding Certificates of Participation Series A 2011 dated June 7, 2011, in the amount of \$76,910,000. The Refunding Certificates of Participation refunded \$76,065,000 of Series A 2005 Refunding Certificates of Participation.

The State's obligation under these leases does not constitute a general obligation or other indebtedness of the State. The certificates of participation represent proportionate ownership interests of the certificate holders in the lease agreement. The certificates do not constitute a pledge of the full faith and credit of the State. Payments under the lease agreement have been structured in amounts sufficient to pay principal and interest on the certificate and are subject to annual appropriation by the State legislature.

Following is a summary of the future minimum lease payments for the Certificates of Participation (in thousands of dollars):

<u>Fiscal Year Ending June 30</u>	<u>Governmental Funds</u>
2017	\$ 13,666
2018	13,665
2019	<u>13,668</u>
Total Minimum Lease Payments	40,999
Less Amount Representing Interest	<u>(1,229)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 39,770</u>

**STATE OF MISSOURI**  
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**Note 6 – Leases (cont.)**

Assets acquired through these capital lease agreements are recorded as capital assets at the lower of the present value of the minimum lease payments or the fair value at the time of acquisition. The following is the value of the property under capital lease by asset category as of June 30, 2016 (in thousands of dollars):

	Governmental Funds	Internal Service Funds	Enterprise Funds	College and Universities
Buildings	\$ 215,174	\$ 41,224	\$ ---	\$ 54,042
Equipment	4,406	32,980	655	22,804
Software	<u>2,993</u>	<u>5,200</u>	<u>---</u>	<u>---</u>
	<u><u>\$ 222,573</u></u>	<u><u>\$ 79,404</u></u>	<u><u>\$ 655</u></u>	<u><u>\$ 76,846</u></u>

**Operating**

The State has entered into various operating leases for land, buildings, and equipment. Most of these leases are classified as operating, because the lease period is one year with multiple renewal options. Future minimum commitments due under operating leases as of June 30, 2016, were as follows (in thousands of dollars):

Fiscal Year Ending June 30	Governmental Funds	Enterprise Funds	Component Units
2017	\$ 20,257	\$ 320	\$ 10,962
2018	829	312	7,804
2019	425	306	6,315
2020	425	114	4,791
2021	380	1	3,624
2022–2026	470	---	9,562
2027–2031	145	---	---
2032–2036	<u>145</u>	<u>---</u>	<u>---</u>
 Total Minimum Commitments	 <u><u>\$ 23,076</u></u>	 <u><u>\$ 1,053</u></u>	 <u><u>\$ 43,058</u></u>

Expenditures for rent under operating leases for the years ended June 30, 2016 and June 30, 2015 were \$42,866,000 and \$28,900,000, respectively.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 6 – Leases (cont.)**

**Rental Revenue**

The State leases certain state owned facilities to entities outside the State. These lessor arrangements are generally long-term commitments which either generate revenue from otherwise idle property or better serve Missouri's citizens by providing convenient access to products and services. The total asset value of the leased facilities and land is \$93.5 million less accumulated depreciation of \$21.0 million for component units. The Department of Natural Resources (DNR) has \$48,000 in income from easements on DNR property. This income will be received in perpetuity. The contract conditions and amount for each individual easement can change with the sale of the property requiring the easement. New contracts will be negotiated with new property owners. Future minimum receivables, payable from lessor arrangements as of June 30, 2016, were as follows (in thousands of dollars):

<u>Fiscal Year Ending June 30</u>	<u>Component Units</u>
2017	\$ 4,387
2018	4,238
2019	3,989
2020	3,500
2021	3,313
2022-2026	16,337
2027-2031	15,160
2032-2036	15,052
2037-2041	14,228
2042-2046	13,743
2047-2051	6,587
2052-2056	3,074
2057-2061	3,074
2062-2066	863
2067-2071	500
2072-2076	500
2077-2081	500
2082-2086	500
2087-2091	500
2092-2096	<u>150</u>
 Total Minimum Receivables	 <u>\$ 110,195</u>

**Note 7 – Retirement Systems**

The State has two major retirement systems which cover substantially all State employees. These systems are the Missouri State Employees' Retirement System (MOSERS) and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS). MOSERS is comprised of the Missouri State Employees' Plan (MSEP), a cost-sharing multi-employer defined benefit public employee retirement plan and the Judicial Plan, a single-employer defined benefit public employee retirement plan. MPERS is a single-employer defined benefit public employees' retirement plan.

**Plan Descriptions**

The Missouri State Employees' Plan (MSEP) is a cost-sharing multi-employer defined benefit public employee retirement plan administered by MOSERS. The Plan is administered in accordance with Sections 104.010 and 104.312-104.1215, RSMo.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 7 – Retirement Systems (cont.)**

The MSEP has three benefit structures known as MSEP (closed plan), MSEP 2000, and MSEP 2011. The MSEP covers all full-time employees hired before July 1, 2000, who are not covered under another state-sponsored retirement plan. MSEP 2000 covers all full-time employees hired on or after July 1, 2000 and before January 1, 2011. MSEP 2011 covers all full-time employees first hired on or after January 1, 2011. Members of the closed plan have the option at retirement to choose between the benefit structure of the MSEP or MSEP 2000.

The Judicial Plan is a single-employer defined benefit public employee retirement plan administered by MOSERS. The Plan is administered in accordance with Sections 476.445 to 476.690, RSMo. The Judicial Plan covers eligible members appointed/elected before January 1, 2011. The Judicial Plan 2011 covers eligible members appointed/elected for the first time on or after January 1, 2011.

MOSERS provides retirement, survivor, and disability benefits to its members. General employees are fully vested after 5 years of creditable service if covered by the MSEP and MSEP 2000 plans and after 10 years of creditable service if covered by the MSEP 2011 plans. Elected officials are fully vested after 4 years of creditable service and Members of the General Assembly are fully vested after 6 years of creditable service. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The retirement eligibility requirements are as follows:

**MSEP**

Age 65 and active with 4 years of service  
Age 65 with 5 years of service  
Age 60 with 15 years of service  
Age 48 with age and service equaling 80 or more (Rule of 80)  
Employees may retire early at age 55 with at least 10 years of service with reduced benefits.  
The base benefit in the general employee plan is equal to 1.6% multiplied by the final average pay multiplied by years of credited service.

**MSEP 2000**

Age 62 with 5 years of service  
Age 48 with age and service equaling 80 or more (Rule of 80)  
Employees may retire early at age 57 with at least 5 years of service with reduced benefits.  
The base benefit in the general employee plan is equal to 1.7% multiplied by the final average pay multiplied by years of credited service.

**Judicial Plan**

Age 62 with 12 years of service  
Age 60 with 15 years of service  
Age 55 with 20 years of service  
Employees may retire early at age 62 with less than 12 years of service or age 60 with less than 15 years of service with a reduced benefit that is based upon years of service relative to 12 or 15 years.  
The base benefit for members with 12 or more years of service is equivalent to 50% of compensation on the highest court served.

**Judicial Plan 2011**

Age 67 with 12 years of service  
Age 62 with 20 years of service  
Employees may retire early at age 67 with less than 12 years of service with reduced benefits or age 62 with less than 20 years of service with a reduced benefit based on years of service.  
The base benefit for members with 12 or more years of service is equivalent to 50% of compensation on the highest court served.

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**Note 7 – Retirement Systems (cont.)**

**MSEP 2011**

Age 67 with 10 years of service  
Age 55 with age and service equaling 90  
or more (Rule of 90)  
Employees may retire early at age 62 with  
at least 10 years of service with  
reduced benefits.  
The base benefit in the general employee  
plan is equal to 1.7% multiplied by the  
final average pay multiplied by years  
of credited service.

For members hired prior to August 28, 1997, cost of living adjustments (COLAs) are provided annually based on 80% of the percentage increase in the average Consumer Price Index (CPI) from one year to the next, with a minimum rate of 4% and a maximum rate of 5%, until the cumulative amount of COLAs equals 65% of the original benefit, thereafter the 4% minimum rate is eliminated. For members hired on or after August 28, 1997, COLAs are provided annually based on 80% of the percentage increase in the average CPI from one year to the next, up to a maximum rate of 5%. Qualified, terminated-vested members of MSEP and the Judicial Plan may make a one-time election to receive the present value of their benefit in a lump sum payment. To qualify, a member must have terminated with at least 5, but less than 10 years of service, be less than age 60, and have a benefit present value of less than \$10,000.

The Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) is a single-employer defined benefit public employee retirement plan administered in accordance with Sections 104.010-104.1093, RSMo.

MPERS is considered a single-employer plan because its membership is composed of qualified employees of the Missouri Department of Transportation, uniformed and non-uniformed members of the Missouri State Highway Patrol, and MPERS staff.

MPERS provides retirement, survivor, and disability benefits to its members. The MPERS has three benefit structures known as the Closed Plan, the Year 2000 Plan, and the Year 2000 Plan-2011 Tier. Generally, the Closed Plan covers employees hired before July 1, 2000. The Year 2000 Plan generally covers employees hired on or after July 1, 2000 and before January 1, 2011. The Year 2000 Plan-2011 Tier covers employees hired on or after January 1, 2011. Employees covered by the Closed Plan and the Year 2000 Plan are fully vested after 5 years of creditable service. Employees covered by the 2011 Tier are fully vested after 10 years of creditable service.

The retirement eligibility requirements are as follows:

**Closed Plan**

**MoDOT and non-uniformed patrol members:**  
Age 65 and active with 4 or more years  
of service  
Age 65 with 5 or more years of service  
Age 60 with 15 or more years of service  
Age 48 with sum of age and service  
equaling 80 or more (Rule of 80)

**Uniformed patrol members:**

Age 55 and active with 4 or more years  
of service  
Age 55 with 5 or more years of service  
Age 48 with sum of age and service  
equaling 80 or more (Rule of 80)  
Mandatory retirement at age 60

All non-uniformed members may retire early with reduced benefits at age 55 with at least 10 years of service.

**STATE OF MISSOURI**  
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**Note 7 – Retirement Systems (cont.)**

The base benefit in the Closed Plan is equal to 1.6% multiplied by the final average pay multiplied by years of creditable service. For members of the uniformed patrol, the base benefit is calculated by applying the same formula, then multiplying the product by 1.33%.

For members employed prior to August 28, 1997, cost of living adjustments (COLAs) are provided annually based on 80% of the increase in the Consumer Price Index (CPI) with a minimum rate of 4% and a maximum rate of 5%, until the cumulative amount of COLAs equals 65% of the original benefit, thereafter, the 4% minimum rate is eliminated. For members employed on or after August 28, 1997, COLAs are provided annually based on 80% of the increase in the CPI, up to a maximum rate of 5%.

**Year 2000 Plan**

<b>MoDOT and non-uniformed patrol members:</b>	<b>Uniformed patrol members:</b>
Age 62 with 5 or more years of service	Age 48 with sum of age and service
Age 48 with sum of age and service	equaling 80 or more (Rule of 80)
equaling 80 or more (Rule of 80)	Mandatory retirement at age 60 with 5 or more years of service

All members may retire early with reduced benefits at age 57 with at least 5 years of service.

The base benefit in the Year 2000 Plan is equal to 1.7% multiplied by the final average pay multiplied by years of creditable service. Members retiring under the Rule of 80, and uniform patrol members retiring at the mandatory retirement age (currently 60) with 5 years of creditable service, receive an additional temporary benefit until age 62. The temporary benefit is equivalent to 0.8% multiplied by final average pay multiplied by years of creditable service. COLAs are provided annually based on 80% of the change in the CPI, up to a maximum rate of 5%.

**Year 2000 Plan–2011 Tier**

<b>MoDOT and non-uniformed patrol members:</b>	<b>Uniformed patrol members:</b>
Age 67 with 10 or more years of service	Age 55 and active with 10 or more years of service
Age 55 with sum of age and service	Mandatory retirement at age 60 with no minimum service amount
equaling 90 or more (Rule of 90)	

Active MoDOT and non-uniformed patrol members may retire early with reduced benefits at age 62 with at least 10 years of service. Terminated and vested uniformed patrol members may retire at age 67 with 10 or more years of service. COLAs are provided annually based on 80% of the change in the CPI, up to a maximum rate of 5%.

The base benefit in the 2011 Tier is equal to 1.7% multiplied by the final average pay multiplied by years of creditable service. Members retiring under the Rule of 90, and uniform patrol members retiring at the mandatory retirement age (currently 60) or at age 55 with 10 years of creditable service, receive an additional temporary benefit until age 62. The temporary benefit is equivalent to 0.8% multiplied by final average pay multiplied by years of creditable service.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 7 – Retirement Systems (cont.)**

Single-Employer Plans:

**Employees Covered by Benefit Terms – Single-Employers Only**

As of June 30, 2015 valuation, membership consisted of the following:

	<u>Judicial Plan</u>	<u>MPERS</u>
Retirees, beneficiaries, and disabilities currently receiving benefits	539	8,588
Terminated employees entitled to, but not yet receiving benefits	30	2,288
Active		
Vested	405	5,696
Nonvested	---	1,662
Total Membership	<u>974</u>	<u>18,234</u>

**Contributions**

Per Chapter 104.436, RSMo, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP 2011 Plan are required to contribute 4.00% of the annual pay. The State's required contribution rate for the MSEP and the Judicial Plan year ended June 30, 2015 were 16.97% and 58.45% of annual payroll, respectively. The contribution rates as a percentage of covered payroll for the MSEP and the Judicial Plan for the year ended June 30, 2015 were 16.96% and 58.43%, respectively. Contributions to the pension plan from the MSEP Plan and the Judicial Plan were \$270,220,000 and \$32,700,000 respectively, for the year ended June 30, 2015.

Per Chapter 104.070, RSMo, contribution requirements of the active employees and the participating employers are established and may be amended by the MPERS Board of Trustees. Beginning January 1, 2011, employee contributions of 4.00% of gross pay are required for those covered by the Year 2000 Plan-2011 Tier. Employer contributions are determined through annual actuarial valuations. Administrative expenses are financed through contributions from participating employers and investment earnings. The state's required contribution rate, as adopted by the MPERS Board of Trustees, for the year ended June 30, 2015 was to be at least 58.0%. The contribution rate as a percentage of covered payroll for the MPERS plan year ended June 30, 2015 was 58.62%. Contributions to the pension plan from the MPERS plan were \$200,639,000.

For the portion of the MSEP Plan relating to the State's component units, the required contribution rate for the year ended June 30, 2015 was 16.97%. The contribution rates as a percentage of covered payroll for the year ended June 30, 2015 range from 16.93% to 16.97%. Contributions to the pension plan were \$57,081,000 for the year ended June 30, 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

Multi-Employer Plan:

At June 30, 2016, a liability was reported for the State's proportionate share of the net pension liability for the MSEP and the MSEP-CU plans based on an actuarial valuation as of June 30, 2015. The State's proportionate share of the net pension liability was based on the State's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for plan year ended June 30, 2015.

**STATE OF MISSOURI**  
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**Note 7 – Retirement Systems (cont.)**

The State reported the following proportionate share of the net pension liability and the pension expense for the fiscal year ended June 30, 2016 (in thousands of dollars):

	<b>MSEP</b>	<b>MSEP-CU</b>
Pension Expense	\$ 257,062	\$ 56,120
Proportionate share:		
2016	82.26%	17.38%
Net Pension Liability	\$ 2,641,347	\$ 557,955

**Single-Employer Plans:**

The State's net pension liability and related information for the Judicial and MPERS plans for the fiscal year ended June 30, 2016 (in thousands of dollars):

	Judicial Plan			MPERS		
	Increase (Decrease)		Net Pension Liability (a) – (b)	Increase (Decrease)		Net Pension Liability (a) – (b)
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)		Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	
Balances at June 30, 2015	\$ 462,336	\$ 132,646	\$ 329,690	\$ 3,650,242	\$ 1,957,456	\$ 1,692,786
Changes for the year:						
Service Cost	10,614	---	10,614	45,358	---	45,358
Interest	36,162	---	36,162	275,285	---	275,285
Differences between expected and actual experience	5,103	---	5,103	(13,324)	---	(13,324)
Contributions – Employer	---	32,700	(32,700)	---	200,639	(200,639)
Contributions – Employee	---	488	(488)	---	3,294	(3,294)
Net Income Investment	---	(3,610)	3,610	---	92,646	(92,646)
Benefit payments, including refunds of employee contributions	(31,246)	(31,246)	---	(237,013)	(237,013)	---
Disability Premiums	---	---	---	(1,555)	(1,555)	---
Administrative Expense	---	(123)	123	---	(4,067)	4,067
Net Transfers to Other Retirement Systems	---	---	---	(3,147)	(2,033)	(1,114)
Other Changes	---	3	(3)	---	---	---
Net Changes	<u>20,633</u>	<u>(1,788)</u>	<u>22,421</u>	<u>65,604</u>	<u>51,911</u>	<u>13,693</u>
Balances at June 30, 2016	<u><u>\$ 482,969</u></u>	<u><u>\$ 130,858</u></u>	<u><u>\$ 352,111</u></u>	<u><u>\$ 3,715,846</u></u>	<u><u>\$ 2,009,367</u></u>	<u><u>\$ 1,706,479</u></u>

For the year ended June 30, 2016, the Judicial Plan and MPERS recognized pension expense of \$41,115,000 and \$136,405,000, respectively.

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**Note 7 – Retirement Systems (cont.)**

At June 30, 2016, deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources (in thousands of dollars):

	Deferred Outflows of Resources				Deferred Inflows of Resources			
	MSEP	Judicial	MPERS	MSEP-CU	MSEP	Judicial	MPERS	MSEP-CU
Difference between expected and actual experience	\$ 4,934	\$ 9,789	\$ ---	\$ 1,042	\$ 17,089	\$ ---	\$ 19,768	\$ 3,610
Changes of assumptions	---	---	---	---	35,155	---	---	7,426
Net difference between projected and actual earnings on pension plan investments	202,811	3,938	---	42,842	---	---	68,407	---
Changes in proportion and differences between pension plan contributions and proportionate share of contributions	49	---	22,489	6,012	4,420	---	22,489	1,697
Contributions subsequent to the measurement date	<u>270,198</u>	<u>33,538</u>	<u>199,609</u>	<u>57,155</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total	<u><u>\$ 477,992</u></u>	<u><u>\$ 47,265</u></u>	<u><u>\$ 222,098</u></u>	<u><u>\$ 107,051</u></u>	<u><u>\$ 56,664</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ 110,664</u></u>	<u><u>\$ 12,733</u></u>

Amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands of dollars):

Fiscal Year Ended June 30	Net Deferred Outflows/Inflows of Resources			
	MSEP	Judicial	MPERS	MSEP-CU
2017	\$ (1,670)	\$ 5,393	\$ (33,772)	\$ 1,465
2018	(1,982)	4,185	(33,772)	1,400
2019	(1,955)	1,290	(31,218)	1,189
2020	<u>156,737</u>	<u>2,859</u>	<u>10,587</u>	<u>33,109</u>
Totals	<u><u>\$ 151,130</u></u>	<u><u>\$ 13,727</u></u>	<u><u>\$ (88,175)</u></u>	<u><u>\$ 37,163</u></u>

**Actuarial Assumptions**

The total pension liability at June 30, 2016, is based upon the June 30, 2015 actuarial valuation for MOSERS and MPERS using the entry age normal actuarial cost method. Significant actuarial assumptions used in the June 30, 2015 actuarial valuations are the following:

	MSEP and MSEP-CU	Judicial	MPERS
Price Inflation	2.5%	2.5%	3.0%
Salary Increases or wage inflation	0.0%	0.0%	3.5–11.0%
Investment rate of return	8.0%	8.0%	7.75%

**STATE OF MISSOURI**  
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**Note 7 – Retirement Systems (cont.)**

The change in assumptions recorded as deferred inflows of resources was related to a change in wage assumptions. For the June 30, 2015 valuation, wage inflation is assumed to be 0% in the first year and 3.0% thereafter. This is a one-time change since pay increases for all employees were not approved for the fiscal year ended June 30, 2016. Previously, salary increases were assumed to be 3.0% to 5.9% annually on average, including inflation.

Mortality rates, for post-retirement mortality, used in evaluating allowances to be paid to non-disabled pensioners were the RP-2000 Combined Healthy Mortality Tables projected 16 years and set back one year for males and females for MPERS. MOSERS mortality rates were based on the RP-2000 combined healthy mortality table projected to 2016 with scale AA. MOSERS pre-retirement mortality rates used were 100% of the post-retirement mortality rates for males and 80% of the post-retirements mortality rates for females. MPERS pre-retirement mortality rates used was 70% for males and 50% for females of the post-retirement tables set back one year for males and set back one year for females.

Amounts reported in the June 30, 2016 actuarial report are assumptions reflecting adjustments to expected rates of withdrawal, disability, normal and early retirement, mortality, and merit and seniority pay for MPERS. The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2011 for MOSERS and July 1, 2007 through June 30, 2012 for MPERS. The adjustments were made to more closely reflect actual experience.

The long-term (30 year) expected rate of return on pension plan investments was determined using a building-block method in which best-estimate rates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for the MSEP and Judicial Plan and arithmetic real rates of return for MPERS for each major asset class included in the target allocation are summarized in the table below:

Asset Class	MSEP and MSEP-CU		Judicial		MPERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity					30%	4.80%
Private Equity					15%	6.50%
Fixed Income					25%	0.50%
Real Assets					5%	4.75%
Real Estate					10%	2.75%
Hedge Funds					15%	3.00%
Beta-balanced portfolio	80.0%	5.7%	80.0%	5.7%		
Illiquid portfolio**	20.0%	7.3%	20.0%	7.3%		
	<u>100.0%</u>		<u>100.0%</u>		<u>100%</u>	

\*\* Illiquid portfolio upper limit at 27.5% of capital, no new commitments past 23%.

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**Note 7 – Retirement Systems (cont.)**

**Discount Rate**

A single discount rate based on the expected rate of return on pension investments of 8.00%, 8.00%, and 7.75% was used to measure the total pension liability for MSEP, Judicial Plan, and MPERS, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate for MPERS. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made using the actuarially determined rates based on the board's funding policy for MOSERS. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	Current Single Discount Rate Assumption		
	1% Decrease		1% Increase
MSEP Net Pension Liability	7.00% \$ 3,722,465	8.00% \$ 2,641,347	9.00% \$ 1,733,374
Judicial Plan Net Pension Liability	7.00% 397,890	8.00% 352,111	9.00% 312,555
MPERS Net Pension Liability	6.75% 2,133,261	7.75% 1,706,479	8.75% 1,328,460
MSEP-CU Net Pension Liability	7.00% \$ 786,330	8.00% \$ 557,955	9.00% \$ 366,156

**Payables to the Pension Plan**

As of June 30, 2016, the State had payables of \$13,220,000 to MOSERS for the outstanding amount of contributions to the pension plan, relating to a two week lag in payroll.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separate financial reports issued by MOSERS and MPERS:

Missouri State Employees' Retirement System  
P.O. Box 209  
Jefferson City, Missouri 65102-0209  
[www.mosers.org](http://www.mosers.org)

STATE OF MISSOURI  
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**Note 7 – Retirement Systems (cont.)**

Missouri Department of Transportation and  
Highway Patrol Employees' Retirement System  
P.O. Box 1930  
Jefferson City, Missouri 65102-1930

**University of Missouri Retirement System**

**Plan Description**

The University of Missouri Retirement, Disability, and Death Benefit Plan is a single-employer defined benefit plan for all qualified employees. As authorized by Section 172.300, revised statute of Missouri, the University's Board of Curators administers the Retirement Plan and establishes its terms.

Full-time employees vest in the Retirement Plan after five years of credited service and become eligible for benefits based on age and years of service. A vested employee who retires at age 65 or older is eligible for a lifetime annuity calculated at a certain rate times the credited service years times the compensation base (average consumption for the five highest consecutive salary years). The rate is 2.2% if the employee was hired before October 1, 2012, or 1.0% if the employee was hired after September 30, 2012. Academic members who provide summer teaching and research service receive additional summer service credit. The Board of Curators may periodically approve increases to the benefits paid to existing pensioners. However, vested members who leave the University prior to eligibility for retirement are not eligible for these pension increases. Vested employees who are at least age 55 and have ten years or more of credited service, or age 60 with at least five years of credited service may choose early retirement with a reduced benefit. However, if the employee retires at age 62 and has at least 25 years of credited service, the benefit is not reduced. At retirement, up to 30% of the retirement annuity can be taken in a lump sum payment; also the standard annuity can be exchanged for an actuarially-equivalent annuity.

As of June 30, 2016, membership consisted of the following:

Vested members	18,445
Inactive vested members	4,126
Pensioners and beneficiaries	8,790
<hr/> Total Membership	<hr/> 31,361

**Contributions**

The University's contributions to the Retirement Plan are equal to the actuarially determined contribution rate (ADC). The ADC for those employees hired before October 1, 2012, averaged 9.6% of covered payroll for the year ending June 30, 2016. The ADC for those employees hired after September 30, 2012, averaged 5.7% of covered payroll for the year ended June 30, 2016. Employees are required to contribute 1% of their salary up to \$50,000 in a calendar year and 2% of their salary in excess of \$50,000. An actuarial valuation of the Plan is performed annually and the University's contribution rate is updated on July 1 at the beginning of the University's fiscal year, to reflect the actuarially determined funding requirement from the most recent valuation, as of the preceding October 1. This actuarial valuation reflects the adoption of any Retirement Plan amendments during the previous fiscal year.

Employees hired after September 30, 2012 participate in a single employer, defined contribution plan. Each year the University contributes 2% of each employee's eligible salary to a 401(a) plan. The University will match up to 3% of 457(b) plan with those going into the 401(a) plan. Employees are immediately 100% vested in their contributions. The University's base contributions and matching contributions vest following three years of consecutive or nonconsecutive service. The defined contribution plan recognized \$12,831,000 of pension expense and \$933,000 of forfeitures for the year ended June 30, 2016.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 7 – Retirement Systems (cont.)**

**Net Pension Liability**

The Retirement Plan's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015. Roll-forward procedures were used to measure the Retirement Plan's net pension liability as of June 30, 2016. For the year ended June 30, 2016, fiduciary net position as a percentage of the total pension liability amounted to 83.03%.

Changes in net pension liability (in thousands of dollars):

	<u>Total Pension Liability (TPL)</u>	<u>Fiduciary Net Pension (FNP)</u>	<u>Net Pension Liability (NPL)</u>
Balances at June 30, 2015	\$ 3,763,573	\$ 3,302,850	\$ 460,723
Changes for the year:			
Service Cost	68,328	---	68,328
Interest	288,438	---	288,438
Differences between expected and actual experience	(38,227)	---	(38,227)
Contributions – Employer	---	99,454	(99,454)
Contributions – Employee	---	14,976	(14,976)
Net Income Investment	---	6,646	(6,646)
Benefit payments, including refunds of employee contributions	(203,300)	(203,300)	---
Net Changes	<u>115,239</u>	<u>(82,224)</u>	<u>197,463</u>
Balances at June 30, 2016	<u>\$ 3,878,812</u>	<u>\$ 3,220,626</u>	<u>\$ 658,186</u>

**Pension Expense**

Annual pension expense consists of service cost and interest on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources and recognized in pension expense over a five year period.

For the year ended June 30, 2016, the Retirement Plan recognized pension expense of \$132,641,000. At June 30, 2016, deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources (in thousands of dollars):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 8,972	\$ 32,052
Net difference between projected and actual earnings on pension plan investments	<u>235,818</u>	---
Total	<u>\$ 244,790</u>	<u>\$ 32,052</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 7 – Retirement Systems (cont.)**

The University recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the University's employees. The following table summarizes the future recognition of these items:

<u>Fiscal Year Ended June 30</u>	<u>Net Deferred Outflows/Inflows of Resources</u>	
	<u>Recognition</u>	
2017	\$ 42,721	
2018	42,721	
2019	89,187	
2020	44,997	
2021	(5,709)	
Thereafter	(1,179)	
 Totals	 <u>\$ 212,738</u>	

**Actuarial Assumptions**

The October 1, 2015, actuarial valuation utilized the entry age actuarial cost method. Actuarial assumptions included:

Inflation	2.75%
Salary Increases	4.1% – 4.9%
Investment rate of return	7.75%

For purposes of determining actuarially required contributions, the actuarial value of assets was determined using techniques that spread effects of short-term volatility in the market value of investments over a five-year period. The underfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over 28 years from the October 1, 2015 valuation date. Mortality rates were based on the RP-2000 Combined Health Mortality Table projected to 2023 using Scale BB.

The actuarial assumptions used in the October 1, 2015 valuation were based on the results the most recent quinquennial study of the University's own experience covering 2008 to 2012.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 7 – Retirement Systems (cont.)**

The annual money-weighted rate of return is calculated as the internal rate of return on pension investments, net of pension plan investment expense. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return (loss) on pension plan investments for the years ended June 30, 2016 was (.8%). The following table provides long-term expected rates of real return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic large cap equity	18%	6.5%
Domestic small cap equity	2%	6.5%
Domestic fixed income	3%	1.7%
International equity	19%	6.7%
Emerging markets equity	6%	9.3%
International fixed income	4%	1.8%
Real estate	6%	4.3%
Private equity	10%	11.6%
Absolute return strategies	8%	4.1%
High yield fixed income	10%	4.1%
Emerging markets fixed income	6%	4.5%
Treasury inflation protection	2%	1.7%
Floating rate bank loans	4%	2.6%
Global inflation-linked bonds	2%	1.7%
<hr/> <u>100%</u>		

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the University contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current 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. For the October 1, 2015 actuarial valuation, a 7.75% discount rate was used.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
MU Net Pension Liability	6.75% \$ 1,129,237	7.75% \$ 658,186	8.75% \$ 259,235

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 7 – Retirement Systems (cont.)**

Separate financial statements are not prepared for the Plan.

Detailed information concerning the Plan is presented in the University's 2016 financial report, which is publicly available. Copies of this report may be requested from:

University of Missouri System  
118 University Hall  
Columbia, Missouri 65211  
[www.umsystem.edu](http://www.umsystem.edu)

**Note 8 – Other Postemployment Benefits**

In addition to the retirement benefits described in Note 7, the State provides postemployment health care and life insurance benefits, in accordance with State statutes, to the majority of employees who either retire from the State or receive long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the MoDOT and MSHP Medical and Life Insurance Plan (MHPML), and the Conservation Employees' Insurance Plan (CEIP). MCHCP is a cost-sharing, multiple employer plan, while MHPML and CEIP are both single-employer plans. MOSERS is an insured, defined benefit insurance plan and is currently administered through the Standard insurance company. It is financed on a percentage of payroll and is purchased as a group policy through competitive bids. The eligible number of retirees/long-term disability claimants for MCHCP, MHPML, and CEIP for health care benefits are approximately 20,584, 6,288 and 855 respectively. The number of retirees/long-term disability claimants currently participating in MOSERS, MHPML, and CEIP for life insurance benefits are 25,440, 3,946, and 496, respectively. Health care benefits and MOSERS life insurance benefits are funded through both employer and employee contributions. MOSERS employer contribution rates are set by the Standard Insurance Company. MHPML and CEIP life insurance benefits are funded through employee contributions. MHPML and CEIP employer contribution rates are set by the Plans Board of Trustees and approved by their respective Commission. Employer contribution rates for MCHCP are set in accordance with Section 103.100, RSMo. Retiree contribution rates are established based on projected claims experience and funding provided by employer contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier.

During fiscal year 2016, the State contributed \$1,900,000 and recognized \$1,900,000 in expenditures for MOSERS life insurance.

For fiscal year 2016, the State's contributions were 53.30% of the total (employer/employee) contributions made for other postemployment benefits.

**Funding Policy**

The contribution requirements of MCHCP, MHPML, and CEIP are established and may be amended by the State legislature, Missouri Highways and Transportation Commission, and the Conservation Department Board of Trustees, respectively. State contribution rates for MCHCP are based on the State's approved appropriation and the number of anticipated participants. The required contribution for MHPML and CEIP is based on an actuarial study and is financed on a pay-as-you-go basis. For fiscal year 2016, MCHCP, MHPML, and CEIP contributed \$66.2, \$25.1 and \$4.4 million, respectively. Retiree contributions during fiscal year 2016 for MCHCP, MHPML, and CEIP were \$51.4, \$20.1, and \$2.7 million, respectively.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 8 – Other Postemployment Benefits (cont.)**

**Annual OPEB Cost and Net OPEB Obligation**

The MCHCP, MHPML, and CEIP annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45, Accounting and Fiscal Reporting by Employers for Postemployment Benefits Other Than Pensions. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of MCHCP, MHPML, and CEIP annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the net OPEB obligation (in thousands of dollars):

	MCHCP	MHPML	CEIP
Annual required contribution	\$ 96,552	\$ 73,610	\$ 11,189
Interest on net OPEB contribution	19,280	21,783	2,060
Adjustments to annual required contribution	(13,929)	(30,288)	(2,030)
Annual OPEB cost	101,903	65,105	11,219
Contributions made	(66,200)	(25,062)	(4,385)
Increase in net OPEB obligations	35,703	40,043	6,834
Net OPEB obligation, beginning of year	321,343	544,582	54,928
Net OPEB obligation, end of year	<u>\$ 357,046</u>	<u>\$ 584,625</u>	<u>\$ 61,762</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2016 are as follows (in thousands of dollars):

	MCHCP			MHPML		
	Fiscal Year Ending			Fiscal Year Ending		
	06/30/16	06/30/15	06/30/14	06/30/16	06/30/15	06/30/14
Annual OPEB Cost (AOC)	\$ 101,903	\$ 108,266	\$ 103,941	\$ 65,105	\$ 72,601	\$ 73,230
Percentage of AOC Contributed	64.96%	57.81%	55.18%	38.49%	37.87%	37.54%
Net OPEB Obligation	\$ 357,046	\$ 321,343	\$ 275,663	\$ 584,625	\$ 544,582	\$ 499,473
CEIP						
Fiscal Year Ending						
	06/30/16	06/30/15	06/30/14			
Annual OPEB Cost (AOC)	\$ 11,219	\$ 11,905	\$ 11,745			
Percentage of AOC Contributed	39.09%	36.04%	34.50%			
Net OPEB Obligation	\$ 61,762	\$ 54,928	\$ 47,314			

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 8 – Other Postemployment Benefits (cont.)**

**Funded Status and Funding Progress**

The funded status of the Plans as of June 30, 2016, are as follows (in thousands of dollars):

	<u>MCHCP</u>	<u>MHPML</u>	<u>CEIP</u>
Actuarial Accrued Liability (AAL)	\$ 1,730,700	793,246	\$ 175,716
Less Actuarial Value of Plan Assets	<u>117,000</u>	<u>---</u>	<u>---</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 1,613,700</u></u>	<u><u>\$ 793,246</u></u>	<u><u>\$ 175,716</u></u>
 Funded Ratio	 6.76%	 0.00%	 0.00%
Covered Payroll	\$ 1,586,500	\$ 344,275	\$ 67,400
UAAL as a Percentage of Covered Payroll	101.71%	230.41%	260.71%

**Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation for fiscal year ending June 30, 2016, MCHCP used the entry-age method while MHPML and CEIP used the projected unit credit cost method. The actuarial assumptions for MCHCP, MHPML, and CEIP include a 6.0%, 4.0%, and 3.8% discount rate, respectively. The projected annual health care cost trend rate for non-Medicare health care is 6.5%, and will be decreasing by 0.3% per year to an ultimate rate of 5.0% in fiscal year 2021 and later. The projected annual health care cost trend rate for Medicare health care is 6.6% in fiscal year 2016; the rate decreases by 0.4% per year through fiscal year 2019, then by 0.2% per year to an ultimate rate of 5.0% in fiscal year 2021 and later. The UAAL is being amortized at a level dollar amount over an open basis, over a 30-year period.

**College and Universities:**

**University of Missouri System**

In addition to the retirement benefits described in *Note 7*, the University provides postemployment medical care, dental care, and life insurance benefits to eligible employees who retire from the University and to employees receiving long-term disability benefits by means of a single-employer, defined benefit plan. Currently, 7,664 retirees/long-term disability claimants meet the eligibility requirements. These postemployment benefits are funded through both employer and employee contributions. For fiscal year 2016, the University's contributions were 60.87% of the total (employer/employee) contributions made for other postemployment benefits.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 8 – Other Postemployment Benefits (cont.)**

Currently, the number of retirees/long-term disability claimants participating in medical care, dental care, and life insurance are 5,725, 6,153, and 3,308, respectively. During fiscal year 2016, the University and its employees contributed \$43,051,000 for other postemployment benefits. The expenditures recognized by the University for (employer/employee) other postemployment benefits were \$42,801,000.

**Funding Policy**

Contribution requirements of the employees and the University are established and may be amended by the University's Board of Curators. The University has no obligation to make contributions in advance of when insurance premiums or claims are due for payment. It currently funds postemployment benefits at a level no less than the pay-as-you-go basis. In fiscal year 2016 and 2015, the University contributed \$26,207,000 and \$25,709,000, or 90.4% and 44.0%, of the annual required contribution (ARC), respectively.

**Annual OPEB Cost and Net OPEB Obligation**

The University's annual other postemployment benefit (OPEB) cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the University's net OPEB obligation for fiscal year 2016 (in thousands of dollars):

<u>University of Missouri System</u>		
Annual required contribution	\$ 28,866	
Interest on net OPEB obligation	9,231	
Adjustment to annual OPEB obligation	<u>(9,111)</u>	
Annual OPEB cost	28,986	
Contributions made	<u>(26,207)</u>	
Increase in net OPEB obligation	2,779	
Net OPEB obligation (asset), beginning of year	<u>209,793</u>	
Net OPEB obligation, end of year	<u>\$ 212,572</u>	

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2016 was as follows (in thousands of dollars):

	<u>University of Missouri System</u>		
	<u>Fiscal Year Ending</u>		
	<u>06/30/16</u>	<u>06/30/15</u>	<u>06/30/14</u>
Annual OPEB Cost (AOC)	\$ 28,986	\$ 58,462	\$ 59,925
Percentage of AOC Contributed	90.40%	43.98%	41.88%
Net OPEB Obligation	\$ 212,572	\$ 209,793	\$ 177,040

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 8 – Other Postemployment Benefits (cont.)**

**Funded Status and Funding Progress**

The funded status of the Plan as of June 30, 2016, was as follows (in thousands of dollars):

	<u>University of Missouri System</u>
Actuarial Accrued Liability (AAL)	\$ 513,464
Less Actuarial Value of Plan Assets	36,843
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 476,621</u>
 Funded Ratio	 7.18%
Covered Payroll	\$ 1,157,156
UAAL as a Percentage of Covered Payroll	41.19%

**Actuarial Methods and Assumptions**

July 1, 2015 was the date of the last valuation. The University of Missouri used the projected unit credit actuarial cost method of valuation. The actuarial assumptions for University of Missouri System included a 4.4% rate of return, net of administrative expenses. The projected annual health care cost trend rate is 5.0% to 8.0% initially, reduced by 0.5% decrements to an ultimate rate of 5.0%. The UAAL is being amortized at a level dollar amount over an open basis, level percent of pay, over a 30-year period.

In April of 2016, the University's Board of Curators approved new plan provisions for retiree insurance offerings available to current employees upon their retirement that would reduce the University's actuarial accrued liability. As a result of the changes, the plan reduced the Accrued Actuarial Liability by \$170,097,000. This change will be amortized into the Unfunded Actuarial Liability over a period of 30 years.

**Note 9 – Deferred Compensation**

**Missouri State Public Employees' Deferred Compensation Plan:**

In accordance with Internal Revenue Code Section 457, the State offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under the Plan, employees are permitted to defer a portion of their current salary until future years.

All amounts of compensation deferred under the Plan must be held in a trust, custodial account, or annuity contract for the exclusive benefit of Plan participants and their beneficiaries. Investments are managed by the Plan's trustee under one of several investment options, or a combination thereof. The choice between the investment option(s) available by the Plan is made by the participants.

Copies of the Plan's financial statements may be requested from:

Plan Administrator  
c/o MOSERS  
P.O. Box 209  
907 Wildwood Drive  
Jefferson City, Missouri 65102-0209

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 9 – Deferred Compensation (cont.)**

**Missouri State Public Employees' Deferred Compensation Plan:**

The Plan was established by the Missouri State Public Employees' Deferred Compensation Commission in July 1995 pursuant to Section 401(a) of the Internal Revenue Code.

Under the Plan provisions, any employee of the State is eligible to participate in the Plan if he/she has been an employee of the State for at least 12 consecutive months preceding any employer contributions to the Plan, and is making continuous monthly deferrals of at least \$25 to the Missouri State Public Employees' Deferred Compensation Plan. As of March 2010, employer incentive (match) associated with the State of Missouri Deferred Compensation Plan was suspended. Participating employees are 100% vested.

The first employer contributions to the Plan were made in January 1996. The Plan receives contributions from employees as well as rollovers from other qualified plans. During fiscal year 2016, net rollovers and contributions to ICMA-RC were \$55,118,000.

Copies of the Plan's financial statements may be requested from:

Plan Administrator  
c/o MOSERS  
P.O. Box 209  
907 Wildwood Drive  
Jefferson City, Missouri 65102-0209

**Note 10 – Changes in Short-Term Liabilities**

The State uses a bank overdraft line of credit to compensate for timing in cash payments and receipts.

The following is a summary of the changes in short-term liabilities for the year ended June 30, 2016 (in thousands of dollars):

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Governmental Activities:</b>				
Bank Overdraft	<u>\$</u> <u>1</u>	<u>\$</u> <u>1,130,029</u>	<u>\$</u> <u>(1,130,028)</u>	<u>\$</u> <u>2</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 11 – Changes in Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016 (in thousands of dollars):

	<u>*Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Due to Other Entities	\$ 7,712	\$ 231	\$ (6,585)	\$ 1,358	\$ ---
General Obligation Bonds					
Payable	266,275	---	(57,395)	208,880	54,050
Other Bonds Payable	3,226,430	193,800	(212,830)	3,207,400	242,975
Unamortized Bond Premium	275,998	17,810	(48,326)	245,482	---
Obligations under Lease Purchase	134,459	27,534	(31,607)	130,386	30,273
Pollution Remediation	37,002	14,566	(1,843)	49,725	835
Compensated Absences	173,187	188,127	(186,516)	174,798	173,828
Claims Liability	158,998	466,942	(443,510)	182,430	115,691
Contingent Liabilities	19,921	37,812	(18,693)	39,040	31,040
2 <sup>nd</sup> Injury Fund					
Contingent Liabilities	1,684,732	151,464	(103,511)	1,732,685	103,511
Net Other Postemployment Benefit Obligation	920,853	178,227	(95,647)	1,003,433	---
Net Pension Liability	<u>3,915,520</u>	<u>1,114,664</u>	<u>(407,288)</u>	<u>4,622,896</u>	<u>---</u>
Total Governmental Activities	<u><u>\$ 10,821,087</u></u>	<u><u>\$ 2,391,177</u></u>	<u><u>\$ (1,613,751)</u></u>	<u><u>\$ 11,598,513</u></u>	<u><u>\$ 752,203</u></u>

**Business-Type Activities:**

Obligations under Lease Purchase	\$ 477	\$ ---	\$ (173)	\$ 304	\$ 176
Claims Liability	88,554	8,339	(13,658)	83,235	12,250
Grand Prize Winner Liability	94,734	69,966	(62,948)	101,752	72,401
Compensated Absences	4,567	4,052	(4,220)	4,399	4,220
Net Pension Liability	<u>50,569</u>	<u>40,603</u>	<u>(14,836)</u>	<u>76,336</u>	<u>---</u>
Total Business-Type Activities	<u><u>\$ 238,901</u></u>	<u><u>\$ 122,960</u></u>	<u><u>\$ (95,835)</u></u>	<u><u>\$ 266,026</u></u>	<u><u>\$ 89,047</u></u>

\*Beginning balances as of July 1, 2015 have been restated (see Note 18).

**Note 12 – Bonds Payable**

Bonds are long-term liabilities and are reconciling items from governmental fund financial statements to government-wide financial statements. On the Government-Wide Statement of Net Position, the long-term liabilities are shown as the amounts due within one year from the date of the statement and the amounts due in more than one year from the date of the statement.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 12 – Bonds Payable (cont.)**

**General Obligation Bonds:**

The Board of Fund Commissioners of the State of Missouri, upon voter approval and subsequent authorization of the General Assembly, issues general obligation bonds that are secured by a pledge of the full faith, credit, and resources of the State. The principal and interest amounts are transferred one year in advance from the General Fund or other funds to the debt service funds from which principal and interest payments are made. Three types of general obligation bonds are currently outstanding. Proceeds from the Water Pollution Control Bonds were used to provide funds for the protection of the environment through the control of water pollution. Proceeds from the Fourth State Building Bonds were used to provide funds for improvements of buildings and property of higher education institutions, Department of Corrections, and the Division of Youth Services. Proceeds from the Stormwater Control Bonds were used to provide funds to protect the environment through the control of stormwater.

To take advantage of lower interest rates, the Board of Fund Commissioners has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
<b>Water Pollution Control Bonds:</b>				
Series A 2003–Refunding	10/29/03	\$ 74,655	B 1993–Refunding	\$ 76,540
Series A 2005–Refunding	6/29/05	95,100	A 1996	2,160
			A 1998	28,680
			A 1999	17,595
			A 2003–Refunding	51,535
Series A 2010–Refunding	7/27/10	81,450	A 2001	15,030
			A 2002	20,225
			B 2002–Refunding	12,990
			A 2005–Refunding	8,595
			A 2007	31,385
Series A 2012–Refunding	9/27/12	62,460	A 2002	3,225
			B 2002–Refunding	64,080
<b>Fourth State Building Bonds:</b>				
Series A 2005–Refunding	6/29/05	45,330	A 1996	7,715
			A 1998	40,970
Series A 2010–Refunding	7/27/10	9,060	A 2002–Refunding	8,970
			A 2005–Refunding	1,470
Series A 2012–Refunding	9/27/12	100,395	A 2002–Refunding	110,535
<b>Stormwater Control Bonds:</b>				
Series A 2010–Refunding	7/27/10	15,150	A 2001	7,320
			A 2002	8,475
			A 2005–Refunding	905

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**Note 12 – Bonds Payable (cont.)**

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2016, \$594,494,240 of the Water Pollution Control Bonds; \$250,000,000 of the Fourth State Building Bonds; and \$45,000,000 of the Stormwater Control Bonds have been issued. The remaining authorization for the Water Pollution Control Bonds is \$130,505,760 and for Stormwater Control Bonds is \$155,000,000. There is no remaining authorization for the Fourth State Buildings Bonds.

General obligation bonds issued and outstanding as of June 30, 2016, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
<b>Water Pollution Control Bonds:</b>						
Series A 2003-Refunding	3.25 – 6.0%	2/1; 8/1	10/03	8/1/16	\$ 74,655	\$ 2,430
Series A 2005-Refunding	5.0%	10/1; 4/1	6/05	10/1/16	95,100	10,140
Series A 2007	4.0 – 5.0%	6/1; 12/1	11/07	12/1/21	50,000	10,680
Series A 2010-Refunding	4.0 – 5.0%	12/1; 6/1	7/10	12/1/22	81,450	56,620
Series A 2012-Refunding	3.0 – 4.0%	10/1; 4/1	9/12	10/1/19	62,460	24,425
<b>Fourth State Building Bonds:</b>						
Series A 2005-Refunding	5.0%	10/1; 4/1	6/05	10/1/16	45,330	11,915
Series A 2010-Refunding	4.0 – 5.0%	12/1; 6/1	7/10	12/1/22	9,060	6,300
Series A 2012-Refunding	2.0 – 4.0%	10/1; 4/1	9/12	10/1/21	100,395	75,840
<b>Stormwater Control Bonds:</b>						
Series A 2010-Refunding	4.0 – 5.0%	12/1; 6/1	7/10	12/1/22	<u>15,150</u>	<u>10,530</u>
Total General Obligation Bonds					<u>\$ 533,600</u>	<u>\$ 208,880</u>
Less: Amount in Sinking Fund for payment of Principal						(62,539)
						<u>\$ 146,341</u>

As of June 30, 2016, general obligation debt service requirements for principal and interest in future years were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2017	\$ 54,050	\$ 7,879	\$ 61,929
2018	50,135	5,592	55,727
2019	38,575	3,712	42,287
2020	21,590	2,445	24,035
2021	15,880	1,666	17,546
2022-2023	<u>28,650</u>	<u>1,266</u>	<u>29,916</u>
Totals	<u>\$ 208,880</u>	<u>\$ 22,560</u>	<u>\$ 231,440</u>

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**Note 12 – Bonds Payable (cont.)**

Other Bonds:

The Board of Public Buildings of the State of Missouri, upon the approval of the General Assembly, issues revenue bonds for building projects and commits state agencies to lease space in these buildings. The General Assembly appropriates to the Board, on behalf of the state agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves, and to pay the costs of operations. The total amount authorized for the Board equals \$1,545,000,000.

To take advantage of lower interest rates, the Board of Public Buildings has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	Date Issued	Amount Issued	Series Refunded	Amount Refunded
Board of Public Buildings:				
Series A 2011–Refunding	09/27/11	\$ 143,020	A 2001	\$ 126,850
			A 2003	12,620
			A 2006	3,175
Series A 2012–Refunding	08/23/12	278,835	A 2003	285,340
Series A 2013–Refunding	10/11/13	29,370	A 2003	30,195
Series A 2014–Refunding	08/19/14	88,680	A 2006	87,225
Series A 2015–Refunding	04/01/15	20,250	A 2011–Refunding	21,380

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2016, the Board of Public Buildings Bonds had issued \$1,068,010,000 of the bond authorization. The remaining authorization is \$476,990,000.

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2016, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Board of Public Buildings:						
Series A 2006	4.0 – 5.0%	4/1; 10/1	10/06	10/1/16	\$ 120,000	\$ 3,975
Series A 2011–Refunding	1.0 – 5.0%	4/1; 10/1	9/11	10/1/28	143,020	99,155
Series A 2012–Refunding	2.0 – 5.0%	4/1; 10/1	8/12	10/1/28	278,835	250,300
Series A 2013–Refunding	2.0 – 5.0%	4/1; 10/1	10/13	10/1/28	29,370	26,335
Series A 2014–Refunding	1.0 – 5.0%	4/1; 10/1	8/14	10/1/30	88,680	86,230
Series A 2015–Refunding	5.0%	4/1; 10/1	4/15	10/1/24	20,250	20,250
Series A 2015	3.0 – 5.0%	4/1; 10/1	4/15	10/1/39	36,805	35,975
Series B 2015	3.0 – 5.0%	4/1; 10/1	9/15	4/1/30	60,000	55,870
Series A 2016	3.0 – 4.0%	4/1; 10/1	5/16	4/1/36	100,000	100,000
Total Board of Public Buildings Bonds					\$ 876,960	\$ 678,090

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**Note 12 – Bonds Payable (cont.)**

As of June 30, 2016, the debt service requirements for principal and interest in future years for the Board of Public Buildings Bonds were as follows (in thousands of dollars):

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
2017	\$ 39,280	\$ 24,327	\$ 63,607
2018	40,490	23,046	63,536
2019	42,230	21,229	63,459
2020	44,070	19,230	63,300
2021	46,025	17,178	63,203
2022–2026	257,545	55,950	313,495
2027–2031	179,155	15,147	194,302
2032–2036	20,960	3,317	24,277
2037–2040	<u>8,335</u>	<u>596</u>	<u>8,931</u>
<b>Totals</b>	<b><u>\$ 678,090</u></b>	<b><u>\$ 180,020</u></b>	<b><u>\$ 858,110</u></b>

The Missouri Health and Educational Facilities Authority (MOHEFA) issued \$35,000,000 of Educational Facilities Revenue Bonds (University of Missouri–Columbia Arena Project) Series 2001, dated November 1, 2001, to fund the design, acquisition, construction, furnishing, and equipping of a sports arena facility and related facilities on the University of Missouri–Columbia campus. The Missouri Health and Educational Facilities Authority (MOHEFA) issued \$20,125,000 of Educational Facilities Refunding Revenue Bonds Series 2011, dated November 17, 2011. The Refunding Educational Facilities Revenue bonds refunded \$22,770,000 of Educational Facilities Revenue Bonds Series 2001. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount for principal and interest each year.

The Educational Facilities Revenue Bonds issued and outstanding as of June 30, 2016, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
<b>Educational Facilities Revenue Bonds:</b>						
Series 2011–Refunding	2.0 – 5.0%	4/1; 10/1	11/11	10/1/21	<u>\$ 20,125</u>	<u>\$ 13,090</u>

As of June 30, 2016, the debt service requirements for principal and interest in future years for the Educational Facilities Revenue Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
2017	\$ 1,930	\$ 597	\$ 2,527
2018	2,015	507	2,522
2019	2,115	404	2,519
2020	2,225	296	2,521
2021	2,340	182	2,522
2022	<u>2,465</u>	<u>62</u>	<u>2,527</u>
<b>Totals</b>	<b><u>\$ 13,090</u></b>	<b><u>\$ 2,048</u></b>	<b><u>\$ 15,138</u></b>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 12 – Bonds Payable (cont.)**

The Regional Convention and Sports Complex Authority issued \$132,910,000 of Convention and Sports Facility Project Bonds Series A 1991, dated August 15, 1991, to finance the costs of acquiring land and constructing a multi-purpose convention and indoor sports facility in downtown St. Louis, Missouri. On December 15, 1993, the Authority issued \$121,705,000 of Convention and Sports Facility Project Refunding Bonds Series A 1993 for the purpose of refunding the callable portions of the outstanding bonds issued in August 1991 and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was \$101,410,000. On August 1, 2003, the Authority issued \$116,030,000 of Convention and Sports Facility Project Refunding Bonds Series A 2003 for the purpose of refunding Convention and Sports Facility Project Bonds Series A 1991 and Series A 1993 refunding bonds and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was \$2,845,000 for the Series A 1991 bonds and \$113,170,000 for the Series A 1993 refunding bonds. On August 20, 2013, the Authority issued \$65,195,000 of Convention and Sports Facility Project Refunding Bonds Series A 2013 for the purpose of refunding Convention and Sports Facility Project Refunding Bonds Series A 2003. The principal amount refunded was \$64,385,000. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State.

The Convention and Sports Facility Project Bonds issued and outstanding as of June 30, 2016, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Convention and Sports Facility Project Bonds:						
Series A 2013-Refunding	2.0 – 5.0%	2/15; 8/15	8/13	8/15/21	\$ 65,195	\$ 50,815

As of June 30, 2016, the debt service requirements for the principal and interest in future years for the Convention and Sports Facility Project Bonds were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2017	\$ 7,530	\$ 2,315	\$ 9,845
2018	7,835	1,968	9,803
2019	8,225	1,567	9,792
2020	8,635	1,145	9,780
2021	9,070	703	9,773
2022	<u>9,520</u>	<u>238</u>	<u>9,758</u>
<b>Totals</b>	<b>\$ 50,815</b>	<b>\$ 7,936</b>	<b>\$ 58,751</b>

**STATE OF MISSOURI**  
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**Note 12 – Bonds Payable (cont.)**

Under a financing agreement dated August 1, 1991, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount of \$10,000,000 for principal and interest and \$2,000,000 for maintenance each year. Future payments to the Authority related to the bond repayment were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>State Debt Service Payments</u>
2017	\$ 10,000
2018	10,000
2019	10,000
2020	10,000
2021	10,000
2022	<u>5,000</u>
<b>Total</b>	<b><u>\$ 55,000</u></b>

The Missouri Development Finance Board (MDFB) issued \$92,660,000 of Series 2014 Bonds dated December 10, 2014, to fund the replacement of the Fulton State Hospital. These bonds are limited obligations of the Board and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount for principal and interest each year.

The MDFB – Fulton State Hospital Project Bonds issued and outstanding as of June 30, 2016, were as follows (In thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Fulton State Hospital Project Bonds: Series 2014	2.25 – 5.0%	4/1; 10/1	12/14	10/1/39	\$ 92,660	\$ 90,455

As of June 30, 2016, the debt service requirements for principal and interest in future years for the Fulton State Hospital Project Bonds (based on the financing agreement between the State and the Board) were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 2,320	\$ 3,341	\$ 5,661
2018	2,435	3,222	5,657
2019	2,565	3,097	5,662
2020	2,695	2,965	5,660
2021	2,830	2,827	5,657
2022–2026	16,070	12,230	28,300
2027–2031	18,650	9,651	28,301
2032–2036	21,970	6,327	28,297
2037–2040	<u>20,920</u>	<u>1,715</u>	<u>22,635</u>
<b>Totals</b>	<b><u>\$ 90,455</u></b>	<b><u>\$ 45,375</u></b>	<b><u>\$ 135,830</u></b>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 12 – Bonds Payable (cont.)**

The Missouri Development Finance Board (MDFB) issued \$33,800,000 of Series A 2016 Bonds dated March 11, 2016, to fund the State Historical Society project. These bonds are limited obligations of the Board and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount for principal and interest each year.

The MDFB – State Historical Society Project Bonds issued and outstanding as of June 30, 2016, were as follows (In thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
State Historical Society Project Bonds:						
Series A 2016	2.0 – 5.0%	4/1; 10/1	3/16	10/1/35	\$ 33,800	\$ 33,800

As of June 30, 2016, the debt service requirement of the State for principal and interest in future years for the State Historical Society Project were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2017	\$ 1,145	\$ 1,189	\$ 2,334
2018	1,250	1,083	2,333
2019	1,290	1,039	2,329
2020	1,350	973	2,323
2021	1,415	903	2,318
2022-2026	7,835	3,677	11,512
2027-2031	9,065	2,326	11,391
2032-2036	<u>10,450</u>	<u>813</u>	<u>11,263</u>
<b>Totals</b>	<b>\$ 33,800</b>	<b>\$ 12,003</b>	<b>\$ 45,803</b>

**State Road Bonds:**

The Missouri Highways and Transportation Commission authorized by Article IV, Section 29-34 of the Missouri Constitution and Section 226.133 of the State Highway Act, issues bonds for highway construction and repairs. Under the Missouri Constitution, the principal and interest of the State Road Bonds are payable solely from the revenues of the Missouri Road Fund. State Road Bonds have the following levels of priority: Senior Bonds, First Lien Bonds, Second Lien Bonds, and Third Lien Bonds. Proceeds from State Road Bonds are used for the purpose of constructing and maintaining the State's highways. As of June 30, 2016, the Missouri Highways and Transportation Commission had issued \$3,812,195,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 12 – Bonds Payable (cont.)**

To take advantage of lower interest rates, the Missouri Highways and Transportation Commission has issued Bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Commission (in thousands of dollars):

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
Senior Lien State Road Bonds:				
Series 2006-Refunding	12/13/06	\$ 394,870	A 2000 A 2001 A 2002 A 2003	\$ 135,980 105,075 109,165 57,390
Series C 2010-Refunding	11/10/10	130,390	A 2001 A 2002 A 2003	11,135 18,405 111,760
Series A 2014-Refunding	6/3/14	589,015	A 2006 B 2006	149,150 503,330
Series B 2014-Refunding	6/3/14	311,975	2007	325,290

The State Road Bonds issued and outstanding as of June 30, 2016, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Highways and Transportation Commission:						
State Road Bonds						
Series 2006-Refunding	4.00 – 5.00%	2/1; 8/1	12/06	2/1/22	394,870	251,745
Series 2007-Second Lien	4.00 – 5.25%	5/1; 11/1	9/07	5/1/27	526,800	86,515
Series A 2008-Second Lien	3.00 – 5.00%	5/1; 11/1	12/08	5/1/25	142,735	96,385
Series A 2009	2.00 – 5.00%	5/1; 11/1	9/09	5/1/21	195,625	99,905
Series B 2009	4.802 – 5.252%	5/1; 11/1	9/09	5/1/33	404,375	404,375
Series C 2009-Third Lien	4.313 – 5.213%	5/1; 11/1	11/09	5/1/29	300,000	300,000
Series A 2010	1.50 – 5.00%	5/1; 11/1	3/10	5/1/22	128,865	66,015
Series B 2010	4.72 – 5.02%	5/1; 11/1	3/10	5/1/25	56,135	56,135
Series C 2010-Refunding	3.00 – 5.00%	2/1; 8/1	11/10	2/1/23	130,390	79,085
Series A 2014-Refunding	2.00 – 5.00%	5/1; 11/1	6/14	5/1/26	589,015	589,015
Series B 2014-Refunding	3.00 – 5.00%	5/1; 11/1	6/14	5/1/25	311,975	311,975
Total Missouri Highways and Transportation Commission					<u>\$ 3,180,785</u>	<u>\$ 2,341,150</u>

**STATE OF MISSOURI**  
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**Note 12 – Bonds Payable (cont.)**

As of June 30, 2016, debt service requirements for principal and interest in future years for the Missouri Highways and Transportation Commission were as follows (in thousands of dollars):

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
2017	\$ 190,770	\$ 116,789	\$ 307,559
2018	200,185	107,955	308,140
2019	209,355	98,351	307,706
2020	218,270	88,318	306,588
2021	212,500	77,732	290,232
2022-2026	939,640	238,511	1,178,151
2027-2031	285,415	64,679	350,094
2032-2033	<u>85,015</u>	<u>6,984</u>	<u>91,999</u>
<b>Totals</b>	<b><u>\$ 2,341,150</u></b>	<b><u>\$ 799,319</u></b>	<b><u>\$ 3,140,469</u></b>

**Component Units' Long-Term Debt** – The following bonds are included in the balance sheet of the college and universities and the non-major component units.

**Major**

College and Universities:

The college and universities of the State issue revenue bonds for various projects on each respective campus. Bonds are payable, both principal and interest, only out of net income and revenues arising from operations of facilities funded by the bonds. As of June 30, 2016, debt service requirements for principal and interest for the college and universities were as follows (in thousands of dollars):

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
2017	\$ 64,722	\$ 91,851	\$ 156,573
2018	65,595	89,735	155,330
2019	60,942	87,479	148,421
2020	168,271	82,893	251,164
2021	57,044	78,374	135,418
2022-2026	330,206	356,266	686,472
2027-2031	339,400	286,260	625,660
2032-2036	283,974	220,290	504,264
2037-2041	327,353	151,016	478,369
2042-2046	244,245	53,275	297,520
2047-2051	---	31,777	31,777
2052-2056	<u>150,000</u>	<u>22,244</u>	<u>172,244</u>
<b>Totals <sup>(1)</sup></b>	<b><u>\$ 2,091,752</u></b>	<b><u>\$ 1,551,460</u></b>	<b><u>\$ 3,643,212</u></b>

<sup>(1)</sup> The bond schedule does not include notes payable, therefore, it differs from the bonds and notes payable amount reported in the statements.

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**Note 12 – Bonds Payable (cont.)**

**Non-Major**

Missouri Development Finance Board:

In December 2000, the Board issued \$6,500,000 in St. Louis Convention Center Hotel Series 2000B, taxable infrastructure facilities revenue bonds and \$14,600,000 in St. Louis Convention Center Hotel Series 2000C, tax-exempt infrastructure facilities revenue bonds, respectively for the purpose of paying the costs of acquiring land and constructing a parking garage. Bonds are payable, both principal and interest, out of revenues derived from the operation of the parking garage.

In April 2010, the Board issued \$9,000,000 in Seventh Street Garage Series 2010A, tax exempt infrastructure facilities revenue bonds.

The Missouri Development Finance Board Revenue Bonds issued and outstanding as of June 30, 2016, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Missouri Development Finance Board:						
Revenue Bonds						
Series 2000B	Variable	12/1	12/00	12/1/20	\$ 6,500	\$ 3,910
Series 2000C	Variable	12/1	12/00	12/1/20	14,600	9,740
Series 2010A	Variable	monthly	04/10	05/1/40	9,000	8,250
Total Missouri Development Finance Board Revenue Bonds					\$ 30,100	\$ 21,900

As of June 30, 2016, the debt service requirements for principal and interest in future years for the Missouri Development Finance Board Revenue Bonds were as follows (in thousands of dollars):

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
2017	\$ 204	\$ 131	\$ 335
2018	214	128	342
2019	223	125	348
2020	232	122	354
2021	13,892	118	14,010
2022-2026	1,377	468	1,845
2027-2031	1,705	357	2,062
2032-2036	2,107	220	2,327
2037-2041	1,946	57	2,003
<b>Totals <sup>(1)</sup></b>	<b>\$ 21,900</b>	<b>\$ 1,726</b>	<b>\$ 23,626</b>

<sup>(1)</sup> The bond schedule does not include notes payable, therefore, it differs from the bonds and notes payable amount reported in the statements.

**STATE OF MISSOURI**  
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**Note 12 – Bonds Payable (cont.)**

The annual debt service schedule assumes an interest rate of 0.098%, representing the interest rate at June 30, 2016, for the Series 2000B and Series 2000C bonds. The annual debt service also assumes an interest rate of 4.25%, representing the interest rate as of June 30, 2016, for the Seventh Street Garage Series 2010A bonds. As of June 28, 2012 through April 30, 2015, the Board entered into an interest deferral agreement whereby the bond interest rate for the Seventh Street Garage Series 2010A bonds is the lesser of the modified pay rate or 4.25% annually.

**Bond Transactions of the State of Missouri** – The following schedule is a summary of bond activity for the fiscal year ended June 30, 2016 (in thousands of dollars):

	Governmental Funds		Component Units		<u>Totals</u>
	General Obligation Bonds	Other Bonds	Revenue Bonds		
Bonds Payable at July 1, 2015	\$ 266,275	\$ 3,226,430	\$ ---	\$ 3,492,705	
Bond Issuance	---	193,800	---	193,800	
Bonds Retired	(57,395)	(212,830)	---	---	(270,225)
Subtotal	208,880	3,207,400	---	3,416,280	
College and Universities <sup>(1)</sup>	---	---	2,091,752	2,091,752	
Missouri Development Finance Board	---	---	21,900	21,900	
Bonds Payable at June 30, 2016	<u>\$ 208,880</u>	<u>\$ 3,207,400</u>	<u>\$ 2,113,652</u>	<u>\$ 5,529,932</u>	

<sup>(1)</sup> Detailed information for college and universities are not shown.

**Note 13 – Defeased Debt**

**A. Current Year Debt Defeasance**

On July 7, 2015, the Missouri Southern State University issued \$7,615,000 in Auxiliary Enterprise System Refunding Revenue Bonds, Series 2015, with interest rates ranging from 2.00% to 4.00%, to refund \$3,830,000 of outstanding Revenue Bonds, Series 2005A, with interest rates ranging from 3.50% to 5.00%, and \$4,375,000 of Revenue Bonds, Series 2008, with interest rates ranging from 1.70% to 4.65%. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. As a result of the refunding, the University reduced its total debt service payments by \$1,940,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$550,000.

On September 3, 2015, the State Technical College of Missouri issued \$7,635,000 in Auxiliary System Refunding Bonds, Series 2015, with an interest rate of 2.50%, to refund \$985,000 of outstanding Auxiliary System Revenue Bonds, Series 2002, with interest rates ranging from 4.90% to 5.60%, and \$7,315,000 in outstanding Auxiliary System Revenue Bonds, Series 2006, with interest rates ranging from 3.80% to 4.15%. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. As a result of the refunding, the College reduced its total debt service payments by \$3,112,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$2,360,000.

**STATE OF MISSOURI**  
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**Note 13 – Defeased Debt (cont.)**

On November 20, 2015, Lincoln University issued \$3,611,000 in Auxiliary System Refunding Revenue Bonds, Series 2015A, with an interest rate of 1.94%, to refund the \$4,500,000 of outstanding Auxiliary System Refunding Revenue Bonds, Series 2005, with interest rates ranging from 3.00% to 4.10%. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. As a result of the refunding, the University reduced its total debt service payments by \$1,282,000 to obtain an economic loss (difference between the present values of the old and the new debt service payments) of \$336,000.

On February 26, 2016, the Southeast Missouri State University issued \$21,710,000 of System Facilities Revenue Bonds, Series 2016A, with interest rate ranging from 3.00% to 5.00%, and \$8,920,000 of Taxable System Facilities Revenue Bonds, Series 2016B, with interest rates ranging from 1.33% to 4.37%, to refund \$23,555,000 of outstanding Systems Facilities Refunding Revenue Bonds, Series 2011, with interest rates ranging from 2.81% to 5.00%. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. As a result of the refunding, the University reduced its total debt service payments by \$2,830,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$2,809,000.

On February 11, 2016, Truman State University issued \$20,105,000 in Student Housing Auxiliary System Revenue Bonds, Series 2016, with interest rates ranging from 2.00% to 4.00%, to refund \$20,640,000 of outstanding Student Housing Auxiliary System Revenue Bonds, Series 2008, with interest rates ranging from 3.00% to 5.50%. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. As a result of the refunding, the University reduced its total debt service payments by \$2,584,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$4,373,000.

**B. Cumulative Debt Defeasances**

Various bond issues have been defeased by the advance refunding of bonds. Irrevocable escrow accounts, containing proceeds of the refunding bond issues in the form of cash and U.S. government securities, are used to pay principal, interest, or redemption prices of the defeased bonds as and when due.

For financial reporting purposes, the following debt has been defeased and therefore removed as a liability from the governmental activities and college and universities Statement of Net Position.

Governmental Activities – As of June 30, 2016, bonds outstanding of \$346,670,000 are defeased.

College and Universities – As of June 30, 2016, bonds outstanding of \$394,270,000 are defeased.

**STATE OF MISSOURI**  
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**Note 14 – Payables and Receivables**

A summary of accounts payable and accounts receivable at June 30, 2016, is shown below (in thousands of dollars):

	Governmental Activities	Business-Type Activities	Balance June 30, 2016
<b>Accounts Payable:</b>			
Taxpayers	\$ 108,376	\$ 676	\$ 109,052
Other Governments	92,067	3	92,070
Vendors	1,006,916	16,153	1,023,069
Employees	113,304	3,159	116,463
Other	<u>79,763</u>	<u>8</u>	<u>79,771</u>
<b>Total Accounts Payable</b>	<b><u>\$ 1,400,426</u></b>	<b><u>\$ 19,999</u></b>	<b><u>\$ 1,420,425</u></b>
<b>Accounts Receivable with expected date of receipt within one year:</b>			
Taxpayers	\$ 1,947,057	\$ 1,489	\$ 1,948,546
Other Governments	663,424	7,983	671,407
Vendors	144,489	---	144,489
Customers	146,160	210,414	356,574
Other	<u>1,303,500</u>	<u>655</u>	<u>1,304,155</u>
	4,204,630	220,541	4,425,171
<b>Accounts Receivable with expected date of receipt greater than one year:</b>			
Vendors	22,078	---	22,078
Customers	146,459	6	146,465
Other	<u>23,404</u>	<u>---</u>	<u>23,404</u>
	191,941	6	191,947
<b>Accounts Receivable</b>	<b>4,396,571</b>	<b>220,547</b>	<b>4,617,118</b>
<b>Amounts not expected to be collected</b>	<b><u>(455,836)</u></b>	<b><u>---</u></b>	<b><u>(455,836)</u></b>
<b>Accounts Receivable, net</b>	<b><u>\$ 3,940,735</u></b>	<b><u>\$ 220,547</u></b>	<b><u>\$ 4,161,282</u></b>

**Note 15 – Deferred Inflows and Outflows**

Deferred outflows of resources are defined as consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are defined as acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows increase net position, similar to assets and deferred inflows decrease net position, similar to liabilities.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 15 – Deferred Inflows and Outflows (cont.)**

The components of deferred outflows of resources and deferred inflows of resources reported in the government-wide financial statements as of June 30, 2016 are as follows (in thousands):

	Primary Government				Component Units
	Governmental Activities	Business-Type Activities	Total		
<b>Deferred Outflows of Resources</b>					
Pension Differences Between Expected and Actual Experience	\$ 14,539	\$ 182	\$ 14,721	\$ 10,014	
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	199,189	7,496	206,685		278,660
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	22,538	---	22,538		6,012
Pension Contributions Subsequent to the Measurement Date	493,299	9,958	503,257		57,155
Deferred for Refunding Bonds	99,100	---	99,100		36,616
Cash Flow Hedge	---	---	---		26,195
Accumulated Decrease in Fair Value of Hedging Derivatives	---	---	---		387
<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 828,665</u></b>	<b><u>\$ 17,636</u></b>	<b><u>\$ 846,301</u></b>		<b><u>\$ 415,039</u></b>
<b>Deferred Inflows of Resources</b>					
Pension Differences Between Expected and Actual Experience	\$ 36,220	\$ 632	\$ 36,852	\$ 35,662	
Pension Changes in Assumptions	33,844	1,299	35,143		7,426
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	68,407	---	68,407		---
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	26,744	164	26,908		1,697
Deferred for Refunding Bonds	1,824	---	1,824		---
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 167,039</u></b>	<b><u>\$ 2,095</u></b>	<b><u>\$ 169,134</u></b>		<b><u>\$ 44,785</u></b>

Deferred inflows of resources on the governmental funds balance sheet as of June 30, 2016 are unavailable revenues. Unavailable revenues are those for which asset recognition criteria has not been met for governmental funds, which uses the modified accrual basis of accounting (in thousands):

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Governmental Funds	Total
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue	<u>\$ 936,996</u>	<u>\$ 41,750</u>	<u>\$ 20,754</u>	<u>\$ 17,725</u>	<u>\$ 7,750</u>	<u>\$ 1,024,975</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 15 – Deferred Inflows and Outflows (cont.)**

Deferred inflows and outflows of resources balances are as follows (in thousands):

<b>Proprietary</b>	<u>State Lottery</u>	<u>Petroleum Storage Tank Insurance</u>	<u>Non-Major Funds</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities – Internal Service Funds</u>
<b>Deferred Outflows of Resources</b>					
Pension Differences Between Expected and Actual Experience	\$ 21	\$ 3	\$ 158	\$ 182	\$ 141
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	854	118	6,524	7,496	5,803
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	---	---	---	---	49
Pension Contributions Subsequent to the Measurement Date	1,154	155	8,649	9,958	7,840
<b>Total Deferred Outflows of Resources</b>	<b>\$ 2,029</b>	<b>\$ 276</b>	<b>\$ 15,331</b>	<b>\$ 17,636</b>	<b>\$ 13,833</b>
<b>Deferred Inflows of Resources</b>					
Pension Differences Between Expected and Actual Experience	\$ 72	\$ 10	\$ 550	\$ 632	\$ 489
Pension Changes in Assumptions	148	20	1,131	1,299	1,006
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	19	3	142	164	118
<b>Total Deferred Inflows of Resources</b>	<b>\$ 239</b>	<b>\$ 33</b>	<b>\$ 1,823</b>	<b>\$ 2,095</b>	<b>\$ 1,613</b>
 <b>Fiduciary</b>					
<u>Private– Purpose Trust Funds</u>					
<b>Deferred Outflows of Resources</b>					
Pension Differences Between Expected and Actual Experience	\$ 2				
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	64				
Pension Contributions Subsequent to the Measurement Date	88				
<b>Total Deferred Outflows of Resources</b>	<b>\$ 154</b>				
<b>Deferred Inflows of Resources</b>					
Pension Differences Between Expected and Actual Experience	\$ 5				
Pension Changes in Assumptions	12				
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	1				
<b>Total Deferred Inflows of Resources</b>	<b>\$ 18</b>				

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 15 – Deferred Inflows and Outflows (cont.)**

<u>Component Units</u>	<u>College and Universities</u>	<u>Non-Major</u>
<b>Deferred Outflows of Resources</b>		
Pension Differences Between Expected and Actual Experience	\$ 10,011	\$ 3
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	278,542	118
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	5,890	122
Pension Contributions Subsequent to the Measurement Date	56,992	163
Deferred for Refunding Bonds	36,616	---
Cash Flow Hedge	26,195	---
Accumulated Decrease in Fair Value of Hedging Derivatives	---	387
<b>Total Deferred Outflows of Resources</b>	<b>\$ 414,246</b>	<b>\$ 793</b>
<b>Deferred Inflows of Resources</b>		
Pension Differences Between Expected and Actual Experience	\$ 35,652	\$ 10
Pension Changes in Assumptions	7,405	21
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	1,688	9
<b>Total Deferred Inflows of Resources</b>	<b>\$ 44,745</b>	<b>\$ 40</b>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 16 – Interfund Assets and Liabilities**

A summary of interfund assets and liabilities at June 30, 2016, is shown below (in thousands of dollars):

	<b>Due From Other Funds, Component Units, and Primary Government</b>						Internal Service Funds	Totals
	Public Education	Conservation and Environmental Protection	Non-Major Governmental Funds	Non-Major Enterprise Funds	Internal Service Funds			
<b>Due to Other Funds, Component Units, and Primary Government</b>								
General Fund	\$ ---	\$ ---	\$ ---	\$ 57	\$ 5,601	\$ 5,658		
Public Education	---	---	---	---	31	31		
Conservation and Environmental Protection	---	---	---	135	87	222		
Missouri Road Fund	---	---	---	---	257	257		
Non-Major Governmental Funds	---	---	---	---	1,870	1,870		
State Lottery	7,757				31	7,788		
Unemployment Compensation	---	---	1,079	---	---	1,079		
Petroleum Storage Tank Insurance	---	---	---	5	1	6		
Non-Major Enterprise Funds	---	---	---	---	62	62		
Internal Service Funds	---	---	---	5	282	287		
Non-Major Component Units	---	947	---	---	1	948		
<b>Totals</b>	<b>\$ 7,757</b>	<b>\$ 947</b>	<b>1,079</b>	<b>\$ 202</b>	<b>\$ 8,223</b>	<b>\$ 18,208</b>		
<b>Advance From Component Units</b>								
		Non-Major Component Units						
<b>Advance To Component Units</b>								
Conservation and Environmental Protection	\$ 1,130							

The loans from the component units were for animal waste treatment systems.

During the consolidation process for the Government-Wide Statement of Net Position, interfund payables and receivables were eliminated as follows: \$5,000 on the face of the Proprietary Funds Statement of Net Assets and governmental activities in the amount of \$8,128,000.

**STATE OF MISSOURI**  
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**Note 17 – Interfund Transfers**

All transfers must be legally authorized by the legislature through transfer appropriations. Interfund transfers for the fiscal year ended June 30, 2016, were as follows (in thousands of dollars):

	<b>Transfers In:</b>				
	<b>General Fund</b>	<b>Public Education</b>	<b>Conservation and Environmental Protection</b>	<b>Missouri Road Fund</b>	<b>Non-Major Governmental Funds</b>
<b>Transfers Out:</b>					
General Fund	\$ ---	\$ 1,000,446	\$ 963	\$ 196	\$ 310,669
Public Education	\$ 23,529	\$ ---	\$ ---	\$ ---	\$ ---
Conservation and Environmental Protection	688	---	---	---	2,749
Non-Major Governmental Funds	15,659	5,056	---	460,760	5,650
State Lottery	---	301,910	---	---	---
Unemployment Compensation	464	---	---	---	5,319
Non-Major Enterprise Funds	30	---	---	---	2,472
Internal Service Funds	546	---	---	---	101
<b>Totals</b>	<b>\$ 40,916</b>	<b>\$ 1,307,412</b>	<b>\$ 963</b>	<b>\$ 460,956</b>	<b>\$ 326,960</b>

**Continues Below**

	<b>State Lottery</b>	<b>Unemployment Compensation</b>	<b>Non-Major Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Totals</b>
<b>Transfers Out:</b>					
General Fund	\$ ---	\$ 730	\$ 698	\$ 182	\$ 1,313,884
Public Education	\$ ---	\$ ---	\$ ---	\$ ---	\$ 23,529
Conservation and Environmental Protection	---	---	---	---	3,437
Non-Major Governmental Funds	---	---	4,400	---	491,525
State Lottery	---	---	---	---	301,910
Unemployment Compensation	---	---	---	---	5,783
Non-Major Enterprise Funds	---	---	---	---	2,502
Internal Service Funds	42	---	5	16	710
<b>Totals</b>	<b>\$ 42</b>	<b>\$ 730</b>	<b>\$ 5,103</b>	<b>\$ 198</b>	<b>\$ 2,143,280</b>

Principal reasons for interfund transfers include:

- moving general revenue funds to support elementary and secondary education
- moving state lottery funds to support elementary and secondary education
- moving general revenue funds to support social assistance programs reported in non-major governmental funds
- moving funds related to the construction of capital assets

There was a significant decrease in transfers from the General Fund to Public Education. Prior to FY16, payments to public schools were transferred from the General Fund to Public Education and the payments were made out of that fund. In FY16, public school payments are being made directly from the General Fund.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 18 – Restatements**

During fiscal year 2016, additional information became available which required fund equity amounts. The following table presents a summary of these restatements by fund (in thousands of dollars):

	June 30, 2015 Fund Balance/ Net Position Previously Reported	Prior Period Adjustments	June 30, 2015 Fund Balance/ Net Position Restated
<b>GOVERNMENTAL FUNDS</b>			
<b>Major Governmental Funds</b>			
General Fund	\$ 1,311,184	\$ 89,439	\$ 1,400,623
Conservation and Environmental Protection	1,736,214	(48)	1,736,166
<b>Non-Major Governmental Funds</b>			
Special Revenue	372,545	42,124	414,669
Capital Projects	170,437	(39,261)	131,176
<b>Total Governmental Funds</b>	<b><u>\$ 3,590,380</u></b>	<b><u>\$ 92,254</u></b>	<b><u>\$ 3,682,634</u></b>
<b>PROPRIETARY FUNDS</b>			
<b>Non-Major Proprietary Funds</b>			
Enterprise	53,428	3,478	56,906
Internal Service	538,204	(33,705)	504,499
<b>Total Proprietary Funds</b>	<b><u>\$ 591,632</u></b>	<b><u>\$ (30,227)</u></b>	<b><u>\$ 561,405</u></b>
<b>FIDUCIARY FUNDS</b>			
Private-Purpose Trust	\$ 40,759	\$ 25,683	\$ 66,442
<b>Total Fiduciary Funds</b>	<b><u>\$ 40,759</u></b>	<b><u>\$ 25,683</u></b>	<b><u>\$ 66,442</u></b>
<b>DISCRETELY PRESENTED COMPONENT UNITS</b>			
College and Universities			
College and Universities	\$ 5,519,886	\$ (842)	\$ 5,519,044
Non-Major	199,769	(2)	199,767
<b>Total Component Units</b>	<b><u>\$ 5,719,655</u></b>	<b><u>\$ (844)</u></b>	<b><u>\$ 5,718,811</u></b>

**Breakdown of restatements by type:**

- General Fund, the restatement was due to an increase in accounts receivable of \$9,246,000, a decrease of accounts payable of \$64,835,000, and a decrease in escheat/unclaimed property of \$15,358,000.
- Conservation and Environmental Protection, the restatement was due to a decrease in accounts receivable of \$48,000.
- Non-major special revenue funds, the restatement was due to a decrease in accounts receivable of \$10,000, a decrease of accounts payable of \$2,873,000, and an increase in fund balance of \$39,261,000 due to the reclassification of Veterans' Commission Capital Improvement Fund from a capital projects fund to a special revenue fund.
- Non-major capital projects funds, the restatement was due to a decrease in fund balance of \$39,261,000 due to the reclassification of Veterans' Commission Capital Improvement Fund from a capital projects fund to a special revenue fund.
- Non-major enterprise funds, the restatement was due to an increase in capital assets (net of accumulated depreciation/amortization) of \$3,478,000.
- Non-major internal service funds, the restatement was due to a decrease in accounts receivable of \$29,136,000, a decrease of capital assets (net of accumulated depreciation/amortization) of \$3,558,000, a decrease of accounts payable of \$1,000, and an increase of obligations under lease purchase of \$1,012,000.
- Private purpose trust funds, the restatement was due to the addition of assets held in escheats of \$25,683,000, which had previously not been reported.

STATE OF MISSOURI  
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**Note 18 – Restatements (cont.)**

- Discretely presented component units – colleges and universities, the restatement was due to an increase in restricted cash and cash equivalents of \$492,000, an increase of receivables, net of \$596,000, and an increase of current unearned revenue of \$1,930,000.
- Discretely presented component units – non-major, the restatement was due to a decrease in capital assets (net of accumulated depreciation/amortization) of \$2,000.

**Purpose for restatements:**

The items on the schedule were restated as a result of additional information received this year related to prior year corrections.

On the Government-Wide Statement of Activities, net position for the governmental activities were restated by the amounts shown on the restatement schedule for governmental funds and internal service funds. In addition, capital assets (net of accumulated depreciation/amortization) decreased by \$102,957,000, of which \$84,985,000 was to correct the double counting of capital assets as both construction in progress and infrastructure. Obligations under lease purchase decreased by \$1,163,000, compensated absences increased by \$9,370,000, pollution remediation obligation increased by \$3,763,000, and internal balance increased by \$71,000.

On the Government-Wide Statement of Activities, net position for the business-type activities were restated by the amounts shown on the restatement schedule for enterprise funds and by a decrease in the internal balance of \$71,000.

**Note 19 – Fund Deficit**

The following funds had a deficit balance:

Enterprise Fund – Petroleum Storage Tank Insurance – At June 30, 2016, this fund had a net position deficit of \$26,061,000. The deficit at June 30, 2015 was \$25,641,000. The deficit occurred when transport load fees collected were not sufficient to cover the estimated claims liability for clean up of petroleum storage tank leaks. This liability amount is the cumulative result of numerous years of petroleum storage tank leaks. Per Section 319.129, RSMo, this fund will not accept new claim liabilities after December 31, 2020, or upon revocation of federal regulation 40 CFR, whichever occurs first, unless extended by action of the General Assembly. Under Section 319.132, RSMo, the Board of Trustees has authority to increase the transport load fee to a maximum of \$60 per 8,000 gallons. In addition, under Section 319.133, RSMo, the Board can increase annual participation fees to a maximum of \$500 per tank per year. These facts, along with the knowledge that PSTIF's claim reserves are set using very conservative assumptions, assure that adequate revenues will be available to meet its liabilities. Per Section 319.131, RSMo, the liability of the Petroleum Storage Tank Insurance Fund is not the liability of the State. Upon dissolution of this fund, the liability would be liquidated.

Enterprise Funds – State Lottery and Missouri Veterans' Homes, and Internal Service Funds – Natural Resources Cost Allocation, Economic Development Administrative, and Professional Registration Fees – At June 30, 2016, these funds had a net position deficit of \$623,000, \$36,317,000, \$5,214,000, \$1,382,000, and \$2,546,000, respectively. These funds started to have deficit balances in fiscal year 2015 due to the implementation of GASB 68 and the reporting of net pension liabilities. It is expected that these liabilities will be funded over time.

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**Note 20 – Commitments**

**Contracts**

The Department of Conservation had contracts outstanding of \$1,420,000 for construction and \$280,000 for land acquisition contracts at June 30, 2016. These contracts are funded through the special revenue funds from specific sales tax, fees, and permits.

The Department of Natural Resources had construction contracts outstanding at June 30, 2016 of \$392,000. Approximately 5.6% will be paid from the General Fund, 1.9% from special revenue funds, 92.4% from capital project funds, and 0.1% from enterprise funds.

The Department of Transportation had long-term contracts of \$431,326,000 outstanding at June 30, 2016. These contracts are paid from capital projects funds with approximately 84% federal reimbursement expected.

The Office of Administration, Division of Facilities Management, Design and Construction, had construction contracts outstanding at June 30, 2016 of \$168,797,000. Approximately 5.8% will be paid from the General Fund, 4.0% from special revenue funds, 88.2% from the capital projects funds, and 2.0% from enterprise funds.

On March 10, 1988, the State of Missouri entered into a contract with the United States Army Corps of Engineers confirming an assurance agreement of April 8, 1965. The State obtained rights to a portion of the water supply storage from the Clarence Cannon Dam and Mark Twain Lake Project. The State agreed to pay up to \$10.8 million plus interest for the investment costs allocated to the water supply storage, the amount of such payments to be determined by the portion of the water storage space put in use by the State for that purpose. The contract provided a ten year interest free period running from 1984 to 1994. In fiscal year 1995, the State began making interest payments. The interest payment amount for fiscal year 2016 was \$364,000. Payment of principal and interest must be completed by March 2038.

Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) has \$341,877,000 unfunded commitments in alternative investments.

As of June 30, 2016, the University of Missouri had outstanding commitments for the usage and ongoing support of the University Health System's information technology environment totaling \$215,290,000. The payments are as follows:

2017	\$	20,856,000
2018		21,564,000
2019		22,296,000
2020		23,052,000
2021		23,834,000
2022-2025		103,688,000

Truman State University had approximately \$13,619,000 in outstanding commitments for various construction contracts at June 30, 2016.

Southeast Missouri State University had outstanding commitments of approximately \$28,954,000 related to construction contracts at June 30, 2016.

Missouri State University had approximately \$56,693,000 in outstanding commitments for various construction contracts at June 30, 2016.

University of Central Missouri had approximately \$13,608,000 in outstanding commitments related to construction contracts at June 30, 2016.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 20 – Commitments (cont.)**

Northwest Missouri State University had approximately \$682,000 in outstanding commitments related to various construction contracts at June 30, 2016.

**Note 21 – Risk Management and Insurance**

The State is exposed to various risks of loss related to tort, general, motor vehicle, and contractor liability and injuries to employees. The State assumes its own liability for risks except for the purchase of surety bond, aircraft, and boiler coverage. The State's Office of Administration (OA), Risk Management Unit, self-insures its workers' compensation program for all state employees, with the exception of the Missouri Department of Transportation (MoDOT) and the State Highway Patrol. Liability insurance is also provided by OA-Risk Management, pursuant to State statute, through the State's Legal Expense Fund, which is a component of the General Fund in this report. This insurance covers all state employees.

The Workers' Compensation and Legal Expense Fund claims liability is based upon actual claims that have been submitted to OA-Risk Management. Incurred but not reported (IBNR) liability is not included since workers' compensation and liability insurance claims are reported timely, and therefore any potential IBNR liability amount would be considered immaterial. The State has not had any insurance settlements exceed the coverage. OA-Risk Management also procures property insurance for approximately 3% of all State buildings, with the remainder uninsured. The buildings are insured through purchased property insurance and through the Property Preservation Fund. Buildings insured through the Property Preservation Fund are backed with bonded debt through the Board of Public Buildings.

The Transportation Self-Insurance Plan covers workers' compensation for employees of MoDOT and the State Highway Patrol, and covers vehicle liability and general liability insurance for the employees of MoDOT. The Transportation Self-Insurance Plan is presented as an internal service fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Estimated claims payable is based on known claims pending as well as an estimate of IBNR claims from data provided by an actuary. Liabilities are reported at their discounted value, assuming an investment yield of 2%.

The Missouri Consolidated Health Care Plan (MCHCP) provides health care insurance to all state employees, except for MoDOT, the State Highway Patrol, and the Department of Conservation. The Plan is presented as an internal service fund. Estimated claims payable is based on known medical claims pending as well as an estimate of IBNR claims from data provided by an actuary.

The MoDOT and MSHP Medical and Life Insurance Plan (MHPML) accounts for the medical coverage provided on a self-insured basis and life insurance benefits, underwritten by a commercial insurance company, for employees of MoDOT and the State Highway Patrol. The Plan is presented as an internal service fund. Estimated claims payable is based on known insurance claims pending as well as an estimate of IBNR claims from data provided by an actuary.

The Conservation Employees' Insurance Plan (CEIP) provides health care and life insurance to employees of the Department of Conservation. The Plan is presented as an internal service fund. Estimated claims payable is based on known claims pending as well as an estimate of IBNR claims.

The Petroleum Storage Tank Insurance Fund (PSTIF) has claims liability for the cost of contamination cleanup for policyholders and other eligible site owners who have submitted notice of a contamination. The PSTIF is presented as a major enterprise fund.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 21 – Risk Management and Insurance (cont.)**

The University of Missouri System provides workers' compensation, liability, and medical insurance for its employees. The University funds this through a combination of self-insurance and commercially purchased insurance. The amount of coverage is based upon analysis of historical information and actuarial estimates. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The claims liability is the present value of the claims, using discounted rates ranging between 1.0% and 3.8% based on future investment yields. The University of Missouri System is included with college and universities as a major component unit of the State.

Missouri State University is exposed to various risks of loss. These include loss related to torts; business interruption; employee injuries and illnesses; employee health, dental and accidental benefits; natural disasters; damage to and destruction of assets; and errors and omissions. Commercial insurance coverage is purchased for claims arising from such matters other than those related to natural disasters and employee health benefits, general liability, and workers' compensation. Settled claims have not exceeded the commercial coverage in any of the three preceding years. Additional coverage is provided through the State Self-Insurance Program, through the Risk Management Unit of the Office of Administration. The State of Missouri self-insures the workers' compensation benefits for all state employees, including University employees.

Changes in the balances of claims liability (in thousands of dollars) during the current and prior fiscal years are as follows:

	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2015	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2016
<b>Governmental Activities</b>					
OA Workers Compensation Fund	Workers Comp.	\$ 24,554	\$ 41,159	\$ (30,080)	\$ 35,633
OA Legal Expense Fund	Liability	3,353	1,492	(2,595)	2,250
Transportation Self-Insurance Plan	Workers Comp. and Liability	84,253	20,592	(14,199)	90,646
MCHCP	Health Care	33,378	269,660	(261,643)	41,395
MHPML	Health Care	11,000	116,525	(117,725)	9,800
CEIP	Health Care	2,460	17,514	(17,268)	2,706
<b>Total Governmental Activities</b>		<b>\$ 158,998</b>	<b>\$ 466,942</b>	<b>\$ (443,510)</b>	<b>\$ 182,430</b>
<b>Business-Type Activities</b>					
PSTIF	Contamination Cleanup	\$ 88,554	\$ 8,339	\$ (13,658)	\$ 83,235
<b>Component Units</b>					
University of Missouri System	Workers Comp. and Liability	\$ 87,746	\$ 247,331	\$ (249,190)	\$ 85,887
Missouri State University	Health Care, Workers Comp. and Liability	1,290	19,832	(18,442)	2,680
<b>Total Component Units</b>		<b>\$ 89,036</b>	<b>\$ 267,163</b>	<b>\$ (267,632)</b>	<b>\$ 88,567</b>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 21 – Risk Management and Insurance (cont.)**

	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2014	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2015
<b>Governmental Activities</b>					
OA Workers Compensation Fund	Workers Comp.	\$ 9,035	\$ 46,995	\$ (31,476)	\$ 24,554
OA Legal Expense Fund	Liability	2,850	7,210	(6,707)	3,353
Transportation Self-Insurance Plan	Workers Comp. and Liability	83,150	20,360	(19,257)	84,253
MCHCP	Health Care	34,966	232,177	(233,765)	33,378
MHPML	Health Care	10,000	114,012	(113,012)	11,000
CEIP	Health Care	2,075	17,243	(16,858)	2,460
Total Governmental Activities		<u>\$ 142,076</u>	<u>\$ 437,997</u>	<u>\$ (421,075)</u>	<u>\$ 158,998</u>
<b>Business-Type Activities</b>					
PSTIF	Contamination Cleanup	<u>\$ 91,853</u>	<u>\$ 12,900</u>	<u>\$ (16,199)</u>	<u>\$ 88,554</u>
<b>Component Units</b>					
University of Missouri System	Workers Comp. and Liability	\$ 77,944	\$ 234,966	\$ (225,164)	\$ 87,746
Missouri State University	Health Care, Workers Comp. and Liability	1,290	16,063	(16,063)	1,290
Total Component Units		<u>\$ 79,234</u>	<u>\$ 251,029</u>	<u>\$ (241,227)</u>	<u>\$ 89,036</u>

**Risk Management Pool:**

The State of Missouri participates in the property program of the Midwestern Higher Education Compact (MHEC) as defined in Section 173.700, RSMo. This program was formed to expand coverage, reduce costs, and stabilize property insurance rates over extended time periods at higher education institutions in all member states. The program offers loss limit coverage tailored to individual institutions as well as self-insured retention by institution. The MHEC Risk Management Oversight Committee directs the major operations of the program overseeing the development of program policies, premium allocations, new program memberships, and selection of program administrators and insurance underwriters.

**Note 22– Pollution Remediation and Landfill Closure and Postclosure**

The State has an obligation to address current or potential detrimental effects of existing pollution by participating in pollution remediation activities.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 22- Pollution Remediation and Landfill Closure and Postclosure (cont.)**

The Missouri Department of Natural Resources (DNR) was compelled to assess and oversee the cleanup of contaminated sites subject to federal law under the Resource Conservation and Recovery Act (RCRA), also known as the Superfund Law, administered by the U.S. Environmental Protection Agency (EPA). Under this law, the State is required to pay or ensure payment of 10% of the costs of remediation action and 100% of the costs of operations and maintenance at sites where the party responsible for the contamination is unknown, uncooperative, or insolvent. Similarly, Section 260.371.7, RSMo, states that the public should bear a portion of the cost to pay for the State's share of Superfund cleanup to be appropriated from general revenue. At the end of fiscal year 2016, the State was participating in the cleanup of fifteen Superfund sites. Total pollution remediation obligation for these sites totaled approximately \$49.2 million. The basis for these costs are State Superfund contracts that list the estimated cost of cleanup, or actual costs if cleanup is complete, less any payments that have been made to the EPA. Estimated costs will change as actual costs become available. The Hazardous Waste Fund is a component of Conservation and Environmental Protection.

The Office of Administration (OA), Division of Facilities Management, Design and Construction, performed mold remediation, hazardous material removal, and abatement in nine State sites during fiscal year 2016. At the end of the fiscal year, total remaining obligation was \$496,000. These costs were based on contractual pricing estimates and are subject to change if the pollution remediation requires more time or material than was estimated.

The Missouri Department of Transportation (MoDOT) is aware of a contaminated site (related to building and grounds) due to a fuel leak. The potential for pollution remediation exists; however, at this time, MoDOT's portion of the costs for the cleanup cannot be determined.

The Department of Public Safety, Office of the Adjutant General, has been named as a potentially responsible party in the Pools Prairie Superfund site in Newton County, Missouri. The site is listed on the National Priorities List (NPL) and is governed by the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). At this time, the Department of Public Safety's portion of the costs for the cleanup cannot be determined.

Changes in the balances of pollution remediation liability (in thousands of dollars) during the current fiscal year are as follows:

Governmental Activities	Type of Pollution Remediation	Fiscal Year Remediation Liability 6/30/2015 *	Current Year Assessments and Estimated Changes		Fiscal Year Remediation Liability 6/30/2016	Due Within One Year
			Payments	Assessments		
Hazardous Waste Fund	Superfund Sites	\$ 36,981	\$ 13,457	\$ (1,209)	\$ 49,229	\$ 339
Facilities Maintenance Reserve Fund	Mold Remediation and Asbestos Abatement	21	1,109	(634)	496	496
<b>Total Governmental Activities</b>		<b>\$ 37,002</b>	<b>\$ 14,566</b>	<b>\$ (1,843)</b>	<b>\$ 49,725</b>	<b>\$ 835</b>

\*Restated

Each landfill owner/operator is required to obtain a financial assurance instrument, which is held by the State as security in the case of a default or forfeiture. Financial assurance instruments can include financial guarantee or performance bonds, letters of credit, insurance policies, corporate guarantees, contracts of obligations, trust funds, and escrow accounts. At June 30, 2016, the DNR, Solid Waste Program tracked the value of the secured financial assurance instruments held by the State to be \$331,316,000. This amount is disclosed, but not reported in the financial statements, because the State does not perform the investment function and does not have significant administrative involvement. While the State maintains possession of the financial assurance instruments, it does not meet criteria to be reported in a fiduciary fund.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 22- Pollution Remediation and Landfill Closure and Postclosure (cont.)**

At June 30, 2016, ten Municipal Solid Waste Landfills (MSWLFs) and two waste tire facilities have defaulted. The owners/operators failed to properly close or maintain post-closure care for these facilities; therefore, the State took possession of the forfeited financial assurance instruments to initiate the closure or post-closure activities as required by Section 260.228, RSMo. The State will monitor and pay post-closure care costs of these facilities for the next 30 years in accordance with the DNR Solid Waste Management Law and Regulations. At June 30, 2016, it is expected that \$1,514,000 will be paid over the remaining monitoring periods. This is the amount of the assigned fund balance that has been designated on the General Fund balance sheet for forfeited assets.

The University of Missouri System has been working with the Voluntary Cleanup Program at DNR to characterize subsurface contamination on a University owned property. The University has received the results of the two-year sampling process in fiscal year 2016. The University is awaiting a determination from DNR. The site is now on the National Regulatory Commission (NRC) license and must be decommissioned. A sampling plan of the current status related to the decommissioning will be submitted to NRC in fiscal year 2017. Long term costs will depend on the results of a sampling process to be proposed. As a result, the University is unable to estimate future costs on cleanup of the site at this time. The University has not commenced any actions requiring the recognition of a liability for this property.

**Note 23- Contingencies**

Contingent claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported including the effects of specific, incremental claim adjustment expenditures/expenses, salvage, subrogation, and other allocated or unallocated claim adjustment expenditures/expenses. Liabilities of governmental funds are reported as a reconciling item to the Government-Wide Statement of Net Position. Expenditures are recognized as payments are made.

At June 30, 2016, the amount of the contingent liabilities was \$39.0 million. Changes in the reported liability since June 30, 2015, resulted from the following (in thousands of dollars):

	Beginning of Fiscal Year Liability	Current Year			Balance Fiscal Year End
		Claims and Changes in Estimates	Claim Payments		
2015-2016	\$ 19,921	\$ 37,812	\$ (18,693)	\$ 39,040	
2014-2015	19,756	12,106	(11,941)	19,921	
2013-2014	25,135	3,120	(8,499)	19,756	

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 23- Contingencies (cont.)**

Section 287.220.8, RSMo, requires that an actuarial study of the Second Injury Fund be made every year to determine the solvency of the fund. Figures presented below for current year claims and changes in estimates are based on the 2015 actuarial study. At June 30, 2016, the amount of liabilities for the Second Injury Fund was \$1.7 billion. Changes in the reported liability since June 30, 2015, resulted from the following (in thousands of dollars):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance Fiscal Year End
2015-2016	\$ 1,684,732	\$ 151,464	\$ (103,511)	\$ 1,732,685
2014-2015	1,653,182	120,377	(88,827)	1,684,732
2013-2014	1,637,937	66,084	(50,839)	1,653,182

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

**Sales and Use Tax Lawsuits:**

Southwestern Bell Telephone Company vs. Director of Revenue (Case No. SC83859 and follow up Case No. SC86441): the Supreme Court ruled that Southwestern Bell Telephone Company was entitled to a refund of use tax paid on machinery and equipment used to create its digital phone service product. Manufacturing was found to include producing taxable services as well as tangible personal property products. A settlement was reached regarding some claims, filed by multiple taxpayers, related to the Southwestern Bell cases. At this time, no current liability remains as of June 30, 2016. Refund claims related to these cases that were filed by other companies that are still pending verification and exclusive of interest (which could be substantial) could negatively affect the State by \$2.6 million, of which \$1.4 million is related to the General Fund.

The State is also involved in tax litigation not included in the fiscal year 2016 liability amount, where it is reasonably possible that an adverse court decision may incur an estimated loss of \$282,000.

The Attorney General, on behalf of other state agencies, is involved in litigation for tort claims including wrongful death, motor vehicle accidents, medical malpractice, assault and battery, and deliberate indifference as well as employment discrimination claims that are not included in the 2016 liability amount, where it is reasonably possible that an adverse court decision may incur an estimated loss of \$41 million.

**Tobacco Master Settlement Agreement:**

The amount of money received by the State from participating tobacco manufacturers under the 1998 Tobacco Master Settlement Agreement (MSA) is subject to a downward adjustment if the State fails to diligently enforce model legislation required by the MSA. In 2006, tobacco manufacturers instituted binding arbitration to determine which states diligently enforced the model legislation in 2003. In September, 2013, the arbitration panel ruled the State of Missouri and five other states had failed to diligently enforce MSA statutes in 2003. Under the ruling, Missouri's share of the downward adjustment was \$70 million. Missouri typically receives between \$130 and \$150 million in MSA settlement funds from the tobacco companies each year. The arbitration award reduced the fiscal year 2014 receipts to approximately \$60 million.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 23- Contingencies (cont.)**

The State appealed the arbitration panel's decision. In June 2014, the St. Louis City Circuit Court found in favor of the State, ruling that the arbitration panel had exceeded its authority in computing Missouri's share of the downward adjustment. The Court reduced Missouri's share of the adjustment to \$20 million and ordered the tobacco companies to return \$50 million to the State. The tobacco companies appealed that ruling to the Missouri Supreme Court. If Missouri prevails on the appeal, the State's next annual MSA payment would be increased by approximately \$50 million. The ultimate resolution of the appeal cannot be predicted. Either way, the state is not likely to receive the disputed \$50 million during fiscal year 2017.

The tobacco companies also contest Missouri's enforcement of the model legislation in 2004 and subsequent years. The state anticipates it may face a downward adjustment for 2004, 2005, and 2006, but it is not likely that any liability for those years will be assessed during fiscal year 2017. The ultimate resolution of the appeals cannot be predicted.

**Natural Resource Settlements:**

The Department of Natural Resources works jointly with the United States Fish and Wildlife Service and the United States Forest Service to recover damages from parties responsible for causing injuries to natural resources. Funds from these settlements are typically held in the federal treasury in a joint account administered by the United States Department of Interior. Expenditures of these funds may only be by mutual agreement of the Missouri Trustee Council (the Department of Natural Resources, the United States Fish and Wildlife Service and, at times, the United States Forest Service) and such funds may only be used to restore, replace, or acquire natural resources similar to those that were injured. As of June 30, 2016, the balance of Missouri-related joint settlement funds in the Department of Interior restoration fund is approximately \$51 million.

**Note 24- Nonexchange Financial Guarantees**

The following nonexchange financial guarantees are extended by the Missouri Agricultural and Small Business Development Authority (MASBDA) and the Missouri Department of Agriculture (MDA). The exchange financial guarantees are not recognized as a liability, which indicates that the State will most likely not be required to make a payment related to the nonexchange financial guarantees. As of June 30, 2016, the State extends the following financial guarantees:

Programs	Maximum Guarantee Period	Total Number of Loans Outstanding	Total Dollar Amount of Loans Outstanding (in thousands)	Total Dollar Amount Guaranteed by the State (in thousands)
Missouri Value-Added Loan Guarantee Program	10 Years	19	\$ 788	\$ 394
Single-Purpose Animal Facilities Loan Guarantee Program	10 Years	12	1,096	548
Crop and Livestock Loan Guarantee Program	2 Years	26	78	27

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 24- Nonexchange Financial Guarantees (cont.)**

**Missouri Value-Added Loan Guarantee Program**

The Missouri Value-Added Loan Guarantee Program provides up to a 50% first-loss guarantee on loans, of \$250,000 or less, made by lenders for the purpose of agricultural business development. The loan guarantee is for a duration of up to 10 years. The program is intended to create new economic activity by creating or retaining jobs. Loans guaranteed by the value-added loan guarantee program can be used to finance agricultural property, which includes land, buildings, structures, improvements, and equipment used for the purpose of processing, manufacturing, marketing, exporting, or adding value to an agricultural product. Loans may also be guaranteed to buy stock in a new generation processing entity that processes an agricultural product. In the event of a default, the MASBDA will work with the Attorney General's Office or the loan recipient's bank to try to collect. There were no loan defaults under this program in fiscal year 2016.

**Single-Purpose Animal Facilities Loan Guarantee Program**

The Single-Purpose Animal Facilities Loan Guarantee Program is designed to provide banks and other lenders with a 50% first-loss guarantee on loans of up to \$250,000 for up to 10 years. Independent livestock producers may use the loans to finance, refinance or restructure breeding or feeder livestock, earthworms, land, buildings, facilities, equipment, machinery and animal waste systems for producing poultry, swine, beef and dairy cattle, or other livestock. In the event of a default, the MASBDA will work with the Attorney General's Office or the loan recipient's bank to try to collect. There were no loan defaults under this program in fiscal year 2016.

**Crop and Livestock Loan Guarantee Program**

The Crop and Livestock Loan Guarantee Program, authorized in Section 261.027(3), RSMo, is a 50% guarantee on a loan made to a 4-H and Future Farmers of America (FFA) member who borrows money to purchase livestock, input, etc., for their Supervised Agriculture Education (SAE) project. Loans eligible for the program are limited to the purchase of livestock, feed, seed, fertilizer, and other miscellaneous out-of-pocket expenses directly related to the project. In the event of a default, the MDA will work with the Attorney General's Office or the loan recipient's bank to try to collect. As of June 30, 2016, there are five loans that the Attorney General's Office is doing collections on. The judgment amounts on these five loans total \$10,000. They have recovered \$4,000 on these loans.

**Note 25- Joint Ventures**

The Regional Convention and Sports Complex Authority was created by state law for the purpose of financing, constructing, operating, and maintaining a multipurpose convention and sports facility to be located in the City of St. Louis. The Authority operates under a board of commissioners of whom five are appointed by the Governor of the State, three by the County Executive of St. Louis County, and three by the Mayor of the City of St. Louis. The Authority is granted all rights and powers necessary to plan, finance, construct, equip, and maintain the facility.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 25- Joint Ventures**

The Authority is considered a joint venture of the State, County, and City because it constitutes a contractual agreement for public benefit in which the State, County, and City retain an ongoing financial responsibility for the Convention and Sports Facility Project Bonds. In August 1991, the Authority issued \$258,670,000 of Convention and Sports Facility Project Bonds. The bonds were sponsored in the amount of \$132,910,000 by the State (Series A), \$65,685,000 by the County (Series B), and \$60,075,000 by the City (Series C). In December 1993, the Authority issued \$181,885,000 in Convention and Sports Facility Project and Refunding Bonds to advance refund \$101,410,000 and \$50,275,000 of the outstanding 1991 Series A and Series B bonds, respectively, and for additional construction costs. The bonds were sponsored in the amount of \$121,705,000 by the State (Series A) and \$60,180,000 by the County (Series B). In February 1997, the Authority issued \$61,285,000 in Series C refunding bonds to advance refund \$47,155,000 of the outstanding 1991 Series C bonds. In August 2003, the Authority issued \$116,030,000 of Convention and Sports Facility Project and Refunding Bonds Series A 2003 to refund \$2,845,000 and \$113,170,000 of Series A 1991 and Series A 1993 refunding bonds, respectively, and for additional construction costs. In May 2007, the Authority issued \$49,585,000 in Series C 2007 refunding bonds to refund \$61,285,000 of original principal of the Series C 1997 refunding bonds. In August 2013, the Authority issued \$65,195,000 in Series A 2013 refunding bonds to refund \$65,385,000 of Series A 2003 bonds and issued \$32,560,000 in Series B 2013 refunding bonds to refund \$32,180,000 of Series B 2003 bonds.

Pursuant to a financing agreement entered into in August 1991, and terminating in August 2021, the Authority leased the facility to the sponsors who subleased the facility back to the Authority. The payments made by the State, County, and City under the financing agreement are sufficient to pay the principal and interest on the bonds. In addition, the sponsors provide annual appropriations intended to keep the facility in good repair and competitive with the top 25% of NFL facilities. See *Note 12* for the specific debt service requirements that make up the State's ongoing financial responsibility for this joint venture.

Summary financial information for the Authority as of and for the fiscal year ended December 31, 2015, is presented below (in thousands of dollars):

Total Assets	\$ 192,894
Total Deferred Outflows of Resources	1,417
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 194,311</u>
Total Liabilities	\$ 114,718
Total Net Position	79,593
<u>Total Liabilities and Net Position</u>	<u>\$ 194,311</u>
Total Revenues	\$ 24,551
Total Expenses	34,548
<u>Net Decrease in Net Position</u>	<u>\$ (9,997)</u>

Copies of the Authority's financial statements may be requested from:

St. Louis Regional Convention  
and Sports Complex Authority  
901 North Broadway  
St. Louis, Missouri 63101

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 26 – Endowments**

Donor-restricted endowments for Missouri reside primarily within the higher education institutions, which are reported as a major component unit of the State. For the college and universities, except the University of Missouri, the net appreciation of the endowments available for expenditure is \$28,085,000 and of this amount, \$26,583,000 is reported as restricted non-expendable net position, \$1,336,000 is reported as restricted expendable net position, and \$166,000 is reported as unrestricted net position. The University of Missouri reported a net appreciation/depreciation of restricted non-expendable net position in the amount of (\$9,211,000) which consisted of both realized and unrealized gains and losses on investment. For detailed information on the college and universities, review the individual financial statements. The Revised Statutes of Missouri authorize the acceptance of donations at State agencies or public institutions. The governing boards of these institutions and the donor agreements determine whether net appreciation can be spent and the acceptable spending rate as detailed in Section 402.035, RSMo. These policies are entity specific and vary with each institution.

**Note 27 – Conduit Debt**

As of June 30, 2016, the Missouri Development Finance Board issued \$1,637,968,000 in Private Activity Bonds and \$2,436,209,000 in Public Purpose and Refunding Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2016, were approximately \$563,517,000 and \$943,924,000 respectively.

The Missouri Development Finance Board and the State have no liability for repayment of these revenue bonds and funding notes aside from reserve fund deposits and, accordingly, these bonds and notes have not been recorded as a liability on the financial statements for the Missouri Development Finance Board. The debtor pays all debt service requirements. Security for the bondholders consists of insurance, letters of credit, annual appropriation pledges, and certain funds held through trustees under the various indentures.

The State Environmental Improvement and Energy Resources Authority, a related organization of the State of Missouri, issues Water Pollution Control and Drinking Water Revenue Bonds on behalf of the Department of Natural Resources. The outstanding balance on these bonds as of June 30, 2016, is \$747,190,000.

The State of Missouri has no liability for repayment of these revenue bonds beyond the resources provided by related loan programs. The bonds are limited obligations of the State Environmental Improvement and Energy Resources Authority.

**Note 28 – Subsequent Events**

**Bonds**

On December 6, 2016, the Missouri Development Finance Board issued \$97,225,000 in State of Missouri Annual Appropriation bonds (Fulton State Hospital Project), Series 2016. These bonds bear interest from 4.0% to 5.0%, due in semiannual installments beginning April 1, 2017.

On December 6, 2016, the Missouri Highways and Transportation Commission (MHTC) authorized the calling of \$90,860,000 of the \$251,745,000 outstanding Senior Lien Refunding State Road Bonds, Series 2006 on February 1, 2017. In addition, the MHTC authorized the calling of \$26,965,000 of the \$86,515,000 outstanding Second Lien State Road Bonds, Series 2007 on May 1, 2017.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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**Note 28 – Subsequent Events (cont.)**

Missouri Southern State University:

On September 1, 2016, the University obtained an unsecured demand line of credit with a borrowing limit of \$5,000,000. Interest varies daily based on 1.25% less than the “Wall Street Journal” Prime Rate; initial rate of 2.25%. The line of credit matures September 1, 2018.

Missouri State University:

In October, 2016, the University issued \$12,720,000 of Auxiliary Enterprise System Revenue Bonds. These bonds bear interest from 2.0% to 4.0% and will be used for the demolition of the Taylor Health and Wellness Center and the construction of a replacement health and wellness center on the Springfield campus.

Southeast Missouri State University:

On August 10, 2016, the University issued \$25,025,000 of the Systems Facilities Revenue Bonds, Series 2016C. These bonds bear interest from 2.0% to 4.0% and will be used to partially refinance the Series 2011B bonds.

**Retirement Systems**

The MOSERS Board certified contribution rates for the fiscal year 2018 at 19.45% of payroll for the MSEP and 62.09% of payroll for the Judicial Plan. This is a noticeable increase from the 2017 rates of 16.97% and 58.45% as a result of lowered expected investment rates and updated mortality tables.



***Required Supplementary Information (RSI) includes the Budgetary Comparison Schedule for the General Fund and Major Special Revenue Funds, as well as the Budget to Generally Accepted Accounting Principles (GAAP) reconciliation, and the Notes to RSI on Budgetary Reporting.***

**STATE OF MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND, MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	General Fund				Public Education				Conservation and Environmental Protection			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Beginning Budgetary Fund Balance	\$ 1,356,513	\$ 1,356,513	\$ 1,356,513	\$ ---	\$ 185,491	\$ 185,491	\$ 185,491	\$ ---	\$ 562,336	\$ 562,336	\$ 562,336	\$ ---
Resources (Inflows):												
Taxes:												
Sales and Use	2,137,829	2,177,960	2,110,507	(67,453)	865,992	865,992	866,593	601	266,782	266,782	207,197	(59,585)
Individual Income	7,266,243	7,402,645	7,173,379	(229,266)	2,728	2,728	2,730	2	---	---	---	---
Corporate Income	472,536	481,406	466,497	(14,909)	---	---	---	---	---	---	---	---
County Foreign Insurance	250,472	255,174	247,271	(7,903)	---	---	---	---	---	---	---	---
Beer	7,899	8,048	7,798	(250)	---	---	---	---	---	---	---	---
Liquor	23,140	23,575	22,845	(730)	---	---	---	---	---	---	---	---
Cigarette	---	---	---	---	63,951	63,951	63,995	44	---	---	---	---
Corporation Franchise	19,765	20,136	19,512	(624)	---	---	---	---	---	---	---	---
Reimbursement/Miscellaneous	136,175	138,731	134,434	(4,297)	322,541	322,541	322,765	224	94	94	73	(21)
Total Taxes	10,314,059	10,507,675	10,182,243	(325,432)	1,255,212	1,255,212	1,256,083	871	266,876	266,876	207,270	(59,606)
Licenses, Fees, and Permits	91,921	93,632	90,736	(2,896)	1,460	1,460	1,461	1	110,202	110,202	85,588	(24,614)
Sales	693	703	682	(21)	---	---	---	---	9,517	9,517	7,391	(2,126)
Leases and Rentals	8	8	8	---	---	---	---	---	82	82	64	(18)
Services	352,066	352,260	342,757	(9,503)	---	---	---	---	---	---	---	---
Contributions and Intergovernmental	8,957,443	8,986,966	8,739,034	(247,932)	60,478	60,478	60,520	42	108,533	108,533	84,293	(24,240)
Interest	11,793	12,012	11,640	(372)	1,083	1,083	1,084	1	6,365	6,365	4,944	(1,421)
Penalties and Unclaimed Property	18,549	18,781	18,225	(556)	2,828	2,828	2,830	2	1,701	1,701	1,321	(380)
Cost Reimbursement/Miscellaneous	1,091,016	1,093,711	1,063,738	(29,973)	95,207	95,207	95,273	66	112,481	112,481	87,358	(25,123)
Transfers In	3,452,573	3,498,789	3,154,161	(344,628)	1,696,814	1,705,107	1,683,540	(21,567)	1,035	1,035	987	(48)
Total Resources (Inflows)	24,290,121	24,564,537	23,603,224	(961,313)	3,113,082	3,121,375	3,100,791	(20,584)	616,792	616,792	479,216	(137,576)
Amount Available for Appropriation	25,646,634	25,921,050	24,959,737	(961,313)	3,298,573	3,306,866	3,286,282	(20,584)	1,179,128	1,179,128	1,041,552	(137,576)
Charges to Appropriations (Outflows):												
Current:												
General Government	2,191,572	2,127,460	2,006,728	120,732	1,091	1,094	539	555	3,097	3,100	2,182	918
Education	4,322,324	4,294,772	4,169,928	124,844	2,780,272	2,782,328	2,668,820	113,508	---	---	---	---
Natural and Economic Resources	479,380	476,097	254,811	221,286	16,180	16,180	2,933	13,247	1,012,572	983,678	482,422	501,256
Transportation and Law Enforcement	522,526	491,876	333,807	158,069	325	325	283	42	994	995	769	226
Human Services	12,228,709	12,703,214	11,825,065	878,149	17,280	16,942	15,711	1,231	706	706	640	66
Debt Service	95,971	93,119	89,038	4,081	---	---	---	---	---	---	---	---
Transfers Out	5,227,459	5,280,067	4,894,102	385,965	419,915	418,977	395,571	23,406	53,285	53,835	49,657	4,178
Total Charges to Appropriations	25,067,941	25,466,605	23,573,479	1,893,126	3,235,063	3,235,846	3,083,857	151,989	1,070,654	1,042,314	535,670	506,644
Ending Budgetary Fund Balance	\$ 578,693	\$ 454,445	\$ 1,386,258	\$ 931,813	\$ 63,510	\$ 71,020	\$ 202,425	\$ 131,405	\$ 108,474	\$ 136,814	\$ 505,882	\$ 369,068
Reconciling Items:												
Reclassifying Cash Equivalents as Investments			(795,778)				(114,962)				(337,902)	
Investments at Fair Value			813,001				116,560				339,131	
Receivables, Net			2,179,250				134,087				1,290,745	
Due from Other Funds			---				7,757				---	
Due from Component Units			---				---				947	
Inventories			24,295				48				381	
Advance to Component Units			---				---				1,130	
Accounts Payable			(1,036,847)				(5,109)				(5,097)	
Accrued Payroll			(59,192)				(239)				(5,080)	
Due to Other Funds			(5,658)				(31)				(222)	
Unearned Revenue			(14,634)				---				(181)	
Escheat/Unclaimed Property			(99,957)				---				---	
Deferred Inflows of Resources			(936,996)				(41,750)				(20,754)	
Fund Balance – GAAP Basis			\$ 1,453,742				\$ 298,786				\$ 1,768,980	

**STATE OF MISSOURI**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY REPORTING**  
**June 30, 2016**

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**Budgetary Presentation:**

A Budgetary Comparison Schedule is presented as Required Supplementary Information for the State's General Fund and Major Special Revenue Funds. Revenues and expenditures are reported on a budgetary basis where "actual" revenues are recognized when cash is received, and "actual" expenditures are recognized for cash disbursements. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. A reconciliation of the two for the fiscal year ended June 30, 2016, has been presented at the bottom of the Budgetary Comparison Schedule.

The budgetary expenditures are included in the current year's Appropriation Activity Report, which demonstrates legal compliance with the current year's budget. This report can be viewed at <http://oa.mo.gov/accounting/reports/annual-reports/appropriation-activity-reports>. The "original budget" expenditures and transfers are for what was originally appropriated for each fund. The "final budget" expenditures and transfers takes into account any increases and decreases to appropriations during the fiscal year less the Governor's amounts reverted (withheld) for each fund less any reappropriations to the next fiscal year.

Once a year, the Office of Administration–Division of Budget and Planning receives budgeted revenues from state agencies for each of their funds as well as a revised revenue estimate in the spring for the State's General Revenue Fund. The revised revenue estimate is used in the "final budget" column for the General Fund and is very comparable to actual revenue resulting in a small negative variance on this Schedule.

In accordance with State statute, all state funds must have an appropriation before amounts can be expended or transferred to another state fund; therefore, variances between "budgeted" and "actual" expenditures on the budgetary schedule will always be positive.

For budget purposes, interfund activity is not eliminated. A summary of interfund eliminations at June 30, 2016, is shown below (in thousands):

	Final Budget Transfer		Actual Transfer	
	In	Out	In	Out
GENERAL FUND	\$ 3,100,211	\$ (3,100,211)	\$ 2,847,299	\$ (2,847,299)
SPECIAL REVENUE FUNDS				
Public Education	390,618	(390,618)	369,045	(369,045)
TOTAL	<u>\$ 3,490,829</u>	<u>\$ (3,490,829)</u>	<u>\$ 3,216,344</u>	<u>\$ (3,216,344)</u>

**Budgetary Control:**

Budgetary control is maintained at the departmental level; each Department of the Missouri government formulates a budget to be submitted for approval by the General Assembly prior to the beginning of the fiscal year. These budgets are prepared essentially on the cash basis. The legislature reviews, revises, and legally adopts these budgets. The Governor then has the authority to approve or veto each budget, subject to legislative override.

Budgeted expenditures cannot exceed estimated revenues and other sources of funding, including beginning fund balances. In the event that actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the legislature to address the issue.

Unexpended appropriations lapse at the end of each appropriation year, unless reappropriated to the following appropriation year.

**STATE OF MISSOURI**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FISCAL YEAR 2016**  
**(In Thousands of Dollars)**

	Judicial Plan		Missouri Department of Transportation and Highway Patrol Employees' Retirement System		University of Missouri Retirement System	
	2016**	2015**	2016**	2015**	2016**	2015**
<b>Total Pension Liability</b>						
Service Cost	\$ 10,614	8,990	\$ 45,358	44,740	\$ 68,328	70,574
Interest on the Total Pension Liability	36,162	34,014	275,285	270,526	288,438	275,762
Difference between Expected and Actual Experience	5,103	13,361	(13,324)	(17,614)	(38,227)	13,226
Benefit Payments	(31,246)	(29,407)	(236,906)	(227,958)	(203,300)	(182,488)
Refunds	---	---	(107)	(19)	---	---
Disability Premiums	---	---	(1,555)	(1,532)	---	---
Transfers to Other Retirement Systems	---	---	(3,147)	(1,876)	---	---
<b>Net Change in Total Pension Liability</b>	<b>20,633</b>	<b>26,958</b>	<b>65,604</b>	<b>66,267</b>	<b>115,239</b>	<b>177,074</b>
<b>Total Pension Liability – Beginning</b>	<b>462,336</b>	<b>435,378</b>	<b>3,650,242</b>	<b>3,583,975</b>	<b>3,763,573</b>	<b>3,586,499</b>
<b>Total Pension Liability – Ending (a)</b>	<b>482,969</b>	<b>462,336</b>	<b>3,715,846</b>	<b>3,650,242</b>	<b>3,878,812</b>	<b>3,763,573</b>
<b>Plan Fiduciary Net Position</b>						
Contributions – Employer	32,700	29,265	200,639	183,354	99,454	103,895
Contributions – Member	488	295	3,294	2,260	14,976	14,486
Pension Plan Net Investment Income	(3,610)	21,395	92,646	319,446	6,646	36,412
Benefit Payments	(31,246)	(29,407)	(236,906)	(227,958)	(203,300)	(182,488)
Refunds	---	---	(107)	(19)	---	---
Disability Premiums	---	---	(1,555)	(1,532)	---	---
Pension Plan Administrative Expense	(123)	(106)	(4,067)	(3,736)	---	---
Net Transfers	---	---	(2,033)	(92)	---	---
Other	3	---	---	---	---	(2,150)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(1,788)</b>	<b>21,442</b>	<b>51,911</b>	<b>271,723</b>	<b>(82,224)</b>	<b>(29,845)</b>
<b>Plan Fiduciary Net Position – Beginning*</b>	<b>132,646</b>	<b>111,204</b>	<b>1,957,456</b>	<b>1,685,733</b>	<b>3,302,850</b>	<b>3,332,695</b>
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b>130,858</b>	<b>132,646</b>	<b>2,009,367</b>	<b>1,957,456</b>	<b>3,220,626</b>	<b>3,302,850</b>
<b>Net Pension Liability – Ending (a) – (b)</b>	<b>\$ 352,111</b>	<b>329,690</b>	<b>\$ 1,706,479</b>	<b>1,692,786</b>	<b>\$ 658,186</b>	<b>460,723</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>						
	27.09%	28.69%	54.08%	53.63%	83.03%	87.76%
<b>Covered Employee Payroll</b>	<b>55,960</b>	<b>49,588</b>	<b>342,265</b>	<b>336,591</b>	<b>1,129,784</b>	<b>1,109,431</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>						
	629.22%	664.86%	498.58%	502.92%	58.26%	41.53%

\*After post-valuation adjustments.

\*\*Based on a measurement date and actuarial valuation as of the end of the preceding fiscal year. The measurement date is as of June 30, except University of Missouri Retirement System which is based on a measurement date of October 1.

Note: This schedule is ultimately required to show information for ten years. However, until a full ten-year trend is compiled, only the years that information is available will be reported.

**STATE OF MISSOURI**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FISCAL YEAR 2016**  
**(In Thousands of Dollars)**

	<b>2016*</b>	<b>2015*</b>
<b><u>Missouri State Employees' Plan</u></b>		
State's proportion of the net pension liability	82.26%	82.45%
State's proportionate share of the net pension liability	\$ 2,641,347	\$ 1,944,098
State's covered-employee payroll	1,593,238	1,613,263
State's proportionate share of the net pension liability as a percentage of its covered-employee payroll	165.78%	120.51%
Plan fiduciary net position as a percentage of the total pension liability	72.62%	79.49%
<b><u>Judicial Plan</u></b>		
State's proportion of the net pension liability	100.00%	100.00%
State's proportionate share of the net pension liability	\$ 352,111	\$ 329,690
State's covered-employee payroll	55,960	49,588
State's proportionate share of the net pension liability as a percentage of its covered-employee payroll	629.22%	664.86%
Plan fiduciary net position as a percentage of the total pension liability	27.09%	28.69%
<b><u>Missouri Department of Transportation and Highway Patrol Employees' Retirement System</u></b>		
State's proportion of the net pension liability	100.00%	100.00%
State's proportionate share of the net pension liability	\$ 1,706,479	\$ 1,692,786
State's covered-employee payroll	342,265	336,591
State's proportionate share of the net pension liability as a percentage of its covered-employee payroll	498.58%	502.92%
Plan fiduciary net position as a percentage of the total pension liability	54.08%	53.63%
<b><u>Missouri State Employees' Plan – Component Units</u></b>		
Component Unit's proportion of the net pension liability	17.38%	17.19%
Component Unit's proportionate share of the net pension liability	\$ 557,955	\$ 405,189
Component Unit's covered-employee payroll	336,571	325,490
Component Unit's proportionate share of the net pension liability as a percentage of its covered-employee payroll	165.78%	124.49%
Plan fiduciary net position as a percentage of the total pension liability	72.62%	79.49%
<b><u>University of Missouri Retirement System</u></b>		
University's proportion of the net pension liability	100.00%	100.00%
University's proportionate share of the net pension liability	\$ 658,186	\$ 460,723
University's covered-employee payroll	1,129,784	1,109,431
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	58.26%	41.53%
Plan fiduciary net position as a percentage of the total pension liability	83.03%	87.76%

\*Based on a measurement date and actuarial valuation as of the end of the preceding fiscal year. The measurement date is as of June 30, except University of Missouri Retirement System which is based on a measurement date of October 1.

Note: This schedule is ultimately required to show information for ten years. However, until a full ten-year trend is compiled, only the years that information is available will be reported.

**STATE OF MISSOURI**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**FISCAL YEAR 2016**  
**(In Thousands of Dollars)**

	<b>2016*</b>	<b>2015*</b>
<b><u>Missouri State Employees' Plan</u></b>		
Required Contributions	\$ 270,220	\$ 269,106
Contributions in relation to the required contribution	270,220	269,106
Contribution deficiency (excess)	---	---
State's covered-employee payroll	1,593,238	1,613,263
Contributions as a percentage of covered-employee payroll	16.96%	16.68%
<b><u>Judicial Plan</u></b>		
Required Contributions	\$ 32,700	\$ 29,265
Contributions in relation to the required contribution	32,700	29,265
Contribution deficiency (excess)	---	---
State's covered-employee payroll	55,960	49,588
Contributions as a percentage of covered-employee payroll	58.43%	59.02%
<b><u>Missouri Department of Transportation and Highway Patrol Employees' Retirement System</u></b>		
Required Contributions	\$ 200,639	\$ 183,354
Contributions in relation to the required contribution	200,639	183,354
Contribution deficiency (excess)	---	---
State's covered-employee payroll	342,265	336,591
Contributions as a percentage of covered-employee payroll	58.62%	54.44%
<b><u>Missouri State Employees' Plan – Component Units</u></b>		
Required Contributions	\$ 57,081	\$ 56,087
Contributions in relation to the required contribution	57,081	56,087
Contribution deficiency (excess)	---	---
Component Unit's covered-employee payroll	336,571	325,490
Contributions as a percentage of covered-employee payroll	16.96%	17.23%
<b><u>University of Missouri Retirement System</u></b>		
Required Contributions	\$ 99,454	\$ 103,895
Contributions in relation to the required contribution	99,454	103,895
Contribution deficiency (excess)	---	---
University's covered-employee payroll	1,129,784	1,109,431
Contributions as a percentage of covered-employee payroll	8.80%	9.36%

\*Based on a measurement date and actuarial valuation as of the end of the preceding fiscal year. The measurement date is as of June 30, except University of Missouri Retirement System which is based on a measurement date of October 1.

Note: This schedule is ultimately required to show information for ten years. However, until a full ten-year trend is compiled, only the years that information is available will be reported.

**Notes to the Schedule:**

***Changes of benefit terms.*** There were no changes to benefit terms in the plans for the year ended June 30, 2015.

***Changes of assumptions.*** There were no changes to assumptions in valuation reports for the year ended June 30, 2015, except for the Missouri State Employee' Plan and the Judicial Plan. For these plans, there would be no pay increases for fiscal year ending June 30, 2016, only.



***Supplementary Information*** includes the *Budgetary Comparison Schedule and Reconciliation for the Major Capital Projects Fund (Missouri Road Fund)*, as well as the *Combining and Individual Fund Statements and Schedules for the General Fund and all Non-Major Funds*.

**STATE OF MISSOURI**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**MAJOR CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	Missouri Road Fund*				Variance with Final Budget	
	Original Budget	Final Budget	Actual	Missouri Road Fund*		
	\$	\$	\$			
Beginning Budgetary Fund Balance	\$ 784,058	\$ 784,058	\$ 784,058	\$ ---		
<b>Resources (Inflows):</b>						
Taxes:						
Vehicle Sales and Use	160,168	160,168	165,849	5,681		
Fuel	154	154	108	(46)		
Total Taxes	160,322	160,322	165,957	5,635		
Licenses, Fees, and Permits	87,471	87,471	106,051	18,580		
Contributions and						
Intergovernmental	885,185	885,185	827,843	(57,342)		
Interest	4,891	4,891	4,916	25		
Cost Reimbursement/Miscellaneous	77,863	78,177	87,998	9,821		
Transfers In	535,000	535,000	460,956	(74,044)		
Total Resources (Inflows)	<u>1,750,732</u>	<u>1,751,046</u>	<u>1,653,721</u>	<u>(97,325)</u>		
Amount Available for Appropriation	<u>2,534,790</u>	<u>2,535,104</u>	<u>2,437,779</u>	<u>(97,325)</u>		
<b>Charges to Appropriations (Outflows):</b>						
Current:						
Transportation and Law						
Enforcement	864,995	868,612	782,389	86,223		
Capital Outlay						
Transportation and Law						
Enforcement	792,570	795,883	716,879	79,004		
Debt Service	124,083	124,602	112,233	12,369		
Total Charges to Appropriations	<u>1,781,648</u>	<u>1,789,097</u>	<u>1,611,501</u>	<u>177,596</u>		
Ending Budgetary Fund Balance	<u><u>\$ 753,142</u></u>	<u><u>\$ 746,007</u></u>	<u><u>\$ 826,278</u></u>	<u><u>\$ 80,271</u></u>		
<b>Reconciling Items:</b>						
Reclassifying Cash Equivalents as Investments			(376,540)			
Investments at Fair Value			377,383			
Receivables, Net			100,840			
Inventories			39,614			
Accounts Payable			(83,799)			
Accrued Payroll			(16,642)			
Due to Other Funds			(257)			
Unearned Revenue			(20,493)			
Deferred Inflows of Resources			<u>(17,725)</u>			
Fund Balance – GAAP Basis	<u><u>\$ 828,659</u></u>					

\* Beginning balance was restated due to past year blended component units that have since dissolved.



## *The Combining and Individual Fund Statements and Schedules*

### **Major Funds**

**General Fund** – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

### **Non-Major Funds**

This includes all non-major governmental and enterprise funds, as well as the non-major component units. It also includes all internal service and fiduciary funds because the “major fund” classification, created under GASB Statement 34, does not apply to these funds.

A budgetary comparison schedule is provided for all non-major governmental funds with the exception of capital projects funds.

**STATE OF MISSOURI**  
**BALANCE SHEET**  
**GENERAL FUND**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	General Fund		Totals
	General	Federal	June 30, 2016
	General	Federal	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 415,788	\$ 174,692	\$ 590,480
Investments	586,576	226,425	813,001
Accounts Receivable, Net	1,386,329	758,023	2,144,352
Interest Receivable	2,001	22	2,023
Inventories	22,715	1,580	24,295
Loans Receivable	32,875	---	32,875
<b>Total Assets</b>	<b><u>\$ 2,446,284</u></b>	<b><u>\$ 1,160,742</u></b>	<b><u>\$ 3,607,026</u></b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 447,258	\$ 589,589	\$ 1,036,847
Accrued Payroll	43,960	15,232	59,192
Due to Other Funds	2,346	3,312	5,658
Unearned Revenue	667	13,967	14,634
Escheat/Unclaimed Property	99,957	---	99,957
<b>Total Liabilities</b>	<b><u>594,188</u></b>	<b><u>622,100</u></b>	<b><u>1,216,288</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b><u>883,501</u></b>	<b><u>53,495</u></b>	<b><u>936,996</u></b>
<b>FUND BALANCES</b>			
Nonspendable	55,590	1,580	57,170
Restricted	4,635	483,567	488,202
Committed	589,870	---	589,870
Assigned	79,670	---	79,670
Unassigned	238,830	---	238,830
<b>Total Fund Balances</b>	<b><u>968,595</u></b>	<b><u>485,147</u></b>	<b><u>1,453,742</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 2,446,284</u></b>	<b><u>\$ 1,160,742</u></b>	<b><u>\$ 3,607,026</u></b>

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	General Fund			Totals
	General	Federal	Eliminations	June 30, 2016
	General	Federal	Eliminations	
<b>Revenues:</b>				
Taxes	\$ 8,798,146	\$ ---	\$ ---	\$ 8,798,146
Licenses, Fees, and Permits	90,179	753	---	90,932
Sales	476	14	---	490
Leases and Rentals	17	1	---	18
Services	7,649	107,411	---	115,060
Contributions and Intergovernmental	1,537,960	8,345,831	---	9,883,791
Investment Earnings:				
Net Increase (Decrease) in the Fair				
Value of Investments	1,845	532	---	2,377
Interest	11,729	107	---	11,836
Penalties and Unclaimed Properties	56,186	6,021	---	62,207
Cost Reimbursement/Miscellaneous	112,992	161,212	---	274,204
Total Revenues	<u>10,617,179</u>	<u>8,621,882</u>	<u>---</u>	<u>19,239,061</u>
<b>Expenditures:</b>				
Current:				
General Government	613,376	27,938	---	641,314
Education	3,200,487	1,003,388	---	4,203,875
Natural and Economic Resources	84,126	216,739	---	300,865
Transportation and Law Enforcement	91,513	243,541	---	335,054
Human Services	5,448,577	6,897,479	---	12,346,056
Debt Service:				
Principal	62,118	1,617	---	63,735
Interest	26,580	44	---	26,624
Bond Issuance Cost	492	---	---	492
Total Expenditures	<u>9,527,269</u>	<u>8,390,746</u>	<u>---</u>	<u>17,918,015</u>
Excess Revenues (Expenditures)	<u>1,089,910</u>	<u>231,136</u>	<u>---</u>	<u>1,321,046</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Notes/Capital Leases	2,474	2,141	---	4,615
Proceeds from Sale of Capital Assets	332	135	---	467
Transfers In	203,986	128,722	(291,792)	40,916
Transfers Out	(1,437,314)	(168,362)	291,792	(1,313,884)
Total Other Financing				
Sources (Uses)	<u>(1,230,522)</u>	<u>(37,364)</u>	<u>---</u>	<u>(1,267,886)</u>
Net Change in Fund Balances	<u>(140,612)</u>	<u>193,772</u>	<u>---</u>	<u>53,160</u>
Fund Balances – Beginning	1,109,947	290,676	---	1,400,623
Increase (Decrease) in Reserve for				
Inventory	(740)	699	---	(41)
Fund Balances – Ending	<u>\$ 968,595</u>	<u>\$ 485,147</u>	<u>\$ ---</u>	<u>\$ 1,453,742</u>

**STATE OF MISSOURI**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS – BY FUND TYPE**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
					June 30, 2016
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 179,521	\$ 39,787	\$ 71,437	\$ 243	\$ 290,988
Investments	210,657	72,231	199,914	52,534	535,336
Accounts Receivable, Net	155,515	16,218	---	---	171,733
Interest Receivable	284	209	417	---	910
Due from Other Funds	1,079	---	---	---	1,079
Inventories	4,311	---	---	---	4,311
Loans Receivable	2,859	---	---	---	2,859
<b>Total Assets</b>	<b>\$ 554,226</b>	<b>\$ 128,445</b>	<b>\$ 271,768</b>	<b>\$ 52,777</b>	<b>\$ 1,007,216</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 99,254	\$ ---	\$ 10,961	\$ ---	\$ 110,215
Accrued Payroll	11,974	---	---	---	11,974
Due to Other Funds	1,870	---	---	---	1,870
<b>Total Liabilities</b>	<b>113,098</b>	<b>---</b>	<b>10,961</b>	<b>---</b>	<b>124,059</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>7,354</b>	<b>100</b>	<b>296</b>	<b>---</b>	<b>7,750</b>
<b>FUND BALANCES</b>					
Nonspendable	4,311	---	---	52,673	56,984
Restricted	159,088	128,345	260,511	---	547,944
Committed	24,522	---	---	---	24,522
Assigned	245,853	---	---	104	245,957
<b>Total Fund Balances</b>	<b>433,774</b>	<b>128,345</b>	<b>260,511</b>	<b>52,777</b>	<b>875,407</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 554,226</b>	<b>\$ 128,445</b>	<b>\$ 271,768</b>	<b>\$ 52,777</b>	<b>\$ 1,007,216</b>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS – BY FUND TYPE**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
					June 30, 2016
<b>Revenues:</b>					
Taxes	\$ 951,260	\$ 171,931	\$ ---	\$ ---	\$ 1,123,191
Licenses, Fees, and Permits	400,733	---	---	---	400,733
Sales	1,230	---	---	---	1,230
Leases and Rentals	51	---	---	---	51
Services	1,073	---	---	---	1,073
Contributions and Intergovernmental	331,515	5,993	---	---	337,508
Investment Earnings:					
Net Increase (Decrease) in the Fair					
Value of Investments	568	123	319	216	1,226
Interest	1,417	920	1,120	2	3,459
Penalties and Unclaimed Properties	3,469	---	---	2,626	6,095
Cost Reimbursement/Miscellaneous	62,767	---	---	---	62,767
Total Revenues	<b>1,754,083</b>	<b>178,967</b>	<b>1,439</b>	<b>2,844</b>	<b>1,937,333</b>
<b>Expenditures:</b>					
Current:					
General Government	242,061	---	494	---	242,555
Education	1,691	---	40,407	---	42,098
Natural and Economic Resources	267,285	---	17	---	267,302
Transportation and Law Enforcement	328,734	10	---	---	328,744
Human Services	677,744	---	871	---	678,615
Capital Outlay:					
General Government	---	---	2,474	---	2,474
Education	---	---	29	---	29
Natural and Economic Resources	---	---	246	---	246
Transportation and Law Enforcement	---	---	293	---	293
Human Services	---	---	37,384	---	37,384
Debt Service:					
Principal	668	164,660	---	---	165,328
Interest	241	90,058	5	---	90,304
Bond Issuance Costs	---	---	263	---	263
Underwriter's Discount	---	---	1,231	---	1,231
Total Expenditures	<b>1,518,424</b>	<b>254,728</b>	<b>83,714</b>	<b>---</b>	<b>1,856,866</b>
Excess Revenues (Expenditures)	<b>235,659</b>	<b>(75,761)</b>	<b>(82,275)</b>	<b>2,844</b>	<b>80,467</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Notes/Capital Leases	9,738	---	---	---	9,738
Proceeds from Bonds	---	---	193,800	---	193,800
Bond Premium	---	---	17,810	---	17,810
Proceeds from Sale of Capital Assets	6,019	---	---	---	6,019
Transfers In	259,801	67,159	---	---	326,960
Transfers Out	(491,519)	---	---	(6)	(491,525)
Total Other Financing Sources (Uses)	<b>(215,961)</b>	<b>67,159</b>	<b>211,610</b>	<b>(6)</b>	<b>62,802</b>
Net Change in Fund Balances	<b>19,698</b>	<b>(8,602)</b>	<b>129,335</b>	<b>2,838</b>	<b>143,269</b>
Fund Balances – Beginning	<b>414,669</b>	<b>136,947</b>	<b>131,176</b>	<b>49,939</b>	<b>732,731</b>
Increase (Decrease) in Reserve for Inventory	<b>(593)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>(593)</b>
Fund Balances – Ending	<b>\$ 433,774</b>	<b>\$ 128,345</b>	<b>\$ 260,511</b>	<b>\$ 52,777</b>	<b>\$ 875,407</b>



*The **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State has numerous individual Special Revenue Funds. Therefore, the funds have been combined into specific functional areas.*

## **Non-Major Special Revenue Funds:**

**Professional Registration** – Provides for the control and regulation of various professions. Each profession has its own fund to account for its operation.

**Judicial Protection and Assistance** – Provides for protection of public employees by the Attorney General's Office, conviction of criminal offenders by prosecuting attorneys and assistance to victims of criminal offenses.

**Agriculture and State Fair** – Provides for inspections of products, market development, and awards for competition at the State Fair.

**Social Assistance** – Provides financial, health, and other services to qualifying individuals.

**Transportation and Law Enforcement** – Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

**Unemployment and Workers' Compensation** – Provides for the administration of these laws and benefits to workers who qualify for workers' compensation.

**Reimbursements and Other** – Provides various reimbursements of costs to other governments and various regulatory commissions not included in other functional areas.

**STATE OF MISSOURI**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Transportation and Law Enforcement	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2016
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 24,606	\$ 13,232	\$ 3,979	\$ 20,931	\$ 59,873	\$ 22,328	\$ 34,572	\$ 179,521
Investments	33,828	18,192	7,081	28,803	44,589	30,696	47,468	210,657
Accounts Receivable, Net	---	1,416	421	5,741	122,524	24,104	1,309	155,515
Interest Receivable	---	24	7	44	86	48	75	284
Due from Other Funds	---	---	---	---	---	1,079	---	1,079
Inventories	26	8	9	19	3,952	---	297	4,311
Loans Receivable	---	---	1,818	---	1,041	---	---	2,859
<b>Total Assets</b>	<b>\$ 58,460</b>	<b>\$ 32,872</b>	<b>\$ 13,315</b>	<b>\$ 55,538</b>	<b>\$ 232,065</b>	<b>\$ 78,255</b>	<b>\$ 83,721</b>	<b>\$ 554,226</b>
<b>LIABILITIES</b>								
Accounts Payable	\$ 180	\$ 515	\$ 142	\$ 37,915	\$ 3,121	\$ 48,816	\$ 8,565	\$ 99,254
Accrued Payroll	235	418	341	357	7,595	459	2,569	11,974
Due to Other Funds	42	774	19	24	715	179	117	1,870
<b>Total Liabilities</b>	<b>457</b>	<b>1,707</b>	<b>502</b>	<b>38,296</b>	<b>11,431</b>	<b>49,454</b>	<b>11,251</b>	<b>113,098</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
	---	23	5	431	6,127	615	153	7,354
<b>FUND BALANCES</b>								
Nonspendable	26	8	9	19	3,952	---	297	4,311
Restricted	---	25,538	3,514	5,721	36,283	28,186	59,846	159,088
Committed	17,221	281	775	5,236	1,009	---	---	24,522
Assigned	40,756	5,315	8,510	5,835	173,263	---	12,174	245,853
<b>Total Fund Balances</b>	<b>58,003</b>	<b>31,142</b>	<b>12,808</b>	<b>16,811</b>	<b>214,507</b>	<b>28,186</b>	<b>72,317</b>	<b>433,774</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 58,460</b>	<b>\$ 32,872</b>	<b>\$ 13,315</b>	<b>\$ 55,538</b>	<b>\$ 232,065</b>	<b>\$ 78,255</b>	<b>\$ 83,721</b>	<b>\$ 554,226</b>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Transportation and Law Enforcement	Unemployment and Workers' Compensation	Reimbursements and Other	Totals
								June 30, 2016
<b>Revenues:</b>								
Taxes	\$ 154	\$ ---	\$ 4,433	\$ 115,263	\$ 710,274	\$ 120,961	\$ 175	\$ 951,260
Licenses, Fees, and Permits	18,246	34,371	10,959	18,203	213,322	---	105,632	400,733
Sales	---	---	7	857	---	---	366	1,230
Leases and Rentals	---	---	---	51	---	---	---	51
Services	---	1,066	---	---	---	---	7	1,073
Contributions and Intergovernmental	---	558	177	329,720	7	---	1,053	331,515
Investment Earnings:								
Net Increase (Decrease) in the Fair Value of Investments	100	55	10	82	83	102	136	568
Interest	---	111	110	190	447	230	329	1,417
Penalties and Unclaimed Properties	303	274	---	22	516	930	1,424	3,469
Cost Reimbursement/ Miscellaneous	162	1,255	144	34,657	2,323	438	23,788	62,767
<b>Total Revenues</b>	<b>18,965</b>	<b>37,690</b>	<b>15,840</b>	<b>499,045</b>	<b>926,972</b>	<b>122,661</b>	<b>132,910</b>	<b>1,754,083</b>
<b>Expenditures:</b>								
<b>Current:</b>								
General Government	165	14,560	136	1,168	205,518	5,400	15,114	242,061
Education	108	---	---	1,583	---	---	---	1,691
Natural and Economic Resources	17,358	5	15,637	3,878	---	121,526	108,881	267,285
Transportation and Law Enforcement	---	26,351	---	3,385	257,739	---	41,259	328,734
Human Services	---	---	---	673,760	---	---	3,984	677,744
<b>Debt Service:</b>								
Principal	---	19	---	---	51	76	522	668
Interest	---	7	5	---	1	24	204	241
<b>Total Expenditures</b>	<b>17,631</b>	<b>40,942</b>	<b>15,778</b>	<b>683,774</b>	<b>463,309</b>	<b>127,026</b>	<b>169,964</b>	<b>1,518,424</b>
Excess Revenues (Expenditures)	1,334	(3,252)	62	(184,729)	463,663	(4,365)	(37,054)	235,659
<b>Other Financing Sources (Uses):</b>								
Proceeds from Notes/ Capital Leases	---	330	231	---	---	---	9,177	9,738
Proceeds from Sale of Capital Assets	---	---	4	---	6,004	---	11	6,019
Transfers In	19	1,373	54	207,319	2,472	5,319	43,245	259,801
Transfers Out	(720)	(144)	---	(15,695)	(461,262)	(50)	(13,648)	(491,519)
<b>Total Other Financing Sources (Uses)</b>	<b>(701)</b>	<b>1,559</b>	<b>289</b>	<b>191,624</b>	<b>(452,786)</b>	<b>5,269</b>	<b>38,785</b>	<b>(215,961)</b>
Net Change in Fund Balances	633	(1,693)	351	6,895	10,877	904	1,731	19,698
Fund Balances – Beginning	57,370	32,835	12,454	9,898	204,227	27,282	70,603	414,669
Increase (Decrease) in Reserve for Inventory	---	---	3	18	(597)	---	(17)	(593)
<b>Fund Balances – Ending</b>	<b>\$ 58,003</b>	<b>\$ 31,142</b>	<b>\$ 12,808</b>	<b>\$ 16,811</b>	<b>\$ 214,507</b>	<b>\$ 28,186</b>	<b>\$ 72,317</b>	<b>\$ 433,774</b>

**STATE OF MISSOURI**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

Revenues:	Professional Registration			Judicial Protection and Assistance			Agriculture and State Fair			Social Assistance		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Taxes:</b>												
Sales and Use	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 40,418	\$ 39,125	\$ (1,293)
Cigarette	---	---	---	---	---	---	---	---	---	---	---	---
Fuel	---	---	---	---	---	---	---	---	---	---	---	---
County Foreign Insurance	---	---	---	---	---	---	---	---	---	---	---	---
Liquor/Wine	---	---	---	---	---	---	4,171	4,433	262	---	---	---
Reimbursement/Miscellaneous	152	155	3	---	---	---	---	---	---	61,639	59,666	(1,973)
<b>Total Taxes</b>	<b>152</b>	<b>155</b>	<b>3</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>4,171</b>	<b>4,433</b>	<b>262</b>	<b>102,057</b>	<b>98,791</b>	<b>(3,266)</b>
Licenses, Fees, and Permits	17,993	18,261	268	36,444	34,547	(1,897)	10,133	10,767	634	18,778	18,177	(601)
Leases and Rentals	---	---	---	---	---	---	---	---	---	52	51	(1)
Sales	---	---	---	---	---	---	6	6	---	899	870	(29)
Services	---	---	---	1,125	1,066	(59)	---	---	---	---	---	---
Contributions and												
Intergovernmental	2	2	---	2,769	2,625	(144)	259	275	16	347,594	336,471	(11,123)
Interest	---	---	---	122	116	(6)	31	33	2	205	199	(6)
Penalties and Unclaimed Property	298	303	5	288	274	(14)	1	1	---	14	14	---
Cost Reimbursement/												
Miscellaneous	162	164	2	1,309	1,241	(68)	234	249	15	43,237	41,854	(1,383)
<b>Total Revenues</b>	<b>18,607</b>	<b>18,885</b>	<b>278</b>	<b>42,057</b>	<b>39,869</b>	<b>(2,188)</b>	<b>14,835</b>	<b>15,764</b>	<b>929</b>	<b>512,836</b>	<b>496,427</b>	<b>(16,409)</b>
<b>Expenditures:</b>												
<b>Current:</b>												
General Government	11	3	8	22,383	13,180	9,203	222	66	156	5,306	3,069	2,237
Education	150	111	39	---	---	---	---	---	---	3,174	1,983	1,191
Natural and Economic Resources	9,925	7,878	2,047	1,184	6	1,178	14,196	12,158	2,038	6,946	3,825	3,121
Transportation and Law												
Enforcement	---	---	---	36,179	27,520	8,659	---	---	---	5,327	2,957	2,370
Human Services	---	---	---	750	750	---	---	---	---	508,301	475,440	32,861
<b>Total Expenditures</b>	<b>10,086</b>	<b>7,992</b>	<b>2,094</b>	<b>60,496</b>	<b>40,706</b>	<b>19,790</b>	<b>14,418</b>	<b>12,224</b>	<b>2,194</b>	<b>529,054</b>	<b>487,274</b>	<b>41,780</b>
<b>Excess Revenues</b>												
(Expenditures)	8,521	10,893	2,372	(18,439)	(837)	17,602	417	3,540	3,123	(16,218)	9,153	25,371
<b>Other Financing Sources (Uses):</b>												
Transfers In	18	18	---	1,724	1,379	(345)	4	4	---	295,230	220,599	(74,631)
Transfers Out	(13,243)	(10,363)	2,880	(2,474)	(2,005)	469	(3,762)	(3,548)	214	(315,496)	(225,161)	90,335
<b>Total Other Financing Sources (Uses)</b>	<b>(13,225)</b>	<b>(10,345)</b>	<b>2,880</b>	<b>(750)</b>	<b>(626)</b>	<b>124</b>	<b>(3,758)</b>	<b>(3,544)</b>	<b>214</b>	<b>(20,266)</b>	<b>(4,562)</b>	<b>15,704</b>
<b>Net Change in Fund Balances</b>	<b>(4,704)</b>	<b>548</b>	<b>5,252</b>	<b>(19,189)</b>	<b>(1,463)</b>	<b>17,726</b>	<b>(3,341)</b>	<b>(4)</b>	<b>3,337</b>	<b>(36,484)</b>	<b>4,591</b>	<b>41,075</b>
<b>Fund Balances – Beginning</b>	<b>57,840</b>	<b>57,840</b>	<b>---</b>	<b>32,862</b>	<b>32,862</b>	<b>---</b>	<b>8,878</b>	<b>8,878</b>	<b>---</b>	<b>45,067</b>	<b>45,067</b>	<b>---</b>
<b>Fund Balances – Ending</b>	<b>\$ 53,136</b>	<b>\$ 58,388</b>	<b>\$ 5,252</b>	<b>\$ 13,673</b>	<b>\$ 31,399</b>	<b>\$ 17,726</b>	<b>\$ 5,537</b>	<b>\$ 8,874</b>	<b>\$ 3,337</b>	<b>\$ 8,583</b>	<b>\$ 49,658</b>	<b>\$ 41,075</b>
<b>Reconciling Items:</b>												
Reclassifying Cash Equivalents as Investments	(33,782)				(18,167)			(4,895)			(28,727)	
Investments at Fair Value	33,828				18,192			7,081			28,803	
Receivables, Net	---				1,440			2,246			5,785	
Due from Other Funds	---				---			---			---	
Inventories	26				8			9			19	
Accounts Payable	(180)				(515)			(142)			(37,915)	
Accrued Payroll	(235)				(418)			(341)			(357)	
Due to Other Funds	(42)				(774)			(19)			(24)	
Deferred Inflows of Resources	---				(23)			(5)			(431)	
<b>Fund Balance per GAAP</b>	<b>\$ 58,003</b>				<b>\$ 31,142</b>			<b>\$ 12,808</b>			<b>\$ 16,811</b>	

\*The Veterans' Homes Capital Improvement Fund was reclassified from a capital projects fund to the special revenue fund Reimbursements and Other.

This schedule is continued on pages 136-137.

	Transportation and Law Enforcement			Unemployment and Workers' Compensation			Reimbursements and Other*			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>												
Taxes:												
Sales and Use	\$ 11,487	\$ 10,712	\$ (775)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 11,487	\$ 10,712	\$ (775)
Cigarette	---	---	---	---	---	---	---	---	---	40,418	39,125	(1,293)
Fuel	779,766	727,123	(52,643)	---	---	---	---	---	---	779,766	727,123	(52,643)
County Foreign Insurance	---	---	---	---	---	---	205	175	(30)	205	175	(30)
Liquor/Wine	---	---	---	---	---	---	---	---	---	4,171	4,433	262
Reimbursement/Miscellaneous	---	---	---	132,066	123,263	(8,803)	---	---	---	193,857	183,084	(10,773)
Total Taxes	791,253	737,835	(53,418)	132,066	123,263	(8,803)	205	175	(30)	1,029,904	964,652	(65,252)
Licenses, Fees and Permits	223,530	208,439	(15,091)	---	---	---	124,122	105,994	(18,128)	431,000	396,185	(34,815)
Leases and Rentals	---	---	---	---	---	---	---	---	---	52	51	(1)
Sales	6,324	5,897	(427)	---	---	---	458	392	(66)	7,687	7,165	(522)
Services	---	---	---	---	---	---	8	7	(1)	1,133	1,073	(60)
Contributions and												
Intergovernmental	604	563	(41)	2,870	2,679	(191)	1,181	1,008	(173)	355,279	343,623	(11,656)
Interest	491	458	(33)	266	249	(17)	398	340	(58)	1,513	1,395	(118)
Penalties and Unclaimed Property	538	502	(36)	6,610	6,170	(440)	1,665	1,422	(243)	9,414	8,686	(728)
Cost Reimbursement/												
Miscellaneous	2,813	2,623	(190)	674	629	(45)	28,597	24,420	(4,177)	77,026	71,180	(5,846)
Total Revenues	1,025,553	956,317	(69,236)	142,486	132,990	(9,496)	156,634	133,758	(22,876)	1,913,008	1,794,010	(118,998)
<b>Expenditures:</b>												
Current:												
General Government	217,326	211,812	5,514	19,378	16,108	3,270	16,654	14,267	2,387	281,280	258,505	22,775
Education	---	---	---	---	---	---	---	---	---	3,324	2,094	1,230
Natural and Economic Resources	---	---	---	155,382	120,657	34,725	95,832	81,150	14,682	283,465	225,674	57,791
Transportation and Law												
Enforcement	301,586	267,627	33,959	---	---	---	40,632	36,064	4,568	383,724	334,168	49,556
Human Services	---	---	---	---	---	---	4,304	3,385	919	513,355	478,825	34,530
Total Expenditures	518,912	479,439	39,473	174,760	136,765	37,995	157,422	134,866	22,556	1,465,148	1,299,266	165,882
Excess Revenues (Expenditures)	506,641	476,878	(29,763)	(32,274)	(3,775)	28,499	(788)	(1,108)	(320)	447,860	494,744	46,884
<b>Other Financing Sources (Uses):</b>												
Transfers In	565,198	542,286	(22,912)	---	---	---	76,924	70,780	(6,144)	939,098	835,066	(104,032)
Transfers Out	(1,103,896)	(1,011,785)	92,111	(9,628)	(8,236)	1,392	(97,861)	(63,600)	34,261	(1,546,360)	(1,324,698)	221,662
Total Other Financing Sources (Uses)	(538,698)	(469,499)	69,199	(9,628)	(8,236)	1,392	(20,937)	7,180	28,117	(607,262)	(489,632)	117,630
Net Change in Fund Balances	(32,057)	7,379	39,436	(41,902)	(12,011)	29,891	(21,725)	6,072	27,797	(159,402)	5,112	164,514
Fund Balances – Beginning	93,449	93,449	---	64,993	64,993	---	75,872	75,872	---	378,961	378,961	---
Fund Balances – Ending	\$ 61,392	\$ 100,828	\$ 39,436	\$ 23,091	\$ 52,982	\$ 29,891	\$ 54,147	\$ 81,944	\$ 27,797	\$ 219,559	\$ 384,073	\$ 164,514
Reconciling Items:												
Reclassifying Cash Equivalents as Investments	(40,955)			(30,654)			(47,372)				(204,552)	
Investments at Fair Value	44,589			30,696			47,468				210,657	
Receivables, Net	123,651			24,152			1,384				158,658	
Due from Other Funds	---			1,079			---				1,079	
Inventories	3,952			---			297				4,311	
Accounts Payable	(3,121)			(48,816)			(8,565)				(99,254)	
Accrued Payroll	(7,595)			(459)			(2,569)				(11,974)	
Due to Other Funds	(715)			(179)			(117)				(1,870)	
Deferred Inflows of Resources	(6,127)			(615)			(153)				(7,354)	
Fund Balance per GAAP	\$ 214,507			\$ 28,186			\$ 72,317				\$ 433,774	

This schedule is continued from pages 134-135.



*The **Debt Service Funds** account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.*

## **Debt Service Funds:**

**Water Pollution Control Bond and Interest** – Accounts for moneys used to pay the principal of the Water Pollution Control Bonds and the interest thereon.

**Fourth State Building Bond and Interest** – Accounts for moneys used to pay the principal of the Fourth State Building Bonds and the interest thereon.

**Stormwater Control Bond and Interest** – Accounts for moneys used to pay the principal of the Stormwater Control Bonds and the interest thereon.

**Fulton State Hospital Bond and Interest** – Accounts for moneys used to pay the principal of the Fulton State Hospital Bonds and the interest thereon.

**Missouri Road Bond** – Accounts for moneys used to pay bonds issued by the Highway and Transportation Commission.

**STATE OF MISSOURI**  
**COMBINING BALANCE SHEET**  
**DEBT SERVICE FUNDS**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	Water Pollution Control Bond and Interest	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Fulton State Hospital Bond and Interest	Missouri Road Bond	Totals
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 8,002	\$ 7,968	\$ 485	\$ 3,369	\$ 19,963	\$ 39,787
Investments	22,394	22,300	1,356	9,430	16,751	72,231
Accounts Receivable, Net	---	---	---	---	16,218	16,218
Interest Receivable	57	56	4	23	69	209
<b>Total Assets</b>	<b>\$ 30,453</b>	<b>\$ 30,324</b>	<b>\$ 1,845</b>	<b>\$ 12,822</b>	<b>\$ 53,001</b>	<b>\$ 128,445</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>40</b>	<b>40</b>	<b>3</b>	<b>17</b>	<b>---</b>	<b>100</b>
<b>FUND BALANCES</b>						
Restricted	30,413	30,284	1,842	12,805	53,001	128,345
<b>Total Fund Balances</b>	<b>30,413</b>	<b>30,284</b>	<b>1,842</b>	<b>12,805</b>	<b>53,001</b>	<b>128,345</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 30,453</b>	<b>\$ 30,324</b>	<b>\$ 1,845</b>	<b>\$ 12,822</b>	<b>\$ 53,001</b>	<b>\$ 128,445</b>

Note: There were no liabilities for fiscal year ended June 30, 2016.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	Water Pollution Control Bond and Interest	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Fulton State Hospital Bond and Interest	Missouri Road Bond	Totals June 30, 2016
<b>Revenues:</b>						
Taxes	\$ ---	\$ ---	\$ ---	\$ ---	\$ 171,931	\$ 171,931
Contributions and Intergovernmental	---	---	---	---	5,993	5,993
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	17	28	(2)	9	71	123
Interest	224	192	22	77	405	920
Total Revenues	241	220	20	86	178,400	178,967
<b>Expenditures:</b>						
Current:						
Transportation and Law Enforcement	---	---	---	---	10	10
Debt Service:						
Principal	31,685	20,670	5,040	2,205	105,060	164,660
Interest	5,558	4,209	650	3,454	76,187	90,058
Total Expenditures	37,243	24,879	5,690	5,659	181,257	254,728
Excess Revenues (Expenditures)	(37,002)	(24,659)	(5,670)	(5,573)	(2,857)	(75,761)
<b>Other Financing Sources (Uses):</b>						
Transfers In	29,872	29,847	1,779	5,661	---	67,159
Total Other Financing Sources (Uses)	29,872	29,847	1,779	5,661	---	67,159
Net Change in Fund Balances	(7,130)	5,188	(3,891)	88	(2,857)	(8,602)
Fund Balances – Beginning	37,543	25,096	5,733	12,717	55,858	136,947
Fund Balances – Ending	\$ 30,413	\$ 30,284	\$ 1,842	\$ 12,805	\$ 53,001	\$ 128,345

**STATE OF MISSOURI**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**DEBT SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	Water Pollution Control Bond and Interest			Fourth State Building Bond and Interest			Stormwater Control Bond and Interest			Fulton State Hospital Bond and Interest			Missouri Road Bond			Totals			
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	
	Revenues:												Revenues:						
Vehicle Sales and Use Tax Interest	\$ 247	\$ 234	\$ (13)	\$ 165	\$ 195	\$ 30	\$ 38	\$ 25	\$ (13)	\$ 73	\$ 73	\$ ---	Vehicle Sales and Use Tax Interest	\$ 163,032	\$ 170,460	\$ 7,428	\$ 163,032	\$ 170,460	\$ 7,428
Total Revenues	247	234	(13)	165	195	30	38	25	(13)	73	73	---	Total Revenues	163,255	170,959	7,704	163,778	171,486	7,708
Expenditures:													Expenditures:						
Debt Service	37,243	37,243	---	24,879	24,879	---	5,690	5,690	---	14,200	5,659	8,541	Debt Service	175,266	175,266	---	257,278	248,737	8,541
Total Expenditures	37,243	37,243	---	24,879	24,879	---	5,690	5,690	---	14,200	5,659	8,541	Total Expenditures	175,266	175,266	---	257,278	248,737	8,541
Excess Revenues (Expenditures)	(36,996)	(37,009)	(13)	(24,714)	(24,684)	30	(5,652)	(5,665)	(13)	(14,127)	(5,586)	8,541	Excess Revenues (Expenditures)	(12,011)	(4,307)	7,704	(93,500)	(77,251)	16,249
Other Financing Sources (Uses):													Other Financing Sources (Uses):						
Transfers In	29,872	29,872	---	29,847	29,847	---	1,779	1,815	36	14,200	5,661	(8,539)	Transfers In	---	---	---	75,698	67,195	(8,503)
Transfers Out	---	---	---	---	---	---	(36)	(36)	---	---	---	---	Transfers Out	---	---	---	(36)	(36)	---
Total Other Financing Sources (Uses)	29,872	29,872	---	29,847	29,847	---	1,743	1,779	36	14,200	5,661	(8,539)	Total Other Financing Sources (Uses)	---	---	---	75,662	67,159	(8,503)
Net Change in Fund Balances	(7,124)	(7,137)	(13)	5,133	5,163	30	(3,909)	(3,886)	23	73	75	2	Net Change in Fund Balances	(12,011)	(4,307)	7,704	(17,838)	(10,092)	7,746
Fund Balances - Beginning	37,485	37,485	---	25,057	25,057	---	5,724	5,724	---	12,703	12,703	---	Fund Balances - Beginning	40,983	40,983	---	121,952	121,952	---
Fund Balances - Ending	\$ 30,361	\$ 30,348	\$ (13)	\$ 30,190	\$ 30,220	\$ 30	\$ 1,815	\$ 1,838	\$ 23	\$ 12,776	\$ 12,778	\$ 2	Fund Balances - Ending	\$ 28,972	\$ 36,676	\$ 7,704	\$ 104,114	\$ 111,860	\$ 7,746
Reconciling Items:													Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(22,346)			(22,252)				(1,353)			(9,409)	Reclassifying Cash Equivalents as Investments				(16,713)		(72,073)
Investments at Fair Value		22,394			22,300				1,356			9,430	Investments at Fair Value				16,751		72,231
Receivables, Net		57			56				4			23	Receivables, Net				16,287		16,427
Deferred Inflows of Resources		(40)			(40)				(3)			(17)	Deferred Inflows of Resources				---		(100)
Fund Balances - GAAP Basis	\$ 30,413				\$ 30,284				\$ 1,842			\$ 12,805	Fund Balances - GAAP Basis	\$ 53,001			\$ 128,345		

This schedule is continued on page 142.

This schedule is continued from page 141.



*The Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities.*

### **Non-Major Capital Projects Funds:**

**Board of Public Building** – Accounts for bond sale proceeds to be used for renovating state buildings and structures.

**Fulton State Hospital** – Accounts for proceeds from the sale of bonds to be used for the completion of the design and construction of the replacement for Fulton State Hospital.

**State Historical Society** – Accounts for proceeds from the sale of bonds to be used for the design, acquisition, and construction of the building for the State Historical Society.

**STATE OF MISSOURI**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	Board of Public Building	Fulton State Hospital	State Historical Society	Totals
				June 30, 2016
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 46,535	\$ 15,757	\$ 9,145	\$ 71,437
Investments	130,225	44,096	25,593	199,914
Interest Receivable	241	129	47	417
<b>Total Assets</b>	<b>\$ 177,001</b>	<b>\$ 59,982</b>	<b>\$ 34,785</b>	<b>\$ 271,768</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 8,228	\$ 2,733	\$ ---	\$ 10,961
<b>Total Liabilities</b>	<b>8,228</b>	<b>2,733</b>	<b>---</b>	<b>10,961</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>171</b>	<b>92</b>	<b>33</b>	<b>296</b>
<b>FUND BALANCES</b>				
Restricted	168,602	57,157	34,752	260,511
<b>Total Fund Balances</b>	<b>168,602</b>	<b>57,157</b>	<b>34,752</b>	<b>260,511</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 177,001</b>	<b>\$ 59,982</b>	<b>\$ 34,785</b>	<b>\$ 271,768</b>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

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	Board of Public Building	Fulton State Hospital	State Historical Society	<u>Totals</u>
				June 30, 2016
<b>Revenues:</b>				
<b>Investment Earnings:</b>				
Net Increase (Decrease) in the Fair Value of Investments	\$ 247	\$ 17	\$ 55	\$ 319
Interest	<u>532</u>	<u>541</u>	<u>47</u>	<u>1,120</u>
Total Revenues	<u>779</u>	<u>558</u>	<u>102</u>	<u>1,439</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	144	---	350	494
Education	40,407	---	---	40,407
Natural and Economic Resources	17	---	---	17
Human Services	195	676	---	871
<b>Capital Outlay:</b>				
General Government	2,474	---	---	2,474
Education	29	---	---	29
Natural and Economic Resources	246	---	---	246
Transportation and Law Enforcement	293	---	---	293
Human Services	869	36,515	---	37,384
<b>Debt Service:</b>				
Interest	5	---	---	5
Bond Issuance Costs	---	---	263	263
Underwriter's Discount	<u>862</u>	<u>---</u>	<u>369</u>	<u>1,231</u>
Total Expenditures	<u>45,541</u>	<u>37,191</u>	<u>982</u>	<u>83,714</u>
Excess Revenues (Expenditures)	<u>(44,762)</u>	<u>(36,633)</u>	<u>(880)</u>	<u>(82,275)</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Bonds	160,000	---	33,800	193,800
Bond Premium	<u>15,978</u>	<u>---</u>	<u>1,832</u>	<u>17,810</u>
Total Other Financing Sources (Uses)	<u>175,978</u>	<u>---</u>	<u>35,632</u>	<u>211,610</u>
Net Change in Fund Balances	131,216	(36,633)	34,752	129,335
Fund Balances – Beginning	<u>37,386</u>	<u>93,790</u>	<u>---</u>	<u>131,176</u>
Fund Balances – Ending	<u>\$ 168,602</u>	<u>\$ 57,157</u>	<u>\$ 34,752</u>	<u>\$ 260,511</u>



*The Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.*

**Permanent Funds:**

**Arrow Rock State Historic Site Endowment** – Accounts for moneys transferred from the State Parks Earnings Fund, as well as other moneys or property received by grant, gift, donation, or bequest specified for the enhancement of the Arrow Rock State Historic Site.

**Confederate Memorial Park** – Accounts for the income from investments acquired by gifts, donations, and bequests to be used for the maintenance of the Confederate Memorial Park.

**State Public School** – Accounts for all moneys, bonds, lands, and other properties belonging to or donated to the State for public school use in establishing and maintaining free public schools.

**Smith Memorial Endowment Trust** – Accounts for moneys bequeathed for the use and benefit of the Crippled Children's Service.

**STATE OF MISSOURI**  
**COMBINING BALANCE SHEET**  
**PERMANENT FUNDS**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Totals June 30, 2016
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 12	\$ 75	\$ 1	\$ 155	\$ 243
Investments	16	102	52,204	212	52,534
<b>Total Assets</b>	<b>\$ 28</b>	<b>\$ 177</b>	<b>\$ 52,205</b>	<b>\$ 367</b>	<b>\$ 52,777</b>
<b>FUND BALANCES</b>					
Nonspendable	\$ 28	\$ 75	\$ 52,205	\$ 365	\$ 52,673
Assigned	---	102	---	2	104
<b>Total Fund Balances</b>	<b>28</b>	<b>177</b>	<b>52,205</b>	<b>367</b>	<b>52,777</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 28</b>	<b>\$ 177</b>	<b>\$ 52,205</b>	<b>\$ 367</b>	<b>\$ 52,777</b>

Note: There were no liabilities for the fiscal year ended June 30, 2016.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**PERMANENT FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

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	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Totals June 30, 2016
<b>Revenues:</b>					
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	\$     ---	\$     ---	\$     216	\$     ---	\$     216
Interest	---	1	---	1	2
Penalties and Unclaimed Properties	---	---	2,626	---	2,626
Total Revenues	---	1	2,842	1	2,844
<b>Other Financing Sources (Uses):</b>					
Transfers Out	---	---	(6)	---	(6)
Total Other Financing Sources (Uses)	---	---	(6)	---	(6)
Net Change in Fund Balances	---	1	2,836	1	2,838
Fund Balances – Beginning	28	176	49,369	366	49,939
Fund Balances – Ending	<u>\$     28</u>	<u>\$     177</u>	<u>\$     52,205</u>	<u>\$     367</u>	<u>\$     52,777</u>

Note: There were no expenditures for the fiscal year ended June 30, 2016.

**STATE OF MISSOURI**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**ALL APPROPRIATED PERMANENT FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	Arrow Rock State Historic Site Endowment			Confederate Memorial Park			State Public School			Smith Memorial Endowment Trust			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues:</b>															
Interest	\$ ---	\$ ---	\$ ---	\$ 1	\$ 1	\$ ---	\$ ---	\$ ---	\$ 2	\$ 2	\$ ---	\$ ---	\$ 3	\$ 3	\$ ---
Penalties and Unclaimed															
Property	---	---	---	---	---	---	189	189	---	---	---	---	---	189	189
Reimbursement/															
Miscellaneous	---	---	---	---	---	---	487	487	---	---	---	---	---	487	487
<b>Total Revenues</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>1</b>	<b>1</b>	<b>---</b>	<b>---</b>	<b>676</b>	<b>676</b>	<b>2</b>	<b>2</b>	<b>---</b>	<b>3</b>	<b>679</b>	<b>676</b>
<b>Expenditures:</b>															
<b>Current:</b>															
Human Services	---	---	---	---	---	---	---	---	10	---	---	10	10	---	10
<b>Total Expenditures</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>10</b>	<b>---</b>	<b>---</b>	<b>10</b>	<b>10</b>	<b>---</b>	<b>10</b>
<b>Excess Revenues (Expenditures)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>1</b>	<b>1</b>	<b>---</b>	<b>---</b>	<b>676</b>	<b>676</b>	<b>(8)</b>	<b>2</b>	<b>10</b>	<b>(7)</b>	<b>679</b>	<b>686</b>
<b>Other Financing Sources (Uses):</b>															
Transfers In	---	---	---	---	---	---	2,437	2,437	---	---	---	---	2,437	2,437	---
Transfers Out	---	---	---	---	---	---	(6)	(6)	---	---	---	---	(6)	(6)	---
<b>Total Other Financing Sources (Uses)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>2,431</b>	<b>2,431</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>2,431</b>	<b>2,431</b>	<b>---</b>
<b>Net Change in Fund Balances</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>1</b>	<b>1</b>	<b>---</b>	<b>2,431</b>	<b>3,107</b>	<b>676</b>	<b>(8)</b>	<b>2</b>	<b>10</b>	<b>2,424</b>	<b>3,110</b>	<b>686</b>
<b>Fund Balances – Beginning</b>	<b>28</b>	<b>28</b>	<b>---</b>	<b>176</b>	<b>176</b>	<b>---</b>	<b>36,272</b>	<b>36,272</b>	<b>---</b>	<b>365</b>	<b>365</b>	<b>---</b>	<b>36,841</b>	<b>36,841</b>	<b>---</b>
<b>Fund Balances – Ending</b>	<b>\$ 28</b>	<b>\$ 28</b>	<b>\$ ---</b>	<b>\$ 177</b>	<b>\$ 177</b>	<b>\$ ---</b>	<b>\$ 38,703</b>	<b>\$ 39,379</b>	<b>\$ 676</b>	<b>\$ 357</b>	<b>\$ 367</b>	<b>\$ 10</b>	<b>\$ 39,265</b>	<b>\$ 39,951</b>	<b>\$ 686</b>
<b>Reconciling Items:</b>															
Reclassifying Cash Equivalents as Investments	(16)				(102)				(39,378)				(39,708)		
Investments at Fair Value	16				102				52,204				52,534		
<b>Fund Balance – GAAP Basis</b>	<b>\$ 28</b>				<b>\$ 177</b>				<b>\$ 52,205</b>				<b>\$ 52,777</b>		

This schedule is continued on page 149.

This schedule is continued from page 148.



*The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises.*

## **Non-Major Enterprise Funds:**

**State Fair Fees** – Accounts for the fairground admission fees used to improve the grounds and to pay the operating costs of the State Fair.

**State Parks** – Accounts for park concessions and contributions which are used to acquire and operate state parks.

**Natural Resources Revolving Services** – Accounts for moneys received from the delivery of services and the sale or resale of maps, plats, reports, studies, records, and other publications and documents.

**Historic Preservation Revolving** – Accounts for gifts, grants, and contributions used to acquire, preserve, restore, maintain, or operate any historical properties.

**Missouri Veterans' Homes** – Accounts for fees to provide services for persons confined to one of the veterans' homes.

**State Agency for Surplus Property** – Accounts for the surplus property operation.

**Department of Revenue Information** – Accounts for fees received by the Department of Revenue for publications and used to pay the costs of providing this information.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals
								June 30, 2016
<b>ASSETS</b>								
Current Assets:								
Cash and Cash Equivalents	\$ 728	\$ 6,136	\$ 661	\$ 777	\$ 1,297	\$ 1,131	\$ 515	\$ 11,245
Investments	1,000	8,437	908	1,068	1,783	1,556	719	15,471
Accounts Receivable, Net	---	---	---	---	8,103	211	50	8,364
Interest Receivable	2	20	---	17	4	3	---	46
Due from Other Funds	---	---	202	---	---	---	---	202
Inventories	4	671	356	---	496	---	---	1,527
Loans Receivable	---	---	---	524	---	---	---	524
Total Current Assets	<u>1,734</u>	<u>15,264</u>	<u>2,127</u>	<u>2,386</u>	<u>11,683</u>	<u>2,901</u>	<u>1,284</u>	<u>37,379</u>
Non-Current Assets:								
Capital Assets:								
Construction in Progress	---	39,445	---	---	---	---	---	39,445
Land	---	23,005	---	---	---	---	---	23,005
Land Improvements	75	14,047	---	---	409	250	---	14,781
Temporary Easements	---	50	---	---	---	---	---	50
Buildings	721	23,491	---	480	1,095	1,909	---	27,696
Equipment	514	12,130	17,870	12	10,526	1,177	96	42,325
Software	---	---	---	---	15	119	---	134
Less Accumulated Depreciation/Amortization	(774)	(31,766)	(10,924)	(209)	(6,045)	(1,915)	(96)	(51,729)
Total Non-Current Assets	<u>536</u>	<u>80,402</u>	<u>6,946</u>	<u>283</u>	<u>6,000</u>	<u>1,540</u>	<u>---</u>	<u>95,707</u>
Total Assets	<u>2,270</u>	<u>95,666</u>	<u>9,073</u>	<u>2,669</u>	<u>17,683</u>	<u>4,441</u>	<u>1,284</u>	<u>133,086</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>104</u>	<u>260</u>	<u>13</u>	<u>43</u>	<u>14,738</u>	<u>173</u>	<u>---</u>	<u>15,331</u>
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts Payable	76	152	52	3	1,537	107	---	1,927
Accrued Payroll	20	46	2	8	2,198	25	---	2,299
Due to Other Funds	1	3	3	---	53	2	---	62
Unearned Revenue	---	---	---	---	64	---	---	64
Obligations Under Lease Purchase	---	---	176	---	---	---	---	176
Compensated Absences	6	62	4	11	3,444	42	---	3,569
Total Current Liabilities	<u>103</u>	<u>263</u>	<u>237</u>	<u>22</u>	<u>7,296</u>	<u>176</u>	<u>---</u>	<u>8,097</u>
Non-Current Liabilities:								
Obligations Under Lease Purchase	---	---	128	---	---	---	---	128
Compensated Absences	---	50	1	---	---	10	---	61
Net Pension Liability	426	2,366	84	198	59,688	994	---	63,756
Total Non-Current Liabilities	<u>426</u>	<u>2,416</u>	<u>213</u>	<u>198</u>	<u>59,688</u>	<u>1,004</u>	<u>---</u>	<u>63,945</u>
Total Liabilities	<u>529</u>	<u>2,679</u>	<u>450</u>	<u>220</u>	<u>66,984</u>	<u>1,180</u>	<u>---</u>	<u>72,042</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>13</u>	<u>29</u>	<u>2</u>	<u>5</u>	<u>1,754</u>	<u>20</u>	<u>---</u>	<u>1,823</u>
<b>NET POSITION</b>								
Net Investment in Capital Assets	536	80,402	6,642	283	6,000	1,540	---	95,403
Unrestricted	1,296	12,816	1,992	2,204	(42,317)	1,874	1,284	(20,851)
Total Net Position	<u>\$ 1,832</u>	<u>\$ 93,218</u>	<u>\$ 8,634</u>	<u>\$ 2,487</u>	<u>\$ (36,317)</u>	<u>\$ 3,414</u>	<u>\$ 1,284</u>	<u>\$ 74,552</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	<u>State Fair Fees</u>	<u>State Parks</u>	<u>Natural Resources Revolving Services</u>	<u>Historic Preservation Revolving</u>	<u>Missouri Veterans' Homes</u>	<u>State Agency for Surplus Property</u>	<u>Department of Revenue Information</u>	<u>Totals</u>
								<u>June 30, 2016</u>
<b>Operating Revenues:</b>								
Licenses, Fees, and Permits	\$ 2,895	\$ 6,179	\$ 48	\$ 1	\$ ---	\$ ---	\$ ---	\$ 9,123
Sales	---	1,454	115	---	279	2,193	1,177	5,218
Leases and Rentals	1,306	2,557	---	---	---	---	---	3,863
Charges for Services	---	---	---	---	26,839	---	---	26,839
Cost Reimbursement/Miscellaneous	---	326	7	15	---	155	1	504
Total Operating Revenues	<u>4,201</u>	<u>10,516</u>	<u>170</u>	<u>16</u>	<u>27,118</u>	<u>2,348</u>	<u>1,178</u>	<u>45,547</u>
<b>Operating Expenses:</b>								
Cost of Goods Sold	---	---	633	---	---	1,272	---	1,905
Personal Service	1,229	1,513	63	255	79,433	954	---	83,447
Operations	2,869	2,402	109	55	18,767	365	14	24,581
Specific Programs	15	29	---	254	1,308	---	---	1,606
Depreciation/Amortization	61	1,696	1,277	10	1,037	187	---	4,268
Other Charges	214	158	2	3	101	4	---	482
Total Operating Expenses	<u>4,388</u>	<u>5,798</u>	<u>2,084</u>	<u>577</u>	<u>100,646</u>	<u>2,782</u>	<u>14</u>	<u>116,289</u>
Operating Income (Loss)	<u>(187)</u>	<u>4,718</u>	<u>(1,914)</u>	<u>(561)</u>	<u>(73,528)</u>	<u>(434)</u>	<u>1,164</u>	<u>(70,742)</u>
<b>Non-Operating Revenues (Expenses):</b>								
Contributions and Intergovernmental	178	11,967	2,569	---	70,170	---	---	84,884
Interest Expense	---	---	(6)	---	---	---	---	(6)
Investment Earnings:								
Net Increase (Decrease) in the Fair Value of Investments	3	47	3	3	8	4	3	71
Interest	7	123	---	21	21	13	---	185
Penalties and Unclaimed Properties	---	650	---	---	1	---	---	651
Disposal of Capital Assets	17	(319)	174	---	(79)	209	---	2
Total Non-Operating Revenues (Expenses)	<u>205</u>	<u>12,468</u>	<u>2,740</u>	<u>24</u>	<u>70,121</u>	<u>226</u>	<u>3</u>	<u>85,787</u>
Income (Loss) Before Transfers	18	17,186	826	(537)	(3,407)	(208)	1,167	15,045
Transfers In	---	---	---	698	4,405	---	---	5,103
Transfers Out	---	---	---	---	---	(30)	(2,472)	(2,502)
Change in Net Position	18	17,186	826	161	998	(238)	(1,305)	17,646
Total Net Position – Beginning	1,814	76,032	7,808	2,326	(37,315)	3,652	2,589	56,906
Total Net Position – Ending	<u>\$ 1,832</u>	<u>\$ 93,218</u>	<u>\$ 8,634</u>	<u>\$ 2,487</u>	<u>\$ (36,317)</u>	<u>\$ 3,414</u>	<u>\$ 1,284</u>	<u>\$ 74,552</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2016
<b>Cash Flows from Operating Activities:</b>								
Receipts from Internal Customers and Users	\$ 75	\$ ---	\$ ---	\$ ---	\$ 1	\$ 516	\$ ---	\$ 592
Receipts from External Customers and Users	4,129	10,190	164	1	25,408	1,764	1,178	42,834
Payments to Suppliers	(2,835)	(2,333)	(853)	(55)	(19,380)	(1,542)	(14)	(27,012)
Payments to Employees	(1,290)	(1,533)	(62)	(260)	(79,871)	(957)	---	(83,973)
Payments Made for Program Expense	(15)	(29)	---	(254)	(1,308)	---	---	(1,606)
Other Receipts	---	326	7	15	---	155	1	504
Other Payments	(214)	(158)	(2)	(3)	(101)	(4)	---	(482)
Net Cash Provided (Used) by Operating Activities	(150)	6,463	(746)	(556)	(75,251)	(68)	1,165	(69,143)
<b>Cash Flows from Non-Capital Financing Activities:</b>								
Loans Made to Outside Entities	---	---	---	38	---	---	---	38
Due to/from Other Funds	(1)	2	47	---	3	---	---	51
Contributions and Intergovernmental	178	3,232	2,516	---	69,686	---	---	75,612
Transfers to/from Other Funds	---	---	---	698	4,405	(30)	(2,472)	2,601
Net Cash Provided (Used) by Non-Capital Financing Activities	177	3,234	2,563	736	74,094	(30)	(2,472)	78,302
<b>Cash Flows from Capital and Related Financing Activities:</b>								
Interest Expense	---	---	(6)	---	---	---	---	(6)
Purchases and Construction of Capital Assets	---	(34,196)	(1,480)	---	(1,434)	---	---	(37,110)
Capital Lease Downpayment/Obligations	---	---	(173)	---	---	---	---	(173)
Disposal of Capital Assets	1	---	---	---	---	177	---	178
Net Cash Provided (Used) by Capital and Related Financing Activities	1	(34,196)	(1,659)	---	(1,434)	177	---	(37,111)
<b>Cash Flows from Investing Activities:</b>								
Proceeds from Investment Maturities	105	16,819	23	23	1,994	156	960	20,080
Interest and Dividends Received	7	146	---	12	24	14	---	203
Penalties and Other Receipts	---	650	---	---	1	---	---	651
Net Cash Provided (Used) by Investing Activities	112	17,615	23	35	2,019	170	960	20,934
Net Increase (Decrease) in Cash	140	(6,884)	181	215	(572)	249	(347)	(7,018)
Cash and Cash Equivalents, Beginning of Year	588	13,020	480	562	1,869	882	862	18,263
Cash and Cash Equivalents, End of Year	<u>\$ 728</u>	<u>\$ 6,136</u>	<u>\$ 661</u>	<u>\$ 777</u>	<u>\$ 1,297</u>	<u>\$ 1,131</u>	<u>\$ 515</u>	<u>\$ 11,245</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>								
Operating Income (Loss)	\$ (187)	\$ 4,718	\$ (1,914)	\$ (561)	\$ (73,528)	\$ (434)	\$ 1,164	\$ (70,742)
Depreciation/Amortization Expense	61	1,696	1,277	10	1,037	187	---	4,268
Pension Deferrals	(157)	(379)	(19)	(61)	(21,932)	(258)	---	(22,806)
Changes in Assets and Liabilities:								
Accounts Receivable	3	---	1	---	(1,724)	87	1	(1,632)
Inventories	(2)	15	(28)	---	(438)	---	---	(453)
Accounts Payable	36	54	(83)	---	(175)	95	---	(73)
Accrued Payroll	(17)	(6)	---	---	22	(1)	---	(2)
Unearned Revenue	---	---	---	---	15	---	---	15
Compensated Absences	(45)	7	---	---	(111)	4	---	(145)
Net Pension Liability	158	358	20	56	21,583	252	---	22,427
Net Cash Provided (Used) by Operating Activities	<u>\$ (150)</u>	<u>\$ 6,463</u>	<u>\$ (746)</u>	<u>\$ (556)</u>	<u>\$ (75,251)</u>	<u>\$ (68)</u>	<u>\$ 1,165</u>	<u>\$ (69,143)</u>
<b>Non-Cash Financing and Investing Activities:</b>								
Capital Asset Donations	---	8,735	53	---	484	---	---	9,272
Increase (Decrease) in Fair Value of Investments	3	47	3	3	8	4	3	71
Net Non-Cash Financing and Investing Activities	<u>\$ 3</u>	<u>\$ 8,782</u>	<u>\$ 56</u>	<u>\$ 3</u>	<u>\$ 492</u>	<u>\$ 4</u>	<u>\$ 3</u>	<u>\$ 9,343</u>



*The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the State on a cost-reimbursement basis.*

## **Internal Service Funds:**

**Natural Resources Cost Allocation** – Accounts for the administrative costs of the Department of Natural Resources.

**Mental Health Interagency Payments** – Accounts for moneys received through interagency agreements for services provided by other agencies.

**State Facility Maintenance and Operation** – Accounts for moneys collected from tenants for rent to cover the costs of operations in state-owned office buildings and institutions, charges to tenants in leased space to cover costs of real estate administrative services, and charges to capital improvement projects to cover the costs of project management services.

**Office of Administration Revolving** – Accounts for the following operations: printing services, flight operations, vehicle management, garage services, data processing and telecommunication services, building and grounds, insurance services, postage, and personnel administration.

**Working Capital Revolving** – Accounts for the operation of correctional industry programs and correctional farm programs.

**General Government Revolving** – Accounts for various service operations of the House of Representatives, Supreme Court, Adjutant General, Senate, Treasurer, and Department of Corrections.

**Social Services Administrative Trust** – Accounts for moneys transferred or paid to the Department of Social Services from any governmental entity or the public for goods and services provided.

**Economic Development Administrative** – Accounts for moneys collected for goods and services provided to other divisions and used to pay the cost of providing such services.

**Professional Registration Fees** – Accounts for moneys received from the professional boards for administrative services.

**Conservation Employees' Insurance Plan** – Accounts for health insurance coverage on a self-insured basis and life insurance coverage by a third party provider for Department of Conservation employees.

**Transportation Self-Insurance Plan** – Accounts for highway and highway patrol moneys used to pay workers' compensation claims. Moneys are also used to pay auto claims against the Department of Transportation.

**Missouri State Employees' Insurance Plan** – Accounts for long-term disability and death benefits provided on a self-insured basis for state employees.

**Missouri Consolidated Health Care Plan** – Accounts for medical care benefits provided on a self-insured basis for active state employees.

**MoDOT and MSHP Medical and Life Insurance Plan** – Accounts for the medical coverage provided on a self-insured basis and death benefits provided on an insured basis to Department of Transportation employees and members of the Missouri State Highway Patrol.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	<b>Natural Resources Cost Allocation</b>	<b>Mental Health Interagency Payments</b>	<b>State Facility Maintenance and Operation</b>	<b>Office of Administration Revolving</b>	<b>Working Capital Revolving</b>	<b>General Government Revolving</b>	<b>Social Services Administrative Trust</b>	<b>Economic Development Administrative</b>	<b>Professional Registration Fees</b>	<b>Conservation Employees' Insurance Plan</b>	<b>Transportation Self-Insurance Plan</b>	<b>Missouri State Employees' Insurance Plan</b>	<b>Missouri Consolidated Health Care Plan</b>	<b>MoDOT &amp; MSHP Medical and Life Insurance Plan</b>	<b>Totals</b>
														<b>June 30, 2016</b>	
<b>ASSETS</b>															
Current Assets:															
Cash and Cash Equivalents	\$ 414	\$ 1,207	\$ 1,971	\$ 4,770	\$ 4,346	\$ 237	\$ 18	\$ 44	\$ 369	\$ 2,644	\$ 12,543	\$ ---	\$ 148,272	\$ 9,214	
Investments	573	1,659	2,709	7,465	5,976	326	25	61	506	6,789	8,496	3,935	37,858	4,284	
Restricted:															
Investments	---	---	---	---	---	---	---	---	---	---	---	---	---	100	
Accounts Receivable, Net	---	---	---	3,500	730	41,763	---	---	724	200	962	7,535	2,553	57,967	
Interest Receivable	---	---	---	7	---	---	---	---	13	191	---	---	55	266	
Due from Other Funds	---	136	45	7,703	160	8	170	---	---	---	---	---	---	8,222	
Due from Component Units	---	---	---	1	---	---	---	---	---	---	---	---	---	1	
Inventories	---	---	1,112	1,314	8,528	---	89	2	12	---	---	---	---	11,057	
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	133	---	133	
Total Current Assets	987	3,002	5,837	24,760	19,740	42,334	302	107	887	10,170	21,430	4,897	193,798	16,206	
Non-Current Assets:															
Investments	---	---	---	---	---	---	---	---	---	83,457	---	---	23,531	106,988	
Restricted Assets:															
Cash and Cash Equivalents	---	---	---	681	---	---	---	---	---	---	200	---	---	681	
Investments	---	---	---	---	---	---	---	---	---	---	---	---	---	200	
Capital Assets:															
Construction in Progress	---	---	10	218	---	---	---	15	---	---	---	---	---	243	
Software in Progress	334	---	25	---	---	---	1	---	---	---	---	---	---	360	
Land	---	7,681	---	41	---	---	---	---	---	---	---	---	---	7,722	
Land Improvements	---	3,000	---	62	---	---	---	---	---	---	---	---	---	3,062	
Buildings	218	475,821	2,952	6,450	---	---	2,338	---	4	---	487,783	---	---	487,783	
Equipment	3,529	1,298	13,988	86,990	19,615	631	86	204	947	---	7	2,656	---	129,951	
Software	3,494	603	12	9,373	238	9,467	4	291	---	5	---	---	---	23,487	
Less Accumulated Depreciation/Amortization	(3,914)	(1,831)	(196,648)	(74,326)	(22,867)	(9,084)	(18)	(183)	(2,273)	---	(10)	(2,434)	---	(313,588)	
Total Non-Current Assets	3,661	70	303,864	25,913	3,539	1,014	68	41	1,303	---	83,657	6	222	23,531	
Total Assets	4,648	3,072	309,701	50,673	23,279	43,348	370	148	2,190	10,170	105,087	4,903	194,020	39,737	
DEFERRED OUTFLOWS OF RESOURCES	1,669	---	5,330	2,772	1,660	165	---	265	1,005	---	---	967	---	13,833	
<b>LIABILITIES</b>															
Current Liabilities:															
Bank Overdraft	---	---	---	---	---	---	---	---	---	2	---	---	---	2	
Accounts Payable	412	---	1,529	1,752	61	494	53	17	224	224	33	4,672	19,737	2,076	
Accrued Payroll	238	788	384	234	5	---	42	160	---	---	---	---	---	1,851	
Due to Other Funds	112	46	---	---	100	1	3	25	---	---	---	---	---	287	
Unearned Revenue	---	---	351	---	---	---	---	---	32	---	---	19,620	8,161	28,164	
Claims Liability	---	---	---	---	---	---	---	---	2,706	23,562	---	41,395	9,800	77,463	
Obligations under Lease Purchase	31	1,586	7,163	34	---	---	1	6	---	---	---	---	---	8,821	
Compensated Absences	436	1,548	755	526	13	---	60	259	---	---	---	---	---	3,597	
Total Current Liabilities	1,229	5,497	10,405	855	612	54	123	674	2,962	23,595	4,674	80,752	20,037	151,469	
Non-Current Liabilities:															
Claims Liability	---	---	---	---	---	---	---	---	67,084	---	---	---	---	67,084	
Obligations under Lease Purchase	57	28,684	10,286	15	---	---	2	---	---	---	---	---	---	39,044	
Compensated Absences	141	325	137	98	---	---	27	79	---	---	---	216	---	1,023	
Net Pension Liability	9,908	27,646	14,894	10,667	1,363	---	1,615	4,870	---	---	---	5,134	---	76,097	
Total Non-Current Liabilities	10,106	56,655	25,317	10,780	1,363	---	1,642	4,951	---	67,084	---	5,350	---	183,248	
Total Liabilities	11,335	62,152	35,722	11,635	1,975	54	1,765	5,625	2,962	90,679	4,674	86,102	20,037	334,717	
DEFERRED INFLOWS OF RESOURCES	196	---	626	327	200	16	---	30	116	---	---	102	---	1,613	
<b>NET POSITION</b>															
Net Investment in Capital Assets	3,573	70	273,594	7,783	3,490	1,014	68	40	1,295	---	6	---	---	290,933	
Restricted for:															
Other Purposes	---	---	---	681	---	---	---	---	---	200	---	---	100	981	
Unrestricted	(8,787)	3,002	(21,341)	8,932	9,614	40,508	248	(1,422)	(3,841)	7,208	14,208	223	108,783	19,600	
Total Net Position	\$ (5,214)	\$ 3,072	\$ 252,253	\$ 17,396	\$ 13,104	\$ 41,522	\$ 316	\$ (1,382)	\$ (2,546)	\$ 7,208	\$ 14,408	\$ 229	\$ 108,783	\$ 19,700	
														\$ 468,849	

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	<b>Natural Resources Cost Allocation</b>	<b>Mental Health Interagency Payments</b>	<b>State Facility Maintenance and Operation</b>	<b>Office of Administration Revolving</b>	<b>Working Capital Revolving</b>	<b>General Government Revolving</b>	<b>Social Services Administrative Trust</b>	<b>Economic Development Administrative</b>	<b>Professional Registration Fees</b>	<b>Conservation Employees' Insurance Plan</b>	<b>State Transportation Self-Insurance Plan</b>	<b>Missouri State Employees' Insurance Plan</b>	<b>Missouri Consolidated Health Care Plan</b>	<b>MoDOT &amp; MSHP Medical and Life Insurance Plan</b>	<b>Totals</b>
														<b>June 30, 2016</b>	
<b>Operating Revenues:</b>															
Employer Contributions	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 11,276	\$ 23,453	\$ ---	\$ 332,762	\$ 77,482	\$ 444,973
Employee Contributions	---	---	---	---	---	---	---	---	---	\$ 7,689	---	\$ 30,361	\$ 83,816	\$ 41,989	163,855
Medicare Part D Subsidy	---	---	---	---	---	---	---	---	---	141	---	---	---	4,834	4,975
Licenses, Fees, and Permits	---	---	1	---	---	8,274	---	---	---	---	---	---	---	---	8,275
Sales	1	---	1	---	28,471	7	---	---	---	---	---	---	---	---	28,480
Leases and Rentals	---	---	61,280	---	215	8	---	---	---	---	---	---	---	---	61,503
Charges for Services	13,800	9,660	5,128	95,383	---	231	1,094	1,223	7,045	---	---	---	---	---	133,564
Cost Reimbursement/Miscellaneous	54	---	30	1,341	9	11	8	185	4	1,525	251	480	13,501	1,594	18,993
Total Operating Revenues	<b>13,855</b>	<b>9,660</b>	<b>66,440</b>	<b>96,724</b>	<b>28,695</b>	<b>8,531</b>	<b>1,102</b>	<b>1,408</b>	<b>7,049</b>	<b>20,631</b>	<b>23,704</b>	<b>30,841</b>	<b>430,079</b>	<b>125,899</b>	<b>864,618</b>
<b>Operating Expenses:</b>															
Cost of Goods Sold	---	---	---	10,592	11,476	---	---	---	---	---	---	---	---	---	22,068
Personal Service	7,864	---	27,956	13,574	8,693	946	---	1,298	5,302	---	---	783	3,193	---	69,609
Operations	4,928	182	40,064	55,878	4,980	5,805	998	195	1,600	1,923	1,011	261	17,236	5,877	140,938
Specific Programs	3	8,569	---	---	8	2,644	---	---	3	---	---	---	---	---	11,227
Insurance Benefits	---	---	---	---	---	---	---	---	---	18,400	20,593	30,329	437,471	124,751	631,544
Depreciation/Amortization	502	123	12,538	9,547	639	1,885	16	10	174	---	---	3	---	---	25,437
Other Charges	86	---	129	85	1,343	21	---	11	194	7	---	---	---	---	1,876
Total Operating Expenses	<b>13,383</b>	<b>8,874</b>	<b>80,687</b>	<b>89,676</b>	<b>27,139</b>	<b>11,301</b>	<b>1,014</b>	<b>1,514</b>	<b>7,273</b>	<b>20,330</b>	<b>21,604</b>	<b>31,376</b>	<b>457,900</b>	<b>130,628</b>	<b>902,699</b>
Operating Income (Loss)	<b>472</b>	<b>786</b>	<b>(14,247)</b>	<b>7,048</b>	<b>1,556</b>	<b>(2,770)</b>	<b>88</b>	<b>(106)</b>	<b>(224)</b>	<b>301</b>	<b>2,100</b>	<b>(535)</b>	<b>(27,821)</b>	<b>(4,729)</b>	<b>(38,081)</b>
<b>Non-Operating Revenues (Expenses):</b>															
Contributions and Intergovernmental	---	---	25	---	---	---	---	---	---	---	---	---	---	---	25
Interest Expense	---	---	(1,066)	(185)	(4)	---	---	---	(1)	---	---	---	---	---	(1,256)
Investment Earnings:															
Net Increase (Decrease) in the Fair Value of Investments	---	4	8	17	16	---	---	---	45	400	---	---	136	626	
Interest	---	---	---	22	---	---	---	---	102	1,665	19	1,173	583	3,564	
Penalties and Unclaimed Properties	1	---	---	---	---	---	---	---	---	---	---	---	---	1	
Disposal of Capital Assets	(2)	(5)	2	(24)	5	3	---	---	4	---	---	---	---	---	(17)
Total Non-Operating Revenues (Expenses)	<b>(1)</b>	<b>(1)</b>	<b>(1,031)</b>	<b>(170)</b>	<b>17</b>	<b>3</b>	<b>---</b>	<b>3</b>	<b>147</b>	<b>2,065</b>	<b>19</b>	<b>1,173</b>	<b>719</b>	<b>2,943</b>	
Income (Loss) Before Transfers	471	785	(15,278)	6,878	1,573	(2,767)	88	(106)	(221)	448	4,165	(516)	(26,648)	(4,010)	(35,138)
Transfers In	23	159	12	---	---	---	---	4	---	---	---	---	---	198	
Transfers Out	---	---	---	(578)	---	(123)	---	---	(9)	---	---	---	---	---	(710)
Change in Net Position	494	944	(15,266)	6,300	1,573	(2,890)	88	(106)	(226)	448	4,165	(516)	(26,648)	(4,010)	(35,650)
Total Net Position - Beginning	<b>(5,708)</b>	<b>2,128</b>	<b>267,519</b>	<b>11,096</b>	<b>11,531</b>	<b>44,412</b>	<b>228</b>	<b>(1,276)</b>	<b>(2,320)</b>	<b>6,760</b>	<b>10,243</b>	<b>745</b>	<b>135,431</b>	<b>23,710</b>	<b>504,499</b>
Total Net Position - Ending	<b>\$ (5,214)</b>	<b>\$ 3,072</b>	<b>\$ 252,253</b>	<b>\$ 17,396</b>	<b>\$ 13,104</b>	<b>\$ 41,522</b>	<b>\$ 316</b>	<b>\$ (1,382)</b>	<b>\$ (2,546)</b>	<b>\$ 7,208</b>	<b>\$ 14,408</b>	<b>\$ 229</b>	<b>\$ 108,783</b>	<b>\$ 19,700</b>	<b>\$ 468,849</b>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	MoDOT & MSHP Medical and Life Insurance Plan	Totals
														June 30, 2016	
<b>Cash Flows from Operating Activities:</b>															
Receipts from Internal Customers and Users	\$ 13,801	\$ 9,660	\$ 66,410	\$ 92,370	\$ 19,868	\$ 100	\$ 1,074	\$ 883	\$ ---	\$ 11,299	\$ 23,303	\$ ---	\$ 328,551	\$ 77,482	\$ 644,801
Receipts from External Customers and Users	---	---	---	3,077	8,696	9,585	20	340	7,045	8,000	---	30,378	83,816	46,942	197,899
Payments to Suppliers	(4,909)	(264)	(34,987)	(65,809)	(15,966)	(5,998)	(1,031)	(194)	(1,515)	(1,829)	(1,010)	(311)	(16,087)	(5,502)	(155,412)
Payments to Employees	(7,934)	---	(28,129)	(13,703)	(8,688)	(1,048)	---	(1,295)	(5,336)	---	---	(783)	(3,198)	---	(70,114)
Payments Made for Program Expense	(3)	(8,569)	---	---	(8)	(2,644)	---	---	(3)	(18,154)	(14,200)	(30,329)	(429,454)	(125,951)	(629,315)
Other Receipts	54	---	30	1,341	9	11	8	185	4	1,525	251	480	13,501	1,594	18,993
Other Payments	(86)	---	(129)	(85)	(1,343)	(21)	---	(11)	(194)	(7)	---	---	---	---	(1,876)
Net Cash Provided (Used) by Operating Activities	<b>923</b>	<b>827</b>	<b>3,195</b>	<b>17,191</b>	<b>2,568</b>	<b>(15)</b>	<b>71</b>	<b>(92)</b>	<b>1</b>	<b>834</b>	<b>8,344</b>	<b>(565)</b>	<b>(22,871)</b>	<b>(5,435)</b>	<b>4,976</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>															
Due to/from Other Funds	8	15	(46)	(1,218)	(118)	(22)	(87)	---	4	---	---	---	---	---	(1,464)
Contributions and Intergovernmental	---	---	25	---	---	---	---	---	---	---	---	---	---	---	25
Transfers to/from Other Funds	23	159	12	(578)	---	(123)	---	---	(5)	---	---	---	---	---	(512)
Net Cash Provided (Used) by Non-Capital Financing Activities	<b>31</b>	<b>174</b>	<b>(9)</b>	<b>(1,796)</b>	<b>(118)</b>	<b>(145)</b>	<b>(87)</b>	<b>---</b>	<b>(1)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>(1,951)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>															
Interest Expense	---	---	(1,066)	(185)	(4)	---	---	(1)	---	---	---	---	---	---	(1,256)
Purchases and Construction of Capital Assets	(856)	---	(778)	(4,276)	(452)	---	(6)	(28)	(97)	---	---	(2)	---	---	(6,495)
Capital Lease Downpayment/Obligations	(80)	---	(2,560)	(7,227)	(303)	---	---	1	(6)	---	---	---	---	---	(10,175)
Disposal of Capital Assets	---	---	---	---	---	---	---	---	---	---	---	82	---	82	82
Net Cash Provided (Used) by Capital and Related Financing Activities	<b>(936)</b>	<b>---</b>	<b>(4,404)</b>	<b>(11,688)</b>	<b>(759)</b>	<b>---</b>	<b>(6)</b>	<b>(27)</b>	<b>(104)</b>	<b>---</b>	<b>---</b>	<b>(2)</b>	<b>82</b>	<b>---</b>	<b>(17,844)</b>
<b>Cash Flows from Investing Activities:</b>															
Proceeds from Sales and Investment Maturities	66	---	514	---	---	151	18	87	140	---	64,278	1,099,152	---	11,993	1,176,399
Purchase of Investments	---	(428)	---	(2,176)	(279)	---	---	---	---	(183)	(65,118)	(1,098,605)	(534)	(6,424)	(1,173,747)
Interest and Dividends Received	---	---	---	20	---	---	---	---	106	1,698	19	1,173	650	3,666	
Investment Fees	---	---	---	---	---	---	---	---	---	---	---	---	(31)	(31)	
Penalties and Other Receipts	1	---	---	---	---	---	---	---	---	---	---	---	---	1	
Net Cash Provided (Used) by Investing Activities	<b>67</b>	<b>(428)</b>	<b>514</b>	<b>(2,156)</b>	<b>(279)</b>	<b>151</b>	<b>18</b>	<b>87</b>	<b>140</b>	<b>(77)</b>	<b>858</b>	<b>566</b>	<b>639</b>	<b>6,188</b>	<b>6,288</b>
Net Increase (Decrease) in Cash	<b>85</b>	<b>573</b>	<b>(704)</b>	<b>1,551</b>	<b>1,412</b>	<b>(9)</b>	<b>(4)</b>	<b>(32)</b>	<b>36</b>	<b>757</b>	<b>9,202</b>	<b>(1)</b>	<b>(22,150)</b>	<b>753</b>	<b>(8,531)</b>
Cash and Cash Equivalents, Beginning of Year	<b>329</b>	<b>634</b>	<b>2,675</b>	<b>3,900</b>	<b>2,934</b>	<b>246</b>	<b>22</b>	<b>76</b>	<b>333</b>	<b>1,887</b>	<b>3,341</b>	<b>(1)</b>	<b>170,422</b>	<b>8,461</b>	<b>195,259</b>
Cash and Cash Equivalents, End of Year	<b>\$ 414</b>	<b>\$ 1,207</b>	<b>\$ 1,971</b>	<b>\$ 5,451</b>	<b>\$ 4,346</b>	<b>\$ 237</b>	<b>\$ 18</b>	<b>\$ 44</b>	<b>\$ 369</b>	<b>\$ 2,644</b>	<b>\$ 12,543</b>	<b>\$ (2)</b>	<b>\$ 148,272</b>	<b>\$ 9,214</b>	<b>\$ 186,728</b>
<b>Reconciliation of Operating Income (Loss) of Net Cash Provided (Used) by Operating Activities:</b>															
Operating Income (Loss)	\$ 472	\$ 786	\$ (14,247)	\$ 7,048	\$ 1,556	\$ (2,770)	\$ 88	\$ (106)	\$ (224)	\$ 301	\$ 2,100	\$ (535)	\$ (27,821)	\$ (4,729)	\$ (38,081)
Depreciation/Amortization Expense	502	123	12,538	9,547	639	1,885	16	10	174	---	---	3	---	---	25,437
Pension Deferrals	(2,473)	---	(7,895)	(4,113)	(2,481)	(231)	---	(390)	(1,481)	---	---	---	(1,409)	---	(20,473)
Changes in Assets and Liabilities:															
Accounts Receivable	---	---	---	14	(122)	1,165	---	---	---	170	(150)	17	(4,094)	(430)	(3,430)
Inventories	---	---	5,512	938	491	---	40	---	---	---	---	---	---	---	6,981
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	(85)	---	(85)
Accounts Payable	19	(82)	(435)	(277)	(1)	(193)	(73)	1	85	94	1	(50)	1,234	375	698
Accrued Payroll	7	---	23	(10)	(12)	(23)	---	5	5	---	---	---	---	---	(5)
Unearned Revenue	---	---	---	50	---	---	---	---	---	23	---	---	(117)	549	505
Claims Liability	---	---	---	---	---	---	---	---	---	246	6,393	---	8,017	(1,200)	13,456
Compensated Absences	(15)	---	3	(30)	36	(45)	---	13	15	---	---	(11)	---	(34)	
Net Pension Liability	2,411	---	7,696	4,024	2,462	197	---	375	1,427	---	---	1,415	---	20,007	
Net Cash Provided (Used) by Operating Activities	<b>\$ 923</b>	<b>\$ 827</b>	<b>\$ 3,195</b>	<b>\$ 17,191</b>	<b>\$ 2,568</b>	<b>\$ (15)</b>	<b>\$ 71</b>	<b>\$ (92)</b>	<b>\$ 1</b>	<b>\$ 834</b>	<b>\$ 8,344</b>	<b>\$ (565)</b>	<b>\$ (22,871)</b>	<b>\$ (5,435)</b>	<b>\$ 4,976</b>
<b>Non-Cash Financing and Investing Activities:</b>															
Capital Lease Issuance	\$ 168	\$ ---	\$ 1,533	\$ 12,285	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 13,986	
Increase (Decrease) in Fair Value of Investments	---	4	8	17	16	---	---	---	---	45	400	---	---	136	626
Net Non-Cash Financing and Investing Activities	<b>\$ 168</b>	<b>\$ 4</b>	<b>\$ 1,541</b>	<b>\$ 12,302</b>	<b>\$ 16</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 45</b>	<b>\$ 400</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 136</b>	<b>\$ 14,612</b>



*The Fiduciary Funds account for assets held by the State in a trustee or agent capacity.*

## **Pension (and Other Employee Benefit) Trust Funds:**

### **Missouri State Employees' Retirement System:**

**Missouri State Employees' Plan** – Accounts for retirement, survivor, and disability benefits paid to employees of the State who are not covered under another state-sponsored retirement plan.

**Judicial Plan** – Accounts for retirement, survivor, and disability benefits to judges in the State of Missouri.

**Missouri Department of Transportation and Highway Patrol Employees' Retirement System** – Accounts for retirement, survivor, and disability benefits paid to Department of Transportation employees and members of the Missouri State Highway Patrol.

**Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust** – Accounts for health and welfare benefits paid for the exclusive benefit of current and future retired employees of the State who are not covered under another state-sponsored other post-employment benefit plan.

**Missouri State Public Employees' Deferred Compensation Incentive (IRC 401a) Plan** – Accounts for retirement benefits paid to employees of the State.

**Missouri State Public Employees' Deferred Compensation (IRC 457) Plan** – Accounts for deposits from State employees, which are invested for the benefit of the employees until properly authorized to distribute.

## **Private-Purpose Trust Funds:**

**Alternative Care Trust** – Accounts for all moneys received and spent by the Division of Family Services on behalf of children in their custody.

**Johnson-Travis Memorial Trust** – Accounts for all moneys, stocks, and securities given to the State by Miss Pansy Johnson or for the benefit of the Pansy Johnson-Travis Memorial State Gardens. Moneys will be used solely to establish, develop, and maintain the gardens.

**Unclaimed Property** – Accounts for moneys unpaid or unclaimed within one year after final settlement of any executor or administrator, assignee, sheriff or receiver and all unclaimed deposits, dividends, and interest of banks unable to locate the owners.

## **Agency Funds:**

**Social Security Contributions** – Accounts for the receipt of contributions from various state funds for the State's share of social security contributions, which are due to the Federal Social Security Administration.

**Missouri State Employees' Voluntary Life Insurance** – Accounts for moneys withheld from employees' compensation for the contracts entered into with life insurance companies.

**Program** – Accounts for the receipt of various taxes, refundable deposits, and other moneys to be held until the State has the right or obligation to distribute them to various entities or individuals.

**Institution** – Accounts for deposits to various institutional accounts and other receipts held by the State until there is proper authorization to disburse them directly to others.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	Missouri State Employees' Retirement System		Missouri Department of Transportation and Highway Patrol Employees' Retirement System	Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust	Missouri State Public Employees' Deferred Compensation		Totals
	Missouri State Employees' Plan	Judicial Plan			401 (a) Plan	457 Plan	
							June 30, 2016
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 2,415,444	\$ 38,975	\$ 493	\$ 2,314	\$ 383	\$ 164	\$ 2,457,773
Investments at Fair Value	9,200,843	148,463	1,982,821	101,819	523,263	1,348,082	13,305,291
Invested Securities							
Lending Collateral	14,032	227	51,560	---	---	---	65,819
Receivables:							
Accounts Receivable	87,295	2,617	13,296	27,225	133	415	130,981
Interest Receivable	---	---	6,406	---	---	---	6,406
Prepaid Expenses	67	1	---	---	---	---	68
Capital Assets:							
Land	263	4	84	---	---	---	351
Buildings	4,216	68	582	---	---	---	4,866
Equipment	1,265	20	229	---	---	---	1,514
Software	713	12	3,288	---	---	---	4,013
Accumulated Depreciation/ Amortization	(2,971)	(48)	(2,614)	---	---	---	(5,633)
Total Capital Assets, Net	3,486	56	1,569	---	---	---	5,111
Total Assets	11,721,167	190,339	2,056,145	131,358	523,779	1,348,661	15,971,449
<b>LIABILITIES</b>							
Accounts Payable	52,514	847	11,348	348	28	75	65,160
Obligations under Repurchase Agreements	3,544,272	57,190	---	---	---	---	3,601,462
Securities Lending Obligation	14,703	237	52,723	---	---	---	67,663
Unearned Revenue	---	---	---	3,918	---	---	3,918
Claims Liability	---	---	---	10,107	---	---	10,107
Compensated Absences	517	8	---	---	---	---	525
Total Liabilities	3,612,006	58,282	64,071	14,373	28	75	3,748,835
Net Position Restricted for Pension Benefits, OPEB, and Deferred Compensation	\$ 8,109,161	\$ 132,057	\$ 1,992,074	\$ 116,985	\$ 523,751	\$ 1,348,586	\$ 12,222,614

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	Missouri State Employees' Retirement System		Missouri Department of Transportation and Highway	Missouri Consolidated Health Care Plan	Missouri State Public Employees' Deferred Compensation		Totals
	Missouri State Employees' Plan	Judicial Plan	Patrol Employees' Retirement System	State Retiree Welfare Benefit Trust	401 (a) Plan	457 Plan	June 30, 2016
<b>Additions:</b>							
Contributions:							
Employer	\$ 329,957	\$ 33,643	\$ 199,609	\$ 66,200	\$ ---	\$ ---	\$ 629,409
Plan Member	24,501	661	2,504	51,447	---	53,798	132,911
Other	2,108	---	3,709	29,696	55,118	526	91,157
Total Contributions	<u>356,566</u>	<u>34,304</u>	<u>205,822</u>	<u>147,343</u>	<u>55,118</u>	<u>54,324</u>	<u>853,477</u>
Investment Earnings:							
Increase (Decrease) in Appreciation of Assets	23,165	374	(10,145)	---	(3,303)	(18,793)	(8,702)
Interest and Dividends	55,830	901	55,078	2,275	9,406	26,029	149,519
Securities Lending Income	137	2	369	---	---	---	508
Total Investment Earnings	<u>79,132</u>	<u>1,277</u>	<u>45,302</u>	<u>2,275</u>	<u>6,103</u>	<u>7,236</u>	<u>141,325</u>
Less Investment Expenses:							
Investment Activity Expense	(77,801)	(1,255)	(23,704)	---	---	---	(102,760)
Securities Lending Expense	(137)	(2)	(166)	---	---	---	(305)
Total Investment Expense	<u>(77,938)</u>	<u>(1,257)</u>	<u>(23,870)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(103,065)</u>
Net Investment Earnings (Loss)	1,194	20	21,432	2,275	6,103	7,236	38,260
Cost Reimbursement/ Miscellaneous	546	9	---	---	489	1,306	2,350
Total Additions	<u>358,306</u>	<u>34,333</u>	<u>227,254</u>	<u>149,618</u>	<u>61,710</u>	<u>62,866</u>	<u>894,087</u>
<b>Deductions:</b>							
Benefits	750,441	32,980	240,176	131,452	39,988	---	1,195,037
Administrative Expenses	8,157	132	4,010	8,086	494	2,038	22,917
Program Distributions	3,798	10	---	---	---	65,491	69,299
Service Transfer Payments	3,072	---	---	---	---	---	3,072
Depreciation/Amortization	<u>332</u>	<u>5</u>	<u>361</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>698</u>
Total Deductions	<u>765,800</u>	<u>33,127</u>	<u>244,547</u>	<u>139,538</u>	<u>40,482</u>	<u>67,529</u>	<u>1,291,023</u>
Change in Net Position	<u>(407,494)</u>	<u>1,206</u>	<u>(17,293)</u>	<u>10,080</u>	<u>21,228</u>	<u>(4,663)</u>	<u>(396,936)</u>
Net Position – Beginning of Year	<u>8,516,655</u>	<u>130,851</u>	<u>2,009,367</u>	<u>106,905</u>	<u>502,523</u>	<u>1,353,249</u>	<u>12,619,550</u>
Net Position – End of Year	<u>\$ 8,109,161</u>	<u>\$ 132,057</u>	<u>\$ 1,992,074</u>	<u>\$ 116,985</u>	<u>\$ 523,751</u>	<u>\$ 1,348,586</u>	<u>\$ 12,222,614</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**June 30, 2016**  
**(In Thousands of Dollars)**

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	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	<b>Totals</b>
				<b>June 30, 2016</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,814	\$ 346	\$ 14,984	\$ 18,144
Investments at Fair Value	3,869	554	20,600	25,023
Assets Held in Escheat	---	---	21,385	21,385
Account Receivables	35	---	---	35
Interest Receivable	8	1	---	9
Inventories	---	---	2	2
Capital Assets:				
Equipment	---	---	64	64
Software	---	---	100	100
Less: Accumulated Depreciation/Amortization	---	---	(61)	(61)
Total Capital Assets, Net	<u>---</u>	<u>---</u>	<u>103</u>	<u>103</u>
Total Assets	<u>6,726</u>	<u>901</u>	<u>57,074</u>	<u>64,701</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>---</u>	<u>---</u>	<u>154</u>	<u>154</u>
<b>LIABILITIES</b>				
Accounts Payable	656	---	15	671
Accrued Payroll	---	---	22	22
Compensated Absences	---	---	35	35
Net Pension Liability	---	---	705	705
Total Liabilities	<u>656</u>	<u>---</u>	<u>777</u>	<u>1,433</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<u>---</u>	<u>---</u>	<u>18</u>	<u>18</u>
<b>NET POSITION</b>				
Net Position Restricted for Other Purposes	<u>\$ 6,070</u>	<u>\$ 901</u>	<u>\$ 56,433</u>	<u>\$ 63,404</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

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	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	<b>Totals</b>
<b>Additions:</b>				
Increase (Decrease) in Appreciation of Assets	\$ 12	\$ 6	\$ (1,801)	\$ (1,783)
Interest	38	6	592	636
Total Investment Earnings	<u>50</u>	<u>12</u>	<u>(1,209)</u>	<u>(1,147)</u>
Unclaimed Property	---	---	39,892	39,892
Cost Reimbursement/Miscellaneous	<u>9,704</u>	<u>---</u>	<u>1</u>	<u>9,705</u>
Total Additions	<u>9,754</u>	<u>12</u>	<u>38,684</u>	<u>48,450</u>
<b>Deductions:</b>				
Administrative Expenses	---	---	2,104	2,104
Program Distributions	10,484	---	38,888	49,372
Depreciation/Amortization	---	---	12	12
Total Deductions	<u>10,484</u>	<u>---</u>	<u>41,004</u>	<u>51,488</u>
Change in Net Position	(730)	12	(2,320)	(3,038)
Net Position – Beginning	<u>6,800</u>	<u>889</u>	<u>58,753</u>	<u>66,442</u>
Net Position – Ending	<u><u>\$ 6,070</u></u>	<u><u>\$ 901</u></u>	<u><u>\$ 56,433</u></u>	<u><u>\$ 63,404</u></u>

**STATE OF MISSOURI**  
**COMBINING BALANCE SHEET**  
**AGENCY FUNDS**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	Social Security Contributions	Missouri State Employees' Voluntary Life Insurance	Program	Institution	Totals June 30, 2016
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 43	\$ 63	\$ 97,232	\$ 17,163	\$ 114,501
Investments at Fair Value	59	86	425,034	20	425,199
Receivables:					
Accounts Receivable	6,140	---	398,767	---	404,907
Interest Receivable	---	---	70	---	70
Total Assets	<u><u>\$ 6,242</u></u>	<u><u>\$ 149</u></u>	<u><u>\$ 921,103</u></u>	<u><u>\$ 17,183</u></u>	<u><u>\$ 944,677</u></u>
<b>LIABILITIES</b>					
Accounts Payable	\$ ---	\$ ---	\$ 33	\$ ---	\$ 33
Due to Other Entities	6,242	149	911,307	---	917,698
Due to Individuals	---	---	9,763	17,183	26,946
Total Liabilities	<u><u>\$ 6,242</u></u>	<u><u>\$ 149</u></u>	<u><u>\$ 921,103</u></u>	<u><u>\$ 17,183</u></u>	<u><u>\$ 944,677</u></u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b><u>SOCIAL SECURITY CONTRIBUTIONS</u></b>				
ASSETS				
Cash and Cash Equivalents	\$ 45	\$ 150,012	\$ 150,014	\$ 43
Investments at Fair Value	67	59	67	59
Accounts Receivable	6,098	6,140	6,098	6,140
Total Assets	<u>\$ 6,210</u>	<u>\$ 156,211</u>	<u>\$ 156,179</u>	<u>\$ 6,242</u>
LIABILITIES				
Due to Other Entities	\$ 6,210	\$ 455,281	\$ 455,249	\$ 6,242
Total Liabilities	<u>\$ 6,210</u>	<u>\$ 455,281</u>	<u>\$ 455,249</u>	<u>\$ 6,242</u>
<b><u>MISSOURI STATE EMPLOYEES' VOLUNTARY LIFE INSURANCE</u></b>				
ASSETS				
Cash and Cash Equivalents	\$ 49	\$ 3,712	\$ 3,698	\$ 63
Investments at Fair Value	103	86	103	86
Total Assets	<u>\$ 152</u>	<u>\$ 3,798</u>	<u>\$ 3,801</u>	<u>\$ 149</u>
LIABILITIES				
Due to Other Entities	\$ 152	\$ 3,761	\$ 3,764	\$ 149
Total Liabilities	<u>\$ 152</u>	<u>\$ 3,761</u>	<u>\$ 3,764</u>	<u>\$ 149</u>
<b><u>PROGRAM</u></b>				
ASSETS				
Cash and Cash Equivalents	\$ 118,397	\$ 7,142,060	\$ 7,163,225	\$ 97,232
Investments at Fair Value	433,598	619,501	628,065	425,034
Receivables:				
Accounts Receivable	399,658	19,485	20,376	398,767
Interest Receivable	97	1,170	1,197	70
Total Assets	<u>\$ 951,750</u>	<u>\$ 7,782,216</u>	<u>\$ 7,812,863</u>	<u>\$ 921,103</u>
LIABILITIES				
Accounts Payable	\$ 32	\$ 421	\$ 420	\$ 33
Due to Other Entities	941,605	7,766,981	7,797,279	911,307
Due to Individuals	10,113	20,782	21,132	9,763
Total Liabilities	<u>\$ 951,750</u>	<u>\$ 7,788,184</u>	<u>\$ 7,818,831</u>	<u>\$ 921,103</u>
<b><u>INSTITUTION</u></b>				
ASSETS				
Cash and Cash Equivalents	\$ 16,645	\$ 153,722	\$ 153,204	\$ 17,163
Investments at Fair Value	17	3	---	20
Total Assets	<u>\$ 16,662</u>	<u>\$ 153,725</u>	<u>\$ 153,204</u>	<u>\$ 17,183</u>
LIABILITIES				
Due to Individuals	\$ 16,662	\$ 153,725	\$ 153,204	\$ 17,183
<b><u>TOTALS – ALL AGENCY FUNDS</u></b>				
ASSETS				
Cash and Cash Equivalents	\$ 135,136	\$ 7,449,506	\$ 7,470,141	\$ 114,501
Investments at Fair Value	433,785	619,649	628,235	425,199
Receivables:				
Accounts Receivable	405,756	25,625	26,474	404,907
Interest Receivable	97	1,170	1,197	70
Total Assets	<u>\$ 974,774</u>	<u>\$ 8,095,950</u>	<u>\$ 8,126,047</u>	<u>\$ 944,677</u>
LIABILITIES				
Accounts Payable	\$ 32	\$ 421	\$ 420	\$ 33
Due to Other Entities	947,967	8,226,023	8,256,292	917,698
Due to Individuals	26,775	174,507	174,336	26,946
Total Liabilities	<u>\$ 974,774</u>	<u>\$ 8,400,951</u>	<u>\$ 8,431,048</u>	<u>\$ 944,677</u>



*The Component Units account for all transactions relating to legally separate entities which, for reporting purposes, are a part of the State.*

### **Non-Major Component Units:**

**Missouri Development Finance Board** – Accounts for moneys from bond proceeds, gifts, and grants to make loans for industrial development.

**Missouri Agricultural and Small Business Development Authority** – Accounts for moneys from bond proceeds, gifts, and grants to make loans for property acquisitions/renovations and pollution control facilities.

**Missouri Transportation Finance Corporation** – Accounts for moneys from federal, state or local sources, and from bond proceeds to be used for projects approved by the Missouri Highways and Transportation Commission.

**Missouri Wine and Grape Board** – Accounts for moneys derived from the privilege of selling wine to be used for marketing development in developing programs for growing, selling, and marketing of grape products grown in Missouri.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR COMPONENT UNITS**  
**June 30, 2016**  
**(In Thousands of Dollars)**

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Missouri Wine and Grape Board	Totals
					June 30, 2016
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 29,593	\$ 843	\$ 16,974	\$ 377	\$ 47,787
Investments	---	566	16,178	518	17,262
Accounts Receivable, Net	147	---	---	---	147
Interest Receivable	65	---	781	1	847
Inventories	---	---	---	2	2
Restricted Assets:					
Cash and Cash Equivalents	---	2,979	---	---	2,979
Investments	---	7,092	---	---	7,092
Interest Receivable	---	6	---	---	6
Loans Receivable	---	---	7,799	---	7,799
Prepaid Items	1,178	---	---	---	1,178
Loans Receivable	539	375	---	---	914
Total Current Assets	<u>31,522</u>	<u>11,861</u>	<u>41,732</u>	<u>898</u>	<u>86,013</u>
Non-Current Assets:					
Investments	---	---	37,958	---	37,958
Loans Receivable	41,335	617	---	---	41,952
Restricted Assets:					
Cash and Cash Equivalents	8,171	---	---	---	8,171
Investments	13,101	---	---	---	13,101
Loans Receivables	---	---	25,528	---	25,528
Capital Assets:					
Construction in Progress	101	---	---	---	101
Land	7,220	---	---	---	7,220
Buildings	75,856	---	---	5	75,861
Equipment	408	---	---	37	445
Software & Misc Intangible Assets	23	---	---	3	26
Less Accumulated Depreciation/Amortization	<u>(17,259)</u>	<u>---</u>	<u>---</u>	<u>(18)</u>	<u>(17,277)</u>
Total Non-Current Assets	<u>128,956</u>	<u>617</u>	<u>63,486</u>	<u>27</u>	<u>193,086</u>
Total Assets	<u>160,478</u>	<u>12,478</u>	<u>105,218</u>	<u>925</u>	<u>279,099</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>530</b>	<b>193</b>	<b>---</b>	<b>70</b>	<b>793</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	265	76	2	3	346
Accrued Payroll	---	---	---	14	14
Interest Payable	53	14	---	---	67
Due to Primary Government	---	947	---	1	948
Compensated Absences	27	19	---	20	66
Bonds and Notes Payable	359	---	---	---	359
Total Current Liabilities	<u>704</u>	<u>1,056</u>	<u>2</u>	<u>38</u>	<u>1,800</u>
Non-Current Liabilities:					
Advance from Primary Government	---	1,130	---	---	1,130
Unearned Revenue	1,752	---	---	---	1,752
Deposits and Reserves	15,965	---	---	---	15,965
Compensated Absences	42	---	---	11	53
Bonds and Notes Payable	51,381	---	---	---	51,381
Net Pension Liability	813	398	---	332	1,543
Total Non-Current Liabilities	<u>69,953</u>	<u>1,528</u>	<u>---</u>	<u>343</u>	<u>71,824</u>
Total Liabilities	<u>70,657</u>	<u>2,584</u>	<u>2</u>	<u>381</u>	<u>73,624</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>22</b>	<b>8</b>	<b>---</b>	<b>10</b>	<b>40</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	14,608	---	---	27	14,635
Restricted for:					
Other Purposes	7,394	10,077	76,865	---	94,336
Unrestricted	<u>68,327</u>	<u>2</u>	<u>28,351</u>	<u>577</u>	<u>97,257</u>
Total Net Position	<u>\$ 90,329</u>	<u>\$ 10,079</u>	<u>\$ 105,216</u>	<u>\$ 604</u>	<u>\$ 206,228</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NON-MAJOR COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Missouri Wine and Grape Board	Totals June 30, 2016
<b>Operating Revenues:</b>					
Licenses, Fees, and Permits	\$ 2,229	\$ 210	\$ 8	\$ ---	\$ 2,447
Interest on Receivables	562	---	1,310	---	1,872
Leases and Rentals	5,510	---	---	---	5,510
Cost Reimbursement/Miscellaneous	327	662	---	9	998
Total Operating Revenues	<u>8,628</u>	<u>872</u>	<u>1,318</u>	<u>9</u>	<u>10,827</u>
<b>Operating Expenses:</b>					
Personal Service	701	323	29	387	1,440
Operations	2,056	58	9	1,448	3,571
Specific Programs	256	1,777	---	---	2,033
Depreciation/Amortization	1,947	---	---	5	1,952
Other Charges	55	---	---	21	76
Total Operating Expenses	<u>5,015</u>	<u>2,158</u>	<u>38</u>	<u>1,861</u>	<u>9,072</u>
Operating Income (Loss)	<u>3,613</u>	<u>(1,286)</u>	<u>1,280</u>	<u>(1,852)</u>	<u>1,755</u>
<b>Non-Operating Revenues (Expenses):</b>					
Contributions and Intergovernmental	---	2,534	---	1,773	4,307
Investment Earnings:					
Increase (Decrease) in Fair Value of Investments	---	39	(211)	---	(172)
Interest	84	74	873	4	1,035
Interest Expense	(972)	(38)	---	---	(1,010)
Miscellaneous Revenues (Expenses)	600	---	(54)	---	546
Total Non-Operating Revenues (Expenses)	<u>(288)</u>	<u>2,609</u>	<u>608</u>	<u>1,777</u>	<u>4,706</u>
Change in Net Position	3,325	1,323	1,888	(75)	6,461
Total Net Position – Beginning	<u>87,004</u>	<u>8,756</u>	<u>103,328</u>	<u>679</u>	<u>199,767</u>
Total Net Position – Ending	<u>\$ 90,329</u>	<u>\$ 10,079</u>	<u>\$ 105,216</u>	<u>\$ 604</u>	<u>\$ 206,228</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2016**  
**(In Thousands of Dollars)**

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Missouri Wine and Grape Board	Totals
					June 30, 2016
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customers and Users	\$ 7,149	\$ 210	\$ 1,384	\$ ---	\$ 8,743
Loans to Outside Entities	---	490	4,220	---	4,710
Payments to Vendors and Suppliers	(2,287)	(19)	(11)	(1,448)	(3,765)
Payments for Employees	(703)	(280)	(29)	(395)	(1,407)
Payments Made for Program Expense	---	(1,777)	---	---	(1,777)
Net Payments/Receipts for Tax Credit Projects	1,864	---	---	---	1,864
Other Receipts	---	662	---	9	671
Other Payments	---	---	---	(21)	(21)
Net Cash Provided (Used) by Operating Activities	<u>6,023</u>	<u>(714)</u>	<u>5,564</u>	<u>(1,855)</u>	<u>9,018</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Loans Receivable Principal Receipts	903	---	---	---	903
Loans Receivable Issuance	(1,258)	---	---	---	(1,258)
Due to/from Primary Government	---	260	---	---	260
Advance to/from Primary Government	---	(602)	---	---	(602)
Contributions and Intergovernmental	---	2,534	---	1,773	4,307
Miscellaneous Revenues (Expenses)	600	---	---	---	600
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>245</u>	<u>2,192</u>	<u>---</u>	<u>1,773</u>	<u>4,210</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Interest Expense	(969)	(44)	---	---	(1,013)
Purchases and Construction of Capital Assets	(329)	---	---	(29)	(358)
Principal Payments on Capital Debt	(195)	---	---	---	(195)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,493)</u>	<u>(44)</u>	<u>---</u>	<u>(29)</u>	<u>(1,566)</u>
<b>Cash Flows from Investing Activities:</b>					
Proceeds from Investment Maturities	16,562	---	55,260	143	71,965
Purchase of Investments	(16,493)	(1,287)	(56,812)	---	(74,592)
Interest	110	70	873	4	1,057
Investment Fees	---	---	(54)	---	(54)
Net Cash Provided (Used) by Investing Activities	<u>179</u>	<u>(1,217)</u>	<u>(733)</u>	<u>147</u>	<u>(1,624)</u>
Net Increase (Decrease) in Cash	<u>4,954</u>	<u>217</u>	<u>4,831</u>	<u>36</u>	<u>10,038</u>
Cash and Cash Equivalents, Beginning of Year	<u>32,810</u>	<u>3,605</u>	<u>12,143</u>	<u>341</u>	<u>48,899</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 37,764</u></u>	<u><u>\$ 3,822</u></u>	<u><u>\$ 16,974</u></u>	<u><u>\$ 377</u></u>	<u><u>\$ 58,937</u></u>
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 3,613	\$ (1,286)	\$ 1,280	\$ (1,852)	\$ 1,755
Depreciation/Amortization Expense	1,947	---	---	5	1,952
Pension Deferrals	(212)	(196)	---	(97)	(505)
<b>Changes in Assets and Liabilities:</b>					
Accounts Receivable	(215)	---	---	---	(215)
Interest Receivable	(14)	---	66	---	52
Prepaid Items	(9)	---	---	---	(9)
Loans Receivable	---	513	4,220	---	4,733
Accounts Payable	94	39	(2)	---	131
Accrued Payroll	---	---	---	3	3
Deposit and Reserve	654	(23)	---	---	631
Compensated Absences	---	6	---	1	7
Unearned Revenue	(45)	---	---	---	(45)
Net Pension Liability	210	233	---	85	528
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 6,023</u></u>	<u><u>\$ (714)</u></u>	<u><u>\$ 5,564</u></u>	<u><u>\$ (1,855)</u></u>	<u><u>\$ 9,018</u></u>
<b>Non-Cash Investing Activities:</b>					
Increase (Decrease) in Fair Value of Investments	\$ ---	\$ 39	\$ (211)	\$ ---	\$ (172)
Net Non-Cash Investing Activities	<u><u>\$ ---</u></u>	<u><u>\$ 39</u></u>	<u><u>\$ (211)</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ (172)</u></u>



*The Statistical Section presentations include Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information, and Operating Information trends. The statistical data presented is intended to provide report users with a broader understanding of the environment in which the State operates.*

STATE OF MISSOURI  
STATISTICAL SECTION  
June 30, 2016

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## *Index and Overview*

This part of the State's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

### **Financial Trends**

*These schedules contain trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.*

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*Sources: Unless otherwise noted, the information in these schedules is derived from the State of Missouri Comprehensive Annual Financial Report for the years shown.*

**STATE OF MISSOURI**  
**NET POSITION BY COMPONENT**  
**FISCAL YEARS 2007–2016**  
**(In Thousands of Dollars)**

	2016	2015*	2014	2013	2012
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 29,239,586	\$ 28,791,258	\$ 28,485,327	\$ 28,166,290	\$ 27,873,493
Restricted	4,346,676	3,811,927	3,790,165	3,788,299	3,898,340
Unrestricted	(5,462,828)	(4,835,157)	(5,501,188)	(1,216,048)	(1,865,908)
<b>Total Governmental Activities</b>					
<b>Net Position</b>	<b><u>\$ 28,123,434</u></b>	<b><u>\$ 27,768,028</u></b>	<b><u>\$ 26,774,304</u></b>	<b><u>\$ 30,738,541</u></b>	<b><u>\$ 29,905,925</u></b>
<b>Business-Type Activities</b>					
Net Investment in Capital Assets	\$ 98,353	\$ 55,669	\$ 52,901	\$ 52,217	\$ 50,081
Restricted	6,104	4,588	4,889	5,630	9,675
Unrestricted	678,121	420,995	183,705	(117,891)	(344,734)
<b>Total Business-Type Activities</b>					
<b>Net Position</b>	<b><u>\$ 782,578</u></b>	<b><u>\$ 481,252</u></b>	<b><u>\$ 241,495</u></b>	<b><u>\$ (60,044)</u></b>	<b><u>\$ (284,978)</u></b>
<b>Primary Government</b>					
Net Investment in Capital Assets	\$ 29,337,939	\$ 28,846,927	\$ 28,538,228	\$ 28,218,507	\$ 27,923,574
Restricted	4,352,780	3,816,515	3,795,054	3,793,929	3,908,015
Unrestricted	(4,784,707)	(4,414,162)	(5,317,483)	(1,333,939)	(2,210,642)
<b>Total Primary Government</b>					
<b>Net Position</b>	<b><u>\$ 28,906,012</u></b>	<b><u>\$ 28,249,280</u></b>	<b><u>\$ 27,015,799</u></b>	<b><u>\$ 30,678,497</u></b>	<b><u>\$ 29,620,947</u></b>

**Continues Below**

	2011	2010	2009	2008	2007
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 26,595,552	\$ 25,850,787	\$ 26,247,223	\$ 25,324,173	\$ 25,475,504
Restricted	4,339,603	3,907,120	3,537,444	6,003,212	5,032,619
Unrestricted	(1,159,743)	(940,675)	(1,260,231)	(2,327,482)	(1,909,993)
<b>Total Governmental Activities</b>					
<b>Net Position</b>	<b><u>\$ 29,775,412</u></b>	<b><u>\$ 28,817,232</u></b>	<b><u>\$ 28,524,436</u></b>	<b><u>\$ 28,999,903</u></b>	<b><u>\$ 28,598,130</u></b>
<b>Business-Type Activities</b>					
Net Investment in Capital Assets	\$ 50,291	\$ 45,990	\$ 48,442	\$ 42,360	\$ 40,922
Restricted	6,303	7,949	6,771	45,362	9,517
Unrestricted	(485,576)	(437,995)	(1,050)	329,265	185,453
<b>Total Business-Type Activities</b>					
<b>Net Position</b>	<b><u>\$ (428,982)</u></b>	<b><u>\$ (384,056)</u></b>	<b><u>\$ 54,163</u></b>	<b><u>\$ 416,987</u></b>	<b><u>\$ 235,892</u></b>
<b>Primary Government</b>					
Net Investment in Capital Assets	\$ 26,645,843	\$ 25,896,777	\$ 26,295,665	\$ 25,366,533	\$ 25,516,426
Restricted	4,345,906	3,915,069	3,544,215	6,048,574	5,042,136
Unrestricted	(1,645,319)	(1,378,670)	(1,261,281)	(1,998,217)	(1,724,540)
<b>Total Primary Government</b>					
<b>Net Position</b>	<b><u>\$ 29,346,430</u></b>	<b><u>\$ 28,433,176</u></b>	<b><u>\$ 28,578,599</u></b>	<b><u>\$ 29,416,890</u></b>	<b><u>\$ 28,834,022</u></b>

\*Fiscal year 2015 amounts have been restated.

**STATE OF MISSOURI**  
**CHANGES IN NET POSITION**  
**FISCAL YEARS 2007-2016**  
**(In Thousands of Dollars)**

<b>Governmental Activities:</b>	<b>2016</b>	<b>2015*</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Expenses</b>										
General Government	\$ 1,081,467	\$ 1,064,771	\$ 1,030,327	\$ 1,063,418	\$ 1,029,012	\$ 1,089,731	\$ 1,129,030	\$ 1,182,233	\$ 1,210,044	\$ 1,092,613
Education	6,902,929	6,680,646	6,430,861	6,368,472	6,373,757	6,536,907	6,815,521	6,589,358	6,379,189	6,042,581
Natural and Economic	992,634	910,502	874,033	933,019	1,053,949	935,078	1,082,526	1,043,449	1,006,560	928,873
Transportation and Law Enforcement	1,913,384	1,861,116	1,823,578	1,924,306	2,021,423	2,529,791	2,699,070	2,375,104	2,258,653	2,303,272
Human Services	13,133,373	12,800,735	12,623,617	12,335,625	12,299,493	11,713,021	11,740,145	10,898,796	9,876,132	9,191,994
Interest on Debt (Excluding Direct Expense)	166,952	139,112	157,707	161,386	207,906	199,948	196,413	210,342	174,011	149,987
<b>Total Expenses</b>	<b>24,190,739</b>	<b>23,456,882</b>	<b>22,940,123</b>	<b>22,786,226</b>	<b>22,985,540</b>	<b>23,004,476</b>	<b>23,662,705</b>	<b>22,299,282</b>	<b>20,904,589</b>	<b>19,709,320</b>
<b>Program Revenues</b>										
Charges for Services:										
General Government	579,633	581,008	540,427	698,300	883,228	705,914	875,161	756,969	775,528	669,640
Transportation and Law Enforcement	230,723	228,093	232,176	250,898	239,684	267,875	319,941	400,842	400,134	474,086
Human Services	475,156	503,290	504,443	554,365	459,517	550,690	653,463	531,250	363,644	302,002
Other Activities	337,746	327,169	333,898	351,193	285,725	314,375	380,133	369,976	277,190	239,907
Operating Grants and Contributions	10,178,230	9,960,965	9,649,655	9,702,624	9,889,453	9,802,842	9,489,240	8,317,356	7,697,736	7,828,289
Capital Grants and Contributions	917,255	838,354	933,814	1,039,043	1,096,052	1,814,207	1,454,811	966,394	971,801	306
<b>Total Program Revenues</b>	<b>12,718,743</b>	<b>12,438,879</b>	<b>12,194,413</b>	<b>12,596,423</b>	<b>12,853,659</b>	<b>13,455,903</b>	<b>13,172,749</b>	<b>11,342,787</b>	<b>10,486,033</b>	<b>9,514,230</b>
<b>Total Governmental Activities</b>										
<b>Net Program (Expense) Revenue</b>	<b>(11,471,996)</b>	<b>(11,018,003)</b>	<b>(10,745,710)</b>	<b>(10,189,803)</b>	<b>(10,131,881)</b>	<b>(9,548,573)</b>	<b>(10,489,956)</b>	<b>(10,956,495)</b>	<b>(10,418,556)</b>	<b>(10,195,090)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Taxes:										
Sales and Use	3,112,912	3,142,387	2,925,867	2,883,852	2,705,002	2,570,243	2,572,491	2,635,068	2,871,465	2,929,398
Individual Income	6,324,548	6,418,379	5,718,801	5,833,306	5,116,876	4,878,166	4,840,809	5,169,741	5,447,817	5,140,588
Corporate Income	411,139	490,131	427,320	429,797	378,444	394,389	360,764	377,801	463,826	496,378
County Foreign Insurance	218,083	222,828	180,779	175,212	167,969	182,679	171,497	177,393	186,566	178,507
Alcoholic Beverage	30,913	32,101	30,370	30,294	28,652	27,247	27,657	26,689	27,754	28,074
Corporate Franchise	17,197	29,982	54,670	51,444	61,389	70,743	82,182	82,114	82,360	69,704
Fuel	640,934	656,893	629,105	648,989	620,074	1,833	233	2,671	3,073	5,351
Miscellaneous Taxes	663,797	668,955	605,247	630,228	623,414	1,210,758	1,207,501	1,160,700	1,173,076	1,164,171
Grants and Contributions not Restricted to Specific Programs	58,971	76,276	73,637	120,380	244,859	889,742	1,301,531	499,542	196,397	195,662
Unrestricted Investment Earnings	44,588	24,721	35,040	(15,858)	21,525	23,281	28,870	69,339	136,782	145,879
Special Items	---	---	---	---	(120)	---	---	---	---	---
Extraordinary Items	---	---	(132)	---	---	---	---	---	---	---
Transfers	304,320	275,997	291,421	290,900	300,608	255,908	258,947	257,441	264,416	256,687
<b>Total General Revenues and Other Changes in Net Position</b>	<b>11,827,402</b>	<b>12,038,650</b>	<b>10,972,125</b>	<b>11,078,544</b>	<b>10,268,692</b>	<b>10,504,989</b>	<b>10,852,482</b>	<b>10,458,499</b>	<b>10,853,532</b>	<b>10,610,399</b>
<b>Total Governmental Activities Change in Net Position</b>	<b>\$ 355,406</b>	<b>\$ 1,020,647</b>	<b>\$ 226,415</b>	<b>\$ 888,741</b>	<b>\$ 136,811</b>	<b>\$ 956,416</b>	<b>\$ 362,526</b>	<b>\$ (497,996)</b>	<b>\$ 434,976</b>	<b>\$ 415,309</b>
<b>Business-Type Activities:</b>										
<b>Expenses</b>										
State Lottery	\$ 1,025,086	\$ 873,502	\$ 894,137	\$ 876,290	\$ 835,526	\$ 755,410	\$ 724,915	\$ 726,106	\$ 740,189	\$ 689,426
Unemployment Compensation	312,295	391,508	568,787	858,697	1,280,157	1,714,276	2,216,078	1,292,531	498,318	444,962
Petroleum Storage Tank Insurance	16,205	14,705	13,244	18,101	22,171	13,940	13,925	17,186	21,516	16,249
State Fair Fees	4,375	4,390	4,419	3,968	3,963	3,700	3,843	4,303	3,648	4,189
State Parks and DNR	8,001	8,264	9,417	9,179	10,659	12,278	9,042	14,211	8,178	7,686
Historic Preservation	577	741	334	388	340	509	1,145	714	403	256
Missouri Veterans' Homes	100,770	92,501	97,674	97,012	76,598	76,033	70,884	62,378	57,075	53,215
Surplus Property	2,576	3,169	2,528	3,017	3,065	2,293	2,542	1,759	3,530	3,152
Revenue Information	14	13	---	32	72	1,199	1,513	5,345	1,090	1,234
<b>Total Expenses</b>	<b>1,469,899</b>	<b>1,388,793</b>	<b>1,590,540</b>	<b>1,866,684</b>	<b>2,232,551</b>	<b>2,579,638</b>	<b>3,043,887</b>	<b>2,124,533</b>	<b>1,333,947</b>	<b>1,220,369</b>
<b>Program Revenues</b>										
Charges for Services:										
State Lottery	1,327,852	1,144,604	1,171,580	1,156,235	1,109,108	1,011,055	984,187	981,431	1,005,421	946,017
Other Activities	56,655	59,199	57,836	57,009	56,538	55,153	56,659	60,015	101,062	65,390
Operating Grants and Contributions	677,118	693,657	999,516	1,172,524	1,507,428	1,725,481	1,823,732	967,324	657,534	618,071
<b>Total Program Revenues</b>	<b>2,061,625</b>	<b>1,897,460</b>	<b>2,228,932</b>	<b>2,385,768</b>	<b>2,673,074</b>	<b>2,791,689</b>	<b>2,864,578</b>	<b>2,008,770</b>	<b>1,764,017</b>	<b>1,629,478</b>
<b>Total Business-Type Activities</b>										
<b>Net Program (Expense) Revenue</b>	<b>591,726</b>	<b>508,667</b>	<b>638,392</b>	<b>519,084</b>	<b>440,523</b>	<b>212,051</b>	<b>(179,309)</b>	<b>(115,763)</b>	<b>430,070</b>	<b>409,109</b>
<b>General Revenues and Other Changes in Net Position</b>										
Unrestricted Investment Earnings	11,420	3,591	2,029	(3,138)	4,312	(1,050)	2,533	10,152	15,424	

**STATE OF MISSOURI**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2007–2016**  
**(In Thousands of Dollars)**

	2016	2015*	2014	2013	2012	2011	2010
<b>General Fund</b>							
Nonspendable	\$ 57,170	\$ 53,809	\$ 50,504	\$ 56,048	\$ 61,207	\$ 42,906	\$ 44,158
Restricted	488,202	292,758	289,266	285,878	340,205	475,205	186,737
Committed	589,870	545,765	560,141	506,778	504,569	512,623	534,620
Assigned	79,670	158,390	73,625	67,277	63,484	59,783	51,734
Unassigned	238,830	349,901	244,821	530,431	195,193	325,123	423,227
<b>Total General Fund</b>	<b>1,453,742</b>	<b>1,400,623</b>	<b>1,218,357</b>	<b>1,446,412</b>	<b>1,164,658</b>	<b>1,415,640</b>	<b>1,240,476</b>
<b>All Other Governmental Funds</b>							
Nonspendable	97,027	1,243,039	1,170,054	1,126,253	1,077,138	1,016,981	986,201
Restricted	1,699,958	1,512,228	1,544,139	1,636,550	1,745,287	2,137,789	2,021,223
Committed	1,543,913	377,527	345,465	337,874	291,723	284,455	219,557
Assigned	430,934	425,256	400,668	370,090	367,261	339,192	355,202
<b>Total All Other Governmental Funds</b>	<b>3,771,832</b>	<b>3,558,050</b>	<b>3,460,326</b>	<b>3,470,767</b>	<b>3,481,409</b>	<b>3,778,417</b>	<b>3,582,183</b>
<b>Total Fund Balances, Governmental Funds</b>	<b>\$ 5,225,574</b>	<b>\$ 4,958,673</b>	<b>\$ 4,678,683</b>	<b>\$ 4,917,179</b>	<b>\$ 4,646,067</b>	<b>\$ 5,194,057</b>	<b>\$ 4,822,659</b>

	2009	2008	2007
<b>General Fund</b>			
Reserved	\$ 589,532	\$ 584,516	\$ 567,880
Unreserved	716,371	1,310,239	1,289,033
<b>Total General Fund</b>	<b>1,305,903</b>	<b>1,894,755</b>	<b>1,856,913</b>
<b>All Other Governmental Funds</b>			
Reserved	1,218,019	1,112,262	1,068,533
Unreserved, Reported in:			
Special Revenue Funds	1,182,724	1,314,796	1,184,853
Capital Projects Funds	540,554	927,694	542,038
Permanent Funds	124	116	88
<b>Total All Other Governmental Funds</b>	<b>2,941,421</b>	<b>3,354,868</b>	<b>2,795,512</b>
<b>Total Fund Balances, Governmental Funds</b>	<b>\$ 4,247,324</b>	<b>\$ 5,249,623</b>	<b>\$ 4,652,425</b>

\*Fiscal year 2015 amounts have been restated.

**STATE OF MISSOURI**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2007-2016**  
**(In Thousands of Dollars)**

	2016	2015*	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues:</b>										
Taxes	\$ 11,550,222	\$ 11,302,267	\$ 10,549,046	\$ 10,557,831	\$ 9,956,574	\$ 9,398,840	\$ 8,987,066	\$ 9,503,743	\$ 10,220,623	\$ 10,030,906
Licenses, Fees, and Permits	685,295	653,218	654,416	647,233	647,130	630,944	637,078	657,725	638,048	574,873
Sales	9,002	11,905	12,308	10,261	8,827	10,131	8,917	10,301	12,064	34,973
Leases and Rentals	71	497	480	1,212	313	665	934	448	438	373
Services	116,133	105,066	111,280	115,219	119,076	155,498	243,998	244,557	231,509	230,173
Contributions and Intergovernmental	11,157,654	10,871,669	10,652,830	10,860,366	11,230,111	12,500,062	12,265,891	9,763,754	8,865,962	8,025,979
Investment Earnings:										
Net Increase (Decrease) in the Fair Value of Investments	5,975	2,006	6,737	(25,606)	6,392	(53)	1,734	(9,565)	6,172	15,758
Interest	25,534	29,911	50,251	27,839	33,068	34,496	44,954	103,068	203,782	185,163
Penalties and Unclaimed Properties	72,452	131,384	74,642	112,951	51,591	54,812	60,284	48,730	64,004	63,151
Cost Reimbursement/Miscellaneous	492,687	525,729	507,763	687,609	745,602	662,070	963,030	739,288	507,021	478,419
<b>Total Revenues</b>	<b>24,115,025</b>	<b>23,633,652</b>	<b>22,619,753</b>	<b>22,994,915</b>	<b>22,798,684</b>	<b>23,447,465</b>	<b>23,213,886</b>	<b>21,062,049</b>	<b>20,749,623</b>	<b>19,639,768</b>
<b>Expenditures:</b>										
Current:										
General Government	886,172	869,266	844,854	884,342	886,309	883,953	889,467	952,780	1,021,589	923,316
Education	6,893,120	6,673,331	6,419,231	6,351,934	6,363,447	6,525,986	6,809,217	6,582,393	6,373,671	6,044,098
Natural and Economic Resources	913,667	833,441	831,495	856,133	934,767	832,855	974,260	894,815	853,872	819,326
Transportation and Law Enforcement	1,475,500	1,558,694	1,350,588	1,406,509	1,627,620	1,758,410	1,814,485	1,515,903	1,429,102	1,394,597
Human Services	13,037,667	12,761,134	12,447,706	12,162,029	12,320,259	11,627,776	11,632,371	10,829,000	9,835,109	9,158,585
Capital Outlay:										
General Government	2,474	---	34	8	---	1	5	---	---	321
Education	29	---	---	---	---	---	---	---	---	18,042
Natural and Economic Resources	246	---	---	---	---	---	---	---	---	---
Transportation and Law Enforcement	690,269	714,550	852,832	963,001	1,115,457	1,253,100	1,409,557	1,308,229	1,144,171	1,250,233
Human Services	37,384	1,354	---	---	---	---	4	306	3,133	10,248
Debt Service:										
Principal	292,521	285,627	256,221	216,017	212,483	242,497	227,307	219,496	196,669	197,212
Interest	166,000	166,672	187,123	189,920	208,518	225,858	209,428	191,684	186,432	165,470
Bond Issuance Costs	755	831	1,545	920	606	1,552	8,101	1,278	2,694	5,775
Underwriter's Discount	1,231	2,260	4,075	2,423	2,074	437	---	---	390	247
Arbitrage	---	---	---	---	---	42	374	583	---	---
<b>Total Expenditures</b>	<b>24,397,035</b>	<b>23,867,160</b>	<b>23,195,704</b>	<b>23,033,236</b>	<b>23,671,540</b>	<b>23,352,467</b>	<b>23,974,576</b>	<b>22,496,467</b>	<b>21,046,832</b>	<b>19,987,470</b>
<b>Excess Revenues (Expenditures)</b>	<b>(282,010)</b>	<b>(233,508)</b>	<b>(575,951)</b>	<b>(38,321)</b>	<b>(872,856)</b>	<b>94,998</b>	<b>(760,690)</b>	<b>(1,434,418)</b>	<b>(297,209)</b>	<b>(347,702)</b>
<b>Other Financing Sources (Uses):</b>										
Proceeds from Notes/Capital Leases	14,782	1,819	1,400	712	1,776	6,300	6,675	26,317	52,245	8,794
Capital Lease Termination Payment	---	---	---	---	---	---	---	---	(22,559)	---
Debt Issuance	---	---	---	---	---	---	1,085,000	142,735	576,800	920,000
Proceeds from General Obligation/Other Bonds	193,800	129,465	---	---	---	---	---	---	---	---
Issuance of Refunding Bonds	---	108,930	995,555	441,690	163,145	312,960	---	---	---	394,870
Swap Termination Payment	---	---	---	---	---	---	---	---	(11,118)	---
Payments to Escrow Agent	---	(121,020)	(1,177,908)	(486,904)	(168,589)	(351,599)	---	---	---	(433,477)
Bond Premium	17,810	18,622	195,638	48,276	7,944	40,468	30,631	2,835	28,361	77,099
Proceeds from Capital Asset Sale	18,394	11,137	13,867	19,310	16,864	14,703	12,938	11,087	13,142	8,675
Transfers In	310,842	285,468	304,688	312,595	300,699	255,959	259,810	258,568	266,263	257,287
Transfers Out	(6,010)	(9,547)	(12,763)	(21,846)	(144)	---	(738)	(902)	(6,476)	(120,586)
<b>Total Other Financing Sources (Uses)</b>	<b>549,618</b>	<b>424,874</b>	<b>320,477</b>	<b>313,833</b>	<b>321,695</b>	<b>278,791</b>	<b>1,394,316</b>	<b>440,640</b>	<b>896,658</b>	<b>1,112,662</b>
<b>Net Change in Fund Balances</b>	<b>267,608</b>	<b>191,366</b>	<b>(255,474)</b>	<b>275,512</b>	<b>(551,161)</b>	<b>373,789</b>	<b>633,626</b>	<b>(993,778)</b>	<b>599,449</b>	<b>764,960</b>
Increase (Decrease) in Reserve for Inventory	<b>(707)</b>	<b>4,928</b>	<b>153</b>	<b>(4,402)</b>	<b>4,135</b>	<b>(2,389)</b>	<b>(279)</b>	<b>(105)</b>	<b>(2,251)</b>	<b>838</b>
<b>Net Change in Fund Balances</b>	<b>\$ 266,901</b>	<b>\$ 196,294</b>	<b>\$ (255,321)</b>	<b>\$ 271,110</b>	<b>\$ (547,026)</b>	<b>\$ 371,400</b>	<b>\$ 633,347</b>	<b>\$ (993,883)</b>	<b>\$ 597,198</b>	<b>\$ 765,798</b>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	1.96%	1.99%	2.02%	1.85%	1.89%	2.14%	1.99%	1.96%	1.96%	1.99%

\*Fiscal year 2015 amounts have been restated.

**STATE OF MISSOURI**  
**REVENUE BASE – TAXABLE SALES BY INDUSTRY**  
**FISCAL YEARS 2007–2016**

<b>Taxable Sales by Industry</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Agricultural/Forestry,					
Fishing, and Other	\$ 245,772,867	\$ 240,000,494	\$ 236,474,690	\$ 215,327,746	\$ 221,013,601
Mining	106,659,795	87,523,595	76,102,321	72,364,854	74,803,209
Construction	1,677,123,560	950,357,972	903,053,231	837,805,800	861,403,612
Manufacturing	4,686,174,181	4,512,551,497	4,452,723,181	4,122,180,876	3,761,027,682
Transportation and					
Public Utilities	7,941,221,199	8,150,393,880	8,296,512,631	7,865,266,716	7,836,415,362
Wholesale Trade	9,258,220,896	8,772,153,165	8,355,874,187	8,201,088,643	8,205,030,046
Retail Trade	50,710,170,965	48,945,156,057	46,883,720,342	45,955,834,897	45,578,697,317
Finance, Insurance, and Real Estate	639,535,606	459,394,721	428,174,408	555,096,635	577,095,000
Services	10,508,298,419	10,167,703,650	9,615,517,898	9,242,131,446	9,239,885,195
State and Local					
Government	130,923,934	149,553,253	196,281,904	164,729,390	167,737,492
Non-Classifiable	12,784,255	12,193,479	13,389,207	19,041,853	15,869,773
<b>Total Taxable Sales</b>	<b>\$ 85,916,885,677</b>	<b>\$ 82,446,981,763</b>	<b>\$ 79,457,824,000</b>	<b>\$ 77,250,868,856</b>	<b>\$ 76,538,978,289</b>
<b>Direct Sales Tax Rate</b>	<b>4.225%</b>	<b>4.225%</b>	<b>4.225%</b>	<b>4.225%</b>	<b>4.225%</b>

**Continues Below**

<b>Taxable Sales by Industry</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Agricultural/Forestry,					
Fishing, and Other	\$ 201,234,995	\$ 202,810,606	\$ 209,980,903	\$ 192,024,683	\$ 198,564,812
Mining	73,001,501	85,194,876	88,867,589	106,892,575	128,534,001
Construction	794,578,753	786,022,254	889,561,095	887,618,876	929,753,447
Manufacturing	2,916,005,779	2,994,039,718	3,203,288,128	2,995,302,916	2,862,904,859
Transportation and					
Public Utilities	8,377,819,035	8,347,862,197	8,247,781,684	7,130,631,754	7,673,318,253
Wholesale Trade	7,636,707,697	5,708,391,048	7,019,606,804	8,028,332,745	8,338,189,598
Retail Trade	43,451,150,211	42,667,031,160	44,820,794,586	46,413,720,906	46,166,130,737
Finance, Insurance, and Real Estate	573,590,035	562,957,084	592,136,070	538,271,852	529,797,617
Services	8,712,983,898	8,676,719,865	8,648,622,385	9,212,468,960	8,787,849,846
State and Local					
Government	150,984,890	135,174,330	158,765,152	162,520,783	161,631,024
Non-Classifiable	13,130,346	14,230,874	21,079,516	19,669,233	15,518,372
<b>Total Taxable Sales</b>	<b>\$ 72,901,187,140</b>	<b>\$ 70,180,434,012</b>	<b>\$ 73,900,483,912</b>	<b>\$ 75,687,455,283</b>	<b>\$ 75,792,192,566</b>
<b>Direct Sales Tax Rate</b>	<b>4.225%</b>	<b>4.225%</b>	<b>4.225%</b>	<b>4.225%</b>	<b>4.225%</b>

Source: Missouri Department of Revenue

**STATE OF MISSOURI**  
**REVENUE BASE – PERSONAL INCOME BY INDUSTRY**  
**CALENDAR YEARS 2006–2015**

**Personal Income by Industry**  
**(In Thousands of Dollars)**

	2015	2014	2013	2012	2011
Farm Earnings	\$ 722,021	\$ 3,786,857	\$ 1,626,591	\$ 1,257,121	\$ 2,321,629
Agricultural/Forestry, Fishing, and Other	451,862	394,686	397,546	319,736	297,657
Mining	345,512	450,247	531,506	533,997	504,777
Construction/Utilities	11,973,872	12,039,804	11,722,352	11,021,154	10,551,329
Manufacturing	20,483,723	19,405,898	18,638,481	18,223,989	17,303,819
Transportation and Public Utilities	6,937,566	6,632,242	6,641,733	6,329,830	5,957,783
Wholesale Trade	11,063,357	10,168,424	9,614,681	9,401,253	8,969,791
Retail Trade	11,618,585	11,353,713	11,045,743	10,981,844	10,654,925
Finance, Insurance, and Real Estate	15,873,119	14,637,085	13,981,286	13,577,510	12,587,314
Services	77,566,750	75,021,866	73,357,863	70,695,009	67,723,434
Federal, Civilian	5,566,826	5,370,947	5,170,204	5,326,901	5,399,812
Military	1,889,251	1,906,989	2,165,907	2,087,494	2,151,087
State and Local Government	21,860,748	21,611,208	21,013,029	20,951,836	20,783,859
<b>Total Personal Income</b>	<b>\$ 186,353,192</b>	<b>\$ 182,779,966</b>	<b>\$ 175,906,922</b>	<b>\$ 170,707,674</b>	<b>\$ 165,207,216</b>
<b>Total Direct Personal Income Tax Rate</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>

**Continues Below**

**Personal Income by Industry**  
**(In Thousands of Dollars)**

	2010	2009	2008	2007	2006
Farm Earnings	\$ 1,523,983	\$ 1,591,091	\$ 2,376,908	\$ 1,374,784	\$ 1,275,728
Agricultural/Forestry, Fishing, and Other	333,875	276,120	303,227	305,046	296,794
Mining	395,522	388,211	502,316	440,499	382,200
Construction/Utilities	10,588,278	11,331,673	12,516,453	12,386,303	12,504,699
Manufacturing	16,746,171	17,442,057	20,134,090	19,030,882	19,108,565
Transportation and Public Utilities	5,732,126	5,809,413	6,293,608	6,255,137	6,103,789
Wholesale Trade	8,721,745	8,658,427	9,231,605	9,027,671	8,465,151
Retail Trade	10,506,522	10,416,435	10,570,173	10,617,610	10,540,177
Finance, Insurance, and Real Estate	12,244,442	11,816,812	11,670,581	11,183,515	11,405,949
Services	65,813,475	64,334,920	67,549,088	63,543,402	59,934,255
Federal, Civilian	5,440,528	5,151,679	5,351,539	5,011,544	4,852,757
Military	2,185,296	2,318,306	2,595,583	2,323,860	2,109,152
State and Local Government	21,026,890	20,830,621	18,813,044	17,853,285	16,825,963
<b>Total Personal Income</b>	<b>\$ 161,258,853</b>	<b>\$ 160,365,765</b>	<b>\$ 167,908,215</b>	<b>\$ 159,353,538</b>	<b>\$ 153,805,179</b>
<b>Total Direct Personal Income Tax Rate</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>

Source: Bureau of Economic Analysis

**STATE OF MISSOURI**  
**PERSONAL INCOME TAX REVENUE**  
**FISCAL YEARS 2007-2016**

<b>Personal Income Tax Revenue</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Personal Income Tax Revenue	\$7,182,257,124	\$6,904,280,506	\$6,421,723,597	\$6,374,093,816	\$5,851,270,707
Personal Income (Federal AGI)	\$295,120,344,327	\$272,999,790,569	\$286,579,465,435	\$238,522,413,855	\$232,336,289,876
Taxable Income	\$223,319,685,253	\$204,984,460,785	\$215,915,208,076	\$176,397,991,056	\$170,827,410,945
Average Effective Rate:					
Federal Adjusted Gross	2.43%	2.53%	2.24%	2.67%	2.52%
Taxable Income	3.22%	3.37%	2.97%	3.61%	3.43%

**Continues Below**

<b>Personal Income Tax Revenue</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Personal Income Tax Revenue	\$5,641,812,271	\$5,495,341,696	\$5,949,266,333	\$6,119,090,558	\$5,736,793,026
Personal Income (Federal AGI)	\$206,107,657,668	\$214,909,582,160	\$254,573,370,206	\$242,481,271,497	\$215,491,776,833
Taxable Income	\$147,407,200,244	\$124,489,765,954	\$188,091,389,476	\$172,825,313,183	\$157,963,987,815
Average Effective Rate:					
Federal Adjusted Gross	2.74%	2.56%	2.34%	2.52%	2.66%
Taxable Income	3.83%	4.41%	3.16%	3.54%	3.63%

**Note:** Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. When total revenues exceed the limit, tax refunds are generated.

**Source:** Missouri Department of Revenue

**STATE OF MISSOURI**  
**PERSONAL INCOME TAX RATES**  
**FISCAL YEARS 2007-2016**

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**Ranges of Tax Rates  
on the Portion of  
Taxable Income**

<b>(In Thousands of Dollars)</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Tax Rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Income Levels	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2
Tax Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Income Levels	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3
Tax Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Income Levels	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4
Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Income Levels	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5
Tax Rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Income Levels	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6
Tax Rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Income Levels	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7
Tax Rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Income Levels	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8
Tax Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Income Levels	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9
Tax Rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Income Levels	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+

Note: Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. When total revenues exceed the limit, tax refunds are generated.

Source: Missouri Department of Revenue

**STATE OF MISSOURI**  
**REVENUE PAYERS BY INDUSTRY**  
**FISCAL YEARS 2007-2016**

<b>Sales Tax</b>	<b>2016</b>	<b>%</b>	<b>2015</b>	<b>%</b>	<b>2014</b>	<b>%</b>
Agricultural	\$ 10,383,904	0.36%	\$ 10,140,021	0.29%	\$ 9,991,056	0.30%
Mining	4,506,376	0.16%	3,697,872	0.11%	3,215,323	0.09%
Construction	37,780,540	1.31%	40,152,624	1.15%	38,153,999	1.14%
Manufacturing	192,230,237	6.67%	190,655,301	5.47%	188,127,554	5.60%
Transportation & Utilities	330,960,635	11.49%	344,354,141	9.89%	350,527,659	10.44%
Wholesale Trade	261,477,270	9.07%	370,623,471	10.64%	353,035,684	10.52%
Retail Trade	1,568,702,724	54.44%	2,067,932,843	59.37%	1,980,837,184	59.00%
Finance, Insurance, & Real Estate	25,446,129	0.88%	19,409,427	0.56%	18,090,369	0.54%
Services	443,975,608	15.41%	429,585,479	12.33%	406,255,631	12.10%
Government	5,531,536	0.19%	6,318,625	0.18%	8,292,910	0.25%
Non-Classifiable	540,135	0.02%	515,174	0.01%	565,694	0.02%
<b>Total</b>	<b>\$ 2,881,535,094</b>	<b>100.00%</b>	<b>\$ 3,483,384,978</b>	<b>100.00%</b>	<b>\$ 3,357,093,063</b>	<b>100.00%</b>
	<b>2013</b>	<b>%</b>	<b>2012</b>	<b>%</b>	<b>2011</b>	<b>%</b>
Agricultural	\$ 9,097,597	0.28%	\$ 9,337,825	0.29%	\$ 8,502,179	0.27%
Mining	3,057,415	0.09%	3,160,435	0.10%	3,084,313	0.10%
Construction	35,397,295	1.08%	36,394,303	1.13%	33,570,952	1.09%
Manufacturing	174,162,142	5.34%	158,903,420	4.91%	123,201,244	4.00%
Transportation & Utilities	332,307,519	10.18%	331,088,549	10.24%	353,962,854	11.49%
Wholesale Trade	346,495,995	10.62%	346,662,519	10.72%	322,650,900	10.48%
Retail Trade	1,941,634,024	59.49%	1,925,699,962	59.55%	1,835,811,096	59.60%
Finance, Insurance, & Real Estate	23,452,833	0.72%	24,382,264	0.75%	24,234,179	0.79%
Services	390,480,054	11.96%	390,385,149	12.07%	368,123,570	11.95%
Government	6,959,817	0.21%	7,086,909	0.22%	6,379,112	0.21%
Non-Classifiable	804,518	0.03%	670,498	0.02%	554,757	0.02%
<b>Total</b>	<b>\$ 3,263,849,209</b>	<b>100.00%</b>	<b>\$ 3,233,771,833</b>	<b>100.00%</b>	<b>\$ 3,080,075,156</b>	<b>100.00%</b>
	<b>2010</b>	<b>%</b>	<b>2009</b>	<b>%</b>	<b>2008</b>	<b>%</b>
Agricultural	\$ 8,568,748	0.29%	\$ 8,871,693	0.28%	\$ 8,113,043	0.25%
Mining	3,599,484	0.12%	3,754,656	0.12%	4,516,211	0.14%
Construction	33,209,440	1.12%	37,583,956	1.20%	37,501,898	1.17%
Manufacturing	126,498,178	4.27%	135,338,923	4.34%	126,551,548	3.96%
Transportation & Utilities	352,697,178	11.90%	348,468,776	11.16%	301,269,192	9.42%
Wholesale Trade	241,179,522	8.13%	296,578,387	9.50%	339,197,058	10.61%
Retail Trade	1,802,682,066	60.80%	1,893,678,571	60.65%	1,960,979,708	61.32%
Finance, Insurance, & Real Estate	23,784,937	0.80%	25,017,749	0.80%	22,741,986	0.71%
Services	366,591,414	12.36%	365,404,296	11.70%	389,226,814	12.17%
Government	5,711,115	0.19%	6,707,828	0.22%	6,866,503	0.22%
Non-Classifiable	601,254	0.02%	890,610	0.03%	831,025	0.03%
<b>Total</b>	<b>\$ 2,965,123,336</b>	<b>100.00%</b>	<b>\$ 3,122,295,445</b>	<b>100.00%</b>	<b>\$ 3,197,794,986</b>	<b>100.00%</b>
	<b>2007</b>	<b>%</b>				
Agricultural	\$ 8,389,363	0.26%				
Mining	5,430,562	0.17%				
Construction	39,282,083	1.23%				
Manufacturing	120,957,730	3.78%				
Transportation & Utilities	324,197,696	10.12%				
Wholesale Trade	352,288,511	11.00%				
Retail Trade	1,950,519,024	60.91%				
Finance, Insurance, & Real Estate	22,383,949	0.70%				
Services	371,286,656	11.60%				
Government	6,828,911	0.21%				
Non-Classifiable	655,651	0.02%				
<b>Total</b>	<b>\$ 3,202,220,136</b>	<b>100.00%</b>				

Source: Missouri Department of Revenue

**STATE OF MISSOURI**  
**PERSONAL INCOME TAX FILERS/LIABILITY**  
**FISCAL YEARS 2007 AND 2016**

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**Personal Income \***

	2016			
	Number of Filers	% of Total	Personal Income Tax Liability	% of Total
\$50,000 and under	3,243,276	72.39%	\$ 1,279,680,681	20.07%
\$50,000 – \$100,000	870,924	19.44%	1,737,231,072	27.25%
\$100,000 – \$250,000	283,966	6.34%	1,386,574,645	21.75%
\$250,000 – \$1,000,000	66,597	1.49%	950,517,373	14.91%
\$1,000,000 and over	15,723	0.35%	1,022,335,282	16.03%
<b>Total</b>	<b>4,480,486</b>	<b>100.00%</b>	<b>\$ 6,376,339,053</b>	<b>100.00%</b>

	2007			
	Number of Filers	% of Total	Personal Income Tax Liability	% of Total
\$50,000 and under	3,466,758	79.78%	\$ 1,449,801,018	29.13%
\$50,000 – \$100,000	655,988	15.10%	1,369,920,151	27.52%
\$100,000 – \$250,000	165,239	3.80%	814,246,236	16.36%
\$250,000 – \$1,000,000	45,492	1.05%	676,769,011	13.59%
\$1,000,000 and over	12,099	0.28%	667,349,444	13.41%
<b>Total</b>	<b>4,345,576</b>	<b>100.00%</b>	<b>\$ 4,978,085,860</b>	<b>100.00%</b>

\*Federal Adjusted Gross Income

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue.

Source: Missouri Department of Revenue

**STATE OF MISSOURI**  
**RATIOS OF OUTSTANDING DEBT**  
**FISCAL YEARS 2007-2016**  
**(In Thousands of Dollars Except Per Capita)**

	2016	2015*	2014	2013	2012	2011	2010	2009	2008	2007
<b>Governmental Activities</b>										
General Obligation Bonds	\$ 208,880	\$ 266,275	\$ 323,395	\$ 378,150	\$ 432,765	\$ 487,090	\$ 528,910	\$ 600,075	\$ 666,165	\$ 684,515
Other Bonds	3,207,400	3,226,430	3,303,700	3,562,775	3,735,920	3,880,975	4,060,855	3,102,685	3,084,670	2,660,875
Leasehold Revenue Bonds	28,770	30,170	31,515	32,995	32,780	33,880	34,935	35,955	36,935	37,880
Certificates of Participation	39,770	52,560	65,160	76,910	76,910	76,910	87,550	96,235	105,325	113,990
Capital Leases	61,846	51,729	66,270	75,535	78,455	103,543	97,423	113,147	108,815	74,641
<b>Total Governmental Activities</b>	<b>\$ 3,546,666</b>	<b>\$ 3,627,164</b>	<b>\$ 3,790,040</b>	<b>\$ 4,126,365</b>	<b>\$ 4,356,830</b>	<b>\$ 4,582,398</b>	<b>\$ 4,809,673</b>	<b>\$ 3,948,097</b>	<b>\$ 4,001,910</b>	<b>\$ 3,571,901</b>
<b>Business-Type Activities</b>										
Capital Leases	\$ 304	\$ 477	\$ 215	\$ 284	\$ 356	\$ 66	\$ 116	\$ 210	\$ 244	\$ ---
<b>Total Business-Type Activities</b>	<b>\$ 304</b>	<b>\$ 477</b>	<b>\$ 215</b>	<b>\$ 284</b>	<b>\$ 356</b>	<b>\$ 66</b>	<b>\$ 116</b>	<b>\$ 210</b>	<b>\$ 244</b>	<b>\$ ---</b>
<b>Total Primary Government</b>	<b>\$ 3,546,970</b>	<b>\$ 3,627,641</b>	<b>\$ 3,790,255</b>	<b>\$ 4,126,649</b>	<b>\$ 4,357,186</b>	<b>\$ 4,582,464</b>	<b>\$ 4,809,789</b>	<b>\$ 3,948,307</b>	<b>\$ 4,002,154</b>	<b>\$ 3,571,901</b>
Personal Income	\$ 257,338,334	\$ 252,482,438	\$ 245,771,389	\$ 235,153,679	\$ 228,218,407	\$ 218,778,293	\$ 216,049,019	\$ 223,548,498	\$ 209,131,189	\$ 198,727,013
Debt as a Percentage of Personal Income <sup>1</sup>	1.4%	1.4%	1.5%	1.8%	1.9%	2.1%	2.2%	1.8%	1.9%	1.8%
Debt Per Capita <sup>1</sup>	\$ 583	\$ 598	\$ 627	\$ 685	\$ 725	\$ 764	\$ 807	\$ 666	\$ 680	\$ 611
<b>Legal Debt Margin Calculation for Fiscal Year 2016:</b>										
General Obligation Bonds Authorized (Legislative Debt Limit)	\$ 1,726,395									
Unforeseen Emergency or Casual Deficiency	1,000									
Less: General Obligation Issued	(1,489,494)									
<b>Legal Debt Margin</b>	<b>\$ 237,901</b>									
<b>Legal Debt Margin Summary by Fiscal Year:</b>										
Legislative Debt Limit	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,686,395
Total Net Debt Applicable to Limit	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)	(1,438,494)
Legal Debt Margin	\$ 237,901	\$ 237,901	\$ 237,901	\$ 237,901	\$ 237,901	\$ 237,901	\$ 237,901	\$ 237,901	\$ 237,901	\$ 247,901
Legal Debt Margin to Debt Limit Ratio	13.78%	13.78%	13.78%	13.78%	13.78%	13.78%	13.78%	13.78%	13.78%	14.70%

<sup>1</sup>These ratios are calculated using personal income and population for the calendar year.

See *Demographic Indicators* for personal income and population data.

\*Fiscal year 2015 has been restated.

**STATE OF MISSOURI**  
**PLEDGED REVENUE COVERAGE**  
**FISCAL YEARS 2007-2016**  
**(In Thousands of Dollars)**

Fiscal Year	Gross Revenues <sup>1</sup>	Less: Operating Expenses <sup>2</sup>	Net Available Revenues	Debt Service		Coverage <sup>3</sup>
				Principal	Interest	
<b>Missouri Road Fund</b>						
2016	\$ 1,831,126	\$ 372,800	\$ 1,458,326	\$ 168,470	\$ 111,751	5.2
2015	1,721,615	373,739	1,347,876	169,550	114,878	4.7
2014	1,773,033	348,537	1,424,496	162,050	130,641	4.9
2013	1,822,318	333,327	1,488,991	153,525	135,511	5.2
2012	1,761,382	342,240	1,419,142	133,190	140,202	5.2
2011	2,237,700	305,649	1,932,051	137,015	146,326	6.8
2010	1,760,497	281,320	1,479,177	88,285	128,851	6.8
2009	997,990	279,971	718,019	84,896	113,591	3.6
2008	1,049,645	279,823	769,822	62,515	105,117	4.6
2007	1,024,787	269,210	755,577	73,350	82,049	4.9

N/A = not available

<sup>1</sup>Revenues for Missouri Road Fund consist of a portion of the taxes and fees received by the State from the motor fuel tax, sales tax on motor vehicles, use tax on motor vehicles, revenue derived from motorists for their usage of the highways of the State, federal grants, and bond proceeds.

<sup>2</sup>Operating Expenses do not include depreciation/amortization.

<sup>3</sup>Coverage equals net available revenue divided by debt service.

Source: Missouri Department of Transportation

**STATE OF MISSOURI  
DEMOGRAPHIC INDICATORS  
CALENDAR YEARS 2006–2015**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Population</b>					
Missouri (In Thousands)	6,084	6,064	6,044	6,022	6,011
Change	0.3%	0.3%	0.4%	0.2%	0.3%
National (In Thousands)	321,419	318,857	316,129	313,914	311,592
Change	0.8%	0.9%	0.7%	0.7%	0.7%
<b>Total Personal Income</b>					
Missouri (In Thousands of Dollars)	\$ 257,338,334	\$ 252,482,438	\$ 245,771,389	\$ 235,153,679	\$ 228,218,407
Change	1.9%	2.7%	4.5%	3.0%	4.3%
National (In Thousands of Dollars)	\$ 15,463,981,000	\$ 14,683,147,000	\$ 14,151,427,000	\$ 13,401,868,693	\$ 12,949,905,000
Change	5.3%	3.8%	5.6%	3.5%	5.2%
<b>Per Capita Personal Income</b>					
Missouri	\$ 42,300	\$ 41,639	\$ 40,663	\$ 39,049	\$ 37,969
Change	1.6%	2.4%	4.1%	2.8%	4.3%
National	\$ 48,112	\$ 46,049	\$ 44,765	\$ 42,693	\$ 41,560
Change	4.5%	2.9%	4.9%	2.7%	4.4%
<b>Resident Civilian Labor Force and Employment</b>					
Civilian Labor Force (In Thousands)	3,114	3,058	3,018	2,993	3,022
Employed (In Thousands)	2,958	2,871	2,821	2,785	2,767
Unemployed (In Thousands)	156	187	197	207	255
Unemployment Rate	5.0%	6.1%	6.5%	6.9%	8.4%
National Unemployment Rate	5.3%	6.2%	7.4%	8.1%	8.9%

**Continues Below**

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Population</b>					
Missouri (In Thousands)	5,996	5,961	5,924	5,888	5,843
Change	0.6%	0.6%	0.6%	0.8%	0.9%
National (In Thousands)	309,330	306,772	304,094	301,231	298,380
Change	0.8%	0.9%	1.0%	1.0%	1.0%
<b>Total Personal Income</b>					
Missouri (In Thousands of Dollars)	\$ 218,778,293	\$ 216,049,019	\$ 223,548,498	\$ 209,131,189	\$ 198,727,013
Change	1.3%	-3.4%	6.9%	5.2%	6.4%
National (In Thousands of Dollars)	\$ 12,308,496,000	\$ 11,916,808,000	\$ 12,451,599,000	\$ 11,900,562,000	\$ 11,256,516,000
Change	3.3%	-4.3%	4.6%	5.7%	7.4%
<b>Per Capita Personal Income</b>					
Missouri	\$ 36,406	\$ 36,243	\$ 37,737	\$ 35,521	\$ 34,013
Change	0.4%	-4.0%	6.2%	4.4%	5.5%
National	\$ 39,791	\$ 38,846	\$ 40,947	\$ 39,506	\$ 37,725
Change	2.4%	-5.1%	3.6%	4.7%	6.4%
<b>Resident Civilian Labor Force and Employment</b>					
Civilian Labor Force (In Thousands)	3,053	3,051	3,046	3,050	3,034
Employed (In Thousands)	2,767	2,768	2,861	2,896	2,888
Unemployed (In Thousands)	286	283	186	155	147
Unemployment Rate	9.4%	9.3%	6.1%	5.1%	4.8%
National Unemployment Rate	9.6%	9.3%	5.8%	4.6%	4.6%

Sources: Bureau of Economic Analysis, Missouri Economic Research and Information Center, Bureau of Labor Statistics

**STATE OF MISSOURI  
ECONOMIC INDICATORS  
CALENDAR YEARS 2006-2015**

	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>
<b>School Enrollment (In Thousands)</b>					
Elementary and Secondary Education	885	886	888	888	886
Higher Education – Private Institutions	93	95	90	91	98
Total Enrollment (In thousands)	978	981	978	979	984
% Change from Prior Year	-0.3%	0.3%	-0.1%	-0.5%	-0.1%
<b>Higher Education</b>					
<b>Public Community Colleges</b>					
Number of Campuses	19	19	19	19	19
Number of Students (FTE*)	57,247	61,671	65,773	67,721	70,964
<b>State Technical College</b>					
Number of Campuses	1	1	1	1	1
Number of Students (FTE)	1,273	1,276	1,325	1,236	1,161
<b>State Colleges/Universities</b>					
Number of Campuses	14	14	14	14	14
Number of Students (FTE)	121,827	121,358	118,669	118,055	117,609

**Continues Below**

	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>
<b>School Enrollment (In Thousands)</b>					
Elementary and Secondary Education	890	892	893	894	898
Higher Education – Private Institutions	95	93	89	88	86
Total Enrollment	985	985	982	982	984
% Change from Prior Year	0.0%	0.3%	0.0%	-0.2%	0.2%
<b>Higher Education</b>					
<b>Public Community Colleges</b>					
Number of Campuses	19	20	19	19	18
Number of Students (FTE*)	70,320	65,034	56,365	54,900	52,377
<b>State Technical College</b>					
Number of Campuses	1	1	1	1	1
Number of Students (FTE)	1,133	1,116	976	891	888
<b>State Colleges/Universities</b>					
Number of Campuses	14	14	14	14	14
Number of Students (FTE)	114,655	112,539	108,159	106,056	103,856

\*FTE is Full-Time Equivalent.

Sources: Missouri Department of Elementary and Secondary Education and Missouri Department of Higher Education

**STATE OF MISSOURI**  
**PRINCIPAL EMPLOYERS**  
**CALENDAR YEARS 2006 AND 2015**

**2015**

<b>Employer</b>	<b>Number of Employees</b>	<b>Percent of Total State Employment</b>
State of Missouri <sup>1</sup>	56,000	1.89%
Wal-Mart Associates, Inc.	25,000+	0.85%
University of Missouri	20,000-25,000	0.68% - 0.85%
MHM Support Services	20,000-25,000	0.68% - 0.85%
Washington University	15,000-20,000	0.51% - 0.68%
US Post Office	12,500-15,000	0.42% - 0.51%
The Boeing Company	12,500-15,000	0.42% - 0.51%
Barnes-Jewish Hospital	7,500-10,000	0.25% - 0.34%
US Department of Veterans Affairs	7,500-10,000	0.25% - 0.34%
SSM Health Care St. Louis	7,500-10,000	0.25% - 0.34%
Schnuck Markets, Inc.	7,500-10,000	0.25% - 0.34%
Total	<u>191,000-221,000</u>	<u>6.47% - 7.47%</u>
<b>Total Missouri Employment</b>		<b>2,958,176</b>

**2006**

<b>Employer</b>	<b>Number of Employees</b>	<b>Percent of Total State Employment</b>
State of Missouri <sup>1</sup>	63,000	2.18%
Wal-Mart Associates, Inc.	40,000+	1.39%
University of Missouri	20,000 +	0.69%
US Post Office	15,000-20,000	0.52% - 0.69%
Boeing Corporation	10,000-15,000	0.35% - 0.52%
Washington University	10,000-15,000	0.35% - 0.52%
Schnuck Markets, Inc.	7,500-10,000	0.26% - 0.35%
Barnes-Jewish Hospitals	7,500-10,000	0.26% - 0.35%
US Department of Defense	7,500-10,000	0.26% - 0.35%
City of St. Louis	7,500-10,000	0.26% - 0.35%
Total	<u>188,000-213,000</u>	<u>6.52% - 7.39%</u>
<b>Total Missouri Employment</b>		<b>2,885,857</b>

All figures are based on a calendar-year average.

<sup>1</sup>Number of state employees includes only full-time personnel and does not include college or university employees.

Sources: Missouri Economic Research and Information Center,  
 State of Missouri CAFR-Fiscal Year 2007, State Employee Headcount report

**STATE OF MISSOURI**  
**STATE EMPLOYEES BY FUNCTION**  
**FISCAL YEARS 2007-2016**  
**FULL-TIME EQUIVALENTS\***

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Government</b>										
Legislature	670	667	671	670	683	703	725	716	719	732
Judiciary	3,543	3,519	3,530	3,470	3,369	3,393	3,626	3,755	3,731	3,777
Public Defender	577	573	575	565	595	578	570	558	555	558
Governor	21	22	23	26	28	32	33	24	32	33
Lt. Governor	7	6	5	5	6	6	6	6	6	7
Secretary of State	235	233	228	244	244	253	261	272	277	275
State Auditor	108	113	113	111	116	116	119	124	128	127
State Treasurer	45	46	49	48	49	50	49	51	51	51
Attorney General	359	373	376	363	350	371	408	420	451	443
Office of Administration	1,881	1,871	1,933	2,132	2,161	2,139	2,040	2,091	2,046	1,783
Revenue	1,283	1,288	1,347	1,344	1,364	1,383	1,421	1,487	1,523	1,586
Total General Government	<u>8,729</u>	<u>8,711</u>	<u>8,850</u>	<u>8,978</u>	<u>8,965</u>	<u>9,024</u>	<u>9,258</u>	<u>9,504</u>	<u>9,519</u>	<u>9,372</u>
<b>Education</b>										
Elementary and Secondary Education	2,663	2,639	2,678	2,631	2,714	2,635	2,662	2,760	2,650	2,654
Higher Education	57	57	57	64	61	65	75	73	67	58
Total Education	<u>2,720</u>	<u>2,696</u>	<u>2,735</u>	<u>2,695</u>	<u>2,775</u>	<u>2,700</u>	<u>2,737</u>	<u>2,833</u>	<u>2,717</u>	<u>2,712</u>
<b>Natural and Economic Resources</b>										
Agriculture	495	495	464	456	467	535	617	494	479	467
Insurance, Financial Institutions and Professional Registration	770	765	762	759	755	744	734	741	748	192
Conservation	1,871	1,895	1,896	1,901	1,872	1,894	1,982	2,085	2,065	2,190
Economic Development	800	810	786	822	891	947	1,019	994	1,024	1,604
Labor and Industrial Relations	796	827	881	967	998	987	924	777	810	913
Natural Resources	2,023	1,974	2,075	2,047	2,042	1,934	1,903	2,121	2,102	2,061
Total Natural and Economic Resources	<u>6,755</u>	<u>6,766</u>	<u>6,864</u>	<u>6,952</u>	<u>7,025</u>	<u>7,041</u>	<u>7,179</u>	<u>7,212</u>	<u>7,228</u>	<u>7,427</u>
<b>Transportation and Law Enforcement</b>										
Transportation	5,444	5,591	5,502	5,410	5,804	6,399	6,970	6,969	6,961	7,196
Public Safety	5,240	5,193	5,220	5,320	5,309	5,281	5,336	5,412	5,294	5,085
Total Transportation and Law Enforcement	<u>10,684</u>	<u>10,784</u>	<u>10,722</u>	<u>10,730</u>	<u>11,113</u>	<u>11,680</u>	<u>12,306</u>	<u>12,381</u>	<u>12,255</u>	<u>12,281</u>
<b>Human Services</b>										
Health and Senior Services	1,825	1,830	1,793	1,798	1,753	1,706	1,826	1,927	1,885	1,877
Mental Health	7,605	7,742	8,076	8,101	8,089	8,256	8,961	9,613	9,500	9,602
Social Services	6,952	7,147	7,145	7,244	7,371	7,562	8,138	8,584	8,624	8,553
Corrections	10,929	11,051	11,069	10,880	10,864	10,990	11,175	11,364	11,020	11,138
Total Human Services	<u>27,311</u>	<u>27,770</u>	<u>28,083</u>	<u>28,023</u>	<u>28,077</u>	<u>28,514</u>	<u>30,100</u>	<u>31,488</u>	<u>31,029</u>	<u>31,170</u>
State Total	<u>56,199</u>	<u>56,727</u>	<u>57,254</u>	<u>57,378</u>	<u>57,955</u>	<u>58,959</u>	<u>61,580</u>	<u>63,418</u>	<u>62,748</u>	<u>62,962</u>

\*Based on a four quarter average.

Source: Office of Administration, Division of Accounting, Statewide Indirect Cost Allocation Plan

**STATE OF MISSOURI**  
**OPERATING INDICATORS BY FUNCTION**  
**FISCAL YEARS 2007-2016**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Government</b>										
Individual Income Tax Returns Processed (In Thousands)	3,098	3,058	2,848	2,945	2,969	2,917	2,877	2,946	3,013	3,902
Sales and Use Tax Returns Processed (In Thousands)	707	705	703	730	760	773	785	772	788	1,055
Driver Licenses Processed (In Thousands)	1,123	1,600	1,415	1,308	1,208	1,160	1,090	1,179	964	1,052
Motor Vehicle Registrations Processed (In Thousands)	3,993	4,479	4,215	4,050	3,905	3,828	3,844	3,502	3,866	3,856
Audit Reports Issued	135	143	150	146	123	168	151	101	91	88
Statewide Court Filings (In Thousands)	2,370	2,624	2,652	2,685	2,565	2,525	2,359	2,322	2,196	2,027
Archives Website Hit Secretary of State Web Page (In Thousands)	18,232	72,045	87,436	98,233	91,257	70,384	53,835	79,599	46,085	29,817
Checks Issued (In Thousands)	1,697	1,550	1,363	1,722	1,971	2,216	2,465	2,667	2,807	3,035
Unclaimed Property Returned (In Thousands)	\$ 42,038	\$ 41,720	\$ 40,042	\$ 39,509	\$ 38,239	\$ 36,373	\$ 35,014	\$ 26,672	\$ 34,531	\$ 22,966
<b>Education</b>										
High School Drop Out Rate	2.5%	2.5%	2.8%	3.0%	3.5%	4.0%	4.1%	3.9%	4.2%	4.7%
Accredited Elementary and Secondary School Districts*	518	507	507	---	506	510	510	511	512	513
Clients Achieving Employment after Receiving Vocational Rehabilitation Services	60.9%	61.7%	60.0%	62.7%	61.0%	56.0%	61.0%	67.1%	67.7%	70.2%
Student Loan Recovery Rate	23.33%	26.4%	31.2%	34.2%	36.5%	30.0%	28.2%	30.5%	36.4%	33.5%
Scholarships/Grants Awarded to Eligible Missouri Residents (In Thousands)	\$ 119,948	\$ 111,342	\$ 107,413	\$ 104,265	\$ 97,077	\$ 91,146	\$ 98,593	\$ 108,981	\$ 89,728	\$ 41,466
<b>Natural and Economic Resources</b>										
Job Placement Rate of Unemployed Individuals that Registered on MissouriCareerSource Web Page	65.7%	60.7%	56.0%	55.4%	55.2%	58.2%	57.9%	64.0%	66.0%	62.0%
Insurance Policies Filed Electronically	99.7%	99.5%	99.4%	99.4%	99.5%	96.0%	96.0%	94.7%	50.0%	50.0%
Initial Unemployment Claims (In Thousands)	259	295	355	364	427	502	582	565	396	411
International Certificate of Free Sales Issued	6,773	7,926	6,453	7,819	7,821	6,301	4,924	3,865	2,904	2,768
Hunting License Holders (In Thousands)	607	610	612	606	593	588	592	591	580	579
Visitors to Missouri State Parks and Historic Sites (In Thousands)	19,205	18,568	17,468	18,093	17,846	16,363	15,891	15,307	15,577	16,069
<b>Transportation and Law Enforcement</b>										
Methamphetamine Labs Seized	7	70	129	244	274	340	245	165	274	259
State - Licensed Fire Safety Inspections	19,459	13,434	15,348	15,680	15,177	11,487	10,603	11,008	11,998	11,684
Buildings Served by Missouri Capitol Police	74	72	72	72	72	73	75	83	82	82
Alcohol Licenses Issued	31,404	31,400	30,743	30,723	30,498	29,960	29,051	28,437	28,199	26,704
Missouri Major Roads Rated in Good Condition	90.4%	89.2%	89.7%	88.5%	88.1%	85.8%	86.5%	83.4%	78.0%	74.0%
Difference Between Awarded and Actual Transportation Construction Costs	1.1%	0.6%	0.8%	0.5%	0.2%	(0.4%)	(1.9%)	1.1%	0.9%	0.9%
<b>Human Services</b>										
Medicaid Enrollees	982,776	944,257	825,974	868,226	889,159	897,306	892,691	850,722	833,112	822,685
Food Stamp Recipients	782,374	844,851	839,734	927,927	943,835	949,136	909,139	827,639	899,332	826,313
Doses of Vaccine Issued by Vaccines for Children Providers (In Thousands)	1,226	1,174	1,192	1,385	1,354	1,420	1,384	1,317	1,360	1,097
Incarcerated Offenders	32,837	32,284	31,905	31,408	31,057	30,771	30,418	30,476	30,803	29,975
Individuals Served in State Comprehensive Psychiatric Service Facilities	1,683	1,628	1,649	1,694	1,716	2,170	4,120	6,759	6,882	7,805

\*Department of Elementary and Secondary Education presented no accreditation classifications to the Board of Education during fiscal year 2013. Charter schools are not included in the statistics.

Sources: State agencies

**STATE OF MISSOURI  
CAPITAL ASSET STATISTICS  
BY FUNCTION  
FISCAL YEARS 2007-2016**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Government</b>										
Parcels of Land	21	20	20	20	20	20	20	21	21	20
Land Improvements	61	59	58	50	40	38	38	37	37	35
Square Footage of Buildings	1,068,854	1,032,098	1,035,704	1,014,621	1,006,449	1,013,314	1,011,732	1,015,214	1,001,281	996,590
Equipment	36,159	34,548	35,055	36,050	35,651	35,316	35,333	36,813	35,171	42,333
Software	2,260	1,961	1,625	826	293	213	168	88	---	---
<b>Education</b>										
Parcels of Land	31	31	31	31	31	31	31	31	31	32
Land Improvements	56	54	54	54	46	43	43	32	31	31
Square Footage of Buildings	156,710	136,074	136,203	140,159	136,465	136,465	133,494	135,230	135,230	135,230
Equipment	4,357	5,039	6,286	6,175	6,102	5,984	5,911	6,031	6,010	6,679
Trademarks	1	1	1	1	1	1	---	---	---	---
<b>Natural and Economic Resources</b>										
Parcels of Land	847	835	826	826	826	825	824	823	815	811
Land Improvements	427	426	408	386	328	324	323	325	323	318
Temporary Easements	1	1	1	1	1	1	1	---	---	---
Square Footage of Buildings	582,847	574,076	575,485	602,174	611,550	616,729	622,181	622,285	625,779	622,887
Equipment	15,168	26,859	34,028	35,159	35,064	36,097	36,881	38,807	41,145	43,534
Software	80	68	57	51	36	20	12	3	---	---
State Parks and Historic Sites	88	87	87	87	85	85	85	85	84	84
State Conservation Areas	1,190	1,186	1,189	1,197	1,193	1,196	1,179	1,169	1,165	1,151
<b>Transportation and Law Enforcement</b>										
Parcels of Land	623	628	650	682	790	805	819	831	836	853
Land Improvements	476	474	439	420	349	307	264	245	198	184
Permanent Easements	638	593	548	467	382	254	221	---	---	---
Temporary Easements	654	797	867	875	833	961	1,086	---	---	---
Square Footage of Buildings	181,743	179,183	181,880	180,140	175,664	175,138	164,119	164,119	151,533	158,081
Equipment	67,114	67,103	66,095	65,813	66,994	67,649	67,959	67,100	65,074	63,327
Software	710	616	529	429	358	202	146	---	---	---
Miles of State Highway	33,873	33,892	33,890	33,885	33,845	33,702	33,639	33,676	33,685	32,800
State-Owned Bridges and Culverts	10,394	10,376	10,371	10,364	10,405	10,405	10,335	10,249	10,276	10,240
Highway Patrol Stations	9	9	9	9	9	9	9	9	9	9
<b>Human Services</b>										
Parcels of Land	81	81	81	81	83	83	83	84	84	84
Land Improvements	174	175	173	168	161	157	154	130	118	115
Square Footage of Buildings	917,901	926,098	924,164	919,900	900,749	924,380	932,827	952,117	962,710	967,653
Equipment	41,777	43,545	44,712	46,221	50,229	63,442	70,684	78,543	91,178	98,649
Software	82	70	59	32	28	13	10	7	---	---
Correctional Facilities	29	30	30	30	30	30	30	30	28	26

Source: State of Missouri capital asset records by agency.

STATE OF MISSOURI  
ACKNOWLEDGEMENTS

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