

A black and white photograph of the Missouri State Capitol building at night. The building is illuminated, showing its grand dome and classical columns. In the foreground, the Fountain of the Arch is visible, featuring a large sculpture of a man riding a horse. The word "MISSOURI" is written vertically in large, blue, 3D-style letters on the left side of the image.

MISSOURI

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

STATE OF MISSOURI
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Fiscal Year Ended June 30, 2018



Michael L. Parson
Governor

SARAH H. STEELMAN
Commissioner
Office of Administration

STACY NEAL
Director
Division of Accounting

Prepared by
Office of Administration, Division of Accounting

On the Cover:

Missouri State Capitol, Centaur Fountain, Jefferson City, Missouri, Record Group 104; Missouri State Archives.

This report can be viewed on the Internet at <http://oa.mo.gov/accounting/reports>

STATE OF MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018

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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.*

Michael L. Parson
Governor



Sarah Steelman
Commissioner

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Stacy Neal
Director

January 24, 2019

The Honorable Michael L. Parson
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, 2018. 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.

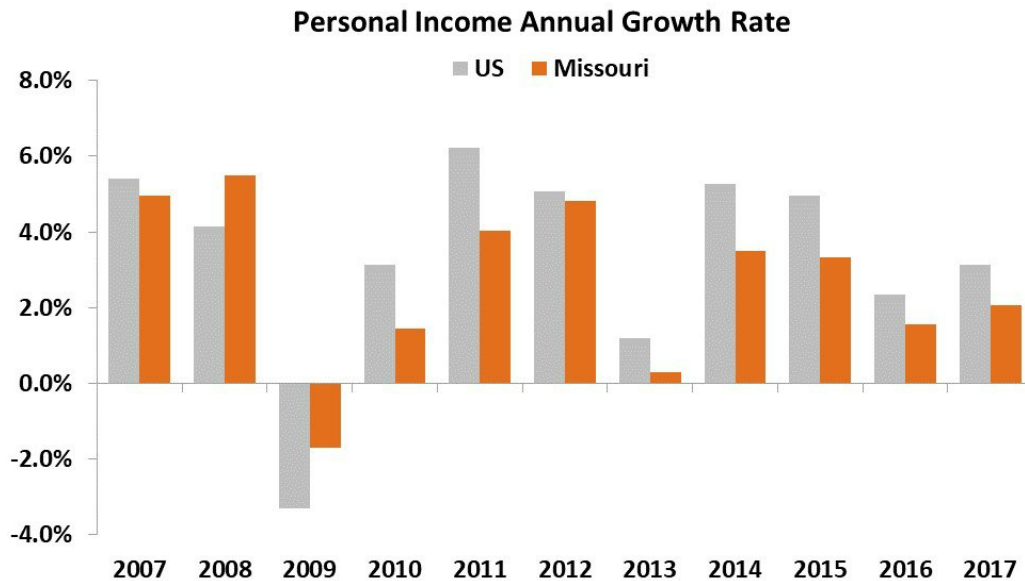
The State operates on a legally adopted budget in order to ensure compliance with legal provisions embodied in the annual appropriated budget passed by the General Assembly and approved by the Governor prior to the beginning of the fiscal year. If appropriations are not sufficient for a fiscal year, 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 fiscal year, unless reappropriated to the following budget fiscal 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

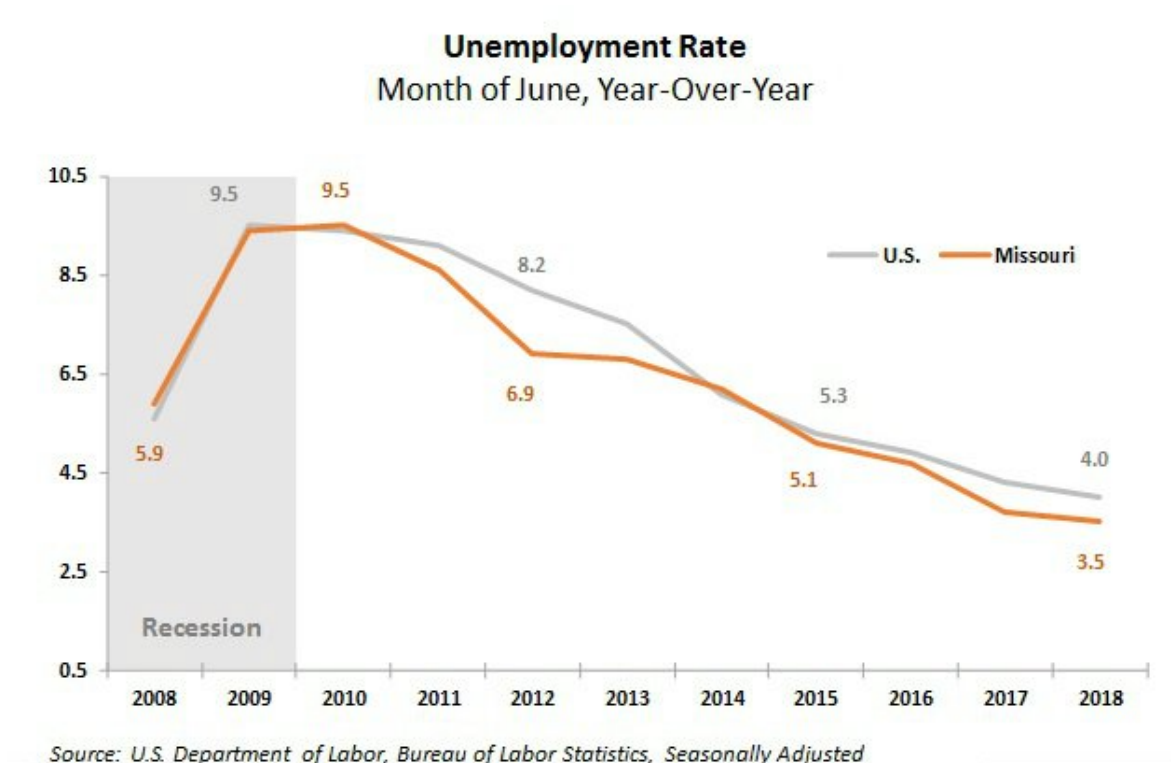
Missouri's economy saw its sixth consecutive year of Annual Real GDP growth in 2017. Missouri's GDP was \$263.1 billion in inflation-adjusted dollars; this is a 1.1% increase over 2016. Missouri's per capita personal income was \$43,661 in 2017, up 1.7% from 2016. The national per capita income is \$50,932. While the State's per capita income is lower than the national average, so is the cost of living. In 2017, Missouri ranked 6th lowest in cost of living for states.



Source: U.S. Bureau of Economic Analysis

Source: MERIC 2018 Missouri Economic Report

In June 2018, Missouri's unemployment rate was 3.5%, its lowest level since September 2000, while the nation's unemployment rate was 4.0%. June 2018 makes 16 consecutive months of unemployment rates below 4%. Between June 2017 to June 2018, Missouri added over 34,300 jobs, a 1.2% employment growth for Missouri.



Long-Term Financial Planning

During the 2014 legislative session, the legislature passed Senate Bill 509 and Senate Bill 496, relating to changes to the State's income tax structure. The legislation reduced the maximum tax rate on personal income and created an income tax deduction for business income. 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. 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. General revenue growth for fiscal year 2017 triggered the first income tax reduction in tax year 2018. General revenue growth for fiscal year 2018 triggered the second income tax rate reduction for tax year 2019. The estimated income tax revenue reduction for fiscal year 2019 is \$240 million.

The Tax Cuts and Jobs Act (JCTA) became effective January 1, 2018. The tax package made multiple changes to the federal individual and corporate tax codes. Due to Missouri's rolling conformity with the majority of the federal tax code, many of the changes will also directly impact Missouri's tax collections. The most notable individual income tax change was an increase, of nearly double, to the standard deduction and elimination of the personal and dependent deductions. Missouri estimates that the individual income tax changes made at the federal level will reduce Missouri tax collections by \$58 million annually beginning with fiscal year 2019.

The State has continued to implement a program of renovating capital assets by issuing bonds at historically low interest rates. The Board of Public Buildings issued Series A 2017 for \$77,165,000 in August 2017 and Series A 2018 bonds for \$47,740,000 in April 2018, utilizing Senate Bill 723 authorization. Senate Bill 723 authorized the Board to issue \$314.3 million in bonds to provide continued funding for capital improvement projects for the State Capitol Building, State buildings, Veteran's homes, Correctional facilities, State Parks, and State educational institutions. No new bond issuances are planned for fiscal year 2019.

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 2018, inclusive. The State is currently \$4.06 billion below the limit and does not expect the limit to be exceeded in fiscal year 2019.

Major Initiatives

Missouri will continue to focus on streamlining government functions and investing in its citizens. Major initiatives include a focus on tax reform, education and the well-being of Missouri citizens.

2018 Tax Legislation

- **Individual Income Tax** - The General Assembly passed multiple individual income tax-related bills (HB 1796, HB 1858, HB 2540, SB 573, and SB 882). HB 1796 will grant a first-time home buyer savings contributions income tax deduction. This provision is expected to reduce income tax collections by \$2.7 million annually once fully implemented. HB 1858 will change the amount of interest granted to individual income tax refunds that have not been paid within 45 days. HB 1858 is expected to reduce general revenue by \$2.7 million annually. HB 2540 will reduce the federal tax deduction granted, offsetting reductions to the top individual income tax rate. This provision is estimated to increase fiscal year 2019 revenues by \$1.7 million. Once fully implemented, this legislation will reduce tax collections by an estimated \$5.8 million annually. SB 573 will exempt all non-active duty and National Guard military pay from individual income tax. This exemption will be phased in by 20% increments over five years. This provision is estimated to reduce income tax collections by \$2.8 to \$7.4 million, once fully implemented. SB 882 will allow transfers between certain types of savings accounts to be exempt from individual income tax.
- **Sales Tax** - The General Assembly passed multiple sales tax exemption-related bills (HB 1831, SB 627, and SB 768). HB 1831 will exempt 501(c)(7) organizations from paying sales tax on membership dues and initiation fees. SB 627 will add bison and honey bees to the current agriculture sales tax exemptions. SB 768 will permanently extend the manufacturing sales tax exemption currently granted to telecommunications businesses. These provisions are estimated to reduce general revenue by less than \$1 million annually.
- **Corporate Income Tax** - The General Assembly passed three corporate income tax-related bills (SB 769, SB 773, and SB 884). SB 769 will grant a tax rate reduction to financial institutions in the event of a corporate tax rate reduction. SB 769 is estimated to reduce general revenue by \$300 thousand once fully implemented. SB 773 will exempt intercompany transactions from corporate income tax. SB 884 will reduce the corporate tax rate, exempt affiliated member transactions from corporate income tax, and require corporations to use a single-sales income apportionment method. SB 884 is estimated to impact general revenue by a range of positive \$9.7 million to a loss of \$8.8 million, once fully implemented.
- **Tax Credits** - The General Assembly passed three tax credit-related bills. (HB 1288, SB 590, and SB 629). HB 1288 extends existing tax credits and creates two new tax credit programs. HB 1288 is expected to reduce general revenue by more than \$3 million once fully implemented. SB 590 makes multiple changes to the historic preservation tax credit program, including reducing the authorization cap from \$140 million to \$120 million (\$90 million for all projects plus an additional \$30 million for certain projects). SB 629 reduces the authorization cap for the Missouri Supplemental TIF Fund. SB 629 is estimated to increase general revenue by up to \$12 million annually once fully implemented.

Public Infrastructure. Senate Bill 564 allows electrical utility companies to offer discounts to consumers for economic development and caps customer rate increases. It will increase investment from electric companies in Missouri solar facilities while making available rebates for solar power use. House Bill 1991 enacts the Uniform Small Wireless Facility Deployment Act, which will modernize infrastructure by establishing a streamlined statewide framework for internet service providers to work with localities to construct small cell nodes on existing infrastructure in the public right-of-way. These nodes are used to implement 5G wireless technologies in rural and urban communities.

Reforming the State Employee Merit System. Senate Bill 1007 modifies the state employee merit system to make most State of Missouri employees at-will employees and removes barriers to hiring, rewarding, and promoting effective employees. The bill streamlines the employee discipline and appeals process while restructuring and broadening pay scales to grant departments and agencies greater flexibility in compensation. Whistleblower protections for state employees are expanded to protect those who come forward to report improprieties within state agencies.

Federal Reimbursement Allowance. Senate Bill 775 extends the Federal Reimbursement Allowance (FRA) program. Under the program, health care providers pay an assessment to the state, which uses these revenues to earn federal matching dollars to fund the state's Medicaid program. FRA allows the state to draw down additional federal dollars to fund health care for low-income families, children, seniors, and Missourians with disabilities. The state statutes authorizing the program include sunset provisions so the provider assessments can be reviewed periodically.

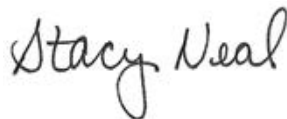
Labor Reforms. House Bill 1413 modifies the membership dues withholding process for public employees represented by a labor union. Public sector employees will now need to annually opt-in to automatic withholdings from their paychecks rather than opting-out. The bill also reforms the financial reporting requirements for public sector unions to match federal requirements of private and public sector unions and increase transparency. House Bill 1729 reforms Missouri's prevailing wage law for public construction projects to reduce the cost burden of public projects especially for rural communities.

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,

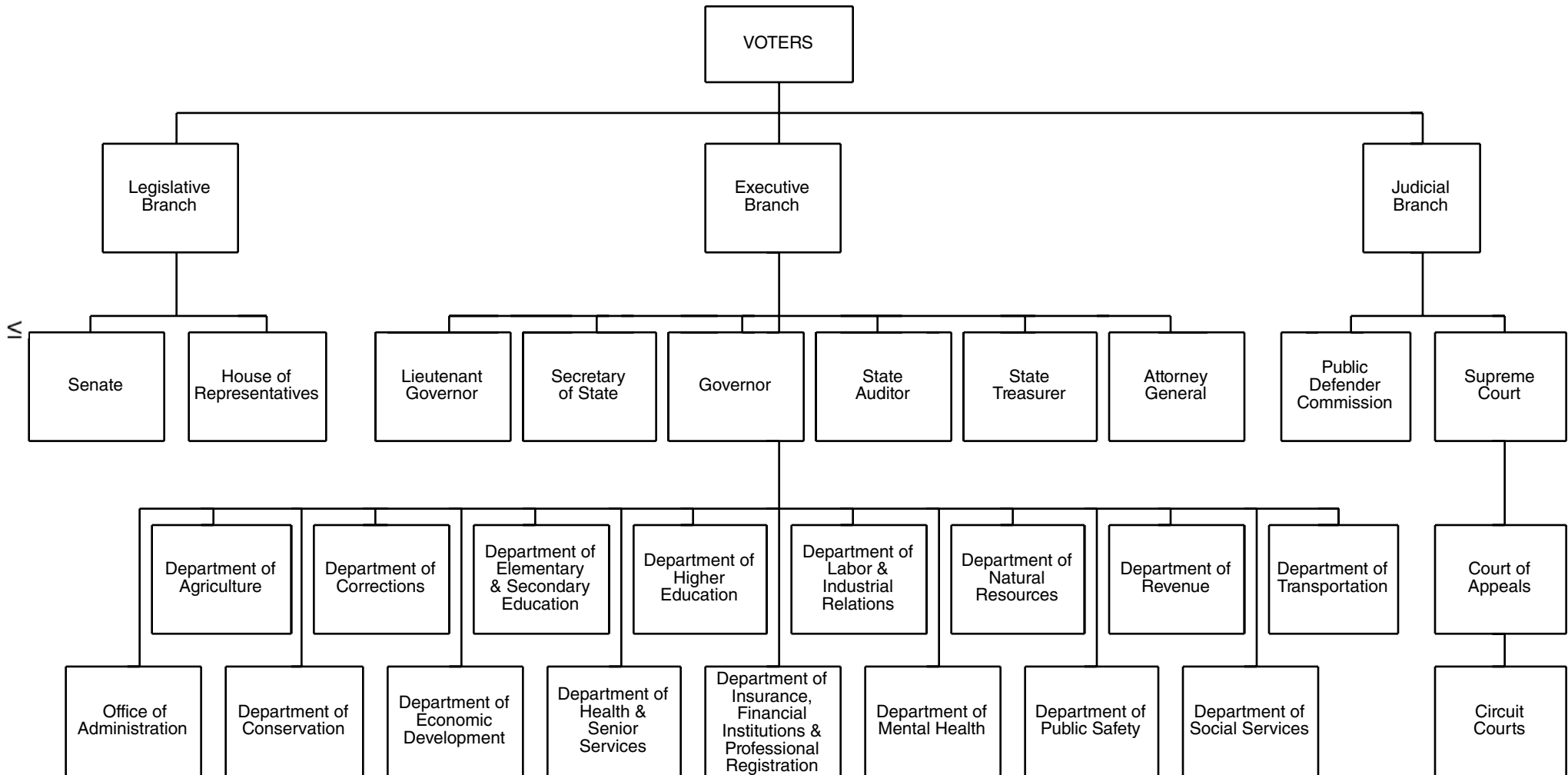
A handwritten signature in cursive script that reads "Stacy Neal".

Stacy Neal, CPA
Director

STATE OF MISSOURI

ORGANIZATIONAL CHART

June 30, 2018



**STATE OF MISSOURI
PRINCIPAL STATE OFFICIALS
as of June 30, 2018**

EXECUTIVE

Michael L. Parson
Governor

Mike Kehoe
Lieutenant Governor

John R. Ashcroft
Secretary of State

Nicole Galloway, CPA
State Auditor

Eric Schmitt
State Treasurer

Joshua D. Hawley
Attorney General

LEGISLATIVE

Ron Richard
President Pro Tem of the Senate

Todd Richardson
Speaker of the House of Representatives

JUDICIAL

Zel M. Fischer
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 Michael L. Parson, 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, 2018, 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 12 percent of the assets and 73 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 93 percent of the assets and 97 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, 2018, 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, 2018, 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 Matter

As discussed in Note 2 to the financial statements, for the fiscal year ended June 30, 2018, the state of Missouri implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. 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; the Schedule of State Contributions; the Schedule of Changes in Total OPEB Liability and Related Ratios, the Schedule of Changes in Net OPEB Liability and Related Ratios; and the Schedule of Proportionate Share of the Collective Net OPEB Liability, 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.

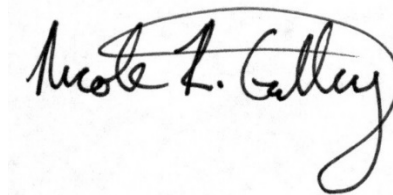
The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the audit procedures applied 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 January 24, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the state of Missouri's 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.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

January 24, 2019



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, 2018. 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 2018 by \$27.5 billion. Of the \$27.5 billion, “unrestricted net position” is reported as a negative \$7.1 billion, offset by \$4.1 billion in “restricted net position” and \$30.5 billion net investment in capital assets. Unrestricted net position declined significantly due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The total restatement due to the implementation was \$1.9 billion.
- *Changes in Net Position.* The State's total net position increased by \$283.4 million in fiscal year 2018. Net position for governmental-type activities increased by \$186.6 million.
- *Excess of Revenues over (under) Expenses.* During fiscal year 2018, the State's total revenues of \$27.6 billion were \$271.9 million greater than total expenses of \$27.4 billion (excluding capital contributions, transfers, and extraordinary items). Of these expenses, \$15.5 billion were covered by program revenues. General revenues, generated primarily from various taxes, totaled \$12.1 billion.

Fund-Level:

- *Governmental Funds – Fund Balance.* At the close of fiscal year 2018, the State's governmental fund assets exceeded liabilities by \$5.2 billion, an increase of \$110.0 million or 2.2% from the prior year. The increase was due to the net effect of several factors. Taxes increased \$273.8 million primarily from an increase in individual income tax received. Revenues from Contributions and Intergovernmental increased \$317.7 million and related expenditures in Human Services increased \$382.4 million due to an increase for Medicaid and Other Assistance Programs. Capital outlay expenditures for Transportation and Law Enforcement increased \$142.0 million mainly due to an increase in expenditures for infrastructure.
- *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 8.

Debt Issued and Outstanding:

- The primary government's total long-term obligations related to bonds payable decreased \$186.7 million, or 6.0%, over the prior year. The outstanding bonds payable represents 30.4% of financial assets (cash, receivables, and investments) and 6.8% of total assets. The Board of Public Buildings issued bonds Series A 2017 and Series A 2018 in the amounts of \$77,165,000 and \$47,740,000, respectively. Additionally, bond payments of \$311,625,000 were made during the fiscal year. 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 2018, 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 and schedules for pension and other postemployment benefits. 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, capital projects, and permanent funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position:

The State's total net position increased \$283.4 million or 1.0% during fiscal year 2018. Cash and cash equivalents and investments increased \$431.1 million due to a large influx of sales and withholding tax payments during the latter part of June and due to the uncertainty of cash flows in the capital projects funds. Capital assets increased \$367.3 million mainly due to an increase in capital improvements and in the State's infrastructure. Net pension liability increased \$337.1 million while bonds payable decreased \$186.7 million. The State issued a Board of Public Buildings Bond Series A 2017 and Series A 2018 bonds in the amount of \$124.9 million for continued funding for capital improvement of the State's capital assets, while making bond payments in the amount of \$311.6 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 \$30.5 billion or 110.9%. 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. Net investment in capital assets and restricted net position, which do not represent resources available to pay day-to-day operating expenses, increased by \$512.4 million or 1.5%. The increase was primarily due to the increase in capital assets of \$367.3 million and a decrease in related outstanding bond and capital lease obligation of \$187.8 million.

Restricted net position of the primary government totaled \$4.1 billion or 14.8% of total net position vs. 15.1% 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.

STATEMENT OF NET POSITION (In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017*	2018	2017*	2018	2017*
ASSETS:						
Current and Other Assets	\$ 8,431,704	\$ 8,162,803	\$ 1,221,345	\$ 1,120,155	\$ 9,653,049	\$ 9,282,958
Capital Assets, Net	33,014,334	32,658,829	127,209	115,456	33,141,543	32,774,285
<i>Total Assets</i>	<u>41,446,038</u>	<u>40,821,632</u>	<u>1,348,554</u>	<u>1,235,611</u>	<u>42,794,592</u>	<u>42,057,243</u>
DEFERRED OUTFLOWS:						
	1,916,669	1,886,708	55,135	51,705	1,971,804	1,938,413
LIABILITIES:						
Other Liabilities	1,795,865	1,666,035	30,852	29,440	1,826,717	1,695,475
Long-Term Liabilities	14,705,678	14,590,877	387,731	371,278	15,093,409	14,962,155
<i>Total Liabilities</i>	<u>16,501,543</u>	<u>16,256,912</u>	<u>418,583</u>	<u>400,718</u>	<u>16,920,126</u>	<u>16,657,630</u>
DEFERRED INFLOWS:	384,182	161,028	3,107	1,399	387,289	162,427
NET POSITION:						
Net Investment in Capital Assets	30,336,702	29,793,477	127,209	115,327	30,463,911	29,908,804
Restricted	4,062,810	4,103,890	5,616	7,239	4,068,426	4,111,129
Unrestricted	(7,922,530)	(7,606,967)	849,174	762,633	(7,073,356)	(6,844,334)
<i>Total Net Position</i>	<u>\$ 26,476,982</u>	<u>\$ 26,290,400</u>	<u>\$ 981,999</u>	<u>\$ 885,199</u>	<u>\$ 27,458,981</u>	<u>\$ 27,175,599</u>

*Fiscal year 2017 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 \$15.5 billion and general revenues of \$12.1 billion for total revenues of \$27.6 billion during fiscal year 2018. Expenses for the State during fiscal year 2018 were \$27.4 billion. Total net position, net of contributions and transfers, increased by \$283.4 million.

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

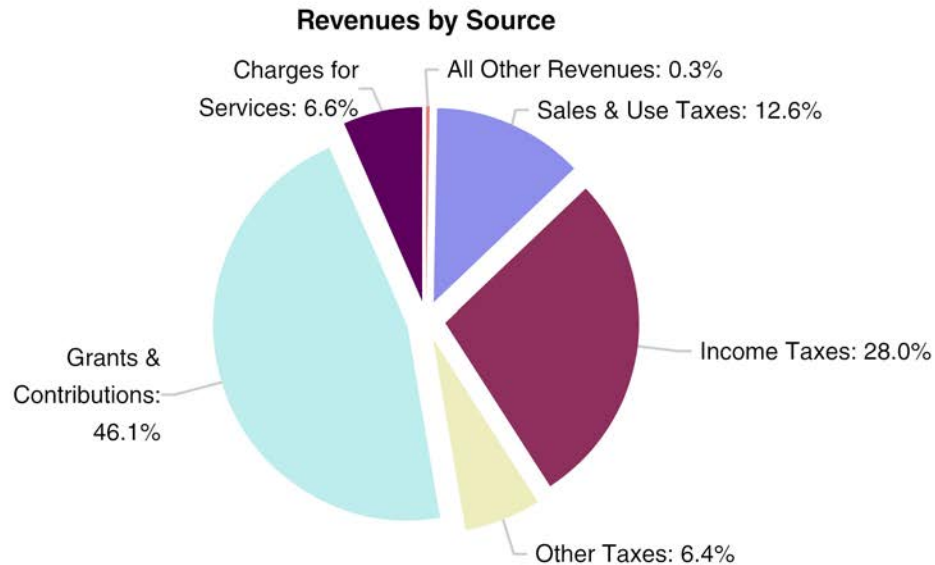
STATEMENT OF ACTIVITIES (In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017*	2018	2017*	2018	2017*
REVENUES:						
Program Revenues:						
Charges for Services	\$ 1,702,084	\$ 1,741,625	1,474,419	\$1,423,224	\$ 3,176,503	\$ 3,164,849
Operating Grants and Contributions	10,812,026	10,403,733	466,750	553,591	11,278,776	10,957,324
Capital Grants and Contributions	1,020,695	923,748	—	—	1,020,695	923,748
General Revenues:						
Sales and Use Taxes	3,235,110	3,267,442	—	—	3,235,110	3,267,442
Income Taxes	7,200,130	7,041,356	—	—	7,200,130	7,041,356
Other Taxes	1,632,411	1,638,463	—	—	1,632,411	1,638,463
Other Revenues	85,545	74,799	18,338	13,156	103,883	87,955
<i>Total Revenues</i>	<u>25,688,001</u>	<u>25,091,166</u>	<u>1,959,507</u>	<u>1,989,971</u>	<u>27,647,508</u>	<u>27,081,137</u>
EXPENSES:						
General Government	1,265,879	1,176,204	—	—	1,265,879	1,176,204
Education	7,053,441	7,086,927	—	—	7,053,441	7,086,927
Natural and Economic Resources	1,079,319	1,074,411	—	—	1,079,319	1,074,411
Transportation and Law Enforcement	1,974,299	2,157,349	—	—	1,974,299	2,157,349
Human Services	14,339,906	13,682,277	—	—	14,339,906	13,682,277
State Lottery	—	—	1,086,926	1,070,595	1,086,926	1,070,595
Unemployment Compensation	—	—	294,271	318,782	294,271	318,782
Petroleum Storage Tank Insurance	—	—	21,298	19,392	21,298	19,392
State Fair Fees	—	—	4,878	4,726	4,878	4,726
State Parks and DNR	—	—	8,919	14,025	8,919	14,025
Historic Preservation	—	—	725	1,248	725	1,248
Veterans' Homes	—	—	123,094	115,078	123,094	115,078
Surplus Property	—	—	2,416	2,523	2,416	2,523
Revenue Information	—	—	12	12	12	12
All Other Expenses	120,206	128,108	—	—	120,206	128,108
<i>Total Expenses</i>	<u>25,833,050</u>	<u>25,305,276</u>	<u>1,542,539</u>	<u>1,546,381</u>	<u>27,375,589</u>	<u>26,851,657</u>
Increase (Decrease) in Net Position before Capital Contributions, Transfers, and Extraordinary Items	(145,049)	(214,110)	416,968	443,590	271,919	229,480
Capital Contributions	—	—	11,463	920	11,463	920
Transfers and Extraordinary Items	331,631	289,683	(331,631)	(289,836)	—	(153)
Change in Net Position	186,582	75,573	96,800	154,674	283,382	230,247
Net Position – July 1	26,290,400	26,214,827	885,199	730,525	27,175,599	26,945,352
Net Position – June 30	<u>\$ 26,476,982</u>	<u>\$ 26,290,400</u>	<u>\$ 981,999</u>	<u>\$ 885,199</u>	<u>\$ 27,458,981</u>	<u>\$ 27,175,599</u>

*Fiscal year 2017 amounts have been restated.

Governmental Activities

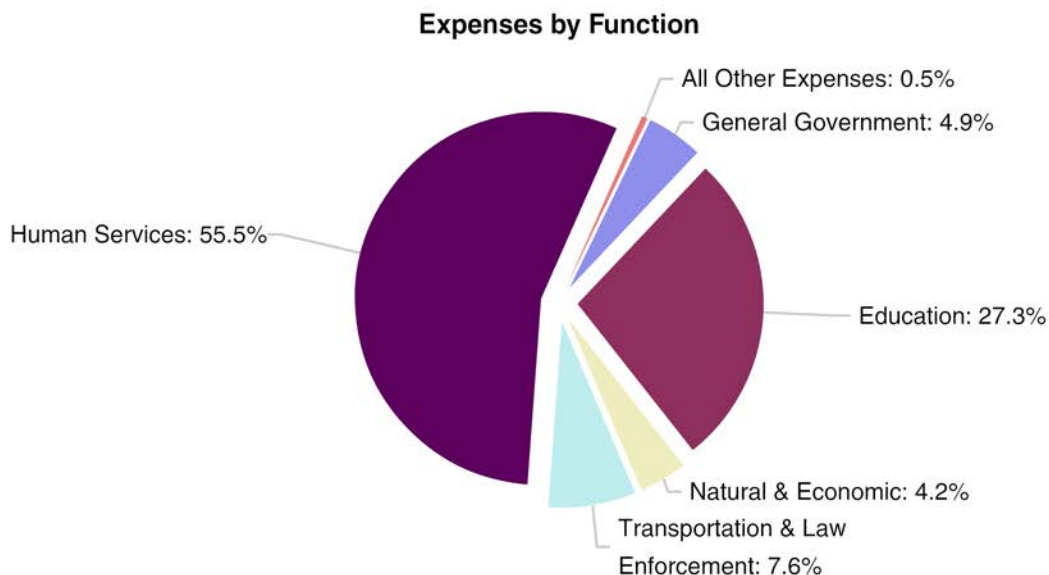
The net position of governmental activities increased \$186.6 million in fiscal year 2018. General and program revenues of governmental activities were \$596.8 million more in fiscal year 2018 than in fiscal year 2017, due mainly to an increase in operating grants and contributions and income tax.

As shown in the Revenues by Source chart below, approximately 47.0% 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 46.1% of total revenue. Charges for services contributed 6.6% and various other revenues provided 0.3% of the remaining governmental activity revenue sources.



The State's governmental activities program expenses for fiscal year 2018 were \$527.8 million more than fiscal year 2017. The most notable increase is \$657.6 million in Human Services. This is mainly due to an increase for Medicaid and Other Assistance Programs.

As shown in the Expenses by Function chart below, expense for Human Services makes up the largest portion, 55.5%, of total governmental activities expenses and followed by 27.3% for Education.

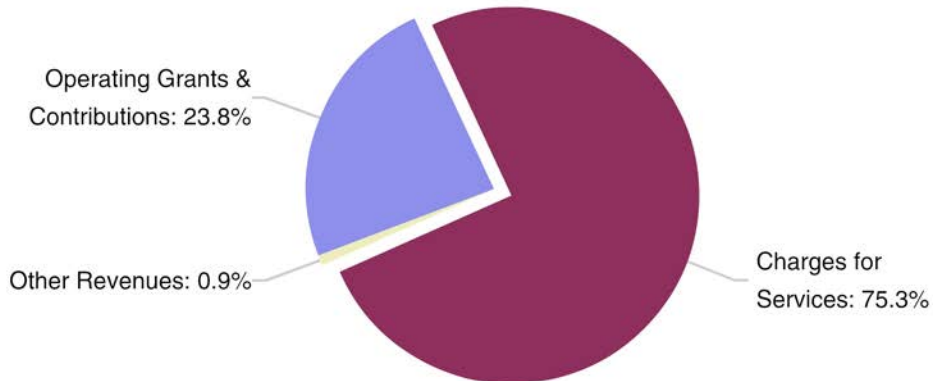


Business-Type Activities

Net position of the State's business-type activities increased \$96.8 million in fiscal year 2018, mainly due to an increase in cash in Unemployment Compensation. The increase was due to an improved economy and a low unemployment rate which is allowing excess cash to remain in the fund.

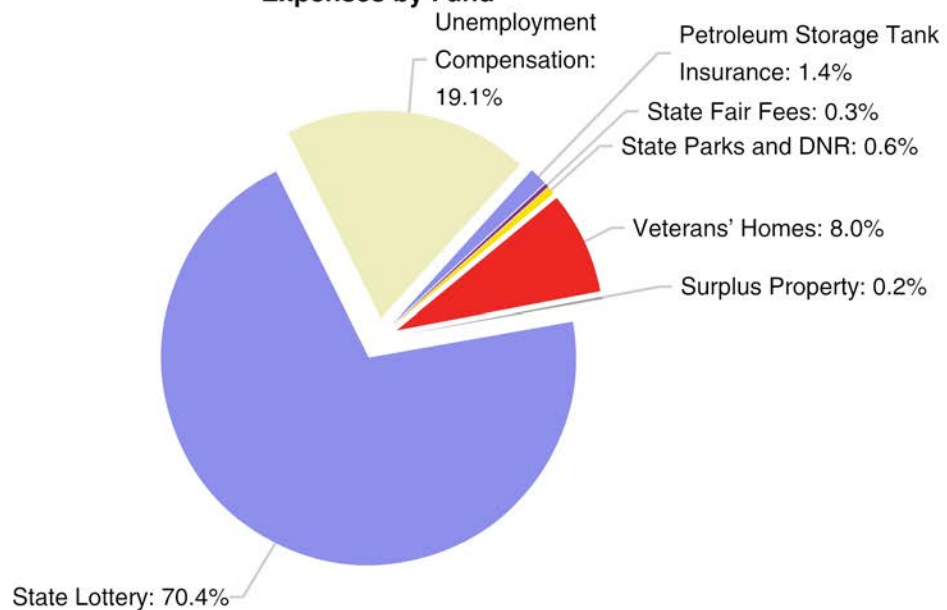
Revenues of business-type activities totaled \$2.0 billion. As shown in the Revenues by Source chart below, 75.3% of the revenues came from charges for services. Operating grants and contributions provided 23.8% of the total revenues and all other revenues provided 0.9%.

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 70.4% of total business-type expenses. Unemployment Compensation comes in second at 19.1%, followed by Veterans' Homes at 8.0%, Petroleum Storage Tank Insurance at 1.4%, State Parks and DNR at 0.6%, 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 2018, the State's governmental funds reported combined ending fund balances of \$5.2 billion. Approximately 62.5% 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:

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	Total
Nonspendable	\$ 48,944	\$ 123	\$ 380	\$ 33,738	\$ 61,198	\$ 144,383
Restricted	307,913	233,381	140,010	669,740	447,291	1,798,335
Committed	617,661	2,184	1,621,793	—	39,120	2,280,758
Assigned	86,705	46,399	108,411	—	255,376	496,891
Unassigned	457,634	—	—	—	—	457,634
Total	\$ 1,518,857	\$ 282,087	\$ 1,870,594	\$ 703,478	\$ 802,985	\$ 5,178,001

The General Fund is the chief operating fund of the State. At the end of fiscal year 2018, the State's General Fund reported a total fund balance of \$1.5 billion, an increase of \$84.6 million from fiscal year 2017. Total revenues increased \$415.2 million. The increase was due primarily to an increase in individual income tax and sales and use tax and an increase in funds received from the federal government for Medicaid and Other Assistance programs. Total expenditures went from \$18.5 billion to \$18.9 billion between fiscal years 2017 and 2018, an increase of \$340.8 million. The largest component of this increase was in human services of \$377.0 million relating to the increase in funds received and related expenditures due to an increase in the number people utilizing Medicaid and Other Assistance 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 increased from \$278.0 million last year to \$282.1 million this year, an increase of \$4.1 million or 1.5%. Revenues and expenditures were relatively stable verses fiscal year 2017.

The Conservation and Environmental Protection Fund provides the preservation of the State's wildlife and environment. At the end of fiscal year 2018, the fund balance was \$1.9 billion, an increase of \$52.0 million from fiscal year 2017. Revenues totaled \$404.5 million while expenditures totaled \$351.4 million, remaining relatively stable verses fiscal year 2017.

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 fund balance decreased \$20.1 million from fiscal year 2017. Revenues totaled \$1.3 billion while expenditures totaled \$1.8 billion. Total revenues increased by \$127.0 million from fiscal year 2017 mostly due to the timing of reimbursements related to project expenditures and preventative maintenance, as well as an increase in the total number of projects billed due to the increase in contractor awards.

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 decreased by \$2.0 million in fiscal year 2018, which is partly the result of fluctuations in market yields, which increase or reduce the unrealized gain on investments. Total operating revenues increased by 4.1%, while operating expenses increase by 1.5% in fiscal year 2018. Prize expense increased by \$7.4 million, while ticket sales increased by \$57.6 million. The sales increase was the result of an increase in Scratchers sales by \$37.9 million, or 4.4%, an increase in Draw Game sales by \$40.8 million, or 11.1%, and a decrease in Pull-Tab sales by \$21.1 million, or 19.7%. The increase in fiscal year 2018 Scratchers sales can be attributed to the launch of a second \$30 Scratchers game in late April 2018.

The Unemployment Compensation Fund's net position increased by \$103.7 million during fiscal year 2018, which is mainly due to an increase in cash of \$126.2 million and a decrease in accounts receivables of \$22.0 million. The increase in cash is due to an improved economy and low unemployment rate, which allows excess cash to remain in the fund. During fiscal year 2018, the cash balance in the fund reached the statutorily established levels that trigger contribution rate reductions and decreases in the taxable wage base. The employer contribution rates decreased during fiscal year 2018, from 2.7% to 2.5%, and the taxable wage base decreased from \$13,000 to \$12,500, which were the main reasons for the accounts receivable decrease.

The Petroleum Storage Tank Insurance Fund's net position decreased by \$7.8 million due to an increase in claims paid in fiscal year 2018.

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 amounts, and increases to estimated appropriations, which occur during the fiscal year.

Budgeted appropriations for fiscal year 2018 from the General Fund were \$26.9 billion original budget and \$27.7 billion final budget. Actual spending was \$24.6 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 2018 for the General Fund were \$26.8 billion original budget and \$26.7 billion final budget. Actual revenue/transfers in was \$24.9 billion.

Refer to the *Notes to RSI*, Budgetary Reporting, on page 140 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, 2018, was \$33.1 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	\$ 413,543	\$ 14,847	\$ 428,390
Software in Progress	99,119	189	99,308
Infrastructure in Progress	1,550,464	—	1,550,464
Land	3,093,739	32,602	3,126,341
Permanent Easements	4,091	—	4,091
Land Improvements	221,328	38,541	259,869
Temporary Easements	1,496	50	1,546
Buildings and Improvements	3,414,850	56,779	3,471,629
Equipment	1,352,483	52,781	1,405,264
Software	251,965	631	252,596
Trademarks	17	—	17
Infrastructure	50,828,842	—	50,828,842
<i>Subtotal</i>	61,231,937	196,420	61,428,357
Less Accumulated Depreciation/ Amortization	(28,217,603)	(69,211)	(28,286,814)
Total Capital Assets, Net	\$ 33,014,334	\$ 127,209	\$ 33,141,543

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

Debt Administration:

At the end of fiscal year 2018, the primary government had total general obligation and other bonded debt outstanding of \$2.9 billion. Of this amount, \$104.7 million comprises debt backed by the full faith and credit of the government.

Principal amounts retired or refunded in fiscal year 2018 were \$50.1 million for general obligation bonds and \$261.5 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):

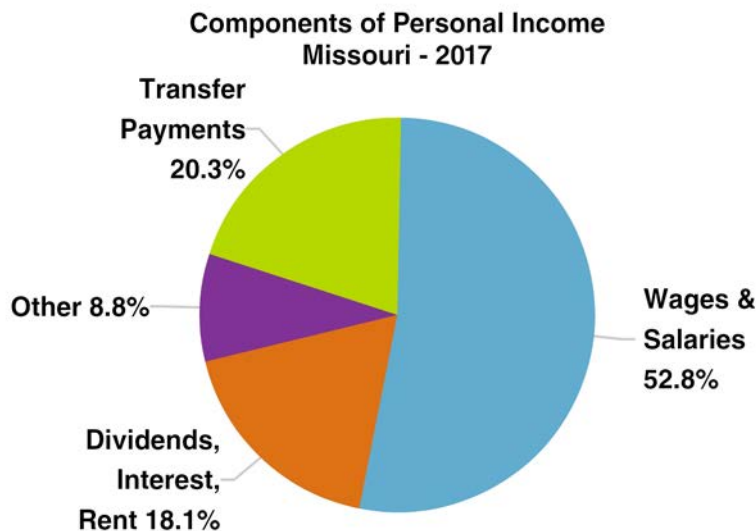
	Governmental Activities	Component Units	Total
General Obligation Bonds	\$ 104,695	\$ —	\$ 104,695
Other Bonds	2,807,240	2,050,869	4,858,109
Total	\$ 2,911,935	\$ 2,050,869	\$ 4,962,804

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

As a major manufacturing, financial, and agricultural state, Missouri's economic health is tied closely to that of the nation. The expansion after the recession that ended in the summer of 2009 has continued, despite European fiscal and geopolitical troubles, volatile stock markets, and national policy uncertainty. Missouri's personal income, which directly impacts individual income tax and sales tax, increased 2.1% in 2017. Personal income growth began to accelerate in 2017, following weak growth during 2016. Missouri's employment stood at 2.9 million in June 2018, about 1.2% above June 2017. The State's seasonally adjusted unemployment rate registered 3.5% in June 2018, compared to 3.7% one year earlier. The national rate was 4.0% in June 2018.

Since 2010, personal incomes have increased, on average, 2.5% annually for the State and 3.6% for the nation. Missouri's per capita personal income grew 1.3% compared to national growth in per capita income of 1.6% from 2016 to 2017. The below graph depicts the components of personal income, with transfer payments (such as social security, Medicare, etc.) comprising 20.3% of the State's total personal income, due in part to the State's aging population.



Source: U.S. Bureau of Economic Analysis 2017

The State of Missouri's net general revenue collections in Fiscal Year 2018 were \$9.4 billion, a 5.0% increase from fiscal year 2017 collections.

The State's economic outlook for fiscal year 2019 anticipates continued improvement in employment and wages, with continued growth in state revenue collections. During the fiscal year 2019 budget process, staff from the House, Senate, the University of Missouri and the Division of Budget and Planning developed a revenue estimate of 1.9% growth for fiscal year 2018 and 2.5% growth for fiscal year 2019. The actual fiscal year 2018 revenue collections increased by 5.0% when compared to the fiscal year 2017 collections, well above forecast and amount originally budgeted for fiscal year 2018. Net general revenue collections could decline by 0.5% in fiscal year 2019 and still reach forecast for net collections of \$9.4 billion. Because of the conditions listed above, the Governor has begun fiscal year 2019 with no restrictions placed on general revenue spending. However, if necessary, the Governor may restrict spending at some point during the fiscal year.

The outlook for general revenue for fiscal year 2019 remains uncertain. Most economic forecasts are calling for moderate economic growth; however, escalating trade tensions and recent federal and state tax reforms may dampen Missouri growth. Equity markets have been strong in the first half of 2018, but have become more volatile as national and global uncertainty continues. While the number of jobs is steadily improving, the rate of growth has continued to slow as the labor market reaches full employment. Growth in sales tax is expected to be moderate as energy prices and inflation continue to increase.

The General Assembly passed several tax-related bills during the 2018 legislative session. The combined impact to general revenue during fiscal year 2019 ranges from a \$1.3 million to \$1.7 million gain. Once fully implemented, the legislation could impact general revenue by positive \$10.1 million to a loss greater than \$31.7 million.

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, 2018
(In Thousands of Dollars)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents (Note 3)	\$ 1,453,898	\$ 976,917	\$ 2,430,815	\$ 481,438
Investments (Note 3)	2,577,761	72,350	2,650,111	2,783,012
Invested Securities Lending Collateral (Note 3)	—	—	—	5,012
Receivables, Net (Note 14)	4,227,898	170,475	4,398,373	635,202
Internal Balances	32,800	(32,800)	—	—
Inventories	70,074	1,605	71,679	55,025
Deposits and Prepaid Expenses	196	—	196	50,979
Restricted Assets:				
Cash and Cash Equivalents (Note 3)	28,225	—	28,225	234,934
Investments (Note 3)	40,852	32,798	73,650	1,543,485
Receivables, Net	—	—	—	47,692
Other Assets	—	—	—	19,371
Capital Assets (Note 5):				
Non-Depreciable	5,160,956	47,638	5,208,594	383,574
Depreciable, Net	27,853,378	79,571	27,932,949	5,073,560
Total Assets	<u>41,446,038</u>	<u>1,348,554</u>	<u>42,794,592</u>	<u>11,313,284</u>
Deferred Outflows of Resources (Note 15)	<u>1,916,669</u>	<u>55,135</u>	<u>1,971,804</u>	<u>600,814</u>
Liabilities				
Bank Overdraft (Notes 3 and 10)	2	—	2	—
Payables (Note 14)	1,584,776	29,199	1,613,975	631,828
Securities Lending Obligation (Note 3)	—	—	—	5,012
Unearned Revenue (Note 1)	98,623	1,653	100,276	161,266
Escheat/Unclaimed Property	112,464	—	112,464	—
Long-Term Liabilities (Note 11):				
Due Within One Year	764,945	96,837	861,782	470,912
Due in More Than One Year	13,940,733	290,894	14,231,627	4,203,447
Total Liabilities	<u>16,501,543</u>	<u>418,583</u>	<u>16,920,126</u>	<u>5,472,465</u>
Deferred Inflows of Resources (Note 15)	<u>384,182</u>	<u>3,107</u>	<u>387,289</u>	<u>104,390</u>
Net Position				
Net Investment in Capital Assets	30,336,702	127,209	30,463,911	3,115,586
Restricted for:				
Budget Reserve	614,386	—	614,386	—
Debt Service	395,152	—	395,152	—
Grants	303,480	—	303,480	—
Enabling Legislation (Note 1)	500,692	—	500,692	—
Loans Receivable	1,346,256	—	1,346,256	—
Permanent Trusts:				
Expendable	112	—	112	610,644
Non-Expendable	57,524	—	57,524	1,245,997
External Parties	845,208	5,616	850,824	100,584
Unrestricted	(7,922,530)	849,174	(7,073,356)	1,264,432
Total Net Position	<u>\$ 26,476,982</u>	<u>\$ 981,999</u>	<u>\$ 27,458,981</u>	<u>\$ 6,337,243</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, 2018
(In Thousands of Dollars)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,265,879	\$ 589,009	\$ 83,497	\$ —
Education	7,053,441	40,328	1,171,355	—
Natural and Economic Resources	1,079,319	262,421	311,421	—
Transportation and Law Enforcement	1,974,299	227,737	225,979	1,020,660
Human Services	14,339,906	559,855	9,019,774	35
Interest on Debt (Excluding Direct Expense)	120,206	22,734	—	—
Total Governmental Activities	<u>25,833,050</u>	<u>1,702,084</u>	<u>10,812,026</u>	<u>1,020,695</u>
Business-Type Activities:				
State Lottery	1,086,926	1,418,409	—	—
Unemployment Compensation	294,271	—	386,428	—
Petroleum Storage Tank Insurance	21,298	12,937	—	—
State Fair Fees	4,878	4,755	319	—
State Parks and DNR	8,919	10,919	4,896	—
Historic Preservation	725	1	—	—
Missouri Veterans' Homes	123,094	24,540	75,107	—
Surplus Property	2,416	2,098	—	—
Revenue Information	12	760	—	—
Total Business-Type Activities	<u>1,542,539</u>	<u>1,474,419</u>	<u>466,750</u>	<u>—</u>
Total Primary Government	<u>\$ 27,375,589</u>	<u>\$ 3,176,503</u>	<u>\$ 11,278,776</u>	<u>\$ 1,020,695</u>
Component Units:				
College and Universities	\$ 4,689,124	\$ 3,173,090	\$ 1,443,009	\$ 84,629
Non-Major Component Units	7,304	7,961	—	—
Total Component Units	<u>\$ 4,696,428</u>	<u>\$ 3,181,051</u>	<u>\$ 1,443,009</u>	<u>\$ 84,629</u>

General Revenues:

Taxes:

Sales and Use
Individual Income
Corporate Income
County Foreign Insurance
Alcoholic Beverage
Corporate Franchise
Fuel
Miscellaneous Taxes

Grants and Contributions not Restricted to Specific Programs

Unrestricted Investment Earnings

Capital Contributions

Extraordinary Item

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expenses) Revenues and Changes in Net Position				
Primary Government				Component Units
Governmental Activities	Business-Type Activities	Total		
\$ (593,373)	\$ —	\$ (593,373)	\$ —	
(5,841,758)	—	(5,841,758)	—	
(505,477)	—	(505,477)	—	
(499,923)	—	(499,923)	—	
(4,760,242)	—	(4,760,242)	—	
(97,472)	—	(97,472)	—	
<u>(12,298,245)</u>	<u>—</u>	<u>(12,298,245)</u>	<u>—</u>	
—	331,483	331,483	—	
—	92,157	92,157	—	
—	(8,361)	(8,361)	—	
—	196	196	—	
—	6,896	6,896	—	
—	(724)	(724)	—	
—	(23,447)	(23,447)	—	
—	(318)	(318)	—	
—	748	748	—	
<u>—</u>	<u>398,630</u>	<u>398,630</u>	<u>—</u>	
<u>(12,298,245)</u>	<u>398,630</u>	<u>(11,899,615)</u>	<u>—</u>	
—	—	—	11,604	
—	—	—	657	
—	—	—	<u>12,261</u>	
3,235,110	—	3,235,110	—	
6,796,359	—	6,796,359	—	
403,771	—	403,771	—	
272,497	—	272,497	—	
32,602	—	32,602	—	
1,968	—	1,968	—	
640,767	—	640,767	—	
684,577	—	684,577	—	
59,236	—	59,236	6,292	
26,309	18,338	44,647	212,079	
—	11,463	11,463	—	
—	—	—	(17,908)	
<u>331,631</u>	<u>(331,631)</u>	<u>—</u>	<u>—</u>	
<u>12,484,827</u>	<u>(301,830)</u>	<u>12,182,997</u>	<u>200,463</u>	
186,582	96,800	283,382	212,724	
26,290,400	885,199	27,175,599	6,124,519	
<u>\$ 26,476,982</u>	<u>\$ 981,999</u>	<u>\$ 27,458,981</u>	<u>\$ 6,337,243</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, 2018
(In Thousands of Dollars)**

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	Totals June 30, 2018
ASSETS						
Cash and Cash Equivalents (Note 3)	\$ 657,525	\$ 61,838	\$ 180,949	\$ 251,327	\$ 241,656	\$ 1,393,295
Investments (Note 3)	1,096,486	85,999	355,983	377,543	468,608	2,384,619
Accounts Receivable, Net	2,278,917	161,538	55,418	122,942	183,845	2,802,660
Interest Receivable	6,149	1,154	3,937	1,667	1,410	14,317
Due from Other Funds (Note 16)	—	27,950	—	—	630	28,580
Due from Component Units (Note 16)	—	—	250	—	—	250
Inventories	22,990	123	380	33,738	3,674	60,905
Advance to Component Units (Note 16)	—	—	267	—	—	267
Loans Receivable	25,954	855	1,315,949	—	3,498	1,346,256
Restricted Assets:						
Cash and Cash Equivalents (Note 3)	—	—	—	26,997	—	26,997
Investments (Note 3)	—	—	—	40,552	—	40,552
Total Assets	<u>\$ 4,088,021</u>	<u>\$ 339,457</u>	<u>\$ 1,913,133</u>	<u>\$ 854,766</u>	<u>\$ 903,321</u>	<u>\$ 8,098,698</u>
LIABILITIES						
Accounts Payable	\$ 1,233,795	\$ 63	\$ 12,588	\$ 107,010	\$ 79,611	\$ 1,433,067
Accrued Payroll	59,100	191	4,980	17,213	11,931	93,415
Due to Other Funds (Note 16)	4,988	14	551	227	1,189	6,969
Unearned Revenue (Note 1)	62,030	—	157	4,306	—	66,493
Escheat/Unclaimed Property	112,464	—	—	—	—	112,464
Total Liabilities	<u>1,472,377</u>	<u>268</u>	<u>18,276</u>	<u>128,756</u>	<u>92,731</u>	<u>1,712,408</u>
DEFERRED INFLOWS OF RESOURCES (Note 15)						
	<u>1,096,787</u>	<u>57,102</u>	<u>24,263</u>	<u>22,532</u>	<u>7,605</u>	<u>1,208,289</u>
FUND BALANCES (Note 4)						
Nonspendable	48,944	123	380	33,738	61,198	144,383
Restricted	307,913	233,381	140,010	669,740	447,291	1,798,335
Committed	617,661	2,184	1,621,793	—	39,120	2,280,758
Assigned	86,705	46,399	108,411	—	255,376	496,891
Unassigned	457,634	—	—	—	—	457,634
Total Fund Balances	<u>1,518,857</u>	<u>282,087</u>	<u>1,870,594</u>	<u>703,478</u>	<u>802,985</u>	<u>5,178,001</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,088,021</u>	<u>\$ 339,457</u>	<u>\$ 1,913,133</u>	<u>\$ 854,766</u>	<u>\$ 903,321</u>	<u>\$ 8,098,698</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, 2018
(In Thousands of Dollars)

Total Fund Balances - Governmental Funds \$ 5,178,001

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	413,204	
Software in Progress	98,040	
Infrastructure in Progress	1,550,464	
Land	3,085,405	
Permanent Easements	4,091	
Land Improvements	217,736	
Temporary Easements	1,496	
Buildings and Improvements	2,922,434	
Equipment	1,221,546	
Software	224,675	
Trademarks	17	
Infrastructure	50,828,842	
Accumulated Depreciation/Amortization	<u>(27,860,161)</u>	
		32,707,789

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. 1,208,289

Deferred outflows of resources related to pensions and OPEB (Other Postemployment Benefits) are applicable to future reporting periods and therefore, not reported in the funds. 1,815,550

Deferred inflows of resources related to pensions and OPEB are applicable to future reporting periods and therefore, not reported in the funds. (380,973)

Deferred outflows of resources related to deferred charges or credits on debt refundings are applicable to future reporting periods and therefore, not reported in the funds. 57,242

Deferred inflows of resources related to deferred charges or credits on debt refundings are applicable to future reporting periods and therefore, not reported in the funds. (632)

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	(1,420)	
General Obligation and Other Bonds Payable	(2,911,935)	
Unamortized Bond Premium	(166,876)	
Accrued Interest on Bonds	(26,785)	
Obligation under Lease Purchases	(46,175)	
Pollution Remediation	(46,239)	
Compensated Absences	(168,057)	
Claims Liability	(32,740)	
Contingent Liabilities	(2,002,091)	
Net Other Postemployment Benefit Obligation	(2,897,555)	
Net Pension Liability	<u>(6,076,857)</u>	
		(14,376,730)

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. 268,446

Net Position of Governmental Activities \$ 26,476,982

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, 2018
(In Thousands of Dollars)

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	Eliminations	Totals June 30, 2018
Revenues:							
Taxes	\$ 9,333,308	\$ 1,288,433	\$ 215,194	\$ 180,110	\$ 1,134,033	\$ —	\$ 12,151,078
Licenses, Fees, and Permits	92,915	1,452	82,991	106,029	392,060	—	675,447
Sales	531	—	7,599	—	1,397	—	9,527
Leases and Rentals	12	—	143	—	2	—	157
Services	147,851	—	2	—	800	—	148,653
Contributions and Intergovernmental	10,259,288	50,791	83,977	958,038	360,680	—	11,712,774
Investment Earnings:							
Net Increase (Decrease) in the Fair Value of Investments	(2,981)	(203)	(1,994)	(7,971)	(2,235)	—	(15,384)
Interest	23,358	2,312	11,584	14,872	8,063	—	60,189
Penalties and Unclaimed Properties	54,888	1,013	812	—	13,944	—	70,657
Cost Reimbursement/Miscellaneous	304,767	73,220	4,169	66,211	65,422	—	513,789
Total Revenues	20,213,937	1,417,018	404,477	1,317,28	1,974,166	—	25,326,887
Expenditures:							
Current:							
General Government	654,849	525	2,297	—	252,270	—	909,941
Education	4,262,676	2,711,671	—	—	56,885	—	7,031,232
Natural and Economic Resources	268,990	5,717	347,288	—	247,573	—	869,568
Transportation and Law Enforcement	298,995	136	1,030	835,184	347,880	—	1,483,225
Human Services	13,293,352	12,833	824	—	705,210	—	14,012,219
Capital Outlay:							
General Government	—	—	—	—	1,320	—	1,320
Education	—	—	—	—	106	—	106
Natural and Economic Resources	—	—	—	—	3,549	—	3,549
Transportation and Law Enforcement	—	—	—	854,431	276	—	854,707
Human Services	—	—	—	—	64,467	—	64,467
Debt Service:							
Principal	77,610	—	—	79,917	175,953	—	333,480
Interest	29,407	—	—	40,196	75,373	—	144,976
Bond Issuance Costs	356	—	—	—	—	—	356
Underwriter's Discount	—	—	—	—	985	—	985
Total Expenditures	18,886,235	2,730,882	351,439	1,809,72	1,931,847	—	25,710,131
Excess Revenues (Expenditures)	1,327,702	(1,313,864)	53,038	(492,439)	42,319	—	(383,244)
Other Financing Sources (Uses):							
Proceeds from Notes/Capital Leases	6,852	—	—	—	82	—	6,934
Proceeds From Bonds	—	—	—	—	124,905	—	124,905
Bond Premium (Note 11)	—	—	—	—	9,751	—	9,751
Proceeds from Sale of Capital Assets	932	—	39	9,087	7,976	—	18,034
Transfers In (Note 17)	53,596	1,345,373	2,074	463,282	308,227	(1,829,573)	342,979
Transfers Out (Note 17)	(1,303,557)	(27,513)	(3,234)	—	(504,446)	1,829,573	(9,177)
Total Other Financing Sources (Uses)	(1,242,177)	1,317,860	(1,121)	472,369	(53,505)	—	493,426
Net Change in Fund Balances	85,525	3,996	51,917	(20,070)	(11,186)	—	110,182
Fund Balances - Beginning (Note 18)	1,434,253	278,039	1,818,628	723,548	813,506	—	5,067,974
Increase (Decrease) in Reserve for Inventory	(921)	52	49	—	665	—	(155)
Fund Balances - Ending	\$ 1,518,857	\$ 282,087	\$ 1,870,594	\$ 703,478	\$ 802,985	\$ —	\$ 5,178,001

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, 2018
(In Thousands of Dollars)**

Net Change in Fund Balances - Total Governmental Funds		\$ 110,182
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.		(155)
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 \$1,083,057 exceeds depreciation/amortization of \$686,978 in the current period.		396,079
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.		(24,254)
The net effect of the donation of capital assets increased net position.		82
Deferred inflows do not provide current financial resources and are not recognized as revenues until available in governmental funds.		105,210
Pension and OPEB (Other Postemployment Benefits) 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 and OPEB liability are measured a year before the report date. Pension expense and OPEB expense, which are the change in the net pension liability and the net change in OPEB liability, adjusted for changes in deferred outflows and inflows of resources related to pensions and OPEB, is reported in the Statement of Activities.		
Pension Contributions		534,220
Pension Expense		(874,729)
OPEB Contributions		90,630
OPEB Expense		(180,015)
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	(124,905)	
Bond Premiums and Refunding Costs	(9,751)	
Bonds Retired	311,625	
Capital Leases Issued	(6,874)	
Capital Lease Payments	<u>21,854</u>	
		191,949
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	24,022	
Decrease in Accrued Interest	1,806	
Decrease in Pollution Remediation	1,192	
Increase in Due to Other Entities	(59)	
Decrease in Compensated Absences	2,204	
Increase in Contingent Liabilities	(90,755)	
Decrease in Claims Liability	<u>5,249</u>	
		(56,341)
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.		<u>(106,276)</u>
Change in Net Position of Governmental Activities		<u>\$ 186,582</u>

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, 2018
(In Thousands of Dollars)

	Business-Type Activities - Enterprise Funds						
	Major Funds					Totals June 30, 2018	Governmental Activities Internal Service Funds
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	Eliminations		
ASSETS							
Current Assets:							
Cash and Cash Equivalents (Note 3)	\$ 30,996	\$ 919,775	\$ 16,382	\$ 9,764	\$ —	\$ 976,917	\$ 60,603
Investments (Note 3)	27,898	—	28,031	16,421	—	72,350	78,499
Restricted:							
Investments (Note 3)	3,402	—	—	—	—	3,402	300
Accounts Receivable, Net	53,296	108,220	1,678	6,768	—	169,962	63,725
Interest Receivable	110	—	112	69	—	291	421
Due from Other Funds (Note 16)	—	—	—	380	(2)	378	7,017
Due from Component Units (Note 16)	—	—	—	—	—	—	2
Inventories	—	—	—	1,605	—	1,605	9,169
Prepaid Items	—	—	—	—	—	—	196
Loans Receivable	—	—	—	222	—	222	—
Total Current Assets	<u>115,702</u>	<u>1,027,995</u>	<u>46,203</u>	<u>35,229</u>	<u>(2)</u>	<u>1,225,127</u>	<u>219,932</u>
Non-Current Assets:							
Investments	—	—	—	—	—	—	114,643
Restricted:							
Cash and Cash Equivalents (Note 3)	—	—	—	—	—	—	1,228
Investments (Note 3)	29,396	—	—	—	—	29,396	—
Capital Assets (Note 5):							
Construction in Progress	248	—	—	14,599	—	14,847	339
Software in Progress	—	—	—	189	—	189	1,079
Land	353	—	—	32,249	—	32,602	8,334
Land Improvements	—	—	—	38,541	—	38,541	3,592
Temporary Easements	—	—	—	50	—	50	—
Buildings	5,270	—	—	51,509	—	56,779	492,416
Equipment	7,153	—	151	45,477	—	52,781	130,937
Software	461	—	—	170	—	631	27,290
Less Accumulated Depreciation/Amortization	(10,891)	—	(143)	(58,177)	—	(69,211)	(357,442)
Total Non-Current Assets	<u>31,990</u>	<u>—</u>	<u>8</u>	<u>124,607</u>	<u>—</u>	<u>156,605</u>	<u>422,416</u>
Total Assets	<u>147,692</u>	<u>1,027,995</u>	<u>46,211</u>	<u>159,836</u>	<u>(2)</u>	<u>1,381,732</u>	<u>642,348</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	<u>6,201</u>	<u>—</u>	<u>847</u>	<u>48,087</u>	<u>—</u>	<u>55,135</u>	<u>43,877</u>
LIABILITIES							
Current Liabilities:							
Bank Overdraft (Note 3 and 10)	—	—	—	—	—	—	2
Accounts Payable	4,216	20,153	85	2,062	—	26,516	29,553
Accrued Payroll	283	—	44	2,356	—	2,683	1,956
Due to Other Funds (Note 16)	28,007	630	6	87	(2)	28,728	278
Unearned Revenue (Note 1)	524	—	525	604	—	1,653	32,130
Claims Liability (Note 11)	—	—	13,200	—	—	13,200	86,014
Grand Prize Winner Liability (Note 11)	79,233	—	—	—	—	79,233	—
Obligations under Lease Purchase (Note 11)	—	—	—	—	—	—	4,632
Compensated Absences (Note 11)	649	—	92	3,663	—	4,404	3,735
Total Current Liabilities	<u>112,912</u>	<u>20,783</u>	<u>13,952</u>	<u>8,772</u>	<u>(2)</u>	<u>156,417</u>	<u>158,300</u>
Non-Current Liabilities:							
Claims Liability (Note 11)	—	—	70,818	—	—	70,818	57,199
Grand Prize Winner Liability (Note 11)	27,352	—	—	—	—	27,352	—
Obligations under Lease Purchase (Note 11)	—	—	—	—	—	—	29,153
Compensated Absences (Note 11)	—	—	—	56	—	56	937
Net OPEB Liability (Note 11)	7,473	—	898	47,455	—	55,826	50,195
Net Pension Liability (Note 11)	18,004	—	2,324	116,514	—	136,842	123,868
Total Non-Current Liabilities	<u>52,829</u>	<u>—</u>	<u>74,040</u>	<u>164,025</u>	<u>—</u>	<u>290,894</u>	<u>261,352</u>
Total Liabilities	<u>165,741</u>	<u>20,783</u>	<u>87,992</u>	<u>172,797</u>	<u>(2)</u>	<u>447,311</u>	<u>419,652</u>
DEFERRED INFLOWS OF RESOURCES (Note 15)	<u>348</u>	<u>—</u>	<u>48</u>	<u>2,711</u>	<u>—</u>	<u>3,107</u>	<u>2,577</u>
NET POSITION							
Net Investment in Capital Assets	2,594	—	8	124,607	—	127,209	272,760
Restricted for:							
Other Purposes	2,012	3,604	—	—	—	5,616	1,528
Unrestricted	(16,802)	1,003,608	(40,990)	(92,192)	—	853,624	(10,292)
Total Net Position (Note 19)	<u>\$ (12,196)</u>	<u>\$ 1,007,212</u>	<u>\$ (40,982)</u>	<u>\$ 32,415</u>	<u>\$ —</u>	<u>\$ 986,449</u>	<u>\$ 263,996</u>
Total Net Position Reported Above						\$ 986,449	
Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds						(4,450)	
Net Position of Business-Type Activities						<u>\$ 981,999</u>	

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, 2018
(In Thousands of Dollars)

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Major Funds				Totals June 30, 2018	
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds		
Operating Revenues:						
Employer Contributions	\$ —	\$ 380,353	\$ —	\$ —	\$ 380,353	\$ 455,640
Employee Contributions	—	—	—	—	—	166,744
Federal Contracts	—	6,075	—	—	6,075	—
Medicare Part D Subsidy	—	—	—	—	—	8,107
Licenses, Fees, and Permits	—	—	12,937	10,499	23,436	3,834
Sales	1,418,267	—	—	4,387	1,422,654	26,711
Leases and Rentals	—	—	—	4,118	4,118	63,276
Charges for Services	—	—	—	24,205	24,205	127,811
Cost Reimbursement/Miscellaneous	142	—	—	268	410	40,678
Total Operating Revenues	1,418,409	386,428	12,937	43,477	1,861,251	892,801
Operating Expenses:						
Cost of Goods Sold	26,731	—	—	1,696	28,427	20,928
Personal Service	12,192	—	1,690	102,513	116,395	86,848
Operations	98,609	—	4,369	29,151	132,129	117,833
Prizes Expense	939,480	—	—	—	939,480	—
Specific Programs	—	—	15,244	1,669	16,913	13,321
Insurance Benefits	—	—	—	—	—	722,094
Unemployment Benefits	—	294,271	—	—	294,271	—
Depreciation/Amortization	1,069	—	4	4,865	5,938	24,213
Other Charges	8,746	—	—	650	9,396	13,107
Total Operating Expenses	1,086,827	294,271	21,307	140,544	1,542,949	998,344
Operating Income (Loss)	331,582	92,157	(8,370)	(97,067)	318,302	(105,543)
Non-Operating Revenues (Expenses):						
Contributions and Intergovernmental	(49)	—	—	80,322	80,273	47
Interest Expense	—	—	—	(1)	(1)	(1,059)
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	(1,730)	—	(66)	(64)	(1,860)	(2,773)
Interest	523	18,807	590	278	20,198	4,228
Penalties and Unclaimed Properties	—	—	—	399	399	1
Disposal of Capital Assets	32	—	—	662	694	(43)
Total Non-Operating Revenues (Expenses)	(1,224)	18,807	524	81,596	99,703	401
Income (Loss) Before Transfers	330,358	110,964	(7,846)	(15,471)	418,005	(105,142)
Capital Contributions	—	—	—	11,463	11,463	—
Transfers In (Note 17)	49	—	—	9,098	9,147	114
Transfers Out (Note 17)	(332,453)	(7,277)	—	(1,048)	(340,778)	(2,285)
Change in Net Position	(2,046)	103,687	(7,846)	4,042	97,837	(107,313)
Total Net Position - Beginning (Note 18)	(10,150)	903,525	(33,136)	28,373	888,612	371,309
Total Net Position - Ending (Note 19)	\$ (12,196)	\$ 1,007,212	\$ (40,982)	\$ 32,415	\$ 986,449	\$ 263,996
					\$ 97,837	
					(1,037)	
					\$ 96,800	

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, 2018
(In Thousands of Dollars)

	Business-Type Activities - Enterprise Funds					
	Major Funds					
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	Totals June 30, 2018	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:						
Receipts from Internal Customers and Users	\$ —	\$ 1,889	\$ —	\$ 646	\$ 2,535	\$ 649,100
Receipts from External Customers and Users	1,415,392	406,515	12,792	44,758	1,879,457	206,413
Payments to Suppliers	(126,084)	—	(4,311)	(28,555)	(158,950)	(135,217)
Payments to Employees	(10,237)	—	(1,397)	(87,571)	(99,205)	(73,621)
Payments to Other Funds for Services Provided	(729)	—	—	(2,305)	(3,034)	—
Payments Made for Program Expense	(944,080)	(290,988)	(13,094)	(1,669)	(1,249,831)	(731,891)
Other Receipts	142	—	—	268	410	40,678
Other Payments	(8,746)	—	—	(650)	(9,396)	(13,107)
Net Cash Provided (Used) by Operating Activities	<u>325,658</u>	<u>117,416</u>	<u>(6,010)</u>	<u>(75,078)</u>	<u>361,986</u>	<u>(57,645)</u>
Cash Flows from Non-Capital Financing Activities:						
Loans Made to Outside Entities	—	—	—	266	266	—
Due to Other Funds	—	(2,747)	2	28	(2,717)	130
Due from Other Funds	26,422	—	—	(363)	26,059	57
Contributions and Intergovernmental	(49)	—	—	79,933	79,884	36
Transfers to Other Funds	(332,453)	(7,277)	—	(1,048)	(340,778)	(2,285)
Transfers from Other Funds	49	—	—	9,098	9,147	79
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(306,031)</u>	<u>(10,024)</u>	<u>2</u>	<u>87,914</u>	<u>(228,139)</u>	<u>(1,983)</u>
Cash Flows from Capital and Related Financing Activities:						
Interest Expense	—	—	—	(1)	(1)	(1,059)
Purchases and Construction of Capital Assets	(693)	—	(1)	(4,770)	(5,464)	(5,593)
Capital Lease Downpayment/Obligations	—	—	—	(128)	(128)	(7,091)
Disposal of Capital Assets	32	—	—	286	318	—
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(661)</u>	<u>—</u>	<u>(1)</u>	<u>(4,613)</u>	<u>(5,275)</u>	<u>(13,743)</u>
Cash Flows from Investing Activities:						
Proceeds from Sales and Investment Maturities	—	—	9,619	761	10,380	1,224,274
Purchase of Investments	(3,193)	—	—	(4,044)	(7,237)	(1,225,045)
Interest and Dividends Received	464	18,807	565	250	20,086	4,162
Investment Fees	—	—	—	—	—	(31)
Penalties and Other Receipts	—	—	—	399	399	1
Net Cash Provided (Used) by Investing Activities	<u>(2,729)</u>	<u>18,807</u>	<u>10,184</u>	<u>(2,634)</u>	<u>23,628</u>	<u>3,361</u>
Net Increase (Decrease) in Cash	16,237	126,199	4,175	5,589	152,200	(70,010)
Cash and Cash Equivalents, Beginning of Year	14,759	793,576	12,207	4,175	824,717	131,839
Cash and Cash Equivalents, End of Year	<u>\$ 30,996</u>	<u>\$ 919,775</u>	<u>\$ 16,382</u>	<u>\$ 9,764</u>	<u>\$ 976,917</u>	<u>\$ 61,829</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 331,582	\$ 92,157	\$ (8,370)	\$ (97,067)	\$ 318,302	\$ (105,543)
Depreciation/Amortization Expense	1,069	—	4	4,865	5,938	24,213
Changes in Assets and Liabilities:						
Accounts Receivable	(2,584)	21,976	(146)	2,280	21,526	2,354
Inventories	—	—	—	(51)	(51)	993
Deferred Outflows of Resources	(254)	—	(45)	(3,131)	(3,430)	(3,228)
Prepaid Items	—	—	—	—	—	(6)
Accounts Payable	(1,473)	3,283	58	38	1,906	2,557
Accrued Payroll	(6)	—	10	(123)	(119)	(27)
Unearned Revenue	(291)	—	1	(85)	(375)	1,036
Grand Prize Winner Liability	(4,600)	—	—	—	(4,600)	—
Claims Liability	—	—	2,150	—	2,150	3,524
Compensated Absences	18	—	16	(178)	(144)	(82)
Net OPEB Liability	221	—	30	1,709	1,960	1,437
Net Pension Liability	1,791	—	255	15,169	17,215	13,719
Deferred Inflows of Resources	185	—	27	1,496	1,708	1,408
Net Cash Provided (Used) by Operating Activities	<u>\$ 325,658</u>	<u>\$ 117,416</u>	<u>\$ (6,010)</u>	<u>\$ (75,078)</u>	<u>\$ 361,986</u>	<u>\$ (57,645)</u>
Non-Cash Financing and Investing Activities:						
Capital Lease Issuance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,215
Capital Asset Donations	49	—	—	389	438	11
Increase (Decrease) in Fair Value of Investments	(1,730)	—	(66)	(64)	(1,860)	(2,773)
Net Non-Cash Financing and Investing Activities	<u>\$ (1,681)</u>	<u>\$ —</u>	<u>\$ (66)</u>	<u>\$ 325</u>	<u>\$ (1,422)</u>	<u>\$ (547)</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, 2018
(In Thousands of Dollars)

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents (Note 3)	\$ 3,540,263	\$ 12,884	\$ 90,543
Investments at Fair Value (Note 3):			
U.S. Government Securities	4,588,785	2,654	596,996
U.S. Agency Sponsored Securities	—	18,475	2,270
Repurchase	321	—	—
Stocks	653,542	73	15
Bonds	1,303,026	—	—
International Equities	853,977	—	—
Mutual and Index Funds	1,330,903	—	—
Limited Partnership	3,928,630	—	—
Other Investments	465,322	3,838	471
Invested Securities Lending Collateral (Note 3)	133,616	—	—
Assets Held in Escheat	—	12,653	—
Receivables:			
Accounts Receivable	149,207	26	516,171
Interest Receivable	56,078	13	1,076
Inventories	—	1	—
Prepaid Expenses	45	—	—
Capital Assets:			
Land	351	—	—
Buildings	4,829	—	—
Equipment	1,636	65	—
Software	4,028	99	—
Accumulated Depreciation/Amortization	(6,735)	(128)	—
Total Capital Assets, Net	4,109	36	—
Total Assets	17,007,824	50,653	\$ 1,207,542
TOTAL DEFERRED OUTFLOWS OF RESOURCES (Note 15)	335	524	\$ —
LIABILITIES			
Accounts Payable	186,230	946	\$ 36
Obligations under Repurchase Agreements	3,853,969	—	—
Accrued Payroll	—	24	—
Due to Other Entities	—	—	1,179,795
Due to Individuals	—	—	27,711
Securities Lending Obligation (Note 3)	138,841	—	—
Unearned Revenue (Note 1)	4,183	—	—
Claims Liability	11,908	—	—
Compensated Absences	686	44	—
Net OPEB Liability	8,817	550	—
Net Pension Liability	—	1,276	—
Total Liabilities	4,204,634	2,840	\$ 1,207,542
TOTAL DEFERRED INFLOWS OF RESOURCES (Note 15)	271	29	\$ —
Net Position Restricted for Pension Benefits, OPEB, Deferred Compensation, and Other Purposes	\$ 12,803,254	\$ 48,308	

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, 2018
(In Thousands of Dollars)

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 690,342	\$ —
Plan Member	145,773	—
Other	105,599	—
Total Contributions	<u>941,714</u>	<u>—</u>
Investment Earnings:		
Increase (Decrease) in Appreciation of Assets	882,079	(709)
Interest and Dividends	187,212	788
Securities Lending Income	986	—
Other Income	160	—
Total Investment Earnings	<u>1,070,437</u>	<u>79</u>
Less Investment Expenses:		
Investment Activity Expense	(134,452)	—
Securities Lending Expense	(793)	—
Total Investment Expense	<u>(135,245)</u>	<u>—</u>
Net Investment Earnings (Loss)	<u>935,192</u>	<u>79</u>
Unclaimed Property	—	42,692
Cost Reimbursement/Miscellaneous	3,204	11,677
Total Additions	<u>1,880,110</u>	<u>54,448</u>
Deductions:		
Benefits	1,312,248	—
Administrative Expenses	25,316	2,389
Program Distributions	86,866	55,599
Inactive-vested Buyout Payments	61,041	—
Service Transfer Payments	2,060	—
Depreciation/Amortization	347	39
Total Deductions	<u>1,487,878</u>	<u>58,027</u>
Change in Net Position	392,232	(3,579)
Net Position - Beginning of Year (Note 18)	<u>12,411,022</u>	<u>51,887</u>
Net Position - End of Year	<u>\$ 12,803,254</u>	<u>\$ 48,308</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, 2018
(In Thousands of Dollars)

	College and Universities	Non-Major	Totals June 30, 2018
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 457,645	\$ 23,793	\$ 481,438
Investments	378,075	41,221	419,296
Invested Securities Lending Collateral	5,012	—	5,012
Receivables, Net	481,039	2,622	483,661
Inventories	55,023	2	55,025
Restricted Assets:			
Cash and Cash Equivalents	211,034	567	211,601
Investments	40,597	15,339	55,936
Receivables, Net	21,254	2,980	24,234
Deposits and Prepaid Expenses	50,610	369	50,979
Other Assets	1,059	—	1,059
Total Current Assets	<u>1,701,348</u>	<u>86,893</u>	<u>1,788,241</u>
Non-Current Assets:			
Investments	2,319,082	44,634	2,363,716
Receivables, Net	125,999	25,542	151,541
Restricted Assets:			
Cash and Cash Equivalents	11,701	11,632	23,333
Investments	1,482,560	4,989	1,487,549
Receivables, Net	1,601	21,857	23,458
Other Assets	18,312	—	18,312
Capital Assets, Net of Accumulated Depreciation/Amortization (Note 5)	5,391,156	65,978	5,457,134
Total Non-Current Assets	<u>9,350,411</u>	<u>174,632</u>	<u>9,525,043</u>
Total Assets	<u>11,051,759</u>	<u>261,525</u>	<u>11,313,284</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	<u>599,464</u>	<u>1,350</u>	<u>600,814</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	474,092	271	474,363
Due to Primary Government (Note 16)	—	252	252
Securities Lending Obligation	5,012	—	5,012
Unearned Revenue (Note 1)	143,397	—	143,397
Deposits	93,367	—	93,367
Claims Liability (Note 22)	45,045	—	45,045
Compensated Absences	73,888	52	73,940
Capital Lease Obligations (Note 6)	5,832	—	5,832
Bonds and Notes Payable (Note 12)	345,872	223	346,095
Total Current Liabilities	<u>1,186,505</u>	<u>798</u>	<u>1,187,303</u>
Non-Current Liabilities:			
Accounts Payable and Accrued Liabilities	51,355	—	51,355
Advance from Primary Government (Note 16)	—	267	267
Unearned Revenue (Note 1)	17,080	789	17,869
Deposits and Reserves	451	11,773	12,224
Claims Liability (Note 22)	42,225	—	42,225
Compensated Absences	32,865	58	32,923
Capital Lease Obligations (Note 6)	34,219	—	34,219
Bonds and Notes Payable (Note 12)	1,974,583	16,929	1,991,512
Net OPEB Liability	462,891	484	463,375
Net Pension Liability	1,636,738	2,455	1,639,193
Total Non-Current Liabilities	<u>4,252,407</u>	<u>32,755</u>	<u>4,285,162</u>
Total Liabilities	<u>5,438,912</u>	<u>33,553</u>	<u>5,472,465</u>
DEFERRED INFLOWS OF RESOURCES (Note 15)	<u>104,214</u>	<u>176</u>	<u>104,390</u>
NET POSITION			
Net Investment in Capital Assets	3,066,760	48,826	3,115,586
Restricted for:			
Expendable	610,644	—	610,644
Non-Expendable	1,245,997	—	1,245,997
Other Purposes	—	100,584	100,584
Unrestricted	1,184,696	79,736	1,264,432
Total Net Position	<u>\$ 6,108,097</u>	<u>\$ 229,146</u>	<u>\$ 6,337,243</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, 2018
(In Thousands of Dollars)

	College and Universities	Non-Major	Totals June 30, 2018	Adjustments	Statement of Activities
Revenues:					
Operating Revenues:					
Licenses, Fees, and Permits	\$ —	\$ 1,687	\$ 1,687	\$ —	\$ 1,687
Student Tuition and Fees (Net of Scholarship Allow.)	1,017,485	—	1,017,485	—	1,017,485
Sales and Services of Educational Departments	51,352	—	51,352	—	51,352
Auxiliary Enterprises	2,020,189	—	2,020,189	—	2,020,189
Leases and Rentals	—	5,988	5,988	—	5,988
Cost Reimbursement/Miscellaneous	86,718	286	87,004	(2,654)	84,350
Total Charges for Services					3,181,051
Federal Appropriations, Grants, and Contracts	189,910	—	189,910	205,662	395,572
State Grants and Contracts	85,960	—	85,960	726,641	812,601
Private Gifts, Grants, and Contracts	84,068	—	84,068	101,207	185,275
Additions to Endowments	1,172	—	1,172	48,389	49,561
Total Operating Grants and Contributions					1,443,009
Interest Revenue	—	1,854	1,854	(1,854)	
Total Operating Revenues	3,536,854	9,815	3,546,669	1,077,391	
Expenses:					
Operating Expenses:					
Personal Service	2,833,720	1,748	2,835,468	—	2,835,468
Operations	—	3,628	3,628	—	3,628
Specific Programs	—	592	592	—	592
Scholarships and Fellowships	142,406	—	142,406	—	142,406
Utilities	34,407	—	34,407	—	34,407
Supplies and Other Services	1,196,154	—	1,196,154	—	1,196,154
Contracted Services	32,397	—	32,397	—	32,397
Interest Expense	—	—	—	97,038	97,038
Depreciation/Amortization	317,434	2,056	319,490	—	319,490
Miscellaneous	34,337	99	34,436	412	34,848
Total Operating Expenses	4,590,855	8,123	4,598,978	97,450	4,696,428
Operating Income (Loss)	(1,054,001)	1,692	(1,052,309)	979,941	
Non-Operating Revenues (Expenses):					
Federal Appropriations, Grants, and Contracts	205,662	—	205,662	(205,662)	—
State Appropriations, Grants, and Contracts	726,641	—	726,641	(726,641)	—
Private Gifts, Grants, and Contracts	101,207	—	101,207	(101,207)	—
Contributions and Intergovernmental	—	6,292	6,292	—	6,292
Total Unrestricted Grants and Contributions					6,292
Investment Earnings:					
Increase (Decrease) in the Fair Value of Investments	(70)	(602)	(672)	—	(672)
Investment and Endowment Income (Loss)	209,246	—	209,246	—	209,246
Interest	—	1,651	1,651	1,854	3,505
Interest and Bond Related Expenses	(96,424)	(614)	(97,038)	97,038	—
Gain (Loss) on Sale of Capital Assets	(1,845)	—	(1,845)	1,845	—
Miscellaneous Revenues (Expenses)	(2,654)	1,433	(1,221)	1,221	—
Total Unrestricted Investment Earnings					212,079
Total Non-Operating Revenues (Expenses)	1,141,763	8,160	1,149,923	(931,552)	
Income Before Other Revenues (Expenses) Or Gains (Losses)	87,762	9,852	97,614	48,389	
State Capital Appropriations	84,629	—	84,629	—	84,629
Total Capital Grants and Contributions					84,629
Additions to Endowments	48,389	—	48,389	(48,389)	—
Extraordinary Item	(17,908)	—	(17,908)	—	(17,908)
Change in Net Position	202,872	9,852	212,724	—	212,724
Net Position - Beginning of Year (Note 18)	5,905,225	219,294	6,124,519	—	6,124,519
Net Position - End of Year	\$ 6,108,097	\$ 229,146	\$ 6,337,243	\$ —	\$ 6,337,243

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, 2018

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STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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. GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, requires component units to be blended if they are incorporated as not-for-profit corporations and the primary government is the sole corporate member.

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. The Board is appointed by the primary government. It is therefore considered blended special revenue fund and shown in the financial statements as part of the primary government.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Significant Accounting Policies (cont.)

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. The majority of the board members are appointed by the primary government and, therefore, 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. The majority of the board members are appointed by the primary government. Therefore, it is considered a blended special revenue fund and is shown in the financial statements as part of the primary government.

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

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

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Significant Accounting Policies (cont.)

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. 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

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. The MOSERS Board of Trustees also 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

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Significant Accounting Policies (cont.)

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

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

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Significant Accounting Policies (cont.)

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

Lincoln University
820 Chestnut Street
Jefferson City, Missouri 65102

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

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

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

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

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

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

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

University of Central Missouri
316 Administration Building
Warrensburg, Missouri 64093

University of Missouri System
118 University Hall
Columbia, Missouri 65211

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

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Significant Accounting Policies (cont.)

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. Missouri Transportation Finance Corporation's board determines which applicants are extended loans. 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

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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Significant Accounting Policies (cont.)

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.

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.

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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Significant Accounting Policies (cont.)

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, deferred outflows, liabilities, and 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.

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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Significant Accounting Policies (cont.)

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.

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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Significant Accounting Policies (cont.)

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.

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. This definition excludes Fiduciary funds. Cash balances of most state funds are pooled and invested by the State Treasurer (see *Note 3*).

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Significant Accounting Policies (cont.)

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.

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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Significant Accounting Policies (cont.)

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.

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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Significant Accounting Policies (cont.)

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*).
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 23*).
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).

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Significant Accounting Policies (cont.)

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, 22, and 24*).
9. The State provides postemployment health care (OPEB) 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). MCHCP is a cost-sharing multiple-employer defined benefit plan, while MHPML and CEIP are single-employer defined benefit plans. Health care benefits and MOSERS life insurance benefits are funded through both employer and employee contributions. The University of Missouri's OPEB plan is a single-employer defined benefit plan for all qualified employees.

For the purposes of measuring the total/net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from have been recognized on the same basis as they are reported by the plans. Employer contributions are recognized as revenue and reported when due and payable. Benefits are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value (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 multiple 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 and Fund Balance

The difference between fund assets, deferred outflows, liabilities, and 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.

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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Significant Accounting Policies (cont.)

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, 2018, net position restricted by enabling legislation equaled \$500,692,000 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.

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.

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.

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.

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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 1 - Significant Accounting Policies (cont.)

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, 2018:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which replaces existing and establishes new accounting and financial reporting standards for other postemployment benefits (OPEB) that are provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. Note disclosure and required supplementary information requirements for OPEB are also addressed. The implementation of this statement is reflected in *Note 8 - Other Postemployment Benefits* of the financial statements.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, which provides standards for the recognition and measurement requirements for irrevocable split-interest agreements. The implementation of this statement resulted in the University of Missouri to record a Deferred Inflow of Resources for changes in the University's remainder interest.
- GASB Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during implementation and application of certain GASB statements. The topics addressed include issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of this statement did not have an impact on the financial statements.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which provides accounting and financial reporting standards for transactions in which cash and other monetary assets acquired with only existing resources or acquired with refunding debt proceeds are placed in an irrevocable trust for the sole purpose of extinguishing debt. It also addresses accounting and financial reporting requirements for prepaid insurance related to debt extinguishment. Additional disclosures are required for all in-substance defeasance transactions as well. The implementation of this statement did not have an impact on the financial statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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, 2018.

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.

Primary Government

At June 30, 2018, the bank balance of the primary government's deposits was \$1,575,317,000. Of the bank amount, \$19,485,000 was exposed to custodial credit risk by being uninsured and collateralized with securities held by the pledging financial institutions, \$918,533,000 was held by the U.S. Treasury, and the remainder was not exposed to custodial risk.

Fiduciary

At June 30, 2018, the bank balance of the deposits of the fiduciary funds was \$96,660,000.

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 2018.

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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 3 - Deposits and Investments (cont.)

Primary Government

At June 30, 2018, the reported amount of the primary government's investments was \$3,699,058,000. Of this amount, \$156,866,000 was exposed to custodial credit risk because it was uninsured and unregistered with securities held by the State's counterparty.

Fiduciary

At June 30, 2018, the reported amount of the fiduciary funds investments was \$17,303,744,000.

Component Units

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

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.

	Maturity in Years					Total Fair Value *
	Less than 1	1-5	6-10	More than 10	No Maturity	
All Fund Types except Fiduciary Funds and Component Units:						
U.S. Treasury Securities	\$ 288,372	\$ 60,782	\$ 11,077	\$ 6,278	\$ —	\$ 366,509
U.S. Agency Securities	187,736	1,816,074	—	—	—	2,003,810
U.S. Government Guaranteed Mortgages	42	3,493	—	—	—	3,535
Collateralized Mortgage Obligations	16	1,999	—	—	—	2,015
U.S. Agency-Sponsored Securities	12,852	112,121	2,520	—	—	127,493
Repurchase Agreements	1,183,096	—	—	—	—	1,183,096
Stocks	—	—	—	—	6,900	6,900
Bonds	503	517	289	608	—	1,917
Certificates of Deposit	200	393	—	—	—	593
Mutual Funds	—	—	—	—	3,190	3,190
Subtotal	<u>1,672,817</u>	<u>1,995,379</u>	<u>13,886</u>	<u>6,886</u>	<u>10,090</u>	<u>3,699,058</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 3 - Deposits and Investments (cont.)

	Maturity in Years					Total Fair Value *
	Less than 1	1-5	6-10	More Than 10	No Maturity	
Fiduciary Funds:						
U.S. Government Securities	46,098	16,245	7,841	57,822	—	128,006
U.S. Treasury Securities	1,356,051	2,043,238	—	1,474,868	—	4,874,157
U.S. Agency Securities	1,976	21,084	46,057	93,037	—	162,154
U.S. Government Mortgage-Backed Securities	—	14,892	454	29,947	—	45,293
Repurchase Agreements	28,867	—	—	—	—	28,867
Stocks	—	—	—	—	653,630	653,630
Bonds	—	1,115,240	37,286	150,299	201	1,303,026
International Equities	—	48,549	—	—	805,428	853,977
Mortgages/Real Estate	—	495	8,605	39,302	7	48,409
Asset-Backed Securities	—	12,501	42,123	153,047	—	207,671
Short-Term Securities	3,581,556	—	—	—	—	3,581,556
Foreign Currencies	1,122	—	—	—	—	1,122
Mutual Funds	—	—	—	—	1,330,904	1,330,904
Limited Partnership Absolute Return	—	—	—	—	3,928,630	3,928,630
Tactical Fixed Income	—	—	978	—	147,595	147,595
Other	—	—	—	—	7,769	7,769
Subtotal	<u>5,015,670</u>	<u>3,272,244</u>	<u>143,344</u>	<u>1,998,322</u>	<u>6,874,164</u>	<u>17,303,744</u>
Total Investments	<u>\$ 6,688,487</u>	<u>\$ 5,267,623</u>	<u>\$ 157,230</u>	<u>\$ 2,005,208</u>	<u>\$ 6,884,254</u>	<u>\$ 21,002,802</u>

*The State Treasurer's Office reports their repurchase agreements in the amount of \$1,167,000 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 \$470,000 and \$349,000 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 2018, the State did not have any instances of noncompliance with these requirements and policies.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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, 2018

Note 3 - Deposits and Investments (cont.)

Investments Measured at Fair Value as of June 30, 2018 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)
Equity Securities				
Repurchase Agreements	\$ 31,112	\$ 6,027	\$ 25,085	\$ —
Stocks	6,900	6,900	—	—
Mutual Funds	3,190	3,190	—	—
Total Equity Securities	41,202	16,117	25,085	—
Debt Securities				
U.S. Treasury Securities	366,509	48,390	318,119	—
U.S. Agency Securities	2,003,810	—	2,003,810	—
U.S. Government Guaranteed Mortgages	3,535	—	3,535	—
Collateralized Mortgage Obligations	2,015	—	2,015	—
U.S. Agency- Sponsored Securities	127,493	—	127,493	—
Bonds	1,917	1,917	—	—
Certificates of Deposit	593	593	—	—
Total Debt Securities	2,505,872	50,900	2,454,972	—
Total Primary Government Investments	\$ 2,547,074	\$ 67,017	\$ 2,480,057	\$ —

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 3 - Deposits and Investments (cont.)

Investments Measured at Fair Value as of June 30, 2018 for the Fiduciary funds (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)
Short Term Securities	\$ 51,348	\$ 51,348	\$ —	\$ —
Equity Securities				
Stocks	288,927	288,250	671	6
Mutual Funds	427,947	427,947	—	—
Other Investments	7,769	7,769	—	—
Total Equity Securities	724,643	723,966	671	6
Debt Securities				
U.S. Treasury Securities	5,829,569	5,770,420	59,149	—
U.S. Agency Securities	1,041,261	—	1,041,261	—
U.S. Short-Term Securities	665,709	665,709	—	—
Collateralized Debt Obligations	206,641	—	80,663	125,978
Repurchase Agreements	1,100,321	—	1,100,321	—
Bonds	436,472	—	428,158	8,314
Foreign Debt Securities	88,486	—	88,486	—
Mortgage Backed Securities	109,993	—	91,358	18,635
Total Debt Securities	9,478,452	6,436,129	2,889,396	152,927
Private Markets*				
Private Equity	369,745	—	—	369,745
Real Estate	97,659	—	—	97,659
Real Assets	256,324	—	—	256,324
Opportunistic Debt	188,087	—	—	188,087
Total Private Markets	911,815	—	—	911,815
Reverse Repurchase Agreements	(3,853,969)	—	(3,853,969)	—

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 3 - Deposits and Investments (cont.)

Investments Measured at Fair Value as of June 30, 2018 for the Fiduciary funds (in thousands) (cont.):

	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)
Investment Derivative Instruments				
Future Contracts	\$ 20,087	\$ 20,087	\$ —	\$ —
Foreign Exchange Foreign Contracts	(363)	(363)	—	—
Swap Market Value	(35,521)	—	(35,521)	—
Equity Swaps	(2,387)	—	(2,387)	—
FX Forwards (assets)	751	—	751	—
Total Investment Derivative Instruments	(17,433)	19,724	(37,157)	—
Total Investments by Fair Value Level	\$ 7,294,856	\$ 7,231,167	\$ (1,001,059)	\$ 1,064,748

Investments Measured at the Net Asset Value (NAV):

	Total
Active Hedge Funds	\$ 2,211,125
Commingled international equity funds	1,294,155
MOSERS investment portfolio fund	4,043
Missouri target date funds	903,869
Private equity funds	597,947
Private real estate funds	91,534
Private timber funds	192,307
Total investments Measured at NAV	\$ 5,294,980
Total Investments Measured at Fair Value	\$ 12,589,836
Other Investments	
Other cash and receivables/payables	\$ (25,590)
Reported at Contract Value	818,693
Total Other Investments	\$ 793,103

*As of June 30 2018, Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) has unfunded commitments in private markets investments consisting of \$111,409,000 in private equity, \$109,972,000 in real estate, \$95,104,000 in real assets, and \$89,753,000 in opportunistic debt.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 3 - Deposits and Investments (cont.)

Investments Measured at the Net Asset Value as of June 30, 2018 (in thousands):

Investments	Fair Value	Unfunded Commitments (U.S. Dollars)	Redemption Frequency (If currently eligible)	Redemption Notice Period (Days)
Active hedge funds				
Activist equity ¹	29,984	\$ —	Yearly, Every 3 Years	90
Commodity trading advisors ²	8,833	—	Monthly	30
			Quarterly, Semi-Annually, Annually	
Equity long/short ³	283,435	—	for MOSERS; Quarterly for MPERS	30-60
Equity market neutral ⁴	115,349	—	Quarterly for MOSERS; Monthly for MPERS	90
Event driven ⁵	244,741	—	Quarterly for MOSERS; Monthly for MPERS	60-90
Fund-of-funds ⁶	205,209	—	Monthly	95
Global asset allocation ⁷	30,780	—	Monthly	5-60
In liquidation ⁸	40,361	—	N/A	N/A
Macro ⁹	172,396	—	Monthly, Quarterly	30
Merger arbitrage ¹⁰	121,279	—	Monthly	45
Multi-strategies ¹¹	21,848	—	Quarterly	60-90
Risk parity ¹²	597,440	—	Monthly	5-15
Risk premia ¹³	327,666	—	Bi-weekly, Monthly	15-30
Structured credit - relative value ¹⁴	11,804	—	Quarterly	60
Total active hedge funds	<u>2,211,125</u>	<u>—</u>		
Commingled international equity funds ¹⁵	1,294,155	—	Daily, Monthly	0-90
MOSERS investment portfolio fund ¹⁶	4,043	—	Monthly	None
Missouri target date funds ¹⁷	903,869	—	Daily	None
Private equity funds ¹⁸	597,947	259,230	N/A	N/A
Private real estate funds ¹⁸	91,534	10,568	N/A	N/A
Private timber funds ¹⁸	192,307	—	N/A	N/A
Total investments measured at NAV	<u>5,294,980</u>	<u>269,798</u>		

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

¹Activist 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.

²Commodity trading advisors – This value is 100% from MPERS. Consisting of 1 fund, the focus is on a systematic strategy that follows medium-term trends. The value of this investment is eligible for redemption in the next 2 months.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 3 - Deposits and Investments (cont.)

- ³Long/short equity hedge funds – This value is 94.9% from MOSERS and 5.1% from MPERS. Consisting of 3 funds for MOSERS and 1 fund 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 ranging anywhere from 4 to 12 months for MOSERS and within 6 months for MPERS.
- ⁴Equity market neutral hedge fund – This value is 86.5% from MOSERS and 13.5% 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.
- ⁵Event driven hedge funds – This value is 94.4% from MOSERS (with a redemption period of 60-65 days) and 5.6% from MPERS (with a redemption period of 90 days). Consisting of 1 fund 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 merger, corporate action, or related event. Due to contractual lock-up restrictions, (a) approximately 19% of the value of these investments are eligible for redemption quarterly, with the remaining 81% of the value of these investments remaining restricted for 4 to 20 months for MOSERS and (b) the value of these investments is eligible for redemption in the next 4 months for MPERS.
- ⁶Fund-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.
- ⁷Global 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 35 days.
- ⁸Pending liquidated hedge funds – This value is 98.5% from MOSERS and 1.5% from MPERS. MOSERS has 11 hedge funds that have been fully redeemed as of June 30, 2018, which are awaiting final distribution of the proceeds. MPERS has a small investment in 2 hedge funds that are in liquidation and have been closed, which are awaiting the sale of the final assets.
- ⁹Macro hedge funds – This value is 100% from 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.
- ¹⁰Merger 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. This investment is redeemable monthly and is not subject to lock-up restrictions.
- ¹¹Multi-strategy hedge fund – This value is 100% from MPERS. Consisting of 2 funds, these investments aim to pursue varying strategies in order to diversify risks and reduce volatility. Due to contractual lock-up restrictions, the value of these investments are eligible for redemption in the next 6 months.
- ¹²Risk 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. These investments are redeemable monthly and are not subject to lock-up restrictions.
- ¹³Risk premia hedge funds – This value is 100% from MOSERS. Consisting of 1 funds, this strategy seeks 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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 3 - Deposits and Investments (cont.)

¹⁴Structured 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.

¹⁵Commingled international equity funds – This value is 73.3% from MOSERS (with a redemption period of 1-30 days) and 26.7% from MPERS (with a redemption period of 0-30 days and 90 days). These international equity funds (3 for MOSERS and 3 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.

¹⁶MOSERS Investment Portfolio (MIP) fund - This value is 86.4% from the Deferred Compensation Plan and 13.6% 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 do the Plans have any contractual obligations to further invest in any of these funds.

¹⁷Missouri target date funds - This value is 77.5% from Deferred Compensation Plan and 22.5% 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 no unfunded commitments. 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.

¹⁸Private equity, real estate and timber funds – This value is 100% from MOSERS. MOSERS' private equity portfolio consists of 46 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 3 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 when underlying investments within 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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 3 - Deposits and Investments (cont.)

The following table (in thousands of dollars) provides information on the credit ratings associated with the State's investments in debt securities.

	<u>Moody's</u>	<u>S & P</u>	<u>Fair Value</u>
Primary Government/Fiduciary:			
U.S. Government Securities	NR	NR	\$ 81,885
U.S. Treasury	Aaa	AA+	322,593
	Aaa	NR	618,962
	NR	NR	32,798
U.S. Agencies	Aaa	NR	47,343
	NR	AA	99,683
	NR	NR	10,448
U.S. Government Mortgage- Backed Securities	NR	NR	31,900
Bonds	Aaa	NR	514
	Aa1	NR	393
	Aa3	NR	207
	A+	NR	11,130
	A3	NR	137
	NR	AAA	67,547
	NR	AA+	818,693
	NR	AA	100,316
	NR	A	108,241
	NR	BBB	166,435
	NR	BB	3,421
	NR	NR	35,408
Repurchase Agreements	Aaa	AA+	20,371
	Aaa	NR	6,026
	NR	NR	2,267,438
U.S. Agency-Sponsored Securities	Aaa	AA+	2,081,419
	Aaa	NR	2,443
	NR	NR	49,946

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 3 - Deposits and Investments (cont.)

	Moody's	S & P	Fair Value
Asset-Backed Securities	NR	AAA	\$ 34,899
	NR	AA	50,285
	NR	A	15,052
	NR	BB	5,978
	NR	NR	102,102
Mutual Funds	3-STAR	NR	25,520
Certificates of Deposit	NR	NR	593
Pooled Investments	NR	AAA	60,847
	NR	NR	977
Implicit U.S. Agencies	NR	AA	847,566
U.S. Agency Securities	Aaa	AA+	4,618
U.S Government			
Guaranteed Mortgages	Aaa	AA+	2,353
	Aaa	NR	14,575
Collateralized Mortgage			
Obligations	Aaa	AA+	2,015
	Aaa	NR	8,605
Equities	A	NR	19,167
Equity Funds	NR	NR	2,947
Fixed Income	NR	NR	243
Stocks	NR	NR	6,914
Other	NR	AAA	8,566
	NR	AA	19,550
	NR	A	7,965
	NR	BBB	25,020
	NR	BB	15,837
	NR	B	855
	NR	CCC	626
	NR	CC	306
	NR	D	899
	NR	NR	28,134
	Total Rated Investments		

NR = Not Rated.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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	\$ (230)	\$ 1,402	\$ (495)	\$ —	\$ —	\$ 677
Brazilian Real	4	5,348	5,519	—	—	10,871
British Pound Sterling	(811)	129,762	119	—	10,401	139,471
Canadian Dollar	2,653	10,635	(1,002)	—	—	12,286
Chilean Peso	6	837	177	—	—	1,020
Colombian Peso	7	296	3,968	—	—	4,271
Czech Koruna	3	167	866	—	—	1,036
Danish Krone	—	1,919	—	—	—	1,919
Egyptian Pound	—	101	—	—	—	101
Euro	439	137,412	2,315	667	21,539	162,372
Hong Kong Dollar	(63)	96,379	—	—	—	96,316
Hungarian Forint	2	254	—	—	—	256
Indian Rupee	21	7,883	—	—	—	7,904
Indonesian Rupiah	40	1,757	5,486	—	—	7,283
Japanese Yen	(96)	251,765	—	—	—	251,669
Kazakhstan Tenge	—	—	145	—	—	145
Malaysian Ringgit	6	2,126	—	—	—	2,132
Mexican Peso	5	4,292	6,628	—	—	10,925
Norwegian Krone	—	85	—	—	—	85
Pakistani Rupee	2	44	—	—	—	46
Peruvian Nuevo Sol	—	—	377	—	—	377
Philippine Peso	2	865	—	—	—	867
Polish Zloty	2	1,029	5,093	—	—	6,124
Qatari Riyal	1	728	—	—	—	729
Romanian New Leu	—	—	722	—	—	722
Russian Ruble	—	1,187	5,872	—	—	7,059
Singapore Dollar	—	24,000	—	—	—	24,000
South African Rand	67	5,571	5,509	—	—	11,147
South Korean Won	(645)	27,252	642	—	—	27,249
Swedish Krona	—	8,769	—	—	—	8,769
Swiss Franc	—	91,713	—	—	—	91,713
Taiwan New Dollar	(363)	—	—	—	—	(363)
Thai Baht	18	18,980	1,122	—	—	20,120
Turkish Lira	2	9,886	4,179	—	—	14,067
United Arab Emirates Dirham	1	507	—	—	—	508
Uruguayan Peso	—	—	417	—	—	417
Total	\$ 1,073	\$ 842,951	\$ 47,659	\$ 667	\$ 31,940	\$ 924,290

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 3 - Deposits and Investments (cont.)

C. Securities Lending Program

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 market value for domestic loans and 105% of market value for international loans. MOSERS does not have the authority to pledge or sell collateral securities without borrower default.

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. With each of MOSERS' securities lending programs, a majority of loans are open loans and can be terminated on demand by either MOSERS or the borrower. Net income from the three lending programs is split on a 90/10 basis between MOSERS and Deutsche Bank, respectively.

Daily monitoring of securities that are on loan ensure proper collateralization levels and mitigate counterparty risk. Cash collateral from all three programs is commingled and invested in a separately managed short-term investment account for MOSERS. The cash collateral account is managed by Deutsche Bank. On June 30, 2018, there were no securities on loans or cash collateral held in the account. At June 30, 2018 and June 30, 2017, MOSERS had earned \$0 and \$22,000, 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.

MPERS and borrowers maintained the right to terminate all securities lending transactions on demand. At June 30, 2018, the cash collateral fund had a fair value of \$133,616,000.

At June 30, 2018 and June 30, 2017, MPERS had earned \$193,000 and \$278,000, respectively, on the securities lending program.

Component Units:

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

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 3 - Deposits and Investments (cont.)

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 and forward foreign currency exchange contracts. MOSERS does not anticipate additional significant market risk from the derivative 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, 2018, the change in fair value of the foreign exchange contracts resulted in \$600,000 of investment loss. 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, 2018, MOSERS Foreign Currency Forward Contracts had a pending receivable of \$19,335,000 and a pending payable of \$20,061,000 resulting in a final liability of \$726,000.

The following table (in thousands of dollars) summarizes the various contracts in MOSERS portfolio as of June 30, 2018. 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>
\$680,052	\$20,087

Swap Contracts:

<u>Notional Amount</u>	<u>Counterparty Exposure</u>
\$2,530,067	\$(76)

Foreign Currency
Forward Contracts:

<u>Notional Amount</u>	<u>Exposure</u>
\$(726)	\$(726)

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, 2018. 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.

<u>Type</u>	<u>Notional/Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Futures Contracts	\$ 193,829	\$ (415)
Swap Contracts	89,654	(143)
Foreign Currency Forward Contracts	(19,713)	(415)
Total	<u>\$ 263,770</u>	<u>\$ (973)</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 3 - Deposits and Investments (cont.)

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 \$12,653,000 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.

Note 4 - Governmental Fund Balance

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>
General Fund				
Inventories	\$ 22,990	\$ —	\$ —	\$ —
Loans Receivable	25,954	—	—	—
Consumer Protection	—	—	—	17,586
Budget Reserve	—	—	614,386	—
Education	—	3,632	2,988	19,929
Medical and Other Assistance	—	—	3	—
Energy Programs	—	—	—	30,216
Forfeited Financial Instruments	—	—	—	1,492
Federal Government	—	303,480	—	—
Taxes	—	—	—	6,641
Other	—	801	284	10,841
Total	<u>\$ 48,944</u>	<u>\$ 307,913</u>	<u>\$ 617,661</u>	<u>\$ 86,705</u>
Public Education				
Inventories	\$ 123	\$ —	\$ —	\$ —
Loans Receivable	—	—	—	855
Education	—	233,381	2,184	45,544
Total	<u>\$ 123</u>	<u>\$ 233,381</u>	<u>\$ 2,184</u>	<u>\$ 46,399</u>
Conservation and Environmental Protection				
Inventories	\$ 380	\$ —	\$ —	\$ —
Loans Receivable	—	1,866	1,304,555	9,528
Conservation Commission	—	86,644	—	—
Environmental Conservation	—	33,831	317,238	97,874
State Parks	—	17,669	—	—
Forfeited Financial Instruments	—	—	—	1,009
Total	<u>\$ 380</u>	<u>\$ 140,010</u>	<u>\$ 1,621,793</u>	<u>\$ 108,411</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 4 - Governmental Fund Balance (cont.)

	Nonspendable	Restricted	Committed	Assigned
Missouri Road Fund				
Inventories	\$ 33,738	\$ —	\$ —	\$ —
Highways and Transportation	—	669,740	—	—
Total	<u>\$ 33,738</u>	<u>\$ 669,740</u>	<u>\$ —</u>	<u>\$ —</u>
Non-Major Special Revenue Funds				
Inventories	\$ 3,674	\$ —	\$ —	\$ —
Loans Receivable	—	—	—	3,498
Professional Boards and Licensure	—	—	16,554	35,487
Legal Assistance	—	23,430	7,591	7,110
Agriculture	—	3,829	549	6,944
Medical and Other Assistance	—	5,934	7,417	5,210
Transportation	—	32,233	—	166,922
Highway Patrol and Water Patrol	—	5,353	835	11,968
Workers' Compensation and Unemployment Compensation	—	49,589	—	—
Veterans' Homes	—	52,348	—	—
Other	—	9,182	6,174	18,125
Total	<u>\$ 3,674</u>	<u>\$ 181,898</u>	<u>\$ 39,120</u>	<u>\$ 255,264</u>
Non-Major Debt Service Funds				
General Obligation Bonds	\$ —	\$ 42,619	\$ —	\$ —
Fulton State Hospital	—	12,423	—	—
Missouri Road Bond	—	64,707	—	—
Total	<u>\$ —</u>	<u>\$ 119,749</u>	<u>\$ —</u>	<u>\$ —</u>
Non-Major Capital Projects Funds				
Board of Public Buildings-Education	\$ —	\$ 11,662	\$ —	\$ —
Board of Public Buildings-State Capitol	—	52,917	—	—
Board of Public Buildings-State Facility	—	13,586	—	—
Fulton State Hospital	—	43,075	—	—
State Historical Society	—	24,404	—	—
Total	<u>\$ —</u>	<u>\$ 145,644</u>	<u>\$ —</u>	<u>\$ —</u>
Non-Major Permanent Funds				
Arrow Rock State Historic Site Endowment	\$ 29	\$ —	\$ —	\$ —
Confederate Memorial Park	75	—	—	106
State Public School	57,055	—	—	—
Smith Memorial Endowment Trust	365	—	—	6
Total	<u>\$ 57,524</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 112</u>

A. 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 16th 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, 2018, was \$614,386,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows (in thousands of dollars):

	*Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Governmental Activities:				
Capital Assets not being Depreciated/Amortized:				
Construction in Progress	\$ 308,270	\$ 164,560	\$ (59,287)	\$ 413,543
Software in Progress	88,312	26,306	(15,499)	99,119
Infrastructure in Progress	1,478,649	800,004	(728,189)	1,550,464
Land	3,095,379	3,718	(5,358)	3,093,739
Permanent Easements	3,910	181	—	4,091
Total Capital Assets not being Depreciated/ Amortized	4,974,520	994,769	(808,333)	5,160,956
Capital Assets being Depreciated/Amortized:				
Land Improvements	208,276	13,103	(51)	221,328
Temporary Easements	1,513	286	(303)	1,496
Buildings and Improvements	3,387,901	40,687	(13,738)	3,414,850
Equipment	1,328,800	93,327	(69,644)	1,352,483
Software	229,386	25,111	(2,532)	251,965
Trademarks	17	—	—	17
Infrastructure	50,174,198	728,189	(73,545)	50,828,842
Total Capital Assets being Depreciated/Amortized	55,330,091	900,703	(159,813)	56,070,981
Less Accumulated Depreciation/Amortization for:				
Land Improvements	(118,693)	(4,871)	37	(123,527)
Temporary Easements	(526)	(503)	303	(726)
Buildings and Improvements	(1,823,039)	(105,250)	12,911	(1,915,378)
Equipment	(961,307)	(86,758)	63,988	(984,077)
Software	(154,635)	(25,351)	1,893	(178,093)
Trademarks	(12)	(2)	—	(14)
Infrastructure	(24,587,570)	(488,456)	60,238	(25,015,788)
Total Accumulated Depreciation/Amortization	(27,645,782)	(711,191)	139,370	(28,217,603)
Total Capital Assets being Depreciated/Amortized, Net	27,684,309	189,512	(20,443)	27,853,378
Governmental Activities Capital Assets, Net	<u>\$ 32,658,829</u>	<u>\$ 1,184,281</u>	<u>\$ (828,776)</u>	<u>\$ 33,014,334</u>
Business-Type Activities:				
Capital Assets not being Depreciated/Amortized:				
Construction in Progress	\$ 45,452	\$ 1,025	\$ (31,630)	\$ 14,847
Software in Progress	—	189	—	189
Land	32,602	—	—	32,602
Total Capital Assets not being Depreciated/ Amortized	78,054	1,214	(31,630)	47,638
Capital Assets being Depreciated/Amortized:				
Land Improvements	18,971	19,570	—	38,541
Temporary Easements	50	—	—	50
Buildings and Improvements	33,025	23,754	—	56,779
Equipment	50,673	4,882	(2,774)	52,781
Software	735	—	(104)	631
Total Capital Assets being Depreciated/Amortized	103,454	48,206	(2,878)	148,782
Less Accumulated Depreciation/Amortization for:				
Land Improvements	(7,845)	(548)	—	(8,393)
Temporary Easements	(23)	(2)	—	(25)
Buildings and Improvements	(23,020)	(1,410)	1	(24,429)
Equipment	(34,631)	(3,884)	2,675	(35,840)
Software	(533)	(94)	103	(524)
Total Accumulated Depreciation/Amortization	(66,052)	(5,938)	2,779	(69,211)
Total Capital Assets being Depreciated/Amortized, Net	37,402	42,268	(99)	79,571
Business-Type Activities Capital Assets, Net	<u>\$ 115,456</u>	<u>\$ 43,482</u>	<u>\$ (31,729)</u>	<u>\$ 127,209</u>

*Beginning balances as of July 1, 2017 have been restated (see Note 18).

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 5 - Capital Assets (cont.)

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

General Government	\$ 49,203
Education	3,169
Natural and Economic Resources	25,459
Transportation and Law Enforcement	572,020
Human Services	<u>61,340</u>
 Total	 <u>\$ 711,191</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
Capital Assets not being Depreciated/Amortized:			
Construction in Progress	\$ 169,900	\$ 857	\$ 170,757
Land	181,731	7,220	188,951
Other Non-Depreciable/Amortizable Assets	23,866	—	23,866
Total Capital Assets not being Depreciated/Amortized	<u>375,497</u>	<u>8,077</u>	<u>383,574</u>
Capital Assets being Depreciated/Amortized:			
Land Improvements	36,171	—	36,171
Buildings and Improvements	7,102,647	78,710	7,181,357
Equipment, Fixtures, and Books	1,586,362	479	1,586,841
Software	67,957	26	67,983
Infrastructure	808,653	—	808,653
Total Capital Assets being Depreciated/Amortized	<u>9,601,790</u>	<u>79,215</u>	<u>9,681,005</u>
Less Total Accumulated Depreciation/Amortization	<u>(4,586,131)</u>	<u>(21,314)</u>	<u>(4,607,445)</u>
Total Capital Assets being Depreciated/Amortized, Net ...	<u>5,015,659</u>	<u>57,901</u>	<u>5,073,560</u>
Discretely Presented Component Units – Capital Assets, Net	<u>\$ 5,391,156</u>	<u>\$ 65,978</u>	<u>\$ 5,457,134</u>

Capital Asset Impairment

Two application development projects were canceled during the fiscal year. The first project was stopped due to changing application requirements, which resulted in an impairment of \$10,000. The second project was stopped when contracting out the application support with a current service provider became a better option, which resulted in an impairment of \$48,000. These would be reported as a program expense in the government-wide financial statements.

Due to significant damage to the Oak Place Apartment buildings, owned by the University of Missouri, an impairment amount of \$17,908,000 is reported as an extraordinary item in the Component Units Statement of Revenues, Expenses, and Changes in Net Position/Statement of Activities.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 6 - Leases

Capital

The State has entered into various agreements to lease land, 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).

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):

Fiscal Year Ending June 30	Governmental Funds	Internal Service Funds	College and Universities
2019	\$ 7,722	\$ 3,171	\$ 7,341
2020	7,047	2,162	6,111
2021	6,667	1,428	5,708
2022	4,952	319	5,466
2023	2,801	319	5,444
2024-2028	4,550	802	14,296
2029-2030	1,498	241	913
Total Minimum Lease Payments	35,237	8,442	45,279
Less Amount Representing Interest	(2,587)	(432)	(5,228)
Present Value of Net Minimum Lease Payments	\$ 32,650	\$ 8,010	\$ 40,051

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
June 30, 2018

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):

Fiscal Year Ending June 30	Internal Service Funds
2019	\$ 2,416
2020	2,412
2021	2,414
2022	2,413
2023	2,409
2024-2028	12,038
2029-2031	7,217
Total Minimum Lease Payments	31,319
Less Amount Representing Interest	(5,544)
Present Value of Net Minimum Lease Payments	\$ 25,775

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):

Fiscal Year Ending June 30	Governmental Funds
2019	\$ 13,669
Total Minimum Lease Payments	13,669
Less Amount Representing Interest	(144)
Present Value of Net Minimum Lease Payments	\$ 13,525

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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, 2018 (in thousands of dollars):

	Governmental Funds	Internal Service Funds	College and Universities
Land	\$ —	\$ —	\$ 518
Buildings	196,481	40,508	64,407
Equipment	3,392	7,979	16,622
Software	3,971	4,633	—
	<u>\$ 203,844</u>	<u>\$ 53,120</u>	<u>\$ 81,547</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, 2018, were as follows (in thousands of dollars):

Fiscal Year Ending June 30	Governmental Funds	Enterprise Funds	Component Units
2019	\$ 20,665	\$ 350	\$ 14,175
2020	961	172	10,610
2021	916	62	8,858
2022	892	59	7,398
2023	501	57	6,516
2024-2028	1,607	5	13,879
2029-2033	52	—	8,183
2034-2038	50	—	4,828
2039-2043	50	—	—
2044-2048	50	—	—
2049-2053	50	—	—
2054-2058	50	—	—
2059-2063	50	—	—
Total Minimum Commitments	<u>\$ 25,894</u>	<u>\$ 705</u>	<u>\$ 74,447</u>

Expenditures for rent under operating leases for the years ended June 30, 2018 and June 30, 2017 were \$23,048,000 and \$22,740,000, respectively.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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 \$91.7 million less accumulated depreciation of \$24.5 million for component units. The Department of Natural Resources (DNR) has \$72,000 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, 2018, were as follows (in thousands of dollars):

Fiscal Year Ending June 30	Component Units
2019	\$ 4,174
2020	3,816
2021	3,745
2022	3,676
2023	3,679
2024-2028	17,769
2029-2033	17,551
2034-2038	17,478
2039-2043	14,226
2044-2048	7,217
2049-2053	2,132
2054-2058	2,132
2059-2063	1,729
2064-2068	500
2069-2073	500
2074-2078	500
2079-2083	500
2084-2088	500
2089-2093	450
Total Minimum Receivables	<u>\$ 102,274</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 multiple-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 multiple-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.

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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 7 - Retirement Systems (cont.)

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 (5 years effective January 1, 2018) of creditable service for active members 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 for general employees:

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.

MSEP 2011

Age 67 with 10 years of service (5 years effective January 1, 2018)
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 (5 years effective January 1, 2018).
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.

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 left state employment on or after October 1, 1984 and prior to September 1, 2002, have less than 10 years of service, not be within 5 years of retirement eligibility, meet age requirements, and have a benefit present value of less than \$10,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 7 - Retirement Systems (cont.)

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 (5 years effective January 1, 2018) of creditable service for active members.

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.

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 for all urban consumers for the United States (CPI-U) 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 and the annual COLA rate will be equal to 80% of the increase in the CPI-U (annual maximum of 5%). For members employed on or after August 28, 1997, COLAs are provided annually based on 80% of the increase in the CPI-U, up to a maximum rate of 5%.

Year 2000 Plan

MoDOT and non-uniformed patrol members:

Age 62 with 5 or more years of service
Age 48 with sum of age and service
equaling 80 or more (Rule of 80)

Uniformed patrol members:

Age 48 with sum of age and service
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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 7 - Retirement Systems (cont.)

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), 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-U, up to a maximum rate of 5%.

Year 2000 Plan-2011 Tier

MoDOT and non-uniformed patrol members:

Age 67 with 10 or more years of service (5 years effective January 1, 2018)

Age 55 and active with sum of age and service equaling 90 or more (Rule of 90)

Uniformed patrol members:

Age 55 and active with 10 or more years of service (5 years effective January 1, 2018)

Mandatory retirement at age 60 with no minimum service amount, active only.

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-U, 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 (5 years effective January 1, 2018) 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.

Single-Employer Plans:

Employees Covered by Benefit Terms – Single-Employers Only

As of June 30, 2017 valuation, membership consisted of the following:

	<u>Judicial Plan</u>	<u>MPERS</u>
Retirees, beneficiaries, and the disabled currently receiving benefits	559	8,831
Terminated employees entitled to, but not yet receiving benefits	26	2,324
Active		
Vested	410	5,261
Nonvested	—	2,195
Total Membership	<u>995</u>	<u>18,611</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 their annual pay. The State's required contribution rate for the MSEP and the Judicial Plan for the year ended June 30, 2017, 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, 2017, were 16.97% and 58.50%, respectively. Contributions to the pension plan from the MSEP Plan and the Judicial Plan were \$274,510,000 and \$34,247,000 respectively, for the year ended June 30, 2017.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 7 - Retirement Systems (cont.)

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, 2017, was to be at least 58.00%. The contribution rate as a percentage of covered payroll for the MPERS plan year ended June 30, 2017, was 58.00%. Contributions to the pension plan from the MPERS plan were \$206,563,000.

For the portion of the MSEP Plan relating to the State's component units, the required contribution rate for the year ended June 30, 2017, was 16.97%. The contribution rates as a percentage of covered payroll for the year ended June 30, 2017, range from 16.93% to 16.97%. Contributions to the pension plan were \$58,246,000 for the year ended June 30, 2017.

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

Cost-Sharing Multiple Employer Plan:

At June 30, 2018, 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, 2017. 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, 2017.

The State reported the following proportionate share of the net pension liability and the pension expense for the fiscal year ended June 30, 2018 (in thousands of dollars):

	MSEP	MSEP-CU
Pension Expense	\$ 724,501	\$ 156,206
Proportionate share: 2018	82.19%	17.44%
Net Pension Liability	\$ 4,279,391	\$ 908,000

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 7 - Retirement Systems (cont.)

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, 2018 (in thousands of dollars):

	Judicial Plan Increase (Decrease)			MPERS Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) – (b)	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) – (b)
	Balances at June 30, 2017	\$ 547,621	\$ 132,056	\$ 415,565	\$3,761,733	\$ 1,992,074
Changes for the year:						
Service Cost	12,946	—	12,946	45,713	—	45,713
Interest	40,617	—	40,617	283,569	—	283,569
Differences between expected and actual experience	(10,687)	—	(10,687)	(37,287)	—	(37,287)
Changes of Assumptions	7,906	—	7,906	—	—	—
Contributions – Employer	—	34,247	(34,247)	—	206,563	(206,563)
Contributions – Employee	—	787	(787)	—	4,892	(4,892)
Net Income Investment	—	4,680	(4,680)	—	220,302	(220,302)
Benefit payments, including refunds of employee contributions	(33,985)	(33,985)	—	(246,939)	(246,939)	—
Disability Premiums	—	—	—	(1,620)	(1,620)	—
Administrative Expense	—	(150)	150	—	(4,516)	4,516
Net Transfers to Other Retirement Systems	—	—	—	(2,725)	(981)	(1,744)
Net Changes	16,797	5,579	11,218	40,711	177,701	(136,990)
Balances at June 30, 2018	\$ 564,418	\$ 137,635	\$ 426,783	\$3,802,444	\$ 2,169,775	\$ 1,632,669

For the year ended June 30, 2018, the Judicial Plan and MPERS recognized pension expense of \$62,414,000 and \$136,009,000, respectively.

At June 30, 2018, 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	\$ 23,708	\$ 930	\$ —	\$ 5,030	\$ 67,399	\$ 10,289	\$ 55,761	\$ 14,301
Changes of assumptions	375,511	31,553	—	79,676	10,740	—	—	2,279
Net difference between projected and actual earnings on pension plan investments	716,864	13,716	102,667	152,104	—	—	92,183	—
Changes in proportion and differences between pension plan contributions and proportionate share of contributions	15	—	—	6,630	2,674	—	—	4,136
Contributions subsequent to the measurement date	313,167	36,895	204,955	63,393	—	—	—	—
Total	\$ 1,429,265	\$ 83,094	\$ 307,622	\$ 306,833	\$ 80,813	\$ 10,289	\$ 147,944	\$ 20,716

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 7 - Retirement Systems (cont.)

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 for the measurement period of the year ended June 30, 2018. 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
2019	\$ 338,909	\$ 16,529	\$ (35,864)	\$ 74,175
2020	464,187	15,778	5,941	99,079
2021	177,720	2,551	1,234	37,913
2022	54,469	1,052	(16,588)	11,557
Totals	\$ 1,035,285	\$ 35,910	\$ (45,277)	\$ 222,724

Actuarial Assumptions

The total pension liability at June 30, 2018, is based upon the June 30, 2017, actuarial valuation for MOSERS and MPERS using the entry age normal actuarial cost method. Significant actuarial assumptions used in the June 30, 2017, actuarial valuations are the following:

	MSEP and MSEP-CU	Judicial	MPERS
Price Inflation	2.5%	2.5%	3.0%
Salary Increases	3.25-8.75%	3.0-5.2%	3.5-11.0%
Investment Rate of Return	7.50%	7.50%	7.75%

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015, for MOSERS. In addition, the Board reaffirmed its previous decision to reduce the investment return assumption from 7.65% to 7.50% for the June 30, 2017 valuation. There were no other changes in assumptions. MOSERS mortality rates were based on the RP-2014 Healthy Annuitant Mortality table, projected to 2026 with scale MP-2015 and scaled by 120%. The pre-retirement mortality table was the RP-2014 Employee Mortality table, projected to 2026 with scale MP-2015 and scaled by 95% for males and 90% for females.

Amounts reported in the June 30, 2017, 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, 2012. 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. Pre-retirement mortality rates used was 70% for males and 50% for females of the post-retirement tables set back 1 year for males and set back 1 year for females. Disabled pension mortality was based on PBGC Disabled Mortality tables. The healthy mortality tables include a margin for mortality improvement. The margin is in the 16-year projection. The disabled mortality tables do not include a margin for mortality improvement.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 7 - Retirement Systems (cont.)

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	38.0%	5.5%	38.0%	5.5%	30.0%	4.80%
Private Equity					15.0%	6.50%
Fixed Income					20.0%	0.50%
Real Assets					7.5%	4.75%
Real Estate					10.0%	2.75%
Hedge Funds					10.0%	2.75%
Opportunistic Debt					7.5%	4.50%
Nominal Bonds	44.0%	1.0%	44.0%	1.0%		
Commodities	20.0%	4.5%	20.0%	4.5%		
Inflation-linked Bonds	39.0%	0.8%	39.0%	0.8%		
Alternative Beta	31.0%	4.5%	31.0%	4.5%		
	<u>172.0%</u>		<u>172.0%</u>		<u>100.0%</u>	

Discount Rate

A single discount rate based on the expected rate of return on pension investments of 7.50%, 7.50%, 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 employee contributions at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined 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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 7 - Retirement Systems (cont.)

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
MSEP Net Pension Liability	6.50% \$5,509,815	7.50% \$4,279,391	8.50% \$3,244,456
Judicial Plan Net Pension Liability	6.50% \$484,553	7.50% \$426,783	8.50% \$377,354
MPERS Net Pension Liability	6.75% \$2,075,475	7.75% \$1,632,669	8.75% \$1,262,286
MSEP-CU Net Pension Liability	6.50% \$1,169,071	7.50% \$908,000	8.50% \$688,408

Payables to the Pension Plan

As of June 30, 2018, the State had payables of \$14,959,000 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

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

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, RSMo, the University's Board of Curators administers the Retirement Plan and establishes its terms.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 7 - Retirement Systems (cont.)

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. Up to 30% of the retirement annuity can be taken in a lump sum payment. In addition the standard annuity can be exchanged for an actuarially-equivalent annuity selected from an array of options with joint and survivor, period certain, and guaranteed annual increase features.

As of June 30, 2018, membership consisted of the following:

Vested members	18,135
Inactive vested members	4,659
Pensioners and beneficiaries	9,763
Total Membership	<u>32,557</u>

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 9.4% of covered payroll for the year ending June 30, 2018. The ADC for those employees hired after September 30, 2012, averaged 5.5% of covered payroll for the year ended June 30, 2018. 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. The University contributed \$92,200,000 during the fiscal year ended June 30, 2018.

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 the employee contribution to the 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 \$17,579,000 of pension expense net of \$3,211,000 of forfeitures for the year ended June 30, 2018.

Net Pension Liability

The Retirement Plan's net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017. Roll-forward procedures were used to measure the Retirement Plan's net pension liability as of June 30, 2018. For the year ended June 30, 2018, fiduciary net position as a percentage of the total pension liability amounted to 83.43%.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 7 - Retirement Systems (cont.)

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

	Total Pension Liability (TPL)	Fiduciary Net Pension (FNP)	Net Pension Liability (NPL)
Balances at June 30, 2017	\$ 4,008,189	\$ 3,485,925	\$ 522,264
Changes for the year:			
Service Cost	63,624	—	63,624
Interest	305,781	—	305,781
Differences between expected and actual experience	11,704	—	11,704
Changes in assumptions	257,616	—	257,616
Contributions – Employer	—	92,200	(92,200)
Contributions – Employee	—	15,299	(15,299)
Net Income Investment	—	322,297	(322,297)
Benefit payments, including refunds of employee contributions	(233,083)	(233,083)	—
Net Changes	405,642	196,713	208,929
Balances at June 30, 2018	<u>\$ 4,413,831</u>	<u>\$ 3,682,638</u>	<u>\$ 731,193</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, 2018, the Retirement Plan recognized pension expense of \$142,185,000. At June 30, 2018, 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
Difference between expected and actual experience	\$ 14,290	\$ 34,921
Changes in assumptions	210,657	—
Net difference between projected and actual earnings on pension plan investments	24,426	—
Total	<u>\$ 249,373</u>	<u>\$ 34,921</u>

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:

Fiscal Year Ended June 30	Net Deferred Outflows/Inflows of Resources
	Recognition
2019	\$ 99,084
2020	54,894
2021	4,188
2022	32,600
2023	23,686
Totals	<u>\$ 214,452</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 7 - Retirement Systems (cont.)

Actuarial Assumptions

The October 1, 2017, actuarial valuation utilized the entry age actuarial cost method. During fiscal year 2018, the Board of Curators approved a change in the discount rate from 7.75% to 7.20%. The change resulted in an increase in the Net Pension Liability of \$257,616,000 and will be recognized in pension expense over the average expected remaining service lives of employees. Actuarial assumptions included:

Inflation	2.20%
Salary Increases	3.6% - 4.5%
Investment Rate of Return	7.20%

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 26 years from the October 1, 2017, valuation date. Mortality rates were based on the RP-2014 Combined Health Mortality Table projected using Scale MP-2017 and RP-2000 Combined Health Mortality Table projected to 2023 using Scale BB for the October 1, 2017 valuation date.

The actuarial assumptions used in the October 1, 2017, valuation were based on the results the most recent quinquennial study of the University's own experience covering 2018 to 2012.

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 on pension plan investments for the years ended June 30, 2018, was 10.2%. 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	14.5%	4.7%
International developed equity	14.5%	9.7%
Emerging markets equity	3.0%	8.6%
Private equity	10.0%	7.8%
Sovereign bonds	15.0%	3.1%
Domestic inflation linked bonds	10.0%	2.9%
Global inflation linked bonds	7.0%	2.6%
Private debt	3.0%	6.5%
Risk balanced	10.0%	9.7%
Commodities	5.0%	4.3%
Core private real estate	1.6%	4.6%
Value add private real estate	4.8%	6.6%
Opportunistic private real estate	1.6%	8.6%
	100.0%	

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 7 - Retirement Systems (cont.)

Discount Rate

The discount rate used to measure the total pension liability was 7.20%. 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, 2017, actuarial valuation, 7.20% was used as the net long-term expected rate of return.

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	6.20% \$1,287,184	7.20% \$731,193	8.20% \$262,755

Separate financial statements are not prepared for the Plan.

Detailed information concerning the Plan is presented in the University's 2018 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

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 Missouri Department of Transportation and Highway Patrol Employees' Medical and Life Insurance Plan (MHPML), and the Conservation Employees' Insurance Plan (CEIP). MCHCP is a cost-sharing multiple-employer, defined benefit other postemployment benefits plan, MOSERS is an insured, defined benefit insurance plan, and MHPML and CEIP are single-employer defined benefit public employees' other postemployment benefits plans.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 8 - Other Postemployment Benefits (cont.)

Plan Descriptions

Missouri Consolidated Health Care Plan (MCHCP) operates a cost-sharing multiple-employer, defined benefit Other Postemployment Benefits Plan (OPEB), the State Retiree Welfare Benefit Trust (SRWBT). Employees may participate at retirement, if eligible to receive a monthly retirement benefit from either Missouri Employees' Retirement System (MOSERS) or another retirement system whose members grandfathered for coverage under the MCHCP by law. The terms and conditions governing postemployment benefits, are vested with the MCHCP Board of Trustees within the authority granted under 103.003 through 103.178, RSMo. MCHCP provides medical, dental, and vision benefits, and the Strive Employee Life & Family program for the exclusive benefit of current and future retired employees of the state and their dependents who meet eligibility requirements, except those retired members covered by other OPEB plans of the state. Covered categories include active employees, participants and spouses in payment status, participants with a deferred benefit, and disabled participants.

The Missouri Department of Transportation and Highway Patrol Employees' Medical and Life Insurance Plan (MHPML) is a single-employer, defined benefit OPEB plan administered in accordance with Section 104.270, RSMo. MHPML is not a separate legal entity and is self insured. The plan does not maintain assets in a trust and pays expenses on a pay-as-you-go basis. The plan assets are neither legally protected from creditors nor are they dedicated to providing OPEB benefits. The State has no legal obligation to pay the benefits. MHPML provides healthcare insurance benefits to employees who retired from the Department who participated in the Medical and Life Insurance Plan when they were an active employee and had a minimum of five years creditable service. Coverage categories include retirees, certain disabled employees, spouses, certain dependents and survivors of deceased employees and retirees. At June 30, 2017, the number of participants covered by the plan included 6,211 retirees or beneficiaries currently receiving benefits, 90 retirees entitled to but not yet receiving benefits, and 7,558 active employees.

The Conservation Employees' Benefits Plan (CEIP) is a single-employer defined benefit OPEB plan administered by the Conservation Employees' Benefits Plan Board of Trustees in accordance with Article IV, Section 42 of the Missouri Constitution. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The benefit plan for the Department of Conservation is not irrevocable.

CEIP provides for continuation of medical insurance benefits for retirees and their dependents. Coverage categories include active employees, retirees and surviving spouses, and spouses of current retirees. At June 30, 2017, 1,301 active employees, 714 retirees and surviving spouses, and 404 spouses of current employees were participating in the plan.

Contributions

Contributions are established and may be amended by the MCHCP Board of Trustees with the authority granted under 103.003 through 103.178, RSMo. Contributions to MCHCP by the State are not legally or contractually required. For the fiscal year end June 30, 2017, employers contributed 4.26% for the period July 1, 2016 through December 31, 2016, and 4.02% for the period January 1, 2017, through June 30, 2017, of covered payroll. Retiree contribution rates are established based on projected claims experience and funding provided by employer contributions. Contributions to the OPEB plan for MCHCP and MCHCP-CU was \$67,099,000 and \$18,000, respectively for the year ended June 30, 2017.

The contribution requirements for MHPML are recommended by the Medical and Life Insurance Plan's Board of Trustees and are approved by the Missouri Highways and Transportation Commission. The Commission contributes a percentage of medical premiums for retirees. For those who retired prior to January 1, 2015, an amount ranging from 40.0% to 57.0% of the premium is contributed, dependent on the level of coverage. Medical premiums, for employees who retire on or after January 1, 2015, are based on total years of service, with the Commission contributing 2.0% per year of service, not to exceed 50.0% of the total premium, with the retiree responsible for the remaining balance of the premiums. Benefit projections for financial reporting purposes are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and the historical pattern of cost sharing between employer and the plan members to that point. Contributions to the Plan for the year ended June 30, 2017 was \$21,186,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 8 - Other Postemployment Benefits (cont.)

The contribution requirements for CEIP are established by a trust agreement between the Conservation Commission and the Conservation Employees' Benefits Plan Board of Trustees, which grants the authority to establish and amend benefit terms and financing requirements to the Board of Trustees. The Commission contribution toward retiree medical premium is based on tenure or years of service with the State. At the time of retirement, employees who have 25+ years of service receive a 35% contribution, 20-24 years of service receive a 30% contribution, 15-19 years of service receive a 25% contribution, vested status up to 14 years of service receive a 20% contribution, and employees who retired prior to January 1, 2013 continue to receive a 35% contribution towards their premium. Benefit projections for financial reporting purposes are based on an established policy of the retiree's paying the premium amount less any direct subsidy paid by the Commission based on years of service and date of retirement. Contributions to the Plan for the year ended June 30, 2017 was \$3,006,000.

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

Cost-Sharing Multiple Employer Plan:

At June 30, 2018, a liability was reported for the State's proportionate share of the collective net OPEB liability for the MCHCP and the MCHCP-CU plans based on an actuarial valuation as of June 30, 2017. The State's proportionate share of the collective net OPEB liability was calculated by dividing the State's contribution to the SRWBT by the total contributions from all applicable employers during the measurement period. During the actuarial calculations associated with the employer schedule of allocations, it was determined that the census file for active participants was valued with 5 additional months of service and that additional service related for administrative law judges and retired legislators should be included. These net adjustments to the actuarial valuation resulted in a decrease in the beginning net OPEB liability of approximately \$9 million dollars. Also, from the previous valuation, the discount rate changed from 5.70% to 5.71%.

The State reported the following proportionate share of the collective net OPEB liability and the OPEB expense for the fiscal year ended June 30, 2018 (in thousands of dollars):

	<u>MCHCP</u>	<u>MCHCP-CU</u>
OPEB Expense	\$ 123,276	\$ 32
Proportionate share: 2018	99.56%	0.03%
Net OPEB Liability	\$ 1,756,787	\$ 484

Single-Employer Plans:

The State's total OPEB liability and related information for the MHPML and CEIP plans for the fiscal year ended June 30, 2018 (in thousands of dollars):

	<u>MHPML</u>	<u>CEIP</u>
	Total OPEB Liability	Total OPEB Liability
Balances at June 30, 2017	\$ 1,222,196	\$ 137,344
Changes for the year:		
Service Cost	49,483	3,109
Interest	35,941	4,975
Changes of assumptions or other inputs	(165,036)	(7,665)
Benefit payments	(21,185)	(3,006)
Net Changes	(100,797)	(2,587)
Balances at June 30, 2018	<u>\$ 1,121,399</u>	<u>\$ 134,757</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 8 - Other Postemployment Benefits (cont.)

For the year ended June 30, 2018, the MHPML and CEIP recognized OPEB expense of \$58,457,000 and \$6,844,000, respectively.

At June 30, 2018, deferred outflows of resources and deferred inflows of resources related to OPEBs were reported from the following sources (in thousands of dollars):

	Deferred Outflows of Resources				Deferred Inflows of Resources			
	MCHCP	MHPML	CEIP	MCHCP-CU	MCHCP	MHPML	CEIP	MCHCP-CU
Difference between expected and actual experience	\$ —	\$ —	\$ —	\$ —	\$ (3,188)	\$ —	\$ —	\$ (1)
Changes of assumptions	—	—	—	—	—	(138,069)	(6,425)	—
Net difference between projected and actual earnings on plan investments	—	—	—	—	(171)	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	59	—	—	—	(58)	—	—	(18)
Contributions subsequent to the measurement date	68,522	22,866	3,993	20	—	—	—	—
Total	\$ 68,581	\$ 22,866	\$ 3,993	\$ 20	\$ (3,417)	\$ (138,069)	\$ (6,425)	\$ (19)

Amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement period of the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands of dollars):

Fiscal Year Ended June 30	Net Deferred Outflows/Inflows of Resources			
	MCHCP	MHPML	CEIP	MCHCP-CU
2019	\$ (431)	\$ (26,967)	\$ (1,241)	\$ (2)
2020	(430)	(26,967)	(1,240)	(2)
2021	(431)	(26,967)	(1,240)	(2)
2022	(430)	(26,966)	(1,240)	(3)
2023	(388)	(26,966)	(1,241)	(2)
Thereafter	(1,248)	(3,236)	(223)	(8)
Totals	\$ (3,358)	\$ (138,069)	\$ (6,425)	\$ (19)

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 8 - Other Postemployment Benefits (cont.)

Actuarial Assumptions

The total OPEB liability at June 30, 2018, is based upon the June 30, 2017, actuarial valuation date for MCHCP and CEIP, and July 1, 2017 for MHPML, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the actuarial valuations are the following:

	MCHCP and MCHCP-CU
Price Inflation	3.0%
Salary Increases	4.0%
Investment Rate of Return	5.71%
Healthcare Cost Trend Rate	Non-Medicare is 6.5% for fiscal year 2017; the rate decreases by 0.25% per year to an ultimate rate of 5.0% in fiscal year 2023 and later. Medicare is 7.5% for fiscal year 2017; the rate decreases by 0.25% per year to an ultimate of 5.0% in fiscal year 2027 and after.
	MHPML
Price Inflation	2.0%
Salary Increases	2.5%
Investment Rate of Return	3.58%
Healthcare Cost Trend Rate	8.4% for 2017, decreasing to 4.6% for 2018 and later years.
	CEIP
Price Inflation	2.3%
Salary Increases	4.0%
Investment Rate of Return	3.87%
Healthcare Cost Trend Rate	Pre-65 rate of 6.6% for 2017, gradually decreasing to an ultimate rate of 4.1% for 2084 and beyond. Post-65 trend rate of 6.8% for 2017, gradually decreasing to an ultimate rate of 4.3% for 2090 and beyond.

MCHCP's actuarial assumptions used in the June 30, 2017 valuation for SRWBT involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation to determine the SRWBT's total OPEB liability is required to be performed at least every two years. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the 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 liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations. The collective total OPEB liability for June 30, 2017 measurement date was determined by an actuarial valuation as of January 1, 2017, with updated procedures used to roll forward the total OPEB liability to June 30, 2017. The cost method utilized for the valuation year June 30, 2017, was the entry age normal, level percentage of payroll. Mortality rates were based on RP-2016 for Employees/Annuitants without collar adjustments using Scal MP-2016. The last experience study was conducted for the period July 1, 2008 through June 30, 2012. The last independent actuarial review of the reasonableness and accuracy of actuarial assumptions, actuarial cost methods, and valuations was conducted as of June 30, 2016.

MHPML's actuarial assumptions used in the June 30, 2017 valuation were determined using a measurement date of July 1, 2017 with a roll forward to June 30, 2018. The inflation rate was based on the actuary's long-term estimate of inflation as of July 1, 2016 and July 1, 2017. The salary increases were based on projected salaries, which include COLA's. The discount rate was based on Bond Buyer General Obligation 20-Bond Municipal Bond Index. Mortality rates were based on the RP 2014 Employees and Health Annuitants Mortality table, headcount weighted, fully generational projected by Scale MP-2016. The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2017. Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% in 2017 to 3.58% in 2018.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 8 - Other Postemployment Benefits (cont.)

CEIP's actuarial assumptions used in the June 30, 2017 valuation were determined using a measurement date of June 30, 2018. The discount rate was based on the 20-year Bond General Obligation Index. Mortality rates were based on RP-2014 Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2017. The plan has not had a formal actuarial experience study performed.

For MCHCP, the long-term expected rate of return on OPEB plan investments was determined as a blend of the plan sponsor's best estimate on the expected return on plan assets and the 20-year high quality municipal bond rate as of the measurement date. The target asset allocation and best estimates of arithmetic real rate of returns for each major asset class are listed below.

Asset Class	MCHCP and MCHCP-CU	
	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Stocks	20.0%	5.7%
Mid Cap Stocks	10.0%	6.0%
Small Cap Stocks	10.0%	6.0%
High-Yield Bonds	10.0%	2.6%
BarCap Aggregate Bonds	20.0%	1.0%
Long Government/Credit	25.0%	1.4%
Cash Equivalants	5.0%	0.3%
	100.0%	

Discount Rate

A single discount rate based on the expected rate of return on OPEB investments of 5.71%, 3.58%, and 3.87% was used to measure the total OPEB liability for MCHCP, MHPML, and CEIP, respectively. For MCHCP, the projection of cash flows used to determine the discount rate assumed that employee contributions at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. For years where the expected benefit payments can be covered by projected trust assets, expected returns are used. For years where payments are not expected to be covered by trust assets, the municipal Bond Buyer 20-Bond General Obligation Index rate is utilized.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

Regarding the sensitivity of the net OPEB liability for MCHCP and total OPEB liability for MHPML and CEIP, to changes in the single discount rate, the following presents the State's liability, calculated using a single discount rate, as well as, what the plan's 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
MCHCP Net OPEB Liability	4.71% 2,074,806	5.71% 1,756,787	6.71% 1,505,080
MHPML Total OPEB Liability	2.58% 1,356,435	3.58% 1,121,399	4.58% 941,641
CEIP Total OPEB Liability	2.87% 163,978	3.87% 134,757	4.87% 112,431
MCHCP-CU Net OPEB Liability	4.71% 571	5.71% 484	6.71% 414

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 8 - Other Postemployment Benefits (cont.)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

Regarding the sensitivity of the net OPEB liability for MCHCP and the total OPEB liability for MHPML and CEIP, to changes in healthcare cost trend rates, the following presents the plan's liability, calculated using healthcare cost trend rates, as well as, what the plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher (in thousands of dollars):

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
MCHCP Net OPEB Liability	1,497,398	1,756,787	2,085,312
MHPML Total OPEB Liability	919,386	1,121,399	1,392,141
CEIP Total OPEB Liability	112,514	134,757	164,184
MCHCP-CU Net OPEB Liability	412	484	574

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separate financial reports issued by MCHCP:

Missouri Consolidated Health Care Plan
P.O. Box 104355
Jefferson City, Missouri 65110-4355
www.mchcp.org

Missouri State Insured Defined Benefit Insurance Plan

The Missouri State Insured Defined Benefit Insurance Plan is administered through The Standard, which is a third party administrator with oversight by Missouri State Employees Retirement System (MOSERS). In the event that the Standard becomes insolvent, the Missouri Guarantee Association will work with the Standard to see what assets are available to handle their liabilities and the MO Guarantee Association would handle the open and unpaid claims up to the maximum outlined in Section 376.717 RSMo.

Retiree Life Insurance

Members who retire on or after October 1, 1985 or retirees of the Department of Labor and Industrial Relations (DOLIR) who retire on or after January 1, 1996 are eligible for \$5,000 of state-sponsored basic life insurance coverage if they retire directly from active employment. This group plan is financed on a percentage of payroll and is purchased as a group policy through competitive bids. Premiums are contributed as provided by Section 104.515, RSMo. Retirees of the DOLIR who retire prior to January 1, 1996 are eligible for state-sponsored insured defined benefit coverage in the same amount of coverage they were receiving through the DOLIR. The coverage for this closed group is purchased as a group policy at a current cost of \$2.07 per thousand dollars of coverage, per month as provided by Section 288.225 RSMo. OPEB expense for fiscal year 2018 was \$1,902,000.

Long-Term Disability Insurance (LTD)

MOSERS provides (LTD) coverage for eligible members and generally includes those active members of MOSERS' retirement plans who do not have other disability coverage and are not yet eligible to receive normal (unreduced) retirement benefits. There were 32,836 members covered under the program, as of June 30, 2018. This insured defined-benefit coverage is billed on percentage of covered payroll (0.55%). Purchased as group policy through competitive bids, LTD is administered by The Standard Insurance Company. The cost for the year ended June 30, 2018 was \$8,130,000. Premiums are contributed by the state and its component employers as provided for by Section 104.515, RSMo.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 8 - Other Postemployment Benefits (cont.)

University of Missouri System

Plan Description

In addition to the retirement benefits described in Note 7, the University of Missouri operates a single-employer, defined benefit Other Postemployment Benefits (OPEB) Plan. The assets of the OPEB Trust Fund are irrevocable and legally protected from creditors and dedicated to providing postemployment benefits in accordance with the plan. The OPEB plan provides postemployment medical, dental, and life insurance benefits to employees who retire from the University after attaining age 55 and before reaching age 60 with ten or more years of service, or after age 60 with five or more years of service. As of January 1, 2018, employees must be 60 years old and have 20 years of service at the date of retirement to access the same percentage subsidy as retirees prior to January 1, 2018. Employees with age plus years of service less than 80, but with more than 5 years of service as of January 1, 2018 will receive a subsidy of \$100 per year of service up to a maximum of \$2,500 annually. Employees with less than 5 years of service as of January 1, 2018 will not receive an insurance subsidy or be eligible to participate in the University's plans.

As of June 30, 2018 and 2017, 8,603 and 7,517 retirees, respectively, were receiving benefits, and an estimated 10,649 active University employees may become eligible to receive benefits under the plan. Post-employment medical, dental and life insurance benefits are also provided to long-term disability claimants who were vested in the University's Retirement Plan at the date the disability began, provided the onset date of the disability was on or after September 1, 1990. As of June 30, 2018 and 2017, 210 and 166 long-term disability claimants, respectively, met those eligibility requirements. The terms and conditions governing the postemployment benefits to which employees are entitled are at the sole authority and discretion of the University's Board of Curators. The OPEB plan does not issue a separate financial report.

Contributions

Postemployment benefits are funded through both employer and employee contributions. Contribution requirements of employees and the University are established and may be amended by the University's Board of Curators. For employees retiring prior to September 1, 1990, the University contributes 2/3 of the medical benefits premium and 1/2 of the dental plan premium. For employees who retire on or after September 1, 1990, the University contributes towards premiums based on the employee's length of service and age at retirement.

The University makes available two group term life insurance options. Option A coverage is equal to the retiree's salary at the date of retirement, while Option B is equal to two times the amount. For each Option, graded decreases in coverage are made when the retiree attains specific age levels. The University pays the full cost of Option A and approximately 91% of Option B coverage. Coverage for group term life insurance ends on January 1 following the retiree's 70th birthday.

For the years ended June 30, 2018 and 2017, participant contributions were \$16,480,000 and \$14,750,000 or approximately 49.9% and 47.5% respectively, of the total premiums through their required contributions, which vary depending on the plan and coverage selection. In fiscal years 2018 and 2017, the contribution rate as a percentage of covered payroll was 2.58% and 2.72%, respectively, and the University contributed \$18,590,000 and \$21,394,000, respectively.

The University also makes available two long-term disability options to its employees. Option A coverage is equal to 60% of the employee's salary on the date the disability began, when integrated with benefits from all other sources. Option B coverage is equal to 66-2/3% of the employee's salary, integrated so that benefits from all sources will not exceed 85% of the employee's salary. Both options have a 149-day waiting period and provide benefits until age 65. The University pays the full cost of the Option A premium, while employees enrolled in Option B pay the additional cost over the Optional A premium.

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

At June 30, 2018, the net OPEB liability for the University was based on an actuarial valuation as of June 30, 2018 and measured as of that date. For the year ended June 30, 2018, fiduciary net position as a percentage of the net OPEB liability amounted to 7.68%.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 8 - Other Postemployment Benefits (cont.)

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

	Total OPEB Liability (TOL)	Fiduciary Net Pension (FNP)	Net OPEB Liability (NOL)
Balances at June 30, 2017	\$ 498,407	\$ 36,144	\$ 462,263
Changes for the year:			
Service Cost	4,991	—	4,991
Interest	17,434	—	17,434
Changes in assumptions	(18,998)	—	(18,998)
Contributions – Employer	—	18,590	(18,590)
Contributions – Employee	—	16,480	(16,480)
Net Investment Income	—	790	(790)
Benefit payments, including refunds of employee contributions	(22,828)	(35,031)	12,203
Administrative Expenses	—	(172)	172
Net Changes	(19,401)	657	(20,058)
Balances at June 30, 2018	<u>\$ 479,006</u>	<u>\$ 36,801</u>	<u>\$ 442,205</u>

For the year ended June 30, 2018, the University recognized OPEB expense of \$15,947,000. At June 30, 2018, deferred outflows of resources and deferred inflows of resources related to OPEBs were reported from the following sources (in thousands of dollars):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ —	\$ 33,795
Net difference between projected and actual earnings on OPEB plan investments	—	1,180
Total	<u>\$ —</u>	<u>\$ 34,975</u>

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 those items (in thousands of dollars):

Fiscal Year Ended June 30	Net Deferred Outflows/Inflows of Resources Recognition
2019	\$ (6,478)
2020	(6,478)
2021	(6,478)
2022	(6,295)
2023	(5,978)
Thereafter	(3,268)
Totals	<u>\$ (34,975)</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 8 - Other Postemployment Benefits (cont.)

Actuarial Assumptions

The total OPEB liability at June 30, 2018, is based upon the June 30, 2018, using the entry age normal, as a level percentage of pay, actuarial cost method. Significant actuarial assumptions used in the actuarial valuations are the following:

Price Inflation		2.2%
	Varies based on age: 0.5% to 4.6% (including inflation) for academic and administrative; 0.2% to 3.0% (including inflation) for clerical and service	
Salary Increases		
Investment Rate of Return		3.87%
Retiree Health PPO Plan, Healthy Savings, and Rx Healthcare Cost Trend Rate	8.75% decreasing by 0.25% per year until ultimate trend of 4.5% is reached.	
Pre-65 Rx trend rate	9.75% decreasing by 0.25% per year until ultimate trend of 4.5% is reached.	
Medicare Advantage Plans medical trend rate	4.6% and 37.5% for Base Plan; 5.6% and 24.2% for Buy-Up Plan; then 6.5% decreasing by 0.25% per year until an ultimate trend of 4.5% is reached	
EWP Rx trend rate	8.75% decreasing by 0.25% per year until an ultimate trend of 4.5% is reached	
Dental trend rates	3.0% all years.	

The University's actuarial assumptions used in the June 30, 2018 valuation involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Benefit projections for financial reporting purposes are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and the historical pattern of cost sharing 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 liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations. For healthy retiree mortality rates, the RP-2014 Healthy Employee/Annuitant Mortality Table projected generationally using Scale MP-2017 was used. For disabled retiree mortality rates, the RP-2014 Disabled Annuitant Mortality Table projected generationally using Scale MP-2017 was used.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87% for the year ended June 30, 2018. The projection of cash flows used to determine the discount rate assumed that the University would not make additional contributions to the OPEB Trust and would continue to fund the plan on a pay-as-you-go basis, therefore the University's investments related to OPEB are considered cash and cash equivalents. For the June 30, 2018 actuarial valuation, 3.87% was used as the long-term expected rate of return. Based on these assumptions, the OPEB Plan's fiduciary net position was not projected to cover a full year of projected future benefit payments. Therefore, all future benefit payments are discounted at the current index rate for 20 year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

Regarding the sensitivity of the net OPEB liability for the University, to changes in the single discount rate, the following presents the University's liability, calculated using a single discount rate, as well as, what the plan's 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
Net OPEB Liability	2.87% 513,279	3.87% 442,205	4.87% 387,166

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 8 - Other Postemployment Benefits (cont.)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

Regarding the sensitivity of the net OPEB liability for the University, to changes in healthcare cost trend rates, the following presents the University's liability, calculated using healthcare cost trend rates, as well as, what the plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher (in thousands of dollars):

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	395,187	442,205	502,943

Detailed information concerning the Plan is presented in the University's 2018 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

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, 2018

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 employers as well as rollovers from other qualified plans. During fiscal year 2018, net rollovers and contributions to ICMA-RC were \$62,226,000.

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, 2018 (in thousands of dollars):

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental Activities:				
Bank Overdraft	\$ 2	\$ 1,307,691	\$ (1,307,691)	\$ 2

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 11 - Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018 (in thousands of dollars):

	*Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Due Within One Year
Governmental Activities:					
Due to Other Entities	\$ 1,361	\$ 59	\$ —	\$ 1,420	\$ —
General Obligation Bonds Payable	154,830	—	(50,135)	104,695	38,575
Other Bonds Payable	2,943,825	124,905	(261,490)	2,807,240	274,690
Unamortized Bond Premium	198,449	9,751	(41,324)	166,876	—
Obligations under Lease Purchase	99,816	9,089	(28,945)	79,960	25,137
Pollution Remediation	47,431	49	(1,241)	46,239	1,783
Compensated Absences	175,015	205,122	(207,408)	172,729	166,929
Claims Liability	177,678	505,888	(507,613)	175,953	118,754
Contingent Liabilities	71,150	4,368	(26,595)	48,923	38,426
2 nd Injury Fund Contingent Liabilities	1,840,186	213,633	(100,651)	1,953,168	100,651
Net/Total Other Postemployment Benefit Obligation	3,000,304	219,274	(271,828)	2,947,750	—
Net Pension Liability	5,880,832	1,265,404	(945,511)	6,200,725	—
Total Governmental-Type Activities	<u>\$ 14,590,877</u>	<u>\$ 2,557,542</u>	<u>\$ (2,442,741)</u>	<u>\$ 14,705,678</u>	<u>\$ 764,945</u>
Business-Type Activities:					
Obligations under Lease Purchase	\$ 128	\$ —	\$ (128)	\$ —	\$ —
Claims Liability	81,868	15,244	(13,094)	84,018	13,200
Grand Prize Winner Liability	111,185	77,108	(81,708)	106,585	79,233
Compensated Absences	4,604	7,621	(7,765)	4,460	4,404
Net Other Postemployment Benefit Obligation	53,866	4,868	(2,908)	55,826	—
Net Pension Liability	119,627	68,098	(50,883)	136,842	—
Total Business-Type Activities	<u>\$ 371,278</u>	<u>\$ 172,939</u>	<u>\$ (156,486)</u>	<u>\$ 387,731</u>	<u>\$ 96,837</u>

*Beginning balances as of June 30, 2017 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, 2018

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):

	Date Issued	Amount Issued	Series Refunded	Amount Refunded
Water Pollution Control Bonds:				
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
Fourth State Building Bonds:				
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
Stormwater Control Bonds:				
Series A 2010-Refunding	7/27/10	15,150	A 2001	7,320
			A 2002	8,475
			A 2005-Refunding	905

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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, 2018, \$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, 2018, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Water Pollution Control Bonds:						
Series A 2007	4.0 - 5.0%	6/1; 12/1	11/07	12/1/21	\$ 50,000	\$ 7,435
Series A 2010-Refunding	4.0 - 5.0%	12/1; 6/1	7/10	12/1/22	81,450	42,365
Series A 2012-Refunding	3.0 - 4.0%	10/1; 4/1	9/12	10/1/19	62,460	3,670
Fourth State Building Bonds:						
Series A 2010-Refunding	4.0 - 5.0%	12/1; 6/1	7/10	12/1/22	9,060	4,710
Series A 2012-Refunding	2.0 - 4.0%	10/1; 4/1	9/12	10/1/21	100,395	38,640
Stormwater Control Bonds:						
Series A 2010-Refunding	4.0 - 5.0%	12/1; 6/1	7/10	12/1/22	15,150	7,875
Total General Obligation Bonds					<u>\$ 318,515</u>	<u>\$ 104,695</u>
Less: Amount in Sinking Fund for payment of Principal						<u>(42,619)</u>
						<u>\$ 62,076</u>

As of June 30, 2018, 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
2019	\$ 38,575	\$ 3,712	\$ 42,287
2020	21,590	2,445	24,035
2021	15,880	1,666	17,546
2022	16,560	964	17,524
2023	12,090	302	12,392
Totals	<u>\$ 104,695</u>	<u>\$ 9,089</u>	<u>\$ 113,784</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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, 2018, the Board of Public Buildings Bonds had issued \$1,192,915,000 of the bond authorization. The remaining authorization is \$352,085,000.

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2018, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Board of Public Buildings:						
Series A 2011-Refunding	1.0 - 5.0%	4/1; 10/1	9/11	10/1/28	\$ 143,020	\$ 82,940
Series A 2012-Refunding	2.0 - 5.0%	4/1; 10/1	8/12	10/1/28	278,835	219,565
Series A 2013-Refunding	2.0 - 5.0%	4/1; 10/1	10/13	10/1/28	29,370	23,120
Series A 2014-Refunding	1.0 - 5.0%	4/1; 10/1	8/14	10/1/30	88,680	80,930
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	34,180
Series B 2015	3.0 - 5.0%	4/1; 10/1	9/15	4/1/30	60,000	49,250
Series A 2016	3.0 - 4.0%	4/1; 10/1	5/16	4/1/36	100,000	88,085
Series A 2017	2.0 - 5.0%	4/1; 10/1	9/17	4/1/32	77,165	72,300
Series A 2018	3.0 - 5.0%	4/1; 10/1	5/18	4/1/38	47,740	47,740
Total Board of Public Buildings Bonds					<u>\$ 881,865</u>	<u>\$ 718,360</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 12 - Bonds Payable (cont.)

As of June 30, 2018, 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):

Fiscal Year Ended June 30	Principal	Interest	Totals
2019	\$ 48,610	\$ 25,789	\$ 74,399
2020	50,595	23,645	74,240
2021	52,880	21,267	74,147
2022	55,220	18,828	74,048
2023	57,480	16,573	74,053
2024-2028	304,060	48,612	352,672
2029-2033	118,580	11,354	129,934
2034-2038	26,620	3,018	29,638
2039-2040	4,315	152	4,467
Totals	\$ 718,360	\$ 169,238	\$ 887,598

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 special, 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, 2018, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Educational Facilities Revenue Bonds:						
Series 2011-Refunding	2.0 - 5.0%	4/1; 10/1	11/11	10/1/21	<u>\$ 20,125</u>	<u>\$ 9,145</u>

As of June 30, 2018, 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):

Fiscal Year Ended June 30	Principal	Interest	Totals
2019	\$ 2,115	\$ 404	\$ 2,519
2020	2,225	296	2,521
2021	2,340	182	2,522
2022	2,465	62	2,527
Totals	\$ 9,145	\$ 944	\$ 10,089

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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, 2018, 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	\$ 35,450

As of June 30, 2018, 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
2019	\$ 8,225	\$ 1,567	\$ 9,792
2020	8,635	1,145	9,780
2021	9,070	703	9,773
2022	9,520	238	9,758
Totals	\$ 35,450	\$ 3,653	\$ 39,103

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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):

Fiscal Year Ended June 30	State Debt Service Payments
2019	\$ 10,000
2020	10,000
2021	10,000
2022	5,000
Total	<u>\$ 35,000</u>

The Missouri Development Finance Board (MDFB) issued \$92,660,000 of Series 2014 Bonds dated December 10, 2014 and \$97,225,000 of Series 2016 Bonds dated December 15, 2016, to fund the replacement of the Fulton State Hospital. These bonds are special, 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, 2018, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Fulton State Hospital						
Project Bonds:						
Series 2014	2.25 - 5.0%	4/1; 10/1	12/14	10/1/39	\$ 92,660	\$ 85,700
Series 2016	4.0 - 5.0%	4/1; 10/1	12/16	10/1/39	97,225	94,810
Total Fulton State Hospital Bonds					<u>\$ 189,885</u>	<u>\$ 180,510</u>

As of June 30, 2018, 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):

Fiscal Year Ended June 30	Principal	Interest	Totals
2019	\$ 5,095	\$ 7,252	\$ 12,347
2020	5,355	6,991	12,346
2021	5,625	6,717	12,342
2022	5,910	6,428	12,338
2023	6,210	6,125	12,335
2024-2028	34,935	26,667	61,602
2029-2033	42,445	19,059	61,504
2034-2038	51,340	10,118	61,458
2039-2040	23,595	969	24,564
Totals	<u>\$ 180,510</u>	<u>\$ 90,326</u>	<u>\$ 270,836</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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 special, 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, 2018, 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	\$ 31,405

As of June 30, 2018, 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
2019	\$ 1,290	\$ 1,039	\$ 2,329
2020	1,350	973	2,323
2021	1,415	903	2,318
2022	1,480	831	2,311
2023	1,530	779	2,309
2024-2028	8,295	3,168	11,463
2029-2033	9,605	1,738	11,343
2034-2036	6,440	300	6,740
Totals	\$ 31,405	\$ 9,731	\$ 41,136

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, 2018, the Missouri Highways and Transportation Commission had issued \$3,812,195,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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):

	Date Issued	Amount Issued	Series Refunded	Amount Refunded
Senior Lien State Road Bonds:				
Series 2006-Refunding	12/13/06	\$ 394,870	A 2000	\$ 135,980
			A 2001	105,075
			A 2002	109,165
			A 2003	57,390
Series C 2010-Refunding	11/10/10	130,390	A 2001	11,135
			A 2002	18,405
			A 2003	111,760
Series A 2014-Refunding	6/3/14	589,015	A 2006	149,150
			B 2006	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, 2018, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Missouri Highways and Transportation Commission:						
State Road Bonds						
Series 2006-Refunding	4.00 - 5.00%	2/1; 8/1	12/06	2/1/19	\$ 394,870	\$ 61,200
Series A 2008-Second Lien	3.00 - 5.00%	5/1; 11/1	12/08	5/1/25	142,735	78,260
Series A 2009	2.00 - 5.00%	5/1; 11/1	9/09	5/1/21	195,625	62,620
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	261,325
Series A 2010	1.50 - 5.00%	5/1; 11/1	3/10	5/1/22	128,865	42,160
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	65,770
Series A 2014-Refunding	2.00 - 5.00%	5/1; 11/1	6/14	5/1/26	589,015	550,250
Series B 2014-Refunding	3.00 - 5.00%	5/1; 11/1	6/14	5/1/25	311,975	250,275
Total Missouri Highways and Transportation Commission					<u>\$ 2,653,985</u>	<u>\$ 1,832,370</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 12 - Bonds Payable (cont.)

As of June 30, 2018, debt service requirements for principal and interest in future years for the Missouri Highways and Transportation Commission were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2019	\$ 209,355	\$ 92,447	\$ 301,802
2020	170,340	82,413	252,753
2021	183,515	74,224	257,739
2022	196,330	65,170	261,500
2023	199,720	55,530	255,250
2024-2028	643,185	145,947	789,132
2029-2033	229,925	35,328	265,253
Totals	<u>\$ 1,832,370</u>	<u>\$ 551,059</u>	<u>\$ 2,383,429</u>

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, 2018, debt service requirements for principal and interest for the college and universities were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2019	\$ 65,444	\$ 90,594	\$ 156,038
2020	173,123	85,836	258,959
2021	62,475	81,092	143,567
2022	62,794	78,691	141,485
2023	67,588	76,172	143,760
2024-2028	386,913	336,250	723,163
2029-2033	322,833	260,885	583,718
2034-2038	260,388	194,078	454,466
2039-2043	329,044	111,257	440,301
2044-2048	153,115	35,591	188,706
2049-2053	—	31,778	31,778
2054-2057	150,000	9,533	159,533
Totals ⁽¹⁾	<u>\$ 2,033,717</u>	<u>\$ 1,391,757</u>	<u>\$ 3,425,474</u>

⁽¹⁾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
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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, 2018, 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	5,410
Series 2010A	Variable	monthly	4/10	5/1/40	9,000	7,832
Total Missouri Development Finance Board Revenue Bonds					<u>\$ 30,100</u>	<u>\$ 17,152</u>

As of June 30, 2018, 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):

Fiscal Year Ended June 30	Principal	Interest	Totals
2019	\$ 223	\$ 250	\$ 473
2020	232	247	479
2021	9,562	244	9,806
2022	252	101	353
2023	264	98	362
2024-2028	1,501	426	1,927
2029-2033	1,855	306	2,161
2034-2038	2,292	157	2,449
2039-2040	971	14	985
Totals ⁽¹⁾	<u>\$ 17,152</u>	<u>\$ 1,843</u>	<u>\$ 18,995</u>

⁽¹⁾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
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 12 - Bonds Payable (cont.)

The annual debt service schedule assumes an interest rate of 0.098%, representing the interest rate at June 30, 2018, 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, 2018, 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, 2018 (in thousands of dollars):

	Governmental Funds		Component Units	
	General Obligation Bonds	Other Bonds	Revenue Bonds	Totals
Bonds Payable at July 1, 2017	\$ 154,830	\$ 2,943,825	\$ —	\$ 3,098,655
Bond Issuance	—	124,905	—	124,905
Bonds Retired	(50,135)	(261,490)	—	(311,625)
Subtotal	104,695	2,807,240	—	2,911,935
College and Universities ⁽¹⁾	—	—	2,033,717	2,033,717
Missouri Development Finance Board	—	—	17,152	17,152
Bonds Payable at June 30, 2018	<u>\$ 104,695</u>	<u>\$ 2,807,240</u>	<u>\$ 2,050,869</u>	<u>\$ 4,962,804</u>

⁽¹⁾ Detailed information for college and universities are not shown.

Note 13 - Defeased Debt

A. Current Year Debt Defeasance

On December 20, 2017, Missouri State University issued \$36,190,000 of Auxiliary Enterprise System Revenue Bonds, Series 2017A, with interest rate ranging from 2.15% to 2.63%. As a result of the refunding, the University reduced its total debt service payments by \$2,659,129 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$2,120,193.

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, 2018, bonds outstanding of \$21,380,000 are defeased.

College and Universities - As of June 30, 2018, bonds outstanding of \$309,010,000 are defeased.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 14 - Payables and Receivables

A summary of accounts payable and accounts receivable at June 30, 2018, is shown below (in thousands of dollars):

	Governmental Activities	Business-Type Activities	Balance June 30, 2018
Accounts Payable:			
Taxpayers	\$ 165,378	\$ 85	\$ 165,463
Other Governments	96,754	1	96,755
Vendors	1,128,200	25,829	1,154,029
Employees	115,347	3,278	118,625
Other	79,097	6	79,103
	<hr/>	<hr/>	<hr/>
Total Accounts Payable	<u>\$ 1,584,776</u>	<u>\$ 29,199</u>	<u>\$ 1,613,975</u>
Accounts Receivable with expected date of receipt within one year:			
Taxpayers	\$ 1,912,622	\$ 1,678	\$ 1,914,300
Other Governments	844,703	6,388	851,091
Vendors	129,324	—	129,324
Customers	181,575	161,822	343,397
Other	1,382,427	567	1,382,994
	<hr/>	<hr/>	<hr/>
	4,450,651	170,455	4,621,106
Accounts Receivable with expected date of receipt greater than one year:			
Taxpayers	111,822	—	111,822
Other Governments	16	—	16
Vendors	25,952	—	25,952
Customers	148,322	20	148,342
Other	23,187	—	23,187
	<hr/>	<hr/>	<hr/>
	309,299	20	309,319
Accounts Receivable	4,759,950	170,475	4,930,425
Amounts not expected to be collected	(532,052)	—	(532,052)
	<hr/>	<hr/>	<hr/>
Accounts Receivable, net	<u>\$ 4,227,898</u>	<u>\$ 170,475</u>	<u>\$ 4,398,373</u>

The Accounts Receivable amounts greater than one year for taxpayers increased from FY17 due to an error correction.

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
June 30, 2018

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, 2018, are as follows (in thousands):

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Deferred Outflows of Resources				
Pension Differences Between Expected and Actual Experience	\$ 23,753	\$ 876	\$ 24,629	\$ 19,320
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	806,507	26,490	832,997	176,530
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	15	—	15	6,630
Pension Changes in Assumptions	393,057	13,876	406,933	290,333
Pension Contributions Subsequent to the Measurement Date	543,512	11,395	554,907	63,393
Changes in Proportion and Differences Between OPEB Plan Contributions and Proportionate Share of Contributions	57	2	59	—
OPEB Changes in Assumptions	—	—	—	29
OPEB Contributions Subsequent to the Measurement Date	92,526	2,496	95,022	20
Deferred for Refunding Bonds	57,242	—	57,242	31,219
Cash Flow Hedge	—	—	—	12,953
Accumulated Decrease in Fair Value of Hedging Derivatives	—	—	—	387
Total Deferred Outflows of Resources	\$ 1,916,669	\$ 55,135	\$ 1,971,804	\$ 600,814
Deferred Inflows of Resources				
Pension Differences Between Expected and Actual Experience	\$ 130,935	\$ 2,491	\$ 133,426	\$ 49,222
Pension Changes in Assumptions	10,339	397	10,736	2,279
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	92,183	—	92,183	—
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	2,579	94	2,673	4,136
OPEB Differences Between Expected and Actual Experience	3,055	119	3,174	1
OPEB Changes in Assumptions	144,295	—	144,295	34,161
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	164	6	170	1,180
Changes in Proportion and Differences Between OPEB Plan Contributions and Proportionate Share of Contributions	—	—	—	18
Deferred for Refunding Bonds	632	—	632	—
Charitable Annuities	—	—	—	13,393
Total Deferred Inflows of Resources	\$ 384,182	\$ 3,107	\$ 387,289	\$ 104,390

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 15 - Deferred Inflows and Outflows (cont.)

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

Deferred inflows of resources on the governmental funds balance sheet as of June 30, 2018 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):

Governmental Funds	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Governmental Funds	Total
Deferred Inflows of Resources						
Unavailable Revenue	\$ 1,096,787	\$ 57,102	\$ 24,263	\$ 22,532	\$ 7,605	\$ 1,208,289
Proprietary						
		State Lottery	Petroleum Storage Tank Insurance	Non-Major Funds	Total Enterprise Funds	Governmental Activities – Internal Service Funds
Deferred Outflows of Resources						
Pension Differences Between Expected and Actual Experience		\$ 99	\$ 13	\$ 764	\$ 876	\$ 694
Net Differences Between Projected and Actual Earnings on Pension Plan Investments		2,972	406	23,112	26,490	20,986
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions		—	—	—	—	15
Pension Changes in Assumptions		1,556	213	12,107	13,876	10,993
Pension Contributions Subsequent to the Measurement Date		1,291	177	9,927	11,395	9,292
Changes in Proportion and Differences Between OPEB Plan Contributions and Proportionate Share of Contributions		—	—	2	2	1
OPEB Contributions Subsequent to the Measurement Date		283	38	2,175	2,496	1,896
Total Deferred Outflows of Resources		\$ 6,201	\$ 847	\$ 48,087	\$ 55,135	\$ 43,877
Deferred Inflows of Resources						
Pension Differences Between Expected and Actual Experience		\$ 279	\$ 39	\$ 2,173	\$ 2,491	\$ 1,973
Pension Changes in Assumptions		44	6	347	397	314
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions		11	1	82	94	199
OPEB Differences Between Expected and Actual Experience		13	2	104	119	87
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments		1	—	5	6	4
Total Deferred Inflows of Resources		\$ 348	\$ 48	\$ 2,711	\$ 3,107	\$ 2,577

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 15 - Deferred Inflows and Outflows (cont.)

<u>Fiduciary</u>	Pension (And Other Employee Benefit) Trust Funds	Private- Purpose Trust Funds
Deferred Outflows of Resources		
Pension Differences Between Expected and Actual Experience	\$ —	\$ 9
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	—	250
Pension Changes in Assumptions	—	131
Pension Contributions Subsequent to the Measurement Date	—	110
OPEB Contributions Subsequent to the Measurement Date	335	24
Total Deferred Outflows of Resources	\$ 335	\$ 524
Deferred Inflows of Resources		
Pension Differences Between Expected and Actual Experience	\$ —	\$ 23
Pension Changes in Assumptions	—	4
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	—	1
OPEB Differences Between Expected and Actual Experience	13	1
OPEB Changes in Assumptions	199	—
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	1	—
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	58	—
Total Deferred Inflows of Resources	\$ 271	\$ 29

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 15 - Deferred Inflows and Outflows (cont.)

<u>Component Units</u>	<u>College and Universities</u>	<u>Non-Major</u>
Deferred Outflows of Resources		
Pension Differences Between Expected and Actual Experience	\$ 19,306	\$ 14
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	176,119	411
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	6,521	109
Pension Changes in Assumptions	290,118	215
Pension Contributions Subsequent to the Measurement Date	63,199	194
OPEB Changes in Assumptions	29	—
OPEB Contributions Subsequent to the Measurement Date	—	20
Deferred for Refunding Bonds	31,219	—
Cash Flow Hedge	12,953	—
Accumulated Decrease in Fair Value of Hedging Derivatives	—	387
Total Deferred Outflows of Resources	<u>\$ 599,464</u>	<u>\$ 1,350</u>
Deferred Inflows of Resources		
Pension Differences Between Expected and Actual Experience	\$ 49,183	\$ 39
Pension Changes in Assumptions	2,273	6
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	4,024	112
OPEB Differences Between Expected and Actual Experience	—	1
OPEB Changes in Assumptions	34,161	—
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	1,180	—
Changes in Proportion and Differences Between OPEB Plan Contributions and Proportionate Share of Contributions	—	18
Charitable Annuities	13,393	—
Total Deferred Inflows of Resources	<u>\$ 104,214</u>	<u>\$ 176</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 16 - Interfund Assets and Liabilities

A summary of interfund assets and liabilities at June 30, 2018, is shown below (in thousands of dollars):

	Due From Other Funds, Component Units, and Primary Government					Totals
	Public Education	Conservation and Environmental Protection	Non-Major Governmental Funds	Non-Major Enterprise Funds	Internal Service Funds	
Due to Other Funds, Component Units, and Primary Government						
General Fund	\$ —	\$ —	\$ —	\$ 46	\$ 4,942	\$ 4,988
Public Education	—	—	—	—	14	14
Conservation and Environmental Protection	—	—	—	329	222	551
Missouri Road Fund	—	—	—	—	227	227
Non-Major Governmental Funds	—	—	—	—	1,189	1,189
State Lottery	27,950	—	—	—	57	28,007
Unemployment Compensation	—	—	630	—	—	630
Petroleum Storage Tank Insurance	—	—	—	2	4	6
Non-Major Enterprise Funds	—	—	—	—	87	87
Internal Service Funds	—	—	—	3	275	278
Non-Major Component Units	—	250	—	—	2	252
Totals	\$ 27,950	\$ 250	\$ 630	\$ 380	\$ 7,019	\$ 36,229

	Advance From Component Units
	Non-Major Component Units
Advance To Component Units	
Conservation and Environmental Protection	\$ 267

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: \$2,000 on the face of the Proprietary Funds Statements of Net Assets and governmental activities in the amount of \$6,869,000.

The \$26.4 million increase in the amount due to the Lottery Proceeds Fund from the State Lottery is due to increased lottery ticket sales during fiscal year 2018 and the timing of actual cash transfers in the year end cash to accrual adjustments.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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, 2018, were as follows (in thousands of dollars):

Transfers In:					
	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Governmental Funds
Transfers Out:					
General Fund	\$ —	\$ 1,007,870	\$ 2,074	\$ —	\$ 292,836
Public Education	27,513	—	—	—	—
Conservation and Environmental Protection	1,532	—	—	—	1,702
Non-Major Governmental Funds	22,103	5,050	—	463,282	5,611
State Lottery	—	332,453	—	—	—
Unemployment Compensation	—	—	—	—	7,277
Non-Major Enterprise Funds	327	—	—	—	721
Internal Service Funds	2,121	—	—	—	80
Totals	\$ 53,596	\$ 1,345,373	\$ 2,074	\$ 463,282	\$ 308,227

Continues Below

	State Lottery	Non-Major Enterprise Funds	Internal Service Funds	Totals
Transfers Out:				
General Fund	\$ —	\$ 698	\$ 79	\$ 1,303,557
Public Education	—	—	—	27,513
Conservation and Environmental Protection	—	—	—	3,234
Non-Major Governmental Funds	—	8,400	—	504,446
State Lottery	—	—	—	332,453
Unemployment Compensation	—	—	—	7,277
Non-Major Enterprise Funds	—	—	—	1,048
Internal Service Funds	49	—	35	2,285
Totals	\$ 49	\$ 9,098	\$ 114	\$ 2,181,813

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 were transfers of capital assets for \$11,463,000 from a non-major special revenue fund to the enterprise funds. These are reported as capital contributions in the enterprise funds and excluded from the non-major special revenue funds; therefore these transfers are also not included in the reconciliation.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 18 - Restatements

During fiscal year 2018, 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, 2017 Fund Balance/ Net Position Previously Reported	Prior Period Adjustments	June 30, 2017 Fund Balance/ Net Position Restated
GOVERNMENTAL FUNDS			
Major Governmental Funds			
General Fund	\$ 1,437,975	\$ (3,722)	\$ 1,434,253
Public Education	277,575	464	278,039
Conservation and Environmental Protection	1,818,754	(126)	1,818,628
Non-Major Governmental Funds			
Special Revenue	455,643	(1,711)	453,932
Total Governmental Funds	<u>\$ 3,989,947</u>	<u>\$ (5,095)</u>	<u>\$ 3,984,852</u>
PROPRIETARY FUNDS			
Major Proprietary Funds			
State Lottery	\$ (3,178)	\$ (6,972)	\$ (10,150)
Unemployment Compensation	902,878	647	903,525
Petroleum Storage Tank Insurance	(32,306)	(830)	(33,136)
Non-Major Proprietary Funds			
Enterprise	73,896	(45,523)	28,373
Internal Service	419,655	(48,346)	371,309
Total Proprietary Funds	<u>\$ 1,360,945</u>	<u>\$ (101,024)</u>	<u>\$ 1,259,921</u>
FIDUCIARY FUNDS			
Pension (And Other Employee Benefit)			
Trust Funds	\$ 12,418,799	\$ (7,777)	\$ 12,411,022
Private Purpose Trust	52,395	(508)	51,887
Total Fiduciary Funds	<u>\$ 12,471,194</u>	<u>\$ (8,285)</u>	<u>\$ 12,462,909</u>
DISCRETELY PRESENTED COMPONENT UNITS			
College and Universities	\$ 6,200,528	\$ (295,303)	\$ 5,905,225
Non-Major	219,765	(471)	219,294
Total Component Units	<u>\$ 6,420,293</u>	<u>\$ (295,774)</u>	<u>\$ 6,124,519</u>

Breakdown of restatements by type:

- General Fund, the restatement was due to a decrease in cash of \$3,000, a decrease in accounts receivable of \$3,239,000, an increase in interest receivable of \$1,362,000, a decrease of inventories of \$1,335,000, and an increase of escheat/unclaimed property of \$507,000.
- Public Education, the restatement was due to a decrease in accounts receivable of \$49,000 and an increase of interest receivable of \$513,000.
- Conservation and Environmental Protection, the restatement was due to a decrease in accounts receivable of \$126,000.
- Non-major special revenue funds, the restatement was due to a decrease in accounts receivable of \$383,000 and a decrease of inventories of \$1,328,000.
- State Lottery, the restatement due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, decreased net position of \$6,972,000.
- Unemployment Compensation, the restatement was due to a decrease of cash and cash equivalents of \$96,000, an increase in accounts receivable of \$1,365,000, and an increase in accounts payable of \$622,000.
- Petroleum Storage Tank Insurance, the restatement due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, decreased net position of \$830,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 18 - Restatements (cont.)

- Non-major enterprise funds, the restatement was due to an increase in accounts receivable of \$34,000, a decrease in inventory of \$63,000, and a decrease in capital assets (net of accumulated depreciation/amortization) of \$1,916,000. The restatement due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, decreased net position of \$43,578,000.
- Non-major internal service funds, the restatement was due to a decrease in accounts receivable of \$120,000, a decrease of capital assets (net of accumulated depreciation/amortization) of \$1,774,000, and a decrease of obligations under lease purchase of \$481,000. The restatement due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, decreased net position of \$46,933,000.
- Fiduciary funds - pension (and other employee benefit) trust funds, the restatement due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, decreased net position of \$7,777,000.
- Fiduciary funds - private-purpose trust funds, the restatement due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, decreased net position of \$508,000.
- Discretely presented component units - colleges and universities, the restatement due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, decreased net position of \$282,320,000. For the University of Missouri, the implementation of GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, decreased net position of \$12,983,000.
- Discretely presented component units - non-major funds, the restatement due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, decreased net position of \$471,000.

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 \$17,969,000, obligations under lease purchase increased by \$481,000, deferred outflows of resources for refunding bonds decreased by \$5,631,000, unamortized bond premium decreased by \$4,730,000, and internal balance increased by \$13,000. The restatement due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, decreased net position by \$1,770,181,000.

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 internal balance of \$13,000.

Note 19 - Fund Deficit

The following funds had a deficit balance:

Enterprise Fund – Petroleum Storage Tank Insurance – At June 30, 2018, this fund had a net position deficit of \$40,982,000. The deficit at June 30, 2017 was \$33,136,000. 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.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 19 - Fund Deficit (cont.)

Enterprise Funds – State Lottery and Missouri Veterans’ Homes, and Internal Service Funds – Natural Resources Cost Allocation, Economic Development Administrative, Professional Registration Fees, Missouri State Employees Insurance Plan and Missouri Consolidated Health Care Plan – At June 30, 2018, these funds had a net position deficit of \$12,196,000, \$102,762,000, \$15,235,000, \$2,599,000, \$7,565,000, \$46,000 and \$20,386,000 respectively. These funds, except for the Missouri State Employees Insurance Plan and Missouri Consolidated Health Care Plan, have deficit balances due to the fiscal year 2015 implementation of GASB 68 and the reporting of net pension liabilities and the fiscal year 2018 implementation of GASB 75 and the reporting of OPEB liabilities. It is expected that these liabilities will be funded over time. The Missouri State Employees Insurance Plan has a deficit due to administrative costs allocated exceeded reimbursement received. The Missouri Consolidated Health Care Plan (MCHCP) had a poor claims experience during fiscal year 2018, due to a few high claimants. This issue is being resolved with a \$62.6 million increase in appropriations to MCHCP and by employee health care plan design changes.

Note 20 - Tax Abatements

The State has entered into various agreements to provide tax abatements through certain programs that provide economic benefit to the State.

Tax Abatement Program	Amount of Taxes Abated during Fiscal Year 2018 (in thousands)
Housing	
Missouri Low Income Housing Tax Credit	\$ 169,139
Neighborhood Preservation Tax Credit	3,293
Business Recruitment	
Missouri Quality Jobs	68,229
Missouri Works - Business Incentives	56,399
Missouri Works New Jobs Training	5,600
Missouri Works Job Retention Training	3,521
Missouri Manufacturing Jobs Act	15,638
Business Use Incentives for Large-Scale Development	9,818
Enhanced Enterprise Zone	5,569
Business Facility Tax Credit	6,330
Amateur Sports Ticket Sales Tax Credit	1,276
Rebuilding Communities Tax Credit	359
Development Tax Credit	542
Data Center Sales Tax Exemption	— *
Redevelopment	
Historic Preservation Tax Credit	56,483
Brownfield Remediation	3,160
Distressed Areas Land Assemblage	68
TOTAL	\$ 405,424
Chapter 100 Personal Property Tax Exemption - maximum amount exemption certificates issued	\$ 268

*Confidential

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 20 - Tax Abatements (cont.)

Housing

The Missouri Low Income Housing Tax Credit (MOLIHTC) is authorized by Sections 135.350-135.363, RSMo, and provides a tax credit to qualified owners of affordable rental housing. To qualify upon application, a development must 1) rent at least 20% of its units to families earning 50% of the area median family income or 2) rent at least 40% of its units to families earning 60% of the area median family income, each adjusted for family size. The MOLIHTC generates equity investments that are purchased by the private sector for the development of new or rehabilitated rental housing which enables owners to lower rents to affordable levels for low-income families. The investor of the MOLIHTC can redeem the credit by applying it dollar for dollar to the following types of tax liabilities: income tax, corporate franchise tax, insurance premium tax, other financial institutions tax, or express company tax. MOLIHTC properties must comply with tenant eligibility, property maintenance, and fair housing law throughout a 15-year period. The Missouri Housing Development Commission monitors the properties for compliance and reports non-compliance to the Internal Revenue Service and Missouri Department of Revenue. Property owners found to be out of compliance are subject to recapture through the provisions of Section 135.355, RSMo and IRS §42. The MOLIHTC reduced state taxes by \$169,139,000 during fiscal year 2018.

The Neighborhood Preservation Tax Credit is authorized by Sections 135.475-135.487, RSMo, and provides incentives for homeowners in lower income areas who rehabilitate or construct owner-occupied homes in qualifying or eligible areas of the State. Upon application, the eligible property must be in a qualifying area with a median household income of less than 70% of the median household income for the metropolitan statistical area (MSA) or non-MSA; or be located in an eligible area with a median household income of 70-89% of the median household income for the applicable MSA or non-MSA. Recipients are eligible to receive a credit for 15% of eligible costs up to \$25,000 per residence for new residences in eligible areas; 15% of eligible costs up to \$40,000 per residence for new residences in qualifying areas; 25% of eligible costs with a minimum of \$10,000 and not to exceed \$25,000 per residence for substantial rehabilitation in eligible areas; 35% of eligible costs with a minimum of \$5,000 or 50% of purchase price and not to exceed \$70,000 per residence for substantial rehabilitation in qualifying areas; and 25% of eligible costs with a minimum of \$5,000 and not to exceed \$25,000 per residence for non-substantial rehabilitation in qualifying areas. The abatements can be applied against income tax, corporate franchise tax, bank tax, insurance premium tax, or other financial institutions tax. A taxpayer, other than the owner-occupant who receives a certificate of tax credit, shall have 30 days within the date of the sale to furnish satisfactory proof that the residence was sold at market to the Director of the Department of Economic Development (DED). If the Director determines that the residence was not in good faith intended for long-term owner occupancy, then the Director may revoke any tax credits issued and seek recovery of those credits pursuant to Section 620.017, RSMo. There are no other commitments made as part of the agreement. The Neighborhood Preservation Tax Credit reduced state taxes by \$3,293,000 during fiscal year 2018.

Business Recruitment

Missouri Quality Jobs is authorized by Sections 620.1875-620.1890, RSMo and provides tax incentives to qualified companies for facilitating the creation of new jobs or the retention of existing jobs in the State. This program has been replaced by Missouri Works, except for current projects. To qualify, the company must create a minimum number of jobs within the project facility within 2 to 3 years after the approval of the Notice of Intent and must maintain those jobs for the duration of the benefit. The average wage of the new jobs must equal or exceed the average county wage and the company must offer health insurance and pay at least 50% of the premium. The company must also submit an annual report. Companies may retain 100% of withholding tax that would otherwise be paid into the State or receive tax credits based on the percentage of new payroll or a combination of both for the new or retained jobs approved. The credits can be applied against income tax, bank tax, insurance premium tax, or other financial institutions tax. There are no provisions for recapture and no other commitments are made as part of the agreement. Missouri Quality Jobs reduced state taxes by \$68,229,000 during fiscal year 2018.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 20 - Tax Abatements (cont.)

The Missouri Works - Business Incentives is authorized by Sections 620.2000-620.2020, RSMo and provides tax incentives for qualified companies to create or retain jobs in the State. To qualify for the credit, a company must create or retain a minimum number of new jobs at the project facility with average wages of 80%, 90%, 120%, or 140% of the county average wage, must offer health insurance and pay at least 50% of the premium, must meet the required number of jobs within 2 years of the Approval of the Notice of Intent, must maintain those minimums for the duration of the benefit, and must submit an annual report. Companies may retain 100% of withholding tax that would otherwise be paid into the State or receive tax credits based on the percentage of new payroll or a combination of both for the new or retained jobs approved. The credits can be applied against income tax, bank tax, insurance premium tax, or other financial institutions tax. Taxes may be recaptured due to misrepresentation, out-of-state relocation, or failure to file an annual report. The agreement requires 100% of the benefits received to be repaid within 60 days for misrepresentation or out-of state location or one year for failure to file an annual report. There are no other commitments made as part of the agreement. Missouri Works - Business Incentives reduced state taxes by \$56,399,000 during fiscal year 2018.

Missouri Works New Jobs Training and Job Retention Training are authorized by Sections 620.800-620.809, RSMo. New Jobs Training provides assistance to eligible companies to train workers in newly created jobs. To qualify, the company must create new jobs in the state; the project must include eligible training costs, as well as other eligibility criteria such as types of occupations, wage rates, and turnover rates. Job Retention Training provides training assistance to eligible companies for job retention efforts. To qualify, a project must be for an existing Missouri company making a capital investment of at least 5 times the total project costs, retaining at least 100 eligible jobs at the facility for at least one year, be located in a border community, or be determined to represent substantial risk of relocation. Eligible companies for both programs include manufacturing, research and development, or those engaged in interstate commerce. The company must retain the eligible jobs in the project for at least 5 years and use the funding only toward eligible project costs. These programs are administered locally through community colleges. While the recipient's taxes are not actually reduced, a portion of normal withholding payments (paid to the Department of Revenue) are deferred to pay for eligible project costs. The amount that can be deferred is 2.5% of the payroll for the first 100 jobs in the project and 1.5% of the payroll for the remaining jobs in the project. The company may file withholding claims for the project until the budgeted project funds are disbursed; typically for a period of 3-5 years, with maximum limit of 8 years. There are no other commitments under these programs. Recapture provisions apply in accordance with Section 620.017, RSMo in which the recipient shall repay training funds under these programs if the jobs included in the project are moved out of Missouri or are eliminated within five years of the date the project is approved by DED. The Director of the Division of Workforce Development within DED shall have the authority and discretion to exempt the recipient in whole or in part of such repayment. Missouri Works New Jobs Training and Job Retention Training reduced state taxes by \$5,600,000 and \$3,521,000, respectively, during fiscal year 2018.

The Missouri Manufacturing Jobs Act is authorized by Section 620.1910, RSMo and provides incentives in the form of retaining withholding taxes to expand manufacturing facilities for an existing product or the creation of a new product. This program sunset in 2016 and no new applications are being accepted. To qualify, manufacturing companies must have a North American Industry Classification System (NAICS) of 33611, which is an establishment primarily engaged in (1) manufacturing complete automobile and light duty motor vehicles or (2) manufacturing automobile and light duty motor vehicle chassis. The company must manufacture goods at a facility in the state throughout the period benefits are received, and make a capital investment at a facility of at least \$75,000 per retained job for the manufacture of a new product within 2 years of beginning to retain withholding taxes or commit to make a capital investment of at least \$50,000 per retained job at the facility for the modification or expansion of the manufacture of an existing product within 2 years of beginning to retain withholding taxes. Qualified suppliers of an eligible manufacturer must attest to DED that they derive more than 10% of its total annual sales revenue from sales to a qualified manufacturing company, add 5 or more new jobs for a period of 3 years, pay wages for the new jobs equal to or exceeding the county average wage using the NAICS industry classification, but are not less than 60% of the statewide average wage, and the company must offer health insurance and pay at least 50% of the premium. If qualified, the company is allowed to retain 100% of the withholding tax that would otherwise have been paid in to the state for those jobs for 10 years for qualified manufacturers or 3 to 5 years for qualified suppliers. There are no provisions for recapture and no other commitments are made as part of the agreement. The Missouri Manufacturing Jobs Act reduced state taxes by \$15,638,000 during fiscal year 2018.

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June 30, 2018

Note 20 - Tax Abatements (cont.)

Business Use Incentives for Large-Scale Development (BUILD) is authorized by Sections 100.700-100.850, RSMo. The incentives offered by the BUILD Missouri Program are designed to offset infrastructure and other capital costs of certain large projects by making the cost of investing in Missouri more competitive. The costs are financed through the issuance of Board of Certificates (bonds or notes), where the principal and interest will be repaid by the business. Businesses are then reimbursed for these repayments through the issuance by the Board of Missouri state income tax credits. The businesses may use these credits against taxes, which would otherwise be due, or to obtain a refund if the business has insufficient Missouri income tax liability to offset the credit. A business can apply these credits against income tax, bank tax, insurance premium tax, or other financial institutions tax. To qualify, an eligible industry in manufacturing, processing, assembly, research and development, agricultural processing or services in interstate commerce must invest a minimum of \$15 million; or \$10 million for an office industry in an economic development project; and create a minimum of 100 new jobs at the project facility within 3 years, or a minimum of 500 jobs if the project is an office industry, or a minimum of 200 new jobs if the project is an office industry located within a distressed community as defined in Section 135.530, RSMo. The tax credits become subject to recapture if the company does not expend the minimum investment on or before the first test date established in the program agreement, or create and maintain the minimum number of new jobs on or before the first test date. The first test date is the last day of the closest calendar quarter ending 3 years following bond closing. The tax credits are also subject to recapture if the company eliminates or announces its intention to eliminate all the new jobs at the project within 2 years of the first test date. If subject to recapture, the company shall, within 30 days following written demand from the Board, reimburse the Board in full for the face amount of the tax credits received from the date of execution of the program agreement to the date of such demand. There are no other commitments made as part of the agreement. The BUILD program reduced state taxes by \$9,818,000 during fiscal year 2018.

The Enhanced Enterprise Zone is authorized by Sections 135.950-135.973, RSMo and provides tax credits to new or expanding businesses in enhanced enterprise zones. To qualify, a company must create or maintain at least 2 new jobs and make at least \$100,000 in eligible investments. In addition, a Notice of Intent must be approved by DED, and the business must submit an annual report. Eligibility for the credit is determined by the zone based on creation of sustainable jobs in a targeted industry or demonstrated impact on local industry cluster development. Taxes are reduced by claiming a tax credit against the Missouri income tax liability owed to the state. The tax credits are calculated at 2% of new payroll and 0.5% of new investment. There are no provisions for recapture and no other commitments are made as part of the agreement. The Enhanced Enterprise Zone reduced state taxes by \$5,569,000 during fiscal year 2018.

The Business Facility Tax Credit is authorized by Sections 135.100-135.150 and Section 135.258, RSMo and provides to facilitate the expansion of new or existing facilities in Missouri. To qualify, a Notice of Intent must be approved by DED; the facility must create at least 2 new jobs and make \$100,000 in eligible investments or pursuant to House Bill 191 (2009), for "headquarters" that commence operations and "headquarters" of certain "employee-owned" businesses that commence or expand operations must create 25 new jobs and make \$1,000,000 in new investment. The company must submit an annual report to DED. Taxes are reduced by claiming a tax credit against the Missouri tax liability owed to the state. The tax credits are calculated as \$75 to \$150 per new job and \$75 to \$150 for each \$100,000 in new investment for up to 10 years. The tax credits for headquarters are calculated as the greater of \$400 per new job plus 4% of new investment or \$500 per new job plus \$500 per each \$100,000 in new investment for up to 10 years. The credit may be applied against income tax, insurance premium tax, or insurance company retaliatory tax. This program has sunset as of January 1, 2005 except headquarters that commence or expand operations on or before December 31, 2019 may be eligible for the program. There are no provisions for recapture and no other commitments are made as part of the agreement. The Business Facility Tax Credit reduced state taxes by \$6,330,000 during fiscal year 2018.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 20 - Tax Abatements (cont.)

The Amateur Sports Ticket Sales Tax Credit is authorized by Section 67.3000, RSMo and provides an incentive to encourage the location of competitively bid amateur sporting events in Missouri. Upon application, applicants must submit predictions on the anticipated economic benefit to the state. Applicants will be evaluated based upon anticipated and verified economic performance. The program is available to one or more certified sponsors, endorsing counties, endorsing municipalities, or a local organizing committee, acting individually or collectively. The program provides tax credits equal to the lesser of: \$5 per admission ticket sold to the event; or 100% of eligible costs incurred by the applicant. The recipient is able to reduce their outstanding tax liability in an amount equal to the value of the tax credit and may be taken against income tax, bank tax, insurance premium tax, and other financial institutions tax. There are no provisions for recapture and no other commitments are made as part of the agreement. The Amateur Sports Ticket Sales Tax Credit reduced state taxes by \$1,276,000 during fiscal year 2018.

The Rebuilding Communities Tax Credit is authorized by Section 135.535, RSMo and provides a tax credit for eligible businesses locating, relocating, or expanding within a distressed community. This program has been replaced by Missouri Works, except for current projects. To qualify, a business must have fewer than 100 full-time employees, 75% of which must be located in the distressed community; be primarily engaged in manufacturing, biomedical, medical devices, scientific research, animal research, computer software design, computer software development or computer programming, which includes Internet, web hosting, and other information technology, wireless, wired or other telecommunications, or a professional firm. The business must submit an annual tax credit application documenting eligible expenditures on the project to DED. Once approved, the tax credit is calculated at 40% or 25% of the qualifying expenditures and may be applied against income tax, corporate franchise tax, bank tax, insurance premium tax, or other financial institutions tax. There are no provisions for recapture and no other commitments are made as part of the agreement. The Rebuilding Communities Tax Credit reduced state taxes by \$359,000 during fiscal year 2018.

The Development Tax Credit is authorized by Sections 32.100-32.125, RSMo and provides incentives to facilitate a business project in order to create new jobs. This program has been replaced by Missouri Works, except for current projects. Tax credits are issued to approved taxpayers that make an eligible donation to a non-profit corporation. The non-profit leases assets to an approved company. The company must create a specified number of jobs within 2 years and be in a distressed or blighted area. In many instances, the taxpayer that makes the donation is also the company that is creating the economic impact. The donor that makes the contribution must submit a tax credit application to DED. Once approved, taxes are reduced by claiming a tax credit against Missouri tax liability owed to the state. The tax credit is calculated at 50% of the eligible donation and may be applied against income tax, corporate franchise tax, bank tax, insurance premium tax, other financial institutions tax, or express company tax. No other commitments are made as part of the agreement. DED may recapture tax credits up to the amount issued if the non-profit fails to complete the project or comply with the agreement. The non-profits only and not the donors are subject to the recapture. The Development Tax Credit reduced state taxes by \$542,000 during fiscal year 2018.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Note 20 - Tax Abatements (cont.)

Chapter 100 Personal Property Tax Exemption is authorized by Section 144.054 (2), RSMo and provides a state and local sales tax exemption on tangible personal property leased by a company from the City or County. To qualify, cities and counties may apply to DED on behalf of eligible companies for which Chapter 100 bond proceeds are used to purchase tangible personal property, which is leased back to the company. DED may apply discretionary benefit exemption if the benefit contained in a formal DED proposal is accepted by the company. Since DED cannot enact the sales tax exemption on the lease without the underlying Municipality Chapter 100 in place, any inclusion in a formal DED proposal will be coordinated with the Municipality and their economic developer. The proposal must have been accepted by the company prior to any project announcements, no approval or issuance of the bonds may have taken place, and the tangible personal property may not have been purchased prior to the acceptance of the proposal. The project must also be competitive, have comprehensive local incentive participation, have above average wages with benefits, be located in an economically distressed or blighted area, have a positive state fiscal impact, and have an indication that the municipality has offered the local Chapter 100 exemptions. The company receives the exemption on sales tax as the facility, construction materials, and certain tangible personal property may be purchased as exempt by the City or County and then leased back to the company. The company will be responsible for the payment of sales tax on purchases exceeding the maximum accepted in the proposal, ineligible purchases, or the revenue stream generated by lease of ineligible personal property. There are no provisions for recapture and no other commitments are made as part of the agreement. For fiscal year 2018, DED has provided certificates for the exemption of state sales tax related to lease payments of tangible personal property under a Chapter 100 structure for 1 project. The sales tax is applicable to the lease payments made over a period not to exceed 20 years by statute and restricted further by local ordinance. The sales tax exemptions are only applicable if tangible personal property purchases are made within established project time periods, as listed on the certificate. The fiscal year 2018 project certificates total a cumulative amount of state sales tax not to exceed \$268,000 over the terms of the respective leases.

Data Center Sales Tax exemption is authorized by Section 144.810, RSMo and incentivizes the location and expansion of data centers in the state by providing an exemption of the sales and use taxes associated with a variety of activities necessary to build a new facility or expand an existing facility. To qualify, companies must create 5 new jobs and \$5 million in investment for expanding facilities or create 10 new jobs and \$25 million in investment for new facilities within certain time frames. A company is refunded their sales and use taxes for new purchases related to the data center project for the period prior to meeting the threshold for participation and then are exempt for a period of no more than 10 years for expanding facilities or 15 years for a new facility. Taxes may be subject to recapture if the full investment projected is not met or if the jobs created are not maintained, causing the cost/benefit to the State to be negative, or if the company does not meet the minimum thresholds. Taxes will be recaptured up to the amount that creates a positive cost/benefit to the state, or if the company does not meet the minimum thresholds, the full exemptions to date must be repaid. No other commitments are made as part of the agreement. The amount that state taxes were reduced is confidential under Section 32.057, RSMo.

Redevelopment

The Historic Preservation Tax Credit is authorized by Sections 253.545-253.561, RSMo and provides an incentive for the redevelopment of commercial and residential historic structures in the state. Upon application, the eligible property must be listed on the National Register of Historic Places, be certified by the Department of Natural Resources (DNR) as contributing to the historical significance of a certified historic district listed on the National Register, or located within a local historic district that has been certified by the U.S. Department of Interior. The costs and expenses associated with the rehabilitation must exceed 50% of the total basis of the property. All approved applicants must commence rehabilitation within 2 years of the date of issuance of the letter of approval from DED. The program provides state tax credits equal to 25% of eligible costs and expenses of the rehabilitation of approved historic structures, which the recipient is able to use to reduce their outstanding tax liability in an amount equal to the value of their tax credit. The credit may be applied against income tax, bank tax, insurance premium tax, or other financial institutions tax. There are no provisions for recapture and no other commitments are made as part of the agreement. The Historic Preservation Tax Credit reduced state taxes by \$56,483,000 during fiscal year 2018.

STATE OF MISSOURI
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June 30, 2018

Note 20 - Tax Abatements (cont.)

Brownfield Remediation is authorized by Sections 447.700-447.718, RSMo and provides incentives to businesses or developers to redevelop property contaminated with hazardous waste. To qualify, the property must be abandoned or underutilized for at least 3 years, and contaminated with hazardous substance, the applicant cannot be a responsible party, the project must be accepted into DNR Voluntary Cleanup Program, the project must be endorsed by city or county government, must create at least 10 new jobs or retain 25 jobs, the project must create a positive net state economic benefit, and must demonstrate need for the credits. The recipient is able to reduce their outstanding tax liability in an amount equal to the value of the tax credit. The tax credits may be issued for up to 100% of eligible costs and expenses for remediating the project property. The tax credit may also include up to 100% of the costs of demolition that are not directly part of the remediation activities. The amount of the credit available for demolition not associated with remediation cannot exceed the total amount of credits approved for remediation including demolition required for remediation. DED will issue 75% of the credits upon adequate proof of payment of the costs; the remaining 25% will not be issued until a clean letter has been issued by DNR. The tax credits may be applied against income tax, corporate franchise tax, bank tax, insurance premium tax, or other financial institutions tax. The tax credits may be subject to recapture in the event the owner sells the abandoned or underutilized property within a 5 year period after the receipt of remediation tax credits, grants, loans or loan guarantee. Subject to Sections 447.700-447.718, RSMo, the owner shall repay a portion of the tax credits and grant funds provided based on the percentage of the owner's investment for the project to DED's total financial assistance, upon achieving an annual internal rate of return of 25%. The internal rate of return calculation shall be documented by the owner's capital gains tax calculation. Owner investment is equity and debt for the eligible project. At the end of the project, a purchaser who has performed voluntary remediation action certifies to DNR that the goals of the purchaser's voluntary remediation plan have been attained. DNR verifies the remediation plan goals are achieved and issues a certificate that states that the site has been cleaned up to DNR standards pertaining to the property itself and therefore protects both current and future owners of the property. Brownfield Remediation reduced state taxes by \$3,160,000 during fiscal year 2018.

Distressed Areas Land Assemblage is authorized by Section 99.1205, RSMo and provides incentives to redevelop blighted areas. This program has sunset and no new applications are being accepted. To qualify, the area must be at least 75 acres; at least 80% of the area must be within a Distressed Area or a federal Qualified Census Tract; the redeveloper must acquire at least 50 acres of the area; the average parcels per acre must be 4 or more; and less than 5% of the acreage for acquisition by the redeveloper under the redevelopment plan shall consist of owner-occupied residences. The recipient is able to reduce their outstanding tax liability in an amount equal to the value of the tax credit. The tax credits are provided to the redeveloper based on 50% of the acquisition costs, including maintenance costs, and 100% of the interest costs incurred for a period of 5 years after the acquisition of an eligible parcel. The credits may be applied against income tax, bank tax, insurance premium tax, or other financial institutions tax. Any funds generated through the use or sale of the tax credits issued shall be used to redevelop the eligible project area. There are no provisions for recapture and no other commitments are made as part of the agreement. Distressed Areas Land Assemblage reduced state taxes by \$68,000 during fiscal year 2018.

Note 21 - Commitments

Contracts

The Department of Conservation had contracts outstanding of \$300,000 for construction at June 30, 2018. 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, 2018 of \$54,000. This project is funded through a special revenue fund.

The Department of Transportation had long-term contracts of \$697,915,000 outstanding at June 30, 2018. These contracts are paid from capital projects funds with approximately 84% federal reimbursement expected.

STATE OF MISSOURI
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Note 21 - Commitments (cont.)

The Office of Administration, Division of Facilities Management, Design and Construction, had construction contracts outstanding at June 30, 2018 of \$42,314,000. Approximately 29.5% will be paid from the General Fund, 4.7% from special revenue funds, 65.5% from the capital projects funds, and 0.3% will be paid 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 2018 was \$364,000. Payment of principal and interest must be completed by March 2038.

As of June 30, 2018, the University of Missouri had outstanding commitments for the usage and ongoing support of the University Health System's information technology environment totaling \$190,170,000. The payments are as follows:

2019	\$	24,554,000
2020		25,378,000
2021		26,229,000
2022		27,109,000
2023		28,017,000
2024-2025		58,883,000

Truman State University had approximately \$5,721,000 in outstanding commitments for various construction contracts at June 30, 2018.

Southeast Missouri State University had outstanding commitments of approximately \$10,050,000 related to construction contracts at June 30, 2018.

Missouri State University had approximately \$16,807,000 in outstanding commitments for various construction contracts at June 30, 2018.

University of Central Missouri had approximately \$6,968,000 in outstanding commitments related to construction contracts at June 30, 2018.

Northwest Missouri State University had approximately \$7,203,000 in outstanding commitments related to various construction contracts at June 30, 2018.

Note 22 - 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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 22 - Risk Management and Insurance (cont'd)

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.

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 0.75% and 3.25% 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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 22 - Risk Management and Insurance (cont.)

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 6/30/2017	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2018
<u>Governmental Activities</u>					
OA Workers Compensation Fund	Workers Comp.	\$ 29,767	\$ 30,319	\$ (31,028)	\$ 29,058
OA Legal Expense Fund	Liability	8,222	5,053	(9,593)	3,682
Transportation Self-Insurance Plan	Workers Comp. and Liability	82,576	20,180	(21,312)	81,444
MCHCP	Health Care	42,221	302,935	(299,019)	46,137
MHPML	Health Care	12,300	129,546	(129,346)	12,500
CEIP	Health Care	2,592	17,855	(17,315)	3,132
Total Governmental Activities		<u>\$ 177,678</u>	<u>\$ 505,888</u>	<u>\$ (507,613)</u>	<u>\$ 175,953</u>
<u>Business-Type Activities</u>					
PSTIF	Contamination Cleanup	<u>\$ 81,868</u>	<u>\$ 15,244</u>	<u>\$ (13,094)</u>	<u>\$ 84,018</u>
<u>Component Units</u>					
University of Missouri System	Workers Comp. and Liability	\$ 89,082	\$ 220,389	\$ (223,625)	\$ 85,846
Missouri State University	Health Care, Workers Comp. and Liability	1,807	20,292	(20,675)	1,424
Total Component Units		<u>\$ 90,889</u>	<u>\$ 240,681</u>	<u>\$ (244,300)</u>	<u>\$ 87,270</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 22 - Risk Management and Insurance (cont.)

	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2016	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2017
<u>Governmental Activities</u>					
OA Workers Compensation Fund	Workers Comp.	\$ 35,633	\$ 25,175	\$ (31,041)	\$ 29,767
OA Legal Expense Fund	Liability	2,250	16,102	(10,130)	8,222
Transportation Self-Insurance Plan	Workers Comp. and Liability	90,646	8,307	(16,377)	82,576
MCHCP	Health Care	41,395	267,726	(266,900)	42,221
MHPML	Health Care	9,800	128,322	(125,822)	12,300
CEIP	Health Care	2,706	17,823	(17,937)	2,592
Total Governmental Activities		<u>\$ 182,430</u>	<u>\$ 463,455</u>	<u>\$ (468,207)</u>	<u>\$ 177,678</u>
<u>Business-Type Activities</u>					
PSTIF	Contamination Cleanup	<u>\$ 83,235</u>	<u>\$ 13,565</u>	<u>\$ (14,932)</u>	<u>\$ 81,868</u>
<u>Component Units</u>					
University of Missouri System	Workers Comp. and Liability	\$ 85,887	\$ 218,074	\$ (214,879)	\$ 89,082
Missouri State University	Health Care, Workers Comp. and Liability	2,680	18,736	(19,609)	1,807
Total Component Units		<u>\$ 88,567</u>	<u>\$ 236,810</u>	<u>\$ (234,488)</u>	<u>\$ 90,889</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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 23 - 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.

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 2018, the State was participating in the cleanup of sixteen Superfund sites. Total pollution remediation obligation for these sites totaled approximately \$46.2 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 soil and groundwater testing and remediation for one State site during fiscal year 2018. The remaining obligation as of June 30, 2018 is \$17,000. 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 6/30/2017	Current Year Assessments and Estimated Changes	Payments	Fiscal Year Remediation Liability 6/30/2018	Due Within One Year
Hazardous Waste Fund	Superfund Sites	\$ 47,431	\$ 32	\$ (1,241)	\$ 46,222	\$ 1,783
Facilities Maintenance Reserve Fund	Soil and Groundwater Testing and Remediation	—	17	—	17	—
Total Governmental Activities		\$ 47,431	\$ 49	\$ (1,241)	\$ 46,239	\$ 1,783

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 23 - Pollution Remediation and Landfill Closure and Postclosure (cont.)

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, 2018, the DNR, Solid Waste Program tracked the value of the secured financial assurance instruments held by the State to be \$334,512,000. 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.

At June 30, 2018, eleven 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, 2018, it is expected that \$1,492,000 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 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. Upon further review of the documents, the University determined that it does not believe that the documents support the decision to add the site to the NRC license. The University made a formal request to remove the site from the NRC license. NRC responded with a request for more information including a dose assessment, which is estimated at a cost of \$15,000. If the NRC finds the dose assessment to be unacceptable, then the University will be required to fully decommission the site, including a sampling plan. The cost of a sampling plan to characterize the chemical contamination is estimated at \$1,000,000. The University has not commenced any actions requiring the recognition of a liability for this property.

Note 24- Contingencies

Contingent claims liabilities are reported when it is probable a loss has occurred and the amount can be reasonably estimated. These losses include estimates of claims which 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.

As of June 30, 2018, the amount of contingent liabilities was \$48.9 million. Changes in reported liability since June 30, 2017, 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
2017-2018	\$ 71,150	\$ 4,368	\$ (26,595)	\$ 48,923
2016-2017	39,040	59,672	(27,562)	71,150
2015-2016	19,921	35,216	(16,097)	39,040

STATE OF MISSOURI
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June 30, 2018

Note 24- Contingencies (cont.)

Section 287.220.8, RSMo, requires an actuarial study of the Second Injury Fund be made every year to determine solvency of the fund. Figures presented below for current year claims and changes in estimates are based on the 2017 actuarial study. As at June 30, 2018, the amount of liabilities for Second Injury Fund was \$2.0 billion. Changes in reported liability since June 30, 2017, 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
2017-2018	\$ 1,840,186	\$ 213,633	\$ (100,651)	\$ 1,953,168
2016-2017	1,732,685	206,662	(99,161)	1,840,186
2015-2016	1,684,732	151,464	(103,511)	1,732,685

The State receives federal grants which are subject to review and audit by federal grantor agencies. This could result in requests for reimbursements by the grantor agency for expenditures disallowed under grant agreements. The State believes 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. No current liability remains as of June 30, 2018. Refund claims related to similar cases filed by other companies are still pending verification. Exclusive of interest, which could be substantial, the negative financial impact on the State is estimated at \$9.5 million, of which \$8.8 million is related to the General Fund.

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 not included in the 2018 liability amount. It is reasonably possible an adverse court decision may incur an estimated loss of \$12.7 million.

Tobacco Master Settlement Agreement:

Under the 1998 Tobacco Master Settlement Agreement (“MSA”), Missouri receives annual settlement payments in perpetuity from Participating Manufacturers (“PMs”) of tobacco products. Each year on or about April 15th, Missouri receives an annual payment typically between \$120 and \$140 million. Annual MSA payments are subject to a downward adjustment if the PMs lose more than 2% of their pre-MSA market share to Non-Participating Manufacturers (“NPMs”). Individual states may avoid their share of this “NPM Adjustment” by enacting and diligently enforcing model legislation, which imposes certain escrow obligations on NPMs.

The tobacco manufacturers contest Missouri’s enforcement of the model legislation for 2004 and subsequent years, each of which is subject to binding arbitration. Arbitration regarding diligent enforcement for 2004 is ongoing and set for hearing in March 2019. If the panel finds that Missouri was not diligent in 2004, the State will face a downward adjustment on the annual payment following the panel’s determination. The ultimate resolution of the 2004 proceeding, the timing of the panel’s decision, and the outcome of any subsequent arbitration proceedings between the tobacco manufacturers and Missouri cannot be predicted with any degree of certainty.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 24- Contingencies (cont.)

Department of Corrections Settlements:

Hootselle v. Department of Corrections, No. 12AC-CC00518 (Cole County Circuit Court). This lawsuit was filed on August 14, 2012 by several corrections officers alleging that the Missouri Department of Corrections failed to compensate them for pre- and post-shift activities, including passing through security checkpoints and retrieving equipment such as keys and radios. The officers' union was later added as a plaintiff and asserted claims for breach of its collective bargaining agreement. It is reasonably possible an adverse court decision may incur an estimated loss of \$45 million.

Natural Resource Settlements:

The Department of Natural Resources works jointly with the United States Fish and Wildlife Service and 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, 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, 2018, the balance of Missouri-related joint settlement funds in the Department of Interior restoration fund is approximately \$49 million.

Department of Health and Senior Services

The Nurse Student Loan Program provides forgivable student loans to eligible Missouri undergraduate, graduate, post-graduate, and doctoral nursing students in exchange for service in underserved communities and facilities in the state. Current annual award levels, based on statute, are a one-time amount of \$2,500 for LPN students and \$5,000 for professional nursing students. Loans are repaid either through service in an underserved area, or via cash repayment at 9.5% simple interest. For repayment via service, participants provide one year of professional service for each school year a loan is received, up to a maximum of 5 years. The number of loans awarded per year varies based upon available funding, number of previous students anticipating continued funding, and number of eligible new applicants.

The Health Professional Student Loan Program is a competitive state program that awards forgivable loans to students pursuing health care training leading to Missouri licensure. Eligible disciplines are primary care physicians, primary care dentists, and dental hygienists. The amount of funding provided depends upon the student's chosen discipline and educational status. Repayment of loans can be completed either through obtaining employment to earn forgiveness or through cash repayment at 9.5% simple interest. Forgiveness is based upon the number of loans received and is earned at a rate of one year of professional service for each loan received, up to a maximum of 5 years. Qualifying employment is considered as full-time, direct patient care at a facility located in an area of need also referred to as a Health Professional Shortage Area.

The purpose of the Missouri Health Professional State Loan Repayment Program (SLRP) is to improve access to primary care by assisting rural and underserved communities with recruitment and retention of primary care providers. SLRP offers eligible healthcare providers an opportunity to receive up to \$50,000 in financial assistance towards the repayment of their qualifying educational loans in exchange for a minimum two-year commitment to provide healthcare services at an ambulatory public, nonprofit or private nonprofit primary care practice site located in a federally designated Health Professional Shortage Area (HPSA).

The Missouri Nurse Loan Repayment Program (NLRP) offers Registered Nurses (RNs) and Advanced Practice Registered Nurses (APRNs) an opportunity to receive financial assistance towards the repayment of their qualifying educational loans in exchange for a minimum two-year commitment to provide healthcare services in an area of defined need in the State of Missouri.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 24- Contingencies (cont.)

For all types of loan programs, in the event of a default, i.e. the loanee does not complete the service agreement, the loan status changes to repayment. In the event the loanee does not repay according to the terms of their agreement, the Department of Health and Senior Services will work with the Attorney General's Office to try to collect the outstanding receivables. The current total amount of loans outstanding is \$6.9 million; the total amount in repayment is \$2.8 million. There is no correlation between who will or will not repay their debt once a default has occurred since it is subject to each individual case and the legal remedies pursued. Therefore the amount of loss cannot be reasonably estimated.

Note 25 - 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, 2018, 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	4	\$ 576	\$ 288
Single-Purpose Animal Facilities Loan Guarantee Program	10 Years	5	364	288
Crop and Livestock Loan Guarantee Program	2 Years	20	54	27

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 three loan defaults under this program in fiscal year 2018. The outstanding balance on judgments for amounts owed to the State totals \$28,000.

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 2018.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 25- Nonexchange Financial Guarantees (cont.)

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, 2018, there are five loan defaults under this program. The outstanding balance on judgments for amounts owed to the State totals \$2,580.

Note 26 - 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.

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. See *Note 12* for the specific debt service requirements that make up the State's ongoing financial responsibility for this joint venture.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 26 - Joint Ventures (cont.)

Summary financial information for the Authority as of and for the fiscal year ended December 31, 2017, is presented below (in thousands of dollars):

Total Assets	\$ 176,280
Total Deferred Outflows of Resources	686
Total Assets and Deferred Outflows of Resources	<u>\$ 176,966</u>
Total Liabilities	\$ 80,743
Total Net Position	96,223
Total Liabilities and Net Position	<u>\$ 176,966</u>
Total Revenues	\$ 24,562
Total Expenses	15,888
Net Increase in Net Position	<u>\$ 8,674</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

Note 27 - 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/depreciation of the endowments is \$3,006,000. Of this amount, \$1,612,000 is reported as restricted non-expendable, \$1,379,000 is reported as restricted expendable, and \$15,000 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 \$96,277,000 which consisted of both realized and unrealized gains and losses on investment. For detailed information on the college and universities, please see 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 402.134, RSMo. These policies are entity specific and vary with each institution.

Note 28 - Conduit Debt

As of June 30, 2018, the Missouri Development Finance Board issued \$1,637,968,000 in Private Activity Bonds and \$2,624,104,000 in Public Purpose and Refunding Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2018, were approximately \$382,493,000 and \$1,016,018,000 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.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 28 - Conduit Debt (contl)

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, 2018, is \$579,335,000.

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 29 - Subsequent Events

University of Missouri

On July 27, 2018, MU Health Care signed a non-binding letter of intent to purchase two hospitals, SSM Health St. Mary's - Audrain and SSM Health St. Mary's - Jefferson City, from SSM Health. The proposed closing date would be the later of December 31, 2018 or ten days after all governmental approvals and third party consents for material contract assignments have been received, not to exceed June 30, 2019. The closing of the proposed transaction is conditioned upon the negotiation and execution of a mutually satisfactory definitive agreement and subject to reasonable and customary due diligence.

Missouri Western State University

On August 23, 2018, the University Board of Governors voted to refund \$3,765,000 of the outstanding 2008 Auxiliary Revenue bonds. The Auxiliary System Refunding Revenue Bonds Series 2018 mature on October 1, 2029, with an interest rate of 3.53%.

University of Central Missouri

On August 29, 2018, the University issued the following debt: \$7,075,000 in Educational Facilities Revenue Bonds, Series 2018A, with interest rates ranging from 3.375% - 5.0% with principal maturities continuing until October 1, 2033 and \$3,670,000 in Educational Facilities Revenue Bonds, Series 2018 B, with interest rates ranging from 3.25% - 4.0% with principal maturities continuing until October 1, 2034.

Missouri State University

On October 19, 2018, the Board of Governors approved purchase and sale agreements for certain buildings in the area commonly known as Brick City located in Springfield, Missouri, for a purchase price of \$17,700,000 with a closing scheduled for January 23, 2019. The Board of Governors also approved the declaration of official intent towards the issuance of educational facilities revenue bonds to purchase these buildings.

Missouri Development Finance Board

In August 2018, the Board approved a commitment to make a loan in an amount not to exceed \$6.1 million, to Missouri State University (MSU) to support a portion of the construction costs of a parking garage necessary for an expansion of the Jordan Valley Innovation Center (JVIC). If originated, the principal of the loan will be amortized over the term of the loan, not to exceed 20 years from the date of closing, with annual payments of principal and interest to correspond with special assessments of tax from a Transportation Development District formed by the Board. The Board will also require a first mortgage on the parking garage and an assignment of all rents and revenues of the parking garage. MSU must own and control the parking garage for 20 years and, along with the City of Springfield and property developer, each must covenant not to build or offer alternate parking unless the parking garage is regularly and routinely full.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 29 - Subsequent Events (cont.)

Retirement Systems

The MOSERS Board approved the reduction of their assumed rate of return (ARR) on investments from 7.50% to 7.25%, effective June 30, 2018. This change includes the intention to further reduce the ARR to 7.10%, effective June 30, 2019, and then to 6.95%, effective June 30, 2020. The Board approved utilizing a 5-year closed asset smoothing method with a 7-year transition period for previous losses. The Board also approved resetting the amortization period for the unfunded liability from 26 years to a layered 30-year closed period.

Department of Corrections Settlements

The lawsuit Hootselle v. Department of Corrections was filed on August 14, 2012 by several corrections officers alleging that the Missouri Department of Corrections failed to compensate them for pre- and post-shift activities. The officers' union was later added as a plaintiff and asserted claims for breach of its collective bargaining agreement. Following a jury trial on the plaintiffs' breach of contract claims in August 2018, the court entered judgment against the State of \$113,715,000. The State filed a notice of appeal on October 26, 2018. Appellate briefs have not yet been submitted and oral argument have not been scheduled.



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, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Proportionate Share of the Net Pension Liability, Schedule of State Contributions, Schedule of Changes in Total OPEB Liability and Related Ratios, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Proportionate Share of the Collective Net OPEB Liability, 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, 2018
(In Thousands of Dollars)

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 1,359,424	\$ 1,359,424	\$ 1,359,424	\$ —
Resources (Inflows):				
Taxes:				
Sales and Use	2,238,812	2,201,450	2,197,029	(4,421)
Individual Income	7,875,256	7,743,833	7,728,281	(15,552)
Corporate Income	468,220	460,407	459,482	(925)
County Foreign Insurance	315,838	310,568	309,944	(624)
Beer	7,579	7,453	7,437	(16)
Liquor	25,565	25,138	25,088	(50)
Cigarette	—	—	—	—
Corporation Franchise	2,283	2,245	2,240	(5)
Reimbursement/Miscellaneous	177,763	174,795	174,445	(350)
Total Taxes	<u>11,111,316</u>	<u>10,925,889</u>	<u>10,903,946</u>	<u>(21,943)</u>
Licenses, Fees, and Permits	95,248	93,667	93,431	(236)
Sales	1,167	1,152	1,125	(27)
Leases and Rentals	13	13	13	—
Services	529,305	529,119	481,397	(47,722)
Contributions and Intergovernmental	10,282,795	10,254,642	9,460,028	(794,614)
Interest	24,003	23,606	23,540	(66)
Penalties and Unclaimed Property	16,660	16,497	15,841	(656)
Cost Reimbursement/Miscellaneous	1,186,924	1,184,546	1,088,122	(96,424)
Transfers In	3,600,852	3,689,436	2,876,110	(813,326)
Total Resources (Inflows)	<u>26,848,283</u>	<u>26,718,567</u>	<u>24,943,553</u>	<u>(1,775,014)</u>
Amount Available for Appropriation	<u>28,207,707</u>	<u>28,077,991</u>	<u>26,302,977</u>	<u>(1,775,014)</u>
Charges to Appropriations (Outflows):				
Current:				
General Government	2,456,907	2,411,195	2,052,038	359,157
Education	4,443,828	4,419,236	4,220,818	198,418
Natural and Economic Resources	395,500	403,018	211,735	191,283
Transportation and Law Enforcement	500,892	465,281	288,148	177,133
Human Services	13,593,862	14,440,030	13,031,823	1,408,207
Debt Service	124,514	122,152	105,921	16,231
Transfers Out	5,386,822	5,477,724	4,649,037	828,687
Total Charges to Appropriations	<u>26,902,325</u>	<u>27,738,636</u>	<u>24,559,520</u>	<u>3,179,116</u>
Ending Budgetary Fund Balance	<u>\$ 1,305,382</u>	<u>\$ 339,355</u>	<u>\$ 1,743,457</u>	<u>\$ 1,404,102</u>
Reconciling Items:				
Reclassifying Cash Equivalents as Investments			(1,085,932)	
Investments at Fair Value			1,096,486	
Receivables, Net			2,311,020	
Due from Other Funds			—	
Due from Component Units			—	
Inventories			22,990	
Advance to Component Units			—	
Accounts Payable			(1,233,795)	
Accrued Payroll			(59,100)	
Due to Other Funds			(4,988)	
Unearned Revenue			(62,030)	
Escheat/Unclaimed Property			(112,464)	
Deferred Inflows of Resources			(1,096,787)	
Fund Balance - GAAP Basis			<u>\$ 1,518,857</u>	

Public Education				Conservation and Environmental Protection			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 160,191	\$ 160,191	\$ 160,191	\$ —	\$ 475,208	\$ 475,208	\$ 475,208	\$ —
1,602,542	1,602,542	895,569	(706,973)	268,944	268,944	215,229	(53,715)
10,420	10,420	5,823	(4,597)	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
103,913	103,913	58,070	(45,843)	—	—	—	—
—	—	—	—	—	—	—	—
593,938	593,938	331,918	(262,020)	709	709	567	(142)
2,310,813	2,310,813	1,291,380	(1,019,433)	269,653	269,653	215,796	(53,857)
2,627	2,627	1,468	(1,159)	107,179	107,179	85,772	(21,407)
—	—	—	—	9,518	9,518	7,617	(1,901)
—	—	—	—	91	91	73	(18)
—	—	—	—	2	—	2	2
129,312	129,312	72,265	(57,047)	109,729	109,729	87,813	(21,916)
4,889	4,889	2,732	(2,157)	13,117	13,117	10,497	(2,620)
1,723	1,723	963	(760)	1,013	1,013	811	(202)
155,430	155,430	86,861	(68,569)	136,922	136,922	109,575	(27,347)
1,754,629	1,757,954	1,716,529	(41,425)	2,108	2,116	2,113	(3)
4,359,423	4,362,748	3,172,198	(1,190,550)	649,332	649,338	520,069	(129,269)
4,519,614	4,522,939	3,332,389	(1,190,550)	1,124,540	1,124,546	995,277	(129,269)
1,107	1,103	487	616	3,843	3,906	2,863	1,043
2,816,326	2,813,160	2,735,657	77,503	—	—	—	—
16,180	16,180	5,716	10,464	997,290	994,573	399,697	594,876
375	375	136	239	997	997	743	254
16,059	15,822	15,275	547	711	711	673	38
—	—	—	—	—	—	—	—
438,520	444,538	428,120	16,418	56,114	57,169	51,552	5,617
3,288,567	3,291,178	3,185,391	105,787	1,058,955	1,057,356	455,528	601,828
\$ 1,231,047	\$ 1,231,761	\$ 146,998	\$ (1,084,763)	\$ 65,585	\$ 67,190	\$ 539,749	\$ 472,559
		(85,160)				(358,800)	
		85,999				355,983	
		163,547				1,375,304	
		27,950				—	
		—				250	
		123				380	
		—				267	
		(63)				(12,588)	
		(191)				(4,980)	
		(14)				(551)	
		—				(157)	
		—				—	
		(57,102)				(24,263)	
		\$ 282,087				\$ 1,870,594	

STATE OF MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
June 30, 2018

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, 2018, 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, 2018, is shown below (in thousands):

	Final Budget Transfer		Actual Transfer	
	In	Out	In	Out
GENERAL FUND	\$ 3,260,520	\$ (3,260,520)	\$ 2,556,861	\$ (2,556,861)
SPECIAL REVENUE FUNDS				
Public Education	405,981	(405,981)	390,031	(390,031)
TOTAL	\$ 3,666,501	\$ (3,666,501)	\$ 2,946,892	\$ (2,946,892)

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 YEARS 2015-2018
(In Thousands of Dollars)

	Judicial Plan*			
	2018**	2017**	2016**	2015**
Total Pension Liability				
Service Cost	\$ 12,946	\$ 10,932	\$ 10,614	\$ 8,990
Interest on the Total Pension Liability	40,617	37,755	36,162	34,014
Difference between Expected and Actual Experience	(10,687)	(5,037)	5,103	13,361
Changes in Assumptions	7,906	53,991	—	—
Benefit Payments, including member refunds	(33,985)	(32,989)	(31,246)	(29,407)
Disability Premiums	—	—	—	—
Transfers to Other Retirement Systems	—	—	—	—
Net Change in Total Pension Liability	16,797	64,652	20,633	26,958
Total Pension Liability - Beginning	547,621	482,969	462,336	435,378
Total Pension Liability - Ending (a)	564,418	547,621	482,969	462,336
Plan Fiduciary Net Position				
Contributions - Employer	34,247	33,642	32,696	29,265
Contributions - Employee	787	661	488	295
Pension Plan Net Investment Income	4,680	28	(3,610)	21,395
Benefit Payments, including member refunds	(33,985)	(32,989)	(31,246)	(29,407)
Disability Premiums	—	—	—	—
Pension Plan Administrative Expense	(150)	(137)	(123)	(106)
Net Transfers	—	—	—	—
Other	—	—	—	—
Net Change in Plan Fiduciary Net Position	5,579	1,205	(1,795)	21,442
Plan Fiduciary Net Position - Beginning*	132,056	130,851	132,646	111,204
Plan Fiduciary Net Position - Ending (b)	137,635	132,056	130,851	132,646
Net Pension Liability - Ending (a) - (b)	\$ 426,783	\$ 415,565	\$ 352,118	\$ 329,690
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	24.39%	24.11%	27.09%	28.69%
Covered Payroll	\$ 58,592	\$ 57,421	\$ 55,656	\$ 49,588
Net Pension Liability as a Percentage of Covered Payroll	728.40%	723.72%	632.66%	664.86%

*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.

Missouri Department of Transportation and Highway Patrol
Employees' Retirement System

2018**	2017**	2016**	2015**
\$ 45,713	\$ 45,441	\$ 45,358	\$ 44,740
283,569	280,432	275,285	270,526
(37,287)	(39,810)	(13,324)	(17,614)
—	—	—	—
(246,939)	(236,687)	(237,013)	(227,977)
(1,620)	(1,568)	(1,555)	(1,532)
(2,725)	(1,921)	(3,147)	(1,876)
40,711	45,887	65,604	66,267
3,761,733	3,715,846	3,650,242	3,583,975
3,802,444	3,761,733	3,715,846	3,650,242
206,563	199,609	200,639	183,354
4,892	3,483	3,294	2,260
220,302	21,432	92,646	319,446
(246,939)	(236,687)	(237,013)	(227,977)
(1,620)	(1,568)	(1,555)	(1,532)
(4,516)	(4,370)	(4,067)	(3,736)
(981)	808	(2,033)	(92)
—	—	—	—
177,701	(17,293)	51,911	271,723
1,992,074	2,009,367	1,957,456	1,685,733
2,169,775	1,992,074	2,009,367	1,957,456
\$1,632,669	\$1,769,659	\$1,706,479	\$1,692,786

University of Missouri Retirement System

2018**	2017**	2016**	2015**
\$ 63,624	\$ 66,269	\$ 68,328	\$ 70,574
305,781	296,885	288,438	275,762
11,704	(22,741)	(38,227)	13,226
257,616	—	—	—
(233,083)	(211,036)	(203,300)	(182,488)
—	—	—	—
—	—	—	—
405,642	129,377	115,239	177,074
4,008,189	3,878,812	3,763,573	3,586,499
4,413,831	4,008,189	3,878,812	3,763,573
92,200	96,631	99,454	103,895
15,299	15,218	14,976	14,486
322,297	364,486	6,646	36,412
(233,083)	(211,036)	(203,300)	(182,488)
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	(2,150)
196,713	265,299	(82,224)	(29,845)
3,485,925	3,220,626	3,302,850	3,332,695
3,682,638	3,485,925	3,220,626	3,302,850
\$ 731,193	\$ 522,264	\$ 658,186	\$ 460,723

57.06%	52.96%	54.08%	53.63%
\$ 356,515	\$ 344,635	\$ 342,265	\$ 336,591
457.95%	513.49%	498.58%	502.92%

83.43%	86.97%	83.03%	87.76%
\$1,146,836	\$1,144,412	\$1,129,784	\$1,109,431
63.76%	45.64%	58.26%	41.53%

STATE OF MISSOURI
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FISCAL YEARS 2015-2018
(In Thousands of Dollars)

	2018*	2017*	2016*	2015*
<u>Missouri State Employees' Plan</u>				
State's proportion of the net pension liability	82.19%	82.21%	82.26%	82.45%
State's proportionate share of the net pension liability	\$ 4,279,391	\$ 3,816,328	\$ 2,641,347	\$ 1,944,098
State's covered payroll	\$ 1,617,463	\$ 1,593,034	\$ 1,593,238	\$ 1,613,263
State's proportionate share of the net pension liability as a percentage of its covered payroll	264.57%	239.56%	165.78%	120.51%
Plan fiduciary net position as a percentage of the total pension liability	60.41%	63.60%	72.62%	79.49%
<u>Judicial Plan</u>				
State's proportion of the net pension liability	100.00%	100.00%	100.00%	100.00%
State's proportionate share of the net pension liability	\$ 426,783	\$ 415,565	\$ 352,118	\$ 329,690
State's covered payroll	\$ 58,592	\$ 57,421	\$ 55,656	\$ 49,588
State's proportionate share of the net pension liability as a percentage of its covered payroll	728.40%	723.72%	632.66%	664.86%
Plan fiduciary net position as a percentage of the total pension liability	24.39%	24.11%	27.09%	28.69%
<u>Missouri Department of Transportation and Highway Patrol Employees' Retirement System</u>				
State's proportion of the net pension liability	100.00%	100.00%	100.00%	100.00%
State's proportionate share of the net pension liability	\$ 1,632,669	\$ 1,769,659	\$ 1,706,479	\$ 1,692,786
State's covered payroll	\$ 356,515	\$ 344,635	\$ 342,265	\$ 336,591
State's proportionate share of the net pension liability as a percentage of its covered payroll	457.95%	513.49%	498.58%	502.92%
Plan fiduciary net position as a percentage of the total pension liability	57.06%	52.96%	54.08%	53.63%
<u>Missouri State Employees' Plan - Component Units</u>				
Component Unit's proportion of the net pension liability	17.44%	17.41%	17.38%	17.19%
Component Unit's proportionate share of the net pension liability	\$ 908,000	\$ 808,175	\$ 557,955	\$ 405,189
Component Unit's covered payroll	\$ 343,472	\$ 337,401	\$ 336,571	\$ 325,490
Component Unit's proportionate share of the net pension liability as a percentage of its covered payroll	264.36%	239.53%	165.78%	124.49%
Plan fiduciary net position as a percentage of the total pension liability	60.41%	63.60%	72.62%	79.49%
<u>University of Missouri Retirement System</u>				
University's proportion of the net pension liability	100.00%	100.00%	100.00%	100.00%
University's proportionate share of the net pension liability	\$ 731,193	\$ 522,264	\$ 658,186	\$ 460,723
University's covered payroll	\$ 1,146,836	\$ 1,144,412	\$ 1,129,784	\$ 1,109,431
University's proportionate share of the net pension liability as a percentage of its covered payroll	63.76%	45.64%	58.26%	41.53%
Plan fiduciary net position as a percentage of the total pension liability	83.43%	86.97%	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
PENSION
FISCAL YEARS 2014-2018
(In Thousands of Dollars)**

	2018	2017*	2016	2015	2014
<u>Missouri State Employees' Plan</u>					
Required Contributions	\$ 313,167	\$ 274,510	\$ 270,198	\$ 270,220	\$ 269,106
Contributions in relation to the required contribution	\$ 313,167	\$ 274,510	\$ 270,198	\$ 270,220	\$ 269,106
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
State's covered payroll	\$ 1,610,149	\$ 1,617,463	\$ 1,593,034	\$ 1,593,238	\$ 1,613,263
Contributions as a percentage of covered payroll	19.45%	16.97%	16.96%	16.96%	16.68%
<u>Judicial Plan</u>					
Required Contributions	\$ 36,895	\$ 32,671	\$ 33,642	\$ 32,696	\$ 29,265
Contributions in relation to the required contribution	\$ 36,895	\$ 34,247	\$ 33,642	\$ 32,696	\$ 29,265
Contribution deficiency (excess)	\$ —	\$ (1,576)	\$ —	\$ —	\$ —
State's covered payroll	\$ 59,404	\$ 58,592	\$ 57,421	\$ 55,656	\$ 49,588
Contributions as a percentage of covered payroll	62.11%	58.45%	58.59%	58.70%	59.02%
<u>Missouri Department of Transportation and Highway Patrol Employees' Retirement System</u>					
Required Contributions	\$ 204,955	\$ 206,563	\$ 199,609	\$ 200,639	\$ 183,354
Contributions in relation to the required contribution	\$ 204,955	\$ 206,563	\$ 199,609	\$ 200,639	\$ 183,354
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
State's covered payroll	\$ 353,751	\$ 356,515	\$ 344,635	\$ 342,265	\$ 336,591
Contributions as a percentage of covered payroll	58.00%	58.00%	58.00%	58.62%	54.44%
<u>Missouri State Employees' Plan - Component Units</u>					
Required Contributions	\$ 63,533	\$ 58,246	\$ 57,219	\$ 57,081	\$ 56,087
Contributions in relation to the required contribution	\$ 63,533	\$ 58,246	\$ 57,219	\$ 57,081	\$ 56,087
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Component Unit's covered payroll	\$ 326,631	\$ 343,472	\$ 337,401	\$ 336,571	\$ 325,490
Contributions as a percentage of covered payroll	19.45%	16.96%	16.96%	16.96%	17.23%
<u>University of Missouri Retirement System</u>					
Required Contributions	\$ 92,200	\$ 96,631	\$ 99,454	\$ 103,895	\$ 113,688
Contributions in relation to the required contribution	\$ 92,200	\$ 96,631	\$ 99,454	\$ 103,895	\$ 113,688
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
University's covered payroll	\$ 1,146,836	\$ 1,144,412	\$ 1,129,784	\$ 1,109,431	\$ 1,078,347
Contributions as a percentage of covered payroll	8.04%	8.44%	8.80%	9.36%	10.54%

*After post-valuation adjustments.

Note: Schedule revised to show by most recent fiscal year end rather than the measurement date.

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. Senate Bill 62 (SB 62), which contained changes to the benefit structure for Missouri State Employees' MSEP 2011 Plan and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System Year 2000 Plan-2011 Tier, was passed by the 2017 legislature (effective January 1, 2018). The provisions of the bill decreased vesting from ten to five years of service, but also included provisions that essentially offset the cost of the vesting change. As a result, SB 62 had no impact on the employer contribution rate and created a decrease to the UAAL for the MSEP 2011 Plan of \$1.6 million. There are no changes to benefit terms in the plans for the year ended June 30, 2017.

Changes of assumptions.

For MOSERS: The board reduced the investment return assumption used in the June 30, 2017 valuation to 7.5%.

For MPERS: No changes in assumptions.

For MU: The board reduced the discount rate used in the October 1, 2017 valuation to 7.20%.

STATE OF MISSOURI
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FISCAL YEAR 2018
(In Thousands of Dollars)

	Missouri Department of Transportation and Highway Patrol Medical and Life Insurance Plan*	Conservation Employees' Benefits Plan*
	2018*	2018*
Total OPEB Liability		
Service Cost	\$ 49,483	\$ 3,109
Interest	35,941	4,975
Changes of Benefit Terms	—	—
Differences Between Expected and Actual Experience	—	—
Changes of Assumptions or Other Inputs	(165,036)	(7,665)
Benefit Payments	(21,185)	(3,006)
Net Change in Total OPEB Liability	(100,797)	(2,587)
Total OPEB Liability - Beginning	1,222,196	137,344
Total OPEB Liability - Ending (a)	\$ 1,121,399	\$ 134,757
Covered-Employee Payroll	\$ 355,663	\$ 62,235
Total OPEB Liability as a Percentage of Covered-Employee Payroll	315.30%	216.53%

*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 the MSHP and MoDOT Medical and Life Insurance Plan which is based on a measurement date of July 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 CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FISCAL YEAR 2018
(In Thousands of Dollars)

	University of Missouri OPEB Plan*
	2018
Total OPEB Liability	
Service Cost	\$ 4,991
Interest on the Total OPEB Liability	17,434
Changes in Assumptions	(18,998)
Benefit Payments, including member refunds	(22,828)
Net Change in Total Pension Liability	(19,401)
Total OPEB Liability - Beginning	498,407
Total OPEB Liability - Ending (a)	479,006
Plan Fiduciary Net Position	
Contributions - Employer	18,590
Contributions - Employee	16,480
Net Investment Income	790
Benefit Payments, including refunds of employee contributions	(35,031)
Other	(172)
Net Change in Plan Fiduciary Net Position	657
Plan Fiduciary Net Position - Beginning*	36,144
Plan Fiduciary Net Position - Ending (b)	36,801
Net OPEB Liability - Ending (a) - (b)	\$ 442,205
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	7.68%
Covered-Employee Payroll	\$ 721,517
Net OPEB Liability as a Percentage of Covered-Employee Payroll	61.29%

*Based on a measurement date of June 30, 2018.

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 COLLECTIVE NET OPEB LIABILITY
FISCAL YEARS 2018
(In Thousands of Dollars)

	2018*
<u>Missouri Consolidated Health Care Plan</u>	
State's proportion of the collective net OPEB liability	99.56%
State's proportionate share of the collective net OPEB liability	\$ 1,756,787
State's covered payroll	\$ 1,480,735
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	118.64%
Plan fiduciary net position as a percentage of the total OPEB liability	6.64%
<u>Missouri Consolidated Health Care Plan - CU</u>	
Component Unit's proportion of the collective net OPEB liability	0.03%
Component Unit's proportionate share of the collective net OPEB liability	\$ 484
Component Unit's covered payroll	\$ 176
Component Unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	275.00%
Plan fiduciary net position as a percentage of the total OPEB liability	6.64%

*Based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.

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 Schedules:

Neither MHPML or CEIP have assets that are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Changes of benefit terms. There were no changes in benefit terms.

Changes of assumptions.

For MCHCP: The discount rate changed from 5.70% to 5.71%, in the June 30, 2017 valuation.

For CEIP: The discount rate went from 3.58% to 3.87% in the June 30, 2017 valuation.

MHPML: None

For MU: The 75% pre-65 medical participation assumption was split to 90% in the Retiree Health PPO Plan and 10% in the Healthy Savings Plan. The 90% post-65 participation assumption was split to 33% in the Base Plan and 67% in the Buy-Up Plan at the January 1, 2017 effective date. Also, in the interest rate used for the valuations was changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.



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 STATEMENT
MAJOR CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2018
(In Thousands of Dollars)**

	Missouri Road Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 712,394	\$ 712,394	\$ 712,394	\$ —
Resources (Inflows):				
Taxes:				
Vehicle Sales and Use	181,112	181,112	177,892	(3,220)
Fuel	112	112	124	12
Total Taxes	<u>181,224</u>	<u>181,224</u>	<u>178,016</u>	<u>(3,208)</u>
Licenses, Fees, and Permits	95,156	95,156	105,181	10,025
Contributions and Intergovernmental	946,948	947,262	935,017	(12,245)
Interest	5,038	5,038	9,070	4,032
Cost Reimbursement/Miscellaneous	96,380	96,380	83,371	(13,009)
Transfers In	510,000	510,000	461,282	(48,718)
Total Resources (Inflows)	<u>1,834,746</u>	<u>1,835,060</u>	<u>1,771,937</u>	<u>(63,123)</u>
Amount Available for Appropriation	<u>2,547,140</u>	<u>2,547,454</u>	<u>2,484,331</u>	<u>(63,123)</u>
Charges to Appropriations (Outflows):				
Current:				
Transportation and Law Enforcement	841,418	869,438	827,949	41,489
Capital Outlay				
Transportation and Law Enforcement	855,863	884,365	842,163	42,202
Debt Service	114,036	117,833	112,210	5,623
Total Charges to Appropriations	<u>1,811,317</u>	<u>1,871,636</u>	<u>1,782,322</u>	<u>89,314</u>
Ending Budgetary Fund Balance	<u>\$ 735,823</u>	<u>\$ 675,818</u>	<u>\$ 702,009</u>	<u>\$ 26,191</u>
Reconciling Items:				
Reclassifying Cash Equivalents as Investments			(423,685)	
Investments at Fair Value			418,095	
Receivables, Net			124,609	
Inventories			33,738	
Accounts Payable			(107,010)	
Accrued Payroll			(17,213)	
Due to Other Funds			(227)	
Unearned Revenue			(4,306)	
Deferred Inflows of Resources			<u>(22,532)</u>	
Fund Balance - GAAP Basis			<u>\$ 703,478</u>	



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, 2018
(In Thousands of Dollars)**

	General Fund		Totals
	General	Federal	June 30, 2018
ASSETS			
Cash and Cash Equivalents	\$ 525,977	\$ 131,548	\$ 657,525
Investments	871,882	224,604	1,096,486
Accounts Receivable, Net	1,375,881	903,036	2,278,917
Interest Receivable	6,110	39	6,149
Inventories	21,984	1,006	22,990
Loans Receivable	25,954	—	25,954
Total Assets	\$ 2,827,788	\$ 1,260,233	\$ 4,088,021
LIABILITIES			
Accounts Payable	\$ 585,382	\$ 648,413	\$ 1,233,795
Accrued Payroll	47,059	12,041	59,100
Due to Other Funds	2,137	2,851	4,988
Unearned Revenue	1,271	60,759	62,030
Escheat/Unclaimed Property	112,464	—	112,464
Total Liabilities	748,313	724,064	1,472,377
DEFERRED INFLOWS OF RESOURCES	865,104	231,683	1,096,787
FUND BALANCES			
Nonspendable	47,938	1,006	48,944
Restricted	4,433	303,480	307,913
Committed	617,661	—	617,661
Assigned	86,705	—	86,705
Unassigned	457,634	—	457,634
Total Fund Balances	1,214,371	304,486	1,518,857
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,827,788	\$ 1,260,233	\$ 4,088,021

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
For the Fiscal Year Ended June 30, 2018
(In Thousands of Dollars)

	General Fund			Totals
	General	Federal	Eliminations	June 30, 2018
Revenues:				
Taxes	\$ 9,333,308	\$ —	\$ —	\$ 9,333,308
Licenses, Fees, and Permits	92,437	478	—	92,915
Sales	516	15	—	531
Leases and Rentals	12	—	—	12
Services	7,991	139,860	—	147,851
Contributions and Intergovernmental	1,641,701	8,617,587	—	10,259,288
Investment Earnings:				
Net Increase (Decrease) in the Fair Value of Investments	(2,206)	(775)	—	(2,981)
Interest	23,162	196	—	23,358
Penalties and Unclaimed Properties	48,606	6,282	—	54,888
Cost Reimbursement/Miscellaneous	121,189	183,578	—	304,767
Total Revenues	11,266,716	8,947,221	—	20,213,937
Expenditures:				
Current:				
General Government	629,130	25,719	—	654,849
Education	3,253,760	1,008,916	—	4,262,676
Natural and Economic Resources	57,936	211,054	—	268,990
Transportation and Law Enforcement	86,733	212,262	—	298,995
Human Services	5,820,276	7,473,076	—	13,293,352
Debt Service:				
Principal	76,938	672	—	77,610
Interest	29,367	40	—	29,407
Bond Issuance Cost	356	—	—	356
Total Expenditures	9,954,496	8,931,739	—	18,886,235
Excess Revenues (Expenditures)	1,312,220	15,482	—	1,327,702
Other Financing Sources (Uses):				
Issuance of Notes/Capital Leases	6,080	772	—	6,852
Sale of Capital Assets	568	364	—	932
Transfers In	242,060	142,361	(330,825)	53,596
Transfers Out	(1,441,973)	(192,409)	330,825	(1,303,557)
Total Other Financing Sources (Uses)	(1,193,265)	(48,912)	—	(1,242,177)
Net Change in Fund Balances	118,955	(33,430)	—	85,525
Fund Balances - Beginning	1,095,485	338,768	—	1,434,253
Increase (Decrease) in Reserve for Inventory	(69)	(852)	—	(921)
Fund Balances - Ending	\$ 1,214,371	\$ 304,486	\$ —	\$ 1,518,857

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
June 30, 2018
(In Thousands of Dollars)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2018
ASSETS					
Cash and Cash Equivalents	\$ 155,287	\$ 36,141	\$ 49,230	\$ 998	\$ 241,656
Investments	238,834	65,961	107,175	56,638	468,608
Accounts Receivable, Net	166,450	17,395	—	—	183,845
Interest Receivable	626	311	472	1	1,410
Due from Other Funds	630	—	—	—	630
Inventories	3,674	—	—	—	3,674
Loans Receivable	3,498	—	—	—	3,498
Total Assets	<u>\$ 568,999</u>	<u>\$ 119,808</u>	<u>\$ 156,877</u>	<u>\$ 57,637</u>	<u>\$ 903,321</u>
LIABILITIES					
Accounts Payable	\$ 68,551	\$ —	\$ 11,060	\$ —	\$ 79,611
Accrued Payroll	11,931	—	—	—	11,931
Due to Other Funds	1,189	—	—	—	1,189
Total Liabilities	<u>81,671</u>	<u>—</u>	<u>11,060</u>	<u>—</u>	<u>92,731</u>
DEFERRED INFLOWS OF RESOURCES	<u>7,372</u>	<u>59</u>	<u>173</u>	<u>1</u>	<u>7,605</u>
FUND BALANCES					
Nonspendable	3,674	—	—	57,524	61,198
Restricted	181,898	119,749	145,644	—	447,291
Committed	39,120	—	—	—	39,120
Assigned	255,264	—	—	112	255,376
Total Fund Balances	<u>479,956</u>	<u>119,749</u>	<u>145,644</u>	<u>57,636</u>	<u>802,985</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 568,999</u>	<u>\$ 119,808</u>	<u>\$ 156,877</u>	<u>\$ 57,637</u>	<u>\$ 903,321</u>

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, 2018
(In Thousands of Dollars)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2018
Revenues:					
Taxes	\$ 949,105	\$ 184,928	\$ —	\$ —	\$ 1,134,033
Licenses, Fees, and Permits	392,060	—	—	—	392,060
Sales	1,397	—	—	—	1,397
Leases and Rentals	2	—	—	—	2
Services	800	—	—	—	800
Contributions and Intergovernmental	355,966	4,709	—	5	360,680
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	(894)	(703)	(472)	(166)	(2,235)
Interest	3,350	2,228	2,479	6	8,063
Penalties and Unclaimed Properties	11,782	—	—	2,162	13,944
Cost Reimbursement/Miscellaneous	65,422	—	—	—	65,422
Total Revenues	1,778,990	191,162	2,007	2,007	1,974,166
Expenditures:					
Current:					
General Government	234,929	—	17,341	—	252,270
Education	1,536	—	55,349	—	56,885
Natural and Economic Resources	246,342	—	1,231	—	247,573
Transportation and Law Enforcement	338,744	1	9,135	—	347,880
Human Services	688,963	—	16,245	2	705,210
Capital Outlay:					
General Government	—	—	1,320	—	1,320
Education	—	—	106	—	106
Natural and Economic Resources	—	—	3,549	—	3,549
Transportation and Law Enforcement	—	—	276	—	276
Human Services	—	—	64,467	—	64,467
Debt Service:					
Principal	648	175,305	—	—	175,953
Interest	213	75,160	—	—	75,373
Underwriter's Discount	—	—	985	—	985
Total Expenditures	1,511,375	250,466	170,004	2	1,931,847
Excess Revenues (Expenditures)	267,615	(59,304)	(167,997)	2,005	42,319
Other Financing Sources (Uses):					
Issuance of Notes/Capital Leases	82	—	—	—	82
Issuance of Bonds	—	—	124,905	—	124,905
Bond Premium	—	—	9,751	—	9,751
Proceeds from Sale of Capital Assets	7,976	—	—	—	7,976
Transfers In	254,132	53,864	231	—	308,227
Transfers Out	(504,446)	—	—	—	(504,446)
Total Other Financing Sources (Uses)	(242,256)	53,864	134,887	—	(53,505)
Net Change in Fund Balances	25,359	(5,440)	(33,110)	2,005	(11,186)
Fund Balances - Beginning	453,932	125,189	178,754	55,631	813,506
Increase (Decrease) in Reserve for Inventory	665	—	—	—	665
Fund Balances - Ending	\$ 479,956	\$ 119,749	\$ 145,644	\$ 57,636	\$ 802,985



*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, 2018
(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, 2018
ASSETS								
Cash and Cash								
Equivalents	\$ 19,150	\$ 14,311	\$ 3,802	\$ 20,866	\$ 48,328	\$ 15,914	\$ 32,916	\$ 155,287
Investments	33,342	24,917	7,803	36,312	51,581	27,694	57,185	238,834
Accounts Receivable, Net	—	1,269	111	4,942	132,929	24,738	2,461	166,450
Interest Receivable	—	52	20	113	165	89	187	626
Due from Other Funds	—	—	—	—	—	630	—	630
Inventories	26	8	13	29	3,369	—	229	3,674
Loans Receivable	—	—	2,040	—	1,458	—	—	3,498
Total Assets	\$ 52,518	\$ 40,557	\$ 13,789	\$ 62,262	\$ 237,830	\$ 69,065	\$ 92,978	\$ 568,999
LIABILITIES								
Accounts Payable	\$ 194	\$ 1,426	\$ 115	\$ 42,819	\$ 2,565	\$ 18,326	\$ 3,106	\$ 68,551
Accrued Payroll	238	421	271	325	7,620	462	2,594	11,931
Due to Other Funds	19	508	16	80	366	95	105	1,189
Total Liabilities	451	2,355	402	43,224	10,551	18,883	5,805	81,671
DEFERRED INFLOWS OF RESOURCES	—	63	12	448	5,130	593	1,126	7,372
FUND BALANCES								
Nonspendable	26	8	13	29	3,369	—	229	3,674
Restricted	—	23,430	3,829	5,934	37,597	49,589	61,519	181,898
Committed	16,554	7,591	549	7,417	835	—	6,174	39,120
Assigned	35,487	7,110	8,984	5,210	180,348	—	18,125	255,264
Total Fund Balances	52,067	38,139	13,375	18,590	222,149	49,589	86,047	479,956
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 52,518	\$ 40,557	\$ 13,789	\$ 62,262	\$ 237,830	\$ 69,065	\$ 92,978	\$ 568,999

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, 2018
(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, 2018
Revenues:								
Taxes	\$ 112	\$ —	\$ 4,577	\$ 102,834	\$ 722,831	\$ 118,599	\$ 152	\$ 949,105
Licenses, Fees, and Permits	14,399	30,125	11,585	18,437	211,012	—	106,502	392,060
Sales	—	—	6	1,051	—	—	340	1,397
Leases and Rentals	—	—	—	—	—	—	2	2
Services	—	793	—	—	—	—	7	800
Contributions and Intergovernmental	—	764	146	351,238	4	—	3,814	355,966
Investment Earnings:								
Net Increase (Decrease) in the Fair Value of Investments	(83)	(84)	(120)	(111)	(271)	(71)	(154)	(894)
Interest	—	261	208	524	965	437	955	3,350
Penalties and Unclaimed Properties	440	8,913	—	36	600	—	1,793	11,782
Cost Reimbursement/ Miscellaneous	175	1,397	98	37,710	1,803	220	24,019	65,422
Total Revenues	<u>15,043</u>	<u>42,169</u>	<u>16,500</u>	<u>511,719</u>	<u>936,944</u>	<u>119,185</u>	<u>137,430</u>	<u>1,778,990</u>
Expenditures:								
Current:								
General Government	163	12,720	178	1,477	208,155	5,336	6,900	234,929
Education	75	—	—	1,461	—	—	—	1,536
Natural and Economic Resources	18,384	994	15,597	3,847	—	105,822	101,698	246,342
Transportation and Law Enforcement	—	23,549	—	3,439	263,034	—	48,722	338,744
Human Services	—	156	—	685,078	—	—	3,729	688,963
Debt Service:								
Principal	—	20	—	—	—	82	546	648
Interest	—	6	8	—	—	19	180	213
Total Expenditures	<u>18,622</u>	<u>37,445</u>	<u>15,783</u>	<u>695,302</u>	<u>471,189</u>	<u>111,259</u>	<u>161,775</u>	<u>1,511,375</u>
Excess Revenues (Expenditures)	<u>(3,579)</u>	<u>4,724</u>	<u>717</u>	<u>(183,583)</u>	<u>465,755</u>	<u>7,926</u>	<u>(24,345)</u>	<u>267,615</u>
Other Financing Sources (Uses):								
Issuance of Notes/ Capital Leases								
Capital Leases	—	3	59	—	—	—	20	82
Proceeds from Sale of Capital Assets								
Proceeds from Sale of Capital Assets	—	43	5	—	7,917	—	11	7,976
Transfers In	28	1,387	38	198,477	732	7,280	46,190	254,132
Transfers Out	(768)	(18)	—	(14,721)	(466,070)	(1,153)	(21,716)	(504,446)
Total Other Financing Sources (Uses)	<u>(740)</u>	<u>1,415</u>	<u>102</u>	<u>183,756</u>	<u>(457,421)</u>	<u>6,127</u>	<u>24,505</u>	<u>(242,256)</u>
Net Change in Fund Balances								
Net Change in Fund Balances	(4,319)	6,139	819	173	8,334	14,053	160	25,359
Fund Balances - Beginning								
Fund Balances - Beginning	56,387	32,000	12,554	18,398	213,158	35,536	85,899	453,932
Increase (Decrease) in Reserve for Inventory								
Increase (Decrease) in Reserve for Inventory	(1)	—	2	19	657	—	(12)	665
Fund Balances - Ending	<u>\$ 52,067</u>	<u>\$ 38,139</u>	<u>\$ 13,375</u>	<u>\$ 18,590</u>	<u>\$ 222,149</u>	<u>\$ 49,589</u>	<u>\$ 86,047</u>	<u>\$ 479,956</u>

STATE OF MISSOURI
COMBINING STATEMENT 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, 2018
(In Thousands of Dollars)

	Professional Registration			Judicial Protection and Assistance		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Taxes:						
Sales and Use	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Cigarette	—	—	—	—	—	—
Fuel	—	—	—	—	—	—
County Foreign Insurance	—	—	—	—	—	—
Liquor/Wine	—	—	—	—	—	—
Reimbursement/Miscellaneous	110	112	2	—	—	—
Total Taxes	110	112	2	—	—	—
Licenses, Fees, and Permits	14,130	14,409	279	26,926	30,713	3,787
Sales	—	—	—	—	—	—
Leases and Rentals	—	—	—	—	—	—
Services	—	—	—	695	793	98
Contributions and Intergovernmental	1	1	—	2,207	2,517	310
Interest	—	—	—	223	254	31
Penalties and Unclaimed Property	431	440	9	7,814	8,913	1,099
Cost Reimbursement/ Miscellaneous	173	176	3	1,251	1,426	175
Total Revenues	14,845	15,138	293	39,116	44,616	5,500
Expenditures:						
Current:						
General Government	60	2	58	22,496	13,511	8,985
Education	150	78	72	—	—	—
Natural and Economic Resources	12,098	8,910	3,188	1,185	2	1,183
Transportation and Law Enforcement	—	—	—	34,846	24,461	10,385
Human Services	—	—	—	750	154	596
Total Expenditures	12,308	8,990	3,318	59,277	38,128	21,149
Excess Revenues (Expenditures)	2,537	6,148	3,611	(20,161)	6,488	26,649
Other Financing Sources (Uses):						
Transfers In	320	10	(310)	3,085	2,982	(103)
Transfers Out	(13,794)	(10,562)	3,232	(2,491)	(2,289)	202
Total Other Financing Sources (Uses)	(13,474)	(10,552)	2,922	594	693	99
Net Change in Fund Balances	(10,937)	(4,404)	6,533	(19,567)	7,181	26,748
Fund Balances - Beginning	57,099	57,099	—	32,198	32,198	—
Fund Balances - Ending	\$ 46,162	\$ 52,695	\$ 6,533	\$ 12,631	\$ 39,379	\$ 26,748
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(33,545)			(25,068)	
Investments at Fair Value		33,342			24,917	
Receivables, Net		—			1,321	
Due from Other Funds		—			—	
Inventories		26			8	
Accounts Payable		(194)			(1,426)	
Accrued Payroll		(238)			(421)	
Due to Other Funds		(19)			(508)	
Deferred Inflows of Resources		—			(63)	
Fund Balance per GAAP		\$ 52,067			\$ 38,139	

Agriculture and State Fair			Social Assistance		
Budget	Actual	Variance	Budget	Actual	Variance
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	40,558	39,337	(1,221)
—	—	—	—	—	—
—	—	—	—	—	—
4,650	4,576	(74)	—	—	—
—	—	—	64,769	62,820	(1,949)
<u>4,650</u>	<u>4,576</u>	<u>(74)</u>	<u>105,327</u>	<u>102,157</u>	<u>(3,170)</u>
11,815	11,628	(187)	19,082	18,508	(574)
6	6	—	1,084	1,051	(33)
—	—	—	—	—	—
—	—	—	—	—	—
187	184	(3)	368,823	357,722	(11,101)
91	90	(1)	519	503	(16)
—	—	—	20	19	(1)
156	154	(2)	44,794	43,446	(1,348)
<u>16,905</u>	<u>16,638</u>	<u>(267)</u>	<u>539,649</u>	<u>523,406</u>	<u>(16,243)</u>
291	105	186	5,068	2,929	2,139
—	—	—	3,179	1,899	1,280
14,932	12,092	2,840	6,946	3,895	3,051
—	—	—	5,353	2,989	2,364
—	—	—	534,666	499,354	35,312
<u>15,223</u>	<u>12,197</u>	<u>3,026</u>	<u>555,212</u>	<u>511,066</u>	<u>44,146</u>
<u>1,682</u>	<u>4,441</u>	<u>2,759</u>	<u>(15,563)</u>	<u>12,340</u>	<u>27,903</u>
5	5	—	271,934	210,640	(61,294)
<u>(3,990)</u>	<u>(3,716)</u>	<u>274</u>	<u>(308,566)</u>	<u>(219,667)</u>	<u>88,899</u>
<u>(3,985)</u>	<u>(3,711)</u>	<u>274</u>	<u>(36,632)</u>	<u>(9,027)</u>	<u>27,605</u>
<u>(2,303)</u>	<u>730</u>	<u>3,033</u>	<u>(52,195)</u>	<u>3,313</u>	<u>55,508</u>
8,972	8,972	—	54,066	54,066	—
<u>\$ 6,669</u>	<u>\$ 9,702</u>	<u>\$ 3,033</u>	<u>\$ 1,871</u>	<u>\$ 57,379</u>	<u>\$ 55,508</u>
	(5,900)			(36,513)	
	7,803			36,312	
	2,171			5,055	
	—			—	
	13			29	
	(115)			(42,819)	
	(271)			(325)	
	(16)			(80)	
	(12)			(448)	
	<u>\$ 13,375</u>			<u>\$ 18,590</u>	

This schedule is continued on pages 161 - 162

	Transportation and Law Enforcement			Unemployment and Workers' Compensation		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Taxes:						
Sales and Use	\$ 11,817	\$ 11,577	\$ (240)	\$ —	\$ —	\$ —
Cigarette	—	—	—	—	—	—
Fuel	744,195	729,054	(15,141)	—	—	—
County Foreign Insurance	—	—	—	—	—	—
Liquor/Wine	—	—	—	—	—	—
Reimbursement/Miscellaneous	—	—	—	145,131	120,120	(25,011)
Total Taxes	756,012	740,631	(15,381)	145,131	120,120	(25,011)
Licenses, Fees, and Permits	219,107	214,649	(4,458)	—	—	—
Sales	7,291	7,143	(148)	—	—	—
Leases and Rentals	—	—	—	—	—	—
Services	—	—	—	—	—	—
Contributions and Intergovernmental	590	578	(12)	3,396	2,811	(585)
Interest	954	935	(19)	515	426	(89)
Penalties and Unclaimed Property	568	556	(12)	9,445	7,817	(1,628)
Cost Reimbursement/ Miscellaneous	1,533	1,501	(32)	448	371	(77)
Total Revenues	986,055	965,993	(20,062)	158,935	131,545	(27,390)
Expenditures:						
Current:						
General Government	226,657	215,345	11,312	22,131	9,908	12,223
Education	—	—	—	—	—	—
Natural and Economic Resources	—	—	—	155,307	112,705	42,602
Transportation and Law Enforcement	310,060	274,897	35,163	—	—	—
Human Services	—	—	—	—	—	—
Total Expenditures	536,717	490,242	46,475	177,438	122,613	54,825
Excess Revenues (Expenditures)	449,338	475,751	26,413	(18,503)	8,932	27,435
Other Financing Sources (Uses):						
Transfers In	562,287	548,494	(13,793)	6	4	(2)
Transfers Out	(1,089,245)	(1,025,338)	63,907	(13,388)	(11,690)	1,698
Total Other Financing Sources (Uses)	(526,958)	(476,844)	50,114	(13,382)	(11,686)	1,696
Net Change in Fund Balances	(77,620)	(1,093)	76,527	(31,885)	(2,754)	29,131
Fund Balances - Beginning	98,216	98,216	—	46,530	46,530	—
Fund Balances - Ending	\$ 20,596	\$ 97,123	\$ 76,527	\$ 14,645	\$ 43,776	\$ 29,131
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(48,795)			(27,862)	
Investments at Fair Value		51,581			27,694	
Receivables, Net		134,552			24,827	
Due from Other Funds		—			630	
Inventories		3,369			—	
Accounts Payable		(2,565)			(18,326)	
Accrued Payroll		(7,620)			(462)	
Due to Other Funds		(366)			(95)	
Deferred Inflows of Resources		(5,130)			(593)	
Fund Balance per GAAP		\$ 222,149			\$ 49,589	

This schedule is continued from page 160.

Reimbursements and Other			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
\$ —	\$ —	\$ —	\$ 11,817	\$ 11,577	\$ (240)
—	—	—	40,558	39,337	(1,221)
—	—	—	744,195	729,054	(15,141)
171	172	1	171	172	1
—	—	—	4,650	4,576	(74)
—	—	—	210,010	183,052	(26,958)
<u>171</u>	<u>172</u>	<u>1</u>	<u>1,011,401</u>	<u>967,768</u>	<u>(43,633)</u>
105,828	106,639	811	396,888	396,546	(342)
373	376	3	8,754	8,576	(178)
2	2	—	2	2	—
7	7	—	702	800	98
4,280	4,313	33	379,484	368,126	(11,358)
922	929	7	3,224	3,137	(87)
1,779	1,793	14	20,057	19,538	(519)
23,467	23,647	180	71,822	70,721	(1,101)
<u>136,829</u>	<u>137,878</u>	<u>1,049</u>	<u>1,892,334</u>	<u>1,835,214</u>	<u>(57,120)</u>
9,746	6,140	3,606	286,449	247,940	38,509
—	—	—	3,329	1,977	1,352
110,723	87,529	23,194	301,191	225,133	76,058
48,323	42,158	6,165	398,582	344,505	54,077
3,727	2,905	822	539,143	502,413	36,730
<u>172,519</u>	<u>138,732</u>	<u>33,787</u>	<u>1,528,694</u>	<u>1,321,968</u>	<u>206,726</u>
<u>(35,690)</u>	<u>(854)</u>	<u>34,836</u>	<u>363,640</u>	<u>513,246</u>	<u>149,606</u>
90,220	69,582	(20,638)	927,857	831,717	(96,140)
<u>(104,668)</u>	<u>(70,765)</u>	<u>33,903</u>	<u>(1,536,142)</u>	<u>(1,344,027)</u>	<u>192,115</u>
<u>(14,448)</u>	<u>(1,183)</u>	<u>13,265</u>	<u>(608,285)</u>	<u>(512,310)</u>	<u>95,975</u>
<u>(50,138)</u>	<u>(2,037)</u>	<u>48,101</u>	<u>(244,645)</u>	<u>936</u>	<u>245,581</u>
92,457	92,457	—	389,538	389,538	—
<u>\$ 42,319</u>	<u>\$ 90,420</u>	<u>\$ 48,101</u>	<u>\$ 144,893</u>	<u>\$ 390,474</u>	<u>\$ 245,581</u>
	(57,504)			(235,187)	
	57,185			238,834	
	2,648			170,574	
	—			630	
	229			3,674	
	(3,106)			(68,551)	
	(2,594)			(11,931)	
	(105)			(1,189)	
	(1,126)			(7,372)	
	<u>\$ 86,047</u>			<u>\$ 479,956</u>	



*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, 2018
(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, 2018
ASSETS						
Cash and Cash Equivalents	\$ 4,629	\$ 8,197	\$ 564	\$ 3,903	\$ 18,848	\$ 36,141
Investments	10,077	17,845	1,227	8,497	28,315	65,961
Accounts Receivable, Net	—	—	—	—	17,395	17,395
Interest Receivable	45	76	5	36	149	311
Total Assets	<u>\$ 14,751</u>	<u>\$ 26,118</u>	<u>\$ 1,796</u>	<u>\$ 12,436</u>	<u>\$ 64,707</u>	<u>\$ 119,808</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>\$ 16</u>	<u>\$ 28</u>	<u>\$ 2</u>	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ 59</u>
FUND BALANCES						
Restricted	<u>14,735</u>	<u>26,090</u>	<u>1,794</u>	<u>12,423</u>	<u>64,707</u>	<u>119,749</u>
Total Fund Balances	<u>14,735</u>	<u>26,090</u>	<u>1,794</u>	<u>12,423</u>	<u>64,707</u>	<u>119,749</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,751</u>	<u>\$ 26,118</u>	<u>\$ 1,796</u>	<u>\$ 12,436</u>	<u>\$ 64,707</u>	<u>\$ 119,808</u>

Note: There were no liabilities for fiscal year ended June 30, 2018.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2018
(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, 2018
Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 184,928	\$ 184,928
Contributions and Intergovernmental	—	—	—	—	4,709	4,709
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	(14)	(111)	(8)	(53)	(517)	(703)
Interest	249	345	24	163	1,447	2,228
Total Revenues	<u>235</u>	<u>234</u>	<u>16</u>	<u>110</u>	<u>190,567</u>	<u>191,162</u>
Expenditures:						
Current:						
Transportation and Law Enforcement	—	—	—	—	1	1
Debt Service:						
Principal	24,960	23,815	1,360	4,850	120,320	175,305
Interest	3,110	2,054	428	7,501	62,067	75,160
Issuance Cost	—	—	—	—	—	—
Total Expenditures	<u>28,070</u>	<u>25,869</u>	<u>1,788</u>	<u>12,351</u>	<u>182,388</u>	<u>250,466</u>
Excess Revenues (Expenditures)	<u>(27,835)</u>	<u>(25,635)</u>	<u>(1,772)</u>	<u>(12,241)</u>	<u>8,179</u>	<u>(59,304)</u>
Other Financing Sources (Uses):						
Transfers In	14,270	25,630	1,769	12,195	—	53,864
Total Other Financing Sources (Uses)	<u>14,270</u>	<u>25,630</u>	<u>1,769</u>	<u>12,195</u>	<u>—</u>	<u>53,864</u>
Net Change in Fund Balances	(13,565)	(5)	(3)	(46)	8,179	(5,440)
Fund Balances - Beginning	28,300	26,095	1,797	12,469	56,528	125,189
Fund Balances - Ending	<u>\$ 14,735</u>	<u>\$ 26,090</u>	<u>\$ 1,794</u>	<u>\$ 12,423</u>	<u>\$ 64,707</u>	<u>\$ 119,749</u>

STATE OF MISSOURI
COMBINING STATEMENT 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, 2018
(In Thousands of Dollars)

	Water Pollution Control Bond and Interest			Fourth State Building Bond and Interest		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Vehicle Sales and Use Tax	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest	246	245	(1)	319	320	1
Total Revenues	<u>246</u>	<u>245</u>	<u>(1)</u>	<u>319</u>	<u>320</u>	<u>1</u>
Expenditures:						
Debt Service	28,070	28,070	—	25,869	25,869	—
Total Expenditures	<u>28,070</u>	<u>28,070</u>	<u>—</u>	<u>25,869</u>	<u>25,869</u>	<u>—</u>
Excess Revenues (Expenditures)	<u>(27,824)</u>	<u>(27,825)</u>	<u>(1)</u>	<u>(25,550)</u>	<u>(25,549)</u>	<u>1</u>
Other Financing Sources (Uses):						
Transfers In	14,557	14,269	(288)	25,927	25,630	(297)
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	<u>14,557</u>	<u>14,269</u>	<u>(288)</u>	<u>25,927</u>	<u>25,630</u>	<u>(297)</u>
Net Change in Fund Balances	<u>(13,267)</u>	<u>(13,556)</u>	<u>(289)</u>	<u>377</u>	<u>81</u>	<u>(296)</u>
Fund Balances - Beginning	<u>28,378</u>	<u>28,378</u>	<u>—</u>	<u>26,166</u>	<u>26,166</u>	<u>—</u>
Fund Balances - Ending	<u><u>\$ 15,111</u></u>	<u><u>\$ 14,822</u></u>	<u><u>\$ (289)</u></u>	<u><u>\$ 26,543</u></u>	<u><u>\$ 26,247</u></u>	<u><u>\$ (296)</u></u>
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(10,193)			(18,050)	
Investments at Fair Value		10,077			17,845	
Receivables, Net		45			76	
Deferred Inflows of Resources		<u>(16)</u>			<u>(28)</u>	
Fund Balances - GAAP Basis		<u><u>\$ 14,735</u></u>			<u><u>\$ 26,090</u></u>	

Stormwater Control Bond and Interest			Fulton State Hospital Bond and Interest		
Budget	Actual	Variance	Budget	Actual	Variance
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
22	22	—	150	150	—
22	22	—	150	150	—
1,788	1,788	—	12,945	12,351	594
1,788	1,788	—	12,945	12,351	594
(1,766)	(1,766)	—	(12,795)	(12,201)	594
1,783	1,769	(14)	12,350	12,195	(155)
—	—	—	—	—	—
1,783	1,769	(14)	12,350	12,195	(155)
17	3	(14)	(445)	(6)	439
1,802	1,802	—	12,504	12,504	—
<u>\$ 1,819</u>	<u>\$ 1,805</u>	<u>\$ (14)</u>	<u>\$ 12,059</u>	<u>\$ 12,498</u>	<u>\$ 439</u>
	(1,241)			(8,595)	
	1,227			8,497	
	5			36	
	(2)			(13)	
	<u>\$ 1,794</u>			<u>\$ 12,423</u>	

This schedule is continued on page 169.

	Missouri Road Bond			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Vehicle Sales and Use Tax	\$ 186,146	\$ 182,763	\$ (3,383)	\$ 186,146	182,763	\$ (3,383)
Interest	230	1,092	862	967	1,829	862
Total Revenues	186,376	183,855	(2,521)	187,113	184,592	(2,521)
Expenditures:						
Debt Service	177,690	177,672	18	246,362	245,750	612
Total Expenditures	177,690	177,672	18	246,362	245,750	612
Excess Revenues (Expenditures)	8,686	6,183	(2,503)	(59,249)	(61,158)	(1,909)
Other Financing Sources (Uses):						
Transfers In	—	—	—	54,617	53,863	(754)
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	54,617	53,863	(754)
Net Change in Fund Balances	8,686	6,183	(2,503)	(4,632)	(7,295)	(2,663)
Fund Balances - Beginning	41,360	41,360	—	110,210	110,210	—
Fund Balances - Ending	<u>\$ 50,046</u>	<u>\$ 47,543</u>	<u>\$ (2,503)</u>	<u>\$ 105,578</u>	<u>\$ 102,915</u>	<u>\$ (2,663)</u>
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(28,695)			(66,774)	
Investments at Fair Value		28,315			65,961	
Receivables, Net		17,544			17,706	
Deferred Inflows of Resources		—			(59)	
Fund Balances - GAAP Basis		<u>\$ 64,707</u>			<u>\$ 119,749</u>	

This schedule is continued from page 168.



*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 Buildings - 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, 2018
(In Thousands of Dollars)**

	Board of Public Buildings	Fulton State Hospital	State Historical Society	<u>Totals</u> June 30, 2018
ASSETS				
Cash and Cash Equivalents	\$ 25,825	\$ 15,740	\$ 7,665	\$ 49,230
Investments	56,222	34,266	16,687	107,175
Interest Receivable	221	169	82	472
Total Assets	<u>\$ 82,268</u>	<u>\$ 50,175</u>	<u>\$ 24,434</u>	<u>\$ 156,877</u>
LIABILITIES				
Accounts Payable	\$ 4,022	\$ 7,038	\$ —	\$ 11,060
Total Liabilities	<u>4,022</u>	<u>7,038</u>	<u>—</u>	<u>11,060</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>81</u>	<u>62</u>	<u>30</u>	<u>173</u>
FUND BALANCES				
Restricted	<u>78,165</u>	<u>43,075</u>	<u>24,404</u>	<u>145,644</u>
Total Fund Balances	<u>78,165</u>	<u>43,075</u>	<u>24,404</u>	<u>145,644</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 82,268</u>	<u>\$ 50,175</u>	<u>\$ 24,434</u>	<u>\$ 156,877</u>

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, 2018
(In Thousands of Dollars)

	Board of Public Buildings	Fulton State Hospital	State Historical Society	Totals <u>June 30, 2018</u>
Revenues:				
Investment Earnings:				
Net Increase (Decrease) in the Fair Value of Investments	\$ (408)	\$ 6	\$ (70)	\$ (472)
Interest	1,021	1,051	407	2,479
Total Revenues	<u>613</u>	<u>1,057</u>	<u>337</u>	<u>2,007</u>
Expenditures:				
Current:				
General Government	7,848	—	9,493	17,341
Education	55,349	—	—	55,349
Natural and Economic Resources	1,231	—	—	1,231
Transportation and Law Enforcement	9,135	—	—	9,135
Human Services	16,225	20	—	16,245
Capital Outlay:				
General Government	1,320	—	—	1,320
Education	106	—	—	106
Natural and Economic Resources	3,549	—	—	3,549
Transportation and Law Enforcement	276	—	—	276
Human Services	860	63,607	—	64,467
Debt Service:				
Underwriter's Discount	985	—	—	985
Total Expenditures	<u>96,884</u>	<u>63,627</u>	<u>9,493</u>	<u>170,004</u>
Excess Revenues (Expenditures)	<u>(96,271)</u>	<u>(62,570)</u>	<u>(9,156)</u>	<u>(167,997)</u>
Other Financing Sources (Uses):				
Issuance of Bonds	124,905	—	—	124,905
Bond Premium	9,751	—	—	9,751
Transfers In	231	—	—	231
Total Other Financing Sources (Uses)	<u>134,887</u>	<u>—</u>	<u>—</u>	<u>134,887</u>
Net Change in Fund Balances	38,616	(62,570)	(9,156)	(33,110)
Fund Balances - Beginning	<u>39,549</u>	<u>105,645</u>	<u>33,560</u>	<u>178,754</u>
Fund Balances - Ending	<u>\$ 78,165</u>	<u>\$ 43,075</u>	<u>\$ 24,404</u>	<u>\$ 145,644</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
NON-MAJOR CAPITAL PROJECT FUNDS
For the Fiscal Year Ended June 30, 2018
(In Thousands of Dollars)

	Board of Public Buildings			Fulton State Hospital		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Interest	\$ 964	\$ 964	\$ —	\$ 1,041	\$ 1,042	\$ 1
Total Revenues	964	964	—	1,041	1,042	1
Expenditures:						
Current:						
General Government	13,514	5,878	7,636	—	—	—
Education	78,992	78,992	—	—	—	—
Natural and Economic Resources	1,053	1,053	—	—	—	—
Transportation and Law Enforcement	8,750	8,750	—	—	—	—
Human Services	17,406	17,406	—	20	20	—
Capital Outlays:						
General Government	2,943	1,280	1,663	—	—	—
Education	100	100	—	—	—	—
Natural and Economic Resources	3,547	3,547	—	—	—	—
Transportation and Law Enforcement	267	267	—	—	—	—
Human Services	814	814	—	61,720	61,720	—
Total Expenditures	127,386	118,087	9,299	61,740	61,740	—
Excess Revenues (Expenditures)	(126,422)	(117,123)	9,299	(60,699)	(60,698)	1
Other Financing Sources (Uses):						
Issuance of Bonds	133,671	133,671	—	—	—	—
Transfers In	231	231	—	—	—	—
Total Other Financing Sources (Uses)	133,902	133,902	—	—	—	—
Net Changes in Fund Balances	7,480	16,779	9,299	(60,699)	(60,698)	1
Fund Balances - Beginning	65,914	65,914	—	111,098	111,098	—
Fund Balances - Ending	<u>\$ 73,394</u>	<u>\$ 82,693</u>	<u>\$ 9,299</u>	<u>\$ 50,399</u>	<u>\$ 50,400</u>	<u>\$ 1</u>
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(56,868)			(34,660)	
Investments at Fair Value		56,222			34,266	
Receivables, Net		221			169	
Account Payable		(4,022)			(7,038)	
Deferred Inflows of Resources		(81)			(62)	
Fund Balance - GAAP Basis		<u>\$ 78,165</u>			<u>\$ 43,075</u>	

State Historical Society			Total		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 385	\$ 384	\$ (1)	\$ 2,390	\$ 2,390	\$ —
385	384	(1)	2,390	2,390	—
9,502	9,502	—	23,016	15,380	7,636
—	—	—	78,992	78,992	—
—	—	—	1,053	1,053	—
—	—	—	8,750	8,750	—
—	—	—	17,426	17,426	—
—	—	—	2,943	1,280	1,663
—	—	—	100	100	—
—	—	—	3,547	3,547	—
—	—	—	267	267	—
—	—	—	62,534	62,534	—
9,502	9,502	—	198,628	189,329	9,299
(9,117)	(9,118)	(1)	(196,238)	(186,939)	9,299
—	—	—	133,671	133,671	—
—	—	—	231	231	—
—	—	—	133,902	133,902	—
(9,117)	(9,118)	(1)	(62,336)	(53,037)	9,299
33,662	33,662	—	210,674	210,674	—
\$ 24,545	\$ 24,544	\$ (1)	\$ 148,338	\$ 157,637	\$ 9,299
	(16,879)			(108,407)	
	16,687			107,175	
	82			472	
	—			(11,060)	
	(30)			(173)	
	\$ 24,404			\$ 145,644	



*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, 2018
(In Thousands of Dollars)**

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Totals June 30, 2018
ASSETS					
Cash and Cash Equivalents	\$ 11	\$ 66	\$ 786	\$ 135	\$ 998
Investments	18	115	56,269	236	56,638
Interest Receivable	—	—	—	1	1
Total Assets	<u>\$ 29</u>	<u>\$ 181</u>	<u>\$ 57,055</u>	<u>\$ 372</u>	<u>\$ 57,637</u>
DEFERRED INFLOWS OF RESOURCES					
	—	—	—	1	1
FUND BALANCES					
Nonspendable	\$ 29	\$ 75	\$ 57,055	\$ 365	\$ 57,524
Assigned	—	106	—	6	112
Total Fund Balances	<u>29</u>	<u>181</u>	<u>57,055</u>	<u>371</u>	<u>57,636</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 29</u>	<u>\$ 181</u>	<u>\$ 57,055</u>	<u>\$ 372</u>	<u>\$ 57,637</u>

Note: There were no liabilities for the fiscal year ended June 30, 2018.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2018
(In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Totals June 30, 2018
Revenues:					
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	\$ —	\$ —	\$ (165)	\$ (1)	\$ (166)
Interest	—	2	—	4	6
Penalties and Unclaimed Properties	—	—	2,162	—	2,162
Contributions and Intergovernmental	—	—	5	—	5
Total Revenues	—	2	2,002	3	2,007
Expenditures:					
Human Services	—	—	—	2	2
Total Expenditures	—	—	—	2	2
Excess Revenues (Expenditures)	—	2	2,002	1	2,005
Net Change in Fund Balances	—	2	2,002	1	2,005
Fund Balances - Beginning	29	179	55,053	370	55,631
Fund Balances - Ending	\$ 29	\$ 181	\$ 57,055	\$ 371	\$ 57,636

STATE OF MISSOURI
COMBINING STATEMENT 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, 2018
(In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment			Confederate Memorial Park		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Interest	\$ —	\$ —	\$ —	\$ 2	\$ 2	\$ —
Contributions and Intergovernmental	—	—	—	—	—	—
Penalties and Unclaimed Property	—	—	—	—	—	—
Reimbursement/Miscellaneous	—	—	—	—	—	—
Total Revenues	<u>—</u>	<u>—</u>	<u>—</u>	<u>2</u>	<u>2</u>	<u>—</u>
Expenditures:						
Current:						
Human Services	—	—	—	—	—	—
Total Expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess Revenues (Expenditures)	—	—	—	2	2	—
Other Financing Sources (Uses):						
Transfers In	—	—	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	—	—	—	2	2	—
Fund Balances - Beginning	<u>29</u>	<u>29</u>	<u>—</u>	<u>179</u>	<u>179</u>	<u>—</u>
Fund Balances - Ending	<u>\$ 29</u>	<u>\$ 29</u>	<u>\$ —</u>	<u>\$ 181</u>	<u>\$ 181</u>	<u>\$ —</u>
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(18)			(115)	
Investments at Fair Value		18			115	
Receivable, Net		—			—	
Deferred Inflows of Resources		—			—	
Fund Balance - GAAP Basis		<u>\$ 29</u>			<u>\$ 181</u>	

State Public School			Smith Memorial Endowment Trust		
Budget	Actual	Variance	Budget	Actual	Variance
\$ —	\$ —	\$ —	\$ 2	\$ 4	\$ 2
—	5	5	—	—	—
—	46	46	—	—	—
—	556	556	—	—	—
—	607	607	2	4	2
—	—	—	10	2	8
—	—	—	10	2	8
—	607	607	(8)	2	10
3,000	2,117	(883)	—	—	—
3,000	2,117	(883)	—	—	—
3,000	2,724	(276)	(8)	2	10
43,132	43,132	—	370	370	—
<u>\$ 46,132</u>	<u>\$ 45,856</u>	<u>\$ (276)</u>	<u>\$ 362</u>	<u>\$ 372</u>	<u>\$ 10</u>
	(45,070)			(237)	
	56,269			236	
	—			1	
	\$ —			(1)	
	<u>\$ 57,055</u>			<u>\$ 371</u>	

This schedule is continued on page 182.

	Totals		
	Budget	Actual	Variance
Revenues:			
Interest	\$ 4	\$ 6	\$ 2
Contributions and Intergovernmental	—	5	5
Penalties and Unclaimed Property	—	46	46
Reimbursement/Miscellaneous	—	556	556
Total Revenues	<u>4</u>	<u>613</u>	<u>609</u>
Expenditures:			
Current:			
Human Services	<u>10</u>	<u>2</u>	<u>8</u>
Total Expenditures	<u>10</u>	<u>2</u>	<u>8</u>
Excess Revenues (Expenditures)	<u>(6)</u>	<u>611</u>	<u>617</u>
Other Financing Sources (Uses):			
Transfers In	3,000	<u>2,117</u>	<u>(883)</u>
Total Other Financing Sources (Uses)	<u>3,000</u>	<u>2,117</u>	<u>(883)</u>
Net Changes in Fund Balances	2,994	2,728	(266)
Fund Balances - Beginning	<u>43,710</u>	<u>43,710</u>	<u>—</u>
Fund Balances - Ending	<u>\$ 46,704</u>	<u>\$ 46,438</u>	<u>\$ (266)</u>
Reconciling Items:			
Reclassifying Cash Equivalents as Investments		(45,440)	
Investments at Fair Value		56,638	
Receivable, Net		1	
Deferred Inflows of Resources		<u>(1)</u>	
Fund Balance - GAAP Basis		<u>\$ 57,636</u>	

This schedule is continued from page 181.



*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, 2018

(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Services
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 762	\$ 5,548	\$ 577
Investments	1,326	9,663	1,005
Accounts Receivable, Net	44	—	—
Interest Receivable	5	36	—
Due from Other Funds	1	—	379
Inventories	4	724	351
Loans Receivable	—	—	—
Total Current Assets	<u>2,142</u>	<u>15,971</u>	<u>2,312</u>
Non-Current Assets:			
Capital Assets:			
Construction in Progress	—	14,599	—
Software in Progress	—	—	—
Land	—	32,249	—
Land Improvements	173	37,667	—
Temporary Easements	—	50	—
Buildings	757	47,009	—
Equipment	581	14,063	17,128
Software	—	—	—
Less Accumulated Depreciation/Amortization	(895)	(36,450)	(10,761)
Total Non-Current Assets	<u>616</u>	<u>109,187</u>	<u>6,367</u>
Total Assets	<u>2,758</u>	<u>125,158</u>	<u>8,679</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>366</u>	<u>1,016</u>	<u>35</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	20	143	40
Accrued Payroll	51	41	1
Due to Other Funds	4	5	3
Unearned Revenue	—	518	—
Compensated Absences	43	80	—
Total Current Liabilities	<u>118</u>	<u>787</u>	<u>44</u>
Non-Current Liabilities:			
Compensated Absences	—	48	—
Net OPEB Liability	307	1,646	52
Net Pension Liability	801	3,522	123
Total Non-Current Liabilities	<u>1,108</u>	<u>5,216</u>	<u>175</u>
Total Liabilities	<u>1,226</u>	<u>6,003</u>	<u>219</u>
DEFERRED INFLOWS OF RESOURCES	<u>20</u>	<u>60</u>	<u>2</u>
NET POSITION			
Net Investment in Capital Assets	616	109,187	6,367
Unrestricted	1,262	10,924	2,126
Total Net Position	<u>\$ 1,878</u>	<u>\$ 120,111</u>	<u>\$ 8,493</u>

Historic Preservation Revolving	Missouri Veterans' Homes	State Agency For Surplus Property	Department of Revenue Information	Totals June 30, 2018
\$ 616	\$ 795	\$ 1,170	\$ 296	\$ 9,764
1,073	1,310	1,524	520	16,421
—	6,637	71	16	6,768
12	10	6	—	69
—	—	—	—	380
—	526	—	—	1,605
222	—	—	—	222
<u>1,923</u>	<u>9,278</u>	<u>2,771</u>	<u>832</u>	<u>35,229</u>
—	—	—	—	14,599
—	189	—	—	189
—	—	—	—	32,249
—	451	250	—	38,541
—	—	—	—	50
480	1,354	1,909	—	51,509
13	12,409	1,187	96	45,477
—	15	155	—	170
(228)	(7,483)	(2,264)	(96)	(58,177)
265	6,935	1,237	—	124,607
<u>2,188</u>	<u>16,213</u>	<u>4,008</u>	<u>832</u>	<u>159,836</u>
<u>155</u>	<u>45,966</u>	<u>549</u>	<u>—</u>	<u>48,087</u>
2	1,731	126	—	2,062
7	2,230	26	—	2,356
—	73	2	—	87
—	86	—	—	604
10	3,483	47	—	3,663
<u>19</u>	<u>7,603</u>	<u>201</u>	<u>—</u>	<u>8,772</u>
—	—	8	—	56
162	44,651	637	—	47,455
375	110,098	1,595	—	116,514
<u>537</u>	<u>154,749</u>	<u>2,240</u>	<u>—</u>	<u>164,025</u>
<u>556</u>	<u>162,352</u>	<u>2,441</u>	<u>—</u>	<u>172,797</u>
<u>9</u>	<u>2,589</u>	<u>31</u>	<u>—</u>	<u>2,711</u>
265	6,935	1,237	—	124,607
1,513	(109,697)	848	832	(92,192)
<u>\$ 1,778</u>	<u>\$ (102,762)</u>	<u>\$ 2,085</u>	<u>\$ 832</u>	<u>\$ 32,415</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, 2018
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Services
Operating Revenues:			
Licenses, Fees, and Permits	\$ 3,482	\$ 6,960	\$ 57
Sales	—	1,467	138
Leases and Rentals	1,264	2,854	—
Charges for Services	—	—	—
Cost Reimbursement/Miscellaneous	1	129	5
Total Operating Revenues	<u>4,747</u>	<u>11,410</u>	<u>200</u>
Operating Expenses:			
Cost of Goods Sold	—	—	597
Personal Service	1,596	1,527	64
Operations	2,958	3,284	204
Specific Programs	9	23	—
Depreciation/Amortization	70	2,244	1,195
Other Charges	219	172	3
Total Operating Expenses	<u>4,852</u>	<u>7,250</u>	<u>2,063</u>
Operating Income (Loss)	<u>(105)</u>	<u>4,160</u>	<u>(1,863)</u>
Non-Operating Revenues (Expenses):			
Contributions and Intergovernmental	319	2,676	2,220
Interest Expense	—	—	(1)
Investment Earnings:			
Net Increase (Decrease) in the Fair Value of Investments	(4)	(41)	(4)
Interest	23	160	—
Penalties and Unclaimed Properties	—	57	—
Disposal of Capital Assets	(11)	70	350
Total Non-Operating Revenues (Expenses)	<u>327</u>	<u>2,922</u>	<u>2,565</u>
Income (Loss) Before Transfers	222	7,082	702
Capital Contributions	—	11,463	—
Transfers In	—	—	—
Transfers Out	—	—	—
Change in Net Position	<u>222</u>	<u>18,545</u>	<u>702</u>
Total Net Position - Beginning	1,656	101,566	7,791
Total Net Position - Ending	<u>\$ 1,878</u>	<u>\$ 120,111</u>	<u>\$ 8,493</u>

Historic Preservation Revolving	Missouri Veterans' Homes	State Agency For Surplus Property	Department of Revenue Information	Totals June 30, 2018
\$ —	\$ —	\$ —	\$ —	\$ 10,499
—	288	1,734	760	4,387
—	—	—	—	4,118
—	24,205	—	—	24,205
1	—	132	—	268
<u>1</u>	<u>24,493</u>	<u>1,866</u>	<u>760</u>	<u>43,477</u>
—	—	1,099	—	1,696
295	97,866	1,165	—	102,513
53	22,381	259	12	29,151
364	1,273	—	—	1,669
10	1,162	184	—	4,865
3	249	4	—	650
<u>725</u>	<u>122,931</u>	<u>2,711</u>	<u>12</u>	<u>140,544</u>
<u>(724)</u>	<u>(98,438)</u>	<u>(845)</u>	<u>748</u>	<u>(97,067)</u>
—	75,107	—	—	80,322
—	—	—	—	(1)
(4)	(6)	(4)	(1)	(64)
17	46	32	—	278
—	47	295	—	399
—	(50)	303	—	662
<u>13</u>	<u>75,144</u>	<u>626</u>	<u>(1)</u>	<u>81,596</u>
(711)	(23,294)	(219)	747	(15,471)
—	—	—	—	11,463
698	8,400	—	—	9,098
—	—	(30)	(1,018)	(1,048)
<u>(13)</u>	<u>(14,894)</u>	<u>(249)</u>	<u>(271)</u>	<u>4,042</u>
1,791	(87,868)	2,334	1,103	28,373
<u>\$ 1,778</u>	<u>\$ (102,762)</u>	<u>\$ 2,085</u>	<u>\$ 832</u>	<u>\$ 32,415</u>

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2018
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Services
Cash Flows from Operating Activities:			
Receipts from Internal Customers and Users	\$ 74	\$ —	\$ —
Receipts from External Customers and Users	4,662	11,225	195
Payments to Suppliers	(2,410)	(2,680)	(714)
Payments to Employees	(1,445)	(1,453)	(58)
Payments to Other Funds for Services Provided	(603)	(672)	(106)
Payments Made for Program Expense	(9)	(23)	—
Other Receipts	1	129	5
Other Payments	(219)	(172)	(3)
Net Cash Provided (Used) by Operating Activities	<u>51</u>	<u>6,354</u>	<u>(681)</u>
Cash Flows from Non-Capital Financing Activities:			
Loans Made to Outside Entities	—	—	—
Due to Other Funds	2	4	(1)
Due from Other Funds	—	—	(363)
Contributions and Intergovernmental	186	2,676	2,220
Transfers to Other Funds	—	—	—
Transfers from Other Funds	—	—	—
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>188</u>	<u>2,680</u>	<u>1,856</u>
Cash Flows from Capital and Related Financing Activities:			
Interest Expense	—	—	(1)
Purchases and Construction of Capital Assets	(32)	(2,352)	(688)
Capital Lease Downpayment/Obligations	—	—	(128)
Disposal of Capital Assets	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(32)</u>	<u>(2,352)</u>	<u>(817)</u>
Cash Flows from Investing Activities:			
Proceeds from Investment Maturities	86	—	—
Purchase of Investments	—	(3,342)	(76)
Interest and Dividends Received	21	138	—
Penalties and Other Receipts	—	57	—
Net Cash Provided (Used) by Investing Activities	<u>107</u>	<u>(3,147)</u>	<u>(76)</u>
Net Increase (Decrease) in Cash	314	3,535	282
Cash and Cash Equivalents, Beginning of Year	448	2,013	295
Cash and Cash Equivalents, End of Year	<u>\$ 762</u>	<u>\$ 5,548</u>	<u>\$ 577</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (105)	\$ 4,160	\$ (1,863)
Depreciation/Amortization Expense	70	2,244	1,195
Changes in Assets and Liabilities:			
Accounts Receivable	(10)	—	—
Inventories	(1)	35	(4)
Deferred Outflows of Resources	(63)	(172)	—
Accounts Payable	(54)	(103)	(15)
Accrued Payroll	27	(84)	(1)
Unearned Revenue	—	(56)	—
Compensated Absences	35	(225)	(5)
Net OPEB Liability	12	36	1
Net Pension Liability	128	481	10
Deferred Inflows of Resources	12	38	1
Net Cash Provided (Used) by Operating Activities	<u>\$ 51</u>	<u>\$ 6,354</u>	<u>\$ (681)</u>
Non-Cash Financing and Investing Activities:			
Capital Asset Donations	\$ 133	\$ —	\$ —
Increase (Decrease) in Fair Value of Investments	(4)	(41)	(4)
Net Non-Cash Financing and Investing Activities	<u>\$ 129</u>	<u>\$ (41)</u>	<u>\$ (4)</u>

Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2018
\$ —	\$ —	\$ 572	\$ —	\$ 646
—	26,751	1,157	768	44,758
(11)	(21,528)	(1,200)	(12)	(28,555)
(245)	(83,379)	(991)	—	(87,571)
(44)	(827)	(53)	—	(2,305)
(364)	(1,273)	—	—	(1,669)
1	—	132	—	268
(3)	(249)	(4)	—	(650)
<u>(666)</u>	<u>(80,505)</u>	<u>(387)</u>	<u>756</u>	<u>(75,078)</u>
266	—	—	—	266
—	26	(3)	—	28
—	—	—	—	(363)
—	74,851	—	—	79,933
—	—	(30)	(1,018)	(1,048)
<u>698</u>	<u>8,400</u>	<u>—</u>	<u>—</u>	<u>9,098</u>
<u>964</u>	<u>83,277</u>	<u>(33)</u>	<u>(1,018)</u>	<u>87,914</u>
—	—	—	—	(1)
(2)	(1,696)	—	—	(4,770)
—	—	—	—	(128)
—	—	286	—	286
<u>(2)</u>	<u>(1,696)</u>	<u>286</u>	<u>—</u>	<u>(4,613)</u>
—	—	376	299	761
(29)	(597)	—	—	(4,044)
18	42	31	—	250
—	47	295	—	399
<u>(11)</u>	<u>(508)</u>	<u>702</u>	<u>299</u>	<u>(2,634)</u>
285	568	568	37	5,589
<u>331</u>	<u>227</u>	<u>602</u>	<u>259</u>	<u>4,175</u>
<u>\$ 616</u>	<u>\$ 795</u>	<u>\$ 1,170</u>	<u>\$ 296</u>	<u>\$ 9,764</u>
\$ (724)	\$ (98,438)	\$ (845)	\$ 748	\$ (97,067)
10	1,162	184	—	4,865
—	2,287	(5)	8	2,280
—	(81)	—	—	(51)
(14)	(2,842)	(40)	—	(3,131)
(2)	107	105	—	38
(1)	(65)	1	—	(123)
—	(29)	—	—	(85)
(4)	18	3	—	(178)
5	1,637	18	—	1,709
59	14,316	175	—	15,169
5	1,423	17	—	1,496
<u>\$ (666)</u>	<u>\$ (80,505)</u>	<u>\$ (387)</u>	<u>\$ 756</u>	<u>\$ (75,078)</u>
\$ —	\$ 256	\$ —	\$ —	\$ 389
(4)	(6)	(4)	(1)	(64)
<u>(4)</u>	<u>250</u>	<u>(4)</u>	<u>(1)</u>	<u>325</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, 2018
(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
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 300	\$ 337	\$ 1,953	\$ 3,311	\$ 4,846	\$ 1,183
Investments	522	586	3,399	7,899	8,439	2,060
Restricted:						
Investments	—	—	—	—	—	—
Accounts Receivable, Net	—	—	—	4,399	574	40,512
Interest Receivable	—	—	—	14	—	—
Due from Other Funds	—	121	25	6,715	99	4
Due from Component Units	—	—	—	2	—	—
Inventories	—	—	893	1,298	6,901	—
Prepaid Items	—	—	—	—	—	—
Total Current Assets	<u>822</u>	<u>1,044</u>	<u>6,270</u>	<u>23,638</u>	<u>20,859</u>	<u>43,759</u>
Non-Current Assets:						
Investments	—	—	—	—	—	—
Restricted Assets:						
Cash and Cash Equivalents	—	—	—	1,228	—	—
Capital Assets:						
Construction in Progress	—	—	87	218	19	—
Software in Progress	519	—	—	393	—	—
Land	—	—	8,293	—	41	—
Land Improvements	—	—	3,592	—	—	—
Buildings	217	—	480,530	2,915	6,378	—
Equipment	3,893	1,068	14,593	89,172	18,405	371
Software	3,708	603	98	12,876	238	9,467
Less Accumulated Depreciation/Amortization	(6,103)	(1,663)	(224,085)	(89,109)	(22,076)	(9,767)
Total Non-Current Assets	<u>2,234</u>	<u>8</u>	<u>283,108</u>	<u>17,693</u>	<u>3,005</u>	<u>71</u>
Total Assets	<u>3,056</u>	<u>1,052</u>	<u>289,378</u>	<u>41,331</u>	<u>23,864</u>	<u>43,830</u>
DEFERRED OUTFLOWS OF RESOURCES						
	5,264	—	16,831	9,665	5,201	96
LIABILITIES						
Current Liabilities:						
Bank Overdraft	—	—	—	—	—	—
Accounts Payable	119	265	1,975	1,247	65	644
Accrued Payroll	259	—	814	449	240	3
Due to Other Funds	64	—	88	—	—	104
Unearned Revenue	—	—	—	251	—	—
Claims Liability	—	—	—	—	—	—
Obligations under Lease Purchase	1	—	1,757	2,850	19	—
Compensated Absences	465	—	1,551	864	518	6
Total Current Liabilities	<u>908</u>	<u>265</u>	<u>6,185</u>	<u>5,661</u>	<u>842</u>	<u>757</u>
Non-Current Liabilities:						
Claims Liability	—	—	—	—	—	—
Obligations under Lease Purchase	2	—	25,669	3,351	103	—
Compensated Absences	116	—	297	261	—	—
Net OPEB Liability	6,764	—	22,022	9,484	6,687	837
Net Pension Liability	15,480	—	46,072	25,401	16,324	1,536
Total Non-Current Liabilities	<u>22,362</u>	<u>—</u>	<u>94,060</u>	<u>38,497</u>	<u>23,114</u>	<u>2,373</u>
Total Liabilities	<u>23,270</u>	<u>265</u>	<u>100,245</u>	<u>44,158</u>	<u>23,956</u>	<u>3,130</u>
DEFERRED INFLOWS OF RESOURCES						
	285	—	943	544	291	5
NET POSITION						
Net Investment in Capital Assets	2,231	8	255,682	10,264	2,883	71
Restricted for:						
Other Purposes	—	—	—	1,228	—	—
Unrestricted	(17,466)	779	(50,661)	(5,198)	1,935	40,720
Total Net Position	<u>\$ (15,235)</u>	<u>\$ 787</u>	<u>\$ 205,021</u>	<u>\$ 6,294</u>	<u>\$ 4,818</u>	<u>\$ 40,791</u>

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, 2018
\$ 34	\$ 97	\$ 234	\$ 1,285	\$ 6,675	\$ —	\$ 28,087	\$ 12,261	\$ 60,603
61	168	407	9,136	8,574	3,973	29,332	3,943	78,499
—	—	—	—	200	—	—	100	300
—	—	—	794	200	945	13,926	2,375	63,725
—	—	—	29	291	—	—	87	421
53	—	—	—	—	—	—	—	7,017
—	—	—	—	—	—	—	—	2
63	2	12	—	—	—	—	—	9,169
—	—	—	—	—	—	196	—	196
<u>211</u>	<u>267</u>	<u>653</u>	<u>11,244</u>	<u>15,940</u>	<u>4,918</u>	<u>71,541</u>	<u>18,766</u>	<u>219,932</u>
—	—	—	—	90,421	—	—	24,222	114,643
—	—	—	—	—	—	—	—	1,228
—	15	—	—	—	—	—	—	339
—	—	167	—	—	—	—	—	1,079
—	—	—	—	—	—	—	—	8,334
—	—	—	—	—	—	—	—	3,592
—	—	2,376	—	—	—	—	—	492,416
86	196	924	—	—	—	2,229	—	130,937
—	9	291	—	—	—	—	—	27,290
(51)	(191)	(2,455)	—	—	—	(1,942)	—	(357,442)
<u>35</u>	<u>29</u>	<u>1,303</u>	<u>—</u>	<u>90,421</u>	<u>—</u>	<u>287</u>	<u>24,222</u>	<u>422,416</u>
<u>246</u>	<u>296</u>	<u>1,956</u>	<u>11,244</u>	<u>106,361</u>	<u>4,918</u>	<u>71,828</u>	<u>42,988</u>	<u>642,348</u>
—	906	3,251	—	—	—	2,663	—	43,877
—	—	—	—	—	2	—	—	2
75	15	212	275	33	2,879	20,270	1,479	29,553
—	35	156	—	—	—	—	—	1,956
—	4	18	—	—	—	—	—	278
—	—	—	48	—	2,083	20,011	9,737	32,130
—	—	—	3,132	24,245	—	46,137	12,500	86,014
—	—	5	—	—	—	—	—	4,632
—	64	265	—	—	—	2	—	3,735
<u>75</u>	<u>118</u>	<u>656</u>	<u>3,455</u>	<u>24,278</u>	<u>4,964</u>	<u>86,420</u>	<u>23,716</u>	<u>158,300</u>
—	—	—	—	57,199	—	—	—	57,199
—	—	28	—	—	—	—	—	29,153
—	14	45	—	—	—	204	—	937
—	989	3,412	—	—	—	—	—	50,195
—	2,628	8,448	—	—	—	7,979	—	123,868
—	3,631	11,933	—	57,199	—	8,183	—	261,352
<u>75</u>	<u>3,749</u>	<u>12,589</u>	<u>3,455</u>	<u>81,477</u>	<u>4,964</u>	<u>94,603</u>	<u>23,716</u>	<u>419,652</u>
—	52	183	—	—	—	274	—	2,577
35	29	1,270	—	—	—	287	—	272,760
—	—	—	—	200	—	—	100	1,528
136	(2,628)	(8,835)	7,789	24,684	(46)	(20,673)	19,172	(10,292)
<u>\$ 171</u>	<u>\$ (2,599)</u>	<u>\$ (7,565)</u>	<u>\$ 7,789</u>	<u>\$ 24,884</u>	<u>\$ (46)</u>	<u>\$ (20,386)</u>	<u>\$ 19,272</u>	<u>\$ 263,996</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2018
(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
Operating Revenues:						
Employer Contributions	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Employee Contributions	—	—	—	—	—	—
Medicare Part D Subsidy	—	—	—	—	—	—
Licenses, Fees, and Permits	—	—	—	—	—	3,834
Sales	—	—	—	—	26,705	6
Leases and Rentals	—	—	63,052	—	215	9
Charges for Services	12,302	7,697	5,214	92,977	117	—
Cost Reimbursement/Miscellaneous	67	—	37	1,861	13	12
Total Operating Revenues	12,369	7,697	68,303	94,838	27,050	3,861
Operating Expenses:						
Cost of Goods Sold	—	—	—	10,425	10,503	—
Personal Service	10,599	—	34,722	18,647	10,595	187
Operations	2,101	—	35,128	56,004	5,399	6,047
Specific Programs	3	10,340	11	—	6	2,947
Insurance Benefits	—	—	—	—	—	—
Depreciation/Amortization	965	2	12,499	9,117	832	475
Other Charges	85	—	88	85	1,374	22
Total Operating Expenses	13,753	10,342	82,448	94,278	28,709	9,678
Operating Income (Loss)	(1,384)	(2,645)	(14,145)	560	(1,659)	(5,817)
Non-Operating Revenues (Expenses):						
Contributions and Intergovernmental	—	—	47	—	—	—
Interest Expense	—	—	(921)	(135)	(2)	—
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	(1)	3	(10)	(23)	(26)	(10)
Interest	—	—	—	72	—	—
Penalties and Unclaimed Properties	1	—	—	—	—	—
Disposal of Capital Assets	(7)	—	(224)	186	(2)	4
Total Non-Operating Revenues (Expenses)	(7)	3	(1,108)	100	(30)	(6)
Income (Loss) Before Transfers	(1,391)	(2,642)	(15,253)	660	(1,689)	(5,823)
Transfers In	—	33	15	46	10	—
Transfers Out	—	—	—	(2,208)	—	(67)
Change in Net Position	(1,391)	(2,609)	(15,238)	(1,502)	(1,679)	(5,890)
Total Net Position - Beginning	(13,844)	3,396	220,259	7,796	6,497	46,681
Total Net Position - Ending	\$ (15,235)	\$ 787	\$ 205,021	\$ 6,294	\$ 4,818	\$ 40,791

Social Services Administrative Trust Fund	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, 2018
\$ —	\$ —	\$ —	\$ 10,126	\$ 20,300	\$ —	\$ 334,208	\$ 91,006	\$ 455,640
—	—	—	8,397	—	31,119	80,156	47,072	166,744
—	—	—	83	—	—	—	8,024	8,107
—	—	—	—	—	—	—	—	3,834
—	—	—	—	—	—	—	—	26,711
—	—	—	—	—	—	—	—	63,276
869	1,652	6,983	—	—	—	—	—	127,811
14	1	3	2,836	366	480	32,391	2,597	40,678
<u>883</u>	<u>1,653</u>	<u>6,986</u>	<u>21,442</u>	<u>20,666</u>	<u>31,599</u>	<u>446,755</u>	<u>148,699</u>	<u>892,801</u>
—	—	—	—	—	—	—	—	20,928
—	1,664	6,404	—	—	409	3,621	—	86,848
831	183	1,539	1,964	1,135	117	1,483	5,902	117,833
—	5	9	—	—	—	—	—	13,321
—	—	—	18,697	20,180	31,114	514,368	137,735	722,094
17	9	207	—	—	—	90	—	24,213
—	6	191	9	—	—	11,247	—	13,107
<u>848</u>	<u>1,867</u>	<u>8,350</u>	<u>20,670</u>	<u>21,315</u>	<u>31,640</u>	<u>530,809</u>	<u>143,637</u>	<u>998,344</u>
<u>35</u>	<u>(214)</u>	<u>(1,364)</u>	<u>772</u>	<u>(649)</u>	<u>(41)</u>	<u>(84,054)</u>	<u>5,062</u>	<u>(105,543)</u>
—	—	—	—	—	—	—	—	47
—	—	(1)	—	—	—	—	—	(1,059)
—	(1)	(1)	(126)	(2,080)	—	—	(498)	(2,773)
—	—	—	142	2,096	79	1,222	617	4,228
—	—	—	—	—	—	—	—	1
—	—	—	—	—	—	—	—	(43)
<u>—</u>	<u>(1)</u>	<u>(2)</u>	<u>16</u>	<u>16</u>	<u>79</u>	<u>1,222</u>	<u>119</u>	<u>401</u>
<u>35</u>	<u>(215)</u>	<u>(1,366)</u>	<u>788</u>	<u>(633)</u>	<u>38</u>	<u>(82,832)</u>	<u>5,181</u>	<u>(105,142)</u>
—	—	10	—	—	—	—	—	114
—	—	(10)	—	—	—	—	—	(2,285)
<u>35</u>	<u>(215)</u>	<u>(1,366)</u>	<u>788</u>	<u>(633)</u>	<u>38</u>	<u>(82,832)</u>	<u>5,181</u>	<u>(107,313)</u>
<u>136</u>	<u>(2,384)</u>	<u>(6,199)</u>	<u>7,001</u>	<u>25,517</u>	<u>(84)</u>	<u>62,446</u>	<u>14,091</u>	<u>371,309</u>
<u>\$ 171</u>	<u>\$ (2,599)</u>	<u>\$ (7,565)</u>	<u>\$ 7,789</u>	<u>\$ 24,884</u>	<u>\$ (46)</u>	<u>\$ (20,386)</u>	<u>\$ 19,272</u>	<u>\$ 263,996</u>

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2018
(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
Cash Flows from Operating Activities:						
Receipts from Internal Customers and Users	\$ 12,302	\$ 7,697	\$ 68,217	\$ 89,167	\$ 17,646	\$ 86
Receipts from External Customers and Users	16	—	49	2,206	9,531	11,337
Payments to Suppliers	(2,098)	173	(34,725)	(66,511)	(15,036)	(6,076)
Payments to Employees	(9,209)	—	(29,521)	(15,674)	(9,028)	(166)
Payments Made for Program Expense	(3)	(10,340)	(11)	—	(6)	(2,947)
Other Receipts	67	—	37	1,861	13	12
Other Payments	(85)	—	(88)	(85)	(1,374)	(22)
Net Cash Provided (Used) by Operating Activities	990	(2,470)	3,958	10,964	1,746	2,224
Cash Flows from Non-Capital Financing Activities:						
Due to Other Funds	14	—	43	—	—	103
Due from Other Funds	—	(121)	(10)	228	(1)	3
Contributions and Intergovernmental	—	—	47	(11)	—	—
Transfers to Other Funds	—	—	—	(2,208)	—	(67)
Transfers from Other Funds	—	33	—	46	—	—
Net Cash Provided (Used) by Non-Capital Financing Activities	14	(88)	80	(1,945)	(1)	39
Cash Flows from Capital and Related Financing Activities:						
Interest Expense	—	—	(921)	(135)	(2)	—
Purchases and Construction of Capital Assets	(1,072)	—	(360)	(3,643)	(209)	(4)
Capital Lease Downpayment/Obligations	(1)	—	(2,384)	(4,680)	(20)	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,073)	—	(3,665)	(8,458)	(231)	(4)
Cash Flows from Investing Activities:						
Proceeds from Sales and Investment Maturities	154	2,059	381	1,063	497	—
Purchase of Investments	—	—	—	—	—	(1,315)
Interest and Dividends Received	—	—	—	69	—	—
Investment Fees	—	—	—	—	—	—
Penalties and Other Receipts	1	—	—	—	—	—
Net Cash Provided (Used) by Investing Activities	155	2,059	381	1,132	497	(1,315)
Net Increase (Decrease) in Cash	86	(499)	754	1,693	2,011	944
Cash and Cash Equivalents, Beginning of Year	214	836	1,199	2,846	2,835	239
Cash and Cash Equivalents, End of Year	\$ 300	\$ 337	\$ 1,953	\$ 4,539	\$ 4,846	\$ 1,183
Reconciliation of Operating Income (Loss) of Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ (1,384)	\$ (2,645)	\$ (14,145)	\$ 560	\$ (1,659)	\$ (5,817)
Depreciation/Amortization Expense	965	2	12,499	9,117	832	475
Changes in Assets and Liabilities:						
Accounts Receivable	16	—	—	(1,554)	140	7,574
Inventories	—	—	137	(37)	891	—
Deferred Outflows of Resources	(380)	—	(1,091)	(1,289)	(383)	343
Prepaid Items	—	—	—	—	—	—
Accounts Payable	3	173	266	(45)	(25)	(29)
Accrued Payroll	(10)	—	(1)	(3)	(3)	(2)
Unearned Revenue	—	—	—	(50)	—	—
Claims Liability	—	—	—	—	—	—
Compensated Absences	18	—	—	(61)	(36)	(7)
Net OPEB Liability	179	—	586	340	183	3
Net Pension Liability	1,431	—	5,191	3,663	1,645	(306)
Deferred Inflows of Resources	152	—	516	323	161	(10)
Net Cash Provided (Used) by Operating Activities	\$ 990	\$ (2,470)	\$ 3,958	\$ 10,964	\$ 1,746	\$ 2,224
Non-Cash Financing and Investing Activities:						
Capital Lease Issuance	\$ 4	\$ —	\$ 418	\$ 1,624	\$ 133	\$ —
Capital Asset Donations	—	—	—	11	—	—
Increase (Decrease) in Fair Value of Investments	\$ (1)	\$ 3	\$ (10)	\$ (23)	\$ (26)	\$ (10)
Net Non-Cash Financing and Investing Activities	\$ 3	\$ 3	\$ 408	\$ 1,612	\$ 107	\$ (10)

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, 2018
\$ 862	\$ 1,013	\$ —	\$ 10,124	\$ 20,300	\$ —	\$ 330,680	\$ 91,006	\$ 649,100
7	639	6,983	8,526	—	31,120	80,156	55,843	206,413
(795)	(182)	(1,454)	(1,851)	(1,135)	96	840	(6,463)	(135,217)
—	(1,357)	(5,383)	—	—	(409)	(2,874)	—	(73,621)
—	(5)	(9)	(18,157)	(21,312)	(31,114)	(510,452)	(137,535)	(731,891)
14	1	3	2,836	366	480	32,391	2,597	40,678
—	(6)	(191)	(9)	—	—	(11,247)	—	(13,107)
88	103	(51)	1,469	(1,781)	173	(80,506)	5,448	(57,645)
(4)	(8)	(18)	—	—	—	—	—	130
(42)	—	—	—	—	—	—	—	57
—	—	—	—	—	—	—	—	36
—	—	(10)	—	—	—	—	—	(2,285)
—	—	—	—	—	—	—	—	79
(46)	(8)	(28)	—	—	—	—	—	(1,983)
—	—	(1)	—	—	—	—	—	(1,059)
(1)	(7)	(203)	—	—	—	(94)	—	(5,593)
—	—	(6)	—	—	—	—	—	(7,091)
(1)	(7)	(210)	—	—	—	(94)	—	(13,743)
—	—	299	—	25,263	1,179,648	8,573	6,337	1,224,274
(20)	(33)	—	(2,133)	(28,587)	(1,179,900)	—	(13,057)	(1,225,045)
—	—	—	133	2,044	79	1,222	615	4,162
—	—	—	—	—	—	—	(31)	(31)
—	—	—	—	—	—	—	—	1
(20)	(33)	299	(2,000)	(1,280)	(173)	9,795	(6,136)	3,361
21	55	10	(531)	(3,061)	—	(70,805)	(688)	(70,010)
13	42	224	1,816	9,736	(2)	98,892	12,949	131,839
\$ 34	\$ 97	\$ 234	\$ 1,285	\$ 6,675	\$ (2)	\$ 28,087	\$ 12,261	\$ 61,829
\$ 35	\$ (214)	\$ (1,364)	\$ 772	\$ (649)	\$ (41)	\$ (84,054)	\$ 5,062	\$ (105,543)
17	9	207	—	—	—	90	—	24,213
—	—	—	46	—	22	(3,901)	11	2,354
2	—	—	—	—	—	—	—	993
—	(92)	(235)	—	—	—	(101)	—	(3,228)
—	—	—	—	—	—	(6)	—	(6)
34	1	85	113	—	213	2,329	(561)	2,557
—	(3)	(5)	—	—	—	—	—	(27)
—	—	—	(2)	—	(21)	373	736	1,036
—	—	—	540	(1,132)	—	3,916	200	3,524
—	3	—	—	—	—	1	—	(82)
—	31	115	—	—	—	—	—	1,437
—	338	1,044	—	—	—	713	—	13,719
—	30	102	—	—	—	134	—	1,408
88	103	(51)	1,469	(1,781)	173	(80,506)	5,448	(57,645)
\$ —	\$ —	\$ 36	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,215
—	—	—	—	—	—	—	—	11
—	(1)	(1)	(126)	(2,080)	—	—	(498)	(2,773)
—	(1)	35	(126)	(2,080)	—	—	(498)	(547)



*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, 2018
(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 Trust	Missouri State Public Employees' Deferred Compensation		Totals June 30, 2018
	Missouri State Employees' Plan	Judicial Plan			401 (a) Plan	457 Plan	
ASSETS							
Cash and Cash Equivalents	\$ 3,467,893	\$ 64,265	\$ 539	\$ 6,627	\$ 495	\$ 444	\$ 3,540,263
Investments at Fair Value	8,380,576	155,305	2,306,943	109,095	626,248	1,546,339	13,124,506
Invested Securities Lending Collateral	—	—	133,616	—	—	—	133,616
Receivables:							
Accounts Receivable	99,352	3,149	15,530	30,569	152	455	149,207
Investment Income	48,791	904	6,383	—	—	—	56,078
Prepaid Expenses	44	1	—	—	—	—	45
Capital Assets:							
Land	262	5	84	—	—	—	351
Buildings	4,166	77	582	—	1	3	4,829
Equipment	1,376	26	216	—	5	13	1,636
Software	723	13	3,288	—	1	3	4,028
Accumulated Depreciation/Amortization	(3,348)	(62)	(3,311)	—	(4)	(10)	(6,735)
Total Capital Assets, Net	3,179	59	859	—	3	9	4,109
Total Assets	11,999,835	223,683	2,463,870	146,291	626,898	1,547,247	17,007,824
DEFERRED OUTFLOWS OF RESOURCES							
	296	5	34	—	—	—	335
LIABILITIES							
Accounts Payable	173,890	3,222	8,789	266	18	45	186,230
Obligations under Repurchase Agreements	3,783,848	70,121	—	—	—	—	3,853,969
Securities Lending Obligation	—	—	138,841	—	—	—	138,841
Unearned Revenue	—	—	—	4,183	—	—	4,183
Claims Liability	—	—	—	11,908	—	—	11,908
Compensated Absences	674	12	—	—	—	—	686
Net OPEB Liability	7,140	132	1,545	—	—	—	8,817
Total Liabilities	3,965,552	73,487	149,175	16,357	18	45	4,204,634
DEFERRED INFLOWS OF RESOURCES							
	71	1	199	—	—	—	271
Net Position Restricted for Pension Benefits, OPEB, and Deferred Compensation	\$ 8,034,508	\$ 150,200	\$ 2,314,530	\$ 129,934	\$ 626,880	\$ 1,547,202	\$ 12,803,254

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, 2018
(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 June 30, 2018
	Missouri State Employees' Plan	Judicial Plan			401 (a) Plan	457 Plan	
Additions:							
Contributions:							
Employer	\$ 379,558	\$ 36,892	\$ 204,955	\$ 68,902	\$ 35	\$ —	\$ 690,342
Plan Member	30,325	902	3,722	53,157	—	57,667	145,773
Other	3,297	—	3,147	35,501	62,191	1,463	105,599
Total Contributions	<u>413,180</u>	<u>37,794</u>	<u>211,824</u>	<u>157,560</u>	<u>62,226</u>	<u>59,130</u>	<u>941,714</u>
Investment Earnings:							
Increase (Decrease) in							
Appreciation of Assets	620,043	11,490	157,187	—	18,555	74,804	882,079
Interest and Dividends	60,757	1,126	70,727	4,679	12,771	37,152	187,212
Securities Lending Income	—	—	986	—	—	—	986
Other Income	157	3	—	—	—	—	160
Total Investment Earnings	<u>680,957</u>	<u>12,619</u>	<u>228,900</u>	<u>4,679</u>	<u>31,326</u>	<u>111,956</u>	<u>1,070,437</u>
Less Investment Expenses:							
Investment Activity							
Expense	(102,074)	(1,891)	(30,487)	—	—	—	(134,452)
Securities Lending Expense	—	—	(793)	—	—	—	(793)
Total Investment Expense	<u>(102,074)</u>	<u>(1,891)</u>	<u>(31,280)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(135,245)</u>
Net Investment Earnings (Loss)	<u>578,883</u>	<u>10,728</u>	<u>197,620</u>	<u>4,679</u>	<u>31,326</u>	<u>111,956</u>	<u>935,192</u>
Cost Reimbursement/Miscellaneous	539	10	—	—	755	1,900	3,204
Total Additions	<u>992,602</u>	<u>48,532</u>	<u>409,444</u>	<u>162,239</u>	<u>94,307</u>	<u>172,986</u>	<u>1,880,110</u>
Deductions:							
Benefits	818,108	35,651	259,059	150,606	48,824	—	1,312,248
Administrative Expenses	10,024	186	4,348	7,142	788	2,828	25,316
Program Distributions	5,503	5	—	—	—	81,358	86,866
Inactive-vested Buyout Payments	61,041	—	—	—	—	—	61,041
Service Transfer Payments	2,060	—	—	—	—	—	2,060
Depreciation/Amortization	—	—	346	—	—	1	347
Total Deductions	<u>896,736</u>	<u>35,842</u>	<u>263,753</u>	<u>157,748</u>	<u>49,612</u>	<u>84,187</u>	<u>1,487,878</u>
Change in Net Position	<u>95,866</u>	<u>12,690</u>	<u>145,691</u>	<u>4,491</u>	<u>44,695</u>	<u>88,799</u>	<u>392,232</u>
Net Position - Beginning of Year	<u>7,938,642</u>	<u>137,510</u>	<u>2,168,839</u>	<u>125,443</u>	<u>582,185</u>	<u>1,458,403</u>	<u>12,411,022</u>
Net Position - End of Year	<u>\$ 8,034,508</u>	<u>\$ 150,200</u>	<u>\$ 2,314,530</u>	<u>\$ 129,934</u>	<u>\$ 626,880</u>	<u>\$ 1,547,202</u>	<u>\$ 12,803,254</u>

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2018
(In Thousands of Dollars)

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Totals June 30, 2018
ASSETS				
Cash and Cash Equivalents	\$ 187	\$ 305	\$ 12,392	\$ 12,884
Investments at Fair Value	2,859	606	21,575	25,040
Assets Held in Escheat	—	—	12,653	12,653
Account Receivables	26	—	—	26
Interest Receivable	11	2	—	13
Inventories	—	—	1	1
Capital Assets:				
Equipment	—	—	65	65
Software	—	—	99	99
Less: Accumulated Depreciation/Amortization	—	—	(128)	(128)
Total Capital Assets, Net	—	—	36	36
Total Assets	3,083	913	46,657	50,653
DEFERRED OUTFLOWS OF RESOURCES				
	—	—	524	524
LIABILITIES				
Accounts Payable	926	—	20	946
Accrued Payroll	—	—	24	24
Compensated Absences	—	—	44	44
Net OPEB Liability	—	—	550	550
Net Pension Liability	—	—	1,276	1,276
Total Liabilities	926	—	1,914	2,840
DEFERRED INFLOWS OF RESOURCES				
	—	—	29	29
NET POSITION				
Net Position Restricted for Other Purposes	\$ 2,157	\$ 913	\$ 45,238	\$ 48,308

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2018
(In Thousands of Dollars)

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Totals June 30, 2018
Additions:				
Increase (Decrease) in Appreciation of Assets	\$ (9)	\$ (10)	\$ (690)	\$ (709)
Interest	58	13	717	788
Total Investment Earnings	49	3	27	79
Unclaimed Property	—	—	42,692	42,692
Cost Reimbursement/Miscellaneous	11,433	—	244	11,677
Total Additions	11,482	3	42,963	54,448
Deductions:				
Administrative Expenses	—	—	2,389	2,389
Program Distributions	11,865	—	43,734	55,599
Depreciation/Amortization	—	—	39	39
Total Deductions	11,865	—	46,162	58,027
Change in Net Position	(383)	3	(3,199)	(3,579)
Net Position - Beginning	2,540	910	48,437	51,887
Net Position - Ending	\$ 2,157	\$ 913	\$ 45,238	\$ 48,308

**STATE OF MISSOURI
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2018
(In Thousands of Dollars)**

	Social Security Contributions	Missouri State Employees' Voluntary Life Insurance	Program	Institution	Totals June 30, 2018
ASSETS					
Cash and Cash					
Equivalents	\$ 36	\$ 52	\$ 69,892	\$ 20,563	\$ 90,543
Investments at					
Fair Value	63	91	599,583	15	599,752
Receivables:					
Accounts Receivable	6,164	—	510,007	—	516,171
Interest Receivable	—	—	1,076	—	1,076
Total Assets	<u>\$ 6,263</u>	<u>\$ 143</u>	<u>\$ 1,180,558</u>	<u>\$ 20,578</u>	<u>\$ 1,207,542</u>
LIABILITIES					
Accounts Payable	\$ —	\$ —	\$ 36	\$ —	\$ 36
Due to Other Entities	6,263	143	1,173,389	—	1,179,795
Due to Individuals	—	—	7,133	20,578	27,711
Total Liabilities	<u>\$ 6,263</u>	<u>\$ 143</u>	<u>\$ 1,180,558</u>	<u>\$ 20,578</u>	<u>\$ 1,207,542</u>

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2018
(In Thousands of Dollars)

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>SOCIAL SECURITY CONTRIBUTIONS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 25	\$ 152,875	\$ 152,864	\$ 36
Investments at Fair Value	77	63	77	63
Accounts Receivable	6,241	6,164	6,241	6,164
Total Assets	<u>\$ 6,343</u>	<u>\$ 159,102</u>	<u>\$ 159,182</u>	<u>\$ 6,263</u>
LIABILITIES				
Due to Other Entities	<u>\$ 6,343</u>	<u>\$ 463,744</u>	<u>\$ 463,824</u>	<u>\$ 6,263</u>
<u>MISSOURI STATE EMPLOYEES'</u>				
<u>VOLUNTARY LIFE INSURANCE</u>				
ASSETS				
Cash and Cash Equivalents	\$ 36	\$ 3,652	\$ 3,636	\$ 52
Investments at Fair Value	113	91	113	91
Total Assets	<u>\$ 149</u>	<u>\$ 3,743</u>	<u>\$ 3,749</u>	<u>\$ 143</u>
LIABILITIES				
Due to Other Entities	<u>\$ 149</u>	<u>\$ 3,688</u>	<u>\$ 3,694</u>	<u>\$ 143</u>
<u>PROGRAM</u>				
ASSETS				
Cash and Cash Equivalents	\$ 91,203	\$ 8,012,518	\$ 8,033,829	\$ 69,892
Investments at Fair Value	543,186	525,055	468,658	599,583
Receivables:				
Accounts Receivable	438,574	83,281	11,848	510,007
Interest Receivable	347	4,998	4,269	1,076
Total Assets	<u>\$ 1,073,310</u>	<u>\$ 8,625,852</u>	<u>\$ 8,518,604</u>	<u>\$ 1,180,558</u>
LIABILITIES				
Accounts Payable	\$ 33	\$ 415	\$ 412	\$ 36
Due to Other Entities	1,063,309	8,615,376	8,505,296	1,173,389
Due to Individuals	9,968	20,845	23,680	7,133
Total Liabilities	<u>\$ 1,073,310</u>	<u>\$ 8,636,636</u>	<u>\$ 8,529,388</u>	<u>\$ 1,180,558</u>
<u>INSTITUTION</u>				
ASSETS				
Cash and Cash Equivalents	\$ 17,151	\$ 164,886	\$ 161,474	\$ 20,563
Investments at Fair Value	157	1	143	15
Total Assets	<u>\$ 17,308</u>	<u>\$ 164,887</u>	<u>\$ 161,617</u>	<u>\$ 20,578</u>
LIABILITIES				
Due to Individuals	<u>\$ 17,308</u>	<u>\$ 164,887</u>	<u>\$ 161,617</u>	<u>\$ 20,578</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 108,415	\$ 8,333,931	\$ 8,351,803	\$ 90,543
Investments at Fair Value	543,533	525,210	468,991	599,752
Receivables:				
Accounts Receivable	444,815	89,445	18,089	516,171
Interest Receivable	347	4,998	4,269	1,076
Total Assets	<u>\$ 1,097,110</u>	<u>\$ 8,953,584</u>	<u>\$ 8,843,152</u>	<u>\$ 1,207,542</u>
LIABILITIES				
Accounts Payable	\$ 33	\$ 415	\$ 412	\$ 36
Due to Other Entities	1,069,801	9,082,808	8,972,814	1,179,795
Due to Individuals	27,276	185,732	185,297	27,711
Total Liabilities	<u>\$ 1,097,110</u>	<u>\$ 9,268,955</u>	<u>\$ 9,158,523</u>	<u>\$ 1,207,542</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, 2018
(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, 2018
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 11,102	\$ 412	\$ 11,984	\$ 295	\$ 23,793
Investments	14,026	249	26,432	514	41,221
Accounts Receivable, Net	1,663	1	—	—	1,664
Interest Receivable	169	—	412	3	584
Inventories	—	—	—	2	2
Restricted Assets:					
Cash and Cash Equivalents	—	567	—	—	567
Investments	—	15,339	—	—	15,339
Interest Receivable	—	13	—	—	13
Loan Receivable	—	—	2,967	—	2,967
Prepaid Items	369	—	—	—	369
Loans Receivable	236	138	—	—	374
Total Current Assets	<u>27,565</u>	<u>16,719</u>	<u>41,795</u>	<u>814</u>	<u>86,893</u>
Non-Current Assets:					
Investments	—	—	44,634	—	44,634
Loans Receivable	25,386	156	—	—	25,542
Restricted Assets:					
Cash and Cash Equivalents	11,632	—	—	—	11,632
Investments	4,989	—	—	—	4,989
Loans Receivables	—	—	21,857	—	21,857
Capital Assets:					
Construction in Progress	857	—	—	—	857
Land	7,220	—	—	—	7,220
Buildings	78,710	—	—	—	78,710
Equipment	438	—	—	41	479
Software & Misc Intangible Assets	23	—	—	3	26
Less Accumulated Depreciation/Amortization	(21,286)	—	—	(28)	(21,314)
Total Non-Current Assets	<u>107,969</u>	<u>156</u>	<u>66,491</u>	<u>16</u>	<u>174,632</u>
Total Assets	<u>135,534</u>	<u>16,875</u>	<u>108,286</u>	<u>830</u>	<u>261,525</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>859</u>	<u>211</u>	<u>—</u>	<u>280</u>	<u>1,350</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	162	50	1	4	217
Accrued Payroll	—	—	—	12	12
Interest Payable	29	13	—	—	42
Due to Primary Government	—	250	—	2	252
Compensated Absences	30	4	—	18	52
Bonds and Notes Payable	223	—	—	—	223
Total Current Liabilities	<u>444</u>	<u>317</u>	<u>1</u>	<u>36</u>	<u>798</u>
Non-Current Liabilities:					
Advance from Primary Government	—	267	—	—	267
Unearned Revenue	789	—	—	—	789
Deposits and Reserves	11,773	—	—	—	11,773
Compensated Absences	48	—	—	10	58
Bonds and Notes Payable	16,929	—	—	—	16,929
Net Pension Liability	1,323	473	—	659	2,455
Net OPEB Liability	—	200	—	284	484
Total Non-Current Liabilities	<u>30,862</u>	<u>940</u>	<u>—</u>	<u>953</u>	<u>32,755</u>
Total Liabilities	<u>31,306</u>	<u>1,257</u>	<u>1</u>	<u>989</u>	<u>33,553</u>
DEFERRED INFLOWS OF RESOURCES	<u>42</u>	<u>94</u>	<u>—</u>	<u>40</u>	<u>176</u>
NET POSITION					
Net Investment in Capital Assets	48,810	—	—	16	48,826
Restricted for:					
Other Purposes	6,858	15,919	77,807	—	100,584
Unrestricted	49,377	(184)	30,478	65	79,736
Total Net Position	<u>\$ 105,045</u>	<u>\$ 15,735</u>	<u>\$ 108,285</u>	<u>\$ 81</u>	<u>\$ 229,146</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, 2018
(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, 2018
Operating Revenues:					
Licenses, Fees, and Permits	\$ 1,564	\$ 122	\$ 1	\$ —	\$ 1,687
Interest on Receivables	918	—	936	—	1,854
Leases and Rentals	5,988	—	—	—	5,988
Cost Reimbursement/Miscellaneous	271	—	—	15	286
Total Operating Revenues	<u>8,741</u>	<u>122</u>	<u>937</u>	<u>15</u>	<u>9,815</u>
Operating Expenses:					
Personal Service	892	329	20	507	1,748
Operations	2,030	56	9	1,533	3,628
Specific Programs	—	591	—	1	592
Depreciation/Amortization	2,048	—	—	8	2,056
Other Charges	62	—	1	36	99
Total Operating Expenses	<u>5,032</u>	<u>976</u>	<u>30</u>	<u>2,085</u>	<u>8,123</u>
Operating Income (Loss)	<u>3,709</u>	<u>(854)</u>	<u>907</u>	<u>(2,070)</u>	<u>1,692</u>
Non-Operating Revenues (Expenses):					
Contributions and Intergovernmental	—	4,462	—	1,830	6,292
Investment Earnings:					
Increase (Decrease) in Fair Value of Investments	—	—	(601)	(1)	(602)
Interest	256	135	1,246	14	1,651
Interest Expense	(597)	(17)	—	—	(614)
Miscellaneous Revenues (Expenses)	1,492	—	(59)	—	1,433
Total Non-Operating Revenues (Expenses)	<u>1,151</u>	<u>4,580</u>	<u>586</u>	<u>1,843</u>	<u>8,160</u>
Change in Net Position	4,860	3,726	1,493	(227)	9,852
Total Net Position - Beginning	100,185	12,009	106,792	308	219,294
Total Net Position - Ending	<u>\$ 105,045</u>	<u>\$ 15,735</u>	<u>\$ 108,285</u>	<u>\$ 81</u>	<u>\$ 229,146</u>

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2018
(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, 2018
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ 7,977	\$ 121	\$ 1,252	\$ —	\$ 9,350
Loans to Outside Entities	—	323	3,269	—	3,592
Payments to Vendors and Suppliers	(2,270)	(49)	(11)	(1,531)	(3,861)
Payments for Employees	(772)	(265)	(20)	(433)	(1,490)
Payments Made for Program Expense	—	(591)	—	(1)	(592)
Net Payments/Receipts for Tax Credit Projects	(3,076)	—	—	—	(3,076)
Other Receipts	—	—	—	15	15
Other Payments	—	—	(1)	(36)	(37)
Net Cash Provided (Used) by Operating Activities	<u>1,859</u>	<u>(461)</u>	<u>4,489</u>	<u>(1,986)</u>	<u>3,901</u>
Cash Flows from Non-Capital Financing Activities:					
Loans Receivable Principal Receipts	565	—	—	—	565
Loans Receivable Issuance	(396)	—	—	—	(396)
Due to/from Primary Government	—	(311)	—	—	(311)
Advance to/from Primary Government	—	(250)	—	—	(250)
Contributions and Intergovernmental	—	4,462	—	1,830	6,292
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>169</u>	<u>3,901</u>	<u>—</u>	<u>1,830</u>	<u>5,900</u>
Cash Flows from Capital and Related Financing Activities:					
Interest Expense	(598)	(11)	—	—	(609)
Purchases and Construction of Capital Assets	(781)	—	—	—	(781)
Principal Payments on Capital Debt	(2,544)	—	—	—	(2,544)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,923)</u>	<u>(11)</u>	<u>—</u>	<u>—</u>	<u>(3,934)</u>
Cash Flows from Investing Activities:					
Proceeds from Investment Maturities	18,894	—	37,967	209	57,070
Purchase of Investments	(25,977)	(3,678)	(57,272)	—	(86,927)
Interest	193	156	1,246	13	1,608
Investment Fees	—	—	(59)	—	(59)
Net Cash Provided (Used) by Investing Activities	<u>(6,890)</u>	<u>(3,522)</u>	<u>(18,118)</u>	<u>222</u>	<u>(28,308)</u>
Net Increase (Decrease) in Cash	<u>(8,785)</u>	<u>(93)</u>	<u>(13,629)</u>	<u>66</u>	<u>(22,441)</u>
Cash and Cash Equivalents, Beginning of Year	31,519	1,072	25,613	229	58,433
Cash and Cash Equivalents, End of Year	<u>\$ 22,734</u>	<u>\$ 979</u>	<u>\$ 11,984</u>	<u>\$ 295</u>	<u>\$ 35,992</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 3,709	\$ (854)	\$ 907	\$ (2,070)	\$ 1,692
Depreciation/Amortization Expense	2,048	—	—	8	2,056
Changes in Assets and Liabilities:					
Accounts Receivable	(236)	(1)	—	—	(237)
Interest Receivable	60	—	315	—	375
Inventories	—	—	—	(1)	(1)
Deferred Outflows of Resources	(82)	70	—	11	(1)
Prepaid Items	(130)	—	—	—	(130)
Loans Receivable	—	323	3,269	—	3,592
Accounts Payable	(8)	7	(2)	1	(2)
Accrued Payroll	—	—	—	(3)	(3)
Deposit and Reserve	(3,660)	—	—	—	(3,660)
Compensated Absences	—	—	—	(2)	(2)
Unearned Revenue	(44)	—	—	—	(44)
Net Pension Liability	199	(84)	—	42	157
Net OPEB Liability	—	(2)	—	(4)	(6)
Deferred Inflows of Resources	3	80	—	32	115
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,859</u>	<u>\$ (461)</u>	<u>\$ 4,489</u>	<u>\$ (1,986)</u>	<u>\$ 3,901</u>
Non-Cash Investing Activities:					
Increase (Decrease) in Fair Value of Investments	\$ —	\$ —	\$ (601)	\$ (1)	\$ (602)
Net Non-Cash Investing Activities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (601)</u>	<u>\$ (1)</u>	<u>\$ (602)</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, 2018**

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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Revenue Capacity

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These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.

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Demographic and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

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Operating Information

These schedules contain operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

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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 2009-2018
(In Thousands of Dollars)**

	2018	2017*	2016	2015	2014
Governmental Activities					
Net Investment in Capital Assets	30,336,702	\$ 29,793,477	\$ 29,255,865	\$ 28,791,258	\$ 28,485,327
Restricted	4,062,810	4,103,890	4,348,001	3,269,480	3,790,165
Unrestricted	(7,922,530)	(7,606,967)	(5,465,559)	(4,292,710)	(5,501,188)
Total Governmental Activities Net Position	<u>\$ 26,476,982</u>	<u>\$ 26,290,400</u>	<u>\$ 28,138,307</u>	<u>\$ 27,768,028</u>	<u>\$ 26,774,304</u>
Business-Type Activities					
Net Investment in Capital Assets	\$ 127,209	\$ 115,327	\$ 98,320	\$ 55,669	\$ 52,901
Restricted	5,616	7,239	6,104	4,588	4,889
Unrestricted	849,174	762,633	677,470	420,995	183,705
Total Business-Type Activities Net Position	<u>\$ 981,999</u>	<u>\$ 885,199</u>	<u>\$ 781,894</u>	<u>\$ 481,252</u>	<u>\$ 241,495</u>
Primary Government					
Net Investment in Capital Assets	\$ 30,463,911	\$ 29,908,804	\$ 29,354,185	\$ 28,846,927	\$ 28,538,228
Restricted	4,068,426	4,111,129	4,354,105	3,274,068	3,795,054
Unrestricted	(7,073,356)	(6,844,334)	(4,788,089)	(3,871,715)	(5,317,483)
Total Primary Government Net Position	<u>\$ 27,458,981</u>	<u>\$ 27,175,599</u>	<u>\$ 28,920,201</u>	<u>\$ 28,249,280</u>	<u>\$ 27,015,799</u>

Continues Below

	2013	2012	2011	2010	2009
Governmental Activities					
Net Investment in Capital Assets	\$ 28,166,290	\$ 27,873,493	\$ 26,595,552	\$ 25,850,787	\$ 26,247,223
Restricted	3,788,299	3,898,340	4,339,603	3,907,120	3,537,444
Unrestricted	(1,216,048)	(1,865,908)	(1,159,743)	(940,675)	(1,260,231)
Total Governmental Activities Net Position	<u>\$ 30,738,541</u>	<u>\$ 29,905,925</u>	<u>\$ 29,775,412</u>	<u>\$ 28,817,232</u>	<u>\$ 28,524,436</u>
Business-Type Activities					
Net Investment in Capital Assets	\$ 52,217	\$ 50,081	\$ 50,291	\$ 45,990	\$ 48,442
Restricted	5,630	9,675	6,303	7,949	6,771
Unrestricted	(117,891)	(344,734)	(485,576)	(437,995)	(1,050)
Total Business-Type Activities Net Position	<u>\$ (60,044)</u>	<u>\$ (284,978)</u>	<u>\$ (428,982)</u>	<u>\$ (384,056)</u>	<u>\$ 54,163</u>
Primary Government					
Net Investment in Capital Assets	\$ 28,218,507	\$ 27,923,574	\$ 26,645,843	\$ 25,896,777	\$ 26,295,665
Restricted	3,793,929	3,908,015	4,345,906	3,915,069	3,544,215
Unrestricted	(1,333,939)	(2,210,642)	(1,645,319)	(1,378,670)	(1,261,281)
Total Primary Government Net Position	<u>\$ 30,678,497</u>	<u>\$ 29,620,947</u>	<u>\$ 29,346,430</u>	<u>\$ 28,433,176</u>	<u>\$ 28,578,599</u>

*Fiscal year 2017 amounts have been restated.

**STATE OF MISSOURI
CHANGES IN NET POSITION
FISCAL YEARS 2009-2018
(In Thousands of Dollars)**

	2018	2017*	2016	2015
Governmental Activities:				
Expenses				
General Government	\$ 1,265,879	\$ 1,176,204	\$ 1,081,421	\$ 1,064,771
Education	7,053,441	7,086,927	6,902,930	6,680,646
Natural and Economic Resources	1,079,319	1,074,411	1,039,408	910,502
Transportation and Law Enforcement	1,974,299	2,157,349	1,913,379	1,861,116
Human Services	14,339,906	13,682,277	13,086,606	12,800,735
Interest on Debt (Excluding Direct Expense)	120,206	128,108	138,426	139,112
Total Expenses	<u>25,833,050</u>	<u>25,305,276</u>	<u>24,162,170</u>	<u>23,456,882</u>
Program Revenues				
Charges for Services:				
General Government	589,009	671,875	579,457	581,008
Transportation and Law Enforcement	227,737	228,039	230,685	228,093
Human Services	559,855	498,348	475,055	503,290
Other Activities	325,483	343,363	327,275	327,169
Operating Grants and Contributions	10,812,026	10,403,733	10,178,230	9,960,965
Capital Grants and Contributions	1,020,695	923,748	917,255	838,354
Total Program Revenues	<u>13,534,805</u>	<u>13,069,106</u>	<u>12,707,957</u>	<u>12,438,879</u>
Total Governmental Activities Net Program (Expense)	<u>(12,298,245)</u>	<u>(12,236,170)</u>	<u>(11,454,213)</u>	<u>(11,018,003)</u>
General Revenues and Other Changes in Net Position				
Taxes:				
Sales and Use	3,235,110	3,267,442	3,112,912	3,142,387
Individual Income	6,796,359	6,648,918	6,324,548	6,418,379
Corporate Income	403,771	392,438	411,139	490,131
County Foreign Insurance	272,497	254,685	218,083	222,828
Alcoholic Beverage	32,602	32,764	30,913	32,101
Corporate Franchise	1,968	2,490	17,197	29,982
Fuel	640,767	667,639	640,934	656,893
Miscellaneous Taxes	684,577	680,885	663,797	668,955
Grants and Contributions not Restricted to Specific Programs	59,236	62,173	58,971	76,276
Unrestricted Investment Earnings	26,309	12,626	26,468	24,721
Special Items	—	—	—	—
Extraordinary Items	—	—	—	—
Transfers	331,631	289,683	304,320	275,997
Total General Revenues and Other Changes in Net Position	<u>12,484,827</u>	<u>12,311,743</u>	<u>11,809,282</u>	<u>12,038,650</u>
Total Governmental Activities Change in Net Position	<u>\$ 186,582</u>	<u>\$ 75,573</u>	<u>\$ 355,069</u>	<u>\$ 1,020,647</u>
Business-Type Activities:				
Expenses				
State Lottery	\$ 1,086,926	\$ 1,070,595	\$ 1,025,086	\$ 873,502
Unemployment Compensation	294,271	318,782	312,295	391,508
Petroleum Storage Tank Insurance	21,298	19,392	16,205	14,705
State Fair Fees	4,878	4,726	4,369	4,390
State Parks and DNR	8,919	14,025	8,395	8,264
Historic Preservation	725	1,248	577	741
Missouri Veterans' Homes	123,094	115,078	100,771	92,501
Surplus Property	2,416	2,523	2,590	3,169
Revenue Information	12	12	14	13
Total Expenses	<u>1,542,539</u>	<u>1,546,381</u>	<u>1,470,302</u>	<u>1,388,793</u>
Program Revenues				
Charges for Services:				
State Lottery	1,418,409	1,361,996	1,327,852	1,144,604
Other Activities	56,010	61,228	56,005	59,199
Operating Grants and Contributions	466,750	553,591	677,118	693,657
Total Program Revenues	<u>1,941,169</u>	<u>1,976,815</u>	<u>2,060,975</u>	<u>1,897,460</u>
Total Business-Type Activities Net Program (Expense)	<u>398,630</u>	<u>430,434</u>	<u>590,673</u>	<u>508,667</u>
General Revenues and Other Changes in Net Position				
Unrestricted Investment Earnings	18,338	13,156	11,420	3,591
Adjustments to Claims Reserve	—	—	2,500	—
Special Items	—	—	—	—
Extraordinary Items	—	(153)	—	—
Capital Contributions	11,463	920	—	—
Transfers	(331,631)	(289,683)	(304,320)	(275,997)
Total General Revenues and Other Changes in Net Position	<u>(301,830)</u>	<u>(275,760)</u>	<u>(290,400)</u>	<u>(272,406)</u>
Total Business-Type Activities Change in Net Position	<u>\$ 96,800</u>	<u>\$ 154,674</u>	<u>\$ 300,273</u>	<u>\$ 236,261</u>
Total Primary Government Change in Net Position	<u>\$ 283,382</u>	<u>\$ 230,247</u>	<u>\$ 655,342</u>	<u>\$ 1,256,908</u>

*Fiscal year 2017 amounts have been restated

2014	2013	2012	2011	2010	2009
\$ 1,030,327	\$ 1,063,418	\$ 1,029,012	\$ 1,089,731	\$ 1,129,030	\$ 1,182,233
6,430,861	6,368,472	6,373,757	6,536,907	6,815,521	6,589,358
874,033	933,019	1,053,949	935,078	1,082,526	1,043,449
1,823,578	1,924,306	2,021,423	2,529,791	2,699,070	2,375,104
12,623,617	12,335,625	12,299,493	11,713,021	11,740,145	10,898,796
157,707	161,386	207,906	199,948	196,413	210,342
<u>22,940,123</u>	<u>22,786,226</u>	<u>22,985,540</u>	<u>23,004,476</u>	<u>23,662,705</u>	<u>22,299,282</u>
540,427	698,300	883,228	705,914	875,161	756,969
232,176	250,898	239,684	267,875	319,941	400,842
504,443	554,365	459,517	550,690	653,463	531,250
333,898	351,193	285,725	314,375	380,133	369,976
9,649,655	9,702,624	9,889,453	9,802,842	9,489,240	8,317,356
933,814	1,039,043	1,096,052	1,814,207	1,454,811	966,394
<u>12,194,413</u>	<u>12,596,423</u>	<u>12,853,659</u>	<u>13,455,903</u>	<u>13,172,749</u>	<u>11,342,787</u>
<u>(10,745,710)</u>	<u>(10,189,803)</u>	<u>(10,131,881)</u>	<u>(9,548,573)</u>	<u>(10,489,956)</u>	<u>(10,956,495)</u>
2,925,867	2,883,852	2,705,002	2,570,243	2,572,491	2,635,068
5,718,801	5,833,306	5,116,876	4,878,166	4,840,809	5,169,741
427,320	429,797	378,444	394,389	360,764	377,801
180,779	175,212	167,969	182,679	171,497	177,393
30,370	30,294	28,652	27,247	27,657	26,689
54,670	51,444	61,389	70,743	82,182	82,114
629,105	648,989	620,074	1,833	233	2,671
605,247	630,228	623,414	1,210,758	1,207,501	1,160,700
73,637	120,380	244,859	889,742	1,301,531	499,542
35,040	(15,858)	21,525	23,281	28,870	69,339
—	—	(120)	—	—	—
(132)	—	—	—	—	—
291,421	290,900	300,608	255,908	258,947	257,441
<u>10,972,125</u>	<u>11,078,544</u>	<u>10,268,692</u>	<u>10,504,989</u>	<u>10,852,482</u>	<u>10,458,499</u>
\$ 226,415	\$ 888,741	\$ 136,811	\$ 956,416	\$ 362,526	\$ (497,996)
\$ 894,137	\$ 876,290	\$ 835,526	\$ 755,410	\$ 724,915	\$ 726,106
568,787	858,697	1,280,157	1,714,276	2,216,078	1,292,531
13,244	18,101	22,171	13,940	13,925	17,186
4,419	3,968	3,963	3,700	3,843	4,303
9,417	9,179	10,659	12,278	9,042	14,211
334	388	340	509	1,145	714
97,674	97,012	76,598	76,033	70,884	62,378
2,528	3,017	3,065	2,293	2,542	1,759
—	32	72	1,199	1,513	5,345
<u>1,590,540</u>	<u>1,866,684</u>	<u>2,232,551</u>	<u>2,579,638</u>	<u>3,043,887</u>	<u>2,124,533</u>
1,171,580	1,156,235	1,109,108	1,011,055	984,187	981,431
57,836	57,009	56,538	55,153	56,659	60,015
999,516	1,172,524	1,507,428	1,725,481	1,823,732	967,324
<u>2,228,932</u>	<u>2,385,768</u>	<u>2,673,074</u>	<u>2,791,689</u>	<u>2,864,578</u>	<u>2,008,770</u>
<u>638,392</u>	<u>519,084</u>	<u>440,523</u>	<u>212,051</u>	<u>(179,309)</u>	<u>(115,763)</u>
2,029	(3,138)	4,312	(1,050)	2,533	10,152
17,223	—	—	—	—	—
—	—	(224)	—	—	—
—	—	—	—	—	—
—	35	—	—	—	—
(291,421)	(290,900)	(300,608)	(255,908)	(258,947)	(257,441)
<u>(272,169)</u>	<u>(294,003)</u>	<u>(296,520)</u>	<u>(256,958)</u>	<u>(256,414)</u>	<u>(247,289)</u>
\$ 366,223	\$ 225,081	\$ 144,003	\$ (44,907)	\$ (435,723)	\$ (363,052)
\$ 592,638	\$ 1,113,822	\$ 280,814	\$ 911,509	\$ (73,197)	\$ (861,048)

**STATE OF MISSOURI
FUND BALANCES - GOVERNMENTAL FUNDS
FISCAL YEARS 2009-2018
(In Thousands of Dollars)**

	2018	2017*	2016	2015	2014
General Fund					
Nonspendable	\$ 48,944	\$ 52,969	\$ 58,712	\$ 53,809	\$ 50,504
Restricted	307,913	341,052	488,180	292,758	289,266
Committed	617,661	590,697	589,956	545,765	560,141
Assigned	86,705	154,634	78,096	158,390	73,625
Unassigned	457,634	294,901	238,735	349,901	244,821
Total General Fund	1,518,857	1,434,253	1,453,679	1,400,623	1,218,357
All Other Governmental Funds					
Nonspendable	95,439	97,723	97,027	1,243,039	1,170,054
Restricted	1,490,422	1,517,114	1,699,763	1,512,228	1,544,139
Committed	1,663,097	1,614,390	1,543,913	377,527	345,465
Assigned	410,186	422,122	430,901	425,256	400,668
Unassigned	—	(17,628)	—	—	—
Total All Other Governmental Funds	3,659,144	3,633,721	3,771,604	3,558,050	3,460,326
Total Fund Balances, Governmental Funds	\$ 5,178,001	\$ 5,067,974	\$ 5,225,283	\$ 4,958,673	\$ 4,678,683

Continues Below

	2013	2012	2011	2010	2009
General Fund					
Nonspendable	\$ 56,048	\$ 61,207	\$ 42,906	\$ 44,158	\$ —
Restricted	285,878	340,205	475,205	186,737	—
Committed	506,778	504,569	512,623	534,620	—
Assigned	67,277	63,484	59,783	51,734	—
Unassigned	530,431	195,193	325,123	423,227	—
Reserved	—	—	—	—	589,532
Unreserved	—	—	—	—	716,371
Total General Fund	1,446,412	1,164,658	1,415,640	1,240,476	1,305,903
All Other Governmental Funds					
Nonspendable	1,126,253	1,077,138	1,016,981	986,201	—
Restricted	1,636,550	1,745,287	2,137,789	2,021,223	—
Committed	337,874	291,723	284,455	219,557	—
Assigned	370,090	367,261	339,192	355,202	—
Reserved	—	—	—	—	1,218,019
Unreserved, Reported in:					
Special Revenue Funds	—	—	—	—	1,182,724
Capital Projects Funds	—	—	—	—	540,554
Permanent Funds	—	—	—	—	124
Total All Other Governmental Funds	3,470,767	3,481,409	3,778,417	3,582,183	2,941,421
Total Fund Balances, Governmental Funds	\$ 4,917,179	\$ 4,646,067	\$ 5,194,057	\$ 4,822,659	\$ 4,247,324

*Fiscal year 2017 amounts have been restated.

**STATE OF MISSOURI
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEARS 2009-2018
(In Thousands of Dollars)**

	2018	2017*	2016	2015
Revenues:				
Taxes	\$ 12,151,078	\$ 11,877,303	\$ 11,550,222	\$ 11,302,267
Licenses, Fees, and Permits	675,447	678,037	685,115	653,218
Sales	9,527	9,035	9,002	11,905
Leases and Rentals	157	158	71	497
Services	148,653	122,531	116,133	105,066
Contributions and Intergovernmental	11,712,774	11,395,032	11,157,654	10,871,669
Investment Earnings:				
Net Increase (Decrease) in the Fair Value of Investments	(15,384)	(10,530)	5,975	2,006
Interest	60,189	34,080	25,534	29,911
Penalties and Unclaimed Properties	70,657	96,568	72,435	131,384
Cost Reimbursement/Miscellaneous	513,789	564,390	492,593	525,729
Total Revenues	<u>25,326,887</u>	<u>24,766,604</u>	<u>24,114,734</u>	<u>23,633,652</u>
Expenditures:				
Current:				
General Government	909,941	884,641	886,172	869,266
Education	7,031,232	7,071,710	6,893,120	6,673,331
Natural and Economic Resources	869,568	896,485	913,667	833,441
Transportation and Law Enforcement	1,483,225	1,473,797	1,475,500	1,558,694
Human Services	14,012,219	13,629,856	13,037,667	12,761,134
Capital Outlay:				
General Government	1,320	14,057	2,474	—
Education	106	348	29	—
Natural and Economic Resources	3,549	2,027	246	—
Transportation and Law Enforcement	854,707	712,716	690,269	714,550
Human Services	64,467	54,915	37,384	1,354
Debt Service:				
Principal	333,480	436,938	292,521	285,627
Interest	144,976	159,977	166,000	166,672
Bond Issuance Costs	356	336	755	831
Underwriter's Discount	985	972	1,231	2,260
Arbitrage	—	—	—	—
Total Expenditures	<u>25,710,131</u>	<u>25,338,775</u>	<u>24,397,035</u>	<u>23,867,160</u>
Excess Revenues (Expenditures)	<u>(383,244)</u>	<u>(572,171)</u>	<u>(282,301)</u>	<u>(233,508)</u>
Other Financing Sources (Uses):				
Proceeds from Notes/Capital Leases	6,934	1,542	14,782	1,819
Debt Issuance	—	—	—	—
Proceeds from General Obligation/Other Bonds	124,905	97,225	193,800	129,465
Issuance of Refunding Bonds	—	—	—	108,930
Payments to Escrow Agent	—	—	—	(121,020)
Bond Premium	9,751	5,877	17,810	18,622
Proceeds from Capital Asset Sale	18,034	20,305	18,394	11,137
Transfers In	342,979	297,229	310,842	285,468
Transfers Out	(9,177)	(5,598)	(6,010)	(9,547)
Total Other Financing Sources (Uses)	<u>493,426</u>	<u>416,580</u>	<u>549,618</u>	<u>424,874</u>
Net Change in Fund Balances	110,182	(155,591)	267,317	191,366
Increase (Decrease) in Reserve for Inventory	(155)	(1,716)	(707)	4,928
Net Change in Fund Balances	<u>\$ 110,027</u>	<u>\$ (157,307)</u>	<u>\$ 266,610</u>	<u>\$ 196,294</u>
Debt Service as a Percentage of Non-Capital Expenditures	1.94%	2.45%	1.96%	1.99%

*Fiscal year 2017 amounts have been restated.

	2014	2013	2012	2011	2010	2009
\$	10,549,046	\$ 10,557,831	\$ 9,956,574	\$ 9,398,840	\$ 8,987,066	\$ 9,503,743
	654,416	647,233	647,130	630,944	637,078	657,725
	12,308	10,261	8,827	10,131	8,917	10,301
	480	1,212	313	665	934	448
	111,280	115,219	119,076	155,498	243,998	244,557
	10,652,830	10,860,366	11,230,111	12,500,062	12,265,891	9,763,754
	6,737	(25,606)	6,392	(53)	1,734	(9,565)
	50,251	27,839	33,068	34,496	44,954	103,068
	74,642	112,951	51,591	54,812	60,284	48,730
	507,763	687,609	745,602	662,070	963,030	739,288
	<u>22,619,753</u>	<u>22,994,915</u>	<u>22,798,684</u>	<u>23,447,465</u>	<u>23,213,886</u>	<u>21,062,049</u>
	844,854	884,342	886,309	883,953	889,467	952,780
	6,419,231	6,351,934	6,363,447	6,525,986	6,809,217	6,582,393
	831,495	856,133	934,767	832,855	974,260	894,815
	1,350,588	1,406,509	1,627,620	1,758,410	1,814,485	1,515,903
	12,447,706	12,162,029	12,320,259	11,627,776	11,632,371	10,829,000
	34	8	—	1	5	—
	—	—	—	—	—	—
	—	—	—	—	—	—
	852,832	963,001	1,115,457	1,253,100	1,409,557	1,308,229
	—	—	—	—	4	306
	256,221	216,017	212,483	242,497	227,307	219,496
	187,123	189,920	208,518	225,858	209,428	191,684
	1,545	920	606	1,552	8,101	1,278
	4,075	2,423	2,074	437	—	—
	—	—	—	42	374	583
	<u>23,195,704</u>	<u>23,033,236</u>	<u>23,671,540</u>	<u>23,352,467</u>	<u>23,974,576</u>	<u>22,496,467</u>
	<u>(575,951)</u>	<u>(38,321)</u>	<u>(872,856)</u>	<u>94,998</u>	<u>(760,690)</u>	<u>(1,434,418)</u>
	1,400	712	1,776	6,300	6,675	26,317
	—	—	—	—	1,085,000	142,735
	—	—	—	—	—	—
	995,555	441,690	163,145	312,960	—	—
	(1,177,908)	(486,904)	(168,589)	(351,599)	—	—
	195,638	48,276	7,944	40,468	30,631	2,835
	13,867	19,310	16,864	14,703	12,938	11,087
	304,688	312,595	300,699	255,959	259,810	258,568
	(12,763)	(21,846)	(144)	—	(738)	(902)
	<u>320,477</u>	<u>313,833</u>	<u>321,695</u>	<u>278,791</u>	<u>1,394,316</u>	<u>440,640</u>
	(255,474)	275,512	(551,161)	373,789	633,626	(993,778)
	153	(4,402)	4,135	(2,389)	(279)	(105)
\$	<u>(255,321)</u>	<u>\$ 271,110</u>	<u>\$ (547,026)</u>	<u>\$ 371,400</u>	<u>\$ 633,347</u>	<u>\$ (993,883)</u>
	2.02%	1.85%	1.89%	2.14%	1.99%	1.96%

**STATE OF MISSOURI
REVENUE BASE - TAXABLE SALES BY INDUSTRY
FISCAL YEARS 2009-2018**

Taxable Sales by Industry

	2018*	2017	2016	2015	2014
Agricultural/Forestry, Fishing, and Other	\$ 243,431,996	\$ 259,105,220	\$ 245,772,867	\$ 240,000,494	\$ 236,474,690
Mining	453,466,663	110,484,032	106,659,795	87,523,595	76,102,321
Construction	801,058,193	1,788,629,305	1,677,123,560	950,357,972	903,053,231
Manufacturing	4,543,245,262	4,758,144,850	4,686,174,181	4,512,551,497	4,452,723,181
Transportation and Public Utilities	7,431,439,993	7,991,327,737	7,941,221,199	8,150,393,880	8,296,512,631
Wholesale Trade	37,375,445,863	9,478,033,276	9,258,220,896	8,772,153,165	8,355,874,187
Retail Trade	26,306,855,209	52,013,596,266	50,710,170,965	48,945,156,057	46,883,720,342
Finance, Insurance, and Real Estate	2,244,925,706	675,498,078	639,535,606	459,394,721	428,174,408
Services	8,557,460,947	10,958,489,216	10,508,298,419	10,167,703,650	9,615,517,898
State and Local Government	248,500,694	137,361,580	130,923,934	149,553,253	196,281,904
Non-Classifiable	—	13,251,530	12,784,255	12,193,479	13,389,207
Total Taxable Sales	\$ 88,205,830,526	\$ 88,183,921,090	\$ 85,916,885,677	\$ 82,446,981,763	\$ 79,457,824,000
Direct Sales Tax Rate	4.225%	4.225%	4.225%	4.225%	4.225%

Continues Below

Taxable Sales by Industry

	2013	2012	2011	2010	2009
Agricultural/Forestry, Fishing, and Other	\$ 215,327,746	\$ 221,013,601	\$ 201,234,995	\$ 202,810,606	\$ 209,980,903
Mining	72,364,854	74,803,209	73,001,501	85,194,876	88,867,589
Construction	837,805,800	861,403,612	794,578,753	786,022,254	889,561,095
Manufacturing	4,122,180,876	3,761,027,682	2,916,005,779	2,994,039,718	3,203,288,128
Transportation and Public Utilities	7,865,266,716	7,836,415,362	8,377,819,035	8,347,862,197	8,247,781,684
Wholesale Trade	8,201,088,643	8,205,030,046	7,636,707,697	5,708,391,048	7,019,606,804
Retail Trade	45,955,834,897	45,578,697,317	43,451,150,211	42,667,031,160	44,820,794,586
Finance, Insurance, and Real Estate	555,096,635	577,095,000	573,590,035	562,957,084	592,136,070
Services	9,242,131,446	9,239,885,195	8,712,983,898	8,676,719,865	8,648,622,385
State and Local Government	164,729,390	167,737,492	150,984,890	135,174,330	158,765,152
Non-Classifiable	19,041,853	15,869,773	13,130,346	14,230,874	21,079,516
Total Taxable Sales	\$ 77,250,868,856	\$ 76,538,978,289	\$ 72,901,187,140	\$ 70,180,434,012	\$ 73,900,483,912
Direct Sales Tax Rate	4.225%	4.225%	4.225%	4.225%	4.225%

Source: Missouri Department of Revenue

* During fiscal year 2018 the State replaced the Standard Industrial Classification System with the more consistent North American Industry Classification System to classify revenues.

**STATE OF MISSOURI
REVENUE BASE - PERSONAL INCOME BY INDUSTRY
CALENDAR YEARS 2008-2017**

Personal Income by Industry (In Thousands of Dollars)	2017	2016	2015	2014	2013
Farm Earnings	\$ 1,062,184	\$ 829,415	\$ 722,021	\$ 3,786,857	\$ 1,626,591
Agricultural/Forestry, Fishing, and Other	424,552	457,108	451,862	394,686	397,546
Mining	241,988	320,915	345,512	450,247	531,506
Construction/Utilities	13,819,650	12,748,129	11,973,872	12,039,804	11,722,352
Manufacturing	21,229,515	20,542,795	20,483,723	19,405,898	18,638,481
Transportation and Public Utilities	7,189,504	6,957,284	6,937,566	6,632,242	6,641,733
Wholesale Trade	10,826,692	10,831,422	11,063,357	10,168,424	9,614,681
Retail Trade	11,749,093	11,785,062	11,618,585	11,353,713	11,045,743
Finance, Insurance, and Real Estate	17,761,199	15,456,673	15,873,119	14,637,085	13,981,286
Services	82,115,017	78,239,644	77,566,750	75,021,866	73,357,863
Federal, Civilian	5,843,242	5,677,270	5,566,826	5,370,947	5,170,204
Military	1,912,463	1,879,387	1,889,251	1,906,989	2,165,907
State and Local Government	22,264,323	22,256,414	21,860,748	21,611,208	21,013,029
Total Personal Income	\$ 196,439,422	\$ 187,981,518	\$ 186,353,192	\$ 182,779,966	\$ 175,906,922
Total Direct Personal Income Tax Rate	6.0%	6.0%	6.0%	6.0%	6.0%

Continues Below

Personal Income by Industry (In Thousands of Dollars)	2012	2011	2010	2009	2008
Farm Earnings	\$ 1,257,121	\$ 2,321,629	\$ 1,523,983	\$ 1,591,091	\$ 2,376,908
Agricultural/Forestry, Fishing, and Other	319,736	297,657	333,875	276,120	303,227
Mining	533,997	504,777	395,522	388,211	502,316
Construction/Utilities	11,021,154	10,551,329	10,588,278	11,331,673	12,516,453
Manufacturing	18,223,989	17,303,819	16,746,171	17,442,057	20,134,090
Transportation and Public Utilities	6,329,830	5,957,783	5,732,126	5,809,413	6,293,608
Wholesale Trade	9,401,253	8,969,791	8,721,745	8,658,427	9,231,605
Retail Trade	10,981,844	10,654,925	10,506,522	10,416,435	10,570,173
Finance, Insurance, and Real Estate	13,577,510	12,587,314	12,244,442	11,816,812	11,670,581
Services	70,695,009	67,723,434	65,813,475	64,334,920	67,549,088
Federal, Civilian	5,326,901	5,399,812	5,440,528	5,151,679	5,351,539
Military	2,087,494	2,151,087	2,185,296	2,318,306	2,595,583
State and Local Government	20,951,836	20,783,859	21,026,890	20,830,621	18,813,044
Total Personal Income	\$ 170,707,674	\$ 165,207,216	\$ 161,258,853	\$ 160,365,765	\$ 167,908,215
Total Direct Personal Income Tax Rate	6.0%	6.0%	6.0%	6.0%	6.0%

Source: Bureau of Economic Analysis

**STATE OF MISSOURI
PERSONAL INCOME TAX REVENUE
FISCAL YEARS 2009-2018**

Personal Income Tax Revenue	2018	2017	2016	2015	2014
Personal Income Tax Revenue	\$ 7,737,588,498	\$ 7,331,004,490	\$ 7,182,257,124	\$ 6,904,280,506	\$ 6,421,723,597
Personal Income (Federal AGI)	\$ 304,938,141,965	\$ 308,516,717,209	\$ 295,120,344,327	\$ 272,999,790,569	\$ 286,579,465,435
Taxable Income	\$ 228,943,859,159	\$ 233,037,149,447	\$ 223,319,685,253	\$ 204,984,460,785	\$ 215,915,208,076
Average Effective Rate:					
Federal Adjusted Gross	2.54%	2.38%	2.43%	2.53%	2.24%
Taxable Income	3.38%	3.15%	3.22%	3.37%	2.97%

Continues Below

Personal Income Tax Revenue	2013	2012	2011	2010	2009
Personal Income Tax Revenue	\$ 6,374,093,816	\$ 5,851,270,707	\$ 5,641,812,271	\$ 5,495,341,696	\$ 5,949,266,333
Personal Income (Federal AGI)	\$ 238,522,413,855	\$ 232,336,289,876	\$ 206,107,657,668	\$ 214,909,582,160	\$ 254,573,370,206
Taxable Income	\$ 176,397,991,056	\$ 170,827,410,945	\$ 147,407,200,244	\$ 124,489,765,954	\$ 188,091,389,476
Average Effective Rate:					
Federal Adjusted Gross	2.67%	2.52%	2.74%	2.56%	2.34%
Taxable Income	3.61%	3.43%	3.83%	4.41%	3.16%

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 2009-2018**

**Ranges of Tax Rates
on the Portion of
Taxable Income
(In Thousands of Dollars)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	5.9%	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 2009-2018**

Sales Tax	2018*	%	2017	%	2016	%
Agricultural	\$ 10,285,002	0.28%	\$ 10,947,196	0.29%	\$ 10,383,904	0.36%
Mining	19,158,966	0.51%	4,667,950	0.13%	4,506,376	0.16%
Construction	33,955,810	0.91%	75,569,588	2.03%	37,780,540	1.31%
Manufacturing	191,952,112	5.15%	201,031,620	5.40%	192,230,237	6.67%
Transportation & Utilities	313,978,340	8.43%	337,633,597	9.06%	330,960,635	11.49%
Wholesale Trade	1,579,112,588	42.37%	400,446,906	10.75%	261,477,270	9.07%
Retail Trade	1,111,464,633	29.82%	2,197,574,442	58.98%	1,568,702,724	54.44%
Finance, Insurance, & Real Estate	94,848,111	2.55%	28,539,794	0.77%	25,446,129	0.88%
Services	361,552,725	9.70%	462,996,169	12.43%	443,975,608	15.41%
Government	10,499,154	0.28%	5,803,527	0.16%	5,531,536	0.19%
Non-Classifiable	—	—%	559,877	0.01%	540,135	0.02%
Total	\$ 3,726,807,441	100.00%	\$ 3,725,770,666	100.00%	\$ 2,881,535,094	100.00%
	2015	%	2014	%	2013	%
Agricultural	\$ 10,140,021	0.29%	\$ 9,991,056	0.30%	\$ 9,097,597	0.28%
Mining	3,697,872	0.11%	3,215,323	0.09%	3,057,415	0.09%
Construction	40,152,624	1.15%	38,153,999	1.14%	35,397,295	1.08%
Manufacturing	190,655,301	5.47%	188,127,554	5.60%	174,162,142	5.34%
Transportation & Utilities	344,354,141	9.89%	350,527,659	10.44%	332,307,519	10.18%
Wholesale Trade	370,623,471	10.64%	353,035,684	10.52%	346,495,995	10.62%
Retail Trade	2,067,932,843	59.37%	1,980,837,184	59.00%	1,941,634,024	59.49%
Finance, Insurance, & Real Estate	19,409,427	0.56%	18,090,369	0.54%	23,452,833	0.72%
Services	429,585,479	12.33%	406,255,631	12.10%	390,480,054	11.96%
Government	6,318,625	0.18%	8,292,910	0.25%	6,959,817	0.21%
Non-Classifiable	515,174	0.01%	565,694	0.02%	804,518	0.03%
Total	\$ 3,483,384,978	100.00%	\$ 3,357,093,063	100.00%	\$ 3,263,849,209	100.00%
	2012	%	2011	%	2010	%
Agricultural	\$ 9,337,825	0.29%	\$ 8,502,179	0.27%	\$ 8,568,748	0.29%
Mining	3,160,435	0.10%	3,084,313	0.10%	3,599,484	0.12%
Construction	36,394,303	1.13%	33,570,952	1.09%	33,209,440	1.12%
Manufacturing	158,903,420	4.91%	123,201,244	4.00%	126,498,178	4.27%
Transportation & Utilities	331,088,549	10.24%	353,962,854	11.49%	352,697,178	11.90%
Wholesale Trade	346,662,519	10.72%	322,650,900	10.48%	241,179,522	8.13%
Retail Trade	1,925,699,962	59.55%	1,835,811,096	59.60%	1,802,682,066	60.80%
Finance, Insurance, & Real Estate	24,382,264	0.75%	24,234,179	0.79%	23,784,937	0.80%
Services	390,385,149	12.07%	368,123,570	11.95%	366,591,414	12.36%
Government	7,086,909	0.22%	6,379,112	0.21%	5,711,115	0.19%
Non-Classifiable	670,498	0.02%	554,757	0.02%	601,254	0.02%
Total	\$ 3,233,771,833	100.00%	\$ 3,080,075,156	100.00%	\$ 2,965,123,336	100.00%
	2009	%				
Agricultural	\$ 8,871,693	0.28%				
Mining	3,754,656	0.12%				
Construction	37,583,956	1.20%				
Manufacturing	135,338,923	4.34%				
Transportation & Utilities	348,468,776	11.16%				
Wholesale Trade	296,578,387	9.50%				
Retail Trade	1,893,678,571	60.65%				
Finance, Insurance, & Real Estate	25,017,749	0.80%				
Services	365,404,296	11.70%				
Government	6,707,828	0.22%				
Non-Classifiable	890,610	0.03%				
Total	\$ 3,122,295,445	100.00%				

Source: Missouri Department of Revenue

* During fiscal year 2018 the State replaced the Standard Industrial Classification System with the more consistent North American Industry Classification System to classify revenues.

**STATE OF MISSOURI
PERSONAL INCOME TAX FILERS/LIABILITY
FISCAL YEARS 2009 AND 2018**

Personal Income*

	2018			
	Number of Filers	% of Total	Personal Income Tax Liability	% of Total
\$50,000 and under	3,177,244	70.55%	\$ 1,276,461,262	19.25%
\$50,000 - \$100,000	925,166	20.54%	1,839,049,644	27.73%
\$100,000 - \$250,000	311,748	6.92%	1,507,949,420	22.74%
\$250,000 - \$1,000,000	72,328	1.61%	1,010,062,837	15.23%
\$1,000,000 and over	17,027	0.38%	998,411,943	15.05%
Total	4,503,513	100.00%	\$ 6,631,935,106	100.00%

	2009			
	Number of Filers	% of Total	Personal Income Tax Liability	% of Total
\$50,000 and under	3,371,618	77.48%	\$ 1,367,022,942	25.28%
\$50,000 - \$100,000	721,042	16.57%	1,455,417,015	26.92%
\$100,000 - \$250,000	193,932	4.46%	934,743,008	17.29%
\$250,000 - \$1,000,000	50,585	1.16%	743,407,593	13.75%
\$1,000,000 and over	14,355	0.33%	906,184,388	16.76%
Total	4,351,532	100.00%	\$ 5,406,774,946	100.00%

*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 2009-2018
(In Thousands of Dollars Except Per Capita)

	2018	2017	2016	2015
Governmental Activities				
General Obligation Bonds	\$ 104,695	\$ 154,830	\$ 208,880	\$ 266,275
Other Bonds	2,807,240	2,943,825	3,207,400	3,226,430
Leasehold Revenue Bonds	25,775	27,310	28,770	30,170
Certificates of Participation	13,525	26,770	39,770	52,560
Capital Leases	40,660	45,736	61,846	51,729
Total Governmental Activities	\$ 2,991,895	\$ 3,198,471	\$ 3,546,666	\$ 3,627,164
Business-Type Activities				
Capital Leases	\$ —	\$ 128	\$ 304	\$ 477
Total Business-Type Activities	\$ —	\$ 128	\$ 304	\$ 477
Total Primary Government	\$ 2,991,895	\$ 3,198,599	\$ 3,546,970	\$ 3,627,641
Personal Income	\$ 266,920,797	\$ 261,547,770	\$ 257,338,334	\$ 252,482,438
Debt as a Percentage of Personal Income ¹	1.1%	1.2%	1.4%	1.4%
Debt Per Capita ¹	\$ 489	\$ 526	\$ 583	\$ 598
Legal Debt Margin Calculation for Fiscal Year 2016:				
General Obligation Bonds Authorized (Legislative Debt Limit)	\$ 1,726,395			
Unforeseen Emergency or Casual Deficiency	1,000			
Less: General Obligation Issued	(1,489,494)			
Legal Debt Margin	<u>\$ 237,901</u>			
Legal Debt Margin Summary by Fiscal Year:				
Legislative Debt Limit	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395
Total Net Debt Applicable to Limit	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)
Legal Debt Margin	<u>\$ 237,901</u>	<u>\$ 237,901</u>	<u>\$ 237,901</u>	<u>\$ 237,901</u>
Legal Debt Margin to Debt Limit Ratio	13.78%	13.78%	13.78%	13.78%

¹ These ratios are calculated using personal income and population for the calendar year.
See *Demographic Indicators* for personal income and population data.

2014	2013	2012	2011	2010	2009
\$ 323,395	\$ 378,150	\$ 432,765	\$ 487,090	\$ 528,910	\$ 600,075
3,303,700	3,562,775	3,735,920	3,880,975	4,060,855	3,102,685
31,515	32,995	32,780	33,880	34,935	35,955
65,160	76,910	76,910	76,910	87,550	96,235
66,270	75,535	78,455	103,543	97,423	113,147
<u>\$ 3,790,040</u>	<u>\$ 4,126,365</u>	<u>\$ 4,356,830</u>	<u>\$ 4,582,398</u>	<u>\$ 4,809,673</u>	<u>\$ 3,948,097</u>

<u>\$ 215</u>	<u>\$ 284</u>	<u>\$ 356</u>	<u>\$ 66</u>	<u>\$ 116</u>	<u>\$ 210</u>
<u>\$ 215</u>	<u>\$ 284</u>	<u>\$ 356</u>	<u>\$ 66</u>	<u>\$ 116</u>	<u>\$ 210</u>

<u>\$ 3,790,255</u>	<u>\$ 4,126,649</u>	<u>\$ 4,357,186</u>	<u>\$ 4,582,464</u>	<u>\$ 4,809,789</u>	<u>\$ 3,948,307</u>
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\$ 245,771,389	\$ 235,153,679	\$ 228,218,407	\$ 218,778,293	\$ 216,049,019	\$ 223,548,498
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1.5%	1.8%	1.9%	2.1%	2.2%	1.8%
\$ 627	\$ 685	\$ 725	\$ 764	\$ 807	\$ 666

\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395
(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)
<u>\$ 237,901</u>	<u>\$ 237,901</u>	<u>\$ 237,901</u>	<u>\$ 237,901</u>	<u>\$ 237,901</u>	<u>\$ 237,901</u>
13.78%	13.78%	13.78%	13.78%	13.78%	13.78%

**STATE OF MISSOURI
PLEGGED REVENUE COVERAGE
FISCAL YEARS 2009-2018
(In Thousands of Dollars)**

Fiscal Year	Gross Revenues ¹	Less: Operating Expenses ²	Net Available Revenues	Debt Service		Coverage ³
				Principal	Interest	
Missouri Road Fund						
2018	\$ 2,000,651	\$ 383,969	\$ 1,616,682	\$ 200,185	\$ 89,422	5.6
2017	1,852,570	388,116	1,464,454	190,770	103,917	5.0
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

N/A = not available

¹ 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.

² Operating Expenses do not include depreciation/amortization.

³ Coverage equals net available revenue divided by debt service.

Source: Missouri Department of Transportation

**STATE OF MISSOURI
DEMOGRAPHIC INDICATORS
CALENDAR YEARS 2008-2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Population					
Missouri (In Thousands)	6,114	6,093	6,084	6,064	6,044
Change	0.4%	0.1%	0.3%	0.3%	0.4%
National (In Thousands)	325,719	323,128	321,419	318,857	316,129
Change	0.7%	0.5%	0.8%	0.9%	0.7%
Total Personal Income					
Missouri					
(In Thousands of Dollars)	\$ 266,920,797	\$ 261,547,770	\$ 257,338,334	\$ 252,482,438	\$ 245,771,389
Change	2.1%	1.6%	1.9%	2.7%	4.5%
National					
(In Thousands of Dollars)	\$ 16,413,550,863	\$ 15,912,777,000	\$ 15,463,981,000	\$ 14,683,147,000	\$ 14,151,427,000
Change	3.1%	2.9%	5.3%	3.8%	5.6%
Per Capita Personal Income					
Missouri	\$ 43,661	\$ 42,926	\$ 42,300	\$ 41,639	\$ 40,663
Change	1.7%	1.5%	1.6%	2.4%	4.1%
National	\$ 50,392	\$ 49,246	\$ 48,112	\$ 46,049	\$ 44,765
Change	2.3%	2.4%	4.5%	2.9%	4.9%
Resident Civilian Labor Force and Employment					
Civilian Labor Force					
(In Thousands)	3,051	3,112	3,114	3,058	3,018
Employed (In Thousands)	2,936	2,971	2,958	2,871	2,821
Unemployed (In Thousands)	115	141	156	187	197
Unemployment Rate	3.8%	4.5%	5.0%	6.1%	6.5%
National Unemployment Rate	4.4%	4.9%	5.3%	6.2%	7.4%

Continues Below

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Population					
Missouri (In Thousands)	6,022	6,011	5,996	5,961	5,924
Change	0.2%	0.3%	0.6%	0.6%	0.6%
National (In Thousands)	313,914	311,592	309,330	306,772	304,094
Change	0.7%	0.7%	0.8%	0.9%	1.0%
Total Personal Income					
Missouri					
(In Thousands of Dollars)	\$ 235,153,679	\$ 228,218,407	\$ 218,778,293	\$ 216,049,019	\$ 223,548,498
Change	3.0%	4.3%	1.3%	(3.4)%	6.9%
National					
(In Thousands of Dollars)	\$ 13,401,868,693	\$ 12,949,905,000	\$ 12,308,496,000	\$ 11,916,808,000	\$ 12,451,599,000
Change	3.5%	5.2%	3.3%	(4.3)%	4.6%
Per Capita Personal Income					
Missouri	\$ 39,049	\$ 37,969	\$ 36,406	\$ 36,243	\$ 37,737
Change	2.8%	4.3%	0.4%	(4.0)%	6.2%
National	\$ 42,693	\$ 41,560	\$ 39,791	\$ 38,846	\$ 40,947
Change	2.7%	4.4%	2.4%	(5.1)%	3.6%
Resident Civilian Labor Force and Employment					
Civilian Labor Force					
(In Thousands)	2,993	3,022	3,053	3,051	3,046
Employed (In Thousands)	2,785	2,767	2,767	2,768	2,861
Unemployed (In Thousands)	207	255	286	283	186
Unemployment Rate	6.9%	8.4%	9.4%	9.3%	6.1%
National Unemployment Rate	8.1%	8.9%	9.6%	9.3%	5.8%

Sources: Bureau of Economic Analysis, Missouri Economic Research and Information Center, Bureau of Labor Statistics

**STATE OF MISSOURI
ECONOMIC INDICATORS
CALENDAR YEARS 2008-2017**

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
School Enrollment (In Thousands)					
Elementary and Secondary Education	884	884	885	886	888
Higher Education - Private Institutions	87	92	93	95	90
Total Enrollment (In thousands)	971	976	978	981	978
% Change from Prior Year	(0.5)%	(0.2)%	(0.3)%	0.3%	(0.1)%
Higher Education					
Public Community Colleges					
Number of Campuses	19	19	19	19	19
Number of Students (FTE*)	55,418	57,568	57,247	61,671	65,773
State Technical College					
Number of Campuses	1	1	1	1	1
Number of Students (FTE)	1,242	1,226	1,273	1,276	1,325
State Colleges/Universities					
Number of Campuses	14	14	14	14	14
Number of Students (FTE)	115,374	119,127	121,827	121,358	118,669

Continues Below

	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
School Enrollment (In Thousands)					
Elementary and Secondary Education	888	886	890	892	893
Higher Education - Private Institutions	91	98	95	93	89
Total Enrollment	979	984	985	985	982
% Change from Prior Year	(0.5)%	(0.1)%	0.0%	0.3%	0.0%
Higher Education					
Public Community Colleges					
Number of Campuses	19	19	19	20	19
Number of Students (FTE*)	67,721	70,964	70,320	65,034	56,365
State Technical College					
Number of Campuses	1	1	1	1	1
Number of Students (FTE)	1,236	1,161	1,133	1,116	976
State Colleges/Universities					
Number of Campuses	14	14	14	14	14
Number of Students (FTE)	118,055	117,609	114,655	112,539	108,159

*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 2008 AND 2017**

2017

Employer	Number of Employees	Percent of Total State Employment
State of Missouri ¹	55,000 +	1.87%
Wal-Mart Associates, Inc.	25,000 +	0.85%
Mercy Health Systems	20,000-25,000	0.68%-0.85%
University of Missouri	20,000-25,000	0.68%-0.85%
Washington University	15,000-20,000	0.51%-0.68%
US Post Office	15,000-20,000	0.51%-0.68%
Boeing Corporation	10,000-15,000	0.34%-0.51%
Cerner Corporation	10,000-15,000	0.34%-0.51%
U.S. Department of Veterans Affairs	7,500-10,000	0.26%-0.34%
SSM Health Care	7,500-10,000	0.26%-0.34%
Barnes-Jewish Hospitals	7,500-10,000	0.26%-0.34%
Total	<u>192,500-230,000</u>	<u>6.56%-7.83%</u>
Total Missouri Employment		2,936,126

2008

Employer	Number of Employees	Percent of Total State Employment
State of Missouri ¹	63,000	2.23%
Wal-Mart Associates, Inc.	40,000-42,500	1.41% - 1.50%
University of Missouri	20,000 - 22,500	0.71% - 0.80%
US Post Office	17,500 - 20,000	0.62% - 0.71%
Washington University	12,500 - 15,000	0.44% - 0.53%
Boeing Corporation	10,000 - 12,500	0.35% - 0.44%
Schnuck Markets, Inc.	7,500 - 10,000	0.27% - 0.35%
Barnes-Jewish Hospitals	7,500 - 10,000	0.27% - 0.35%
U.S. Department of Defense	7,500 - 10,000	0.27% - 0.35%
City of St. Louis	7,500 - 10,000	0.27% - 0.35%
Total	<u>193,000-215,500</u>	<u>6.84% - 7.61%</u>
Total Missouri Employment		2,829,289

All figures are based on a calendar-year average.

¹Number 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 2009, State Employee Headcount report

**STATE OF MISSOURI
STATE EMPLOYEES BY FUNCTION
FISCAL YEARS 2009-2018
FULL-TIME EQUIVALENTS***

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Legislature	665	663	670	667	671	670	683	703	725	716
Judiciary	3,551	3,558	3,543	3,519	3,530	3,470	3,369	3,393	3,626	3,755
Public Defender	578	579	577	573	575	565	595	578	570	558
Governor	30	18	21	22	23	26	28	32	33	24
Lt. Governor	7	6	7	6	5	5	6	6	6	6
Secretary of State	220	217	235	233	228	244	244	253	261	272
State Auditor	111	109	108	113	113	111	116	116	119	124
State Treasurer	46	46	45	46	49	48	49	50	49	51
Attorney General	351	351	359	373	376	363	350	371	408	420
Office of Administration	1,859	1,907	1,881	1,871	1,933	2,132	2,161	2,139	2,040	2,091
Revenue	1,283	1,289	1,283	1,288	1,347	1,344	1,364	1,383	1,421	1,487
Total General Government	<u>8,701</u>	<u>8,743</u>	<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>
Education										
Elementary and Secondary Education	2,620	2,555	2,663	2,639	2,678	2,631	2,714	2,635	2,662	2,760
Higher Education	56	55	57	57	57	64	61	65	75	73
Total Education	<u>2,676</u>	<u>2,610</u>	<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>
Natural and Economic Resources										
Agriculture	483	476	495	495	464	456	467	535	617	494
Insurance, Financial Institutions and Professional Registration	733	762	770	765	762	759	755	744	734	741
Conservation	1,871	1,898	1,871	1,895	1,896	1,901	1,872	1,894	1,982	2,085
Economic Development	800	812	800	810	786	822	891	947	1,019	994
Labor and Industrial Relations	701	742	796	827	881	967	998	987	924	777
Natural Resources	1,842	1,981	2,023	1,974	2,075	2,047	2,042	1,934	1,903	2,121
Total Natural and Economic Resources	<u>6,430</u>	<u>6,671</u>	<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>
Transportation and Law Enforcement										
Transportation	5,471	5,545	5,444	5,591	5,502	5,410	5,804	6,399	6,970	6,969
Public Safety	5,449	5,316	5,240	5,193	5,220	5,320	5,309	5,281	5,336	5,412
Total Transportation and Law Enforcement	<u>10,920</u>	<u>10,861</u>	<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>
Human Services										
Health and Senior Services	1,825	1,831	1,825	1,830	1,793	1,798	1,753	1,706	1,826	1,927
Mental Health	7,836	7,728	7,605	7,742	8,076	8,101	8,089	8,256	8,961	9,613
Social Services	6,670	6,735	6,952	7,147	7,145	7,244	7,371	7,562	8,138	8,584
Corrections	10,568	10,866	10,929	11,051	11,069	10,880	10,864	10,990	11,175	11,364
Total Human Services	<u>26,899</u>	<u>27,160</u>	<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>
State Total	<u>55,626</u>	<u>56,045</u>	<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>

*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 2009-2018**

	2018	2017	2016	2015
General Government				
Individual Income Tax Returns Processed (In Thousands)	3,103	3,060	3,098	3,058
Sales and Use Tax Returns Processed (In Thousands)	694	707	707	705
Driver Licenses Processed (In Thousands)	1,183	1,487	1,123	1,600
Motor Vehicle Registrations Processed (In Thousands)	4,221	3,770	3,993	4,479
Audit Reports Issued	155	147	135	143
Statewide Court Filings (In Thousands)	1,923	2,098	2,370	2,624
Archives Website Hit				
Secretary of State Web Page (In Thousands)	29,498	28,714	18,232	72,045
Checks Issued (In Thousands)	1,537	1,592	1,697	1,550
Unclaimed Property Returned (In Thousands)	\$ 44,697	\$ 44,369	\$ 42,038	\$ 41,720
Education				
High School Drop Out Rate	2.4%	2.4%	2.5%	2.5%
Accredited Elementary and Secondary School Districts*	512	512	518	507
Clients Achieving Employment after Receiving Vocational Rehabilitation Services	56.2%	60.1%	60.9%	61.7%
Student Loan Recovery Rate	25.5%	26.0%	23.3%	26.4%
Scholarships/Grants Awarded to Eligible Missouri Residents (In Thousands)	\$ 121,753	\$ 129,623	\$ 119,948	\$ 111,342
Natural and Economic Resources				
Job Placement Rate of Unemployed Individuals that Registered on MissouriCareerSource Web Page	71.6%	64.9%	65.7%	60.7%
Insurance Policies Filed Electronically	100.0%	100.0%	99.7%	99.5%
Initial Unemployment Claims (In Thousands)	217	239	259	295
International Export Certificates Issued	7,619	8,110	6,773	7,926
Hunting License Holders (In Thousands)	596	603	607	610
Visitors to Missouri State Parks and Historic Sites (In Thousands)	21,559	21,273	19,205	18,568
Transportation and Law Enforcement				
Methamphetamine Labs Seized	8	11	7	70
State - Licensed Fire Safety Inspections	17,903	18,459	19,459	13,434
Buildings Served by Missouri Capitol Police	71	71	74	72
Alcohol Licenses Issued	32,972	32,319	31,404	31,400
Missouri Major Roads Rated in Good Condition	91.6%	90.0%	90.4%	89.2%
Difference Between Awarded and Actual Transportation Construction Costs	0.02%	0.1%	1.1%	0.6%
Human Services				
Medicaid Enrollees	971,143	983,835	982,776	944,257
Food Stamp Recipients	727,131	754,062	782,374	844,851
Doses of Vaccine Issued by Vaccines for Children Providers (In Thousands)	1,208	1,243	1,226	1,174
Incarcerated Offenders	31,726	32,537	32,837	32,284
Individuals Served in State Comprehensive Psychiatric Service Facilities	1,611	1,652	1,683	1,628

*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

	2014	2013	2012	2011	2010	2009
	2,848	2,945	2,969	2,917	2,877	2,946
	703	730	760	773	785	772
	1,415	1,308	1,208	1,160	1,090	1,179
	4,215	4,050	3,905	3,828	3,844	3,502
	150	146	123	168	151	101
	2,652	2,685	2,565	2,525	2,359	2,322
	87,436	98,233	91,257	70,384	53,835	79,599
	1,363	1,722	1,971	2,216	2,465	2,667
\$	40,042	\$ 39,509	\$ 38,239	\$ 36,373	\$ 35,014	\$ 26,672
	2.8%	3.0%	3.5%	4.0 %	4.1 %	3.9%
	507		506	510	510	511
	60.0%	62.7%	61.0%	56.0 %	61.0 %	67.1%
	31.2%	34.2%	36.5%	30.0 %	28.2 %	30.5%
\$	107,413	\$ 104,265	\$ 97,077	\$ 91,146	\$ 98,593	\$ 108,981
	56.0%	55.4%	55.2%	58.2 %	57.9 %	64.0%
	99.4%	99.4%	99.5%	96.0 %	96.0 %	94.7%
	355	364	427	502	582	565
	6,453	7,819	7,821	6,301	4,924	3,865
	612	606	593	588	592	591
	17,468	18,093	17,846	16,363	15,891	15,307
	129	244	274	340	245	165
	15,348	15,680	15,177	11,487	10,603	11,008
	72	72	72	73	75	83
	30,743	30,723	30,498	29,960	29,051	28,437
	89.7%	88.5%	88.1%	85.8 %	86.5 %	83.4%
	0.8%	0.5%	0.2%	(0.4)%	(1.9)%	1.1%
	825,974	868,226	889,159	897,306	892,691	850,722
	839,734	927,927	943,835	949,136	909,139	827,639
	1,192	1,385	1,354	1,420	1,384	1,317
	31,905	31,408	31,057	30,771	30,418	30,476
	1,649	1,694	1,716	2,170	4,120	6,759

**STATE OF MISSOURI
CAPITAL ASSET STATISTICS
BY FUNCTION
FISCAL YEARS 2009-2018**

	2018	2017	2016	2015
General Government				
Parcels of Land	23	21	21	20
Land Improvements	70	61	61	59
Square Footage of Buildings	1,062,507	1,066,968	1,068,854	1,032,098
Equipment	41,961	39,396	36,159	34,548
Software	2,940	2,717	2,260	1,961
Education				
Parcels of Land	31	31	31	31
Land Improvements	55	55	56	54
Square Footage of Buildings	158,235	157,190	156,710	136,074
Equipment	4,212	4,249	4,357	5,039
Trademarks	1	1	1	1
Natural and Economic Resources				
Parcels of Land	888	880	847	835
Land Improvements	478	456	427	426
Temporary Easements	1	1	1	1
Square Footage of Buildings	583,682	582,846	582,847	574,076
Equipment	14,671	14,535	15,168	26,859
Software	96	91	80	68
State Parks and Historic Sites	91	91	88	87
State Conservation Areas	1,197	1,198	1,190	1,186
Transportation and Law Enforcement				
Parcels of Land	617	620	623	628
Land Improvements	495	486	476	474
Permanent Easements	719	674	638	593
Temporary Easements	593	542	654	797
Square Footage of Buildings	185,777	183,676	181,743	179,183
Equipment	72,869	72,030	67,114	67,103
Software	870	798	710	616
Miles of State Highway	33,859	33,856	33,873	33,892
State-Owned Bridges and Culverts	10,385	10,394	10,394	10,376
Highway Patrol Stations	9	9	9	9
Human Services				
Parcels of Land	80	81	81	81
Land Improvements	171	178	174	175
Square Footage of Buildings	920,530	916,936	917,901	926,098
Equipment	35,446	36,481	41,777	43,545
Software	89	86	82	70
Correctional Facilities	29	29	29	30

Source: State of Missouri capital asset records by agency.

2014	2013	2012	2011	2010	2009
20	20	20	20	20	21
58	50	40	38	38	37
1,035,704	1,014,621	1,006,449	1,013,314	1,011,732	1,015,214
35,055	36,050	35,651	35,316	35,333	36,813
1,625	826	293	213	168	88
31	31	31	31	31	31
54	54	46	43	43	32
136,203	140,159	136,465	136,465	133,494	135,230
6,286	6,175	6,102	5,984	5,911	6,031
1	1	1	1	—	—
826	826	826	825	824	823
408	386	328	324	323	325
1	1	1	1	1	—
575,485	602,174	611,550	616,729	622,181	622,285
34,028	35,159	35,064	36,097	36,881	38,807
57	51	36	20	12	3
87	87	85	85	85	85
1,189	1,197	1,193	1,196	1,179	1,169
650	682	790	805	819	831
439	420	349	307	264	245
548	467	382	254	221	—
867	875	833	961	1,086	—
181,880	180,140	175,664	175,138	164,119	164,119
66,095	65,813	66,994	67,649	67,959	67,100
529	429	358	202	146	—
33,890	33,885	33,845	33,702	33,639	33,676
10,371	10,364	10,405	10,405	10,335	10,249
9	9	9	9	9	9
81	81	83	83	83	84
173	168	161	157	154	130
924,164	919,900	900,749	924,380	932,827	952,117
44,712	46,221	50,229	63,442	70,684	78,543
59	32	28	13	10	7
30	30	30	30	30	30

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