Nicole Galloway, CPA

Missouri State Auditor

State of Missouri
Single Audit
Year Ended June 30, 2019

Report No. 2020-014

March 2020

auditor.mo.gov

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CITIZENS SUMMARY

Findings in the Fiscal Year 2019 Statewide Single Audit

Background

A single audit requires an audit of the state's financial statements and expenditures of federal awards. The state spent approximately $12.3 billion in federal awards through 306 different federal programs during the fiscal year ended June 30, 2019. Our Single Audit involved audit work on 12 major federal programs administered by 5 state agencies, with expenditures totaling approximately $8.8 billion. The audit reported 8 federal award findings related to 8 major federal programs at 3 state agencies. Of these audit findings, 3 have been repeated from prior Single Audits for 2 to 6 years. These findings are summarized below.

Adoption Assistance Eligibility and Payments

As noted in our five previous audits of the Adoption Assistance program, Department of Social Services (DSS) controls over eligibility and assistance payments are not sufficient to prevent and/or detect payments made on behalf of ineligible children and unallowable assistance payments. Our review of eligibility and payment documentation for 60 children receiving Adoption Assistance payments noted the DSS - Children's Division made payments on behalf of 7 ineligible children and paid unallowable costs for 2 additional children. Total known questioned costs for these errors represent approximately 11 percent of payments reviewed.

Department of Social Services Public Assistance Cost Allocation Plan

As noted in our previous audit, DSS - Division of Finance and Administrative Services controls over cost allocation are not sufficient to ensure administrative costs are accurately allocated to various federal programs in accordance with the proposed public assistance cost allocation plan.

CSBG and CSE Program Subrecipient Risk Assessments

The DSS did not prepare and document risk assessments for subrecipients of the Community Services Block Grant (CSBG) and Child Support Enforcement (CSE) programs to determine the nature, timing, and extent of monitoring procedures.

CSBG Program Reporting

The DSS does not have adequate procedures for preparation of the annual CSBG program federal financial report, and as a result, amounts on the interim report were misstated for the federal fiscal year ended September 30, 2018 grant.

Medicaid and CHIP MAGI-Based Participant Eligibility

The DSS does not have sufficient controls to ensure compliance with eligibility redetermination requirements of the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP) for participants whose eligibility is based on their Modified Adjusted Gross Income (MAGI). In addition, the DSS does not have sufficient controls to ensure the eligibility status is updated in the claims payment system when participants are determined to be ineligible for benefits. Our review of eligibility documentation for 60 participants, of which 45 required a redetermination, identified 4 participants for which eligibility redeterminations were not performed as required and 1 ineligible participant for which the case was not closed in the claims payment system. These errors represent approximately 9 percent and 2 percent of the participants reviewed. The errors resulted from various Medicaid Eligibility Determination and Enrollment System (MEDES) problems.

Medicaid Nursing Facility Audits	The DSS - MO HealthNet Division has not established adequate internal controls to ensure audits of financial records of nursing facilities participating in the Medicaid program are conducted as required.
Medicaid Developmental Disabilities Comprehensive Waiver Per Diem Rates	As noted in our prior four audit reports, the Department of Mental Health - Division of Developmental Disabilities (DD) continued to pay historical per diem rates to providers for residential habilitation services provided to participants of the Home and Community Based Services, Developmental Disabilities Comprehensive Waiver program. The DD did not retain documentation to support per diem rates, paid at historical rates exceeding acuity-based rates, for 2 of the 16 group home habilitation service payments tested. The federal share of payments to providers for habilitation services provided to these 2 participants totaled $244,757 during state fiscal year 2019.
MVC SEFA	The Missouri Veterans Commission's (MVC) controls and procedures related to the preparation of the schedule of expenditures of federal awards (SEFA) were not sufficient; and as a result, expenditures reported on the MVC SEFA submitted to the Office of Administration - Division of Accounting for inclusion in the statewide SEFA for the year ended June 30, 2019, were misstated.

Because of the nature of this audit, no rating is provided.

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Common Abbreviations

CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
CSR	Code of State Regulations
OMB	Office of Management and Budget
RSMo	Missouri Revised Statutes
SAM II	Statewide Advantage for Missouri
USC	United States Code

State of Missouri - Single Audit
Introduction and Summary
Year Ended June 30, 2019

Introduction

The United States Congress passed the Single Audit Act Amendments of 1996 to establish uniform requirements for audits of federal awards. The Office of Management and Budget (OMB) issued Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) to set forth uniform cost principles and audit requirements for federal awards to nonfederal entities and administrative requirements for all federal grants and cooperative agreements.

A single audit under the Uniform Guidance requires an audit of the state's financial statements and expenditures of federal awards. The audit is required to determine whether:

- The state's basic financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles.
- The schedule of expenditures of federal awards is stated fairly in all material respects in relation to the financial statements as a whole.
- The state has adequate internal controls to ensure compliance with federal award requirements.
- The state has complied with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each of its major federal programs.
- The summary schedule of prior audit findings prepared by the state materially represents the status of the prior audit findings.

The Single Audit report includes the federal awards expended by all state agencies and offices that are part of the primary government. The report does not include the public universities and other component units, which are legally separate from the state and audited by other auditors. The state expended approximately $12.3 billion in federal awards during the state fiscal year ended June 30, 2019.

Summary of Single Audit Results

The following is the summary of our Single Audit results for the state fiscal year ended June 30, 2019.

Financial Statements

We issued our audit report (Report No. 2020-001[1]) of the state's Comprehensive Annual Financial Report (CAFR), as of and for the year ended June 30, 2019. In addition, we issued our Comprehensive Annual Financial Report - Report on Internal Control, Compliance, and Other Matters (Report No. 2020-010[2]). In that report, we reported two findings related to internal control deficiencies. The agencies prepared a Corrective Action Plan (CAP) for each finding. The CAPs were submitted to the Office of Administration (OA) and are in the Corrective Action Plans section of this report. The state agencies prepared and submitted to the OA the status of the prior financial statement audit findings. They are presented in the Summary Schedule of Prior Audit Findings section of this report.

Federal Awards

We issued our report on the accompanying Schedule of Expenditures of Federal Awards (SEFA). The state's SEFA, which does not include federal award expenditures of the public universities and other component units, reported the state expended approximately $12.3 billion in federal funds in state fiscal year 2019. Our report expressed the opinion that the SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We audited 12 major federal programs with expenditures totaling approximately $8.8 billion, administered by 5 state agencies.

We issued a qualified opinion on 3 major federal programs and an unmodified opinion on 9 major federal programs. A qualified opinion is issued when the audit of a major federal program detects material noncompliance with direct and material compliance requirements. A qualified opinion was issued on the following major programs administered by the Department of Social Services:

Adoption Assistance
Children's Health Insurance Program
Medicaid Cluster

In total, we reported 8 audit findings related to 8 major federal programs at 3 state agencies. We identified over $265,000 in known questioned costs related to federal awards. Of the 8 audit findings, 3 were repeated from prior Single Audits. These findings have been reported for 2 to 6 years.

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[1] The CAFR is available online at: <https://oa.mo.gov/accounting/reports/annual-reports/comprehensive-annual-financial-reports>.
[2] See report at <https://app.auditor.mo.gov/Repository/Press/2020010733175.pdf>.

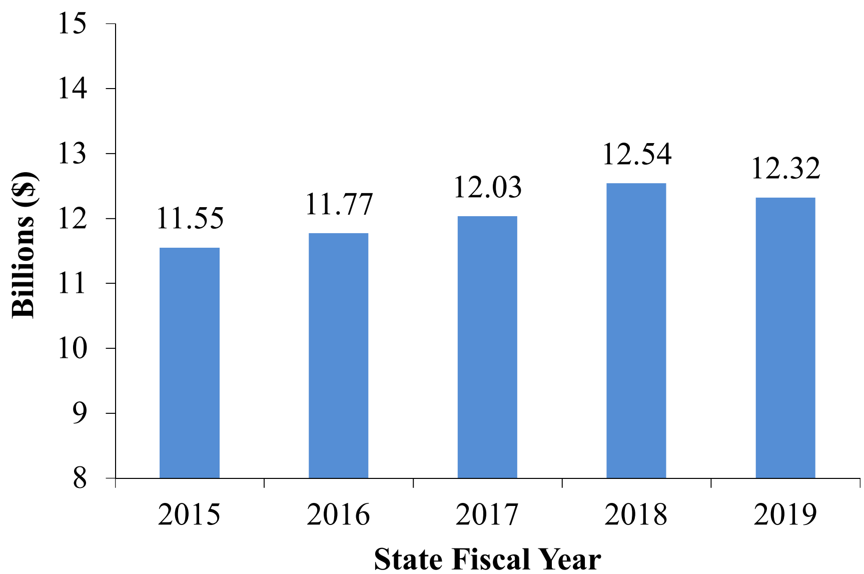
Of the 8 federal award audit findings, 7 related to internal control deficiencies. We consider 3 findings of internal control deficiencies to be material weaknesses and 4 to be significant deficiencies.

The state agencies' responses to the audit findings are included in this report. The state agencies prepared a CAP for each audit finding and submitted them to the OA. They are presented in the Corrective Action Plans section of this report.

In addition, the state agencies prepared and submitted to the OA the status of the prior audit findings. They are presented in the Summary Schedule of Prior Audit Findings section of this report.

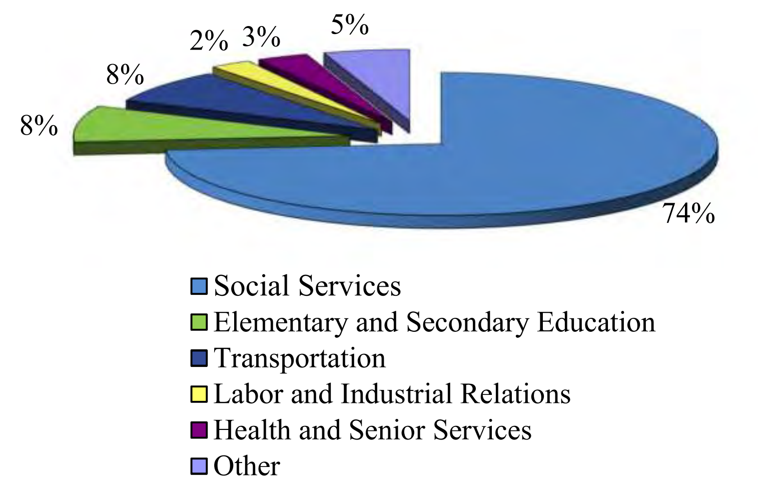
Except for a slight decline in state fiscal year 2019, expenditures of federal awards increased each year over the past 5 years. The decrease in state fiscal year 2019 was due largely to a decrease in Medicaid enrollment.

Total Expenditures of Federal Awards
5 Year Comparison



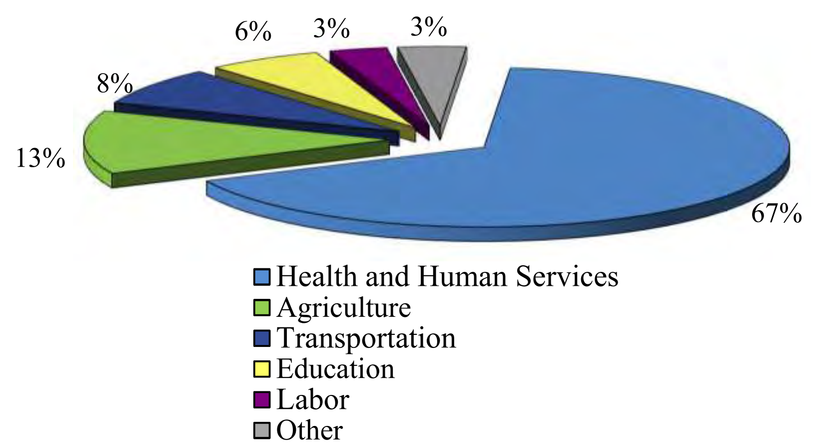
Of the 20 state agencies and other state offices that expended federal awards, 5 state agencies spent the majority of the awards (95 percent) during state fiscal year 2019.

Expenditures of Federal Awards by State Agency



The state expended federal awards received from 24 different federal agencies. Most of the federal award expenditures (97 percent) were from programs of 5 federal agencies.

Expenditures of Federal Awards by Federal Agency

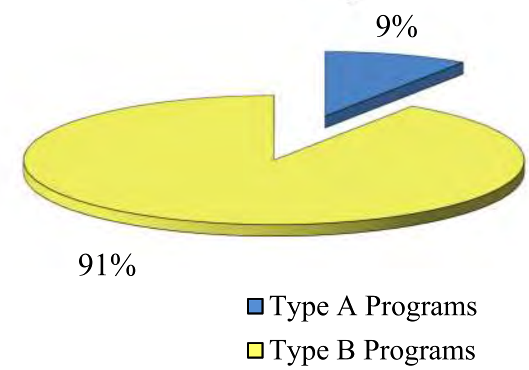


Overall, the state expended federal awards in 306 different programs. These programs are listed in the accompanying Schedule of Expenditures of Federal Awards.

The Uniform Guidance requires federal programs to be labeled Type A programs or Type B programs based on a dollar threshold. For the state of Missouri, the Uniform Guidance defines the dollar threshold as $30 million since the federal award expenditures exceeded $10 billion, but were less than or equal to $20 billion.

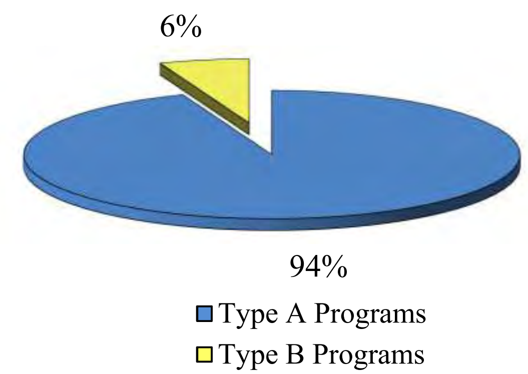
Programs with federal award expenditures over $30 million are Type A programs and programs with federal award expenditures under $30 million are Type B programs. Of the 306 federal award programs, 27 were Type A programs and 279 were Type B programs.

Type A and Type B Programs
Number of Programs



The 27 Type A programs had expenditures totaling approximately $11.6 billion, or 94 percent of total expenditures. The 279 Type B programs had expenditures totaling approximately $721 million, or 6 percent of total expenditures.

Type A and Type B Programs
Expenditures of Federal Awards



The Uniform Guidance requires the auditor to perform risk assessments on Type A programs and to audit as major each Type A program assessed as high risk based on specified risk factors. We performed a risk assessment on each Type A program and determined 16 of the 27 Type A programs were low risk and did not need to be audited as major. In accordance with the Uniform Guidance, we audited as major the 11 Type A programs assessed as high risk.

The Uniform Guidance also requires the auditor to perform risk assessments on larger Type B programs to determine which are high risk and need to be audited as major. The dollar threshold to determine the larger Type B programs is 25 percent of the Type A threshold, or $7.5 million. We performed risk assessments on the 27 larger Type B programs and determined 1 program was high risk. In accordance with the Uniform Guidance, we audited the program as major.

The programs audited as major are listed in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. We audited 71 percent of total state fiscal year 2019 federal expenditures.

Major and Non-major Federal Programs

Type of Programs	Number of Programs	Expenditures	Percentage of Expenditures
Programs Audited			
Type A major programs	11	$ 8,785,572,098	
Type B major programs	1	19,436,643	
Total major programs	12	8,805,008,741	71%
Programs not Audited			
Type A non-major programs	16	2,811,662,329	
Type B non-major programs	278	701,096,371	
Total non-major programs	294	3,512,758,700	29%
Total programs	306	$ 12,317,767,441	100%

New Medicaid and CHIP Audit Requirements

Modified Adjusted Gross Income (MAGI)-based eligibility for participants of the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP) was established under the Patient Protection and Affordable Care Act (ACA). The Department of Health and Human Services - Centers for Medicare and Medicaid Services maintained oversight of MAGI-based eligibility determinations during the initial years of the ACA. For single audits of fiscal years beginning after June 30, 2018, auditors are responsible for testing eligibility for MAGI-based participants; and accordingly, we performed such testing in the Statewide Single Audit for the

Year Ended June 30, 2019. Our testing of eligibility for MAGI-based participants identified material noncompliance; therefore, we issued a qualified opinion on the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility compliance requirements for the Medicaid and the CHIP. See Schedule of Findings and Questioned Costs, finding number 2019-005.

Department of Social Services (DSS) Audit Delays

The department's delays in providing items requested and access to appropriate DSS personnel led to significant inefficiencies and difficulties in performing the fiscal year 2019 CAFR audit and the Statewide Single Audit. Details surrounding the delays were outlined in a series of letters to the DSS. The DSS provided written responses to two of the letters. See Appendix A (copies of the letters to the DSS), and Appendix B (copies of the department's responses).

State of Missouri
Summary of Type A Programs and Total Expenditures of Federal Awards
Year Ended June 30, 2019

CFDA Numbe	Program or Cluster Nam	Federal Grantor Agenc	Federal Award: Expendec
	SNAP Cluster		
10.551	Supplemental Nutrition Assistance Progr	Agricultur	$ 1,009,812,892
10.561	State Administrative Matching Grants for the Supplemental Nutr Assistance Program	Agricultur	51,979,513
	Total SNAP Cluste		1,061,792,405
	Child Nutrition Clust		
10.553	School Breakfast Progra	Agricultur	80,345,162
10.555	National School Lunch Progra	Agricultur	240,299,465
10.556	Special Milk Program for Childr	Agricultur	579,522
10.559	Summer Food Service Program for Childr	Agricultur	15,322,451
	Total Child Nutrition Clus		336,546,600
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and C	Agricultur	72,510,812
10.558	Child and Adult Care Food Progra	Agricultur	61,413,543
12.401	National Guard Military Operations and Maintenance (O&M) Proj	Defens	41,440,756
16.575	Crime Victim Assistan	Justic	41,008,372
17.225	Unemployment Insuran	Labor	296,627,514
	WIOA Cluster		
17.258	WIOA Adult Progra	Labor	14,408,901
17.259	WIOA Youth Activiti	Labor	16,618,413
17.278	WIOA Dislocated Worker Formula Gran	Labor	15,408,816
	Total WIOA Cluste		46,436,130
	Highway Planning and Construction Clus		
20.205	Highway Planning and Construct	Transportatio	871,653,600
20.219	Recreational Trails Progra	Transportatio	823,108
20.224	Federal Lands Access Progra	Transportatio	210,064
	Total Highway Planning and Construction Clu		872,686,772
64.015	Veterans State Nursing Home Ca	Veterans Affai	72,439,625
	Clean Water State Revolving Fund Clust		
66.458	Capitalization Grants for Clean Water State Revolving F	Environmental Protection Ager	31,984,998
	Total Clean Water State Revolving Fund Clus		31,984,998
84.010	Title I Grants to Local Educational Agenc	Educatio	227,128,228
	Special Education Cluster (IDE		
84.027	Special Education Grants to Stat	Educatio	222,541,263
84.173	Special Education Preschool Gra	Educatio	4,187,018
	Total Special Education Cluster (IDE		226,728,281
84.032	Federal Family Education Loa	Educatio	98,533,341
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to S	Educatio	68,547,199
84.367	Supporting Effective Instruction State Grants (formerly Improving Te Quality State Grant	Educatio	33,596,046
93.268	Immunization Cooperative Agreeme	Health and Human Service	69,189,872
	TANF Cluster		
93.558	Temporary Assistance for Needy Famil	Health and Human Service	240,487,698
	Total TANF Cluste		240,487,698

State of Missouri
Summary of Type A Programs and Total Expenditures of Federal Awards
Year Ended June 30, 2019

CFDA Numbe	Program or Cluster Nam	Federal Grantor Agenc	Federal Awards Expendec
93.563	Child Support Enforceme	Health and Human Servic	35,551,492
93.568	Low-Income Home Energy Assistan	Health and Human Service	78,299,708
	CCDF Cluster		
93.575	Child Care and Development Block Gra	Health and Human Service	68,608,683
93.596	Child Care Mandatory and Matching Funds of the Child Care a Development Fun	Health and Human Services	48,904,413
	Total CCDF Cluste		117,513,096
93.658	Foster Care Title IV-I	Health and Human Service	61,231,246
93.659	Adoption Assistanc	Health and Human Service	40,154,503
93.667	Social Services Block Gra	Health and Human Service	51,369,183
93.767	Children's Health Insurance Progra	Health and Human Service	276,205,940
	Medicaid Cluster		
93.775	State Medicaid Fraud Control Uni	Health and Human Service	1,725,254
93.777	State Survey and Certification of Health Care Providers and Suppl (Title XVIII) Medicare	Health and Human Service	19,435,402
93.778	Medical Assistance Progra	Health and Human Service	6,972,548,179
	Total Medicaid Clust		6,993,708,835
	Disability Insurance/SSI Clust		
96.001	Social Security Disability Insura	Social Security Administrati	44,102,232
	Total Disability Insurance/SSI Clus		44,102,232
	Total Type A Programs (expenditures greater than $30,000,0		11,597,234,427
	Total Type B Programs (expenditures less than $30,000,0		720,533,014
	Total Expenditures of Federal Awar		$ 12,317,767,441

NICOLE GALLOWAY, CPA
Missouri State Auditor

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

Honorable Michael L. Parson, Governor
and
Members of the General Assembly

Report on Compliance for Each Major Federal Program

We have audited the state of Missouri's compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the state's major federal programs for the year ended June 30, 2019. The state of Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The state of Missouri's basic financial statements include the operations of the public universities and other component units, which may have expended federal awards, and which are not included in the state's Schedule of Expenditures of Federal Awards during the year ended June 30, 2019. Our audit, described below, did not include the operations of these component units because federal awards administered by the component units are the subject of audits completed by other auditors, if required.

Management's Responsibility

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

Auditor's Responsibility

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

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the state's compliance.

Basis for Qualified Opinion on Certain Major Federal Programs

As described in the accompanying Schedule of Findings and Questioned Costs, the state of Missouri did not comply with requirements regarding the following:

Finding Number	CFDA Number(s)	Program (or Cluster) Name	Compliance Requirement(s)
2019-001	93.659	Adoption Assistance	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility
2019-005	93.767 93.775 93.777 93.778	Children's Health Insurance Program and Medicaid Cluster	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility
2019-006	93.775 93.777 93.778	Medicaid Cluster	Special Tests and Provisions

Compliance with such requirements is necessary, in our opinion, for the state of Missouri to comply with the requirements applicable to those programs.

Qualified Opinion on Certain Major Federal Programs

In our opinion, except for the noncompliance described in the "Basis for Qualified Opinion" paragraph, the state of Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Adoption Assistance program, the Children's Health Insurance Program, and the Medicaid Cluster for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the state of Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 2019-003, 2019-004, 2019-007, and 2019-008. Our opinion on each major federal program is not modified with respect to these matters.

The state of Missouri's responses to and corrective action plans for the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plans. The state's responses and corrective action plans were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

Management of the state of Missouri is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the state's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the state's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 2019-001, 2019-005, and 2019-006 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 2019-002 through 2019-004 and 2019-008 to be significant deficiencies.

The state of Missouri's responses to and corrective action plans for the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plans. The state's responses and corrective action plans were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, pursuant to Section 29.200, RSMo, this report is a matter of public record and its distribution is not limited.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the 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, 2019, and the related notes to financial statements, which collectively comprise the state's basic financial statements. We issued our report thereon dated January 9, 2020, which contained qualified opinions on the governmental activities and the General Fund, a major fund, and unmodified opinions on all remaining opinion units.

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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Nicole R. Galloway, CPA
State Auditor

March 16, 2020, except for our report
on the Schedule of Expenditures of
Federal Awards, for which the date is
January 9, 2020

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
Department of Agriculture			
10.U01	School Lunch Commodity Refund	$ 142,483	$ 142,483
10.025	Plant and Animal Disease, Pest Control, and Animal Care	738,416	-
10.069	Conservation Reserve Program	320,495	-
10.093	Voluntary Public Access and Habitat Incentive Program	255,944	-
10.117	Biofuel Infrastructure Partnership	1,238,029	1,238,029
10.153	Market News	8,874	-
10.163	Market Protection and Promotion	64,927	-
10.170	Specialty Crop Block Grant Program - Farm Bill	266,232	238,992
10.171	Organic Certification Cost Share Programs	83,057	69,308
10.304	Homeland Security Agricultural	28,676	-
10.435	State Mediation Grants	13,185	-
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	1,004,752	-
10.479	Food Safety Cooperative Agreements	257,514	-
	SNAP Cluster:		
10.551	Supplemental Nutrition Assistance Program	1,009,812,892	-
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	51,979,513	12,696,763
	Total SNAP Cluster	1,061,792,405	12,696,763
	Child Nutrition Cluster:		
10.553	School Breakfast Program	80,345,162	80,345,162
10.555	National School Lunch Program	240,299,465	240,299,465
10.556	Special Milk Program for Children	579,522	579,522
10.559	Summer Food Service Program for Children	15,322,451	14,727,343
	Total Child Nutrition Cluster	336,546,600	335,951,492
10.557	WIC Special Supplemental Nutrition Program for Woman, Infants, and Children	72,510,812	22,070,233
10.558	Child and Adult Care Food Program	61,413,543	60,442,174
10.560	State Administrative Expenses for Child Nutrition	4,970,229	1,477,107
	Food Distribution Cluster:		
10.565	Commodity Supplemental Food Program	7,215,781	1,799,564
10.568	Emergency Food Assistance Program (Administrative Costs)	2,164,696	2,067,833
10.569	Emergency Food Assistance Program (Food Commodities)	18,664,024	25,491
	Total Food Distribution Cluster	28,044,501	3,892,888
10.574	Team Nutrition Grants	323,441	39,742
10.575	Farm to School Grant Program	10,899	4,000
10.576	Senior Farmers Market Nutrition Program	55,591	55,591
10.578	WIC Grants To States (WGS)	3,679,477	336,782
10.579	Child Nutrition Discretionary Grants Limited Availability	726,406	370,102
10.580	Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	180,169	-
10.582	Fresh Fruit and Vegetable Program	3,088,973	3,088,973
10.664	Cooperative Forestry Assistance	1,212,051	421,000
	Forest Service Schools and Roads Cluster:		
10.665	Schools and Roads - Grants to States	3,008,100	3,008,100
	Total Forest Service Schools and Roads Cluster	3,008,100	3,008,100
10.680	Forest Health Protection	8,149	-
10.698	State & Private Forestry Cooperative Fire Assistance	314,368	314,368
10.902	Soil and Water Conservation	1,199,995	209,930
Total Department of Agriculture		1,583,508,293	446,068,057
Department of Commerce			
11.550	Public Telecommunications Facilities Planning and Construction	51,340	-
Total Department of Commerce		51,340	-
Department of Defense			
12.U01	Excess Property Program	990,746	-
12.U02	Troops to Teachers	19,872	-
12.112	Payments to States in Lieu of Real Estate Taxes	1,497,245	1,497,245
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	732,129	-
12.401	National Guard Military Operations and Maintenance (O&M) Projects	41,440,756	-
12.620	Troops to Teachers Grant Program	148,958	-
Total Department of Defense		44,829,706	1,497,245

State of Missouri
Schedule of Expenditures of Federal Awards
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CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
Department of Housing and Urban Development			
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	23,670,099	22,519,417
14.231	Emergency Solutions Grant Program	3,208,272	3,203,530
14.241	Housing Opportunities for Persons with AIDS	860,253	860,253
14.267	Continuum of Care	12,375,421	-
14.401	Fair Housing Assistance Program State and Local	29,509	-
14.416	Education and Outreach Initiatives	669	-
	Total Department of Housing and Urban Development	40,144,223	26,583,200
Department of the Interior			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	152,853	-
15.252	Abandoned Mine Land Reclamation (AMLR)	2,671,002	-
15.438	National Forest Acquired Lands	2,119,087	2,119,087
	Fish and Wildlife Cluster:		
15.605	Sport Fish Restoration	7,771,653	259,556
15.611	Wildlife Restoration and Basic Hunter Education	21,962,103	1,033,042
	Total Fish and Wildlife Cluster	29,733,756	1,292,598
15.608	Fish and Wildlife Management Assistance	301,357	200,000
15.615	Cooperative Endangered Species Conservation Fund	1,200,698	860,084
15.616	Clean Vessel Act	61,478	61,478
15.622	Sportfishing and Boating Safety Act	200,000	200,000
15.634	State Wildlife Grants	1,014,583	-
15.657	Endangered Species Conservation – Recovery Implementation Funds	13,234	-
15.658	Natural Resource Damage Assessment and Restoration	2,654	-
15.808	U.S. Geological Survey Research and Data Collection	11,988	-
15.810	National Cooperative Geologic Mapping	142,427	-
15.814	National Geological and Geophysical Data Preservation	41,807	-
15.904	Historic Preservation Fund Grants-In-Aid	891,341	107,765
15.916	Outdoor Recreation Acquisition, Development and Planning	997,587	438,804
15.978	Upper Mississippi River Restoration Long Term Resource Monitoring	447,066	-
15.980	National Ground-Water Monitoring Network	28,339	-
15.981	Water Use and Data Research	77,595	-
	Total Department of the Interior	40,108,852	5,279,816
Department of Justice			
16.U01	FBI Joint Terrorism Task Force	26,287	-
16.017	Sexual Assault Services Formula Program	255,080	227,841
16.540	Juvenile Justice and Delinquency Prevention	740,234	514,312
16.554	National Criminal History Improvement Program (NCHIP)	780,955	478,643
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	257,020	156,631
16.575	Crime Victim Assistance	41,008,372	40,389,289
16.576	Crime Victim Compensation	2,605,575	2,605,575
16.582	Crime Victim Assistance/Discretionary Grants	334,843	334,474
16.585	Drug Court Discretionary Grant Program	60,257	-
16.588	Violence Against Women Formula Grants	2,004,854	1,826,000
16.593	Residential Substance Abuse Treatment for State Prisoners	251,559	38,913
16.609	Project Safe Neighborhoods	2,587	-
16.710	Public Safety Partnership and Community Policing Grants	389,650	-
16.734	Special Data Collections and Statistical Studies	628,254	-
16.738	Edward Byrne Memorial Justice Assistance Grant Program	4,969,984	4,403,535
16.741	DNA Backlog Reduction Program	702,341	-
16.750	Support for Adam Walsh Act Implementation Grant Program	748,650	-
16.813	NICS Act Record Improvement Program	1,167,401	609,273
16.827	Justice Reinvestment Initiative	358,765	-
16.833	National Sexual Assault Kit Initiative	57,827	-
16.839	STOP School Violence	46,533	-
	Total Department of Justice	57,397,028	51,584,486

State of Missouri
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CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
Department of Labor			
17.002	Labor Force Statistics	952,927	-
17.005	Compensation and Working Conditions	273,506	-
	Employment Service Cluster:		
17.207	Employment Service/Wagner-Peyser Funded Activities	13,632,599	-
17.801	Disabled Veterans' Outreach Program (DVOP)	2,299,433	-
17.804	Local Veterans' Employment Representative Program	1,065,505	-
	Total Employment Service Cluster	16,997,537	-
17.225	Unemployment Insurance	296,627,514	-
17.235	Senior Community Service Employment Program	1,832,747	1,801,467
17.245	Trade Adjustment Assistance	6,297,160	-
	WIOA Cluster:		
17.258	WIOA Adult Program	14,408,901	13,795,758
17.259	WIOA Youth Activities	16,618,413	13,433,612
17.278	WIOA Dislocated Worker Formula Grants	15,408,816	13,588,331
	Total WIOA Cluster	46,436,130	40,817,701
17.261	WIOA Pilots, Demonstrations, and Research Projects	41,799	-
17.271	Work Opportunity Tax Credit Program (WOTC)	271,948	-
17.273	Temporary Labor Certification for Foreign Workers	146,618	-
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	3,148,388	1,600,540
17.285	Apprenticeship USA Grants	376,948	158,887
17.504	Consultation Agreements	1,528,506	-
17.600	Mine Health and Safety Grants	333,189	-
Total Department of Labor		375,264,917	44,378,595
Department of Transportation			
20.106	Airport Improvement Program	20,145,973	20,145,973
	Highway Planning and Construction Cluster:		
20.205	Highway Planning and Construction	871,653,600	95,893,977
20.219	Recreational Trails Program	823,108	609,441
20.224	Federal Lands Access Program	210,064	210,064
	Total Highway Planning and Construction Cluster	872,686,772	96,713,482
20.218	Motor Carrier Safety Assistance	4,224,003	-
20.232	Commercial Driver's License Program Implementation Grant	77,404	-
20.237	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	2,081	-
20.240	Fuel Tax Evasion-Intergovernmental Enforcement Effort	50,877	-
20.321	Railroad Safety Technology Grants	12,024,877	12,024,877
	Federal Transit Cluster:		
20.500	Federal Transit Capital Investment Grants	166,257	166,257
20.526	Bus and Bus Facilities Formula Program	3,523,394	3,523,394
	Total Federal Transit Cluster	3,689,651	3,689,651
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	208,262	115,960
20.509	Formula Grants for Rural Areas	20,545,459	19,899,496
	Transit Services Programs Cluster:		
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	761,482	610,959
20.521	New Freedom Program	554,849	554,849
	Total Transit Services Programs Cluster	1,316,331	1,165,808
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	223,392	160,238
	Highway Safety Cluster:		
20.600	State and Community Highway Safety	4,973,020	3,251,743
20.616	National Priority Safety Programs	5,373,896	3,499,304
	Total Highway Safety Cluster	10,346,916	6,751,047
20.607	Alcohol Open Container Requirements	5,392,972	4,075,295
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	215,618	-
20.700	Pipeline Safety Program State Base Grant	654,353	-
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	307,457	211,302
20.720	State Damage Prevention Program Grants	38,680	-
20.721	PHMSA Pipeline Safety Program One Call Grant	7,439	-
Total Department of Transportation		952,158,517	164,953,129

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CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
	Department of the Treasury		
21.016	Equitable Sharing	375,963	-
	Total Department of the Treasury	375,963	-
	Equal Employment Opportunity Commission		
30.001	Employment Discrimination Title VII of the Civil Rights Act of 1964	624,799	-
	Total Equal Employment Opportunity Commission	624,799	-
	General Services Administration		
39.003	Donation of Federal Surplus Personal Property	1,597,662	1,250,400
39.011	Section 8 New Construction and Substantial Rehabilitation	257	-
	Total General Services Administration	1,597,919	1,250,400
	National Endowment for the Arts		
45.025	Promotion of the Arts Partnership Agreements	723,720	360,438
45.301	Museums for America	72,618	-
45.310	Grants to States	3,188,287	2,007,089
	Total National Endowments for the Arts	3,984,625	2,367,527
	Small Business Administration		
59.061	State Trade Expansion	386,629	236,063
	Total Small Business Administration	386,629	236,063
	Department of Veterans Affairs		
64.015	Veterans State Nursing Home Care	72,439,625	-
64.024	VA Homeless Providers Grant and Per Diem Program	798,013	-
64.101	Burial Expenses Allowance for Veterans	919,545	-
64.115	Veterans Information and Assistance	546,951	-
64.203	Veterans Cemetery Grants Program	1,339,683	-
	Total Department of Veterans Affairs	76,043,817	-
	Environmental Protection Agency		
66.032	State Indoor Radon Grants	138,732	-
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	654,931	-
66.040	State Clean Diesel Grant Program	328,811	165,995
66.204	Multipurpose Grants to States and Tribes	70,078	68,090
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	156,180	-
66.433	State Underground Water Source Protection	144,687	-
66.454	Water Quality Management Planning	327,637	60,783
	Clean Water State Revolving Fund Cluster:		
66.458	Capitalization Grants for Clean Water State Revolving Funds	31,984,998	23,655,657
	Total Clean Water State Revolving Fund Cluster	31,984,998	23,655,657
66.460	Nonpoint Source Implementation Grants	1,234,158	791,915
	Drinking Water State Revolving Fund Cluster:		
66.468	Capitalization Grants for Drinking Water State Revolving Funds	9,639,624	2,695,178
	Total Drinking Water State Revolving Fund Cluster	9,639,624	2,695,178
66.605	Performance Partnership Grants	12,379,879	25,991
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	76,487	-
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	340,384	-
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	1,994,056	292,785
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	496,498	-
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	1,263,711	-
66.817	State and Tribal Response Program Grants	923,936	-
	Total Environmental Protection Agency	62,154,787	27,756,394
	Department of Energy		
81.041	State Energy Program	940,562	130,473
81.042	Weatherization Assistance for Low-Income Persons	5,566,474	4,877,648
81.092	Environmental Restoration	261,734	-
81.104	Environmental Remediation and Waste Processing and Disposal	76,628	-
81.119	State Energy Program Special Projects	12,731	12,009
81.136	Long-Term Surveillance and Maintenance	55,226	-
81.138	State Heating Oil and Propane Program	5,095	-
	Total Department of Energy	6,918,450	5,020,130

State of Missouri
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CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
Department of Education			
84.U01	Cooperative System Grant	6,268	-
84.002	Adult Education - Basic Grants to States	8,993,916	7,881,179
84.010	Title I Grants to Local Educational Agencies	227,128,228	226,025,491
84.011	Migrant Education State Grant Program	1,575,944	1,562,769
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	2,070,701	2,058,809
	Special Education Cluster (IDEA):		
84.027	Special Education Grants to States	222,541,263	198,405,236
84.173	Special Education Preschool Grants	4,187,018	4,187,018
	Total Special Education Cluster (IDEA)	226,728,281	202,592,254
84.032	Federal Family Education Loans	98,533,341	-
84.048	Career and Technical Education -- Basic Grants to States	21,915,850	19,863,529
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	68,547,199	-
84.144	Migrant Education Coordination Program	81,047	81,047
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	764,183	-
84.181	Special Education-Grants for Infants and Families	8,339,257	-
84.184	School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)	422,309	-
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	132,952	-
84.196	Education for Homeless Children and Youth	1,142,701	1,133,216
84.224	Assistive Technology	194,332	194,332
84.287	Twenty-First Century Community Learning Centers	18,518,895	18,151,569
84.323	Special Education - State Personnel Development	1,379,502	1,379,502
84.326	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	162,320	-
84.358	Rural Education	2,964,689	2,815,733
84.365	English Language Acquisition State Grants	4,741,079	4,497,836
84.366	Mathematics and Science Partnerships	1,532,453	1,532,453
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	33,596,046	30,941,120
84.369	Grants for State Assessments and Related Activities	6,848,481	-
84.377	School Improvement Grants	3,523,966	3,372,372
84.424	Student Support and Academic Enrichment Program	9,390,190	9,307,355
84.902	National Assessment of Educational Progress	111,739	-
Total Department of Education		749,345,869	533,390,566
National Archives and Records Administration			
89.003	National Historical Publications and Records Grants	1,258	-
Total National Archives and Records Administration		1,258	-
Elections Assistance Commission			
90.401	Help America Vote Act Requirements Payments	282,900	-
Total Elections Assistance Commission		282,900	-
Department of Health and Human Services			
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	118,889	42,719
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	340,502	126,147
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	419,595	389,285
	Aging Cluster:		
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	8,483,192	8,156,264
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	11,770,219	11,353,760
93.053	Nutrition Services Incentive Program	4,115,260	4,115,260
	Total Aging Cluster	24,368,671	23,625,284
93.052	National Family Caregiver Support, Title III, Part E	3,335,096	3,112,175
93.069	Public Health Emergency Preparedness	10,718,454	5,636,732
93.070	Environmental Public Health and Emergency Response	1,592,219	457,607
93.071	Medicare Enrollment Assistance Program	509,195	208,950
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance	204,913	62,011
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	2,447,774	-
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	70,025	70,025
93.090	Guardianship Assistance	8,068,857	-
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	990,515	699,856
93.093	Affordable Care Act (ACA) Health Profession Opportunity Grants	2,616,002	2,497,262
93.094	Well-Integrated Screening and Evaluation for Women Across the Nation	104,614	48,695

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CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
93.103	Food and Drug Administration Research	2,107,163	519
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	1,847,033	-
93.110	Maternal and Child Health Federal Consolidated Programs	416,306	-
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	621,892	205,761
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	218,692	15,456
93.136	Injury Prevention and Control Research and State and Community Based Programs	1,468,340	728,438
93.150	Projects for Assistance in Transition from Homelessness (PATH)	903,907	-
93.165	Grants to States for Loan Repayment Program	425,554	425,554
93.184	Disabilities Prevention	141,488	87,073
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	354,406	4,783
93.234	Traumatic Brain Injury State Demonstration Grant Program	170,261	125,472
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	1,310,090	1,081,540
93.236	Grants to States to Support Oral Health Workforce Activities	57,747	-
93.240	State Capacity Building	385,027	-
93.241	State Rural Hospital Flexibility Program	780,950	616,076
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	4,594,933	171,826
93.251	Universal Newborn Hearing Screening	243,643	115,955
93.268	Immunization Cooperative Agreements	69,189,872	2,880
93.270	Viral Hepatitis Prevention and Control	155,123	277
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	116,107	-
93.301	Small Rural Hospital Improvement Grant Program	400,202	387,520
93.305	PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	1,100,114	111,999
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	103,275	-
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	1,544,572	126,138
93.324	State Health Insurance Assistance Program	890,454	-
93.336	Behavioral Risk Factor Surveillance System	294,229	-
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	580,141	338,570
93.366	State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	104,031	1,695
93.367	Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	389,782	-
93.369	ACL Independent Living State Grants	337,229	206,913
93.391	Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	1,218,979	-
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	981,565	395,745
93.434	Every Student Succeeds Act/Preschool Development Grants	16,364	-
93.435	Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke	38,150	3,665
93.436	Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	253,448	77,553
93.439	State Physical Activity and Nutrition (SPAN)	292,819	41,693
93.464	ACL Assistive Technology	448,427	262,944
93.500	Pregnancy Assistance Fund Program	167,969	167,969
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	60,363	-
93.539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	2,529,357	170,615
93.556	Promoting Safe and Stable Families	5,671,700	-
	TANF Cluster:		
93.558	Temporary Assistance for Needy Families	240,487,698	3,882,818
	Total TANF Cluster	240,487,698	3,882,818
93.563	Child Support Enforcement	35,551,492	9,166,441
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	352,782	-
93.568	Low-Income Home Energy Assistance	78,299,708	49,213,467
93.569	Community Services Block Grant	19,436,643	18,332,644
	CCDF Cluster:		
93.575	Child Care and Development Block Grant	68,608,683	5,460,683
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	48,904,413	-
	Total CCDF Cluster	117,513,096	5,460,683
93.586	State Court Improvement Program	596,949	-
93.590	Community-Based Child Abuse Prevention Grants	521,310	459,044
93.597	Grants to States for Access and Visitation Programs	130,050	130,050
93.599	Chafee Education and Training Vouchers Program (ETV)	1,032,886	-

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CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
93.603	Adoption and Legal Guardianship Incentive Payments	4,078,543	-
93.609	The Affordable Care Act – Medicaid Adult Quality Grants	119,982	-
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,432,816	-
93.643	Children's Justice Grants to States	229,438	-
93.645	Stephanie Tubbs Jones Child Welfare Services Program	1,357,978	-
93.658	Foster Care Title IV-E	61,231,246	128,309
93.659	Adoption Assistance	40,154,503	-
93.667	Social Services Block Grant	51,369,183	12,967,140
93.669	Child Abuse and Neglect State Grants	863,240	-
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	1,912,941	1,850,788
93.674	Chafee Foster Care Independence Program	3,055,433	-
93.733	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)	682,296	-
93.735	State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)	424,092	422,119
93.747	Elder Abuse Prevention Interventions Program	98,294	-
93.753	Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program	154,057	24,172
93.757	State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	700,034	413,825
93.758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	3,007,698	1,089,312
93.767	Children's Health Insurance Program	276,205,940	-
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	1,725,254	-
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	19,435,402	-
93.778	Medical Assistance Program	6,972,548,179	1,237,320
	Total Medicaid Cluster	6,993,708,835	1,237,320
93.788	Opioid STR	24,123,579	-
93.791	Money Follows the Person Rebalancing Demonstration	5,719,620	-
93.815	Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC).	98,082	93,360
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	320,312	320,228
93.870	Maternal, Infant and Early Childhood Home Visiting Grant Program	3,289,147	2,789,853
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens	139,281	-
93.889	National Bioterrorism Hospital Preparedness Program	3,842,452	2,017,177
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	3,898,279	2,690,529
93.913	Grants to States for Operation of State Offices of Rural Health	145,539	20,000
93.917	HIV Care Formula Grants	20,401,222	19,743,085
93.940	HIV Prevention Activities Health Department Based	4,419,204	2,037,661
93.945	Assistance Programs for Chronic Disease Prevention and Control	477,266	427,310
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	182,158	6,200
93.958	Block Grants for Community Mental Health Services	11,735,399	-
93.959	Block Grants for Prevention and Treatment of Substance Abuse	25,912,789	-
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	1,720,408	312,904
93.981	Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	193,242	108,472
93.982	Mental Health Disaster Assistance and Emergency Mental Health	311,442	-
93.994	Maternal and Child Health Services Block Grant to the States	11,245,510	6,177,555
	Total Department of Health and Human Services	8,211,721,119	184,373,843
Corporation for National and Community Service			
94.003	State Commissions	297,251	-
94.006	AmeriCorps	5,466,096	5,447,423
94.009	Training and Technical Assistance	140,287	6,666
	Total Corporation for National and Community Service	5,903,634	5,454,089
Executive Office of the President			
95.001	High Intensity Drug Trafficking Areas Program	3,473,599	2,649,157
	Total Executive Office of the President	3,473,599	2,649,157

State of Missouri
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
	Social Security Administration		
	Disability Insurance/SSI Cluster:		
96.001	Social Security Disability Insurance	44,102,232	-
	Total Disability Insurance/SSI Cluster	44,102,232	-
	Total Social Security Administration	44,102,232	-
	Department of Homeland Security		
97.008	Non-Profit Security Program	261,197	261,197
97.012	Boating Safety Financial Assistance	2,498,114	-
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	225,345	2,000
97.029	Flood Mitigation Assistance	934,446	893,362
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	24,747,236	22,643,180
97.039	Hazard Mitigation Grant	10,033,406	9,307,083
97.041	National Dam Safety Program	55,954	-
97.042	Emergency Management Performance Grants	6,980,322	3,707,481
97.045	Cooperating Technical Partners	4,505,571	-
97.047	Pre-Disaster Mitigation	306,244	280,222
97.056	Port Security Grant Program	99,110	-
97.067	Homeland Security Grant Program	5,944,605	5,129,890
97.082	Earthquake Consortium	3,021	-
97.088	Disaster Assistance Projects	792,394	766,375
	Total Department of Homeland Security	57,386,965	42,990,790
	Total Expenditures of Federal Awards	$ 12,317,767,441	$ 1,545,833,487

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

State of Missouri - Single Audit
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

1. Significant Accounting Policies

The following is a summary of the significant accounting policies used by the State of Missouri.

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards (Schedule) of the State of Missouri is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the State's basic financial statements. The Uniform Guidance requires a schedule that shows total federal awards expended for each federal financial assistance program, the Catalog of Federal Domestic Assistance (CFDA) number, and the total amount provided to subrecipients from each federal program. Federal financial assistance programs that have not been assigned a CFDA number are identified as CFDA Number XX.Uxx, where XX represents the federal grantor agency and Uxx represents an unknown extension number.

The Schedule includes all federal awards expended by the State during the year ended June 30, 2019, except for those programs administered by public universities and other component units, which are legally separate from the State. They are responsible for engaging other auditors to perform audits in accordance with the Uniform Guidance, if required.

To compile the Schedule, the Office of Administration required each department, agency, and office that expended direct and/or indirect federal funding during the state fiscal year to prepare a schedule of expenditures of federal awards. The schedules for the departments, agencies, and offices were combined to form the Schedule of Expenditures of Federal Awards for the State of Missouri.

B. Basis of Presentation

The accompanying Schedule includes the federal award activity of the State of Missouri for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, which defines federal awards as federal financial assistance and cost-reimbursement contracts that non-federal entities receive or administer in the form of grants, loans, loan guarantees, non-cash assistance, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include other contracts that a federal agency uses to buy goods or services from a contractor. Because the Schedule presents only a selected portion of the operations of the State, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the State.

C. Basis of Accounting

Most expenditures presented in the Schedule are reported on the cash basis of accounting, while some are presented on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local, or Indian Tribal Governments;* or the cost principles contained in the Uniform Guidance; wherein certain types of expenditures are not allowable or are limited as to reimbursement.

D. Indirect Cost Rate

The state agencies administering the federal programs presented in the Schedule did not elect to use the de minimis cost rate per the Uniform Guidance.

2. Unemployment Insurance Expenditures

The Unemployment Insurance program (CFDA No. 17.225) is administered by the Department of Labor and Industrial Relations through a unique federal-state partnership that was founded upon federal law but implemented through state law. Benefits are paid from federal funds and state unemployment taxes that are deposited into the state's account in the Federal Unemployment Trust Fund. The state's administrative expenditures incurred under this program are funded by federal grants. For the purposes of presenting the expenditures of this program in the Schedule, both state and federal funds have been considered federal awards expended. The breakdown of the state and federal portions of the total program expenditures for the fiscal year ended June 30, 2019, is as follows:

State Portion (Benefits Paid)	$253,178,292
Federal Portion (Benefits Paid)	4,504,430
Federal Portion (Administrative Costs)	38,944,792
Total Program Expenditures	$296,627,514

3. Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Rebates

The State received cash rebates from an infant formula manufacturer totaling $33,717,005 on sales of formula to participants in the WIC program (CFDA No. 10.557) administered by the Department of Health and Senior Services (DHSS). This amount was excluded from total program expenditures. Rebate contracts with infant formula manufacturers are authorized by 7 CFR Section 246.16a as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. The state was able to extend program benefits to more persons than could have been served this fiscal year in the absence of the rebate contract.

4. Medical Assistance Program (Medicaid) and Children's Health Insurance Program (CHIP) Prescription Drug Rebates

The state received cash rebates from drug manufacturers totaling $485,741,642 (federal share) on purchases of covered outpatient drugs for participants in the Medicaid and the CHIP (CFDA Nos. 93.778 and 93.767) administered by the Department of Social Services - MO HealthNet Division. This amount was excluded from total program expenditures. Rebate contracts with drug manufacturers are authorized by 42 USC Section 1396r-8 as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for medical assistance costs.

5. HIV Care Formula Grants Prescription Drug Rebates

The State received cash rebates from drug manufacturers totaling $32,279,507 on purchases of covered drugs for participants in the HIV Care Formula Grants program (CFDA No. 93.917) administered by the DHSS. This amount was excluded from total program expenditures. The allowable use of drug rebates is restricted by 42 USC Section 300ff-26(g). Rebates represent a reduction in expenditures previously incurred for program costs.

6. Federal Loan Guarantees

Because of the Healthcare and Education Affordability Reconciliation Act enacted March 30, 2010 (Public Law 111-152), the authority to make or ensure loans under the Federal Family Education Loans program (CFDA No. 84.032) ended June 30, 2010. The Department of Higher Education (DHE) will continue to act as the federal Department of Education's agent in fulfilling the responsibilities related to the outstanding guarantees. The original principal outstanding of all loans guaranteed by the DHE is $1,036,972,994 as of June 30, 2019. The balance of defaulted loans (including principal and accrued interest) that the federal Department of Education imposes continuing compliance requirements of the DHE is $227,629,703 as of June 30, 2019.

7. Non-cash Assistance

The Schedule contains values for non-cash assistance for several programs.

Supplemental Nutrition Assistance Program (CFDA No. 10.551) expenditures totaling $1,009,787,817 represent actual disbursements for client purchases of authorized food products through the use of the electronic benefits card program administered by the Department of Social Services - Family Support Division (DSS-FSD).

The Department of Elementary and Secondary Education distributes food commodities to school districts under the National School Lunch Program (CFDA No. 10.555). Distributions are valued at the cost of the food paid by the federal government and totaled $30,866,249.

The DSS-FSD, through the Summer Food Service Program for Children (CFDA No. 10.559), provides United States Department of Agriculture (USDA)-donated foods to providers who serve free healthy meals to children and teens in low-income areas during the summer months when school is not is session. The DSS-FSD, through the Emergency Food Assistance Program (CFDA No. 10.569), provides USDA-donated foods for disaster relief and to six non-profit food banks for distribution to food pantries and community groups for feeding those in need. Distributions are valued at the federally assigned value of the product distributed and totaled $34,825 for the Summer Food Service Program for Children and $18,664,024 for the Emergency Food Assistance Program.

The DHSS distributes food commodities to low-income persons under the Commodity Supplemental Food Program (CFDA No. 10.565). Distributions are valued at the cost of the food paid by the federal government and totaled $5,370,794.

The Department of Public Safety distributes excess federal Department of Defense (DOD) equipment to state and local law enforcement agencies under the DOD Excess Property Program (CFDA No. 12.U01). Property distributions totaled $4,409,195 when valued at the historical cost assigned by the federal government. Distributions are presented at the estimated fair market value of the property at the time of distribution, calculated as 22.47 percent of the historical cost, or $990,746.

The State Agency for Surplus Property distributes federal surplus property to eligible donees under the Donation of Federal Surplus Personal Property program (CFDA No. 39.003). Property distributions totaled $7,110,200 when valued at the historical cost assigned by the federal government. Distributions are presented at the estimated fair market value of the property at the time of distribution, calculated as 22.47 percent of the historical cost, or $1,597,662.

The DHSS distributes vaccines to local health agencies and other health care professionals under the Immunization Cooperative Agreements program (CFDA No. 93.268). Distributions are valued at the cost of the vaccines paid by the federal government and totaled $67,718,997.

The DHSS received donated equipment/supplies from Heart to Heart International, Inc. for activities related to the Centers for Disease Control (CDC) Opioid Crisis Grant Project under the Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises program (CFDA No. 93.391). Donated items are valued at the cost of the equipment purchased with funding from grant number 1 NU1ROT000013-01-00 from the Federal Department of Health and Human Services and totaled $1,218,979.

State of Missouri - Single Audit
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified for all opinion units except for the governmental activities and the General Fund, which were qualified.

Internal control over financial reporting:

- Material weaknesses identified? _X_ yes ___ no
- Significant deficiencies identified? _X_ yes ___ none reported

Noncompliance material to financial statements noted? ___ yes _X_ no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? _X_ yes ___ no
- Significant deficiencies identified? _X_ yes ___ none reported

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

Unmodified for all major programs except for the following major programs that were qualified:

CFDA Number	Name of Federal Program or Cluster
93.659	Adoption Assistance
93.767	Children's Health Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778	Medical Assistance Program

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance (2 CFR 200.516(a))? _X_ yes ___ no

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
	SNAP Cluster:
10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.557	WIC Special Supplemental Nutrition Program for Woman, Infants, and Children
64.015	Veterans State Nursing Home Care
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States
93.268	Immunization Cooperative Agreements
93.563	Child Support Enforcement
93.569	Community Services Block Grant
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778	Medical Assistance Program
	Disability Insurance/ SSI Cluster:
96.001	Social Security Disability Insurance

Dollar threshold used to distinguish between Type A and Type B programs: $30,000,000

Auditee qualified as a low-risk auditee? ______ Yes __X__ no

Section II - Financial Statement Findings

The findings related to the financial statement audit are reported in the Comprehensive Annual Financial Report - Report on Internal Control, Compliance, and Other Matters (Report No. 2020-010[3]). That report included the following findings:

FS2019-001 Department of Social Services Financial Reporting Controls

FS2019-002 Department of Natural Resources Capital Asset Controls

[3] See report at <https://app.auditor.mo.gov/Repository/Press/2020010733175.pdf>.

Section III - Federal Award Findings and Questioned Costs

2019-001. Adoption Assistance Eligibility and Payments

Federal Agency:	Department of Health and Human Services
Federal Program:	93.659 Adoption Assistance 2018 - G1801MOADP 2019 - G1901MOADP
State Agency:	Department of Social Services (DSS) - Children's Division (CD) and Division of Finance and Administrative Services (DFAS)
Type of Finding:	Internal Control (Material Weakness) and Noncompliance
Questioned Costs:	$17,600

As noted in our five previous audits[4] of the Adoption Assistance program, DSS controls over eligibility and assistance payments are not sufficient to prevent and/or detect payments made on behalf of ineligible children and unallowable assistance payments. From the Adoption Assistance program, the CD made payments on behalf of 7 ineligible children and paid unallowable costs for 2 additional children. During the year ended June 30, 2019, the CD paid Adoption Assistance program benefits totaling about $57 million for more than 13,300 children.

The Adoption Assistance program assists families in adopting eligible children with special needs by providing subsidy payments to adoptive parents. To be eligible to receive benefits under the program, eligibility requirements outlined at 42 USC Section 673 must be met. In addition, 42 USC Section 671(a)(20)(A) requires that prospective adoptive parent(s) must satisfactorily have met a criminal records check, including a fingerprint-based check. The DSS is required to enter into adoption subsidy agreements with adoptive parents who receive subsidy payments on behalf of the child. The nature of services to be provided and nonrecurring expenses to be paid must be stated in the subsidy agreement as required by 45 CFR Section 1356.40 and 45 CFR Section 1356.41. Subsidized costs may include maintenance, child care, and nonrecurring adoption expenses.

The subsidy agreement must be signed and in effect prior to or at the time of the final adoption decree per federal regulations and DSS policy. The DSS Child Welfare Manual Adoption Subsidy policy requires subsidy agreements be signed by both the adoptive parents and the DFAS Director to be considered in effect. Subsidy agreements are established by case workers and reviewed by supervisors in the local offices. After the subsidy agreements are signed by the adoptive parents and reviewed and approved by local office

[4]See single audit reports at <https://app.auditor.mo.gov/AuditReports/AudRpt2.aspx?id=35>, finding numbers 2018-004, 2015-005, 2014-008, 2011-15, and 2009-14.

supervisors, the agreements are sent to the Central Office Procurement Unit ((formerly the Contract Management Unit (CMU)) where the DFAS Director's (previously the CD Director's) signature is applied by Procurement Unit staff. In previous audits, the Director's signature was applied with a signature stamp, but is now applied as an electronic signature.

The CD also administers a state-funded adoption assistance program. CD personnel are responsible for determining if a child is qualified for federal Title IV-E adoption assistance or state (non-IV-E) assistance. Once a determination is made, CD personnel must enter the correct code into the Families and Children Electronic System (FACES) so that assistance payments come from the right program. Children who have been determined ineligible for federal Title IV-E adoption assistance benefits should only receive payments from the state-funded program.

To test compliance with these requirements, we reviewed eligibility and payment documentation for 60 children receiving Adoption Assistance. Assistance payments totaling approximately $252,800 were made on behalf of these children during the year ended June 30, 2019. We identified payments made on behalf of 7 children ineligible for Adoption Assistance benefits and unallowable payments for 2 other children. Total known questioned costs for these errors represent approximately 11 percent of payments reviewed. If similar errors were made on the remaining population of Adoption Assistance program assistance payments, questioned costs could be significant.

Subsidy agreement not signed at the date of adoption

For 1 case, the adoption subsidy agreement was not signed and in effect prior to or at the date of adoption.

The adoption subsidy agreement was not signed by the CD Director (i.e., not in effect) until approximately 15 months after the adoption decree. In addition, the adoptive parent's signature was not dated. Payments totaling $3,804, made on behalf of the ineligible child during the year ended June 30, 2019, were unallowable. We question the federal share, or $2,483 (approximately 65 percent). Payments for this child were charged to the Adoption Assistance program from December 2003 to June 2019.

Backdated subsidy agreements

For 4 cases, the DSS did not maintain adequate documentation to support that the subsidy agreements were signed and in effect prior to or at the date of adoption because the CD Director's signature date or the subsidy agreement effective date was backdated.

For 3 of these cases, with subsidy agreements prior to May 2008, the date of the CD Director's signature precedes the adoptive parent(s)' and local supervisors' signature dates, indicating the Director's signature (and thus, the effective date of the agreement) was backdated. Although all signature dates were before the adoption date for each of these cases, because the CD Director's signature was backdated, we could not determine whether the subsidy agreement was signed and in effect prior to the adoption decree. CD officials indicated backdating of subsidy agreements by CMU personnel was permissible under DSS policy prior to May 2008, and backdating was utilized due to a backlog in processing and submitting subsidy agreements to the CMU. For another case, the subsidy agreement effective date (May 1, 2013) precedes the adoptive parents' and the CD Director's signatures; therefore, the effective date was likely backdated. During the year ended June 30, 2019, payments totaling $17,489 were made on behalf of these 4 children, for which there is not adequate documentation to support that the subsidy agreements were signed and in effect prior to or at the date of the adoption decree. We question the federal share, or $11,413 (approximately 65 percent). Payments for these 4 children were charged to the Adoption Assistance program from November 2004 to June 2019.

In May 2008, the CD issued a policy memo prohibiting backdating of subsidy agreements. The subsidy agreements for 3 of these cases were established prior to this directive. Federal resolutions of prior audit findings have required the DSS to pay back the costs associated with backdated subsidy agreements identified in the audits. However, the DSS has not attempted to identify all children for which the subsidy agreements were backdated, and as a result, it is likely additional children adopted prior to May 2008 are ineligible.

Background check

For 1 case, criminal background check results for one of the adoptive parents were not received until after the date of the subsidy agreement and adoption decree. Payments totaling $1,902, made on behalf of the ineligible child during the year ended June 30, 2019, were unallowable. We question the federal share, or $1,239 (approximately 65 percent). Payments for this child were charged to the Adoption Assistance program from September 2002 to June 2019.

State-only adoption

For 1 case, the subsidy agreement was a state-only contract incorrectly coded and claimed to the Adoption Assistance program. Payments totaling $3,444, made on behalf of the ineligible child during the year ended June 30, 2019, were unallowable. We question the federal share, or $2,248 (approximately 65 percent). Payments for this child were charged to the Adoption Assistance program from December 2009 to June 2019.

Unallowable assistance payments

For 2 cases, unallowable assistance payments were claimed for eligible children. For one child, the CD made a regular maintenance payment of $235 twice, for the month of July 2018, when the child was determined to be eligible past the age of 18. For another case, a Guardian Ad-Litem payment of $100 was inappropriately claimed. The unallowable assistance payments for these 2 children totaled $335. We question the federal share, or $217 (approximately 65 percent).

Conclusions

The failure to implement adequate internal controls over eligibility and assistance payments can result in federal reimbursements for ineligible children and/or unallowable costs. Rule 2 CFR Section 200.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Recommendation

The DSS through the CD and the DFAS strengthen and enforce policies and procedures regarding Adoption Assistance eligibility determinations and assistance payments. These procedures should ensure all adoption subsidy agreements are signed and in effect prior to the adoption, criminal background checks are obtained for all prospective adoptive parents, and payments are allowable. The DSS should review and correct the eligibility and payments for the children identified in this finding.

Auditee's Response

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

Auditor's Comment

The DSS Corrective Action Plan states the DSS disagrees that policies and procedures regarding Adoption Assistance eligibility determinations need to be strengthened and enforced because the DSS implemented processes in fiscal year 2008 prohibiting backdating of subsidy agreements and continues to provide training regarding dating of subsidy agreements and allowable costs. However, as noted in the finding, the DSS has not attempted to identify all children for whom the subsidy agreements were backdated and redetermine eligibility for those children. Therefore, similar errors of noncompliance will likely continue until all children with backdated subsidy agreements age out of the program. In addition, 5 of the 9 errors were unrelated to the pre-2008 backdating practice. Therefore, this finding is valid and improvements are needed to ensure the Adoption Assistance program is administered in accordance with federal requirements.

2019-002. Department of Social Services Public Assistance Cost Allocation Plan

Federal Agency:	Department of Health and Human Services (DHHS)	
Federal Program:	84.126	Rehabilitation Services Vocational Rehabilitation Grants to States 2018 - H126A180037 2019 - H126A190037
	93.563	Child Support Enforcement 2018 - 1804MOCSES and 1804MOCEST 2019 - 1901MOCSES and 1901MOCEST
	93.659	Adoption Assistance 2018 - G1801MOADP 2019 - G1901MOADP
	93.667	Social Services Block Grant

	2018 - 1801MOSOSR
	2019 - 1901MOSOSR
State Agency:	Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)
Type of Finding:	Internal Control (Significant Deficiency)

As noted in our previous audit,[5] DFAS controls over cost allocation are not sufficient to ensure administrative costs are accurately allocated to various federal programs in accordance with the proposed public assistance cost allocation plan (PACAP).

The DSS is required to develop, document, and implement a PACAP in accordance with 45 CFR Sections 95.501 to 95.519. The PACAP is a narrative document outlining procedures to allocate administrative costs to the various programs administered by the DSS, and must be reviewed and approved by the DHHS - Division of Cost Allocation Services (DHHS-CAS) and various federal grantor agencies. The DSS fully revised its PACAP, effective October 1, 2017, and submitted 5 amended proposed PACAPs (2 were revised) to the DHHS-CAS for review.[6] With the exception of one part that was approved in September 2018,[7] as of February 2020, the proposed PACAP was still under review by the DHHS-CAS. Rule 45 CFR 95.517 provides the DSS may claim federal financial participation under the proposed plan with the understanding that, if necessary, the DSS shall retroactively adjust its claims to the plan as subsequently approved by the DHHS-CAS.

DFAS personnel are responsible for preparing and submitting proposed PACAPs for approval and for ensuring costs are allocated in accordance with the proposed PACAP. To develop and implement the new proposed PACAP, the DSS contracted with a vendor to develop it, purchased the vendor's cost allocation system (AlloCAP system) for allocating costs to the various programs, and developed data input and output reports for the AlloCAP system. The AlloCAP system replaced the DFAS's previous procedures to allocate costs through various spreadsheets.

The proposed PACAP describes the procedures used to identify, measure, and allocate costs to the various programs administered by the DSS. Cost centers are used to classify costs based on the organizational structure of the DSS.

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[5]See single audit reports at <https://app.auditor.mo.gov/AuditReports/AudRpt2.aspx?id=35>, finding number 2018-005.

[6] Periods October 1, 2017 to March 31, 2018; April 1, 2018 to June 30, 2018; July 1, 2018 to September 30, 2018; October 1, 2018 to December 31, 2018 (revised); January 1, 2019 to March 31, 2019 (revised); and April 1, 2019 to June 30, 2019.

[7] PACAP, Attachment 3 – Title IV-E Eligibility Rate Calculations, approved in a letter dated September 6, 2018, from the DHHS-CAS.

The AlloCAP system used about 350 cost centers during the quarter ended June 30, 2019. The proposed PACAP includes organizational charts reflective of the layout of cost centers, a description of activities performed by each cost center, a listing of federal and state programs benefitting from the cost centers, and procedures and methods used to allocate costs. Rule 45 CFR 95.507 outlines the various requirements of the PACAP.

Each quarter, DFAS personnel obtain expenditure data from the state's accounting system and import the data to the AlloCAP system. Manual adjustments are made to account for expenditures not reflected in the state's accounting system. The AlloCAP system produces data output reports showing total amounts to be allocated to various programs. DFAS personnel use the output reports to prepare and submit quarterly federal reports to the federal agencies. During the quarter ended June 30, 2019, the state allocated administrative costs totaling $30.3 million (combined state and federal funds) to the Vocational Rehabilitation, Child Support Enforcement, Adoption Assistance, and Social Services Block Grant programs through the AlloCAP system.

In addition, the DFAS is responsible for monitoring and making changes to the PACAP and the AlloCAP system as needed. If changes are made that affect costs allocated to programs, the DFAS must submit a revised proposed PACAP to the DHHS-CAS and ensure changes are made to the AlloCAP system. DFAS personnel made numerous changes to both the proposed PACAP and the AlloCAP system throughout the year ended June 30, 2019. These changes were to remove cost centers, create new cost centers, or revise the names, descriptions, or allocation methodology of existing cost centers.

Internal controls

Although recommended in the previous audit, the DFAS did not establish and document adequate internal controls over cost allocation.

The DSS Corrective Action Plan and the Summary Schedule of Prior Audit Findings for prior audit finding number 2018-005 stated the DSS disagreed with the finding and did not take corrective action because (1) the DSS believes it has documented evidence to support internal controls and procedures, and (2) no deviations were found in audit sampling. However, the DFAS did not document various internal control procedures verbally described to auditors and internal control deficiencies can exist regardless of whether noncompliance is identified.

Documentation of internal controls

The DFAS does not have a documented system of internal controls to ensure the AlloCAP system provides for accurate, allowable, and proper allocations in accordance with the proposed PACAP.

DFAS personnel verbally described to auditors various internal control procedures established and performed to ensure the AlloCAP system accurately allocated costs in accordance with the proposed PACAP. However, DFAS personnel did not document most of these procedures in the AlloCAP system procedures manual or maintain documentation they performed the procedures. Examples of internal controls verbally described but not documented include testing of AlloCAP system allocations; approval of system reports; and segregation of duties over, and review and approval of, revisions to the AlloCAP system. DSS officials indicated they believe the AlloCAP system procedures manual serves as documented evidence of internal controls and procedures; however, the manual does not address these procedures and DFAS personnel did not document that these procedures were performed.

Effective internal controls include policies and procedures designed to ensure compliance with federal regulations. These policies and procedures should require personnel to document when required procedures were performed.

PACAP and AlloCAP system changes

The DFAS has not implemented procedures to document each change made to the proposed PACAP or the AlloCAP system or approval of the changes, and did not document procedures to test the changes for accuracy and consistency with the proposed PACAP.

During each quarter of the year ended June 30, 2019, the DFAS made changes to both the proposed PACAP and the AlloCAP system. Our comparison of the proposed PACAPs for the periods ended June 30, 2018, and June 30, 2019, determined the DFAS added 49, removed 12, and changed approximately 75 cost centers.

DFAS personnel did not maintain adequate documentation to support all changes or a complete log of all changes. We requested supporting documentation for all 8 changes identified in the proposed PACAP for the period April 1, 2019, to June 30, 2019. While DFAS personnel provided emails, meeting invitations, and other documentation showing discussions about certain changes; that documentation did not support the reasons and/or justification for 6 of the 8 changes. DFAS personnel indicated the Chief Financial Officer (CFO) and the Assistant CFO review all changes to the AlloCAP system; however, they could not provide documentation that any of these system changes were approved. In addition, DFAS personnel did not test the changes for accuracy and consistency with the proposed PACAP.

DFAS personnel stated they document changes to the proposed PACAP through the track change function of the electronic PACAP document and that changes to the Allocap system can be identified by comparing the current and prior quarter chart of accounts reports. In December 2018, DFAS personnel implemented the AlloCAP Approval Checklist and the AlloCAP Approval Tracking Sheet to document cumulative quarterly updates to the proposed PACAP and AlloCAP system. However, these documents and methods do not provide proper support for the reason and/or justification of each change.

Documentation of changes, approvals, and testing are critical components of an internal control system designed to ensure data reliability and compliance with federal requirements. The AlloCAP system procedures manual, Chapter VII, states users are encouraged to manually document all changes made to the AlloCAP system because the system does not have an internal function that allows the user to automatically track changes made over time. The manual also states "after you make any single change, we recommend that you run the CAP and verify the results before proceeding to make other changes." In addition, according to the Government Accountability Office,[8] as part of the control of master data, the organization should have an effective auditing and monitoring capability that allows changes to master data records to be recorded and reviewed where necessary.

Compliance test results

To determine if the DFAS followed its proposed PACAP when allocating costs to federal programs, we sampled 17 cost centers allocated during the quarter ended June 30, 2019, and determined each sampled cost center was supported and allocated in accordance with the proposed PACAP. However, without adequate internal controls, there is less assurance the other cost centers allocated using different methodologies, or cost centers applicable to other programs not audited as major programs, were allocated accurately and/or in accordance with the proposed PACAP.

Conclusions

The failure to implement adequate internal controls to ensure costs are allocated and reported in accordance with the proposed PACAP and federal requirements increases the risk that DFAS staff will not allocate an appropriate share of costs to programs, errors will not be detected timely, and federal grantor agencies will disallow costs charged to federal programs. Inadequate internal controls could hinder the department's ability to manage federal funds effectively and to comply with federal regulations.

Rule 2 CFR Section 200.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States or the *Internal Control Integrated Framework*, issued by the Committee of

[8] GAO, Report GAO-09-232G, *Federal Information System Controls Audit Manual*, February 2009, p. 425, <https://www.gao.gov/products/gao-09-232g>, accessed February 14, 2020.

Sponsoring Organizations of the Treadway Commission." The *Standards for Internal Control in the Federal Government*, also known as the Green Book, requires management to develop and maintain documentation of its internal control system. Paragraph 3.10 of the Green Book states, "[e]ffective documentation assists in management's design of internal control by establishing and communicating the who, what, when, where, and why of internal control execution to personnel. Documentation also provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, as well as a means to communicate that knowledge as needed to external parties, such as external auditors."

Rule 45 CFR 95.517(a) provides that "[a] state must claim FFP [federal financial participation] for costs associated with a program only in accordance with its approved cost allocation plan." Rule 2 CFR Section 200.405(a) states, "[a] cost is allocable to a particular federal award or other cost objective if the goods or services involved are chargeable or assignable to that federal award or cost objective in accordance with relative benefits received."

Recommendation

The DSS through the DFAS implement internal controls and procedures over the PACAP and the AlloCAP system to ensure costs charged to federal programs are accurate, allowable, properly allocated, and consistent with the proposed and/or approved PACAP. Internal controls should be adequately documented and monitored for compliance with applicable requirements. These controls should include sufficiently detailed policies and procedures; documentation of the reason, justification, and approvals of changes to the proposed PACAP and the AlloCAP system; documented testing of system changes; and a complete log of all changes.

Auditee's Response

We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

Auditor's Comment

The DSS Corrective Action Plan states the DSS disagrees with the finding. The DSS asserts that because no deviations were found in audit sampling, the DSS has provided sufficient evidence to demonstrate internal controls and procedures to ensure costs charged to federal programs are accurate, allowable, and properly allocated. The DSS further disagrees because the department believes the finding is based on grants not sampled in this audit.

The department's claim that audit sample results support sufficient evidence of effective internal controls is not valid. We used *Audit Guide Government Auditing Standards and Single Audits (Audit Guide),* published by the AICPA, for decisions regarding the reporting of internal control deficiencies. While the results of compliance testing should be considered when evaluating the operating effectiveness of internal controls, Audit Guide paragraph 9.46 states the absence of noncompliance detected by a compliance test does not provide audit evidence that controls related to a compliance requirement are effective. Also, the department's claim that the finding is based on grants not sampled in this audit is not correct. As discussed with DSS officials on multiple occasions, the finding is based on our review of the department's controls over cost allocation, and we sampled cost centers used to allocate costs to the 4 applicable DSS major programs (listed at the beginning of the finding) in the year ended June 30, 2019, audit.

The DSS Corrective Action Plan lists various procedures, reports, and signatures supporting the preparation of the quarterly PACAP and federal financial reports. However, as stated in the finding, these items do not provide for sufficient evidence that the DSS is testing and ensuring AlloCAP system allocations are in accordance with the proposed PACAP. Most of the department's PACAP records are cumulative for a quarter and do not document sufficient detail, testing, or approval of each individual change. Also, as stated in the finding, the AlloCAP system manual does not address all of these procedures. Without appropriate documentation of internal controls, the DSS cannot demonstrate effective procedures over cost allocation.

Federal regulations require the DSS to maintain effective controls over, and accountability for, all funds of the DSS programs. Effective internal controls are well documented and include policies and procedures designed to ensure compliance with federal regulations. Because the DSS did not adequately establish and document such controls and procedures over cost allocation, this finding is valid.

2019-003. CSBG and CSE Program Subrecipient Risk Assessments

Federal Agency:	Department of Health and Human Services	
Federal Programs:	93.563	Child Support Enforcement (CSE) 2018 - 1804MOCSES and 1804MOCEST 2019 - 1901MOCSES and 1901MOCEST
	93.569	Community Services Block Grant (CSBG) 2018 - 18B1MOCOSR 2019 - 19B1MOCOSR
State Agency:	Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS) and Family Support Division (FSD)	
Type of Finding:	Internal Control (Significant Deficiency) and Noncompliance	

During the year ended June 30, 2019, the DSS did not prepare and document risk assessments for subrecipients of the CSBG and CSE programs to determine the nature, timing, and extent of monitoring procedures. During the year ended June 30, 2019, the DSS disbursed approximately $18 million to 19 subrecipients for costs related to the CSBG program and approximately $9 million to 69 subrecipients for costs related to the CSE program.

Rule 45 CFR Section 75.352(b) requires the DSS to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

DFAS and FSD personnel performed various procedures to monitor the CSBG and CSE program subrecipients; however, the monitoring procedures were not based on documented risk assessments. Monitoring procedures, which varied among the programs, generally included reviewing external audits, following up on corrective actions related to audit findings, reviewing periodic subrecipient reports, performing on-site visits, verifying invoices to supporting documentation, and/or testing cases handled by the subrecipients.

To comply with federal regulations, the DSS should develop procedures to ensure risk assessments are prepared for all subrecipients, and utilize the risk assessments in determining the nature, timing, and extent of monitoring procedures. Rule 45 CFR Section 75.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Recommendation

The DSS through the DFAS and the FSD develop controls and procedures to ensure evaluations of each CSBG and CSE program subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward are performed, documented, and used for monitoring decisions as required by federal regulations.

Auditee's Response

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

Auditor's Comment

The DSS Corrective Action Plan (CAP) states the DSS partially agrees with the finding because the DSS has performed risk-based monitoring of the CSE and CSBG subrecipients in accordance with the Uniform Guidance. However, during the audit, DSS officials agreed they had not documented risk assessments on any of the 88 subrecipients of the CSBG and CSE programs, and the DSS acknowledges in the CAP that risk assessments were not consistently documented. Therefore, this finding is valid.

2019-004. CSBG Program Reporting

Federal Agency:	Department of Health & Human Services (DHHS)
Federal Program:	93.569 Community Services Block Grant (CSBG) 2018 - 18B1MOCOSR
State Agency:	Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

Type of Finding: Internal Control (Significant Deficiency) and Noncompliance

The DSS does not have adequate procedures for preparation of the annual CSBG program federal financial report (SF-425), and as a result, amounts on the interim SF-425 report were misstated for the federal fiscal year ended September 30, 2018 (FFY18) grant. The DFAS overstated the federal share of unliquidated obligations by about $7.8 million and understated the unobligated balance of federal funds by about $7.8 million on this report.

The DSS (1) allocates 90 percent of its annual CSBG program award to 19 subrecipients based on relative percentages of impoverished populations in the areas served by each subrecipient, (2) executes annual federal fiscal year contracts with each subrecipient for the allocation amount plus any unused allocation from the prior year, and (3) distributes funds to the subrecipients based on subrecipient expenditures claimed on monthly invoices. The DSS allocates the remaining 10 percent for DSS administrative costs and contracts with various entities for training and other services. For the FFY18 award, the DSS executed contracts totaling about $20.6 million to subrecipients and contractors. DSS records indicate the unpaid balances on those contracts as of September 30, 2018, totaled about $3.8 million. This includes about $2.2 million in unpaid invoices and about $1.6 million in costs not yet billed to the DSS that the DSS included as carry forward funds in subsequent contracts for the applicable subrecipients and contractors.

Rule 45 CFR Section 75.341 requires the DSS to prepare and submit federal financial reports as required by the terms of the federal award, but not less than annually. The terms of the CSBG program award require the DFAS to complete an interim SF-425 report covering the first year of the grant period and a final report covering the entire 2-year grant period. To prepare the SF-425 report, the DFAS must record the total federal funds authorized, the federal share of expenditures, and the federal share of unliquidated obligations. The remaining unobligated balance of federal funds is automatically calculated as federal funds authorized less expenditures and unliquidated obligations. Rule 45 CFR Section 75.2 defines unliquidated obligations as the unpaid balance on contracts and subawards.

On the FFY18 grant interim SF-425 report, the DFAS reported unliquidated obligations as the total unspent FFY18 grant award of $11.6 million rather than the total unpaid FFY18 contract amounts of $3.8 million. By incorrectly reporting unliquidated obligations as the unspent FFY18 grant award, the DFAS overstated unliquidated obligations and understated the resulting unobligated balance at September 30, 2018, by about $7.8 million. A CSBG State Assessment review performed by the DHHS, Administration for Children and Families, Office of Community Services, released in April

2019, similarly questioned the accuracy of amounts reported in federal reports.

It is essential the data reported in CSBG program federal financial reports is accurate to properly reflect the status of the grant. Rule 45 CFR Section 96.30(a) requires the DSS to establish fiscal controls and accounting procedures sufficient to permit preparation of the required reports.

Recommendation

The DSS through the DFAS establish controls and procedures to ensure CSBG program federal financial reports are accurately prepared in accordance with federal requirements. In addition, the DSS should review, revise, and resubmit previously submitted inaccurate federal reports.

Auditee's Response

We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

Auditor's Comment

The DSS Corrective Action Plan states the DSS disagrees with the finding because the difference between records referenced in the finding is due to the accounting methodology for drawing and disbursing funds. However, as explained to DSS officials at the audit exit meeting held on February 18, 2020, the misstatements identified in the finding were not due to the manner in which the funds were drawn and disbursed, but rather were due to reporting unliquidated obligations as the unspent grant award amount instead of the unpaid contract amounts on the federal report. Therefore, this finding is valid.

2019-005. Medicaid and CHIP MAGI-Based Participant Eligibility

Federal Agency:	Department of Health and Human Services
Federal Program:	93.767 Children's Health Insurance Program 2018 - 1805MO5021 2019 - 1905MO5021 93.778 Medical Assistance Program 2018 - 1805MO5MAP and 1805MO5ADM 2019 - 1905MO5MAP and 1905MO5ADM
State Agency:	Department of Social Services (DSS) - MO HealthNet Division (MHD) and Family Support Division (FSD)
Type of Finding:	Internal Control (Material Weakness) and Noncompliance
Questioned Costs:	$2,832

The DSS does not have sufficient controls to ensure compliance with eligibility redetermination requirements of the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP) for participants whose eligibility is based on their Modified Adjusted Gross Income (MAGI). In addition, the DSS does not have sufficient controls to ensure the eligibility status is updated in the claims payment system when participants are determined to be ineligible for benefits. Of the approximately

907,000 Medicaid and CHIP participants as of June 30, 2019, approximately 600,000 (66 percent) were MAGI-based participants.

To ensure MAGI-based participants continue to be eligible for benefits, 42 CFR Section 435.916 requires a redetermination of eligibility once every 12 months, or when circumstances affecting a participant's eligibility changes.

The Medicaid Eligibility Determination and Enrollment System (MEDES), implemented in January 2014, tracks eligibility information for MAGI-based participants, including redetermination due dates; and in some cases, performs redeterminations. Other redeterminations are performed manually by FSD eligibility specialists. Eligibility information is transferred from the MEDES into the Medicaid Management Information System (MMIS), the Medicaid claims payment system, nightly. MEDES operations have been problematic since implementation and the DSS continues to address system errors. DSS officials stated various system errors occurred in the initial years and DSS personnel made manual overrides to individual cases in the system to correct certain errors. However, some overrides led to additional errors and problems. DSS officials indicated the initial system errors have been resolved, but they have not identified and corrected all of the cases for which manual overrides were made.

To test compliance with eligibility requirements, we reviewed eligibility documentation for 60 MAGI-based participants, of which 45 participants required a redetermination during the year ended June 30, 2019. Medicaid and CHIP capitation and fee for service payments totaling approximately $182,500 were made on behalf of these 60 participants during the year ended June 30, 2019. We identified 4 participants for which eligibility redeterminations were not performed as required and 1 ineligible participant for which the case was not closed in the MMIS. These errors represent approximately 9 percent (4 of 45) and 2 percent (1 of 60) of the participants reviewed. If similar errors were made on the remaining population of MAGI-based participants, errors and related questioned costs could be significant.

Eligibility redeterminations

For 2 of the 4 participants, the DSS did not perform the required eligibility redeterminations. One participant was last determined eligible in April 2015 and the other participant was last determined eligible in January 2017. For the 2 other participants, the eligibility redeterminations were initiated between 2 months and 2 years after they were due. DSS officials indicated the redeterminations were not performed as required for these 4 participants due to various system errors and limitations. For example, prior to June 2018, the system did not automatically initiate the redetermination process for some cases. In addition, DSS officials explained there was a period of time when the MEDES was incorrectly closing some cases before a redetermination could be performed. To prevent affected cases from being closed, DSS personnel manually overrode system controls. However, once the system errors were corrected, the DSS did not remove the previously-established system overrides, which prevented the system from identifying the cases as needing redeterminations. Medicaid capitation and fee for service payments made during the year ended June 30, 2019, on behalf of the 2 participants for which eligibility redeterminations were not performed, totaled $4,344. We question the federal share, or $2,832 (65.20 percent).

Incorrect eligibility status

We identified 1 participant who became ineligible for MAGI-based benefits in 2016; however, a MEDES system error prevented the participant's MAGI-based eligibility case from being closed in the MMIS and the case was still open as of December 2019. As a result, the MMIS would have paid claims on behalf of this individual. However, because no payments occurred for this individual as a result of MAGI-based eligibility, there are no questioned costs.

Conclusions

The failure to implement adequate internal controls to ensure annual eligibility redeterminations are performed as required and participants' eligibility statuses in the MMIS are accurate can result in Medicaid and CHIP payments being made on behalf of ineligible individuals, which are unallowable costs of the federal program. Rule 2 CFR Section 200.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Recommendation

The DSS through the MHD and the FSD strengthen internal controls over MAGI-based participant eligibility to ensure eligibility redeterminations are completed as required and that participants' eligibility statuses in the MMIS are accurate. In addition, the DSS should review and correct the eligibility for the ineligible participant identified in this finding.

Auditee's Response

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

2019-006. Medicaid Nursing Facility Audits

Federal Agency:	Department of Health and Human Services (DHHS)
Federal Program:	93.778 Medical Assistance Program 2018-1805MO5MAP and 1805MO5ADM 2019-1905MO5MAP and 1905MO5ADM
State Agency:	Department of Social Services (DSS) - MO HealthNet Division (MHD)
Type of Finding:	Internal Control (Material Weakness) and Noncompliance

The MHD has not established adequate internal controls to ensure audits of financial records of nursing facilities participating in the Medical Assistance Program (Medicaid) are conducted as required. During the year ended

June 30, 2019, the MHD made payments totaling approximately $1.1 billion to over 500 nursing facility providers on behalf of Medicaid recipients.

In the Missouri Medicaid State Plan (State Plan), the DSS provided assurances and outlined procedures designed to collect uniform cost reports from each participating provider and to provide for periodic audits of financial and statistical records of participating providers.

Cost report audits

The MHD has not established a plan for providing periodic audits of cost reports or other provider financial information of participating providers, and only a few cost report audits have been performed in recent years. Cost reports serve as the primary method for nursing facilities to provide financial information to the MHD.

The State Plan, Attachment 4-19D, Findings and Assurances, states the MHD requires the filing of uniform cost reports by each participating provider and provides for periodic audits of the financial and statistical records of the providers. However, the MHD has not established a methodology for determining when audits are to be conducted.

According to MHD records, 0, 14, and 4 cost report audits were performed during each of state fiscal years 2019, 2018, and 2017, respectively. During the 3-year period, cost report audits covered less than 4 percent of the total nursing facility providers. Furthermore, the most recently completed audits (performed in fiscal year 2018) covered cost reports for fiscal years ended in 2016 and 2013.

MHD officials indicated they have outsourced cost report audits to a contractor for future periods. They also indicated they believe they have complied with the cost report audit requirements because they conducted audits in the past. They also stated they believe cost report audits are not necessary since the MHD does not use the cost reports to set rates and the federal regulations do not specifically require audits of cost reports. However, to ensure compliance with State Plan requirements, the MHD needs to establish and follow a plan for performing audits of cost reports or other financial information.

Independent audits

During the year ended June 30, 2019, the MHD did not ensure required independent financial audit reports were received for any of the facilities that began participating in the Medicaid program during the previous 2 years. The MHD's log of independent audits received showed no independent audits were received during fiscal year 2019.

The State Plan, Attachment 4-19D, page 36 (10)(D.4) requires nursing facilities in the first 2 full fiscal years of participation in the Medicaid program have an annual audit of the financial records used to prepare the annual cost reports. The audits are required to be performed by an independent certified public accountant in accordance with Generally Accepted Accounting Principles and Generally Accepted Auditing Standards. DSS officials did not provide an explanation for not ensuring the independent audits were received.

Conclusions

To ensure compliance with the State Plan, the MHD should establish internal controls over required audits. When providers do not have periodic audits, there is an increased risk the submitted cost reports are not accurate and complete. Rule 2 CFR Section 200.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Recommendation

The DSS through the MHD establish and enforce a plan for periodic audits of cost reports or other financial information of nursing facilities and ensure independent audits are obtained in accordance with the State Plan.

Auditee's Response

We partially agree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the finding.

Auditor's Comment

The DSS Corrective Action Plan (CAP) asserts the State Plan, Attachment 4-19D, referenced in the finding, is not part of the State Plan because the federal legislation that previously required the filing of cost reports and audits was repealed in 1997. However, this attachment is included in the State Plan document and 42 CFR Section 430.12(c)(1)(i) requires the State Plan to provide it will be amended whenever necessary to reflect changes in federal law, regulations, policy interpretations, or court decisions. The DSS has acknowledged no State Plan amendments have been submitted to the DHHS - Centers for Medicare and Medicaid Services to reflect the 1997 changes to the federal law.

The DSS CAP includes additional inaccurate claims: (1) The DSS CAP lists various audits and reviews performed by the DSS; however, those audits and reviews were of statistical reports or limited financial information. Currently, cost reports are the only method for reporting of complete financial information. (2) The DSS CAP states the DSS provided auditors documentation that the DSS performed 5 (instead of 0) cost report audits and received independent audits for 2 (instead of 0) new facilities during the year ended June 30, 2019. However, the DSS did not provide appropriate evidence for any of these audits. These audits were not listed in the log of audits provided to auditors on August 8, 2019, and DSS officials did not provide complete records in response to discussions with auditors about the errors on December 12, 2019, February 11, 2020, and March 2, 2020. Even if auditors were provided these records, the DSS would not have demonstrated compliance with the State Plan as the majority of the nursing facilities still have not had a cost report audit. Because the DSS failed to comply with the State Plan, the finding is valid.

2019-007. Medicaid Developmental Disabilities Comprehensive Waiver Per Diem Rates

Federal Agency:	Department of Health and Senior Services (DHHS)
Federal Program:	93.778 Medical Assistance Program 2018-1805MO5MAP and 1805MO5ADM 2019-1905MO5MAP and 1905MO5ADM
State Agency:	Department of Mental Health (DMH) - Division of Developmental Disabilities (DD)
Type of Finding:	Noncompliance
Questioned Costs:	$244,757

As noted in our prior four audit reports,[9] the DD continued to pay historical per diem rates to providers for residential habilitation services provided to participants of the Home and Community Based Services (HCBS), Developmental Disabilities Comprehensive Waiver (Comprehensive Waiver) program, but did not retain adequate documentation to support these rates. As a result, the DD could not demonstrate some amounts paid were allowable costs of the Comprehensive Waiver program.

The DD with its six habilitation centers and five regional offices is responsible for the direct administration of various Medical Assistance Program (Medicaid)-funded HCBS programs for children and adults with disabilities, including the Comprehensive Waiver program. Various types of services are allowed under the waiver, including residential habilitation services provided to 1,609 participants in group homes and 5,116 participants served by individualized supported living (ISL) providers during the year ended June 30, 2019. Residential habilitation services include care, supervision, and skills training in activities of daily living, home management, and community integration. Providers are paid a per diem rate for each participant receiving these services, based on the individual's needs. Certain costs, such as room and board, are not allowed to be included in per diem rates under the waiver program. During the year ended June 30, 2019, per diem payments for group home services totaled approximately $132 million, and per diem payments for ISL services totaled approximately $599 million.

In October 2013, the DD began phasing in acuity-based per diem rates to replace historical rates for residential habilitation services, and renewed the Comprehensive Waiver in July 2016 to include the new rates. However these acuity-based per diem rates were not fully phased in as of June 30, 2019.

[9] See single audit reports at <https://app.auditor.mo.gov/AuditReports/AudRpt2.aspx?id=35>, finding numbers 2018-014, 2017-017, 2016-006, and 2015-015.

Payments at the historical per diem rates are expressed as a percentage of the acuity-based rates, but some of these rates exceed 100 percent of the acuity-based rate. For participants who received residential habilitation services during the year ended June 30, 2019, DD officials indicated the DMH paid acuity-based per diem rates for approximately 97 percent of the participants in group homes and approximately 33 percent of the participants in ISL placements, and historical per diem rates for the remaining 3 percent and 67 percent, respectively. DMH officials indicated the per diem rates for the remaining group homes are expected to be standardized by 2021. A corrective action plan approved by the federal DHHS - Centers for Medicare and Medicaid Services (DHHS-CMS), Division of Medicaid Field Operations - North in June 2019, states the rates for ISL providers are planned to be fully implemented by 2024.

To test compliance with various Comprehensive Waiver program requirements, we tested 60 payments to service providers during the year ended June 30, 2019. Of these 60 payments, 25 were to ISL providers, and 16 were to group homes for habilitation services. The DD did not retain documentation to support per diem rates, paid at historical rates exceeding acuity-based rates, for 2 of the 16 group home habilitation service payments tested. The DD retained the group home individual plans of care and cost of living allowance (COLA) notices supporting some per diem rate increases. However, these documents did not show how the rates were originally determined or what costs were included in the per diem rates. The remaining 25 ISL and 14 group home payments were based on acuity-based per diem rates or historical rates that were less than or equal to acuity-based rates. Payments to providers for habilitation services provided to the 2 participants during the year ended June 30, 2019, for which the historical per diem rates were not supported or exceeded acuity-based rates, totaled $375,336. We question the federal share, or $244,757 (65.21 percent).

Audits performed by the DHHS - Office of Inspector General (DHHS-OIG), *Missouri Claimed Unallowable and Unsupported Medicaid Payments for Group Home Habilitation Services*, released in August 2015, and *Missouri Claimed Unallowable and Unsupported Medicaid Payments for Individualized Supported Living Habilitation Services*, released in March 2016, noted similar concerns with unsupported per diem rates for some group home payments and noted some ISL payments included unapproved and unallowable costs.

In July 2018, the DHHS-CMS, Division of Medicaid and Children's Health Operations issued a decision letter stating it did not concur with our fiscal year 2017 audit finding because the DMH changed to the acuity-based rate-setting method for residential habilitation per diem rates, effective July 2016. However, as noted above, payments to providers for those participants that have not been transitioned from the historical per diem rates to the acuity-based per diem rates, are not adequately supported and documented as required by federal regulations. Similar errors of noncompliance will likely continue until all participants are transitioned to the acuity-based rate model.

Without proper documentation of the payment rates, the DD cannot demonstrate that payments based on these rates are proper and only include allowable costs. Rule 42 CFR Section 447.203(a) states "[t]he agency must maintain documentation of payment rates. . . ." Rule 2 CFR Section 200.403(g) states costs must be adequately documented to be allowable. Also, the approved DD Comprehensive Waiver Program Application, Appendix I: Financial Accountability, section I-2(e), states "[r]ecords documenting the audit trail of adjudicated claims (including supporting documentation) are maintained by the Medicaid agency, the operating agency (if applicable), and providers of the waiver services for a minimum period of 3 years." Adequate documentation of habilitation services per diem rates is necessary to ensure compliance with the federal requirements related to the Comprehensive Waiver program and to ensure only allowable costs are included in the per diem rates.

Recommendation

The DMH through the DD continue to transition all per diem rates paid to providers for residential habilitation services provided under the Comprehensive Waiver program from historical rates to acuity-based rates and ensure documentation to support per diem rates is maintained as required.

Auditee's Response

We disagree with the auditor's finding. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.

Auditor's Comment

The DMH Corrective Action Plan states the DMH disagrees with the finding because all existing rates are now a factor of a rate study, the rate study serves as the documentation for all residential rates paid, and any other forms of documentation are irrelevant. However, as stated in the finding, payments to providers for any participants at historical per diem rates that exceed 100 percent of amounts calculated using the rate study are not adequately supported and documented, as required by federal regulations. Therefore, this finding is valid. Similar errors of noncompliance will likely continue until all participants are at or below 100 percent of the amounts calculated using the approved rate methodology.

2019-008. MVC SEFA

Federal Agency: Department of Veterans Affairs
Federal Program: 64.015 Veterans State Nursing Home Care
State Agency: Missouri Veterans Commission (MVC)
Type of Finding: Internal Control (Significant Deficiency) and Noncompliance

The MVC's controls and procedures related to the preparation of the schedule of expenditures of federal awards (SEFA) were not sufficient; and as a result, expenditures reported on the MVC SEFA submitted to the Office of Administration - Division of Accounting (DOA) for inclusion in the statewide SEFA for the year ended June 30, 2019, were misstated. If the misstatement had not been identified during the audit, Veterans State Nursing Home Care program expenditures would have been overstated by approximately $758,000 in the statewide SEFA as shown below:

Reported Expenditures	Actual Expenditures	Overstated
$73,197,173	$72,439,625	$757,548

The errors resulted from the incorrect compilation of per diem reimbursements from Statewide Advantage for Missouri (SAM II) Financial system records. Although the MVC SEFA stated expenditures were reported on the accrual basis of accounting, which was the MVC's practice in prior years; expenditures were actually reported on the cash basis of accounting. By reporting on the cash basis, June 2018 per diem reimbursements received in July 2018 were included and June 2019 per diem reimbursements received in July 2019 were not included, overstating reported expenditures by $134,940. Similarly, all retroactive per diem reimbursements received during state fiscal year 2019 were included, instead of only those related to state fiscal year 2019 services, overstating reported expenditures by an additional $622,608. In total, these errors resulted in the overstatement of federal expenditures by $757,548. The errors occurred without detection due to (1) staff turnover, (2) the absence of documented procedures for preparing the SEFA, and (3) inadequate review procedures. After we notified the MVC of these errors, the MVC submitted a revised SEFA to the DOA, and the DOA included the revised amount in the statewide SEFA.

Rule 2 CFR Section 200.510(b) requires the recipient of federal awards to prepare a SEFA including federal awards expended for each federal program. Rule 2 CFR Section 200.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award." Effective internal controls should include procedures to ensure federal expenditures are accurately reported on the SEFA.

Recommendation

The MVC implement controls and procedures to prepare and submit an accurate SEFA to the DOA.

Auditee's Response

We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.

Additional State Auditor's Reports

The Missouri State Auditor's Office regularly issues audit reports on various programs, agencies, and divisions of the state of Missouri. Audit reports may include issues related to the administration of federal programs. We reviewed the reports issued from April 2019 to March 2020 and noted there were no reports that relate to a federal program and were required to be reported in the Schedule of Findings and Questioned Costs in accordance with the Uniform Guidance.

State of Missouri - Single Audit
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

The Uniform Guidance requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all audit findings included in the prior audit's Schedule of Findings and Questioned Costs. The schedule is also to report the status of findings included in the prior audit's Summary Schedule of Prior Audit Findings, except those that were corrected, no longer valid, or not warranting further action.

The Uniform Guidance requires the auditor to follow up on prior audit findings; perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and report, as a current year audit finding, when the auditor concludes the schedule materially misrepresents the status of any prior audit finding.

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SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

The Uniform Guidance requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all audit findings included in the prior audit's Schedule of Findings and Questioned Costs. The Schedule is also to report the status of findings included in the prior audit's Summary Schedule of Prior Audit Findings, except those that were corrected, no longer valid, or not warranting further action.

The attached documents are the Summary Schedule of Prior Audit Findings for the year ended June 30, 2019, and includes all findings from the audit for the Fiscal Year ended June 30, 2018, and certain similar findings from the audits for the Fiscal Years ended June 30, 2017, 2016, 2015, 2014, 2013, 2012, 2011, and 2010.

These documents were prepared by the applicable State agencies as noted with each prior year finding.

2018-001. Department of Revenue Financial Reporting Controls

State Agency: Department of Revenue (DOR)

The DOR did not have adequate controls and procedures over financial reporting of sales and use tax accounts receivables following the implementation of a new computerized system in September 2017. As a result, sales and use tax accounts receivable data submitted to the Office of Administration - Division of Accounting (DOA) for inclusion in the *Missouri Comprehensive Annual Financial Report* for the year ended June 30, 2018, was misstated. In addition, the data was not submitted to the DOA timely.

Recommendation:
The DOR implement controls and procedures to prepare and submit accurate and timely financial reports to the DOA.

Status of Finding:
The Department implemented procedures and controls to submit accurate and timely financial reports to the DOA.

Contact Person: Nancy Holtschneider
Phone Number: 751-5236

2018-002. Department of Corrections SAM II User Account Controls

State Agency: Department of Corrections (DOC)

The DOC did not establish adequate controls to ensure Statewide Advantage for Missouri (SAM II) Financial system users at the DOC were prevented from approving transactions they created without independent review or approval.

Recommendation:
The DOC establish procedures to restrict SAM II Financial system users from approving expenditure transactions they create.

Status of Finding: Corrective action was taken.

Contact Person: Gil Long
Phone Number: 573-526-3258

2018-003. Department of Social Services SAM II User Account Controls

State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

The DSS-DFAS did not establish adequate controls to ensure Statewide Advantage for Missouri (SAM II) Financial system users at the DSS were prevented from approving transactions they created without independent review or approval.

Recommendation:
The DSS through the DFAS establish procedures to restrict SAM II Financial system users from approving expenditure transactions they create.

Status of Finding:
Completed. Monthly reviews are conducted to ensure system controls are also in place to prevent a user from approving transactions they create.

Contact Person: Gina Jacobs/Theresa McDonald
Phone Number: 751-2171

2018-004. Adoption Assistance Eligibility

Federal Agency: Department of Health and Human Services
Federal Program: 93.659 Adoption Assistance
State Agency: Department of Social Services (DSS) - Children's Division (CD) and Division of Finance and Administrative Services (DFAS)
Questioned Costs: $28,963 (2018)

DSS controls over eligibility were not sufficient to prevent and/or detect payments made on behalf of ineligible children. The CD made payments on behalf of ineligible children, and could not provide documentation to demonstrate that another child met the various program eligibility requirements. Some adoption subsidy agreements were not signed and in effect prior to or at the date of adoption; and for some agreements, the CD Director's signature date was apparently backdated.

Recommendation:
The DSS through the CD and the DFAS strengthen and enforce policies and procedures regarding Adoption Assistance eligibility determinations. These procedures should ensure all adoption subsidy agreements are signed and in effect prior to adoption and ensure eligibility determinations are proper, documented, and retained. In addition, the DSS should review and correct the eligibility for the children identified in this finding.

Status of Finding:
Since the audit findings from the 2018 audit, CD and DFAS have strengthened and enforced policies and procedures regarding Adoption Assistance eligibility determinations by completing the following steps. A Practice Alert was sent out to appropriate CD staff and FCCM contractors regarding the policy implemented in May of 2008 clarifying initial adoption agreements and subsequent amendments shall not be backdated. Training for new and current staff to assure service start dates are after the date of the director's signature on the agreements are ongoing. This is relayed through one on one phone calls and emails, as well as information on meeting agendas with subsidy staff as appropriate. CD Central Office staff have worked hand in hand with DFAS staff to enforce these policies and procedures through communication and teamwork. Training with the IV-E Eligibility Analysts on criteria for applicable/non-applicable children for the adoption subsidy determination has been provided through supervisors. Eligibility segments and payments were corrected for the youth identified in the finding.

Contact Person: Amy Martin and Jodi Lodewegen
Phone Number: 573-751-2542

2018-005A. Department of Social Services Public Assistance Cost Allocation Plan

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 Foster Care - Title IV-E
93.659 Adoption Assistance
93.558 Temporary Assistance for Needy Families
State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

The DFAS did not have a documented system of internal controls to ensure the contractor properly designed the AlloCAP system to provide for accurate, allowable, and proper allocations in accordance with the proposed public assistance cost allocation plan (PACAP). In addition, the DFAS did not implement procedures to document changes made to the proposed PACAP or the AlloCAP system or approval of such changes, and did not document procedures to test the changes for accuracy and consistency with the proposed PACAP.

Recommendation:
The DSS through the DFAS implement controls and procedures over the PACAP and the AlloCAP system to ensure costs charged to federal programs are accurate, allowable, properly allocated, and consistent with the proposed and/or approved PACAP. Internal controls should be adequately documented and monitored for compliance with applicable requirements. These controls should include policies and procedures, a log of changes to the PACAP and the AlloCAP system, and documentation of approvals and testing of system changes.

Status of Finding:

The DSS disagrees with this recommendation.

Audit Requirements for Federal Awards are covered under 2 CFR 200. Under section 200.516 subpart 7, auditors are required to indicate whether an audit finding represents an isolated instance or a systematic problem. Instances identified must be related to the universe and the number of cases examined and be quantified in terms of dollar value. The auditor should report whether the sampling was a statistically valid sample.

As noted in the audit finding, the sample selected included 14 cost centers allocated during the quarter ending March 31, 2018 and for every cost center examined, it was determined that all costs were supported and allocated in accordance with the proposed PACAP. No deviations were found in the tested sample to support that the DSS did not effectively design, implement, or put controls in place to prevent detection of non-compliance.

In addition to the successful results of the tested sample supporting DSS' position, the DSS has provided sufficient evidence to demonstrate internal controls and procedures to ensure costs charged to federal programs are accurate, allowable, and properly allocated.

Effective October 1, 2017, the DSS transitioned from utilizing an indirect cost rate methodology allocated manually on a spreadsheet to implementing a PACAP to directly allocate through cost pools which is allocated systematically in a proprietary cost allocation system. Implementation of a thoroughly documented PACAP coupled with the AlloCAP system supports that DSS has strengthened internal controls and procedures. Additionally, the DSS has provided documented evidence to support the internal controls and procedures over PACAP and AlloCAP which includes but is not limited to: (1) All changes made to the PACAP narrative are submitted in track changes format to Cost Allocation Services (CAS) for review and evaluation by federal partners; (2) The submitted PACAP narrative is provided to the Grants Unit in addition to a summary of the quarterly changes which is prepared by the Cost Allocation Manager to assist the Grants Unit in ensuring that AlloCAP matches the PACAP narrative exactly; (3) The AlloCAP manual outlining procedures for the quarterly cost allocation process; (4) Grant approval tracking sheets which document all levels of approval for each grant sheet from preparation to submission; and (5) Reports directly from the AlloCAP system showing the allocation methodology matches the PACAP as submitted quarterly.

The DSS' internal controls were and continue to be a component of the successful implementation of the PACAP and AlloCAP system in order to ensure accuracy and compliance with federal requirements as supported by the sample results reviewed under this audit.

The DSS can provide the documented evidence to support the internal controls and procedures over PACAP and AlloCAP again if needed.

Contact Person: Kristen Pattrin
Phone Number: 573-751-2542

2018-005B. Department of Social Services Public Assistance Cost Allocation Plan

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 Foster Care - Title IV-E
93.659 Adoption Assistance
93.558 Temporary Assistance for Needy Families
State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

The DFAS did not include an estimated cost impact analysis in the proposed public assistance cost allocation plan (PACAP), as required by federal regulations.

Recommendation:
The DSS through the DFAS prepare and submit an estimated cost impact analysis as part of the PACAP, as required by federal regulations.

Status of Finding:
The DSS disagrees with this finding; however, the DSS has already corresponded with Cost Allocation Services (CAS) regarding submission of cost impact statements.

As noted in the audit finding, the PACAP narrative states that the DSS will notify the CAS of any significant funding changes as a result of the proposed PACAP implementation. The cost impact statements were submitted to CAS on August 22, 2019 as promised via previous correspondence with CAS.

Contact Person: Kristen Pattrin
Phone Number: 573-751-2542

2018-006. Child Care Eligibility Case Reviews

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
State Agency: Department of Social Services (DSS) - Children's Division (CD) and Family Support Division (FSD)

The DSS did not ensure monthly supervisory case reviews were completed as required for FSD eligibility specialists who perform eligibility determinations of households participating in the Child Care Development Fund (Child Care) subsidy program. Also, the case review policy did not require that case reviews be completed timely.

Recommendation:
The DSS through the CD and the FSD ensure monthly supervisory case reviews are performed as required by DSS policy and strengthen the policy to indicate when the reviews should be performed.

Status of Finding:
Effective July 1, 2019, the Child Care Case Review policy was updated through a memorandum to all FSD staff to clarify when Eligibility Specialist Supervisors need to complete case reviews. In the department's corrective action plan to this finding, there was reference to DSS sending an "All About Child Care" email reminder to Eligibility Specialist Supervisors to complete required case reviews. This email reminder was not sent because the updated policy required review by all supervisors in lieu of sending an email.

Contact Person: Marianne Dawson
Phone Number: (573) 522-2294

2018-007. Child Care Payments

Federal Agency:	Department of Health and Human Services
Federal Program:	93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
State Agency:	Department of Social Services (DSS) - Children's Division (CD) and Family Support Division (FSD)
Questioned Costs:	$586 (2018)
Similar Findings:	2017-010, 2016-002A, 2015-002, 2014-005, 2013-009, 2012-11A&B, 2011-14A, and 2010-16A

DSS controls over Child Care Development Fund (Child Care) subsidy provider payments were not sufficient to prevent and/or detect improper payments to child care providers. The DSS had only limited procedures to monitor payments to providers, and overpayments were made to some providers.

Recommendation:
The DSS through the CD and the FSD continue to review, strengthen and enforce policies and procedures regarding Child Care subsidy provider payments. These procedures should include sufficient monitoring of provider payments and follow up on errors identified.

Status of Findings:
The Child Care Business Information Solution (CCBIS) will replace paper attendance records and will capture attendance electronically. This will allow for greater control of attendance tracking, invoicing, and monitoring for provider compliance. The CCBIS is scheduled to be delivered to all child care providers by March 31, 2020 and will be fully implemented by June 30, 2020.

Claims have been entered or adjustments have been made for agreed upon unallowable costs.

Contact Person: Marianne Dawson
Phone Number: (573) 522-2294

2018-008. Child Care Provider Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
State Agency: Department of Social Services (DSS) - Children's Division (CD) and Division of Finance and Administrative Services (DFAS)
Similar Findings: 2017-011 and 2016-002B

The DSS' procedures to follow up on provider noncompliance identified during Child Care Review Team (CCRT) reviews were not sufficient. The CCRT and the CD did not have established criteria or guidance for determining the type and extent of follow-up action, if any, to address identified provider noncompliance. For some reviews that appeared to require follow up, the CCRT required the providers to repay the overpayments, but took no further action to address the provider noncompliance, such as referring the provider to the CD for training or other corrective action, or conducting a follow-up review in a timely manner.

Recommendation:
The DSS through the DFAS and the CD continue to strengthen and enforce procedures to ensure proper follow up on noncompliance identified during CCRT reviews is performed.

Status of Findings:
The CCRT had previously established the following procedures:

- Notify all child care providers of new future monitoring and follow-up processes.
- Update entrance letters to clarify requirements for submitting attendance records to the DSS.
- If the review finds error rates of 5% or more, DSS's notification letter to the provider references Educare training as an option to be completed within 45 days of the date of the letter.
- A follow up review will be conducted of the first full month's records following the 45-day Educare option provided in the decision letter.
- If the provider has an error rate in excess of 5% in the follow up desk review (FUDR), an additional follow up will be conducted.
- If the provider has an error rate in excess of 5% after second follow up desk (FUDR2) review, the provider will be referred to Early Childhood and Prevention Services Section for corrective action.

In addition to what the DSS had previously stated in their corrective action plan, new tools and entrance letters were developed to be effective July 1, 2019.

Currently the CCRT has assigned or completed 1,087 provider reviews from July 1, 2018 to present. Thirty provider reviews are now pending for the FUDR2 at which time if they are over the 5% they will be referred to Early Childhood and Prevention Services Section.

Contact Person: Brenda Labella
Phone Number: 573-526-6806

2018-009. Foster Care Case Management Contract Payment Reviews

Federal Agency: Department of Health and Human Services
Federal Program: 93.658 Foster Care - Title IV-E
State Agency: Department of Social Services (DSS) - Children's Division (CD) and Division of Finance and Administrative Services (DFAS)
Questioned Costs: $172 (2018)

The DFAS did not establish adequate internal controls to ensure certain Foster Care assistance payments to foster care case management (FCCM) contractors were allowable and adequately supported.

Recommendation:
The DSS through the CD and the DFAS strengthen monitoring controls and procedures over FCCM contractor payments to ensure costs claimed to the Foster Care program as assistance payments are allowable and adequately supported. Detailed reviews of data submitted by the FCCM contractors should include reviews of foster care payment rates and supporting documentation.

Status of Finding:
The DSS disagrees with this recommendation.

The Foster Care payment was allowable as the child was IV-E eligible and in a reimbursable placement. The rate paid should have been slightly less due to the child's age. This occurred due to timing of system changes with the FCCM and is a unique instance. Based on the finding, the selected sample population of $271,000 included 60 items of which $50,700 and 9 children correspond to FCCMs. The sample identified $266 ($172 federal share) of questioned costs pertaining to FCCMs which results in a potential deviation of 0.10% of the total and 0.52% corresponding to FCCMs and is deemed by the DSS to be immaterial. In addition to the immateriality of questioned costs, the DAB upheld that FCCMs are a contractor of the DSS pursuant to decision 2681. In accordance with the DAB decision, the DSS will not request documentation from FCCMs for review that would be required of a subrecipient as doing so would be imposing extraneous requirements of contractors. As evidenced by the sample tested under this audit, the DSS has demonstrated sufficient monitoring controls and procedures over FCCM contractor payments to ensure accuracy and compliance with federal requirements.

Additionally, child placement and IV-E eligibility are not uploaded to the system by the vendor. Placement and eligibility for all children in the care of Children's Division are housed in the same area of the system regardless of internal versus external case management.

Payment data for children case managed by a FCCM is uploaded to the state's system. Once payments are uploaded, the data runs through case management and eligibility code to determine the payment fund to assign. The system is programmed to only allow a IV-E Foster Care claim if the child is determined to meet Title IV-E eligibility criteria and is in an allowable placement to Title IV-E. Therefore, payments for foster care could only be claimed to the grant if the child was in a foster home setting where a family would receive a payment to meet the needs of the child(ren) in their care and if both the child and the placement were eligible.

Contact Person: Kristen Pattrin
Phone Number: 573-751-2542

2018-010. TANF Work Participation Sanctions

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families (TANF)
State Agency: Department of Social Services (DSS) - Family Support Division (FSD)
Questioned Costs: $171 (2018)

The FSD did not have adequate controls to ensure TANF program recipients who failed to meet work participation requirements were sanctioned. The FSD's procedures to monitor subrecipients responsible for referring TANF program recipients to the FSD for failure to meet work participation requirements were not sufficient; and as a result, a recipient was not sanctioned and continued to receive full benefits.

Recommendation:
The DSS through the FSD continue to review, strengthen, and enforce controls to ensure TANF program recipients who fail to meet work participation requirements are sanctioned as required, or referred to the FSD for exemption.

Status of Finding:
The DSS disagrees with this audit finding. Although it is important to continue to review, strengthen, and enforce controls regarding TANF work participation sanctions, the DSS asserts the amounts referenced in this finding are immaterial. Regarding the immateriality, there was an error rate of less than 2% regarding the costs under review and an error rate of 5% regarding the cases under review.

The DSS agrees that internal controls are imperative to reducing errors and has successfully implemented controls to ensure clients are timely sanctioned. While the TANF regulations do not provide a threshold or an acceptable error rate, this is below what is required in other programs.

Contact Person: Jeriane Jaegers-Brenneke
Phone Number: (573) 751-1078

2018-011. TANF Subrecipient Risk Assessments

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families (TANF)
State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS) and Family Support Division (FSD)

The DSS did not prepare risk assessments for some TANF program subrecipients to determine the nature, timing, and extent of monitoring procedures. DFAS and FSD subrecipient monitoring procedures were not based on documented risk assessments.

Recommendation:
The DSS through the DFAS and the FSD strengthen controls and procedures to ensure evaluations of each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward are performed and used for monitoring decisions as required by federal regulations.

Status of Finding:
The DSS continues to perform risk based monitoring of subrecipients in accordance with Uniform Guidance. In addition, DSS has developed a standardized process to document risk assessments performed and is working to implement this process across the department.

Contact Person: Alicia Kolb
Phone Number: 573-751-2432

2018-012. VOCA Subrecipient Monitoring

Federal Agency: Department of Health and Human Services
Federal Program: 16.575 Crime Victim Assistance (CVA)
State Agency: Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

The DFAS did not perform monitoring reviews in accordance with its monitoring policy for the CVA program, also known as the Victims of Crime Act (VOCA) program.

Recommendation:
The DSS through the DFAS ensure VOCA program subrecipients are monitored in accordance with the monitoring policy.

Status of Finding:
DSS updated policy and completed all onsite monitoring on or before 9/30/19 as required by OJP.

Contact Person: Kristin Morgan
Phone Number: (573) 522-3730

2018-013. MO HealthNet Division Provider Eligibility

Federal Agency: Department of Health and Human Services
Federal Program: 93.767 Children's Health Insurance Program
93.778 Medical Assistance Program
State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD) and Missouri Medicaid Audit and Compliance (MMAC)
Similar Findings: 2017-013 and 2016-003A

The DSS did not establish effective internal controls over and did not fully implement federal revalidation requirements for providers participating in the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP). As of June 30, 2018, the DSS had not performed required revalidations for 48 percent of Medicaid and CHIP providers requiring revalidation.

Recommendation:
The DSS through the MHD and MMAC continue to implement internal controls designed to ensure Medicaid and CHIP provider revalidations are performed every 5 years as required by federal regulations.

Status of Findings:

During SFY-2019, MMAC contracted with the state Medicaid Management Information System (MMIS) fiscal agent to develop a provider revalidations portal in the same system providers use to submit their electronic claims to MHD. The electronic portal became operational on January 7, 2019. The new portal allows providers to electronically update their enrollment information and upload any needed documentation. The portal allows the MMAC Provider Enrollment Unit (PEU) to process revalidations applications more quickly and without duplicate data entry.

During SFY-2019, MMAC completed revalidations for 18,703 MHD providers. MMAC also deactivated the MHD enrollments of 7,239 providers who did not respond to revalidation requests or submit required information. As of June 30, 2019, MMAC had eliminated the backlog of overdue provider revalidations.

There were 284 enrolled organizational providers who had not completed the revalidation process and were scheduled to be deactivated on June 30, 2019, but were left in an active status at the request of Department of Health and Senior Services, Division of Senior and Disability Services, Department of Mental Health, and MHD due to legitimate "access to care" issues. The MMAC PEU continued to work with those providers to promptly complete their revalidation applications.

Prior to September 2016, MMAC had already implemented monthly eligibility screening and monitoring requirements, the collection of enrollment application fees, fingerprint-based criminal history checks, and assignment of provider risk categories. MMAC had also notified all active providers of the revalidation requirements prior to September 2016 and posted MMAC's revalidation schedule on its website.

Although the DSS did not revalidate all providers prior to September 24, 2016, during the period from September 24, 2016 to June 30, 2019 all of the 60,000+ enrolled MHD providers (including those that had not been revalidated) were screened monthly against more federal and state databases than are required by Centers for Medicare and Medicaid Services to verify their continued eligibility to participate in the Medicaid program.

Contact Person: Dale Carr
Phone Number: 573-751-5296

2018-014. Medicaid Developmental Disabilities Comprehensive Waiver Per Diem Rates

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 Medical Assistance Program
State Agency: Department of Mental Health (DMH) - Division of Developmental Disabilities (DD)
Questioned Costs: $732,022 (2018)
Similar Findings: 2017-017, 2016-006, and 2015-015

The DD continued to pay historical per diem rates to providers for residential habilitation services provided to participants of the Home and Community Based Services, Developmental Disabilities Comprehensive Waiver (Comprehensive Waiver) program, but did not retain adequate documentation to support these rates. As a result, the DD could not demonstrate some amounts paid were allowable costs of the Comprehensive Waiver Program.

Recommendation:
The DMH through the DD continue to transition all per diem rates paid to providers for residential habilitation services provided under the Comprehensive Waiver program from historical rates to acuity-based rates, ensure documentation to support per diem rates is maintained as required, and ensure the rates only include allowable costs.

Status of Findings: The Centers for Medicaid and Medicare (CMS) has notified the Division that it is suspending a disallowance for this finding pending completion of a corrective action plan that has been approved for the Division of Developmental Disabilities. The result of the correction action plan will be to align rates paid to providers with the approved rate methodology for this service.

Contact Person: Gary Schanzmeyer
Phone Number: 573-751-8666

2018-015A. State Emergency Management Agency Subrecipient Monitoring

Federal Agency: Federal Emergency Management Agency
Federal Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

The SEMA fiscal department did not perform risk assessments for all Public Assistance program subrecipients, as required by the Recovery Division Monitoring Policy and the Uniform Guidance. In addition, the policy did not address when subrecipient risk assessments should be performed, and the fiscal department's practice provided for risk assessments that were not effective.

Recommendation:
The SEMA, through the fiscal department ensure evaluations of each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward are performed as required by the Uniform Guidance.

Status of Finding: Corrected and Closed

Contact Person: Shelly Honse
Phone Number: 573-526-7324

2018-015B. State Emergency Management Agency Subrecipient Monitoring

Federal Agency: Federal Emergency Management Agency
Federal Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

The SEMA fiscal department did not monitor all Public Assistance program subrecipients at least annually as required by the Recovery Division Monitoring Policy. In addition, the fiscal department did not use the prepared risk assessments to determine the type of monitoring necessary for each subrecipient.

Recommendation:
The SEMA through the fiscal department review, strengthen, and enforce policies and procedures regarding subrecipient monitoring.

Status of Finding: Corrected and Closed

Contact Person: Shelly Honse
Phone Number: 573-526-7324

2018-015C. State Emergency Management Agency Subrecipient Monitoring

Federal Agency: Federal Emergency Management Agency
Federal Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

The SEMA did not establish procedures to ensure Public Assistance program subrecipients minimized the time elapsed between receipt of funds to disbursement of funds for program purposes.

Recommendation:
The SEMA establish controls and procedures to ensure subrecipients comply with SEMA policy and federal regulations requiring subrecipients to minimize the time elapsed between the receipt of federal funds to disbursement of the funds.

Status of Finding: Corrected and Closed

Contact Person: Shelly Honse
Phone Number: 573-526-7324

2018-016A. State Emergency Management Agency Subrecipient Audits and Awards

Federal Agency: Federal Emergency Management Agency
Federal Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

The SEMA did not establish controls and procedures to follow up on subrecipient audit findings of the Public Assistance program. The SEMA did not follow up on or issue management decisions on audit findings as required by federal regulations.

Recommendation:
The SEMA strengthen internal controls and procedures to follow up on subrecipient audit findings related to Public Assistance program awards and issue management decisions for the applicable audit findings as required by federal regulations.

Status of Finding: Corrected and Closed

Contact Person: Shelly Honse
Phone Number: 573-526-7324

2018-016B. State Emergency Management Agency Subrecipient Audits and Awards

Federal Agency: Federal Emergency Management Agency
Federal Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
State Agency: Department of Public Safety - State Emergency Management Agency (SEMA)

The SEMA did not establish internal controls to ensure subawards included all federal award information required by federal regulations. The subrecipient award letters did not identify the Catalog of Federal Domestic Assistance (CFDA) number and name as required by federal regulations.

Recommendation:
The SEMA strengthen internal controls and procedures to communicate all required federal award information to subrecipients at the time of the subaward as required by federal regulations.

Status of Finding: Corrected and Closed

Contact Person: Shelly Honse
Phone Number: 573-526-7324

2018-017. MoDOT Project Closeouts and Final Vouchers

Federal Agency: Federal Highway Administration
Federal Program: 20.205 Highway Planning and Construction
State Agency: Missouri Department of Transportation (MoDOT)
Questioned Costs: $19,432 (2018)

The MoDOT's procedures related to preparation and review of Highway Planning and Construction program project closeouts and final vouchers were not sufficient to ensure the proper reporting of total project costs and the proper determination of the federal and state/local shares of project costs. As a result, the MoDOT incorrectly reported the costs of 2 projects, causing an overstatement of the federal share of costs for one project and an incorrect allocation of local entity matching funds for another project.

Recommendation:
The MoDOT strengthen project closeout procedures to ensure project costs, including federal and state/local share, are accurately reported on final vouchers.

Status of Finding:
Corrective action was taken.

Contact Person: Todd Grosvenor, Financial Services Director
Phone Number: 573-751-4626

2018-018. MoDOT Subrecipient Risk Assessments

Federal Agency: Federal Highway Administration
Federal Program: 20.205 Highway Planning and Construction
State Agency: Missouri Department of Transportation (MoDOT)

The MoDOT did not adequately perform and document risk assessments of Highway Planning and Construction program subrecipients (local public agencies (LPAs)), and did not use prepared risk assessments to determine the nature, timing, and extent of monitoring procedures.

Recommendation:
The MoDOT ensure risk of noncompliance with federal statutes, regulations, and terms and conditions of the subaward is assessed on each LPA, and used for monitoring decisions as required by federal regulations. Policies and procedures should be strengthened to define risk assessment criteria; require risk assessments to be completed and documented; and include guidelines for using the risk assessments to determine the nature, timing, and extent of monitoring procedures.

Status of Finding:
The Financial Services, Design, Audits and Investigations, Multimodal, Highway Safety and Traffic, Maintenance and Transportation Planning divisions developed standard procedures for performing and documenting risk assessments of federal program subrecipients (LPAs) and guidelines to determine the nature, timing and extent of monitoring activities. Training was provided to all staff responsible for performing risk assessments and monitoring federal program subrecipients (LPAs).

Contact Person: Todd Grosvenor, Financial Services Director
Phone Number: 573-751-4626

State of Missouri - Single Audit
Corrective Action Plans
Year Ended June 30, 2019

The Uniform Guidance requires the auditee to prepare a Corrective Action Plan (CAP) for each finding reported in the Schedule of Findings and Questioned Costs. The CAPs were prepared by the management of the applicable state agencies.

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Stacy Neal
Director

CORRECTIVE ACTION PLANS

The State of Missouri's Office of Administration, Division of Accounting respectfully submits the following Corrective Action Plans for the findings related to the Statewide Single Audit for fiscal year ended June 30, 2019. Each Corrective Action Plan was prepared by the State agency noted.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Department of Social Services (DSS)

Audit Finding Number: FS2019-001 – Financial Reporting Controls

Name of the contact person responsible for corrective action: Kristen Pattrin

Anticipated completion date for corrective action: Not applicable

Recommendation: The DSS through the DFAS implement controls and procedures to prepare and submit accurate accounts receivable reports to the DOA.

DSS Response: The DSS disagrees with this finding. The Department has internal controls and procedures in place to prepare and submit accurate accounts receivable reports to the Division of Accounting. In fact, the accounts receivable balance was correct as originally reported.

Although the department did revise the SFY 2019 CAFR accounts receivable report after submission and upon discussion with the SAO, the department's original position, in reporting the accounts receivables as received after August (or as a deferred inflow for reporting purposes) was a more conservative approach for the financial statements. Additionally, the DSS does view this as a difference of opinion in how this information is captured, as a revenue versus as a deferred inflow.

The department does and will continue to submit accurate accounts receivable reports to the Division of Accounting.

Corrective action plan is as follows: Not applicable.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Missouri Department of Natural Resources

Audit Finding Number: FS2019-002 Capital Asset Controls

Name of the contact person: Jennifer Eddy

Responsible for corrective action: Tracy Farris

Anticipated completion date for corrective action: June 30, 2020

Corrective action planned is as follows:

Our specific action steps include the following:

- As part of our revised internal physical inventory process, the Department has converted its inventory schedule from a CY system to a FY system; this change should make CAFR reporting easier and more straightforward.
- The Department has implemented procedures to record the specific completion date for each physical inventory to ensure we have the documentation necessary to demonstrate we are completing inventories annually.
- The Department completed all physical inventories for CY 2019 by December 31, 2019, and records the status of all capital assets. We are working now to complete reconciliation of the CY information with FY 2020 information, which will bring our CY and FY data together moving forward. We anticipate that process will be complete at the close of the fiscal year.

The Department does not propose any corrective action beyond the actions described in this response.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency Department of Social Services (DSS) – Children's Division (CD) and Division of Finance and Administrative Services (DFAS)

Audit Finding Number: 2019-001 Adoption Assistance Eligibility and Payments

Name of the contact person
Responsible for corrective action: Amy Martin and Jodi Lodewegen

Anticipated completion date for corrective action: April 30, 2020.

Recommendation: The DSS through the CD and the DFAS strengthen and enforce policies and procedures regarding Adoption Assistance eligibility determinations and assistance payments. These procedures should ensure all adoption subsidy agreements are signed and in effect prior to the adoption, criminal background checks are obtained for all prospective adoptive parents, and payments are allowable. The DSS should review and correct the eligibility and payments for the children identified in this finding.

DSS Response: The DSS partially agrees with this finding.

The DSS agrees with correcting the eligibility and payments for the children identified in this finding. The questioned costs of $17,600 out of the annual $40 million federal share claim will be returned on the March 2020 quarterly report filed no later than April 30, 2020. Since 66% of the questioned costs were due to action taken before the 2008 policy change, this is not indicative of current caseload or practices.

The DSS disagrees with strengthening and enforcing policies and procedures regarding Adoption Assistance eligibility determinations. The Department implemented new processes in FY 2008 regarding backdating subsidy agreements as stated in the prior audit response and demonstrated during the review. The DSS continues to provide new worker and refresher trainings of adoption assistance staff regarding adoption assistance agreement requirements and quality assurance reviews to ensure service start dates of the agreement are as of or after the Director's signature on the agreement and ensuring start dates are on or prior to the date of adoption to assure eligibility for IV-E funds. The DSS continues provide training to IV-E Eligibility Analysts on reviewing adoption assistance payments to ensure they are allowable. Additionally DSS has internal steps in place to ensure agreements have proper signatures and effective dates. Documentation of these processes and trainings were provided to the SAO audit crew during the review.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Department of Social Services (DSS) – Division of Finance and Administrative Services (DFAS)

Audit Finding Number: 2019-002 - Public Assistance Cost Allocation Plan

Name of the contact person
responsible for corrective action: Kristen Pattrin

Anticipated completion date for corrective action: Not Applicable

Recommendation: The DSS through the DFAS implement internal controls and procedures over the PACAP and the AlloCAP system to ensure costs charged to federal programs are accurate, allowable, properly allocated, and consistent with the proposed and/or approved PACAP. Internal controls should be adequately documented and monitored for compliance with applicable requirements. These controls should include sufficiently detailed policies and procedures; documentation of the reason, justification, and approvals of changes to the proposed PACAP and the AlloCAP system; documented testing of system changes; and a complete log of all changes.

DSS Response: The DSS firmly disagrees with this finding/recommendation.

Audit Requirements for Federal Awards are covered under 2 CFR 200. Under section 200.516 subpart 7, auditors are required to indicate whether an audit finding represents an isolated instance or a systematic problem. Instances identified must be related to the universe and the number of cases examined and be quantified in terms of dollar value. The auditor should report whether the sampling was a statistically valid sample.

As noted in the audit finding, the sample selected included 17 cost centers allocated during the quarter ending June 30, 2019 and for every cost center examined, it was determined all costs were supported and allocated in accordance with the proposed Public Assistance Cost Allocation Plan (PACAP). No deviations were found in the tested sample to support that the DSS did not effectively design, implement, or put controls in place to prevent detection of non-compliance. In the prior year audit the sample selected included 14 cost centers allocated during the quarter ending March 31, 2018 and for every cost center examined, it was determined all costs were supported and allocated properly as well. Thus DSS has demonstrated consistently the system in place produces accurate results.

DSS offered additional cost pools for sampling; however the SAO audit crew conveyed, as those programs were not in the scope of the SWSA, a sample from grants outside of the scope would not be taken and reviewed.

Since results of the tested sample supports the Department's position, the DSS has provided sufficient evidence to demonstrate internal controls and procedures to ensure costs charged to federal programs are accurate, allowable, and properly allocated. Therefore DSS disagrees with the finding as 100% of the sample taken was accurate and compliant with federal requirements. Additionally DSS further disagrees with the finding as it is based on grants not sampled in this audit.

Effective October 1, 2017, the DSS transitioned from utilizing an indirect cost rate methodology allocated manually on a spreadsheet to implementing a PACAP to directly allocate through cost pools which is allocated systematically in a proprietary cost allocation system. Implementation of a thoroughly documented PACAP coupled with the AlloCAP system supports that DSS has strengthened internal controls and procedures. Cost Allocation Services (CAS) requires DSS to document quarterly changes in a specific format, consisting of submission of summary of changes in Section III of the PACAP as well as submitting the PACAP in track change format from the previous version. DSS has been in compliance with this requirement each quarter, which was demonstrated though the documentation provided to the SAO audit crew. Additionally, the DSS has provided documented evidence to support the internal controls and procedures over PACAP and AlloCAP which includes but is not limited to: (1) the Chief Financial Officer and the Assistant Chief Financial Officer sign the internal approval sheet of PACAP changes prior to submission and the Chief Financial Officer signs each formal PACAP submission; (2) the Cost Allocation Manager submits PACAP narrative and a summary of quarterly changes to the Grants Unit to assist the Grants Unit in ensuring that AlloCAP matches the PACAP narrative exactly; (3) the AlloCAP manual outlines procedures for the quarterly cost allocation process; (4) the AlloCAP quarterly preparation is documented on grant approval tracking sheets with signatures from the Grants Unit Manager, Assistant Chief Financial Officer, and Chief Financial Officer each quarter prior to grant claiming; and (5) reports are produced directly from the AlloCAP system showing the allocation methodology matches the PACAP as submitted quarterly. Specifically the Chart of Accounts reports produced from AlloCAP from present quarter compared to prior quarter document the changes were in accordance with the submitted PACAP.

The DSS' internal controls were and continue to be a component of the successful implementation of the PACAP and AlloCAP system in order to ensure accuracy and compliance with federal requirements as supported by the sample results reviewed under this audit.

DSS had a conversation regarding the prior year finding with the prior year audit crew. Although DSS disagreed with the prior finding, DSS was willing to consider further steps to implement if these steps would provide a greater comfort level. The signature page was discussed and implemented in addition to the current adequate process as requested.

Corrective action planned is as follows: Not applicable

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State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Department of Social Services (DSS)

Audit Finding Number: 2019-003 – CSBG and CSE Program Subrecipient Risk Assessments

Name of the contact person
Responsible for corrective action: John Ginwright and Kimberley Sprenger

Anticipated completion date for corrective action: Documentation of the Child Support Enforcement (CSE) risk assessments will be completed by March 31, 2020. Documentation of the Community Services Block Grant (CSBG) risk assessments will be completed by June 30, 2020.

Recommendation: The DSS through the DFAS and the FSD develop controls and procedures to ensure evaluations of each CSBG and CSE program subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward are performed, documented, and used for monitoring decisions as required by federal regulations.

DSS Response: The DSS partially agrees with this finding. The DSS plans and performs monitoring of subrecipients based on federal requirements, risk assessments, and effective, efficient use of resources. The DSS has performed risk based monitoring of the CSE and CSBG subrecipients in accordance with Uniform Guidance and will continue to do so. However, the DSS acknowledges that risk assessments were not consistently documented. The DSS has developed a process to document risk assessments performed and is working to implement this process across the department.

Corrective action planned is as follows: Documentation of the CSE risk assessments will be implemented by March 31, 2020. Documentation of the risk assessments for CSBG will be implemented by June 30, 2020.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Department of Social Services (DSS)

Audit Finding Number: 2019-004 – CSBG Program Reporting

Name of the contact person
Responsible for corrective action: Kristen Pattrin and Sheena Frazer

Anticipated completion date for corrective action: Not applicable.

Recommendation: The DSS through the DFAS establish controls and procedures to ensure CSBG program federal financial reports are accurately prepared in accordance with federal requirements. In addition, the DSS should review, revise, and resubmit previously submitted inaccurate federal reports.

DSS Response: The DSS disagrees with this finding. In accordance with the DSS' 12/21/2018 response letter to the Administration for Children and Families (ACF) CSBG Missouri State Assessment Draft Monitoring Report, the accounting methodology employed for drawing and disbursing the CSBG award funds to eligible entities was based on the "first-in, first-out" approach. While the DSS contended the accounting records and methodologies were in compliance with the general terms and conditions of the grant and 45 CFR 75.309(a)(b), it acknowledged ACF's request to discontinue the "first-in, first-out" approach. On 6/26/2019 following issuance of the ACF CSBG Missouri State Assessment Final Monitoring Report, the DSS again acknowledged ACF's request to discontinue use of the "first-in, first-out" accounting method and confirmed the work being completed with the Community Action Agencies and other internal actions to affect the change that was implemented on October 1, 2019. As such, the difference between records referenced in the finding is due to the accounting methodology employed for drawing and disbursing CSBG award funds to eligible entities during the referenced time period.

Corrective action planned is as follows: Not applicable. The DSS disagrees with this finding and does not plan to resubmit the previously submitted FFY 18 federal reports.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Department of Social Services (DSS) – MO HeathNet Division (MHD) and Family Support Division (FSD)

Audit Finding Number: 2019-005 – Medicaid and CHIP MAGI-Based Participant Eligibility

Name of the contact person
responsible for corrective action: Heather Atkins

Anticipated completion date for corrective action: September 1, 2020

Recommendation: The DSS through the MHD and the FSD strengthen internal controls over MAGI-based participant eligibility to ensure eligibility redeterminations are completed as required and that participants' eligibility statuses in the MMIS are accurate. In addition, the DSS should review and correct the eligibility for the ineligible participant identified in this finding.

DSS Response: The DSS agrees with the finding. Missouri Eligibility Determination and Enrollment System (MEDES) functionality to complete annual redeterminations was not complete until 6/2018. Prior to full implementation, MEDES was unable to complete systematic auto renewals and population of required pre-populated review forms. Since full implementation in 2018, FSD has strengthened controls as the system has been updated to automatically initiate the annual eligibility redetermination process. DSS staff will continue to strengthen controls and monitor the process to ensure eligibility redeterminations in MEDES are completed as required and accurate in MMIS. Additionally, the DSS has taken actions to close the eligibility case noted in the recommendation.

The questioned costs identified in this finding are $2,832, federal share. The total computable amount of $4,344 will be reduced from the annual expenditures of $3.1 billion for the MAGI population.

It should also be noted that the SAO reviewed 60 ABD participants and no errors were found.

Corrective action planned is as follows: The DSS is developing a monthly report to identify overdue reviews. DSS will analyze the reports to determine if additional policy or system updates are necessary. To address accuracy in the MMIS system, DSS is implementing a Continuous Case Improvement review on MAGI cases targeting the findings and trends of this audit. The Department will develop training and guidance for staff when needs are identified.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD)

Audit Finding Number: 2019-006 – Medicaid Nursing Facility Audits

Name of the contact person
responsible for corrective action: Rebecca Rucker

Anticipated completion date for corrective action: October 2020

Recommendation: The DSS through the MHD establish and enforce a plan for periodic audits of cost reports or other financial information of nursing facilities and ensure independent audits are obtained in accordance with the State Plan.

DSS Response: DSS partially agrees with the finding.

DSS agrees the State Plan language should be reviewed and updated. However, Attachment 4-19D (or TN00-18) Findings and Assurances that the State Auditor references in the finding is not part of Missouri's State Plan.

The DSS disagrees with the remainder of the findings. The Findings and Assurances that outlined procedures to collect uniform cost reports and the periodic audit of financial and statistical records was an annual assurance and finding required until the Boren Amendment and its corresponding regulations were repealed by the Balanced Budget Act of 1997. The purpose of the Boren Amendment was to require the State Medicaid Agency to consider the costs of efficient and economic providers in setting rates. In considering the costs of the efficient and economic providers, the State Medicaid Agency was required to collect uniform cost reports and audit financial and statistical records of the providers, among other requirements. Once the Boren Amendment was repealed, the costs of efficient and economic providers did not need to be considered in setting rates. The Findings and Assurances that the State Medicaid Agency provided each year were no longer required after 2000, and were no longer considered part of the State Plan.

The finding states that MHD is not fulfilling the requirement of periodic auditing of providers' financial and statistical records; however, MHD provided a list of financial and statistical records that it audits or reviews, which in addition to cost reports, includes provider credit balance reports, Certificate of Need (CoN) reports, and NFRA cycle reports.

The Auditor's report stated that MHD performed 0 cost report audits in 2019. MHD provided supplemental documentation of 5 cost report audits before the finding was complete; however, these audits were not reflected in the finding.

In the Auditor's report it is documented that MHD did not receive independent audits in 2019 for new facilities established in the past two years. MHD received independent audits from two facilities in FY2019. Of the remaining new facilities that entered the nursing facility program in the last two years, the independent audits are not due until 2020/2021.

MHD has contracted with an outside vendor to perform audits of the nursing facility cost reports to assist with changes that resulted from new legislation. The contractor will collect the cost reports from the providers and ensure the cost reports are complete and submitted on a timely basis. In addition, the vendor will ensure the independent audits are received according to the State Plan.

Corrective Action Plan is as follows: DSS will review and update the State Plan language to ensure the current processes are reflected and any known changes to processes within the Nursing Facility program at the time the plan is submitted. The updated State Plan will be submitted no later than October 2020.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Department of Mental Health

Audit Finding Number: 2019-007 Medicaid Developmental Disabilities Comprehensive Waiver Per Diem Rates

Name of the contact person
Responsible for corrective action: Bryan Connell

Anticipated completion date for corrective action: Not applicable

The agency does not agree with the audit findings and believes that a corrective action is not required. Explanation and specific reasons are as follows:

Although some rates are at a level established prior to the rate methodology change, as stated last year, all existing rates are now a factor of the rate study and therefore any other forms of documentation are irrelevant. The rate study serves as the documentation for all residential rates paid. The Division of Developmental Disabilities is under a corrective action plan (CAP) with the Centers for Medicare and Medicaid Services (CMS) that requires the division to standardize its Individualized Supported Living rates according to the current approved rate methodology (which is based on the rate study) by July 1 2024. The division anticipates completing the CAP by July 1 2023.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Missouri Veterans Commission

Audit Finding Number: 2019-008 DPS-MVC SEFA

Name of the contact person
Responsible for corrective action: Terressa Sherlock

Completion date for corrective action: December 9, 2019

Corrective action planned is as follows:

In the Fiscal Year 2019 SEFA report, MVC reported actual expenditures rather than accrual basis expenditures in the initial report dated August 30, 2019. Immediately upon notification from the auditor's office of an error in the expenditure amount listed on the report, MVC updated the report with accurate accrual basis expenditures and returned the amended report to both the Auditor's office and to the Office of Administration. The amended report is dated December 5, 2019.
MVC recognizes the audit finding on CFDA 64.015 Veterans State Nursing Home Care, and has implemented internal controls to mitigate reoccurrence in the future. Beginning in December of 2019, Fiscal and Administrative Manager initiated the changes to internal processes to address this issue.

NICOLE GALLOWAY, CPA
Missouri State Auditor

September 10, 2019

Ms. Jennifer Tidball, Acting Director
Missouri Department of Social Services
Broadway State Office Building
221 West High Street, Room 240
Jefferson City, MO 65101

Dear Acting Director Tidball:

I am writing this letter to express concern regarding delays in the annual Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019.

The SAO has three audit crews at DSS auditing 22 significant accounts and seven major programs. Due to the number and size of the DSS significant accounts and major programs as well as new federal audit requirements regarding Medicaid eligibility, we ensured we began audit work with ample time to meet audit deadlines. The MO HealthNet Division (MHD) audit crew began audit field work on June 12, 2019, followed by the Children's Division (CD) audit crew on June 17 and the Family Support Division (FSD) audit crew on June 24. As discussed with DSS personnel during entrance conferences, the audit crews are required to finalize CAFR audit field work by November 15, 2019, to ensure timely issuance of the CAFR audit; and single audit field work by December 31, 2019, to ensure that the SAO can finalize and submit the statewide single audit report by the March 31, 2020, deadline.

To meet audit deadlines, beginning in fiscal year 2016, the DSS and SAO agreed upon document and meeting request procedures and timeframes for requests. These deadlines are not being met by the DSS.

Since our audits began two and a half months ago, the SAO has not been provided appropriate access to DSS program personnel and has experienced significant delays in receiving the requested items necessary to perform the audits timely. If this continues, we could be forced to issue a qualified opinion on the CAFR opinion units and/or major programs.

Specifically, the SAO has encountered the following examples of roadblocks in our audit work:

1. Requested documents are not received timely within the agreed-upon timeframes (see below).
2. Requests are not properly or completely fulfilled. We have received incorrect or partial information, requiring additional follow-up that subsequently is not answered by DSS staff.
3. Answers to audit questions are not complete or sufficient to address the questions.
4. Meetings are not held timely and are being rescheduled. While the DSS has agreed to schedule meetings within one week, meetings are often scheduled over two weeks after our request. Meetings were scheduled up to five weeks (CD and MHD) and 3.5 weeks (FSD) after requested.

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5. DSS personnel have told auditors they are unable to hold meetings with Division of Finance and Administrative Services (DFAS) personnel during the month of October 2019. Not having access to DFAS personnel for one month effectively stops work for significant audit areas during that month.

6. Appropriate DSS personnel are not present at meetings, requiring additional meetings and follow up questions. As an example, for a CD audit meeting, scheduled for three weeks after requested, the appropriate personnel were not present so the meeting had to be re-scheduled. However, the second meeting was not scheduled until five weeks later, a total of almost two months after the meeting was initially scheduled. For another FSD meeting, which took two weeks to schedule, no DSS personnel showed up to the scheduled meeting.

7. A fully functional method of transmitting electronic records to auditors has yet to be established. It took the DSS over 6 weeks to establish one File Transfer Protocol site; however, the site is still not fully functional and the DSS did not upload all requested files to that site. Some records were placed on a shared website for auditors over 2 weeks ago, but access to that site is yet to be provided. In addition, over 350 records were placed on another shared website, but not in an appropriate manner for auditor use.

8. Most CAFR survey responses related to the significant accounts have not been submitted. These were due to the Office of Administration on August 15, 2019.

Section 29.130, RSMo, provides, "The state auditor shall have free access to all offices of this state for the inspection of such books, accounts and papers as concern any of his duties." Section 29.235.1(1), RSMo, provides that the auditor and her authorized agent are authorized to:

> Examine all books, accounts, records, reports, vouchers of any state agency or entity subject to audit, insofar as they are necessary to conduct an audit under this chapter, provided that the auditor complies with state and federal financial privacy requirements prior to accessing financial records including provisions presented in chapter 408 and provided that the auditor or other public entity reimburses the reasonable documentation and production costs relating to compliance with examination by the auditor or auditor's authorized agents that pertain to:
>
> (a) Amounts received under a grant or contract from the federal government or the state or its political subdivisions;(b) Amounts received, disbursed, or otherwise handled on behalf of the federal government or the state.

Also, 2 CFR 200.508(d) (Uniform Guidance), mandates that a state entity that expends federal awards which must be audited, such as DSS, must "[p]rovide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required." Additionally, audit standards this office is required to follow under state and federal law require the auditor obtain sufficient, appropriate audit evidence to support audit conclusions and opinions. Such audit evidence includes communications with appropriate auditee personnel.

While SAO staff have adhered to the agreed-upon procedures, DSS staff have not. The table below summarizes the SAO requests to the DSS from June 12 to August 28, 2019.

	Number of requests	Requests completed on time	Requests completed late	
CD crew	84	60%	40%	17 requests outstanding, 9 overdue (1-29 days)
FSD crew	31	35%	65%	8 requests outstanding, 3 overdue (38-43 days)
MHD crew	75	79%	21%	42 requests outstanding, 14 overdue (1-29 days)

Clear, immediate, and significant change to the DSS's cooperation is needed. Requests are not being properly fulfilled and our auditors are not receiving the items needed to conduct the audits. Due to the lack of cooperation from DSS staff, the following final deadlines are being implemented for the audits:

	Estimated Field Work Completion Date	Outstanding Audit Requests-Final Deadline
CD crew - CAFR Audit	11/15/2019	10/15/2019
CD crew - Single Audit	12/31/2019	11/30/2019
FSD crew - Single Audit	10/31/2019	9/30/2019
MHD crew - CAFR Audit	11/15/2019	10/15/2019
MHD crew - Single Audit	12/31/2019	11/30/2019

The DSS should fulfill all outstanding audit requests no later than the final deadlines listed above. Audit field work will continue after the final deadlines and the SAO will continue reviewing the items received as of those dates. The SAO will also submit follow up requests and exception listings, if necessary, pertaining to those items. The DSS must make all extension requests no later than one month prior to the final deadline.

The DSS's adherence to the previously-agreed upon deadlines and the final deadlines is critical to the timely completion of these audits. The SAO will provide monthly letters showing the status of the DSS's compliance with the previously-agreed upon deadlines.

We need the DSS's full commitment and cooperation in this matter. If the DSS is unable to meet these deadlines, please let me know so that the SAO can consider how to proceed with this audit. Feel free to reach out to me if there are any further questions.

Sincerely,

Michael A. Moorefield
Chief of Staff

cc: Governor Michael L. Parson
Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General

NICOLE GALLOWAY, CPA
Missouri State Auditor

October 4, 2019

Ms. Jennifer Tidball, Acting Director
Missouri Department of Social Services
Broadway State Office Building
221 West High Street, Room 240
Jefferson City, MO 65101

Dear Acting Director Tidball:

This letter is an update to my September 10, 2019 letter regarding delays in the annual Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019, as well as a response to your letter of October 3, 2019 replying to my letter. The September 10 letter expressed concerns that the SAO had not been provided appropriate access to DSS program personnel and had experienced significant delays in receiving the requested items necessary to perform the audits timely. The letter outlined the requests to date, including those in which the DSS did not meet previously-agreed upon deadlines. In an effort to meet audit deadlines, the letter also communicated final deadlines for audit requests.

As a reminder, the following final deadlines were implemented for the audits:

	Estimated Field Work Completion Date	Outstanding Audit Requests-Final Deadline
CD crew - CAFR Audit	11/15/2019	10/15/2019
CD crew - Single Audit	12/31/2019	11/30/2019
FSD crew - Single Audit	12/13/2019*	11/15/2019*
MHD crew - CAFR Audit	11/15/2019	10/15/2019
MHD crew - Single Audit	12/31/2019	11/30/2019

*Please note that the FSD audit crew estimated fieldwork completion date has been extended to December 13, 2019, due to the addition of the Child Support Enforcement program as a major program. Therefore, the final deadline for the FSD crew-Single Audit has been extended to November 15, 2019.

The DSS should fulfill all outstanding audit requests no later than the final deadlines listed above. The DSS must make all extension requests no later than one month prior to the final deadline.

In this letter, I am providing an update regarding the DSS's fulfillment of our audit requests. While all Family Support Division (FSD) crew and MO HealthNet Division (MHD) crew outstanding requests as of August 28, 2019, and identified in the September 10 letter, have now been fulfilled, three Children's Division (CD) crew requests remained outstanding as shown in the table below. Additionally, subsequent requests were completed late or are overdue, and timely access to appropriate DSS staff has not always been provided.

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The table below lists the overdue CD crew requests identified in the September 10, 2019 letter still overdue as of September 30, 2019:

Request number	Item(s) requested	Request date	Due date	Number of days overdue
19-SAO-CD-DFAS-014B	Internal Control/Risk Questions	07/30/19	08/06/19	55
19-SAO-CD-DFAS-042	Fraud Risk Questions	07/23/19	07/30/19	62
19-SAO-CD-DFAS-047	Single Audit Planning Inquiry Questions	07/30/19	08/06/19	55

The table below summarizes the SAO requests to the DSS from June 12 to September 30, 2019:

	Number of requests	Requests completed on time	Requests completed late	
CD crew	135	71 (59%)	49 (41%)	15 requests outstanding, 6 overdue (4-62 days)
FSD crew	42	17 (44%)	22 (56%)	3 requests outstanding, 0 overdue
MHD crew	147	79 (55%)	65 (45%)	3 requests outstanding, 0 overdue

Many of the above requests were late or overdue because (1) the requests were initially not properly or completely fulfilled and additional follow up was needed; (2) DSS personnel did not ask for clarification of request terms until the request deadline; (3) auditors were denied access to DSS program personnel to discuss and develop the request; (4) DSS personnel questioned the reason for the request; and/or (5) DSS personnel initially denied a meeting request because a similar meeting was held during the previous audit. Incomplete and challenged requests, as well as the lack of access to appropriate DSS personnel, have led to additional inefficiencies for both the SAO and the DSS.

In addition, the DSS has not submitted to the Office of Administration (OA), the Accounts Receivable - MHD survey for presentation in the CAFR. The survey was due August 15, 2019. The MHD crew is unable to begin audit procedures and make requests related to this material account until the survey is prepared. Prompt submission of this survey and strict adherence to the agreed-upon deadlines will be necessary for us to give an opinion on these accounts receivables.

Also, I would like to address some of the items you mention in your October 3, 2019 letter. First, per your request, we believe weekly meetings will be helpful to discuss our requests and resolve issues. Our managers and in-charges are available for such meetings Monday through Thursday. We would suggest that we schedule a meeting each Monday, at 10 a.m. Please schedule such meetings, beginning October 14 and through December 23, 2019. For any meetings that fall on state holidays, please schedule the following Tuesday (e.g., the first meeting should be October 15, 2019, at 10 a.m.).

Second, regarding Single Audit requests, you state the DSS will strive to respond to all current outstanding requests by the final deadlines and the DSS cannot assure response by the final deadlines for requests submitted since the date of your letter (October 3, 2019). Please note that if the DSS waits until the final deadlines to fulfill current outstanding requests, you will miss the previously-agreed upon deadlines and the requests will be considered late. The Single Audit final deadlines are November 15, 2019, for the FSD crew and November 30, 2019, for the CD and MHD crews, so the previously-agreed upon deadlines for any subsequent requests would also be prior to the final deadlines. Also remember that all extension requests should be made no later than one month prior to the final deadline. As communicated in my September letter, any requests not received by the final deadlines will be evaluated for impact on our audit opinions.

Third, you state the DSS will be directing any questions or requests for CAFR information from the SAO to the OA. While we will request and obtain the DSS's CAFR survey responses from the OA, as in prior audits, we will continue to request support for the CAFR surveys from the DSS. This support is maintained by the DSS and not the OA.

Finally, as you know, these audits are mandated by the federal government for recipients of federal funds. In your letter, you state that the DSS staff complete audit responses "in addition to full time jobs." It is disconcerting that the DSS considers mandated federal audits for programs receiving federal funds outside of the full-time duties of its staff.

The DSS's adherence to the previously-agreed upon deadlines and the final deadlines is critical to the timely completion of these audits. We need the DSS's full commitment and cooperation in this matter. If the DSS is unable to meet these deadlines, please let me know so that the SAO can consider how to proceed with this audit. Feel free to reach out to me if there are any further questions.

Sincerely,

Michael A. Moorefield
Chief of Staff

cc: Governor Michael L. Parson
Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General

Supplemental listing of outstanding/overdue request numbers for SAO requests, as of September 30, 2019

	Request Number	Due Date	Number of days overdue
CD crew	19-SAO-CD-DFAS-014B	08/06/19	55
	19-SAO-CD-DFAS-021B	10/02/19	
	19-SAO-CD-DFAS-026A	10/01/19	
	19-SAO-CD-DFAS-038D	09/26/19	4
	19-SAO-CD-DFAS-039	8/08/19	53
	19-SAO-CD-DFAS-042	07/30/19	62
	19-SAO-CD-DFAS-047	08/06/19	55
	19-SAO-CD-DFAS-048A	09/30/19	
	19-SAO-CD-DFAS-049A	09/23/19	7
	19-SAO-CD-DFAS-066A	10/01/19	
	19-SAO-CD-DFAS-071A	10/02/19	
	19-SAO-CD-DFAS-077B	10/01/19	
	19-SAO-CD-DFAS-086	09/30/19	
	19-SAO-CD-DFAS-087	09/30/19	
	19-SAO-CD-DFAS-088	09/30/19	
FSD crew	Request 19 FSD - 037	10/15/19	
	Request 19 FSD - 040	10/11/19	
	Request 19 FSD - 042	10/7/19	
MHD crew	19-SAO-MHD-47Q	10/7/19	
	19-SAO-MHD-50Q	10/7/19	
	19-SAO-MMAC-44	10/21/19	

NICOLE GALLOWAY, CPA
Missouri State Auditor

November 6, 2019

Ms. Jennifer Tidball, Acting Director
Missouri Department of Social Services
Broadway State Office Building
221 West High Street, Room 240
Jefferson City, MO 65101

Dear Acting Director Tidball:

This letter is an update to my September 10, 2019 and October 4, 2019 letters regarding delays in the annual Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019, as well as a response to your letter of October 18, 2019 replying to my October 4 letter. The previous letters outlined our concerns and communicated final deadlines for audit requests.

As discussed in our recent meetings, the DSS's cooperation on the audits has improved since my previous letters. I appreciate the department's efforts to fulfill our requests more timely. All outstanding requests identified in the previous letters have now been fulfilled. During the week of October 14, 2019, we met with DSS staff to reconcile all outstanding/overdue requests. The reconciled listing shows as of September 30, 2019, there were 19 outstanding requests and 5 overdue requests (7-62 days). To address your October 18, 2019 letter, I have attached a reconciled listing of outstanding/overdue requests as of September 30, 2019.

I have also attached a listing of outstanding requests as of October 31, 2019. There were 18 outstanding requests and no overdue items as of October 31, 2019.

The table below summarizes the SAO requests to the DSS from June 12 to October 31, 2019:

	Number of requests	Requests completed on time	Requests completed late	
CD crew	184	113 (66%)	58 (34%)	13 requests outstanding, 0 overdue
FSD crew	62*	30 (55%)	25 (45%)	4 requests outstanding, 0 overdue
MHD crew	190	120 (64%)	69 (36%)	1 request outstanding, 0 overdue

* 3 requests were cancelled

Many of the above requests were late because of the reasons outlined in the previous letters.

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The DSS's continued adherence to the previously-agreed upon deadlines and the final deadlines is critical to the timely completion of these audits. Feel free to reach out to me if there are any further questions.

Sincerely,

Michael A. Moorefield
Chief of Staff

cc: Governor Michael L. Parson
Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General

Reconciled listing of outstanding/overdue request numbers for SAO requests, as of September 30, 2019

	Request Number	Due Date	Number of days overdue
CD crew	19-SAO-CD-DFAS-014B	08/06/19	55
	19-SAO-CD-DFAS-021B	10/02/19	
	19-SAO-CD-DFAS-026A	10/01/19	
	19-SAO-CD-DFAS-039	08/08/19	53
	19-SAO-CD-DFAS-042	07/30/19	62
	19-SAO-CD-DFAS-047	08/06/19	55
	19-SAO-CD-DFAS-048A	09/30/19	
	19-SAO-CD-DFAS-049A	09/23/19	7
	19-SAO-CD-DFAS-066A	10/01/19	
	19-SAO-CD-DFAS-077B	10/01/19	
	19-SAO-CD-DFAS-086	10/07/19	
	19-SAO-CD-DFAS-087	10/07/19	
	19-SAO-CD-DFAS-088	10/07/19	
FSD crew	Request 19 FSD - 037	10/15/19	
	Request 19 FSD - 040	10/17/19	
	Request 19 FSD - 042	10/07/19	
MHD crew	19-SAO-MHD-47Q	10/07/19	
	19-SAO-MHD-50Q	10/07/19	
	19-SAO-MMAC-44	10/07/19	

Supplemental listing of outstanding/overdue request numbers for SAO requests, as of October 31, 2019

	Request Number	Initial Due Date	Extended Due Date	Number of days overdue
CD crew	19-SAO-CD-DFAS-045a	11/06/2019		
	19-SAO-CD-DFAS-103a	11/07/2019		
	19-SAO-CD-DFAS-113	10/28/2019	11/01/2019	
	19-SAO-CD-DFAS-115a	11/07/2019		
	19-SAO-CD-DFAS-116	11/26/2019		
	19-SAO-CD-DFAS-116a	11/27/2019		
	19-SAO-CD-DFAS-117	11/08/2019		
	19-SAO-CD-DFAS-118	11/05/2019		
	19-SAO-CD-DFAS-119	11/05/2019		
	19-SAO-CD-DFAS-121	11/06/2019		
	19-SAO-CD-DFAS-122	11/06/2019		
	19-SAO-CD-DFAS-123	11/07/2019		
	19-SAO-CD-DFAS-126	11/07/2019		
FSD crew	19-SAO-FSD-11A	11/05/2019		
	19-SAO-FSD-54	11/07/2019		
	19-SAO-FSD-55	11/07/2019		
	19-SAO-FSD-56	11/07/2019		
MHD crew	19-SAO-MHD-188	11/18/2019		

NICOLE GALLOWAY, CPA
Missouri State Auditor

December 4, 2019

Ms. Jennifer Tidball, Acting Director
Missouri Department of Social Services
Broadway State Office Building
221 West High Street, Room 240
Jefferson City, MO 65101

Dear Acting Director Tidball:

This letter is an update to my previous letters[1] regarding delays in the annual Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019. The previous letters outlined our concerns and communicated final deadlines for audit requests.

The DSS's cooperation on the audits has overall improved since my previous letters. However, since my November 6, 2019 letter and as discussed in our recent meetings, we received some resistance on requests related to two Children's Division crew audit areas[2]. Rather than initially providing the information requested, DSS personnel (1) questioned our objectives and scope, (2) claimed the information was not available or would be difficult to provide, and (3) provided incomplete information. Similar to the problems outlined in the previous letters, the DSS's failure to provide records upon request has hindered and delayed audit work on these two areas. Department officials should be reminded that full cooperation on all audit requests is needed.

I appreciate the department's overall efforts to fulfill our requests more timely. All outstanding requests identified in the previous letters have been fulfilled. I have attached a listing of outstanding requests as of November 30, 2019. There were 4 outstanding requests and no overdue items as of November 30, 2019.

The table below summarizes the SAO requests to the DSS from June 12 to November 30, 2019:

	Number of requests	Requests completed on time	Requests completed late	
CD crew	216	156 (73%)	58 (27%)	2 requests outstanding, 0 overdue
FSD crew	74*	43 (61%)	28 (39%)	0 requests outstanding, 0 overdue
MHD crew	203	132 (66%)	69 (34%)	2 requests outstanding, 0 overdue

* 3 requests were cancelled

[1] Letters of September 10, 2019, October 4, 2019, and November 6, 2019
[2] CAFR accounts receivable survey and Income Maintenance Random Moment Time Study

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Many of the above requests were late because of the reasons outlined in the previous letters.

The DSS's continued adherence to the previously-agreed upon deadlines and the final deadlines is critical to the timely completion of these audits. Feel free to reach out to me if there are any further questions.

Sincerely,

Michael A. Moorefield
Chief of Staff

cc: Governor Michael L. Parson
Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General

Supplemental listing of outstanding/overdue request numbers for SAO requests, as of November 30, 2019

	Request Number	Initial Due Date	Extended Due Date	Number of days overdue
CD crew	19-SAO-CD-DFAS-144	12/02/2019	12/04/2019	N/A
	19-SAO-CD-DFAS-117a	11/26/2019	12/09/2019	N/A
MHD crew	19-SAO-MHD-215	11/28/2019	12/03/2019	NA
	19-SAO-MHD-216	11/28/2019	12/03/2019	NA

NICOLE GALLOWAY, CPA
Missouri State Auditor

January 7, 2020

Ms. Jennifer Tidball, Acting Director
Missouri Department of Social Services
Broadway State Office Building
221 West High Street, Room 240
Jefferson City, MO 65101

Dear Acting Director Tidball:

This letter is an update to my previous letters[1] regarding delays in the annual Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019. The previous letters outlined our concerns and communicated final deadlines for audit requests.

The DSS's cooperation on the audits improved since my previous letter of December 4, 2019. I appreciate the department's efforts to fulfill our requests more timely. All outstanding requests identified in the previous letters have been fulfilled. I have attached a listing of outstanding requests as of December 31, 2019. There were 9 outstanding requests and 1 overdue item as of December 31, 2019.

The table below summarizes the SAO requests to the DSS from June 12 to December 31, 2019:

	Number of requests	Requests completed on time	Requests completed late	
CD crew	257	192 (77%)	58 (23%)	7 requests outstanding, 0 overdue
FSD crew	81*	48 (62%)	29 (38%)	1 request outstanding, 1 overdue
MHD crew	221	148 (67%)	72 (33%)	1 request outstanding, 0 overdue

* 3 requests were cancelled

Many of the above requests were late because of the reasons outlined in the previous letters.

[1] Letters of September 10, 2019, October 4, 2019, November 6, 2019, and December 4, 2019

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The DSS's continued adherence to the previously-agreed upon deadlines and the final deadlines is critical to the timely completion of these audits. Feel free to reach out to me if there are any further questions.

Sincerely,

Michael A. Moorefield
Chief of Staff

cc: Governor Michael L. Parson
Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General

Supplemental listing of outstanding/overdue request numbers for SAO requests, as of December 31, 2019

	Request Number	Initial Due Date	Extended Due Date	Number of days overdue
CD crew	19-SAO-CD-DFAS-110d	01/07/2020		NA
	19-SAO-CD-DFAS-153b	01/03/2020		NA
	19-SAO-CD-DFAS-160	01/03/2020		NA
	19-SAO-CD-DFAS-161	01/03/2020		NA
	19-SAO-CD-DFAS-163	01/06/2020		NA
	19-SAO-CD-DFAS-164	01/07/2020		NA
	19-SAO-CD-DFAS-164a	01/07/2020		NA
FSD crew	19-SAO-FSD-066	12/26/2019		5
MHD crew	19-SAO-MHD-227	01/08/2020		NA

NICOLE GALLOWAY, CPA
Missouri State Auditor

February 4, 2020

Ms. Jennifer Tidball, Acting Director
Missouri Department of Social Services
Broadway State Office Building
221 West High Street, Room 240
Jefferson City, MO 65101

Dear Acting Director Tidball:

This letter is an update to my previous letters[1] regarding delays in the annual Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019. The previous letters outlined our concerns and communicated final deadlines for audit requests. As discussed in those letters, the DSS delays in providing items requested were significant; and as a result, we encountered significant inefficiencies and difficulties in performing both audits.

The DSS's cooperation on the audits improved since my previous letters. I appreciate the department's efforts to fulfill our requests more timely. All outstanding requests identified in the previous letters have been fulfilled. I have attached a listing of outstanding requests as of January 31, 2020. There were 3 outstanding requests and no overdue items as of January 31, 2020. The table below summarizes the SAO requests to the DSS from June 12 to January 31, 2020:

	Number of requests	Requests completed on time	Requests completed late	
CD crew	280	221 (79%)	58 (21%)	1 request outstanding, 0 overdue
FSD crew	83*	50 (63%)	30 (37%)	0 requests outstanding, 0 overdue
MHD crew	227	153 (68%)	72 (32%)	2 requests outstanding, 0 overdue

* 3 requests were cancelled

Many of the above requests were late because of the reasons outlined in the previous letters.

[1] Letters of September 10, 2019, October 4, 2019, November 6, 2019, December 4, 2019, and January 7, 2020

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We finalized our audit of the CAFR on January 9, 2020 and we are wrapping up the Statewide Single Audit. In the coming weeks, we will be requesting final information, meetings to exit our findings, and DSS responses to our findings. The DSS's continued adherence to the previously-agreed upon deadlines is critical to the timely completion of the Statewide Single Audit. Feel free to reach out to me if there are any further questions.

Sincerely,

Michael A. Moorefield
Chief of Staff

cc: Governor Michael L. Parson
Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General

Supplemental listing of outstanding/overdue request numbers for SAO requests, as of January 31, 2020

	Request Number	Initial Due Date	Extended Due Date	Number of days overdue
CD crew	19-SAO-CD-DFAS-173A	02/05/2020		
MHD crew	SAO-MHD-113-Q	02/05/2020		
	SAO-MHD-230	02/05/2020		

NICOLE GALLOWAY, CPA
Missouri State Auditor

March 5, 2020

Ms. Jennifer Tidball, Acting Director
Missouri Department of Social Services
Broadway State Office Building
221 West High Street, Room 240
Jefferson City, MO 65101

Dear Acting Director Tidball:

This letter is a final update to my previous letters[1] regarding delays in the annual Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019. We finalized our audit of the CAFR on January 9, 2020 and we are wrapping up the Statewide Single Audit. As discussed in my previous letters, the DSS delays in providing items requested were significant: and as a result, we encountered significant inefficiencies and difficulties in performing both audits.

All outstanding requests identified in the previous letters have been fulfilled and there were no outstanding requests as of February 28, 2020. The table below summarizes ALL SAO requests to the DSS from June 12 to February 28, 2020:

	Number of requests	Requests completed on time	Requests completed late	
CD crew	287	229 (80%)	58 (20%)	0 requests outstanding
FSD crew	83*	50 (63%)	30 (37%)	0 requests outstanding
MHD crew	227	163 (72%)	64 (28%)	0 requests outstanding

* 3 requests were cancelled

Many of the above requests were late because of the reasons outlined in the previous letters.

[1] Letters of September 10, 2019, October 4, 2019, November 6, 2019, December 4, 2019, January 7, 2020, and February 4, 2020

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For the Statewide Single Audit, we have held exit meetings for all DSS findings, and are awaiting DSS responses and Corrective Action Plans for 4 findings. These responses and Corrective Action Plans are due March 6, 2020. The DSS's adherence to these deadlines is critical to the timely completion of the Statewide Single Audit. Feel free to reach out to me if there are any further questions.

Sincerely,

Michael A. Moorefield
Chief of Staff

cc: Governor Michael L. Parson
Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General

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October 3, 2019

Michael A. Moorefield, Chief of Staff
Missouri State Auditor
Missouri State Capitol
201 West Capitol Avenue
Jefferson City, MO 65101

Dear Mr. Moorefield:

Thank you for your September 10, 2019 letter bringing to my attention your concerns. My apologies for not responding sooner. In my more than my two decades with the department of social services (DSS) in mostly a financial role, I have never received a letter such as this from the SAO. I have spent time with our team trying to understand what has set this year apart from other years and resulted in your letter of concern.

I am disappointed leadership from our respective teams has not been able to resolve concerns with DSS's response to the Missouri State Auditor's team. DSS had a changed in the Chief Financial Officer (CFO) in July. I am aware that on more than one occasion new DSS CFO, Patrick Luebbering shared his contact information with the State Auditor's team and offered to be of any assistance. Mr. Luebbering is not new to our Department and has worked with leadership on the Missouri State Auditor's DSS team in the past. To ensure effective communication and resolution of any concerns, DSS is requesting a weekly meeting with the Missouri State Auditor's managers and in-charge auditors during the FY 2019 Statewide Single Audit fieldwork and thereafter if the weekly meeting continues to add value. DSS will commit to the availability of DSS audit team leadership at this meeting. DSS will suggest Friday afternoons as a good weekly meeting time to close out any concerns from the previous week and plan for the upcoming week. Alicia Kolb from our DSS team will reach out to schedule that meeting.

Effective communication is paramount to success and commitment by each of our teams. A face to face weekly meeting will help facilitate the work. However, I do want to take the time to address each of the eight points you make in your September 10, 2019, correspondence.

1. **DSS should plan to respond timely by agreed-upon on deadlines**. If for some reason DSS cannot respond by that deadline, DSS will notify the State Auditor's team with an explanation and new, target date to respond to the request. There are times when DSS will need more time to respond to inquiries.

Michael A. Moorefield
October 3, 2019
Page 2

For example, DSS has not responded to a list of fraud related questions by the State Auditor team's requested timeframes. These questions are extremely broad and redundant, meaning the same question appears to be asked multiple ways in the same document. DSS wants to ensure a response to these types of questions is legally sufficient.
To ensure any overdue requests were addressed, the DSS team immediately (afternoon September 10, 2019) reached out to the in-charge auditors for detailed information to reconcile our department's outstanding list with the status of requests table on the top of page 3 of your letter. DSS never received a detailed list from the MHD in-charge auditor, but did receive a detailed list from the other two crews. After a second attempt to obtain the detailed list from the MHD in-charge, she advised that "all the requests listed in the letter have been resolved." Cooperation in providing the detail behind the summary of SAO requests in your letter would have been helpful; however, clearly teams are busy and other items may take priority.

I appreciate you providing deadlines for responses. DSS will strive to respond to all current outstanding Single Audit requests by the *Outstanding Audit Requests – Final Deadline* column in the second table on page 3 of your letter. DSS cannot assure response by the final deadlines to Single Audit requests submitted since the date of this letter. DSS will submit CAFR Audit responses through the Office of Administration. The DSS team will be directing any questions or requests for information on the CAFR to the Office of Administration.

2. **DSS responses to requests will be complete to the best of DSS's knowledge and ability**. DSS audit team leadership wants to ensure the State Auditor's team is receiving complete and accurate information. The weekly Friday meeting between leadership should provide an opportunity to elevate any concerns with DSS responses. Due to the size and complexity of the programs there will be times when DSS has to follow up on initial responses. The DSS team shared that sometimes the question DSS thought was being asked was not the question the auditor wants answered. There will need to be back and forth dialogue in these instances.

Additionally, the DSS team shared that if there are multiple questions in one request, DSS will answer as many as they can and send a partial response to help keep the auditor's work moving. If the State Auditor's team prefers for DSS to hold any responses until all responses are complete, that change can be made.

DSS staff time to complete responses is in addition to full time jobs, and the SAO recently added another performance audit to the current DSS work. While we want to be responsive, we do question the role of the audited agency in responding to a recent request for all backup documents supporting the SEFA (request from CD-DFAS crew dated 09/17/19). This is thousands of payment documents, HR records, etc. The SAO should be able to find these documents using SAM II, and DSS is happy to supplement with data from other payment systems. The DSS was responsive to the SAO and did provide the SAO with various grant sheets and federal grant reports in response to this request, and the SAO staff did indicate in a recent meeting that the request was vague. The SAO has recently provided clarity regarding what documents they are still needing to support the SEFA.

Michael A. Moorefield
October 3, 2019
Page 3

3. **This concern is addressed in #2 above.**

4. **DSS will schedule and hold meetings within two weeks of a request.** The DSS team understood the agreement to be that the meeting was scheduled in a week's timeframe, and not necessarily held. The weekly Friday leadership meeting may help resolve issues so that few meetings need to be scheduled; however, DSS will not assume the Friday meeting takes the place of any other requested meeting by the State Auditor's team.

5. **Most Division of Finance and Administrative Services (DFAS) staff are available for meetings during the month of October.** During an August 13 meeting, the DFAS Grants team requested that questions or requests to the Grants team be sent prior to October or after October since October is the month DSS must file all quarterly and annual federal reports. During this time the small Grants team is dedicated 100% to timely and accurate filing of federal reports. These are the same reports that will be audited in the FY 2020 Single State Audit. Other DFAS team members are available to meet in October and if time allows, Grants team members may attend. Perhaps there was a miscommunication or misunderstanding on the availability of DFAS to support the State Auditor's team during October.

6. **DSS will ensure appropriate representation at meetings.** DSS leadership and DSS audit team leadership are fully aware of the expectation to have the appropriate representation in meetings concerning the Single State Audit. To plan accordingly, it is helpful to understand the scope and topics to be discussed in the meeting.

7. **DSS understands a fully functional method of transmitting electronic records is now in place.** DSS acknowledges establishing the File Transfer Protocol site did take longer than expected. In reviewing that process, I suggested to DSS audit team leadership that in the future direct communication between the SAO and ITSD, the DSS IT support may be helpful in expediting the resolution of any related issues. DSS in the middle of this process is not value added. I do want to make sure you are aware that the issue with the 350 records was brought to the attention of DSS audit team leadership the morning of September 9 (the day before the date of your letter of concern) and DSS immediately reached out to ITSD and the DSS agency owning the data to resolve the issue.

8. **DSS continues to work closely with the Office of Administration on CAFR survey responses.** Thank you for pointing out the DSS internal deadline to the Office of Administration. As expressed earlier in this letter, DSS will submit CAFR Audit responses through the Office of Administration. The DSS team will be directing any questions or requests for CAFR information from the SAO to the Office of Administration.

During my 20 plus years with the Department, DSS has always been able to work cooperatively with the SAO. It is my expectation and belief that our DSS team today continues that tradition. As I have said several times in this response, communication is key to resolution of current issues and the ability to continue to work effectively together. I look forward to our leadership teams supporting the Single State Audit, establishing a consistent

Michael A. Moorefield
October 3, 2019
Page 4

form of communication. Should I be able to address specific concerns around outstanding items or other pain points that put SAO timeframes in jeopardy, please feel free to reach out to me directly.

Sincerely,

Jennifer R. Tidball

Jennifer Tidball
Acting Director

JT/ds

Cc: Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General

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October 18, 2019

Michael A. Moorefield, Chief of Staff
Missouri State Auditor
Missouri State Capitol
201 West Capitol Ave
Jefferson City, MO 65101

Dear Mr. Moorefield:

This correspondence is in response to your October 4, 2019 letter which included a detailed list of outstanding/overdue SAO requests, as of September 30, 2019. Your letter stresses the importance of DSS's adherence to previously-agreed upon deadlines and emphasizes how critical the final deadlines are to the completion of the Comprehensive Annual Financial Report (CAFR) audit and Statewide Single Audit for fiscal year 2019. It is important that SAO request due dates are listed accurately. Below please find a reconciliation of the supplemental listing shared in your October 4, 2019 letter with the DSS's dates. The changes in due dates are supported by supplemental emails (provided as attachments) from SAO team members. DSS confirmed through correspondence with SAO team members that three of the six requests shown in your letter as overdue were not overdue. In addition to the overdue items, DSS confirmed that certain other SAO request due dates in the October 4, 2019 letter of outstanding requests, were inaccurate.

Request Number	SAO Due Date Referenced in SAO 10/4/19 Letter	DSS Due Date	Date Completed	DSS Comments
19-SAO-CD_DFAS-014B	8/6/2019	8/6/2019	10/2/2019	
19-SAO-CD_DFAS-021B	10/2/2019	10/2/2019	10/2/2019	
19-SAO-CD_DFAS-026A	10/1/2019	10/1/2019	10/1/2019	
19-SAO-FSD-037	10/15/2019	10/16/2019	10/2/2019	The SAO cancelled this request on 10/2/19
19-SAO-CD_DFAS-038D	9/26/2019	9/26/2019	9/25/2019	**Confirmed not overdue** - DSS submitted the response prior to the due date and prior to the 10/4/19 SAO letter; the SAO confirmed this was an error in a follow-up email after the receipt of the 10/4/19 SAO letter (*Attachment 1*).

Michael A. Moorefield
Page 2

Request Number	SAO Due Date Referenced in SAO 10/4/19 Letter	DSS Due Date	Date Completed	DSS Comments
19-SAO-CD_DFAS-039	8/8/2019	8/8/2019	8/1/2019; 10/4/19	**Confirmed not overdue -** DSS received an email from C. Grotzinger (SAO) on 8/1/19 this request was considered closed and complete (*Attachment 2*). C. Grotzinger (SAO) sent the list of outstanding items on 9/13/19 corresponding with the 9/10/19 SAO letter; this list did not include 19-SAO-CD_DFAS-039 as overdue therefore this item was understood to be considered complete by the SAO (*Attachment 3*).
19-SAO-FSD-040	10/11/2019	10/17/2019	10/9/2019	Due date is 10/17/19, not 10/11/19 as stated in the 10/4/19 SAO letter. Confirmed with In-charge on 10/8/19.
19-SAO-CD_DFAS-042	7/30/2019	8/21/2019	10/4/2019	
19-SAO-FSD-042	10/7/2019	10/7/2019	10/4/2019	
19-SAO-MMAC-044	10/21/2019	10/28/2019	10/2/2019	
19-SAO-MHD-047Q	10/7/2019	10/8/2019	10/1/2019	
19-SAO-CD_DFAS-047	8/6/2019	8/28/2019	10/4/2019	
19-SAO-CD_DFAS-048A	9/30/2019	9/30/2019	9/30/2019	
19-SAO-CD_DFAS-049A	9/23/2019	9/27/2019	9/27/2019	**Confirmed not overdue** - This was due 9/23/19. SAO granted an extension until 9/27/19 (*Attachment 4*). The extension was not reflected in the 10/4/19 SAO letter.
19-SAO-MHD-050Q	10/7/2019	10/8/2019	10/2/2019	
19-SAO-CD_DFAS-066A	10/1/2019	10/1/2019	10/1/2019	
19-SAO-CD_DFAS-071A	10/2/2019	10/2/2019	9/26/2019	DSS sent the response prior to the date of the 10/4/19 SAO letter (*Attachment 5*).
19-SAO-CD_DFAS-077A	10/1/2019	10/1/2019	10/1/2019	
19-SAO-CD_DFAS-086	9/30/2019	10/7/2019	10/4/2019	SAO made the request on 9/30/19; the SAO confirmed this was an error in a follow-up email after the receipt of the 10/4/19 SAO letter (*Attachment 6*).

Michael A. Moorefield
Page 3

19-SAO-CD_DFAS-087	9/30/2019	10/7/2019	10/4/2019	SAO made the request on 9/30/19; the SAO confirmed this was an error in a follow-up email after the receipt of the 10/4/19 SAO letter (*Attachment 7*).
19-SAO-CD_DFAS-088	9/30/2019	10/7/2019	10/3/2019	SAO made the request on 9/30/19; the SAO confirmed this was an error in a follow-up email after the receipt of the 10/4/19 SAO letter (*Attachment 8*).

I understand our leadership teams began a weekly meeting the week of October 14. I am hopeful these meetings will help improve communication. I am always available to you and your audit teams to help resolve issues related to DSS's responsiveness to your office.

Sincerely,

Jennifer R Tidball

Jennifer R. Tidball
Acting Director

JRT:bsb

cc: Commissioner Sarah Steelman, Office of Administration
Stacy Neal, Office of Administration
Tammie Brown, Department of Health and Human Services, Office of Inspector General

Pattrin, Kristen Attachment 1

From: travis.owens@auditor.mo.gov
Sent: Saturday, October 5, 2019 6:07 AM
To: Pattrin, Kristen
Cc: Kolb, Alicia; Grotzinger, Charity
Subject: RE: FW: 19-SAO-CD-DFAS-038d_Review documentation.docx

I'm copying Charity in case I am wrong on this answer but based on the available documentation I have, I agree this request appears to have been completed prior to the due date. We will try to determine internally so that this does not happen again as I believe they plan to continue with the monthly letters and since we are starting the weekly meetings.

I apologize for the error.

-Travis

From: Pattrin, Kristen
Sent: Fri, 4 Oct 2019 22:25:22 +0000
To: Owens, Travis
Cc: Kolb, Alicia
Subject: FW: 19-SAO-CD-DFAS-038d_Review documentation.docx

Travis,

1

See the email below and attachments. I noticed in the letter received by Acting Director Tidball this item was showing with a due date of 9/26/19 and still not received as of 9/30/19 (4 days overdue). Please see the response was sent on 9/25/19 at 7:44AM. Can you please let me know why this is showing overdue or let me know if it is shown in error.

Thanks!

Kristen

From: Dowd, Kim <kim.dowd@dss.mo.gov<mailto:kim.dowd@dss.mo.gov>>
Sent: Wednesday, September 25, 2019 7:44 AM
To: Patterson, Ryan <ryan.patterson@auditor.mo.gov<mailto:ryan.patterson@auditor.mo.gov>>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov<mailto:Alicia.M.Kolb@dss.mo.gov>>; Grotzinger, Charity <charity.grotzinger@auditor.mo.gov<mailto:charity.grotzinger@auditor.mo.gov>>
Subject: RE: 19-SAO-CD-DFAS-038d_Review documentation.docx

From: Ryan Patterson <Ryan.Patterson@auditor.mo.gov<mailto:Ryan.Patterson@auditor.mo.gov>>
Sent: Thursday, September 19, 2019 9:58 AM
To: Dowd, Kim <kim.dowd@dss.mo.gov<mailto:kim.dowd@dss.mo.gov>>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov<mailto:Alicia.M.Kolb@dss.mo.gov>>; Grotzinger, Charity <charity.grotzinger@auditor.mo.gov<mailto:charity.grotzinger@auditor.mo.gov>>
Subject: 19-SAO-CD-DFAS-038d_Review documentation.docx

Kim,

Please see the attached request

Thank you

Ryan Patterson
Missouri State Auditor's Office
Staff Auditor I

Note: This message was originally sent securely with Proofpoint Secure Messaging, and has been automatically decrypted for you at the gateway.

Attachment 2

Pattrin, Kristen

From:	Kolb, Alicia
Sent:	Wednesday, October 16, 2019 8:45 AM
To:	Pattrin, Kristen
Subject:	FW: 19-SAO-CD-DFAS-039_DFAS-10 Access, SAMII/DFAS-10 reconciliation example, and LOC

Please see the below correspondence. I'll drop by when you are out of your meetings.

Thanks.

Alicia

From: Dowd, Kim <kim.dowd@dss.mo.gov>
Sent: Wednesday, October 16, 2019 8:42 AM
To: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Subject: FW: 19-SAO-CD-DFAS-039_DFAS-10 Access, SAMII/DFAS-10 reconciliation example, and LOC

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Thursday, August 1, 2019 3:19 PM
To: Dowd, Kim <kim.dowd@dss.mo.gov>
Subject: RE: 19-SAO-CD-DFAS-039_DFAS-10 Access, SAMII/DFAS-10 reconciliation example, and LOC

Yes close

From: Dowd, Kim
Sent: Thursday, August 1, 2019 2:50 PM
To: Charity Grotzinger
Cc: Kolb, Alicia
Subject: RE: 19-SAO-CD-DFAS-039_DFAS-10 Access, SAMII/DFAS-10 reconciliation example, and LOC

So is this request closed?

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Thursday, August 1, 2019 2:49 PM

1

To: Dowd, Kim <kim.dowd@dss.mo.gov>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Subject: RE: 19-SAO-CD-DFAS-039_DFAS-10 Access, SAMII/DFAS-10 reconciliation example, and LOC

We have determined that the use of LOC was in the wrong context last audit. LOC is basically the V160P and the V974B. Therefore, you have already provided the award letters for the LOC I need. Yeah, one less thing you have to do on this request!!

From: Dowd, Kim <kim.dowd@dss.mo.gov>
Sent: Thursday, August 1, 2019 2:44 PM
To: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Subject: RE: 19-SAO-CD-DFAS-039_DFAS-10 Access, SAMII/DFAS-10 reconciliation example, and LOC

Charity, do you have an example of the letter of credit you are requesting? I think you sent one but I can't find it anywhere.

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Thursday, July 18, 2019 8:54 AM
To: Dowd, Kim <kim.dowd@dss.mo.gov>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>; Schenck, Seth <Seth.Schenck@auditor.mo.gov>; Patterson, Ryan <ryan.patterson@auditor.mo.gov>
Subject: 19-SAO-CD-DFAS-039_DFAS-10 Access, SAMII/DFAS-10 reconciliation example, and LOC

Kim,

Please see attached request. LOC stands for Letter of Credit. Prior audit requests are referenced in the request itself.

Thanks.

Charity Grotzinger, CFE, CGAP
Senior Auditor I

CONFIDENTIALITY CLAUSE

This e-mail and any attachments are intended only for those to which it is addressed and may contain information which is privileged, confidential, and prohibited from disclosure or unauthorized use under applicable law. If you are not the intended recipient of this e-mail, you are hereby notified that any use, dissemination, or copying of this e-mail or the information contained in this e-mail is strictly prohibited by the sender. If you have received this transmission in error, please return the material received to the sender and delete all copies from your system.

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Pattrin, Kristen Attachment 3

From: Kolb, Alicia
Sent: Wednesday, October 16, 2019 10:18 AM
To: Pattrin, Kristen
Subject: FW: DSS Outstanding Audit Requests (CD-DFAS)

Alicia

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Tuesday, September 10, 2019 5:02 PM
To: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Subject: RE: DSS Outstanding Audit Requests (CD-DFAS)

Tried to reverse my log, and I am coming up one outstanding request short from the 08/29/19 date...However, the highlighted ones were the 9 still outstanding at the time. As indicated, they may have been fulfilled at this time.

Request Number	Document Requested	Date Requested	Due Date
19-SAO-CD-DFAS-014b	IC and Risk Consideration Questions	7/30/2019	8/6/2019
19-SAO-CD-DFAS-018a	End of FY19 reports CB496, ACF696, SF425, RSA2, ACF-196F and Grant Reports	7/22/2019	8/13/2019
19-SAO-CD-DFAS-027c	Accounts Payable examples	8/29/2019	09/05/19
19-SAO-CD-DFAS-032b	DFAS drawdown questions	7/31/2019	8/7/2019
19-SAO-CD-DFAS-042	Fraud related questions	7/23/2019	7/30/2019
19-SAO-CD-DFAS-047	SWSA Planning Inquiry Memo Questions	7/30/2019	8/6/2019
19-SAO-CD-DFAS-051b	Contract follow up request	8/22/2019	8/29/2019
19-SAO-CD-DFAS-053	AA File Request	08/13/19	09/03/19
19-SAO-CD-DFAS-057	RMTS-CD results database in Access for QE 12-31-18	8/20/2019	8/27/2019
19-SAO-CD-DFAS-058	Entry Correction Example	8/22/2019	8/29/2019

1

19-SAO-CD-DFAS-061	FORU Cash Management Reports	8/22/2019	8/29/2019
19-SAO-CD-DFAS-062	NRLG Exceptions	08/23/19	08/30/19
19-SAO-CD-DFAS-063	DYS bilback questions	08/27/19	09/03/19
19-SAO-CD-DFAS-64	Allocation Stat Report	08/28/19	09/07/19
19-SAO-CD-DFAS-65	Expenditure question	08/28/19	09/07/19
19-SAO-CD-DFAS-066	DFAS Safes Listing and Meeting Request	08/28/19	09/04/19

From: Kolb, Alicia
Sent: Tuesday, September 10, 2019 4:36 PM
To: Charity Grotzinger
Subject: RE: DSS Outstanding Audit Requests (CD-DFAS)

Please provide the support for what is referenced in the letter.

Thank you.

Alicia

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Tuesday, September 10, 2019 4:35 PM
To: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Subject: RE: DSS Outstanding Audit Requests (CD-DFAS)

Those were requests as of 08/29/19, therefore, some have since been received. Are you wanting a back dated list or would you prefer a current list in order to reconcile our records to?

From: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Sent: Tuesday, September 10, 2019 4:24 PM
To: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Cc: Luebbering, Patrick <Patrick.Luebbering@dss.mo.gov>
Subject: DSS Outstanding Audit Requests (CD-DFAS)

Charity,

The department received the letter the SAO's Chief of Staff, Mr. Michael Moorefield, sent to the DSS' Acting Director, Jennifer Tidball. Regarding the chart on page 3 of the referenced letter, the SAO CD-DFAS crew's records reflect 17 audit requests as outstanding and 9 overdue requests. This email respectfully

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requests the details of which audit requests are being referenced in this letter as outstanding and as overdue so that we can reconcile to our records and ensure timely response to this request. When can we expect to receive this detailed list from you?

Thank you.

Alicia Kolb
Department of Social Services
Compliance Services Unit
(573) 751-2432

Pattrin, Kristen Attachment Y

From:	Kolb, Alicia
Sent:	Wednesday, October 16, 2019 10:37 AM
To:	Pattrin, Kristen
Subject:	FW: 19SAO-CD-DFAS-049a_IT/IS follow up

Alicia

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Monday, September 23, 2019 3:57 PM
To: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Cc: Dowd, Kim <kim.dowd@dss.mo.gov>
Subject: RE: 19SAO-CD-DFAS-049a_IT/IS follow up

Request received and noted.

From: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Sent: Monday, September 23, 2019 3:54 PM
To: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Cc: Dowd, Kim <kim.dowd@dss.mo.gov>
Subject: RE: 19SAO-CD-DFAS-049a_IT/IS follow up

I would like to request an extension on this response to allow more time to review. **Please approve the new deadline of Friday, 9/27, and we will send our response prior to that date if the response is complete.**

Thank you.

Alicia

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Monday, September 23, 2019 12:19 PM
To: Kolb, Alicia <Alicia.M.Kolo@dss.mo.gov>
Cc: Dowd, Kim <kim.dowd@dss.mo.gov>
Subject: RE: 19SAO-CD-DFAS-049a_IT/IS follow up

This is supportive documentation for our internal controls for all DSS IT/SD regardless of program or application.

From: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Sent: Monday, September 23, 2019 12:17 PM
To: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Cc: Dowd, Kim <kim.dowd@dss.mo.gov>
Subject: FW: 19SAO-CD-DFAS-049a_IT/IS follow up

Are you asking for this for a specific DSS application?

Thank you.

Alicia

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Friday, September 20, 2019 10:52 AM
To: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Cc: Dowd, Kim <kim.dowd@dss.mo.gov>
Subject: RE: 19SAO-CD-DFAS-049a_IT/IS follow up

I have attached an old version of one we obtain in past audit. I had also provided the location in which you can go to retrieve (4th one down under "Manuals") in prior email (I do not have access as it asks for a user name and password):

http://dssweb.cds.state.mo.us/ist/

2

ITSD Home | Resources ▾ | Forms ▾ | Security | Training ▾ | People ▾

HELPFUL LINKS

- Callbook
- Deferred Compensation Plan
- Database Reload Calendar
- Maintenance Calendar (DSS)
- Maintenance Calendar (ITSD)
- OA Intranet
- On-Line Help Desk
- CICS Production Statistics
- Technology Services Document Center

MANUALS

- ITSD/DSS Systems Development & Maintenance Manual
- ITSD/DSS Policy & Procedure
- ITSD/DSS Camera Operators' Guide (Digital)
- ITSD/DSS Disaster Recovery Plan
- OA Administrative Policy Manual
- OHD Customer Training

APPLICATIONS

- Supply/E-Store
- ITRAK Database
- Jira Issue Tracking
- MOBIUS
- On-Line Help Desk
- STROBE
- Password Reset

From: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>
Sent: Friday, September 20, 2019 9:27 AM
To: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Cc: Dowd, Kim <kim.dowd@dss.mo.gov>
Subject: FW: 19SAO-CD-DFAS-049a_IT/IS follow up

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What system is this request specific to, for the Disaster Recovery Plan?

Thanks

Alicia

From: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Sent: Monday, September 16, 2019 1:24 PM
To: Dowd, Kim <kim.dowd@dss.mo.gov>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>; Davis, Christina <Christina.Davis@dss.mo.gov>
Subject: 19SAO-CD-DFAS-049a_IT/IS follow up

See attached request

Charity Grotzinger, CFE, CGAP
Senior Auditor I

Attachment 5

Pattrin, Kristen

From:	Kolb, Alicia
Sent:	Wednesday, October 16, 2019 10:58 AM
To:	Pattrin, Kristen
Subject:	FW: 19-SAO-CD-DFAS-071a_State Plan Approval
Attachments:	19-SAO-CD-DFAS-071a_State Plan Approval 9.26.19.docx

Alicia

From: Dowd, Kim
Sent: Thursday, September 26, 2019 1:05 PM
To: Patterson, Ryan <ryan.patterson@auditor.mo.gov>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>; Grotzinger, Charity <charity.grotzinger@auditor.mo.gov>
Subject: RE: 19-SAO-CD-DFAS-071a_State Plan Approval

From: Ryan Patterson
Sent: Wednesday, September 25, 2019 3:20 PM
To: Dowd, Kim
Cc: Kolb, Alicia ; Grotzinger, Charity
Subject: 19-SAO-CD-DFAS-071a_State Plan Approval

Kim,

Please see the attached request

Thank you

Ryan Patterson
Missouri State Auditor's Office
Staff Auditor I

Missouri Department of Social Services
SAO Audit Request Form

Audit Title:	SWSA FY 19 – July 1, 2018 through June 30, 2019		
Audit Crew:	DSS-CD	DSS Program:	CD-DFAS
Date of Request:	9/25/2019	Auditor Name:	Ryan Patterson
Request Number:	19-SAO-CD-DFAS-71a	Type of Request**:	Question/Document

Request

In our FY18 audit, we received the document attached to this request along with the state plan. Was there a similar document for the state plan submission we received from request 71? If so we would like to request that document

Please advise if it seems we are misunderstanding some aspect of the state plan
The IV-E state plan you currently have been provided is the Missouri approved IV-E state plan and has not changed since the date indicated on the provided correspondence. In our preliminary discussions about this audit we advised that there are portions of the state plan which will have to be provided and approved by our Region VII partners. To date those sections have not been finalized and therefore not approved as part of the Missouri IV-E state plan. We will provide as changes are approved.

Thank you

I attest that if this document request includes a request for protected health information (PHI) that I have an appropriate business-related reason for requesting the information and have requested the minimum necessary to accomplish the purpose for which use or disclosure is sought.

Legal Authority under HIPAA to receive PHI without authorization:

Signature: Ryan Patterson | Date: 9/25/2019

(Return Form to Kim Dowd, Audit Liaison, DSS-CD)

FOR DSS USE ONLY

Date Due:		Date Completed:	9/25/19
Unit:		DSS Staff:	Amy Martin

**Type of Request:

1

- Data requests – 3 weeks
- File requests – 4 weeks
- Document requests, SAO questions and report requests– 1 week
- Prior audit findings – 6 weeks
- Meeting Requests – 1 week to schedule meeting

Pattrin, Kristen Attachment 6

From:	Travis Owens <Travis.Owens@auditor.mo.gov>
Sent:	Saturday, October 5, 2019 6:17 AM
To:	Pattrin, Kristen; Grotzinger, Charity; Patterson, Ryan
Cc:	Kolb, Alicia; Dowd, Kim
Subject:	RE: 19-SAO-CD-DFAS-086_Prefund Questions

Based on the information I have available I agree with you. I apologize for the error; appears something may have went wrong in our tracker file where the sent date and due date got mixed up. If we have additional info to add then Charity will respond.

From: Pattrin, Kristen <Kristen.D.Pattrin@dss.mo.gov>
Sent: Friday, October 4, 2019 5:11 PM
To: Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>; Ryan Patterson <Ryan.Patterson@auditor.mo.gov>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>; Travis Owens <Travis.Owens@auditor.mo.gov>; Dowd, Kim <kim.dowd@dss.mo.gov>
Subject: 19-SAO-CD-DFAS-086_Prefund Questions

Charity and Ryan,

Please find the response to the request 19-SAO-CD-DFAS-086 attached. Additionally, the list of outstanding items in a letter to the Acting Director Tidball had this item with a due date of 9/30/19, however it appears as shown below and on the attached request that is the date of the request. DSS has this listed with a due date of 10/7/19. Please confirm.

Thanks

Kristen Pattrin

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Attachment 7

Pattrin, Kristen

From:	travis.owens@auditor.mo.gov
Sent:	Saturday, October 5, 2019 6:18 AM
To:	Pattrin, Kristen; Grotzinger, Charity; Andrews, Zach
Cc:	Kolb, Alicia; Dowd, Kim
Subject:	RE: FW: 19-SAO-CD-DFAS-087_SEFA Instructions - due to SAO 10/7/19

Based on the information I have available I agree with you. I apologize for the error; appears something may have went wrong in our tracker file where the sent date and due date got mixed up. If we have additional info to add then Charity will respond.

From: Pattrin, Kristen
Sent: Fri, 4 Oct 2019 21:55:19 +0000
To: Grotzinger, Charity, Andrews, Zach
Cc: Kolb, Alicia, Owens, Travis, Dowd, Kim
Subject: FW: 19-SAO-CD-DFAS-087_SEFA Instructions - due to SAO 10/7/19

Charity and Zach,

Please find the documents requested to fulfill 19-SAO-CD-DFAS-087 attached. Additionally, the list of outstanding items in a letter to the Acting Director Tidball had this item with a due date of 9/30/19, however it appears as shown below and on the attached request that is the date of the request. DSS has this listed with a due date of 10/7/19. Please confirm.

Thanks

Kristen Pattrin

From: Zach Andrews
Sent: Mon, 30 Sep 2019 21:13:51 +0000
To: Dowd, Kim
Cc: Kolb, Alicia
Subject: 19-SAO-CD-DFAS-087_SEFA Instructions

Hi,

Attached is request # 19-SAO-CD-DFAS-087, I have attached the previous year's instructions.

Thank you,

Zach Andrews
Staff Auditor II
Missouri State Auditor's Office
Zach.Andrews@auditor.mo.gov<mailto:Zach.Andrews@auditor.mo.gov>
573-751-4213

Note: This message was originally sent securely with Proofpoint Secure Messaging, and has been automatically decrypted for you at the gateway.

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Attachment 8

Pattrin, Kristen

From:	Travis Owens <Travis.Owens@auditor.mo.gov>
Sent:	Saturday, October 5, 2019 6:15 AM
To:	Pattrin, Kristen
Cc:	Kolb, Alicia; Grotzinger, Charity
Subject:	RE: 19-SAO-CD-DFAS-088

Based on the information I have available I agree with you. I apologize for the error, appears something may have went wrong in our tracker file where the sent date and due date got mixed up. If we have additional info to add then Charity will respond.

From: Pattrin, Kristen <Kristen.D.Pattrin@dss.mo.gov>
Sent: Friday, October 4, 2019 5:19 PM
To: Travis Owens <Travis.Owens@auditor.mo.gov>
Cc: Kolb, Alicia <Alicia.M.Kolb@dss.mo.gov>; Charity Grotzinger <Charity.Grotzinger@auditor.mo.gov>
Subject: 19-SAO-CD-DFAS-088

Travis,

The attached request was received on 9/30/19 and had a due date of 10/7/19, however we responded on 10/3/19. I noticed it is listed on the letter received by Acting Director Tidball with a due date of 9/30/19. Please confirm the actual due date was 10/7/19.

Thanks

Kristen

1

Nicole Galloway, CPA

Missouri State Auditor

State of Missouri
Comprehensive Annual Financial Report
Report on Internal Control, Compliance, and Other Matters
Year Ended June 30, 2019

Report No. 2020-010

March 2020

auditor.mo.gov

March 2020

Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the Comprehensive Annual Financial Report Report on Internal Control, Compliance, and Other Matters

Department of Social Services Financial Reporting Controls	The Department of Social Services - Division of Finance and Administrative Services does not have adequate controls and procedures over financial reporting of federal grant accounts receivables. As a result, the accounts receivable data submitted to the Office of Administration - Division of Accounting for inclusion in the *Missouri Comprehensive Annual Financial Report* for the year ended June 30, 2019, was misstated.
Department of Natural Resources Capital Asset Controls	The Department of Natural Resources has not recently performed and documented complete annual physical inventories of state park capital assets.

Because of the nature of this audit, no rating is provided.

State of Missouri - Comprehensive Annual Financial Report
Report on Internal Control, Compliance, and Other Matters
Table of Contents

Summary of Financial Statement Audit Results

We issued our audit report (Report No. 2020-001[1]) of the state's Comprehensive Annual Financial Report (CAFR), as of and for the year ended June 30, 2019, on January 9, 2020. The state's financial statements covered approximately $44 billion in total assets and approximately $28 billion in total expenses for state fiscal year 2019. Our report expressed qualified opinions on the governmental activities and the General Fund because we were not allowed access to tax returns and related source documents for income taxes. Our report expressed unmodified opinions on all remaining opinion units.

In connection with the audit, we tested internal controls and compliance with laws and regulations. The results of our tests are contained herein in our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.* We reported two findings related to internal control deficiencies. These findings were at the Department of Social Services and the Department of Natural Resources. We consider these findings to be a material weakness and a significant deficiency. The state agencies' responses to the findings are included in this report. The agencies prepared a Corrective Action Plan (CAP) for each finding. The CAPs were submitted to the Office of Administration (OA) and will be included in the Corrective Action Plans section of the State of Missouri - Single Audit Report, to be issued in March 2020.

The state agencies prepared and submitted to the OA the status of the prior audit findings. They will be presented in the Summary Schedule of Prior Audit Findings section of the State of Missouri - Single Audit Report.

[1] The CAFR is available online at: <https://oa.mo.gov/accounting/reports/annual-reports/comprehensive-annual-financial-reports>.

NICOLE GALLOWAY, CPA
Missouri State Auditor

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

Honorable Michael L. Parson, Governor
and
Members of the General Assembly

We have audited, 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, the 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, 2019, and the related notes to the financial statements, which collectively comprise the state's basic financial statements, and have issued our report thereon dated January 9, 2020. Our report expressed qualified opinions on the governmental activities and the General Fund, a major fund, because we were not allowed access to tax returns and related source documents for income taxes. Approximately 29 percent of governmental activity revenues and 34 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. Our report expressed unmodified opinions on all remaining opinion units.

Our report on the state of Missouri's financial statements includes a reference to other auditors who audited the financial statements of:

1. The Missouri Road Fund, a major fund; the Missouri Road Bond Fund; 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 76 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 11 percent of the assets and 74 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.

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the state's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as finding number FS2019-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as finding number FS2019-002 to be a significant deficiency.

Compliance and Other Matters

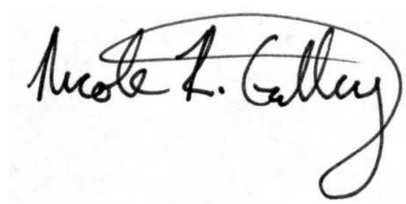
As part of obtaining reasonable assurance about whether the state of Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

State's Responses to the Findings

The state of Missouri's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The state's responses were not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Section 29.200, RSMo, this report is a matter of public record and its distribution is not limited.



Nicole R. Galloway, CPA
State Auditor

January 9, 2020

FS2019-001. Department of Social Services Financial Reporting Controls

The Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS) does not have adequate controls and procedures over financial reporting of federal grant accounts receivables. As a result, the accounts receivable data submitted to the Office of Administration - Division of Accounting (DOA) for inclusion in the *Missouri Comprehensive Annual Financial Report* (CAFR) for the year ended June 30, 2019, was misstated. If the misstatement had not been identified during the audit, deferred inflows of resources would have been overstated by approximately $248 million and revenues would have been understated by approximately $248 million in the CAFR financial statements.

To compile and submit accounts receivable data to the DOA, DFAS personnel analyze drawdown activities from federal cash drawdown reports. Of the net accounts receivables at June 30, the DFAS is to identify collections expected in July and August and collections expected after August. The DOA reports collections expected in July and August as revenues and collections expected after August as deferred inflows of resources. The Governmental Accounting Standards Board (GASB) *Codification*, Section 1600.106, states revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. The *Governmental Accounting, Auditing, and Financial Reporting,* Chapter 9, further states resources should be recognized as revenues when they are available, even if they were not actually collected during the availability period.

The DFAS has not established procedures to classify June 30 accounts receivable amounts as expected (available) in July and August (reported as revenues in the CAFR) versus after August (reported as deferred inflows in the CAFR). In September 2019, for the year ended June 30, 2019, the DFAS reported $247.6 million in net accounts receivables, including $0 collections expected in July and August and $247.6 million collections expected after August. DFAS personnel could not provide documentation or an adequate explanation supporting the classification of these amounts. After our inquiries, in November 2019, DFAS personnel revised the report to show $248.5 million net accounts receivables, including $248.5 million collections expected in July and August and $0 collections expected after August. The DOA made the correction to the CAFR prior to its completion and similarly restated year ended June 30, 2018 amounts.

It is essential the DFAS establish controls and procedures to prepare and submit accurate accounts receivable reports to the DOA. The *Standards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States, states management is responsible for the design, implementation, and operating effectiveness of the internal control system and that control activities should be designed to achieve objectives and respond to risks. Such controls would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements.

Recommendation

The DSS through the DFAS implement controls and procedures to prepare and submit accurate accounts receivable reports to the DOA.

Auditee's Response

The DSS provided the following written response:

The department does not agree with this finding. The department has internal controls and procedures in place to prepare and submit accurate accounts receivable reports to the DOA. In fact, the accounts receivable balance was correct as originally reported.

Although the department did revise the state fiscal year 2019 CAFR accounts receivable report after submission and upon discussion with the State Auditor's Office, the department's original position, in reporting the accounts receivables as received after August (or as a deferred inflow for reporting purposes) was a more conservative approach for the financial statements. Additionally, the DSS does view this as a difference of opinion in how this information is captured, as a revenue versus as a deferred inflow.

The department does and will continue to submit accurate accounts receivable reports to the DOA.

Auditor's Comment

CAFR reporting must be in accordance with GASB standards that state revenues are recognized in the accounting period in which they become measurable and available. Reporting of these amounts is not a matter of "opinion" or a "conservative approach." The department's claim that the original reporting of all $247.6 million of accounts receivables as "expected after August" cannot possibly be correct because prior to the end of August 2019, the DSS drew down approximately $165 million for grants with accounts receivables at June 30, 2019. Because the DSS lacks controls and procedures to identify and report accounts receivables in accordance with GASB requirements, this finding is valid.

FS2019-002. Department of Natural Resources Capital Asset Controls

The Department of Natural Resources (DNR) has not recently performed and documented complete annual physical inventories of state park capital assets. Physical inventory procedures are required by DNR policy, state law, and state regulation, and help ensure the capital asset data submitted to the DOA for inclusion in the CAFR is accurate. For the year ended June 30, 2019, DNR capital assets totaled approximately $147 million, or 74 percent of the total $200 million Government Wide - Business Type Activities capital assets reported in the CAFR.

The DNR maintains capital asset records in the statewide accounting (SAM II) system. The DNR compiles and submits SAM II system capital asset data to the DOA for inclusion in the CAFR. To ensure proper control over capital assets and that records are accurate, DNR State Property Accountability (Fixed Assets) Policy Number 7.04 requires each program, office, or facility to conduct an annual physical inventory. The policy requires the divisions to ensure the physical inventories are conducted and inventory reports are submitted, and reconcile the asset records to the actual items in the division's possession. The DNR's internal control plan submitted to the DOA states a physical fixed asset inventory is completed annually. In addition, state regulation 15 CSR 40-2.031(9) requires each department to perform an annual physical inventory and reconcile the inventory with SAM II system records and the prior annual physical inventory. Also, Section 34.125, RSMo, requires each department to keep a current inventory of all its property.

DNR procedures provide that central office personnel prepare and distribute a SAM II system report of capital assets to each state park. State park officials are to perform a physical inventory, document any discrepancies with the SAM II system report, and submit physical inventory documentation to the DNR central office. Central office personnel are responsible for reviewing the physical inventories and updating SAM II system records with any needed changes.

Our review of physical inventory records and procedures determined the DNR had not performed a complete department-wide physical inventory for fiscal years 2017, 2018, or 2019. DNR officials could not determine when department personnel had performed the last complete physical inventory. Department records show the most recent physical inventory process was started in calendar year 2018, but it was not finalized as of November 21, 2019. The 2018 summary inventory tracking sheet maintained by the central office showed personnel from several state parks had not completed and submitted their physical inventory, and central office personnel had not monitored to ensure inventories had been performed and submitted for all state parks. In addition, inventory documentation submitted for two of five state parks selected for review was incomplete. The records lacked documentation showing that the assets were physically verified, who performed the inventory, and the date the inventory was performed. Capital assets reported for these two parks totaled approximately $14 million. DNR officials stated inadequate staffing levels resulted in the department's inability to perform annual physical inventories.

It is essential the DNR follow established policies and procedures and comply with state laws and regulations regarding capital assets. The failure to perform physical inventory procedures reduces the control and accountability over capital assets and increases the potential that loss, theft, or misuse will go undetected. In addition, without effective controls over capital asset management and reporting, the DNR cannot ensure the accuracy of the capital asset balances in the SAM II system and the information reported in the CAFR.

Recommendation

The DNR ensure complete physical inventories of capital assets are performed annually, documented, and reconciled to the SAM II system.

Auditee's Response

The DNR provided the following written response:

We partially agree with the State Auditor's Office's (SAO) finding, as detailed below.

The department agrees that inventory documentation for calendar year (CY) 2018 was incomplete for two of the five state parks for which the SAO reviewed documentation; this resulted from an internal control weakness in the department's physical inventory process that we have since addressed. Upon the SAO's request for documentation, the department elected to review all 135 physical inventory units across the department for CY 2018 even though the SAO review was focused only on those relating to Business Type Activities. Of the 135 inventory units, 124 were properly completed or not required, five were completed late, and six could not be confirmed as complete (including the two identified by the SAO).

The department disagrees with the characterizations presented in the SAO's draft finding and conclusions. The department also disagrees with the SAO's conclusion that this internal control weakness rises to the level of a finding for purposes of the Statewide Financial Statement Audit. The impact of this matter is not material because it constitutes far less than 1% of statewide assets. The SAO notes in its draft finding that "[f]or the year ended June 30, 2019, DNR capital assets totaled approximately $147 million, or 74 percent of the total $199 million Government Wide – Business Type Activities capital assets reported in the CAFR." This statement, while correct, requires additional context. For fiscal year (FY) 2019, DNR capital assets for all Activities (Business Type plus Government Type) totaled approximately $461 million, or 0.74% of the statewide total of $62 billion.

Despite our objections to the SAO's characterization of this matter and decision to issue a finding, the department agrees with the SAO's draft recommendation to "ensure complete physical inventories of capital assets are performed annually and reconciled to the SAM II system." We have revised our internal controls to ensure inventories are completed and reconciled annually, implemented the pieces of those controls that could occur before finalizing the audit, and are on track to complete the remaining pieces this fiscal year. Our specific action steps include the following:

- *As part of our revised process, the department is converting its inventory schedule from a CY system to a FY system; this change should make CAFR reporting easier and more straightforward.*
- *The department has implemented procedures to record the specific completion date for each physical inventory to ensure we have the documentation necessary to demonstrate we are completing inventories annually.*
- *All physical inventories for CY 2019 were completed by December 31, 2019, and the status of all capital assets recorded. We are working now to complete reconciliation of the CY information with FY 2020 information, which will bring our CY and FY data together moving forward. We anticipate that process will be complete at the close of the fiscal year.*

The department does not propose any corrective action beyond the actions described in this response.

Auditor's Comment

Our decision regarding the classification of the internal control deficiency reported in this finding was made in accordance with AU-C Section 265, *Communicating Internal Control Related Matters Identified in an Audit.* AU-C Section 265.07 provides the following definitions regarding internal control deficiencies: A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable. *Reasonably possible* is the chance of the future event or events occurring that is more than remote but less than likely. *Probable* means the future event or events are likely to occur. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

We classified this internal control deficiency as a significant deficiency for the following reasons outlined in the finding (1) the DNR failed to ensure the department's key internal control to account for existing capital assets was placed into operation, (2) the internal control covers approximately 74 percent of the Government Wide - Business Type Activities opinion unit, and (3) the internal control is required by law. Also, as indicated in the finding, the DNR could not provide complete physical inventory documentation for any recent calendar year and DNR officials could not determine when the last complete physical inventory was performed.

The DNR asserts this internal control deficiency should not be reported as a finding because DNR capital assets are not material to the state's CAFR as a whole. However, as communicated to DNR officials in meetings held on December 23, 2019 and January 3, 2020, audit standards require separate audit opinions on each opinion unit, including the Government Wide - Business Type Activities opinion unit, for which the DNR holds approximately 74 percent of the total capital assets. The DNR's attempt to compare its assets to the CAFR as a whole falsely minimizes the impact of this internal control deficiency on the state's CAFR.

The DNR also attempts to minimize the issue by stating the department's follow up on pending calendar year 2018 physical inventories determined most were complete. However, these procedures were conducted only after our inquiries. Paragraph 3.35 of the *Audit Guide Government Auditing Standards and Single Audits,* published by the AICPA, states while audit testing results should be considered when evaluating the operating effectiveness of internal controls, the absence of misstatements detected by audit procedures does not provide audit evidence that controls related to the relevant assertion being tested are effective.

Michael L. Parson
Governor

Sarah H. Steelman
Commissioner

State of Missouri
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Stacy Neal
Director

CORRECTIVE ACTION PLANS

The State of Missouri's Office of Administration, Division of Accounting respectfully submits the following Corrective Action Plans for the findings related to the Statewide Single Audit for fiscal year ended June 30, 2019. Each Corrective Action Plan was prepared by the State agency noted.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Department of Social Services (DSS)

Audit Finding Number: FS2019-001 – Financial Reporting Controls

Name of the contact person responsible for corrective action: Kristen Pattrin

Anticipated completion date for corrective action: Not applicable

Recommendation: The DSS through the DFAS implement controls and procedures to prepare and submit accurate accounts receivable reports to the DOA.

DSS Response: The DSS disagrees with this finding. The Department has internal controls and procedures in place to prepare and submit accurate accounts receivable reports to the Division of Accounting. In fact, the accounts receivable balance was correct as originally reported.

Although the department did revise the SFY 2019 CAFR accounts receivable report after submission and upon discussion with the SAO, the department's original position, in reporting the accounts receivables as received after August (or as a deferred inflow for reporting purposes) was a more conservative approach for the financial statements. Additionally, the DSS does view this as a difference of opinion in how this information is captured, as a revenue versus as a deferred inflow.

The department does and will continue to submit accurate accounts receivable reports to the Division of Accounting.

Corrective action plan is as follows: Not applicable.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Missouri Department of Natural Resources

Audit Finding Number: FS2019-002 Capital Asset Controls

Name of the contact person: Jennifer Eddy

Responsible for corrective action: Tracy Farris

Anticipated completion date for corrective action: June 30, 2020

Corrective action planned is as follows:

Our specific action steps include the following:

- As part of our revised internal physical inventory process, the Department has converted its inventory schedule from a CY system to a FY system; this change should make CAFR reporting easier and more straightforward.
- The Department has implemented procedures to record the specific completion date for each physical inventory to ensure we have the documentation necessary to demonstrate we are completing inventories annually.
- The Department completed all physical inventories for CY 2019 by December 31, 2019, and records the status of all capital assets. We are working now to complete reconciliation of the CY information with FY 2020 information, which will bring our CY and FY data together moving forward. We anticipate that process will be complete at the close of the fiscal year.

The Department does not propose any corrective action beyond the actions described in this response.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Department of Social Services (DSS) – Children's Division (CD) and Division of Finance and Administrative Services (DFAS)

Audit Finding Number: 2019-001 Adoption Assistance Eligibility and Payments

Name of the contact person
Responsible for corrective action: Amy Martin and Jodi Lodewegen

Anticipated completion date for corrective action: April 30, 2020.

Recommendation: The DSS through the CD and the DFAS strengthen and enforce policies and procedures regarding Adoption Assistance eligibility determinations and assistance payments. These procedures should ensure all adoption subsidy agreements are signed and in effect prior to the adoption, criminal background checks are obtained for all prospective adoptive parents, and payments are allowable. The DSS should review and correct the eligibility and payments for the children identified in this finding.

DSS Response: The DSS partially agrees with this finding.

The DSS agrees with correcting the eligibility and payments for the children identified in this finding. The questioned costs of $17,600 out of the annual $40 million federal share claim will be returned on the March 2020 quarterly report filed no later than April 30, 2020. Since 66% of the questioned costs were due to action taken before the 2008 policy change, this is not indicative of current caseload or practices.

The DSS disagrees with strengthening and enforcing policies and procedures regarding Adoption Assistance eligibility determinations. The Department implemented new processes in FY 2008 regarding backdating subsidy agreements as stated in the prior audit response and demonstrated during the review. The DSS continues to provide new worker and refresher trainings of adoption assistance staff regarding adoption assistance agreement requirements and quality assurance reviews to ensure service start dates of the agreement are as of or after the Director's signature on the agreement and ensuring start dates are on or prior to the date of adoption to assure eligibility for IV-E funds. The DSS continues provide training to IV-E Eligibility Analysts on reviewing adoption assistance payments to ensure they are allowable. Additionally DSS has internal steps in place to ensure agreements have proper signatures and effective dates. Documentation of these processes and trainings were provided to the SAO audit crew during the review.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Department of Social Services (DSS) – Division of Finance and Administrative Services (DFAS)

Audit Finding Number: 2019-002 - Public Assistance Cost Allocation Plan

Name of the contact person
responsible for corrective action: Kristen Pattrin

Anticipated completion date for corrective action: Not Applicable

Recommendation: The DSS through the DFAS implement internal controls and procedures over the PACAP and the AlloCAP system to ensure costs charged to federal programs are accurate, allowable, properly allocated, and consistent with the proposed and/or approved PACAP. Internal controls should be adequately documented and monitored for compliance with applicable requirements. These controls should include sufficiently detailed policies and procedures; documentation of the reason, justification, and approvals of changes to the proposed PACAP and the AlloCAP system; documented testing of system changes; and a complete log of all changes.

DSS Response: The DSS firmly disagrees with this finding/recommendation.

Audit Requirements for Federal Awards are covered under 2 CFR 200. Under section 200.516 subpart 7, auditors are required to indicate whether an audit finding represents an isolated instance or a systematic problem. Instances identified must be related to the universe and the number of cases examined and be quantified in terms of dollar value. The auditor should report whether the sampling was a statistically valid sample.

As noted in the audit finding, the sample selected included 17 cost centers allocated during the quarter ending June 30, 2019 and for every cost center examined, it was determined all costs were supported and allocated in accordance with the proposed Public Assistance Cost Allocation Plan (PACAP). No deviations were found in the tested sample to support that the DSS did not effectively design, implement, or put controls in place to prevent detection of non-compliance. In the prior year audit the sample selected included 14 cost centers allocated during the quarter ending March 31, 2018 and for every cost center examined, it was determined all costs were supported and allocated properly as well. Thus DSS has demonstrated consistently the system in place produces accurate results.

DSS offered additional cost pools for sampling; however the SAO audit crew conveyed, as those programs were not in the scope of the SWSA, a sample from grants outside of the scope would not be taken and reviewed.

Since results of the tested sample supports the Department's position, the DSS has provided sufficient evidence to demonstrate internal controls and procedures to ensure costs charged to federal programs are accurate, allowable, and properly allocated. Therefore DSS disagrees with the finding as 100% of the sample taken was accurate and compliant with federal requirements. Additionally DSS further disagrees with the finding as it is based on grants not sampled in this audit.

Effective October 1, 2017, the DSS transitioned from utilizing an indirect cost rate methodology allocated manually on a spreadsheet to implementing a PACAP to directly allocate through cost pools which is allocated systematically in a proprietary cost allocation system. Implementation of a thoroughly documented PACAP coupled with the AlloCAP system supports that DSS has strengthened internal controls and procedures. Cost Allocation Services (CAS) requires DSS to document quarterly changes in a specific format, consisting of submission of summary of changes in Section III of the PACAP as well as submitting the PACAP in track change format from the previous version. DSS has been in compliance with this requirement each quarter, which was demonstrated though the documentation provided to the SAO audit crew. Additionally, the DSS has provided documented evidence to support the internal controls and procedures over PACAP and AlloCAP which includes but is not limited to: (1) the Chief Financial Officer and the Assistant Chief Financial Officer sign the internal approval sheet of PACAP changes prior to submission and the Chief Financial Officer signs each formal PACAP submission; (2) the Cost Allocation Manager submits PACAP narrative and a summary of quarterly changes to the Grants Unit to assist the Grants Unit in ensuring that AlloCAP matches the PACAP narrative exactly; (3) the AlloCAP manual outlines procedures for the quarterly cost allocation process; (4) the AlloCAP quarterly preparation is documented on grant approval tracking sheets with signatures from the Grants Unit Manager, Assistant Chief Financial Officer, and Chief Financial Officer each quarter prior to grant claiming; and (5) reports are produced directly from the AlloCAP system showing the allocation methodology matches the PACAP as submitted quarterly. Specifically the Chart of Accounts reports produced from AlloCAP from present quarter compared to prior quarter document the changes were in accordance with the submitted PACAP.

The DSS' internal controls were and continue to be a component of the successful implementation of the PACAP and AlloCAP system in order to ensure accuracy and compliance with federal requirements as supported by the sample results reviewed under this audit.

DSS had a conversation regarding the prior year finding with the prior year audit crew. Although DSS disagreed with the prior finding, DSS was willing to consider further steps to implement if these steps would provide a greater comfort level. The signature page was discussed and implemented in addition to the current adequate process as requested.

Corrective action planned is as follows: Not applicable

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Department of Social Services (DSS)

Audit Finding Number: 2019-003 – CSBG and CSE Program Subrecipient Risk Assessments

Name of the contact person
Responsible for corrective action: John Ginwright and Kimberley Sprenger

Anticipated completion date for corrective action: Documentation of the Child Support Enforcement (CSE) risk assessments will be completed by March 31, 2020. Documentation of the Community Services Block Grant (CSBG) risk assessments will be completed by June 30, 2020.

Recommendation: The DSS through the DFAS and the FSD develop controls and procedures to ensure evaluations of each CSBG and CSE program subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward are performed, documented, and used for monitoring decisions as required by federal regulations.

DSS Response: The DSS partially agrees with this finding. The DSS plans and performs monitoring of subrecipients based on federal requirements, risk assessments, and effective, efficient use of resources. The DSS has performed risk based monitoring of the CSE and CSBG subrecipients in accordance with Uniform Guidance and will continue to do so. However, the DSS acknowledges that risk assessments were not consistently documented. The DSS has developed a process to document risk assessments performed and is working to implement this process across the department.

Corrective action planned is as follows: Documentation of the CSE risk assessments will be implemented by March 31, 2020. Documentation of the risk assessments for CSBG will be implemented by June 30, 2020.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Department of Social Services (DSS)

Audit Finding Number: 2019-004 – CSBG Program Reporting

Name of the contact person
Responsible for corrective action: Kristen Pattrin and Sheena Frazer

Anticipated completion date for corrective action: Not applicable.

Recommendation: The DSS through the DFAS establish controls and procedures to ensure CSBG program federal financial reports are accurately prepared in accordance with federal requirements. In addition, the DSS should review, revise, and resubmit previously submitted inaccurate federal reports.

DSS Response: The DSS disagrees with this finding. In accordance with the DSS' 12/21/2018 response letter to the Administration for Children and Families (ACF) CSBG Missouri State Assessment Draft Monitoring Report, the accounting methodology employed for drawing and disbursing the CSBG award funds to eligible entities was based on the "first-in, first-out" approach. While the DSS contended the accounting records and methodologies were in compliance with the general terms and conditions of the grant and 45 CFR 75.309(a)(b), it acknowledged ACF's request to discontinue the "first-in, first-out" approach. On 6/26/2019 following issuance of the ACF CSBG Missouri State Assessment Final Monitoring Report, the DSS again acknowledged ACF's request to discontinue use of the "first-in, first-out" accounting method and confirmed the work being completed with the Community Action Agencies and other internal actions to affect the change that was implemented on October 1, 2019. As such, the difference between records referenced in the finding is due to the accounting methodology employed for drawing and disbursing CSBG award funds to eligible entities during the referenced time period.

Corrective action planned is as follows: Not applicable. The DSS disagrees with this finding and does not plan to resubmit the previously submitted FFY 18 federal reports.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Department of Social Services (DSS) – MO HeathNet Division (MHD) and Family Support Division (FSD)

Audit Finding Number: 2019-005 – Medicaid and CHIP MAGI-Based Participant Eligibility

Name of the contact person
responsible for corrective action: Heather Atkins

Anticipated completion date for corrective action: September 1, 2020

Recommendation: The DSS through the MHD and the FSD strengthen internal controls over MAGI-based participant eligibility to ensure eligibility redeterminations are completed as required and that participants' eligibility statuses in the MMIS are accurate. In addition, the DSS should review and correct the eligibility for the ineligible participant identified in this finding.

DSS Response: The DSS agrees with the finding. Missouri Eligibility Determination and Enrollment System (MEDES) functionality to complete annual redeterminations was not complete until 6/2018. Prior to full implementation, MEDES was unable to complete systematic auto renewals and population of required pre-populated review forms. Since full implementation in 2018, FSD has strengthened controls as the system has been updated to automatically initiate the annual eligibility redetermination process. DSS staff will continue to strengthen controls and monitor the process to ensure eligibility redeterminations in MEDES are completed as required and accurate in MMIS. Additionally, the DSS has taken actions to close the eligibility case noted in the recommendation.

The questioned costs identified in this finding are $2,832, federal share. The total computable amount of $4,344 will be reduced from the annual expenditures of $3.1 billion for the MAGI population.

It should also be noted that the SAO reviewed 60 ABD participants and no errors were found.

Corrective action planned is as follows: The DSS is developing a monthly report to identify overdue reviews. DSS will analyze the reports to determine if additional policy or system updates are necessary. To address accuracy in the MMIS system, DSS is implementing a Continuous Case Improvement review on MAGI cases targeting the findings and trends of this audit. The Department will develop training and guidance for staff when needs are identified.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Department of Social Services (DSS) - MO HealthNet Division (MHD)

Audit Finding Number: 2019-006 – Medicaid Nursing Facility Audits

Name of the contact person
responsible for corrective action: Rebecca Rucker

Anticipated completion date for corrective action: October 2020

Recommendation: The DSS through the MHD establish and enforce a plan for periodic audits of cost reports or other financial information of nursing facilities and ensure independent audits are obtained in accordance with the State Plan.

DSS Response: DSS partially agrees with the finding.

DSS agrees the State Plan language should be reviewed and updated. However, Attachment 4-19D (or TN00-18) Findings and Assurances that the State Auditor references in the finding is not part of Missouri's State Plan.

The DSS disagrees with the remainder of the findings. The Findings and Assurances that outlined procedures to collect uniform cost reports and the periodic audit of financial and statistical records was an annual assurance and finding required until the Boren Amendment and its corresponding regulations were repealed by the Balanced Budget Act of 1997. The purpose of the Boren Amendment was to require the State Medicaid Agency to consider the costs of efficient and economic providers in setting rates. In considering the costs of the efficient and economic providers, the State Medicaid Agency was required to collect uniform cost reports and audit financial and statistical records of the providers, among other requirements. Once the Boren Amendment was repealed, the costs of efficient and economic providers did not need to be considered in setting rates. The Findings and Assurances that the State Medicaid Agency provided each year were no longer required after 2000, and were no longer considered part of the State Plan.

The finding states that MHD is not fulfilling the requirement of periodic auditing of providers' financial and statistical records; however, MHD provided a list of financial and statistical records that it audits or reviews, which in addition to cost reports, includes provider credit balance reports, Certificate of Need (CoN) reports, and NFRA cycle reports.

The Auditor's report stated that MHD performed 0 cost report audits in 2019. MHD provided supplemental documentation of 5 cost report audits before the finding was complete; however, these audits were not reflected in the finding.

In the Auditor's report it is documented that MHD did not receive independent audits in 2019 for new facilities established in the past two years. MHD received independent audits from two facilities in FY2019. Of the remaining new facilities that entered the nursing facility program in the last two years, the independent audits are not due until 2020/2021.

MHD has contracted with an outside vendor to perform audits of the nursing facility cost reports to assist with changes that resulted from new legislation. The contractor will collect the cost reports from the providers and ensure the cost reports are complete and submitted on a timely basis. In addition, the vendor will ensure the independent audits are received according to the State Plan.

Corrective Action Plan is as follows: DSS will review and update the State Plan language to ensure the current processes are reflected and any known changes to processes within the Nursing Facility program at the time the plan is submitted. The updated State Plan will be submitted no later than October 2020.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Department of Mental Health

Audit Finding Number: 2019-007 Medicaid Developmental Disabilities Comprehensive Waiver Per Diem Rates

Name of the contact person
Responsible for corrective action: Bryan Connell

Anticipated completion date for corrective action: Not applicable

The agency does not agree with the audit findings and believes that a corrective action is not required. Explanation and specific reasons are as follows:

Although some rates are at a level established prior to the rate methodology change, as stated last year, all existing rates are now a factor of the rate study and therefore any other forms of documentation are irrelevant. The rate study serves as the documentation for all residential rates paid. The Division of Developmental Disabilities is under a corrective action plan (CAP) with the Centers for Medicare and Medicaid Services (CMS) that requires the division to standardize its Individualized Supported Living rates according to the current approved rate methodology (which is based on the rate study) by July 1 2024. The division anticipates completing the CAP by July 1 2023.

State of Missouri
Single Audit
Corrective Action Plan
Year Ended June 30, 2019

State Agency: Missouri Veterans Commission

Audit Finding Number: 2019-008 DPS-MVC SEFA

Name of the contact person
Responsible for corrective action: Terressa Sherlock

Completion date for corrective action: December 9, 2019

Corrective action planned is as follows:

In the Fiscal Year 2019 SEFA report, MVC reported actual expenditures rather than accrual basis expenditures in the initial report dated August 30, 2019. Immediately upon notification from the auditor’s office of an error in the expenditure amount listed on the report, MVC updated the report with accurate accrual basis expenditures and returned the amended report to both the Auditor’s office and to the Office of Administration. The amended report is dated December 5, 2019.
MVC recognizes the audit finding on CFDA 64.015 Veterans State Nursing Home Care, and has implemented internal controls to mitigate reoccurrence in the future. Beginning in December of 2019, Fiscal and Administrative Manager initiated the changes to internal processes to address this issue.

MISSOURI

2019

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

STATE OF MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019

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, Mayor Carrie Tergin, Photographer

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, 2019

TABLE OF CONTENTS

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

State of Missouri
OFFICE OF ADMINISTRATION
Division of Accounting
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Post Office Box 809
Jefferson City, Missouri 65102
573 751-2971
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E-MAIL: acctmail@oa.mo.gov

Stacy Neal
Director

January 9, 2020

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, 2019. 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.

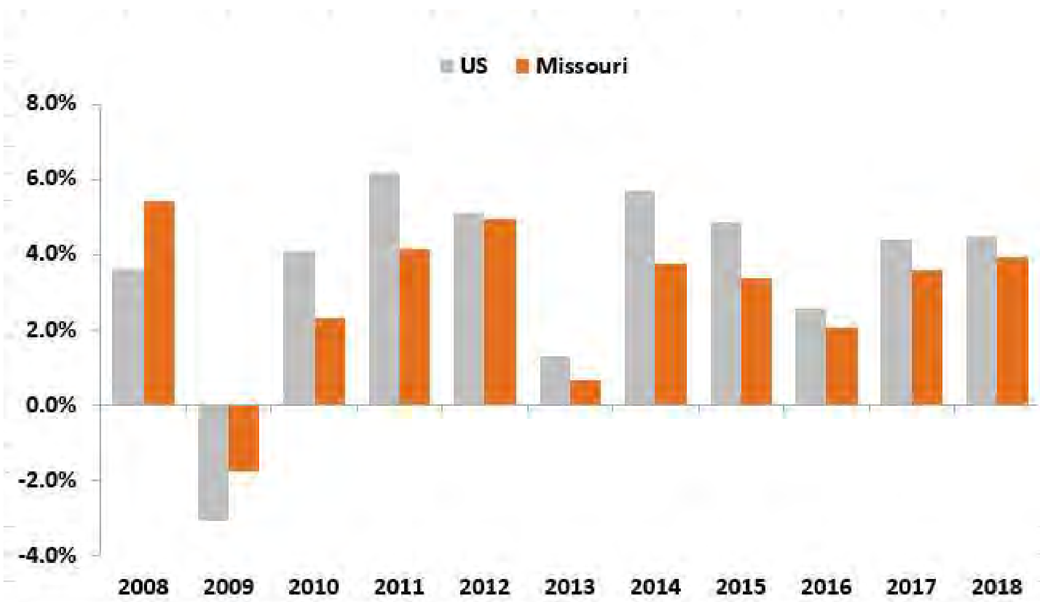
The financial reporting entity of the State includes all of the funds of the primary government as well as component units for which the State is financially accountable. The transmittal letter, MD&A, and the financial statements focus on the primary government and its activities. Although information 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

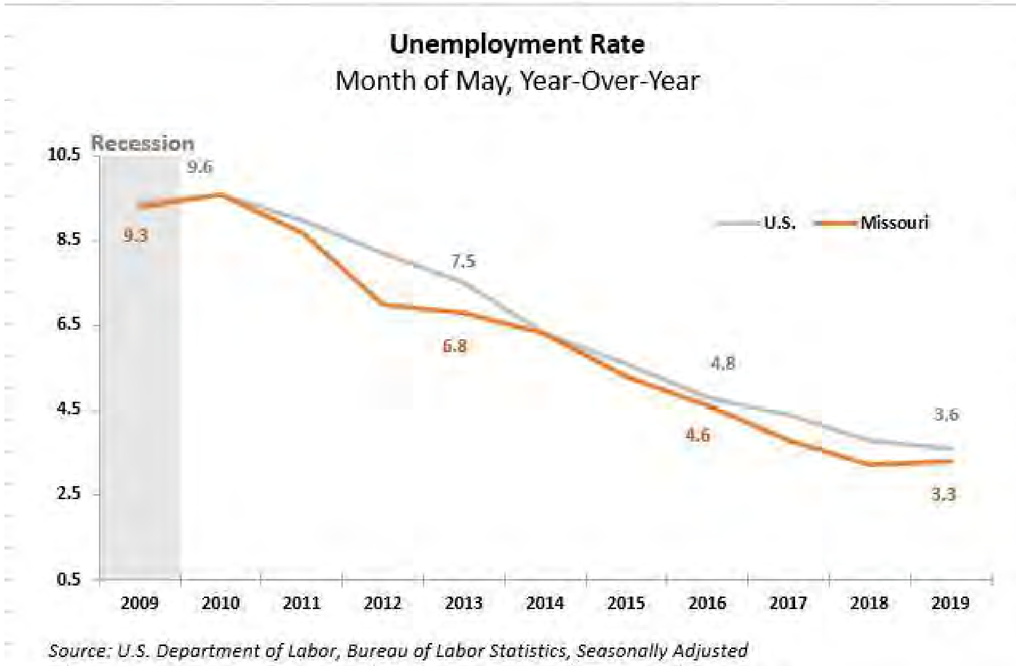
Missouri's economy saw its seventh consecutive year of Annual Real GDP growth in 2018. Missouri's GDP was $282.2 billion in inflation-adjusted dollars; this is a 2.3% increase over 2017. Missouri's per capita personal income was $46,635 in 2018, an increase of 3.6% from 2017. The national per capita income is $53,712. While the State's per capita income is lower than the national average, so is the cost of living. In 2018, Missouri ranked 4th lowest in cost of living for states.

Personal Income Annual Growth Rate



Source: MERIC 2019 Missouri Economic Report

In May 2019, Missouri's unemployment rate was 3.3%, while the nation's unemployment rate was 3.6%. May 2019 makes 27 consecutive months of unemployment rates below 4%. Between May 2018 and May 2019 Missouri added 31,000 jobs.



Source: MERIC 2019 Missouri Economic Report

<u>Long-Term Financial Planning</u>

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 2024 at the earliest, due to a phased implementation. General revenue growth for fiscal year 2017 and 2018 triggered the first two income tax reductions in tax year 2018 and 2019. The estimated income tax revenue reduction for fiscal year 2019 is $240 million. Net General revenue growth did not trigger the third income tax reduction for tax year 2020.

The General Assembly passed several tax-related bills during the 2019 legislative session. The combined impact to general revenue during fiscal year 2020 is estimated as a loss of $9.4 million to $59.6 million. Once fully implemented, the legislation could impact general revenue by an estimated loss of $57.3 million to an estimated gain of $4.3 million.

There were no new bond issuances during fiscal year 2019. In fiscal year 2020, the Third Lien State Road Bonds, Series B 2019 in the amount of $178,370,000 were issued by the Missouri Highways and Transportation Commission. Senate Concurrent Resolution 14 authorized $301 million Missouri Highways and Transportation Commission bonds to renovate bridges and other important transportation infrastructure. The Department of Transportation leveraged this spending authority to qualify for the U.S. Infrastructure for Rebuilding America grant to provide $81.2 million in federal funding for Missouri transportation projects. This is the first time that general revenue funds are being used to pay a Missouri Highways and Transportation Commission bond.

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 2019, inclusive. The State is currently $3.79 billion below the limit and does not expect the limit to be exceeded in fiscal year 2020.

Major Initiatives

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

2019 Tax Legislation

- **Individual Income Tax** - The General Assembly passed Senate Bill (SB) 87 which contained individual income tax-related components. SB 87 would disallow interest for one month and penalties through December 2019 for individuals who paid their income tax liabilities (due in April 2019) late. In addition, the bill created the Taxpayer Protection Act which requires paid tax preparers to provide their tax identification number and signature on tax returns. SB 87 is estimated to reduce fiscal year 2020 general revenues by $9.3 million. Once fully implemented, SB 87 could increase general revenue by an estimated $1.4 million.

- **Sales Tax** - The General Assembly passed three sales tax related bills - House Bill (HB) 220, SB 87, and SB 368. HB 220 would allow telecommunications businesses to separate product bundles into taxable and non-taxable components. Currently the full telecommunications bundle is taxable, even if it contains non-taxable items and services. This may have an unknown negative impact on general revenue. SB 87 would extend sales tax refunds from three years to ten years from the date of overpayment. SB 368 would grant a tax exemption to leases from port authorities to private entities.

- **Corporate Income Tax** - The General Assembly passed two corporate income tax-related bills - SB 87 and SB 174. SB 87 would decouple business interest expensing from the federal Tax Cuts and Jobs Act. This provision is estimated to have cash flow impacts to general revenue as businesses accelerate interest expensing into the year the interest expenses occurred, and adding back the federally allowed deduction in later years. SB 174 exempts Federal Reserve interest received by financial institutions from corporate income taxes. SB 174 is expected to reduce corporate income tax collections by $30,000 to $70,000 once fully implemented.

- **Tax Credits** - The General Assembly passed three tax credit-related bills - SB 68, SB 174, and SB 180. SB 68 expands both the business facility tax credit and the Missouri Works tax credit programs. These expansions are estimated to reduce general revenue by $54.4 million, once fully implemented. SB 174 eliminates one of the bank franchise tax credits, now that the bank franchise tax has been phased out. This provision is estimated to increase general revenue by $2.7 to $4.3 million annually. SB 180 would expand the Missouri Works tax credit program to include military projects. This provision is estimated to decrease general revenue by an estimated $5.5 million annually.

Fast-Track Grant Program and Qualified Manufacturing Incentives - The General Assembly passed a comprehensive economic development strategy for growth across Missouri (SB 68). SB 68 provides state government with new tools to promote economic success. The Fast-Track Workforce Incentive Grant program offers qualified individuals, at least 25 years of age, forgivable loans to pay for education in fields with current occupational shortages. Additionally, the bill creates a new incentive program for automotive manufacturing plants that invest at least $500 million in retooling manufacturing facilities.

Missouri One Start Workforce Development Initiatives - The General Assembly passed a comprehensive economic development strategy for growth across Missouri - SB 68 and SB 180. SB 68 creates a new Closing Fund to help the state encourage businesses to locate in Missouri while also modifying the Missouri One Start new and retained jobs initiatives to encourage current Missouri businesses to remain in Missouri. Senate Bill 180 modifies the One Start program to assist in funding the retention or expansion of U.S. Department of Defense installations within Missouri

Executive Department Reorganization - Executive Orders 19-01, 19-02, and 19-03 reorganized the Departments of Higher Education; Economic Development; Natural Resources; and Insurance, Financial Institutions and Professional Registration to promote efficiency across state government by allowing each agency to focus on its primary mission. These structural changes promote state government economic and workforce development initiatives. Additionally, HB 612 transferred the State Arts Council to the Lieutenant Governor's Office to allow the Department of Economic Development to focus on business retention, expansion, and recruitment while supporting the Arts Council's mission of promoting fine and performing arts across the state.

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,

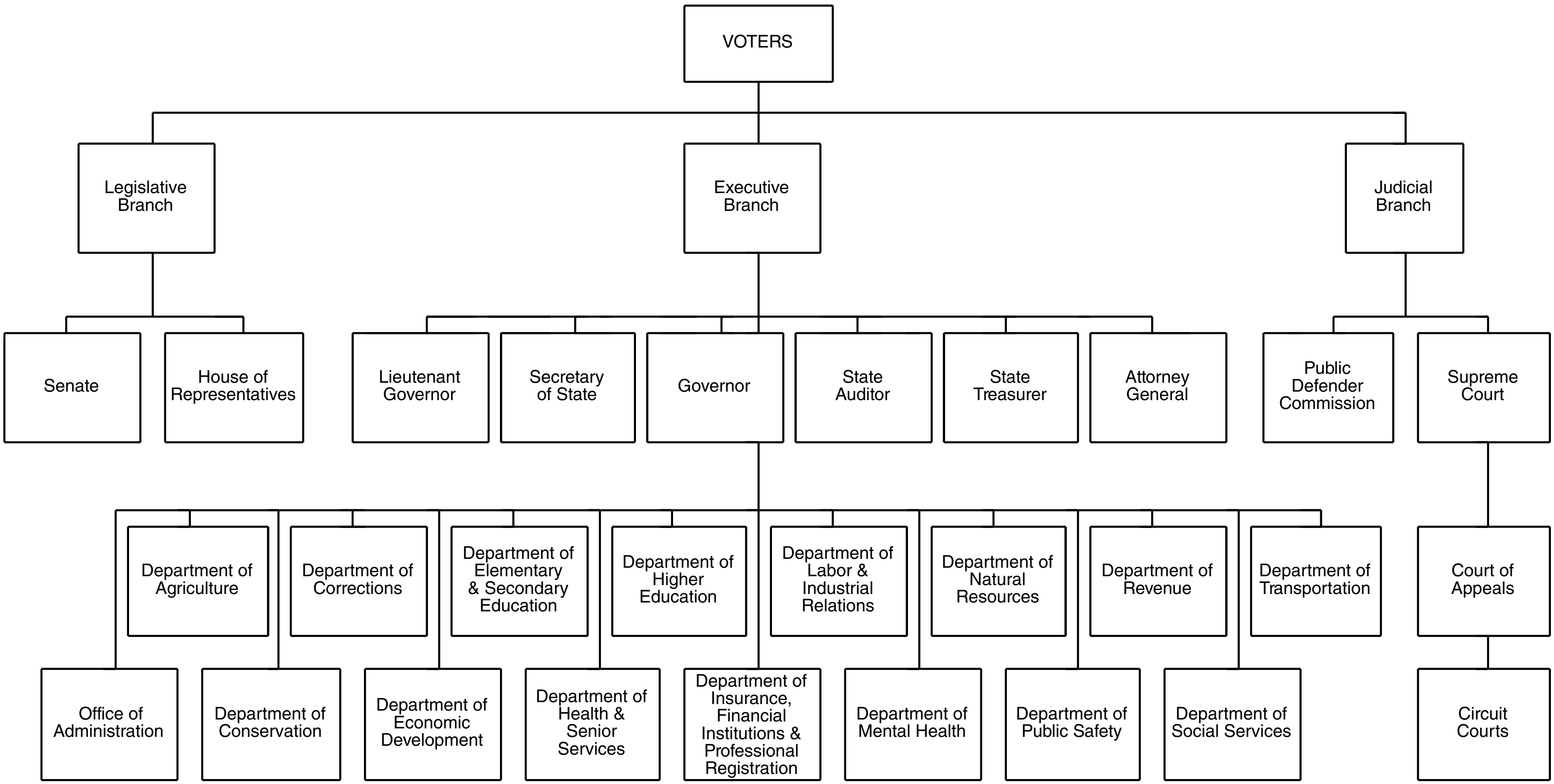
Stacy Neal

Stacy Neal, CPA
Director

STATE OF MISSOURI

ORGANIZATIONAL CHART

June 30, 2019



STATE OF MISSOURI
PRINCIPAL STATE OFFICIALS
as of June 30, 2019

EXECUTIVE

Michael L. Parson
Governor

Mike Kehoe
Lieutenant Governor

John R. Ashcroft
Secretary of State

Nicole Galloway, CPA
State Auditor

Scott Fitzpatrick
State Treasurer

Eric Schmitt
Attorney General

LEGISLATIVE

Dave Schatz
President Pro Tem of the Senate

Elijah Haahr
Speaker of the House of Representatives

JUDICIAL

George W. Draper III
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, 2019, 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 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 76 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 11 percent of the assets and 74 percent of the revenues of the business-type activities.

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

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 Missouri State Employees' Insurance Plan and the Missouri Consolidated Health Care Plan, internal service funds; the Missouri Development Finance Board, the Missouri Agricultural and Small Business Development Authority, and the State Environmental Improvement Energy Resources 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 29 percent of governmental activity revenues and 34 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, 2019, 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, 2019, 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 18 to the financial statements, the 2018 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; the Budgetary Comparison Schedule-General Fund, Major Special Revenue Funds; the Schedule of Changes in Net Pension Liability and Related Ratios; the Schedule of Proportionate Share of the Net Pension Liability; 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

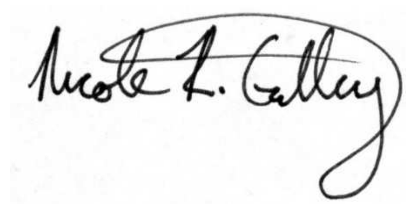
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state of Missouri's basic financial statements. The supplementary information, as listed in the table of contents, and the other information, which consists of the introductory and statistical 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 9, 2020, 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 will be issued under separate cover in the Report on Internal Control, Compliance, and Other Matters. 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.



Nicole R. Galloway, CPA
State Auditor

January 9, 2020

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, 2019. 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 2019 by $28.1 billion. Of the $28.1 billion, "unrestricted net position" is reported as a negative $7.3 billion, offset by $4.4 billion in "restricted net position", and $31.0 billion net investment in capital assets.

- *Changes in Net Position.* The State's total net position increased by $502.4 million in fiscal year 2019. Net position for governmental-type activities increased by $404.6 million.

- *Excess of Revenues over (under) Expenses.* During fiscal year 2019, the State's total revenues of $28.2 billion were $502.3 million greater than total expenses of $27.7 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 $12.7 billion.

Fund-Level:

- *Governmental Funds – Fund Balance.* At the close of fiscal year 2019, the State's governmental fund assets exceeded liabilities by $5.8 billion, an increase of $310.4 million or 5.7% from the prior year. The increase was due to the net effect of several factors. Revenues increased $245.0 million, primarily from an increase in taxes of $314.6 million. Additionally, revenues from Contributions and Intergovernmental decreased $125.3 million and related expenditures in Human Services increased $53.9 million due to an increase for Medicaid and Other Assistance Programs.

- *General Fund – Fund Balance.* At the end of the current fiscal year, the State's General Fund reported a balance of $2.1 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 $321.9 million, or 11.1%, over the prior year. The outstanding bonds payable represents 25.3% of financial assets (cash, receivables, and investments) and 5.9% of total assets. The Missouri Department of Transportation issued refunding bond Series A 2019 in the amount of $102,705,000, which refunded $68,605,000 of bond Series A 2008 and $42,695,000 of bond Series A 2009. Additionally, bond payments of $313,265,000 were made during the fiscal year. The State has financed purchases through direct borrowing with banks in the amount of $31.5 million. 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 2019, 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, Missouri Wine and Grape Board, and the State Environmental Improvement Energy Resources Authority.

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 and statements 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 $502.4 million or 1.8% during fiscal year 2019. Cash and cash equivalents and investments increased $326.3 million due to an increase in revenues. Accounts receivable increased $188.3 million due to the conversion to a new tax system and the timing of grants receivables. Capital assets increased $228.1 million mainly due to an increase in the State's infrastructure in progress. Bonds payable and the related unamortized bond premium liability decreased by $351.0 million, due to bond payments of $313.3 million and the refunding of the Missouri Highways and Transportation Commission Series A 2008 and Series A 2009 Bonds.

Net investment in capital assets, which includes capital assets, bonds payable, and capital lease/financed purchase obligations, is the largest component of the State's net position at $31.0 billion or 110.1%. 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 $631.9 million or 1.8%. The increase was primarily due to the increase in capital assets of $228.1 million and a decrease in related outstanding bond, capital lease, and financed purchase obligation of $254.7 million.

Restricted net position of the primary government totaled $4.4 billion or 15.6% of total net position vs. 15.4% 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	
	2019	2018*	2019	2018*	2019	2018*
ASSETS:						
Current and Other Assets	$ 8,939,981	$ 8,554,606	$ 1,362,290	$ 1,233,092	$ 10,302,271	$ 9,787,698
Capital Assets, Net	33,272,121	33,042,482	125,355	126,899	33,397,476	33,169,381
Total Assets	42,212,102	41,597,088	1,487,645	1,359,991	43,699,747	42,957,079
DEFERRED OUTFLOWS:	1,803,126	1,917,257	50,848	55,443	1,853,974	1,972,700
LIABILITIES:						
Other Liabilities	1,751,216	1,795,865	37,112	32,247	1,788,328	1,828,112
Long-Term Liabilities	14,819,597	14,706,191	405,994	389,192	15,225,591	15,095,383
Total Liabilities	16,570,813	16,502,056	443,106	421,439	17,013,919	16,923,495
DEFERRED INFLOWS:	411,690	384,165	6,693	3,124	418,383	387,289
NET POSITION:						
Net Investment in Capital Assets	30,849,210	30,364,850	125,355	126,899	30,974,565	30,491,749
Restricted	4,387,607	4,239,726	6,798	5,616	4,394,405	4,245,342
Unrestricted	(8,204,092)	(7,976,452)	956,541	858,356	(7,247,551)	(7,118,096)
Total Net Position	$ 27,032,725	$ 26,628,124	$ 1,088,694	$ 990,871	$ 28,121,419	$ 27,618,995

*Fiscal year 2018 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 $12.7 billion for total revenues of $28.2 billion during fiscal year 2019. Expenses for the State during fiscal year 2019 were $27.7 billion. Total net position, net of contributions and transfers, increased by $502.4 million.

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

STATEMENT OF ACTIVITIES
(In Thousands of Dollars)

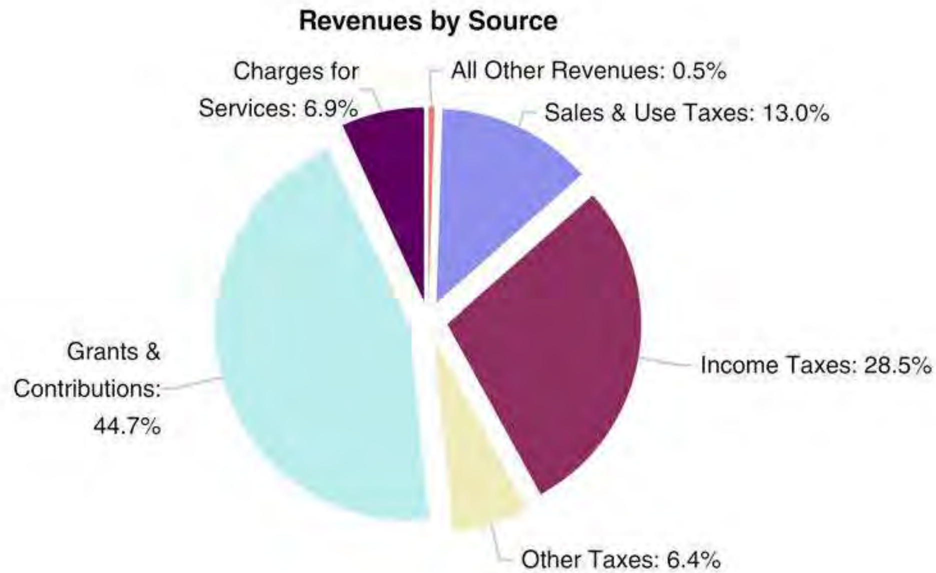
	Governmental Activities		Business-Type Activities		Total	
	2019	2018*	2019	2018*	2019	2018*
REVENUES:						
Program Revenues:						
Charges for Services	$ 1,803,260	$ 1,700,766	$ 1,571,219	$1,522,729	$ 3,374,479	$ 3,223,495
Operating Grants and Contributions	10,757,841	10,811,591	431,609	466,750	11,189,450	11,278,341
Capital Grants and Contributions	949,652	1,020,653	—	—	949,652	1,020,653
General Revenues:						
Sales and Use Taxes	3,405,745	3,235,110	—	—	3,405,745	3,235,110
Income Taxes	7,470,829	7,200,130	—	—	7,470,829	7,200,130
Other Taxes	1,666,821	1,632,412	—	—	1,666,821	1,632,412
Other Revenues	138,138	85,541	26,449	18,338	164,587	103,879
Total Revenues	26,192,286	25,686,203	2,029,277	2,007,817	28,221,563	27,694,020
EXPENSES:						
General Government	1,336,971	1,265,947	—	—	1,336,971	1,265,947
Education	7,142,264	7,053,444	—	—	7,142,264	7,053,444
Natural and Economic Resources	1,056,172	1,079,318	—	—	1,056,172	1,079,318
Transportation and Law Enforcement	1,997,540	1,974,321	—	—	1,997,540	1,974,321
Human Services	14,449,527	14,339,926	—	—	14,449,527	14,339,926
State Lottery	—	—	1,168,030	1,086,927	1,168,030	1,086,927
Unemployment Compensation	—	—	264,370	294,271	264,370	294,271
Petroleum Storage Tank Insurance	—	—	20,346	21,298	20,346	21,298
State Fair Fees	—	—	4,531	4,880	4,531	4,880
State Parks and DNR	—	—	12,950	9,829	12,950	9,829
Historic Preservation	—	—	532	725	532	725
Missouri Veterans' Homes	—	—	125,213	123,095	125,213	123,095
Surplus Property	—	—	2,591	2,416	2,591	2,416
Revenue Information	—	—	9	12	9	12
Inmate Canteen Fund	—	—	28,526	46,474	28,526	46,474
All Other Expenses	109,740	120,206	—	—	109,740	120,206
Total Expenses	26,092,214	25,833,162	1,627,098	1,589,927	27,719,312	27,423,089
Increase (Decrease) in Net Position before Capital Contributions, Transfers, and Extraordinary Items	100,072	(146,959)	402,179	417,890	502,251	270,931
Capital Contributions	—	—	173	11,463	173	11,463
Transfers and Extraordinary Items	304,529	331,631	(304,529)	(331,631)	—	—
Change in Net Position	404,601	184,672	97,823	97,722	502,424	282,394
Net Position – July 1	26,628,124	26,443,452	990,871	893,149	27,618,995	27,336,601
Net Position – June 30	$ 27,032,725	$ 26,628,124	$ 1,088,694	$ 990,871	$ 28,121,419	$ 27,618,995

*Fiscal year 2018 amounts have been restated.

Governmental Activities

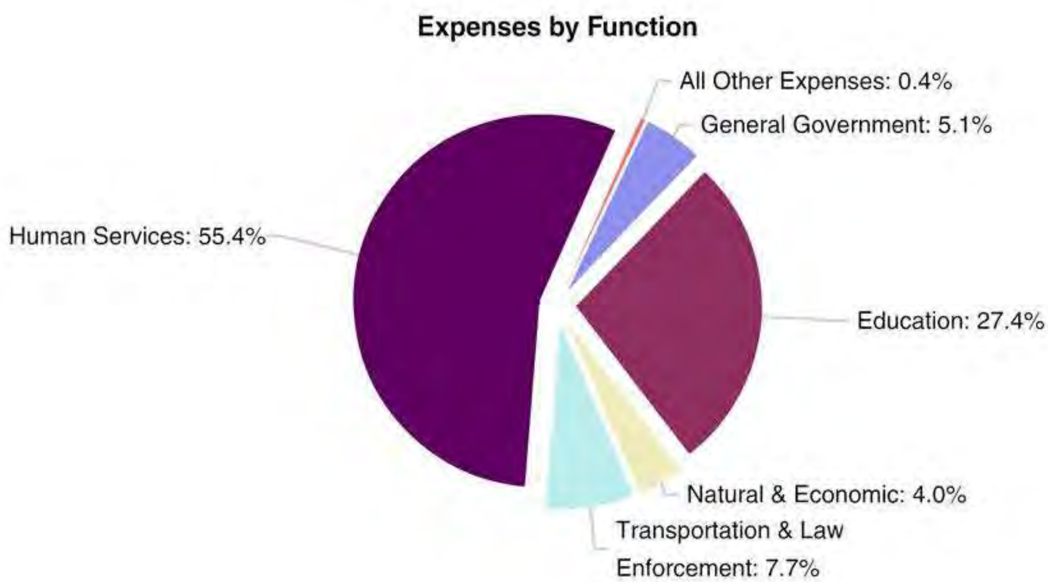
The net position of governmental activities increased $404.6 million in fiscal year 2019. General and program revenues of governmental activities were $506.1 million more in fiscal year 2019 than in fiscal year 2018, due mainly to an increase in charges for services, sales and use taxes, and income taxes.

As shown in the Revenues by Source chart below, approximately 47.9% 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 44.7% of total revenue. Charges for services contributed 6.9% and various other revenues provided 0.5% of the remaining governmental activity revenue sources.



The State's governmental activities program expenses for fiscal year 2019 were $259.1 million more than fiscal year 2018. The most notable increase is $109.6 million in Human Services. This is mainly due to an increase for Medicaid and Other Assistance Programs.

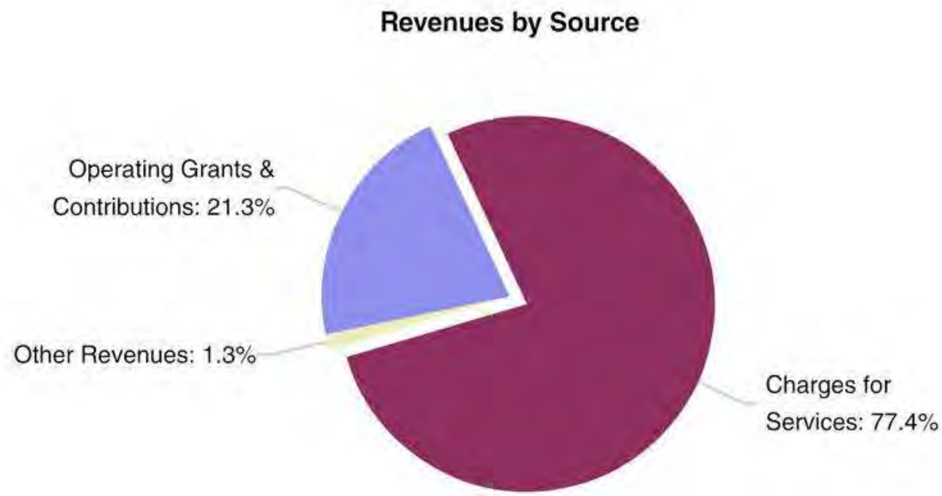
As shown in the Expenses by Function chart below, expenses for Human Services comprised the largest portion of total governmental activities expenses at 55.4%, followed by Education at 27.4%.



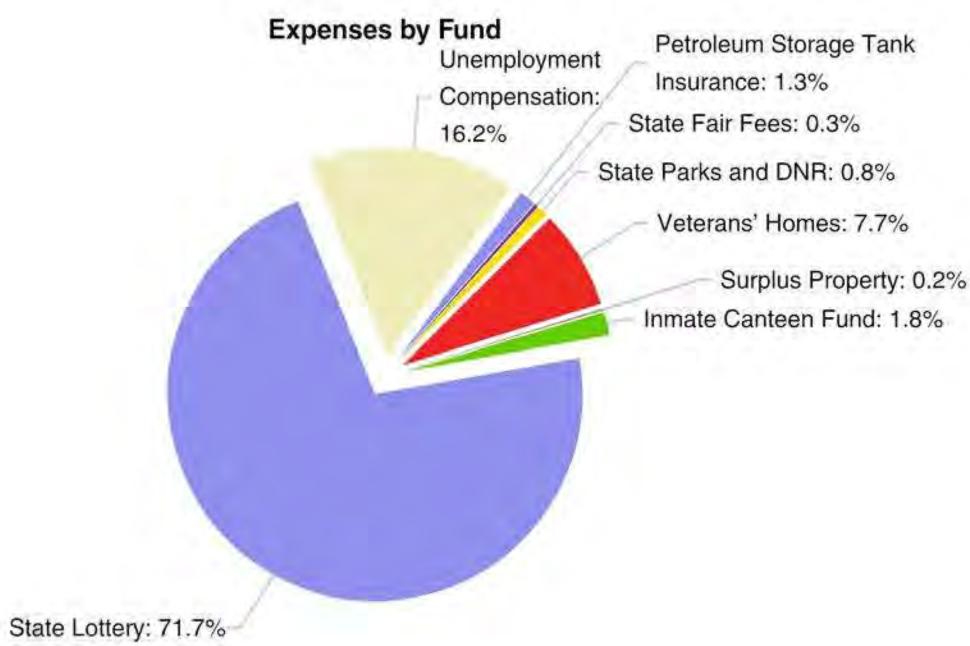
Business-Type Activities

Net position of the State's business-type activities increased $97.8 million in fiscal year 2019, 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, 77.4% of the revenues came from charges for services. Operating grants and contributions provided 21.3% of the total revenues and all other revenues provided 1.3%.



Expenses of business-type activities totaled $1.6 billion. As shown in the Expenses by Fund chart below, State Lottery makes up the largest portion with 71.7% of total business-type expenses. Unemployment Compensation comes in second at 16.2%, followed by Veterans' Homes at 7.7%, Inmate Canteen at 1.8%, Petroleum Storage Tank Insurance at 1.3%, State Parks and DNR at 0.8%, State Fair Fees at 0.3%, and Surplus Property at 0.2%.



FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

Governmental Funds:

At the end of fiscal year 2019, the State's governmental funds reported combined ending fund balances of $5.8 billion. Approximately 63.9% 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	$ 47,543	$ 108	$ 331	$ 32,865	$ 64,925	$ 145,772
Restricted	555,916	244,432	144,637	644,615	354,036	1,943,636
Committed	655,262	1,843	1,765,893	—	31,696	2,454,694
Assigned	98,635	20,364	109,682	—	247,202	475,883
Unassigned	769,967	—	—	—	—	769,967
Total	$ 2,127,323	$ 266,747	$ 2,020,543	$ 677,480	$ 697,859	$ 5,789,952

The General Fund is the chief operating fund of the State. At the end of fiscal year 2019, the State's General Fund reported a total fund balance of $2.1 billion, an increase of $430.8 million from fiscal year 2018. Total revenues increased $369.5 million. The increase was due primarily to an increase in taxes and an increase in funds received from the federal government for Medicaid and Other Assistance programs. Total expenditures went from $18.9 billion to $19.1 billion between fiscal years 2018 and 2019, an increase of $223.4 million. The largest component of this increase was in education of $115.5 million relating to the increase in appropriations to state public schools.

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 decreased from $281.3 million last year to $266.7 million this year, a decrease of $14.6 million or 5.2%. This is mainly due to an increase of appropriations to educational institutions and to school districts.

The Conservation and Environmental Protection Fund provides the preservation of the State's wildlife and environment. At the end of fiscal year 2019, the fund balance was $2.0 billion, an increase of $25.3 million from fiscal year 2018 This increase is less than last year's increase of $52.0 million, mainly due to a decrease in new loans issued by the State Revolving Fund loan program in fiscal year 2019 and to existing loans under that program being paid off.

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 $26.0 million from fiscal year 2018. Revenues totaled $1.2 billion while expenditures totaled $1.7 billion. Total revenues decreased by $89.8 million from fiscal year 2018. The primary decrease is in capital grants and contributions, which was impacted by a reduction in contractor payments due to projects being delayed because of rain and flooding.

Proprietary Funds:

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

The State Lottery Fund's net position increased by $1.0 million in fiscal year 2019, due mainly to pension and OPEB. Those changes are the result of deferred outflows decreasing by $0.5 million, and deferred inflows increasing by $0.4 million, both due mainly to differences between projected and actual earnings on pension plan investments. Total operating revenues increased by 4.7%, while operating expenses increase by 7.5% in fiscal year 2019. Prize expense increased by $75.6 million, while ticket sales increased by $65.8 million. The sales increase was the result of an increase in Scratchers sales by $7.7 million, or 0.9%, an increase in Draw Game sales by $30.1 million, or 7.4%, and an increase in Pull-Tab sales by $28.0 million, or 32.6%. The increase in Scratchers ticket sales can be attributed to increased sales of the $20 and $30 Scratchers games. Mega Millions sales were responsible for most of the increase in Draw Games sales.

The Unemployment Compensation Fund's net position increased by $111.3 million during fiscal year 2019, which is mainly due to an increase in cash of $126.1 million and a decrease in accounts receivables of $7.5 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 2019, 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 2019, from 2.5% to 2.4%, and the taxable wage base decreased from $12,500 to $12,000, which were the main reasons for the accounts receivable decrease.

The Petroleum Storage Tank Insurance Fund's net position decreased by $4.6 million in fiscal year 2019 versus $7.8 million in fiscal year 2018, mainly due to a decrease in claims expenses of $1 million and an increase in operating revenues of $1.9 million.

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 charges to appropriations for fiscal year 2019 from the General Fund were $27.7 billion original budget and $28.1 billion final budget. Actual spending was $25.3 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 2019 for the General Fund were $27.0 billion original budget and $27.0 billion final budget. Actual revenue/transfers in was $25.5 billion.

Refer to the *Notes to RSI*, Budgetary Reporting, on page 142 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, 2019, was $33.4 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	$ 395,764	$ 807	$ 396,571
Software in Progress	82,763	22	82,785
Infrastructure in Progress	1,700,359	—	1,700,359
Land	3,087,175	32,647	3,119,822
Permanent Easements	4,420	—	4,420
Land Improvements	228,760	50,688	279,448
Temporary Easements	524	50	574
Buildings and Improvements	3,451,028	59,494	3,510,522
Equipment	1,375,450	55,023	1,430,473
Software	297,816	820	298,636
Trademarks	17	—	17
Infrastructure	51,366,457	—	51,366,457
Subtotal	61,990,533	199,551	62,190,084
Less Accumulated Depreciation/ Amortization	(28,718,412)	(74,196)	(28,792,608)
Total Capital Assets, Net	$ 33,272,121	$ 125,355	$ 33,397,476

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

Debt Administration:

At the end of fiscal year 2019, the primary government had total general obligation and other bonded debt outstanding of $2.6 billion. Of this amount, $66.1 million comprises debt backed by the full faith and credit of the government. The State had an additional $31.5 million of direct borrowing obligation outstanding.

Principal amounts retired or refunded in fiscal year 2019 were $38.6 million for general obligation bonds, $386.0 million for other bonds, and $10.8 million for direct borrowings.

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 Financed Purchase Obligation of the State include (in thousands):

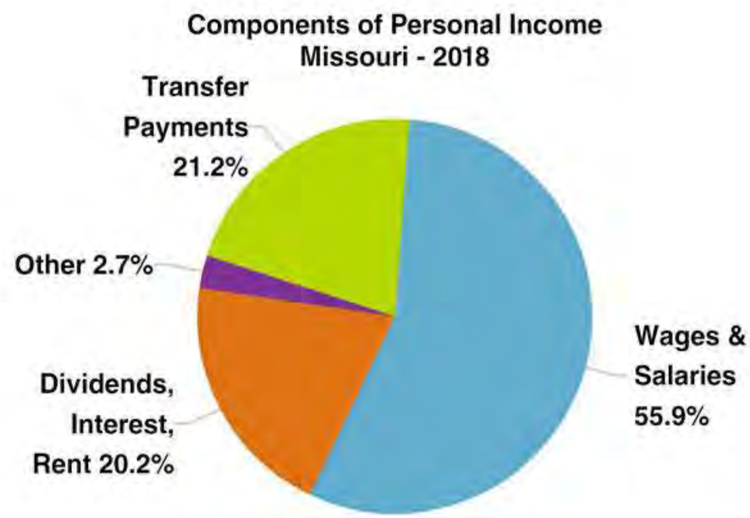
	Governmental Activities	Component Units	Total
General Obligation Bonds	$ 66,120	$ —	$ 66,120
Other Bonds	2,523,955	1,937,564	4,461,519
Direct Placements	—	96,170	96,170
Financed Purchases from Direct Borrowings	31,525	74	31,599
Total	$ 2,621,600	$ 2,033,808	$ 4,655,408

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 3.9% in 2018. Personal income growth began to accelerate in 2017, following a slight deceleration in 2016. Missouri's employment stood at 2.9 million in June 2019, about 1.0% above June 2018. The State's seasonally adjusted unemployment rate registered 3.3% in June 2019, compared to 3.1% one year earlier. The national rate was 3.7% in June 2019.

Since 2012, personal incomes have increased, on average, 2.5% annually for the State and 3.3% for the nation. The average income of Missouri citizen was $46,635 in 2018, which was lower than the national average of $53,712. Missouri's per capita personal income grew 3.6% compared to national growth in per capita income of 3.8% from 2017 to 2018. While the State's per capita income is lower than the national average, so is the cost of living. Missouri is among the most affordable states as it had the fourth lowest cost of living in the United States in the first quarter of 2019. The below graph depicts the components of personal income, with transfer payments (such as social security, Medicare, etc.) comprising 21.2% of the State's total personal income, due in part to the State's aging population.



Source: U.S. Bureau of Economic Analysis 2018

The State of Missouri's net general revenue collections in Fiscal Year 2019 were $9.6 billion, a 1.0% increase from fiscal year 2018 collections.

The State's economic outlook for fiscal year 2020 anticipates continued improvement in employment and wages, with continued growth in state revenue collections. During the fiscal year 2020 budget process, staff from the House, Senate, the University of Missouri and the Division of Budget and Planning developed a revenue estimate of 1.7% growth for fiscal year 2019 and 2.0% growth for fiscal year 2020. The actual fiscal year 2019 revenue collections increased by 1.0% when compared to the fiscal year 2018 collections, slightly below forecast. However, because fiscal year 2018 ended significantly above forecast, net general revenue collections for fiscal year 2019 could have declined by 0.5% and still reached the original budged amount. Because of the conditions listed above, the Governor has begun fiscal year 2020 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 2020 remains uncertain. Most economic forecasts are calling for moderate economic growth; however, escalating trade tensions and a slowing global economy may dampen Missouri growth. Equity markets are near record highs, but have been very volatile during the first half of 2019. 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, but much depends on the growth in energy prices and inflation which has been muted lately.

The General Assembly passed several tax-related bills during the 2019 legislative session. The combined impact to general revenue during fiscal year 2020 is estimated as a loss of $9.4 million to $59.6 million. Once fully implemented, the legislation could impact general revenue by an estimated loss of $57.3 million to an estimated gain of $4.3 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, 2019
(In Thousands of Dollars)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and Cash Equivalents (Note 3)	$ 1,518,879	$ 1,112,990	$ 2,631,869	$ 542,706
Investments (Note 3)	2,756,135	76,776	2,832,911	3,044,952
Invested Securities Lending Collateral (Note 3)	—	—	—	3,616
Receivables, Net (Note 14)	4,547,125	162,491	4,709,616	889,120
Internal Balances	27,254	(27,254)	—	—
Inventories	70,245	4,843	75,088	54,416
Deposits and Prepaid Expenses	397	—	397	49,822
Restricted Assets:				
Cash and Cash Equivalents (Note 3)	5,964	—	5,964	253,080
Investments (Note 3)	13,982	32,444	46,426	1,604,985
Receivables, Net	—	—	—	45,514
Other Assets	—	—	—	20,167
Capital Assets (Note 5):				
Non-Depreciable	5,270,481	33,476	5,303,957	438,348
Depreciable, Net	28,001,640	91,879	28,093,519	5,083,689
Total Assets	42,212,102	1,487,645	43,699,747	12,030,415
Deferred Outflows of Resources (Note 15)	1,803,126	50,848	1,853,974	610,978
Liabilities				
Bank Overdraft (Notes 3 and 10)	2	—	2	—
Payables (Note 14)	1,530,359	35,897	1,566,256	975,807
Securities Lending Obligation (Note 3)	—	—	—	3,616
Unearned Revenue (Note 1)	103,063	1,215	104,278	165,360
Escheat/Unclaimed Property	117,792	—	117,792	—
Long-Term Liabilities (Note 11):				
Due Within One Year	657,622	106,208	763,830	659,437
Due in More Than One Year	14,161,975	299,786	14,461,761	4,247,451
Total Liabilities	16,570,813	443,106	17,013,919	6,051,671
Deferred Inflows of Resources (Note 15)	411,690	6,693	418,383	127,255
Net Position				
Net Investment in Capital Assets	30,849,210	125,355	30,974,565	3,154,813
Restricted for:				
Budget Reserve	652,096	—	652,096	—
Debt Service	432,574	—	432,574	—
Grants	552,475	—	552,475	—
Enabling Legislation (Note 1)	521,213	—	521,213	—
Loans Receivable	1,409,571	—	1,409,571	—
Permanent Trusts:				
Expendable	121	—	121	636,610
Non-Expendable	60,499	—	60,499	1,295,533
External Parties	759,058	6,798	765,856	101,816
Unrestricted	(8,204,092)	956,541	(7,247,551)	1,273,695
Total Net Position	$ 27,032,725	$ 1,088,694	$ 28,121,419	$ 6,462,467

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, 2019
(In Thousands of Dollars)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 1,336,971	$ 682,173	$ 80,481	$ —
Education	7,142,264	45,789	1,124,547	—
Natural and Economic Resources	1,056,172	272,661	274,020	—
Transportation and Law Enforcement	1,997,540	215,099	211,971	948,717
Human Services	14,449,527	554,385	9,066,822	935
Interest on Debt (Excluding Direct Expense)	109,740	33,153	—	—
Total Governmental Activities	26,092,214	1,803,260	10,757,841	949,652
Business-Type Activities:				
State Lottery	1,168,030	1,484,529	—	—
Unemployment Compensation	264,370	—	355,758	—
Petroleum Storage Tank Insurance	20,346	14,798	—	—
State Fair Fees	4,531	5,022	176	—
State Parks and DNR	12,950	12,900	3,085	—
Historic Preservation	532	4	—	—
Missouri Veterans' Homes	125,213	22,047	72,590	—
Surplus Property	2,591	1,664	—	—
Revenue Information	9	704	—	—
Inmate Canteen Fund	28,526	29,551	—	—
Total Business-Type Activities	1,627,098	1,571,219	431,609	—
Total Primary Government	$ 27,719,312	$ 3,374,479	$ 11,189,450	$ 949,652
Component Units:				
College and Universities	$ 4,963,524	$ 3,306,922	$ 1,472,965	$ 86,049
Non-Major Component Units	10,796	8,199	—	—
Total Component Units	$ 4,974,320	$ 3,315,121	$ 1,472,965	$ 86,049

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			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (574,317)	$ —	$ (574,317)	$ —
(5,971,928)	—	(5,971,928)	—
(509,491)	—	(509,491)	—
(621,753)	—	(621,753)	—
(4,827,385)	—	(4,827,385)	—
(76,587)	—	(76,587)	—
(12,581,461)	—	(12,581,461)	—
—	316,499	316,499	—
—	91,388	91,388	—
—	(5,548)	(5,548)	—
—	667	667	—
—	3,035	3,035	—
—	(528)	(528)	—
—	(30,576)	(30,576)	—
—	(927)	(927)	—
—	695	695	—
—	1,025	1,025	—
—	375,730	375,730	—
(12,581,461)	375,730	(12,205,731)	—
—	—	—	(97,588)
—	—	—	(2,597)
—	—	—	(100,185)
3,405,745	—	3,405,745	—
6,991,197	—	6,991,197	—
479,632	—	479,632	—
268,100	—	268,100	—
34,649	—	34,649	—
1,475	—	1,475	—
673,625	—	673,625	—
688,972	—	688,972	—
58,534	—	58,534	2,239
79,604	26,449	106,053	228,731
—	173	173	—
—	—	—	(1,037)
304,529	(304,529)	—	—
12,986,062	(277,907)	12,708,155	229,933
404,601	97,823	502,424	129,748
26,628,124	990,871	27,618,995	6,332,719
$ 27,032,725	$ 1,088,694	$ 28,121,419	$ 6,462,467

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 for non-major funds as part of Supplementary Information.

STATE OF MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019
(In Thousands of Dollars)

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	Totals June 30, 2019
ASSETS						
Cash and Cash Equivalents (Note 3)	$ 793,483	$ 65,514	$ 204,821	$ 171,429	$ 191,207	$ 1,426,454
Investments (Note 3)	1,196,112	74,008	416,032	480,919	399,016	2,566,087
Accounts Receivable, Net	2,535,369	159,639	56,400	112,569	179,684	3,043,661
Interest Receivable	7,836	1,588	3,690	2,586	1,611	17,311
Due from Other Funds (Note 16)	—	22,733	—	—	2,051	24,784
Due from Component Units (Note 16)	—	—	257	—	—	257
Inventories	22,727	108	331	32,865	4,426	60,457
Advance to Component Units (Note 16)	—	—	118	—	—	118
Loans Receivable	24,816	810	1,380,540	—	3,405	1,409,571
Restricted Assets:						
Cash and Cash Equivalents (Note 3)	—	—	—	4,877	—	4,877
Investments (Note 3)	—	—	—	13,682	—	13,682
Total Assets	$ 4,580,343	$ 324,400	$ 2,062,189	$ 818,927	$ 781,400	$ 8,567,259
LIABILITIES						
Accounts Payable	$ 1,205,524	$ 2,434	$ 11,952	$ 102,798	$ 62,732	$ 1,385,440
Accrued Payroll	61,518	51	5,142	17,619	12,260	96,590
Due to Other Funds (Note 16)	4,109	4	277	660	933	5,983
Unearned Revenue (Note 1)	69,581	—	128	4,848	—	74,557
Escheat/Unclaimed Property	117,792	—	—	—	—	117,792
Total Liabilities	1,458,524	2,489	17,499	125,925	75,925	1,680,362
DEFERRED INFLOWS OF RESOURCES (Note 15)	994,496	55,164	24,147	15,522	7,616	1,096,945
FUND BALANCES (Note 4)						
Nonspendable	47,543	108	331	32,865	64,925	145,772
Restricted	555,916	244,432	144,637	644,615	354,036	1,943,636
Committed	655,262	1,843	1,765,893	—	31,696	2,454,694
Assigned	98,635	20,364	109,682	—	247,202	475,883
Unassigned	769,967	—	—	—	—	769,967
Total Fund Balances	2,127,323	266,747	2,020,543	677,480	697,859	5,789,952
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 4,580,343	$ 324,400	$ 2,062,189	$ 818,927	$ 781,400	$ 8,567,259

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, 2019
(In Thousands of Dollars)

Total Fund Balances - Governmental Funds		$ 5,789,952
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	395,538	
Software in Progress	81,175	
Infrastructure in Progress	1,700,359	
Land	3,078,841	
Permanent Easements	4,420	
Land Improvements	225,168	
Temporary Easements	524	
Buildings and Improvements	2,957,216	
Equipment	1,241,030	
Software	257,760	
Trademarks	17	
Infrastructure	51,366,457	
Accumulated Depreciation/Amortization	(28,340,848)	
		32,967,657
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.		1,096,945
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.		1,719,003
Deferred outflows of resources related to asset retirement obligations are applicable to future reporting periods and therefore, not reported in the funds.		857
Deferred inflows of resources related to pensions and OPEB are applicable to future reporting periods and therefore, not reported in the funds.		(404,486)
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.		42,158
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.		(1,761)
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	(1,403)	
General Obligation and Other Bonds Payable	(2,590,075)	
Unamortized Bond Premium	(137,782)	
Accrued Interest on Bonds	(23,132)	
Obligation under Financed Purchases	(14,971)	
Obligation under Capital Lease	(11,453)	
Pollution Remediation	(48,805)	
Asset Retirement Obligations	(1,789)	
Compensated Absences	(171,928)	
Claims Liability	(29,640)	
Contingent Liabilities	(2,102,294)	
Net Other Postemployment Benefit Obligation	(2,900,752)	
Net Pension Liability	(6,446,534)	
		(14,480,558)
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.		302,958
Net Position of Governmental Activities		$ 27,032,725

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, 2019
(In Thousands of Dollars)

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	Eliminations	Totals June 30, 2019
Revenues:							
Taxes	$ 9,667,614	$ 1,307,107	$ 220,221	$ 173,249	$ 1,097,440	$ —	$ 12,465,631
Licenses, Fees, and Permits	95,606	2,779	83,373	105,978	423,040	—	710,776
Sales	486	—	6,792	—	1,309	—	8,587
Leases and Rentals	11	—	126	—	1	—	138
Services	120,150	—	—	—	1,099	—	121,249
Contributions and Intergovernmental	10,476,465	27,813	14,331	879,022	367,539	—	11,765,170
Investment Earnings:							
Net Increase (Decrease) in the Fair Value of Investments	7,339	534	3,756	(5,276)	3,413	—	9,766
Interest	37,913	4,011	14,636	25,653	10,916	—	93,129
Penalties and Unclaimed Properties	71,761	3,838	970	—	9,263	—	85,832
Cost Reimbursement/ Miscellaneous	283,744	93,590	—	48,876	62,313	—	488,523
Total Revenues	20,761,089	1,439,672	344,205	1,227,502	1,976,333	—	25,748,801
Expenditures:							
Current:							
General Government	686,943	441	1,646	—	275,136	—	964,166
Education	4,378,190	2,729,389	—	—	9,470	—	7,117,049
Natural and Economic Resources	256,048	4,831	311,940	—	250,035	—	822,854
Transportation and Law Enforcement	299,866	225	893	811,353	342,853	—	1,455,190
Human Services	13,378,001	11,110	1,768	—	675,193	—	14,066,072
Capital Outlay:							
General Government	—	—	—	—	1,242	—	1,242
Education	—	—	—	—	12	—	12
Natural and Economic Resources	—	—	—	—	629	—	629
Transportation and Law Enforcement	—	—	—	834,922	69	—	834,991
Human Services	—	—	—	—	32,605	—	32,605
Debt Service:							
Principal	80,395	—	—	90,816	162,927	—	334,138
Interest	30,145	—	—	9,768	94,197	—	134,110
Bond Issuance Costs	—	—	—	370	—	—	370
Total Expenditures	19,109,588	2,745,996	316,247	1,747,229	1,844,368	—	25,763,428
Excess Revenues (Expenditures)	1,651,501	(1,306,324)	27,958	(519,727)	131,965	—	(14,627)
Other Financing Sources (Uses):							
Proceeds from Notes/Capital Leases/ Financed Purchases	1,588	—	—	—	24		1,612
Proceeds From Bonds	—	—	—	102,705	—	—	102,705
Payments to Escrow Agent	—	—	—	(111,483)	—	—	(111,483)
Bond Premium (Note 11)	—	—	—	9,148	—	—	9,148
Proceeds from Sale of Capital Assets	932	—	14	5,307	9,047	—	15,300
Transfers In (Note 17)	54,564	1,325,758	1,924	488,052	282,816	(1,829,268)	323,846
Transfers Out (Note 17)	(1,277,478)	(34,010)	(4,592)	—	(529,729)	1,829,268	(16,541)
Total Other Financing Sources (Uses)	(1,220,394)	1,291,748	(2,654)	493,729	(237,842)	—	324,587
Net Change in Fund Balances	431,107	(14,576)	25,304	(25,998)	(105,877)	—	309,960
Fund Balances - Beginning (Note 18)	1,696,479	281,338	1,995,288	703,478	802,984	—	5,479,567
Increase (Decrease) in Reserve for Inventory	(263)	(15)	(49)	—	752	—	425
Fund Balances - Ending	$ 2,127,323	$ 266,747	$ 2,020,543	$ 677,480	$ 697,859	$ —	$ 5,789,952

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, 2019
(In Thousands of Dollars)

Net Change in Fund Balances - Total Governmental Funds		$ 309,960
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.		425
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 $952,103 exceeds depreciation/amortization of $691,796 in the current period.		260,307
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.		(30,448)
The net effect of the donation of capital assets increased net position.		873
Deferred inflows do not provide current financial resources and are not recognized as revenues until available in governmental funds.		66,801
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 liablity, adjusted for changes in deferred outflows and inflows of resources related to pensions and OPEB, is reported in the Statement of Activities.		
Pension Contributions		553,466
Pension Expense		(984,150)
OPEB Contributions		103,909
OPEB Expense		(167,149)
Deferred outflows of resources related to deferred charges on asset retirement obligations are applicable to future reporting periods and therefore, not reported in the funds.		(38)
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	(102,705)	
Bond Premiums and Refunding Costs	(8,966)	
Bonds Retired	424,565	
Financed Purchases Issued	(1,612)	
Financed Purchase Payments	5,346	
Capital Lease Payments	15,527	
		332,155
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	21,847	
Decrease in Accrued Interest	3,653	
Increase in Pollution Remediation	(2,562)	
Decrease in Due to Other Entities	17	
Increase in Compensated Absences	(3,871)	
Increase in Contingent Liabilities	(100,203)	
Decrease in Claims Liability	3,100	
		(78,019)
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.		36,509
Change in Net Position of Governmental Activities		$ 404,601

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, 2019
(In Thousands of Dollars)

	Business-Type Activities - Enterprise Funds						
	Major Funds					Totals	
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	Eliminations	June 30, 2019	Governmental Activities Internal Service Funds
ASSETS							
Current Assets:							
Cash and Cash Equivalents (Note 3)	$ 31,328	$ 1,045,912	$ 14,888	$ 20,862	$ —	$ 1,112,990	$ 92,425
Investments (Note 3)	34,001	—	23,124	19,651	—	76,776	69,465
Restricted:							
Investments (Note 3)	3,404	—	—	—	—	3,404	100
Accounts Receivable, Net	52,552	100,687	2,184	6,512	—	161,935	75,730
Interest Receivable	135	—	119	98	—	352	477
Due from Other Funds (Note 16)	—	—	—	202	(8)	194	6,122
Inventories	—	—	—	4,843	—	4,843	9,788
Prepaid Items	—	—	—	—	—	—	397
Loans Receivable	—	—	—	204	—	204	—
Total Current Assets	121,420	1,146,599	40,315	52,372	(8)	1,360,698	254,504
Non-Current Assets:							
Investments	—	—	—	—	—	—	120,583
Restricted:							
Cash and Cash Equivalents (Note 3)	—	—	—	—	—	—	1,087
Investments (Note 3)	29,040	—	—	—	—	29,040	200
Capital Assets (Note 5):							
Construction in Progress	—	—	—	807	—	807	226
Software in Progress	—	—	—	22	—	22	1,588
Land	353	—	—	32,294	—	32,647	8,334
Land Improvements	—	—	—	50,688	—	50,688	3,592
Temporary Easements	—	—	—	50	—	50	—
Buildings	5,270	—	—	54,224	—	59,494	493,812
Equipment	7,734	—	160	47,129	—	55,023	134,420
Software	462	—	—	358	—	820	40,056
Less Accumulated Depreciation/Amortization	(11,526)	—	(144)	(62,526)	—	(74,196)	(377,564)
Total Non-Current Assets	31,333	—	16	123,046	—	154,395	426,334
Total Assets	152,753	1,146,599	40,331	175,418	(8)	1,515,093	680,838
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	5,733	—	793	44,322	—	50,848	41,108
LIABILITIES							
Current Liabilities:							
Bank Overdraft (Note 3 and 10)	—	—	—	—	—	—	2
Accounts Payable	4,269	26,014	122	2,641	—	33,046	23,181
Accrued Payroll	289	—	33	2,529	—	2,851	2,016
Due to Other Funds (Note 16)	22,765	2,051	11	65	(8)	24,884	233
Unearned Revenue (Note 1)	631	—	508	76	—	1,215	28,506
Claims Liability (Note 11)	—	—	14,000	—	—	14,000	79,243
Grand Prize Winner Liability (Note 11)	87,697	—	—	—	—	87,697	—
Obligations under Financed Purchases (Note 11)	—	—	—	—	—	—	6,536
Obligations under Lease Purchase (Note 11)	—	—	—	—	—	—	1,933
Compensated Absences (Note 11)	652	—	73	3,786	—	4,511	3,795
Total Current Liabilities	116,303	28,065	14,747	9,097	(8)	168,204	145,445
Non-Current Liabilities:							
Claims Liability (Note 11)	—	—	68,438	—	—	68,438	51,352
Grand Prize Winner Liability (Note 11)	25,776	—	—	—	—	25,776	—
Obligations under Financed Purchases (Note 11)	—	—	—	—	—	—	10,018
Obligations under Lease Purchase (Note 11)	—	—	—	—	—	—	24,333
Compensated Absences (Note 11)	—	—	—	149	—	149	865
Asset Retirement Obligations (Note 11)	—	—	—	2	—	2	—
Net OPEB Liability (Note 11)	7,423	—	891	47,453	—	55,767	49,856
Net Pension Liability (Note 11)	19,389	—	2,514	127,751	—	149,654	134,240
Total Non-Current Liabilities	52,588	—	71,843	175,355	—	299,786	270,664
Total Liabilities	168,891	28,065	86,590	184,452	(8)	467,990	416,109
DEFERRED INFLOWS OF RESOURCES (Note 15)	754	—	103	5,836	—	6,693	5,443
NET POSITION							
Net Investment in Capital Assets	2,293	—	16	123,046	—	125,355	261,644
Restricted for:							
Other Purposes	3,194	3,604	—	—	—	6,798	1,359
Unrestricted	(16,646)	1,114,930	(45,585)	(93,594)	—	959,105	37,391
Total Net Position (Note 19)	$ (11,159)	$ 1,118,534	$ (45,569)	$ 29,452	$ —	$ 1,091,258	$ 300,394
Total Net Position Reported Above						$ 1,091,258	
Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds						(2,564)	
Net Position of Business-Type Activities						$ 1,088,694	

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, 2019
(In Thousands of Dollars)

	Business-Type Activities - Enterprise Funds					
	Major Funds				Totals	
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2019	Governmental Activities Internal Service Funds
Operating Revenues:						
Employer Contributions	$ —	$ 355,724	$ —	$ —	$ 355,724	$ 523,719
Employee Contributions	—	—	—	—	—	163,604
Federal Contracts	—	34	—	—	34	—
Medicare Part D Subsidy	—	—	—	—	—	7,184
Licenses, Fees, and Permits	—	—	14,797	10,444	25,241	19,661
Sales	1,484,388	—	—	33,515	1,517,903	29,820
Leases and Rentals	—	—	—	4,227	4,227	64,549
Charges for Services	—	—	—	21,662	21,662	139,239
Cost Reimbursement/Miscellaneous	141	—	1	98	240	46,955
Total Operating Revenues	1,484,529	355,758	14,798	69,946	1,925,031	994,731
Operating Expenses:						
Cost of Goods Sold	27,756	—	—	21,985	49,741	22,074
Personal Service	12,988	—	1,842	108,116	122,946	94,110
Operations	101,645	—	4,264	37,142	143,051	121,209
Prizes Expense	1,015,092	—	—	—	1,015,092	—
Specific Programs	—	—	14,240	1,558	15,798	10,257
Insurance Benefits	—	—	—	—	—	678,260
Unemployment Benefits	—	264,370	—	—	264,370	—
Depreciation/Amortization	1,004	—	3	5,237	6,244	22,912
Other Charges	9,618	—	—	1,108	10,726	12,008
Total Operating Expenses	1,168,103	264,370	20,349	175,146	1,627,968	960,830
Operating Income (Loss)	316,426	91,388	(5,551)	(105,200)	297,063	33,901
Non-Operating Revenues (Expenses):						
Contributions and Intergovernmental	—	—	—	75,851	75,851	51
Interest Expense	—	—	—	—	—	(1,129)
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	1,362	—	177	104	1,643	3,343
Interest	933	22,536	787	550	24,806	4,983
Penalties and Unclaimed Properties	—	—	—	534	534	—
Disposal of Capital Assets	66	—	—	328	394	24
Total Non-Operating Revenues (Expenses)	2,361	22,536	964	77,367	103,228	7,272
Income (Loss) Before Transfers	318,787	113,924	(4,587)	(27,833)	400,291	41,173
Capital Contributions	—	—	—	173	173	—
Transfers In (Note 17)	33	—	—	16,565	16,598	57
Transfers Out (Note 17)	(317,783)	(2,602)	—	(742)	(321,127)	(2,833)
Change in Net Position	1,037	111,322	(4,587)	(11,837)	95,935	38,397
Total Net Position - Beginning (Note 18)	(12,196)	1,007,212	(40,982)	41,289	995,323	261,997
Total Net Position - Ending (Note 19)	$ (11,159)	$ 1,118,534	$ (45,569)	$ 29,452	$1,091,258	$ 300,394

Total Net Change in Net Assets Reported Above	$ 95,935
Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds	1,888
Change in Net Assets of Business-Type Activities	$ 97,823

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, 2019
(In Thousands of Dollars)

	Business-Type Activities - Enterprise Funds					
	Major Funds				Totals	
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2019	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:						
Receipts from Internal Customers and Users	$ —	$ 1,724	$ —	$ 701	$ 2,425	$ 730,591
Receipts from External Customers and Users	1,485,239	361,567	14,274	68,875	1,929,955	201,035
Payments to Suppliers	(129,348)	—	(4,227)	(59,499)	(193,074)	(150,475)
Payments to Employees	(10,770)	—	(1,580)	(90,796)	(103,146)	(78,394)
Payments Made for Program Expense	(1,008,204)	(258,509)	(15,820)	(1,558)	(1,284,091)	(701,135)
Other Receipts	141	—	1	98	240	46,955
Other Payments	(9,618)	—	—	(1,108)	(10,726)	(12,008)
Net Cash Provided (Used) by Operating Activities	327,440	104,782	(7,352)	(83,287)	341,583	36,569
Cash Flows from Non-Capital Financing Activities:						
Loans Made to Outside Entities	—	—	—	18	18	—
Due to Other Funds	(5,242)	1,421	5	(22)	(3,838)	(45)
Due from Other Funds	—	—	—	178	178	895
Due from Component Units	—	—	—	—	—	2
Contributions and Intergovernmental	—	—	—	75,835	75,835	51
Transfers to Other Funds	(317,783)	(2,602)	—	(742)	(321,127)	(2,833)
Transfers from Other Funds	33	—	—	16,565	16,598	57
Net Cash Provided (Used) by Non-Capital Financing Activities	(322,992)	(1,181)	5	91,832	(232,336)	(1,873)
Cash Flows from Capital and Related Financing Activities:						
Interest Expense	—	—	—	—	—	(1,129)
Purchases and Construction of Capital Assets	(703)	—	—	(3,574)	(4,277)	(5,951)
Capital Lease Downpayment/Obligations	—	—	—	—	—	(1,866)
Financed Purchase Downpayment/Obligations	—	—	—	—	—	(5,454)
Disposal of Capital Assets	66	—	(11)	105	160	21
Net Cash Provided (Used) by Capital and Related Financing Activities	(637)	—	(11)	(3,469)	(4,117)	(14,379)
Cash Flows from Investing Activities:						
Proceeds from Sales and Investment Maturities	—	—	5,084	552	5,636	1,229,107
Purchase of Investments	(4,387)	—	—	(3,678)	(8,065)	(1,222,670)
Interest and Dividends Received	908	22,536	780	521	24,745	5,060
Investment Fees	—	—	—	—	—	(133)
Penalties and Other Receipts	—	—	—	534	534	—
Net Cash Provided (Used) by Investing Activities	(3,479)	22,536	5,864	(2,071)	22,850	11,364
Net Increase (Decrease) in Cash	332	126,137	(1,494)	3,005	127,980	31,681
Cash and Cash Equivalents, Beginning of Year	30,996	919,775	16,382	17,857	985,010	61,829
Cash and Cash Equivalents, End of Year	$ 31,328	$ 1,045,912	$ 14,888	$ 20,862	$ 1,112,990	$ 93,510
Reconciliation of Operating Income (Loss) to Net Provided (Used) by Operating Activities:						
Operating Income (Loss)	$ 316,426	$ 91,388	$ (5,551)	$ (105,200)	$ 297,063	$ 33,901
Depreciation/Amortization Expense	1,004	—	3	5,237	6,244	22,912
Changes in Assets and Liabilities:						
Accounts Receivable	744	7,533	(506)	256	8,027	(12,526)
Inventories	—	—	—	418	418	(619)
Deferred Outflows of Resources	468	—	54	4,073	4,595	2,769
Prepaid Items	—	—	—	—	—	(201)
Accounts Payable	53	5,861	37	(790)	5,161	(6,372)
Accrued Payroll	6	—	(11)	147	142	60
Unearned Revenue	107	—	(17)	(528)	(438)	(3,624)
Grand Prize Winner Liability	6,888	—	—	—	6,888	—
Claims Liability	—	—	(1,580)	—	(1,580)	(12,618)
Compensated Absences	3	—	(19)	37	21	(12)
Net OPEB Liability	(50)	—	(7)	(388)	(445)	(339)
Net Pension Liability	1,385	—	190	10,343	11,918	10,372
Deferred Inflows of Resources	406	—	55	3,108	3,569	2,866
Net Cash Provided (Used) by Operating Activities	$ 327,440	$ 104,782	$ (7,352)	$ (83,287)	$ 341,583	$ 36,569
Non-Cash Financing and Investing Activities:						
Capital Lease and Financed Purchase Issuance	$ —	$ —	$ —	$ —	$ —	$ 15,865
Capital Asset Donations	—	—	—	189	189	—
Increase (Decrease) in Fair Value of Investments	1,362	—	177	104	1,643	3,343
Net Non-Cash Financing and Investing Activities	$ 1,362	$ —	$ 177	$ 293	$ 1,832	$ 19,208

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, 2019
(In Thousands of Dollars)

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents (Note 3)	$ 268,005	$ 14,813	$ 105,547
Investments at Fair Value (Note 3):			
U.S. Government Securities	6,249,670	689	601,651
U.S. Agency Sponsored Securities	—	15,813	4,066
Repurchase	1,380,452	—	—
Stocks	638,006	102	16
Bonds	1,356,603	—	—
International Equities	51,909	—	—
Mutual and Index Funds	1,374,422	—	—
Limited Partnership	3,994,127	—	—
Other Investments	1,326,971	7,141	1,836
Invested Securities Lending Collateral (Note 3)	104,247	—	—
Assets Held in Escheat	—	11,882	—
Receivables:			
Accounts Receivable	253,815	39	551,864
Interest Receivable	139,864	15	1,311
Inventories	—	1	—
Prepaid Expenses	472	—	—
Capital Assets:			
Software in Progress	2,140	—	—
Land	351	—	—
Buildings	4,662	—	—
Equipment	1,521	88	—
Software	4,031	100	—
Accumulated Depreciation/Amortization	(7,242)	(161)	—
Total Capital Assets, Net	5,463	27	—
Total Assets	17,144,026	50,522	$ 1,266,291
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	776	487	$ —
LIABILITIES			
Accounts Payable	214,793	1,064	$ 34
Obligations under Repurchase Agreements	3,921,700	—	—
Accrued Payroll	—	23	—
Due to Other Entities	—	—	1,240,028
Due to Individuals	—	—	26,229
Securities Lending Obligation (Note 3)	110,925	—	—
Unearned Revenue (Note 1)	3,349	—	—
Claims Liability	5,899	—	—
Compensated Absences	640	45	—
Net OPEB Liability	9,205	545	—
Net Pension Liability	—	1,397	—
Total Liabilities	4,266,511	3,074	$ 1,266,291
DEFERRED INFLOWS OF RESOURCES (Note 15)	609	64	$ —
Net Position Restricted for Pension Benefits, OPEB, Deferred Compensation, and Other Purposes	$ 12,877,682	$ 47,871	

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, 2019
(In Thousands of Dollars)

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Employer	$ 725,567	$ —
Plan Member	148,353	—
Other	105,755	—
Total Contributions	979,675	—
Investment Earnings:		
Increase (Decrease) in Appreciation of Assets	146,483	267
Interest and Dividends	221,701	783
Securities Lending Income	942	—
Other Income	295,584	—
Total Investment Earnings	664,710	1,050
Less Investment Expenses:		
Investment Activity Expense	(84,233)	—
Securities Lending Expense	(776)	—
Total Investment Expense	(85,009)	—
Net Investment Earnings (Loss)	579,701	1,050
Unclaimed Property	—	44,192
Cost Reimbursement/Miscellaneous	3,685	11,488
Total Additions	1,563,061	56,730
Deductions:		
Benefits	1,363,203	—
Administrative Expenses	24,078	2,473
Program Distributions	97,728	54,658
Inactive-vested Buyout Payments	319	—
Service Transfer Payments	3,001	—
Depreciation/Amortization	304	36
Total Deductions	1,488,633	57,167
Change in Net Position	74,428	(437)
Net Position - Beginning of Year (Note 18)	12,803,254	48,308
Net Position - End of Year	$ 12,877,682	$ 47,871

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, 2019
(In Thousands of Dollars)

ASSETS	College and Universities	Non-Major	Totals June 30, 2019
Current Assets:			
Cash and Cash Equivalents	$ 513,329	$ 29,377	$ 542,706
Investments	128,586	42,692	171,278
Invested Securities Lending Collateral	3,616	—	3,616
Receivables, Net	741,932	6,759	748,691
Inventories	54,415	1	54,416
Restricted Assets:			
Cash and Cash Equivalents	225,193	568	225,761
Investments	47,532	11,267	58,799
Receivables, Net	21,259	3,066	24,325
Deposits and Prepaid Expenses	49,418	404	49,822
Other Assets	912	—	912
Total Current Assets	1,786,192	94,134	1,880,326
Non-Current Assets:			
Investments	2,822,472	51,202	2,873,674
Receivables, Net	120,037	20,392	140,429
Restricted Assets:			
Cash and Cash Equivalents	24,816	2,503	27,319
Investments	1,536,160	10,026	1,546,186
Receivables, Net	1,380	19,809	21,189
Other Assets	19,255	—	19,255
Capital Assets, Net of Accumulated Depreciation/Amortization (Note 5)	5,457,495	64,542	5,522,037
Total Non-Current Assets	9,981,615	168,474	10,150,089
Total Assets	11,767,807	262,608	12,030,415
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	609,440	1,538	610,978
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	808,134	231	808,365
Due to Primary Government (Note 16)	—	257	257
Securities Lending Obligation	3,616	—	3,616
Unearned Revenue (Note 1)	147,750	—	147,750
Deposits	98,456	—	98,456
Claims Liability (Note 22)	44,211	—	44,211
Compensated Absences	75,938	84	76,022
Capital Lease Obligations (Note 6)	5,399	—	5,399
Bonds/Notes/Financed Purchases Payable (Note 12)	533,573	232	533,805
Total Current Liabilities	1,717,077	804	1,717,881
Non-Current Liabilities:			
Accounts Payable and Accrued Liabilities	60,174	—	60,174
Advance from Primary Government (Note 16)	—	118	118
Unearned Revenue (Note 1)	16,867	743	17,610
Deposits and Reserves	447	7,990	8,437
Claims Liability (Note 22)	43,774	—	43,774
Compensated Absences	35,669	66	35,735
Capital Lease Obligations (Note 6)	31,078	—	31,078
Asset Retirement Obligation (Note 24)	62,433	—	62,433
Bonds/Notes/Financed Purchases Payable (Note 12)	1,832,848	13,572	1,846,420
Net OPEB Liability	474,622	825	475,447
Net Pension Liability	1,748,963	3,601	1,752,564
Total Non-Current Liabilities	4,306,875	26,915	4,333,790
Total Liabilities	6,023,952	27,719	6,051,671
DEFERRED INFLOWS OF RESOURCES (Note 15)	126,909	346	127,255
NET POSITION			
Net Investment in Capital Assets	3,104,120	50,693	3,154,813
Restricted for:			
Expendable	636,610	—	636,610
Non-Expendable	1,295,533	—	1,295,533
Other Purposes	—	101,816	101,816
Unrestricted	1,190,123	83,572	1,273,695
Total Net Position	$ 6,226,386	$ 236,081	$ 6,462,467

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, 2019
(In Thousands of Dollars)

	College and Universities	Non-Major	Totals June 30, 2019	Adjustments	Statement of Activities
Revenues:					
Operating Revenues:					
Licenses, Fees, and Permits	$ —	$ 1,891	$ 1,891	$ —	$ 1,891
Student Tuition and Fees (Net of Scholarship Allow.)	1,010,325	—	1,010,325	—	1,010,325
Sales and Services of Educational Departments	44,968	—	44,968	—	44,968
Auxiliary Enterprises	2,134,965	—	2,134,965	—	2,134,965
Leases and Rentals	—	6,092	6,092	—	6,092
Cost Reimbursement/Miscellaneous	106,223	216	106,439	10,441	116,880
Total Charges for Services					3,315,121
Federal Appropriations, Grants, and Contracts	201,562	—	201,562	203,390	404,952
State Grants and Contracts	88,936	—	88,936	740,252	829,188
Private Gifts, Grants, and Contracts	93,160	—	93,160	112,911	206,071
Additions to Endowments	1,160	—	1,160	31,594	32,754
Total Operating Grants and Contributions					1,472,965
Interest Revenue	—	1,704	1,704	(1,704)	
Total Operating Revenues	3,681,299	9,903	3,691,202	1,096,884	
Expenses:					
Operating Expenses:					
Personal Service	2,988,921	2,399	2,991,320	—	2,991,320
Operations	—	4,039	4,039	—	4,039
Specific Programs	—	1,448	1,448	—	1,448
Scholarships and Fellowships	147,528	—	147,528	—	147,528
Utilities	34,014	—	34,014	—	34,014
Supplies and Other Services	1,303,307	—	1,303,307	—	1,303,307
Contracted Services	33,247	—	33,247	—	33,247
Interest Expense	—	—	—	93,926	93,926
Depreciation/Amortization	325,984	2,149	328,133	—	328,133
Bad Debt Expense	—	6	6		6
Miscellaneous	36,456	92	36,548	804	37,352
Total Operating Expenses	4,869,457	10,133	4,879,590	94,730	4,974,320
Operating Income (Loss)	(1,188,158)	(230)	(1,188,388)	1,002,154	
Non-Operating Revenues (Expenses):					
Federal Appropriations, Grants, and Contracts	203,390	—	203,390	(203,390)	—
State Appropriations, Grants, and Contracts	740,252	—	740,252	(740,252)	—
Private Gifts, Grants, and Contracts	112,911	—	112,911	(112,911)	—
Contributions and Intergovernmental	—	2,239	2,239	—	2,239
Total Unrestricted Grants and Contributions					2,239
Investment Earnings:					
Increase (Decrease) in the Fair Value of Investments	(40)	1,292	1,252	—	1,252
Investment and Endowment Income (Loss)	224,041	—	224,041	—	224,041
Interest	—	2,513	2,513	1,704	4,217
Interest and Bond Related Expenses	(93,336)	(590)	(93,926)	93,926	—
Gain (Loss) on Sale of Capital Assets	(731)	—	(731)	731	—
Contributions to Others	—	(779)	(779)	—	(779)
Miscellaneous Revenues (Expenses)	10,441	(73)	10,368	(10,368)	—
Total Unrestricted Investment Earnings					228,731
Total Non-Operating Revenues (Expenses)	1,196,928	4,602	1,201,530	(970,560)	
Income Before Other Revenues (Expenses) Or Gains (Losses)	8,770	4,372	13,142	31,594	
State Capital Appropriations	86,049	—	86,049	—	86,049
Total Capital Grants and Contributions					86,049
Additions to Endowments	31,594	—	31,594	(31,594)	—
Extraordinary Item	(1,037)	—	(1,037)	—	(1,037)
Change in Net Position	125,376	4,372	129,748	—	129,748
Net Position - Beginning of Year (Note 18)	6,101,010	231,709	6,332,719	—	6,332,719
Net Position - End of Year	$ 6,226,386	$ 236,081	$ 6,462,467	$ —	$ 6,462,467

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.*

Index of Notes

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:

<u>Component Units (Blended)</u>:

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:

<u>Governmental Funds</u>:

<u>Board of Fund Commissioners</u> – 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.

<u>Board of Private Investigator and Private Fire Investigator Examiners</u> – 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 a blended special revenue fund and shown in the financial statements as part of the primary government.

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

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; three 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; the Commissioner of Administration; two members of the system who are current employees; and one member of the system who is a retiree. 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

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

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

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 to 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 Transportation Finance
Corporation
P.O. Box 270
105 West Capitol Avenue
Jefferson City, Missouri 65102

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

State Environmental Improvement and Energy Resources Authority – The Authority was created by state law and is authorized to finance, acquire, construct, and equip projects to reduce, prevent, and control pollution and develop the energy resources of the State. The Authority is governed by a five-member board appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's annual report may be requested from:

State Environmental Improvement and
Energy Resources Authority
425 Madison Street
Jefferson City, Missouri 65101

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.

Note 1 - Significant Accounting Policies (cont.)

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

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

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

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

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.

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.

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.

Note 1 - Significant Accounting Policies (cont.)

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.

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.

Note 1 - Significant Accounting Policies (cont.)

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.

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.

Note 1 - Significant Accounting Policies (cont.)

Discretely Presented Component Units:

Major

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

Non-Major

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

D. Cash and Cash Equivalents

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

E. Investments

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

Note 1 - Significant Accounting Policies (cont.)

G. Advances to/from Other Funds

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

H. Inventories

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

I. Capital Assets

Capital assets, which include construction in progress, software in progress, infrastructure in progress, land, land improvements, permanent and temporary easements, buildings and improvements, equipment, software, trademarks, and infrastructure assets, are valued at historical cost or estimated historical cost if actual historical cost is not available. The estimate of historical cost was based on current appraised value indexed to the date of acquisition. Donated capital assets are reported at estimated acquisition value at the time received. Capital assets acquired through lease agreements and financed purchases are capitalized at the inception of the agreement (see *Notes 5,6 and 12)*.

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.

Note 1 - Significant Accounting Policies (cont.)

J. Deferred Outflow of Resources and Deferred Inflow of Resources

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

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

K. Unearned Revenues

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

L. Long-Term Debt

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

1. Due to Other Entities includes outstanding principal on advances from other governments and contractual obligations to other governments. The expenditures are recorded in the appropriate governmental funds when the liability is paid (see *Note 11)*.

2. Outstanding principal for general obligation debt. The expenditure for payment of principal and interest for general obligation debt is recorded in the debt service funds when paid (see *Note 12)*.

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 leases and financed 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, 11, and 12)*.

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)*.

Note 1 - Significant Accounting Policies (cont.)

7. Asset Retirement Obligations are measured based on the best estimate of the current value of outlays expected to be incurred. These liabilities include all legally enforceable amounts associated with the future retirement of a tangible capital asset. Liabilities and expenditures are recognized for goods and services used for asset retirement activities upon receipt of those goods and services (see *Note 24*).

8. 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).

9. 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 25).

10. 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)*.

Note 1 - Significant Accounting Policies (cont.)

11. 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, fiduciary, and component unit 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.

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, 2019, net position restricted by enabling legislation equaled $521,213,000 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.

Note 1 - Significant Accounting Policies (cont.)

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.

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.

Note 1 - Significant Accounting Policies (cont.)

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, 2019:

- GASB Statement No. 83, *Certain Asset Retirement Obligations,* which addresses accounting and financial reporting for any legally enforceable obligations required to retire tangible capital assets. It also requires disclosure of information about the nature of a government's asset retirement obligations, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The implementation of this statement is reflected in *Note 24 - Asset Retirement Obligations.*
- GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement,* which requires additional information related to debt to be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The implementation of this statement is reflected in *Note 6 - Leases and Note 12 - Debt.*

The State of Missouri reclassified one fund for the fiscal year ending June 30, 2019. The Inmate Canteen Fund was reclassified from an agency fund to a enterprise fund per House Bill No. 2009, 99th General Assembly, Second Regular Session, with its inclusion into the State Treasury.

The State Environmental Improvement and Energy Resources Authority was reclassified from a related organization to a discreetly presented component unit upon re-evaluation as this is a legally separate entity, body corporate and politic, with the board members appointed by the Governor and able to be removed by the Senate at will. The State does not have operational responsibility for the Authority and there is no financial benefit/burden relationship with the State. Debt obligations for the Authority are not an indebtedness of the State.

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, 2019.

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, 2019, the bank balance of the primary government's deposits was $1,690,830,000. Of the bank amount, $15,641,000 was exposed to custodial credit risk by being uninsured and collateralized with securities held by the pledging financial institutions, $1,044,757,000 was held by the U.S. Treasury, and the remainder was not exposed to custodial risk.

Fiduciary

At June 30, 2019, the bank balance of the deposits of the fiduciary funds was $112,316,000.

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 2019.

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.

Note 3 - Deposits and Investments (cont.)

Primary Government

At June 30, 2019, the reported amount of the primary government's investments was $3,916,181,000. Of this amount, $178,057,000 was exposed to custodial credit risk because it was uninsured and unregistered with securities held by the State's counterparty.

Fiduciary

At June 30, 2019, the reported amount of the fiduciary funds investments was $17,016,216,000.

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					
	Less than 1	1-5	6-10	More than 10	No Maturity	Total Fair Value *
All Fund Types except Fiduciary Funds and Component Units:						
U.S. Treasury Securities	$ 111,340	$ 33,472	$ 10,864	$ 5,981	$ —	$ 161,657
U.S. Agency Securities	541,351	1,771,552	—	—	—	2,312,903
U.S. Government Guaranteed Mortgages	9	2,299	—	—	—	2,308
Collateralized Mortgage Obligations	128	3,016	—	—	—	3,144
U.S. Agency-Sponsored Securities	26,705	120,564	—	—	—	147,269
Repurchase Agreements	1,276,455	—	—	—	—	1,276,455
Stocks	—	—	—	—	7,150	7,150
Bonds	407	100	285	594	—	1,386
Certificates of Deposit	774	—	—	—	—	774
Mutual Funds	—	—	—	—	3,135	3,135
Subtotal	1,957,169	1,931,003	11,149	6,575	10,285	3,916,181

Note 3 - Deposits and Investments (cont.)

	Maturity in Years					
	Less than 1	1-5	6-10	More Than 10	No Maturity	Total Fair Value *
Fiduciary Funds:						
U.S. Government Securities	—	16,483	8,203	62,687	—	87,373
U.S. Treasury Securities	753,250	3,023,162	—	2,484,968	—	6,261,380
U.S. Agency Securities	306,755	53,753	25,585	95,639	—	481,732
U.S. Government Mortgage-Backed Securities	181	18,872	1,490	25,196	—	45,739
Repurchase Agreements	1,397,836	—	—	—	—	1,397,836
Stocks	—	—	—	—	638,124	638,124
Bonds	1	1,171,533	43,562	141,070	437	1,356,603
International Equities	—	—	51,909	—	—	51,909
Mortgages/ Real Estate	15,502	8,570	—	23,700	105,505	153,277
Asset-Backed Securities	32	11,884	40,537	167,361	—	219,814
Short-Term Securities	794,126	—	—	—	—	794,126
Mutual Funds	—	—	—	—	1,374,422	1,374,422
Alternatives/ Limited Partnership	—	—	—	—	3,994,127	3,994,127
Absolute Return	—	—	—	—	126,821	126,821
Other	—	—	—	—	32,933	32,933
Subtotal	3,267,683	4,304,257	171,286	3,000,621	6,272,369	17,016,216
Total Investments	$ 5,224,852	$ 6,235,260	$ 182,435	$ 3,007,196	$ 6,282,654	$ 20,932,397

*The State Treasurer’s Office reports their repurchase agreements in the amount of $1,258,000 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 $473,000 and $363,000 respectively, at contract value. The Missouri State Employees' Retirement System reports their cash equivalents in the amount of $687,000, at cost plus accrued interest.

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. Addendum A to the investment policy limits the total amount of linked deposits a financial institution may receive to 20% of the statutory cap set forth in Section 30.753.1 RSMo. There are no restrictions in the amount that can be invested in U.S. securities. During fiscal year 2019, the State did not have any instances of noncompliance with these requirements and policies.

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.

Note 3 - Deposits and Investments (cont.)

Investments Measured at Fair Value as of June 30, 2019 for the Primary Government (in thousands):

		Fair Value Measurements Using		
	Total	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	$ 28,200	$ 6,647	$ 21,553	$ —
Stocks	7,150	7,150	—	—
Mutual Funds	3,135	3,135	—	—
Total Equity Securities	38,485	16,932	21,553	—
Debt Securities				
U.S. Treasury Securities	161,657	35,271	126,386	—
U.S. Agency Securities	2,312,903	—	2,312,903	—
U.S. Government Guaranteed Mortgages	2,308	—	2,308	—
Collateralized Mortgage Obligations	3,144	—	3,144	—
U.S. Agency- Sponsored Securities	147,269	—	147,269	—
Bonds	1,386	1,386	—	—
Certificates of Deposit	774	774	—	—
Total Debt Securities	2,629,441	37,431	2,592,010	—
Total Primary Government Investments	$ 2,667,926	$ 54,363	$ 2,613,563	$ —

Note 3 - Deposits and Investments (cont.)

Investments Measured at Fair Value as of June 30, 2019 for the Fiduciary funds (in thousands):

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short Term Securities	$ 107,721	$ 107,721	$ —	$ —
Equity Securities				
Stocks	330,689	329,010	1,679	—
Mutual Funds	436,689	436,689	—	—
Real Estate	105,505	105,505	—	—
Other Investments	45,933	45,933	—	—
Total Equity Securities	918,816	917,137	1,679	—
Debt Securities				
U.S. Treasury Securities	6,320,072	6,260,539	59,533	—
U.S. Agency Securities	486,328	—	486,328	—
Collateralized Debt Obligations	218,651	—	64,685	153,966
Repurchase Agreements	1,380,000	—	1,380,000	—
Bonds and Asset Backed Securities	514,236	—	415,445	98,791
Non U.S Sovereign	51,948	—	51,948	—
Mortgage Backed Securities	102,860	—	85,802	17,058
Total Debt Securities	9,074,095	6,260,539	2,543,741	269,815
Private Markets*				
Private Equity	371,305	—	—	371,305
Real Estate	137,091	19,448	—	117,643
Real Assets	320,540	—	—	320,540
Opportunistic Debt	208,668	—	—	208,668
Total Private Markets	1,037,604	19,448	—	1,018,156

Note 3 - Deposits and Investments (cont.)

Investments Measured at Fair Value as of June 30, 2019 for the Fiduciary funds (in thousands) (cont.):

		Fair Value Measurements Using		
	Total	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	$ 24,687	$ 24,687	$ —	$ —
Interest Rate Swap	44	—	44	—
Equity Swaps	3,157	—	3,157	—
FX Forwards	2,300	2,300	—	—
Total Investment Derivative Instruments	30,188	26,987	3,201	—
Total Investments by Fair Value Level	$ 11,168,424	$ 7,331,832	$ 2,548,621	$ 1,287,971

Investments Measured at the Net Asset Value (NAV):

	Total
Active Hedge Funds	$ 1,630,421
Commingled international equity funds	1,119,333
MOSERS investment portfolio fund	3,470
Missouri target date funds	943,742
Private equity funds	549,054
Private real estate and timber funds	56,476
Total investments Measured at NAV	$ 4,302,496
Total Investments Measured at Fair Value	$ 15,470,920
Other Obligations	
Reverse Repurchase Agreements	$ 3,921,701
Total Other Obligations	$ 3,921,701
Other Investments	
Reported at Contract Value	$ 835,881
Total Other Investments	$ 835,881

*As of June 30, 2019, Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) has unfunded commitments in private markets investments consisting of $134,194,000 in private equity, $96,306,000 in real estate, $141,505,000 in real assets, and $131,469,000 in opportunistic debt.

Note 3 - Deposits and Investments (cont.)

Investments Measured at the Net Asset Value as of June 30, 2019, (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]	$ 29,990	$ —	Yearly, Every 3 Years	90
Equity long/short[2]	123,427	—	Quarterly, Annually for MOSERS; Quarterly for MPERS	30-45
Equity market neutral[3]	87,891	—	Quarterly	90
Event driven[4]	254,843	—	Semi-Annually for MOSERS; Monthly for MPERS	60-90
Fund-of-funds[5]	216,254	—	Monthly	95
Global asset allocation[6]	32,486	—	Monthly	5-60
In liquidation[7]	37,472	—	N/A	N/A
Macro[8]	183,388	—	Monthly, Quarterly	30
Merger arbitrage[9]	129,416	—	Monthly	45
Multi-strategies[10]	21,270	—	Monthly	60-90
Risk parity[11]	213,627	—	Monthly	15
Risk premia[12]	287,918	—	Monthly	30
Structured credit - relative value[13]	12,439	—	Quarterly	60
Total active hedge funds	1,630,421	—		
Commingled international equity funds[14]	1,119,333	—	Daily, Monthly	0-90
MOSERS investment portfolio fund[15]	3,470	—	Monthly	None
Missouri target date funds[16]	943,742	—	Daily	None
Private equity funds[17]	549,054	229,224	N/A	N/A
Private real estate and timber funds[17]	56,476	9,797	N/A	N/A
Total investments measured at NAV	$ 4,302,496	$ 239,021		

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

[1]Activist equity – This value is 100% from MPERS. Consisting of two 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 three-year basis. The remaining 50% are eligible for redemption on a rolling one-year basis.

Note 3 - Deposits and Investments (cont.)

[2]Long/short equity hedge funds – This value is 90.0% from MOSERS and 10.0% from MPERS. Consisting of two funds for MOSERS and one 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.

[3]Equity market neutral hedge fund – This value is 100% from MOSERS. This consists of one 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.

[4]Event driven hedge funds – This value is 94.2% from MOSERS (with a redemption period of 60 days) and 5.8% from MPERS (with a redemption period of 90 days). Consisting of one fund for MOSERS and one fund for MPERS, this strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. Due to contractual lock-up restrictions, (a) approximately 50% of the value of these investments is eligible for redemption semi-annually, the remaining 50% of the value of these investments remains restricted for 12 months for MOSERS and (b) the value of these investments is eligible for redemption in the next 4 months for MPERS.

[5]Fund-of-funds – This value is 100% from MOSERS. Consisting of one 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.

[6]Global asset allocation – This value is 100% from MPERS. Consisting of one 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.

[7]Pending liquidated hedge funds – This value is 98.5% from MOSERS and 1.5% from MPERS. MOSERS has 12 hedge funds that have been fully redeemed as of June 30, 2019, which are awaiting final distribution of the proceeds. MPERS has a small investment in two hedge funds that are in liquidation and have been closed, and MPERS is awaiting the sale of the final assets.

[8]Macro hedge funds – This value is 100% from MOSERS. Consisting of two funds, this strategy seeks to take advantage of macroeconomic dislocations between countries by trading a number of different markets and financial instruments. These investments are redeemable monthly and quarterly, and are not subject to lock-up restrictions.

[9]Merger arbitrage hedge fund – This value is 100% from MOSERS. Consisting of one 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.

[10]Multi-strategy hedge fund – This value is 100% from MPERS. Consisting of two 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.

[11]Risk parity funds – This value is 100% from MOSERS. Consisting of one fund, this strategy attempts to build a more efficient portfolio through an equal risk methodology. The fund takes long only positions across equity indices, developed nominal bonds, TIPS, commodities and credit. Diversification benefits decrease both the expected return and volatility, thus requiring leverage to maintain a similar return to a more conventional portfolio. This investment is redeemable monthly, and not subject to lock-up restrictions.

Note 3 - Deposits and Investments (cont.)

[12]Risk premia hedge funds – This value is 100% from MOSERS. Consisting of one fund, 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.

[13]Structured credit – relative value – This value is 100% from MPERS. Consisting of one 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 6 months.

[14]Commingled international equity funds – This value is 69.5% from MOSERS (with a redemption period of 1-10 days) and 30.5% from MPERS (with a redemption period of 0-30 days and 90 days). These international equity funds (2 for MOSERS and 3 for MPERS) are considered to be commingled in nature. For MPERS, due to contractual lock-up restrictions, 70% of this capital is eligible for redemption in one month; the remaining 30% has daily liquidity.

[15]MOSERS Investment Portfolio (MIP) fund – This value is 85.9% from the Deferred Compensation Plan and 14.1% 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.

[16]Missouri target date funds – This value is 66.9% from Deferred Compensation Plan and 33.1% 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.

[17]Private equity, real estate and timber funds – This value is 100% from MOSERS. MOSERS' private equity portfolio consists of 44 funds with exposure to buyout funds, distressed funds, infrastructure, energy, royalty funds, and special situations. The real estate portfolio, comprised of four funds, invests mainly in U.S. commercial real estate. The timber portfolio consists of one fund which invests in global timberland. The fair values of the majority of these funds has been determined using net assets valued one quarter in arrears plus current quarter cash flows. These funds are not eligible for redemption. Distributions are received as 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.

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.

	Moody's	S & P	Fair Value
Primary Government/Fiduciary:			
U.S. Government Securities	NR	NR	$ 87,346
U.S. Treasury	Aaa	AA+	127,472
	Aaa	NR	404,573
	NR	NR	32,444
U.S. Agencies	Aaa	NR	36,117
	NR	AA	111,163
	NR	NR	11,326
U.S. Government Mortgage-Backed Securities	NR	NR	27,468
Bonds	Aaa	NR	306
	Aa1	NR	391
	A	NR	13,271
	A3	NR	135
	NR	AAA	59,994
	NR	AA+	835,811
	NR	AA	119,014
	NR	A	129,130
	NR	BBB	166,919
	NR	BB	8,891
	NR	NR	34,092
Repurchase Agreements	Aaa	AA+	20,757
	Aaa	NR	6,647
	NR	NR	2,639,140
U.S. Agency-Sponsored Securities	Aaa	AA+	2,436,820
	Aaa	NR	1,511
	NR	NR	43,404

Note 3 - Deposits and Investments (cont.)

	Moody's	S & P	Fair Value
Asset-Backed Securities	NR	AAA	$ 44,532
	NR	AA	44,153
	NR	A	12,142
	NR	BBB	3,120
	NR	BB	2,678
	NR	B	4,285
	NR	NR	108,905
Mutual Funds	3-STAR	NR	22,846
Certificates of Deposit	NR	NR	775
Pooled Investments	NR	AAA	30,033
Implicit U.S. Agencies	NR	AA	298,915
U.S. Agency Securities	Aaa	AA+	4,660
U.S Government Guaranteed Mortgages	Aaa	AA+	2,308
	Aaa	NR	18,271
Collateralized Mortgage Obligations	Aaa	AA+	3,144
	Aaa	NR	8,570
Equities	A	NR	18,170
Equity Funds	NR	NR	2,871
Fixed Income	NR	NR	264
Stocks	NR	NR	7,165
Other	NR	AAA	152
	NR	AA	16,787
	NR	A	12,453
	NR	BBB	25,596
	NR	BB	12,616
	NR	B	831
	NR	CCC	212
	NR	CC	161
	NR	D	804
	NR	NR	21,497
Total Rated Investments			$ 8,083,058

NR = Not Rated.

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.

	Investment Type					
Currency	Cash	Equities	Fixed Income	Alternatives	Real Estate	Total
Australian Dollar	$ 5,329	$ 1,384	$ 544	$ —	$ —	$ 7,257
Brazilian Real	—	7,018	5,142	—	—	12,160
British Pound Sterling	(1,553)	97,067	363	—	8,970	104,847
Canadian Dollar	3,450	10,873	400	—	—	14,723
Chilean Peso	—	710	2,309	—	—	3,019
Chinese Yuan Renminbi	—	547	—	—	—	547
Colombian Peso	—	255	4,139	—	—	4,394
Czech Koruna	2	143	1,166	—	—	1,311
Danish Krone	—	3,257	—	—	—	3,257
Egyptian Pound	—	106	—	—	—	106
Euro	926	105,589	2,155	634	20,972	130,276
Hong Kong Dollar	(4,347)	82,767	—	—	—	78,420
Hungarian Forint	—	260	—	—	—	260
Indian Rupee	—	8,245	—	—	—	8,245
Indonesian Rupiah	—	1,941	6,327	—	—	8,268
Japanese Yen	(1,647)	211,077	—	—	—	209,430
Kazakhstan Tenge	—	—	128	—	—	128
Malaysian Ringgit	—	1,981	1,644	—	—	3,625
Mexican Peso	—	3,795	6,770	—	—	10,565
Norwegian Krone	—	103	—	—	—	103
Pakistani Rupee	—	16	—	—	—	16
Peruvian Nuevo Sol	—	—	1,389	—	—	1,389
Philippine Peso	—	1,020	—	—	—	1,020
Polish Zloty	—	1,052	6,112	—	—	7,164
Qatari Riyal	—	907	—	—	—	907
Romanian New Leu	—	—	1,036	—	—	1,036
Russian Ruble	—	1,566	5,194	—	—	6,760
Saudi Riyal	—	1,247	—	—	—	1,247
Singapore Dollar	—	22,070	—	—	—	22,070
South African Rand	(994)	9,303	5,948	—	—	14,257
South Korean Won	(1,081)	28,028	569	—	—	27,516
Swedish Krona	—	525	—	—	—	525
Swiss Franc	—	63,964	—	—	—	63,964
Taiwan New Dollar	—	41,073	—	—	—	41,073
Thai Baht	10	13,831	3,193	—	—	17,034
Turkish Lira	—	6,702	1,877	—	—	8,579
United Arab Emirates Dirham	—	602	—	—	—	602
Uruguayan Peso	—	—	105	—	—	105
Total	$ 95	$ 729,024	$ 56,510	$ 634	$ 29,942	$ 816,205

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. Fixed income, international equity and domestic equity 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.

MOSERS had no securities lending activity in fiscal year 2019.

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, 2019, the cash collateral fund had a fair value of $104,247,000.

At June 30, 2019 and June 30, 2018, MPERS had earned $166,000 and $193,000, respectively, on the securities lending program.

Component Units:

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

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. 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, 2019, the change in fair value of the foreign exchange contracts resulted in $700,000 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. At June 30, 2019, MOSERS Foreign Currency Forward Contracts had a pending receivable of $18,770,000 and a pending payable of $18,694,000 resulting in a final asset of $76,000.

The following table (in thousands of dollars) summarizes the various contracts in MOSERS portfolio as of June 30, 2019. 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:

Notional Amount	Exposure
$428,722	$24,687

Swap Contracts:

Notional Amount	Counterparty Exposure
$2,727,586	$66,167

Foreign Currency Forward Contracts:

Notional Amount	Exposure
$76	$76

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 fair 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, 2019. The investments are reported at fair value and are included on the Statement of Fiduciary Net Position of the pension (and other employee benefit) trust funds.

Type	Notional/Fair Value	Unrealized Gain (Loss)
Futures Contracts	$ 287,227	$ 35,430
Swap Contracts	89,635	10,407
Total	$ 376,862	$ 45,837

Note 3 - Deposits and Investments (cont.)

Through the use of derivatives, MPERS is exposed to risk that 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 $11,882,000 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):

	Nonspendable	Restricted	Committed	Assigned
General Fund				
Inventories	$ 22,727	$ —	$ —	$ —
Loans Receivable	24,816	—	—	—
Consumer Protection	—	—	—	28,030
Budget Reserve	—	—	652,096	—
Education	—	2,689	2,867	20,829
Energy Programs	—	—	—	31,088
Forfeited Financial Instruments	—	—	—	1,450
Federal Government	—	552,475	—	—
Taxes	—	—	—	3,939
Other	—	752	299	13,299
Total	$ 47,543	$ 555,916	$ 655,262	$ 98,635
Public Education				
Inventories	$ 108	$ —	$ —	$ —
Loans Receivable	—	—	—	810
Education	—	244,432	1,843	19,554
Total	$ 108	$ 244,432	$ 1,843	$ 20,364
Conservation and Environmental Protection				
Inventories	$ 331	$ —	$ —	$ —
Loans Receivable	—	1,421	1,370,018	9,101
Conservation Commission	—	92,233	—	—
Environmental Conservation	—	31,202	395,875	99,529
State Parks	—	19,781	—	—
Forfeited Financial Instruments	—	—	—	1,052
Total	$ 331	$ 144,637	$ 1,765,893	$ 109,682

Note 4 - Governmental Fund Balance (cont.)

	Nonspendable	Restricted	Committed	Assigned
Missouri Road Fund				
Inventories	$ 32,865	$ —	$ —	$ —
Highways and Transportation	—	644,615	—	—
Total	$ 32,865	$ 644,615	$ —	$ —
Non-Major Special Revenue Funds				
Inventories	$ 4,426	$ —	$ —	$ —
Loans Receivable	—	—	—	3,405
Professional Boards and Licensure	—	—	16,035	34,936
Legal Assistance	—	25,042	1,000	7,176
Agriculture	—	4,030	564	6,899
Medical and Other Assistance	—	20,499	4,851	3,844
Transportation	—	25,582	—	154,500
Highway Patrol and Water Patrol	—	5,600	862	13,658
Workers' Compensation and Unemployment Compensation	—	66,646	—	—
Veterans' Homes	—	39,947	—	—
Other	—	13,034	8,384	22,663
Total	$ 4,426	$ 200,380	$ 31,696	$ 247,081
Non-Major Debt Service Funds				
General Obligation Bonds	$ —	$ 24,704	$ —	$ —
Fulton State Hospital	—	12,617	—	—
Missouri Road Bond	—	55,905	—	—
Total	$ —	$ 93,226	$ —	$ —
Non-Major Capital Projects Funds				
Board of Public Buildings-Education	$ —	$ 3,693	$ —	$ —
Board of Public Buildings-State Capitol	—	37,051	—	—
Board of Public Buildings-State Facility	—	6,273	—	—
Fulton State Hospital	—	6,315	—	—
State Historical Society	—	7,098	—	—
Total	$ —	$ 60,430	$ —	$ —
Non-Major Permanent Funds				
Arrow Rock State Historic Site Endowment	$ 30	$ —	$ —	$ —
Confederate Memorial Park	75	—	—	109
State Public School	60,029	—	—	—
Smith Memorial Endowment Trust	365	—	—	12
Total	$ 60,499	$ —	$ —	$ 121

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, 2019, was $652,096,000.

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows (in thousands of dollars):

	*Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental Activities:				
Capital Assets not being Depreciated/Amortized:				
Construction in Progress	$ 413,325	$ 124,252	$ (141,813)	$ 395,764
Software in Progress	96,383	19,518	(33,138)	82,763
Infrastructure in Progress	1,550,464	783,730	(633,835)	1,700,359
Land	3,093,739	4,516	(11,080)	3,087,175
Permanent Easements	4,091	329	—	4,420
Total Capital Assets not being Depreciated/Amortized	5,158,002	932,345	(819,866)	5,270,481
Capital Assets being Depreciated/Amortized:				
Land Improvements	221,320	8,197	(757)	228,760
Temporary Easements	1,496	—	(972)	524
Buildings and Improvements	3,414,794	64,771	(28,537)	3,451,028
Equipment	1,351,713	95,111	(71,374)	1,375,450
Software	247,909	54,275	(4,368)	297,816
Trademarks	17	—	—	17
Infrastructure	50,808,507	633,835	(75,885)	51,366,457
Total Capital Assets being Depreciated/Amortized	56,045,756	856,189	(181,893)	56,720,052
Less Accumulated Depreciation/Amortization for:				
Land Improvements	(123,775)	(4,819)	548	(128,046)
Temporary Easements	(726)	(497)	972	(251)
Buildings and Improvements	(1,912,985)	(102,148)	23,271	(1,991,862)
Equipment	(984,006)	(86,473)	64,640	(1,005,839)
Software	(178,357)	(18,911)	492	(196,776)
Trademarks	(14)	(2)	—	(16)
Infrastructure	(24,961,413)	(501,858)	67,649	(25,395,622)
Total Accumulated Depreciation/Amortization	(28,161,276)	(714,708)	157,572	(28,718,412)
Total Capital Assets being Depreciated/Amortized, Net	27,884,480	141,481	(24,321)	28,001,640
Governmental Activities Capital Assets, Net	$ 33,042,482	$ 1,073,826	$ (844,187)	$ 33,272,121
Business-Type Activities:				
Capital Assets not being Depreciated/Amortized:				
Construction in Progress	$ 15,449	$ 159	$ (14,801)	$ 807
Software in Progress	189	22	(189)	22
Land	32,602	45	—	32,647
Total Capital Assets not being Depreciated/Amortized	48,240	226	(14,990)	33,476
Capital Assets being Depreciated/Amortized:				
Land Improvements	38,541	12,147	—	50,688
Temporary Easements	50	—	—	50
Buildings and Improvements	56,779	2,721	(6)	59,494
Equipment	52,668	4,509	(2,154)	55,023
Software	631	189	—	820
Total Capital Assets being Depreciated/Amortized	148,669	19,566	(2,160)	166,075
Less Accumulated Depreciation/Amortization for:				
Land Improvements	(9,164)	(797)	—	(9,961)
Temporary Easements	(26)	(2)	—	(28)
Buildings and Improvements	(24,427)	(1,325)	—	(25,752)
Equipment	(35,868)	(4,072)	2,058	(37,882)
Software	(525)	(48)	—	(573)
Total Accumulated Depreciation/Amortization	(70,010)	(6,244)	2,058	(74,196)
Total Capital Assets being Depreciated/Amortized, Net	78,659	13,322	(102)	91,879
Business-Type Activities Capital Assets, Net	$ 126,899	$ 13,548	$ (15,092)	$ 125,355

*Beginning balances as of July 1, 2018 have been restated (see *Note 18*).

Note 5 - Capital Assets (cont.)

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

General Government	$ 43,524
Education	2,597
Natural and Economic Resources	23,204
Transportation and Law Enforcement	584,722
Human Services	60,661
Total	$ 714,708

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	$ 221,416	$ 357	$ 221,773
Land	185,256	7,220	192,476
Other Non-Depreciable/Amortizable Assets	24,099	—	24,099
Total Capital Assets not being Depreciated/Amortized	430,771	7,577	438,348
Capital Assets being Depreciated/Amortized:			
Land Improvements	37,398	—	37,398
Buildings and Improvements	7,349,482	79,706	7,429,188
Equipment, Fixtures, and Books	1,603,218	836	1,604,054
Software	78,528	26	78,554
Infrastructure	820,686	—	820,686
Total Capital Assets being Depreciated/Amortized	9,889,312	80,568	9,969,880
Less Total Accumulated Depreciation/Amortization	(4,862,588)	(23,603)	(4,886,191)
Total Capital Assets being Depreciated/Amortized, Net	5,026,724	56,965	5,083,689
Discretely Presented Component Units – Capital Assets, Net	$ 5,457,495	$ 64,542	$ 5,522,037

Capital Asset Impairment

In fiscal year 2018, there was significant damage to the Oak Place Apartment buildings, owned by the University of Missouri, which resulted in an impairment amount of $17,908,000 which was reported as an extraordinary item in the Component Units Statement of Revenues, Expenses, and Changes in Net Position/ Statement of Activities that fiscal year. Insurance proceeds of $11,757,000 were received in fiscal year 2019.

An impairment loss of $1,037,000 was recognized in fiscal year 2019 due to damage to the residence of the President of Lincoln University. This was caused by a tornado in May 2019 and is reported as an extraordinary item on the statements of revenues, expenses and changes in net position. The loss was determined based on the deflated depreciation replacement cost approach.

Note 6 - Leases

Capital

The State has entered into various agreements to lease land, buildings, and equipment. 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
2020	$ 1,821	$ 320	$ 6,483
2021	1,820	320	6,098
2022	1,820	319	5,857
2023	1,401	319	5,834
2024	1,401	319	5,797
2025-2029	3,745	604	9,879
2030-2031	749	121	535
Total Minimum Lease Payments	12,757	2,322	40,483
Less Amount Representing Interest	(1,304)	(226)	(4,006)
Present Value of Net Minimum Lease Payments	$ 11,453	$ 2,096	$ 36,477

Note 6 - Leases (cont.)

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.

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
2020	$ 2,412
2021	2,414
2022	2,413
2023	2,409
2024	2,407
2025-2029	12,037
2030-2031	4,810
Total Minimum Lease Payments	28,902
Less Amount Representing Interest	(4,732)
Present Value of Net Minimum Lease Payments	$ 24,170

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, 2019 (in thousands of dollars):

	Governmental Funds	Internal Service Funds	College and Universities
Land	$ —	$ —	$ 519
Buildings	21,964	39,135	64,685
Equipment	42	—	17,998
	$ 22,006	$ 39,135	$ 83,202

Note 6 - Leases (cont.)

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. The Department of Natural Resources (DNR) has a yearly obligation of $10,000 for leased property for the Katy Trail easement which is paid out of governmental funds. The obligation will continue in perpetuity. The contract conditions and amount for the easement can change with the sale of the property requiring the easement. If the property requiring the easement is sold, a new contract would be negotiated with the new property owners. Future minimum commitments due under operating leases as of June 30, 2019, were as follows (in thousands of dollars):

Fiscal Year Ending June 30	Governmental Funds	Enterprise Funds	Component Units
2020	$ 24,119	$ 1,467	$ 19,709
2021	1,999	755	10,763
2022	2,041	388	8,616
2023	1,740	388	7,672
2024	2,759	388	12,464
2025-2029	3	262	11,277
2030-2034	2	—	4,788
Total Minimum Commitments	$ 32,663	$ 3,648	$ 75,289

Expenditures for rent under operating leases for the years ended June 30, 2019 and June 30, 2018, were $24,434,000 and $23,048,000, respectively.

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 $121.5 million less accumulated depreciation of $34.3 million for component units. The Department of Natural Resources (DNR) has $75,000 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. If the property requiring the easement is sold, new contracts will be negotiated with the new property owners. Future minimum receivables, payable from lessor arrangements as of June 30, 2019, were as follows (in thousands of dollars):

Fiscal Year Ending June 30	Component Units
2020	$ 6,853
2021	4,789
2022	4,447
2023	4,068
2024	3,818
2025-2029	17,929
2030-2034	17,454
2035-2039	17,403
2040-2044	11,987
2045-2049	6,250
2050-2054	2,132
2055-2059	2,132
2060-2064	1,403
2065-2069	500
2070-2074	500
2075-2079	500
2080-2084	500
2085-2089	500
2090-2094	350
Total Minimum Receivables	$ 103,515

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.

Note 7 - Retirement Systems (cont.)

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

The Judicial Plan is a single-employer, defined benefit public employee retirement plan administered by MOSERS. The Plan is administered in accordance with Sections 476.445 - 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, MSEP 2000, and 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 5 years of service
Age 55 with age and service equaling 90 or more (Rule of 90)
Employees may retire early at age 62 with at least 5 years of service with reduced benefits.
The base benefit in the general employee plan is equal to 1.7% multiplied by the final average pay multiplied by years of credited service.

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

Judicial Plan 2011
Age 67 with 12 years of service
Age 62 with 20 years of service
Employees may retire early at age 67 with less than 12 years of service with reduced benefits or age 62 with less than 20 years of service with a reduced benefit based on years of service.
The base benefit for members with 12 or more years of service is equivalent to 50% of compensation on the highest court served.

Note 7 - Retirement Systems (cont.)

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 future 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.

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 5 years of creditable service if they were active on or after January 1, 2018.

The retirement eligibility requirements are as follows:

Closed Plan

MoDOT and non-uniformed patrol members:	**Uniformed patrol members:**
Age 65 and active with 4 or more years of service	Age 55 and active with 4 or more years of service
Age 65 with 5 or more years of service	Age 55 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)
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%.

Note 7 - Retirement Systems (cont.)

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). The minimum rate is 4% and the maximum rate is 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.

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 5 or more years of service
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 5 or more years of service
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 5 years of service. Terminated and vested uniformed patrol members may retire at age 67 with 5 or more years of service.

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 5 years of creditable service, receive an additional temporary benefit until age 62. The temporary benefit is equivalent to 0.8% multiplied by final average pay multiplied by years of creditable service. COLAs are provided annually based on 80% of the change in the CPI-U, up to a maximum rate of 5%.

Note 7 - Retirement Systems (cont.)

Single-Employer Plans:

Employees Covered by Benefit Terms – Single-Employers Only

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

	Judicial Plan	MPERS
Retirees, beneficiaries, and the disabled currently receiving benefits	569	8,916
Terminated employees entitled to, but not yet receiving benefits	26	1,980
Active		
Vested	415	5,233
Nonvested	—	2,158
Total Membership	1,010	18,287

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 rates for the MSEP and the Judicial Plan for the year ended June 30, 2018, were 19.45% and 62.09% 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, 2018, were 19.45% and 62.11%, respectively. Contributions to the pension plan from the MSEP Plan and the Judicial Plan were $313,167,000 and $36,895,000 respectively, for the year ended June 30, 2018.

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, 2018, was to be at least 58.00%. The contribution rate as a percentage of covered payroll for the MPERS plan year ended June 30, 2018, was 58.00%. Contributions to the pension plan from the MPERS plan were $204,955,000.

For the portion of the MSEP Plan relating to the State's component units, the required contribution rate for the year ended June 30, 2018, was 19.45%. The contribution rates as a percentage of covered payroll for the year ended June 30, 2018, was 19.45%. Contributions to the pension plan were $63,594,000 for the year ended June 30, 2018.

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

Cost-Sharing Multiple Employer Plan:

At June 30, 2019, 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, 2018. 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, 2018.

Note 7 - Retirement Systems (cont.)

The State reported the following proportionate share of the net pension liability and the pension expense for the fiscal year ended June 30, 2019 (in thousands of dollars):

	MSEP	MSEP-CU
Pension Expense	$ 829,386	$ 162,166
Proportionate share:		
2019	82.84%	16.82%
Net Pension Liability	$4,620,928	$ 938,355

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, 2019 (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, 2018	$ 564,418	$ 137,635	$ 426,783	$3,802,444	$ 2,169,775	$ 1,632,669
Changes for the year:						
Service Cost	12,997	—	12,997	46,621	—	46,621
Interest	41,019	—	41,019	286,457	—	286,457
Changes of Benefit Terms	—	—	—	(7)	—	(7)
Differences between expected and actual experience	(1,320)	—	(1,320)	(37,173)	—	(37,173)
Changes of Assumptions	12,332	—	12,332	142,556	—	142,556
Contributions – Employer	—	36,892	(36,892)	—	204,955	(204,955)
Contributions – Employee	—	902	(902)	—	5,001	(5,001)
Net Income Investment	—	10,678	(10,678)	—	197,620	(197,620)
Benefit payments, including refunds of employee contributions	(35,657)	(35,657)	—	(254,634)	(254,634)	—
Disability Premiums	—	—	—	(1,602)	(1,602)	—
Administrative Expense	—	(181)	181	—	(4,693)	4,693
Net Transfers to Other Retirement Systems	—	—	—	(2,823)	(956)	(1,867)
Other	—	(69)	69	—	(936)	936
Net Changes	29,371	12,565	16,806	179,395	144,755	34,640
Balances at June 30, 2019	$ 593,789	$ 150,200	$ 443,589	$3,981,839	$ 2,314,530	$ 1,667,309

For the year ended June 30, 2019, the Judicial Plan and MPERS recognized pension expense of $62,264,000 and $147,661,000, respectively.

Note 7 - Retirement Systems (cont.)

At June 30, 2019, 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	$ 10,516	$ —	$ —	$ 2,136	$109,401	$ 7,155	$ 62,156	$ 22,216
Changes of assumptions	398,247	24,519	109,950	80,871	—	—	—	—
Net difference between projected and actual earnings on pension plan investments	543,479	9,980	—	110,362	—	—	1,136	—
Changes in proportion and differences between pension plan contributions and proportionate share of contributions	18,557	—	—	3,660	795	—	—	20,998
Contributions subsequent to the measurement date	326,951	38,555	210,167	64,224	—	—	—	—
Total	$ 1,297,750	$ 73,054	$ 320,117	$ 261,253	$110,196	$ 7,155	$ 63,292	$ 43,214

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):

	Net Deferred Outflows/Inflows of Resources			
Fiscal Year Ended June 30	MSEP	Judicial	MPERS	MSEP-CU
2020	$ 529,891	$ 18,542	$ 23,743	$ 99,677
2021	241,150	5,315	19,036	40,653
2022	89,267	3,544	1,214	13,425
2023	295	(57)	2,665	60
Totals	$ 860,603	$ 27,344	$ 46,658	$ 153,815

Actuarial Assumptions

The total pension liability at June 30, 2019, is based upon the June 30, 2018 actuarial valuation for MOSERS and MPERS using the entry age normal actuarial cost method. Significant actuarial assumptions used in the June 30, 2018, actuarial valuations are the following:

	MSEP and MSEP-CU	Judicial	MPERS
Price Inflation	2.5%	2.5%	3.0%
Salary Increases	3.0-8.5%	2.75-4.95%	3.0-12.45%
Investment Rate of Return	7.25%	7.25%	7.00%

The actuarial assumptions used in the June 30, 2018 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 investment return assumption was reduced from 7.50% to 7.25% for the June 30, 2018 valuation. Other assumption changes were decreases in the payroll and wage growth 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 used is the RP-2014 Employee Mortality Table, projected to 2026 with scale MP-2015 and scaled by 95% for males and 90% for females.

Note 7 - Retirement Systems (cont.)

Amounts reported in the June 30, 2018, 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, 2012, through June 30, 2017. Mortality rates, for post-retirement mortality, used in evaluating allowances to be paid to non-disabled pensioners were the RP-2014 Healthy Mortality Tables projected to 2022 using projection scale MP-2017. Pre-retirement mortality used were the RP-2014 Employee Mortality Table projected to 2022 using projection scale MP-2017 and multiplied by a factor of 65%. Disabled pension mortality was based on RP-2014 Disabled Retiree Annuitant Mortality Tables projected to 2022 using projection scale MP-2017.

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:

	MSEP and MSEP-CU		Judicial		MPERS	
Asset Class	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%	4.75%
Private Equity					15.0%	6.50%
Fixed Income					20.0%	0.25%
Real Assets					7.5%	4.75%
Real Estate					10.0%	2.75%
Hedge Funds					10.0%	2.75%
Opportunistic Debt					7.5%	4.00%
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%		
	172.0%		172.0%		100.0%	

Discount Rate

A single discount rate based on the expected rate of return on pension investments of 7.25%, 7.25%, and 7.00% 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 will be made 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 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.

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
	6.25%	7.25%	8.25%
MSEP Net Pension Liability	$5,902,862	$4,620,928	$3,542,967
	6.25%	7.25%	8.25%
Judicial Plan Net Pension Liability	$504,646	$443,589	$391,378
	6.00%	7.00%	8.00%
MPERS Net Pension Liability	$2,140,629	$1,667,309	$1,272,455
	6.25%	7.25%	8.25%
MSEP-CU Net Pension Liability	$1,198,672	$938,355	$719,457

Payables to the Pension Plan

As of June 30, 2019, the State had payables of $16,004,000 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

Note 7 - Retirement Systems (cont.)

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.

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, 2019, membership consisted of the following:

Vested members	18,102
Inactive vested members	4,817
Pensioners and beneficiaries	10,316
Total Membership	33,235

In April 2019, the University's Board of Curators approved a new retirement plan for newly hired or rehired employees starting October 1, 2019. Employees starting on or after that date, will be enrolled in a defined contribution plan and the defined benefit plan of the University will be closed to new entrants. Rehires on or after October 1, 2019 will also be enrolled into the new defined contribution plan regardless of their vested status in the defined benefit plan. Vested defined benefit employees that are rehired on or after October 1, 2019 will no longer receive creditable service credit within the defined benefit plan.

Contributions

The University's contributions to the Retirement Plan are equal to the actuarially determined contribution requirement (ADC). The ADC for those employees hired before October 1, 2012 averaged 11.2% of covered payroll for the year ending June 30, 2019. The ADC for those employees hired after September 30, 2012, averaged 7.5% of covered payroll for the year ended June 30, 2019. 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, 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 $115,980,000 during the fiscal year ended June 30, 2019.

Note 7 - Retirement Systems (cont.)

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. Employees are able to contribute to a 457(b) and 403(b) plan. The University will match up to 3% of the employee's contribution to the 457(b) plan with the University's match funds 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 $19,212,000 of pension expense net of $3,994,000 of forfeitures for the year ended June 30, 2019.

Employees hired or rehired beginning October 1, 2019, will participate in a single employer, defined contribution plan. Employees will be automatically enrolled in the plan to contribute 8% of eligible salary into a 457(b) plan. Each year the University will match up to 8% of each employee's eligible salary to a 401(a) plan. Employees are immediately 100% vested in their contributions. The University's matching contributions vest following three years of consecutive or nonconsecutive service.

Net Pension Liability

The Retirement Plan's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2018. Roll-forward procedures were used to measure the Retirement Plan's net pension liability as of June 30, 2019. For the year ended June 30, 2019, fiduciary net position as a percentage of the total pension liability amounted to 82.19%.

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, 2018	$ 4,413,831	$ 3,682,638	$ 731,193
Changes for the year:			
Service Cost	62,845	—	62,845
Interest	312,921	—	312,921
Differences between expected and actual experience	23,046	—	23,046
Contributions – Employer	—	115,980	(115,980)
Contributions – Employee	—	15,989	(15,989)
Net Income Investment	—	183,826	(183,826)
Benefit payments, including refunds of employee contributions	(241,020)	(241,020)	—
Net Changes	157,792	74,775	83,017
Balances at June 30, 2019	$ 4,571,623	$ 3,757,413	$ 814,210

Note 7 - Retirement Systems (cont.)

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, 2019, the Retirement Plan recognized pension expense of $217,961,000. At June 30, 2019, 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	$ 28,810	$ 24,985
Changes in assumptions	163,698	—
Net difference between projected and actual earnings on pension plan investments	27,965	—
Total	$ 220,473	$ 24,985

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
2020	$ 74,495
2021	23,789
2022	52,202
2023	43,287
2024	1,715
Totals	$ 195,488

Note 7 - Retirement Systems (cont.)

Actuarial Assumptions

The October 1, 2018 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 or 5.5 years. The total deferred outflow of resources resulting from the change in the discount rate will be fully recognized through pension expense by fiscal year 2023. 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 25 from the October 1, 2018 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, 2018 valuation date.

The actuarial assumptions used in the October 1, 2018 valuation were based on the results the most recent quinquennial study of the University's own experience covering 2012 to 2016.

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 year ended June 30, 2019 was 5.2%. The following table provides long-term expected rates of real return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	32.0%	5.2%
Private equity	10.0%	5.7%
Sovereign bonds	15.0%	1.0%
Inflation linked bonds	17.0%	0.8%
Private debt	3.0%	4.4%
Risk balanced	10.0%	7.6%
Commodities	5.0%	2.2%
Real estate	8.0%	4.5%
	100.0%	

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.

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
	6.20%	7.20%	8.20%
MU Net Pension Liability	$1,387,128	$814,210	$330,738

Separate financial statements are not prepared for the Plan.

Detailed information concerning the Plan is presented in the University's 2019 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.

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 sections 103.003 - 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 the 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 sections 103.003 - 103.178, RSMo. Contributions to MCHCP by the State are not legally or contractually required. For the fiscal year end June 30, 2018, employers contributed 4.29% for the period July 1, 2017 through December 31, 2017, and 4.24% for the period January 1, 2018, through June 30, 2018, 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 $68,619,000 and $32,000, respectively for the year ended June 30, 2019.

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, 2019 was $23,024,000.

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, 2018 was $3,375,000.

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

Cost-Sharing Multiple Employer Plan:

At June 30, 2019, 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, 2018. 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. From the previous valuation, the discount rate changed from 5.71% to 5.90%.

The State reported the following proportionate share of the collective net OPEB liability and the OPEB expense for the fiscal year ended June 30, 2019 (in thousands of dollars):

	MCHCP	MCHCP-CU
OPEB Expense	$ 123,105	$ 51
Proportionate share: 2019	99.59%	0.05%
Net OPEB Liability	$ 1,745,034	$ 825

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, 2019 (in thousands of dollars):

	MHPML	CEIP
	Total OPEB Liability	Total OPEB Liability
Balances at June 30, 2018	$ 1,121,399	$ 134,757
Changes for the year:		
Service Cost	40,070	2,926
Interest	39,737	5,264
Differences between expected and actual experience	(1,907)	—
Changes of assumptions or other inputs	(54,900)	10,144
Benefit payments	(23,024)	(3,375)
Net Changes	(24)	14,959
Balances at June 30, 2019	$ 1,121,375	$ 149,716

For the year ended June 30, 2019, the MHPML and CEIP recognized OPEB expense of $43,590,000 and $8,692,000, respectively.

Note 8 - Other Postemployment Benefits (cont.)

At June 30, 2019, 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	$ —	$ —	$ —	$ —	$ (26,887)	$ (1,597)	$ —	$ (12)
Changes of assumptions	—	—	8,401	—	(45,872)	(157,061)	(5,184)	(22)
Net difference between projected and actual earnings on plan investments	2,635	—	—	1	—	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	577	—	—	28	(51)	—	—	(85)
Contributions subsequent to the measurement date	82,173	23,684	3,831	35	—	—	—	—
Total	$ 85,385	$ 23,684	$ 12,232	$ 64	$ (72,810)	$ (158,658)	$ (5,184)	$ (119)

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, 2019. 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):

	Net Deferred Outflows/Inflows of Resources			
Fiscal Year Ended June 30	MCHCP	MHPML	CEIP	MCHCP-CU
2020	$ (8,014)	$ (36,219)	$ 503	$ (11)
2021	(8,014)	(36,219)	503	(11)
2022	(8,014)	(36,219)	503	(11)
2023	(7,972)	(36,218)	502	(11)
2024	(8,662)	(12,488)	1,206	(11)
Thereafter	(28,922)	(1,295)	—	(35)
Totals	$ (69,598)	$ (158,658)	$ 3,217	$ (90)

Note 8 - Other Postemployment Benefits (cont.)

Actuarial Assumptions

The total OPEB liability at June 30, 2019, is based upon the June 30, 2018, 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	5.90%
Healthcare Cost Trend Rate	Non-Medicare is 6.25% for fiscal year 2018; the rate decreases by 0.25% per year to an ultimate rate of 5.0% in fiscal year 2023 and later. Medicare is 7.25% for fiscal year 2018; 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	3.87%
Healthcare Cost Trend Rate	7.7% for 2018, decreasing to 4.6% for 2025 and later years.

	CEIP
Price Inflation	2.3%
Salary Increases	4.0%
Investment Rate of Return	3.50%
Healthcare Cost Trend Rate	Pre-65 rate of 5.9% for 2018, gradually decreasing to an ultimate rate of 4.1% for 2084 and beyond. Post-65 trend rate of 5.9% for 2018, gradually decreasing to an ultimate rate of 4.3% for 2090 and beyond.

MCHCP's actuarial assumptions used in the June 30, 2018 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, but is performed annually. 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, 2018 measurement date was determined by an actuarial valuation as of January 1, 2018, with updated procedures used to roll forward the total OPEB liability to June 30, 2018. The cost method utilized for the valuation year June 30, 2018, was the entry age normal, level percentage of payroll. Mortality rates were based on RP-2016 for Employees/Annuitants without collar adjustments using Scale 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, 2018.

MHPML's actuarial assumptions used in the June 30, 2018 valuation were determined using a measurement date of July 1, 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 2018 Pub-2010 Public Retirement Plans Safety Employees Mortality Table weighted by Headcount project by MP-2018 and the RP 2014 Employees and Health Annuitants Mortality table, headcount weighted, fully generational projected by Scale MP-2016 for July 1, 2018. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2018. From the previous valuation, the discount rate changed from 3.58% to 3.87%.

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, 2019. 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. From the previous valuation, the discount rate changed from 3.87% to 3.50%.

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.

	MCHCP and MCHCP-CU	
Asset Class	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%	2.9%
BarCap Aggregate Bonds	20.0%	1.4%
Long Government/Credit	25.0%	1.6%
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 5.90%, 3.87%, and 3.50% 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
	4.90%	5.90%	6.90%
MCHCP Net OPEB Liability	$2,052,644	$1,745,034	$1,500,710
	2.87%	3.87%	4.87%
MHPML Total OPEB Liability	$1,348,274	$1,121,375	$947,704
	2.50%	3.50%	4.50%
CEIP Total OPEB Liability	$182,900	$149,716	$124,440
	4.90%	5.90%	6.90%
MCHCP-CU Net OPEB Liability	$971	$825	$710

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	$1,493,667	$1,745,034	$2,061,988
MHPML Total OPEB Liability	$939,200	$1,121,375	$1,396,849
CEIP Total OPEB Liability	$123,534	$149,716	$184,669
MCHCP-CU Net OPEB Liability	$706	$825	$975

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. The cost for fiscal year 2019 was $1,896,000.

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 32,431 members covered under the program as of June 30, 2019. 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, 2019, was $8,227,000. Premiums are contributed by the State and its component employers as provided for by Section 104.515, RSMo.

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 attaining 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, 2019, 9,208 retirees were receiving benefits, and an estimated 9,720 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, 2019, 123 long-term disability claimants 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 year ended June 30, 2019, participant contributions were $17,378,000 or approximately 50.8% , of the total premiums through their required contributions, which vary depending on the plan and coverage selection. In fiscal year 2019, the contribution rate as a percentage of covered payroll was 3.45% and the University contributed $23,363,000.

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, 2019, the net OPEB liability for the University was based on an actuarial valuation as of June 30, 2019 and measured as of that date. For the year ended June 30, 2019, fiduciary net position as a percentage of the net OPEB liability amounted to 7.81%.

Note 8 - Other Postemployment Benefits (cont.)

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

	Total OPEB Liability (TOL)	Fiduciary Net Position (FNP)	Net OPEB Liability (NOL)
Balances at June 30, 2018	$ 479,006	$ 36,801	$ 442,205
Changes for the year:			
Service Cost	4,124	—	4,124
Interest	18,248	—	18,248
Differences between expected and actual experience	31,459	—	31,459
Changes in assumptions	(17,565)	—	(17,565)
Contributions – Employer	—	23,363	(23,363)
Contributions – Employee	—	17,378	(17,378)
Net Investment Income	—	1,469	(1,469)
Benefit payments, including refunds of employee contributions	(23,206)	(40,584)	17,378
Administrative Expenses	—	(1)	1
Net Changes	13,060	1,625	11,435
Balances at June 30, 2019	$ 492,066	$ 38,426	$ 453,640

For the year ended June 30, 2019, the University recognized OPEB expense of $17,476,000. At June 30, 2019, 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
Difference between expected and actual experience	$ 27,214	$ —
Changes in assumptions	—	42,853
Net difference between projected and actual earnings on OPEB plan investments	—	2,014
Total	$ 27,214	$ 44,867

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
2020	$ (4,897)
2021	(4,897)
2022	(4,714)
2023	(4,396)
2024	(1,069)
Thereafter	2,320
Totals	$ (17,653)

Note 8 - Other Postemployment Benefits (cont.)

Actuarial Assumptions

The total OPEB liability at June 30, 2019, is based upon the June 30, 2019 actuarial valuation, 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%
Salary Increases	Varies based on age: 0.1% to 6.0% (including inflation) for academic and administrative; 0.1% to 3.0% (including inflation) for clerical and service
Investment Rate of Return	3.50%
Retiree Health PPO Plan, Healthy Savings, and Rx Healthcare Cost Trend Rate	8.50% decreasing by 0.25% per year until ultimate trend of 4.5% is reached.
Pre-65 Rx trend rate	9.50% decreasing by 0.25% per year until ultimate trend of 4.5% is reached.
Medicare Advantage Plans medical trend rate	Premium rates are guaranteed through 2022. Thereafter, trend rates are 7.00% decreasing by 0.25% per year until an ultimate trend of 4.50% is reached
EWP Rx trend rate	8.50% 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, 2019 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 3.50% for the year ended June 30, 2019. 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, 2019 actuarial valuation, 3.50% 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
	2.50%	3.50%	4.50%
Net OPEB Liability	$523,380	$453,640	$396,499

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):

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Net OPEB Liability	$405,788	$453,640	$511,283

Detailed information concerning the Plan is presented in the University's 2019 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

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 2019, net rollovers and contributions to ICMA-RC were $56,545,000.

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, 2019 (in thousands of dollars):

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental Activities:				
Bank Overdraft	$ 2	$ 1,260,066	$ (1,260,066)	$ 2

Note 11 - Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019 (in thousands of dollars):

	*Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Due Within One Year
Governmental Activities:					
Due to Other Entities	$ 1,420	$ —	$ (17)	$ 1,403	$ —
General Obligation Bonds Payable	104,695	—	(38,575)	66,120	21,590
Other Bonds Payable	2,807,240	102,705	(385,990)	2,523,955	236,760
Unamortized Bond Premium	166,876	7,550	(36,644)	137,782	—
Obligations under Financed Purchase	24,848	17,477	(10,800)	31,525	11,800
Obligations under Lease Purchase	55,112	—	(17,393)	37,719	3,452
Pollution Remediation	46,243	7,079	(4,517)	48,805	2,207
Asset Retirement Obligations	1,789	—	—	1,789	—
Compensated Absences	172,729	219,346	(215,487)	176,588	155,279
Claims Liability	175,953	671,133	(686,851)	160,235	108,883
Contingent Liabilities	48,923	13,628	(32,146)	30,405	23,352
2nd Injury Fund Contingent Liabilities	1,953,168	213,020	(94,299)	2,071,889	94,299
Net Other Postemployment Benefit Obligation	2,947,364	234,145	(230,901)	2,950,608	—
Net Pension Liability	6,199,831	1,702,642	(1,321,699)	6,580,774	—
Total Governmental-Type Activities	$ 14,706,191	$ 3,188,725	$ (3,075,319)	$ 14,819,597	$ 657,622
Business-Type Activities:					
Claims Liability	$ 84,018	$ 14,240	$ (15,820)	$ 82,438	$ 14,000
Grand Prize Winner Liability	106,585	86,120	(79,232)	113,473	87,697
Asset Retirement Obligations	2	—	—	2	—
Compensated Absences	4,639	8,050	(8,029)	4,660	4,511
Net Other Postemployment Benefit Obligation	56,212	5,178	(5,623)	55,767	—
Net Pension Liability	137,736	53,268	(41,350)	149,654	—
Total Business-Type Activities	$ 389,192	$ 166,856	$ (150,054)	$ 405,994	$ 106,208

*Beginning balances as of June 30, 2018 have been restated (see *Note 18*).

Note 12 - Debt

Bonds:

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.

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

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

As of June 30, 2019, $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.

Note 12 - Debt (cont.)

General obligation bonds issued and outstanding as of June 30, 2019, 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	$ 5,700
Series A 2010-Refunding	4.0 - 5.0%	12/1; 6/1	7/10	12/1/22	81,450	34,700
Series A 2012-Refunding	3.0 - 4.0%	10/1; 4/1	9/12	10/1/19	62,460	775
Fourth State Building Bonds:						
Series A 2010-Refunding	4.0 - 5.0%	12/1; 6/1	7/10	12/1/22	9,060	3,855
Series A 2012-Refunding	2.0 - 4.0%	10/1; 4/1	9/12	10/1/21	100,395	14,640
Stormwater Control Bonds:						
Series A 2010-Refunding	4.0 - 5.0%	12/1; 6/1	7/10	12/1/22	15,150	6,450
Total General Obligation Bonds					$ 318,515	$ 66,120
Less: Amount in Sinking Fund for payment of Principal						(24,704)
						$ 41,416

As of June 30, 2019, 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
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	$ 66,120	$ 5,377	$ 71,497

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

Note 12 - Debt (cont.)

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

As of June 30, 2019, 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, 2019, 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	$ 74,355
Series A 2012-Refunding	2.0 - 5.0%	4/1; 10/1	8/12	10/1/28	278,835	203,075
Series A 2013-Refunding	2.0 - 5.0%	4/1; 10/1	10/13	10/1/28	29,370	21,415
Series A 2014-Refunding	1.0 - 5.0%	4/1; 10/1	8/14	10/1/30	88,680	75,980
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	33,215
Series B 2015	3.0 - 5.0%	4/1; 10/1	9/15	4/1/30	60,000	45,735
Series A 2016	3.0 - 4.0%	4/1; 10/1	5/16	4/1/36	100,000	82,065
Series A 2017	2.0 - 5.0%	4/1; 10/1	9/17	4/1/32	77,165	68,445
Series A 2018	3.0 - 5.0%	4/1; 10/1	5/18	4/1/38	47,740	45,215
Total Board of Public Buildings Bonds					$ 881,865	$ 669,750

As of June 30, 2019, 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
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	59,220	14,243	73,463
2025-2029	301,505	38,273	339,778
2030-2034	67,915	8,431	76,346
2035-2039	22,740	2,151	24,891
2040	2,195	38	2,233
Totals	$ 669,750	$ 143,449	$ 813,199

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. 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.

Note 12 - Debt (cont.)

The Educational Facilities Revenue Bonds issued and outstanding as of June 30, 2019, 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	$ 20,125	$ 7,030

As of June 30, 2019, 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
2020	$ 2,225	$ 296	$ 2,521
2021	2,340	182	2,522
2022	2,465	62	2,527
Totals	$ 7,030	$ 540	$ 7,570

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, 2019, 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	$ 27,225

Note 12 - <u>Debt (cont.)</u>

As of June 30, 2019, 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
2020	$ 8,635	$ 1,145	$ 9,780
2021	9,070	703	9,773
2022	9,520	238	9,758
Totals	$ 27,225	$ 2,086	$ 29,311

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
2020	$ 10,000
2021	10,000
2022	5,000
Total	$ 25,000

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, 2019, 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	2.125 - 5.0%	4/1; 10/1	12/14	10/1/39	$ 92,660	$ 83,135
Series 2016	4.0 - 5.0%	4/1; 10/1	12/16	10/1/39	97,225	92,280
Total Fulton State Hospital Bonds					$ 189,885	$ 175,415

Note 12 - Debt (cont.)

As of June 30, 2019, 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
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	6,475	5,855	12,330
2025-2029	36,310	25,271	61,581
2030-2034	44,070	17,420	61,490
2035-2039	53,425	8,022	61,447
2040	12,035	245	12,280
Totals	$ 175,415	$ 83,074	$ 258,489

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, 2019, 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	$ 30,115

As of June 30, 2019, 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
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	1,555	748	2,303
2025-2029	8,550	2,891	11,441
2030-2034	9,885	1,432	11,317
2035-2036	4,350	135	4,485
Totals	$ 30,115	$ 8,692	$ 38,807

Note 12 - Debt (cont.)

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, 2019, the Missouri Highways and Transportation Commission had issued $3,812,195,000.

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 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
Series A 2019-Refunding	5/13/19	102,705	A 2008	68,605
			A 2009	42,695

The State Road Bonds issued and outstanding as of June 30, 2019, 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 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	241,145
Series A 2010	1.50 - 5.00%	5/1; 11/1	3/10	5/1/22	128,865	29,505
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	529,265
Series B 2014-Refunding	3.00 - 5.00%	5/1; 11/1	6/14	5/1/25	311,975	185,520
Series A 2019-Refunding	5.00%	5/1; 11/1	5/19	5/1/25	102,705	102,705
Total Missouri Highways and Transportation Commission					$ 2,023,460	$ 1,614,420

Note 12 - Debt (cont.)

As of June 30, 2019, 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
2020	$ 168,600	$ 81,887	$ 250,487
2021	181,465	73,935	255,400
2022	195,215	64,942	260,157
2023	198,550	55,358	253,908
2024	173,200	45,513	218,713
2025-2029	533,090	112,840	645,930
2030-2033	164,300	22,756	187,056
Totals	$ 1,614,420	$ 457,231	$ 2,071,651

Component Units' Bonds and Direct Placements - 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, 2019, debt service requirements for principal and interest for the college and universities were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Bonds from Direct Placements		Other Bonds		
	Principal	Interest	Principal	Interest	Totals
2020	$ 9,405	$ 2,682	$ 181,744	$ 84,560	$ 278,391
2021	9,410	2,445	55,025	80,026	146,906
2022	9,655	2,181	55,450	77,814	145,100
2023	9,935	1,910	60,053	75,477	147,375
2024	9,745	1,632	61,601	72,945	145,923
2025-2029	20,655	5,848	369,709	318,880	715,092
2030-2034	21,485	2,719	306,989	246,431	577,624
2035-2039	5,880	250	231,403	181,695	419,228
2040-2044	—	—	450,191	89,723	539,914
2045-2049	—	—	1,595	31,823	33,418
2050-2054	—	—	—	31,778	31,778
2055-2057	—	—	150,000	3,178	153,178
Totals (1)	$ 96,170	$ 19,667	$ 1,923,760	$ 1,294,330	$ 3,333,927

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

Note 12 - Debt (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, 2019, 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	4,484
Total Missouri Development Finance Board Revenue Bonds					$ 30,100	$ 13,804

As of June 30, 2019, 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
2020	$ 232	$ 360	$ 592
2021	9,562	350	9,912
2022	252	166	418
2023	264	155	419
2024	275	143	418
2025-2029	1,567	532	2,099
2030-2034	1,652	159	1,811
Totals (1)	$ 13,804	$ 1,865	$ 15,669

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

The annual debt service schedule assumes an interest rate of 0.098%, representing the interest rate at June 30, 2019, 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, 2019, 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.

Note 12 - Debt (cont.)

Bond Transactions of the State of Missouri - The following schedule is a summary of bond activity for the fiscal year ended June 30, 2019 (in thousands of dollars):

	Governmental Funds		Component Units		
	General Obligation Bonds	Other Bonds	Bonds from Direct Placements	Other Revenue Bonds	Totals
Bonds Payable at July 1, 2018	$ 104,695	$ 2,807,240	$ —	$ —	$ 2,911,935
Bond Issuance	—	102,705	—	—	102,705
Bonds Retired	(38,575)	(385,990)	—	—	(424,565)
Subtotal	66,120	2,523,955	—	—	2,590,075
College and Universities [1]	—	—	96,170	1,923,760	2,019,930
Missouri Development Finance	—	—	—	13,804	13,804
Bonds Payable at June 30, 2019	$ 66,120	$ 2,523,955	$ 96,170	$ 1,937,564	$ 4,623,809

[1] Detailed information for college and universities are not shown.

Financed Purchases from Direct Borrowings:

The State has entered into various agreements for financed purchases from direct borrowings for buildings, equipment, and software. Through contracts with Central Bank, the State has a $16.5 million obligation outstanding as of June 30, 2019, for governmental activities. These financed purchases are secured with collateral of capital assets in the amount of $22.0 million. In the event of default, the lease shall be terminated and the resulting property returned to the lessor. If the termination is the result of non-appropriation, the State shall deliver the property to the lessor within 10 business days after the termination of the lease schedule. If the property is not delivered within 10 business days, then the State shall also be responsible for the payment of damages in an amount equal to the amount of the lease payments that would have thereafter come due on the lease schedule had it not been terminated. The State had an unused line of credit in the amount of $21.5 million at the end of fiscal year 2019.

The State has entered into an agreement for financed purchases from direct borrowings for energy star equipment through a contract with Bank of America. These purchases are secured with capital assets as collateral with a value of $44.2 million. The State has a $10.7 million obligation outstanding as of June 30, 2019, for governmental activities. In the event of default, the lease shall be terminated and the resulting property returned to the lessor. If the termination is the result of non-appropriation, the State shall deliver the property to the lessor within 10 business days after the termination of the lease schedule. If the property is not delivered within 10 business days, then the State shall also be responsible for the payment of damages in an amount equal to the amount of the lease payments that would have thereafter come due on the lease schedule had it not been terminated. The State had no available line of credit at the end of fiscal year 2019.

Through a contract with IBM, the State has $4.3 million of financed purchases from direct borrowings outstanding as of June 30, 2019, for governmental activities. These financed purchases are secured with capital assets in the amount of $6.3 million. The State of Missouri can terminate the agreement with written notice prior to 90 days of each starting anniversary. Upon termination, the State will pay to IBM all amounts due and payable including cross-band allotment offerings, deferred payment settlement amounts for the listed software products, termination and/or financing prepayments and applicable taxes on or before the termination. The deferred payments settlement amount represents the non-financed amounts. The deferred payments are $6.6 million if terminated on July 1, 2019, and $1.3 million if terminated on July 1, 2020. The State of Missouri may elect to cancel the fixed term license program under the agreement by giving IBM 30 day's written notice and may receive a prorated credit for a prepaid term. The prorated credit may be used to purchase IBM programs prior to the end date or termination of the remaining agreement. The credits are not transferable, cannot be converted to cash, and upon expiration eligible credit will be forfeited. The State had no available line of credit at the end of fiscal year 2019.

Note 12 - Debt (cont.)

As of June 30, 2019, debt service requirements for principal and interest in future years for direct borrowings were as follows (in thousands of dollars):

	Financed Purchases from Direct Borrowings					
	Governmental Funds		Internal Service Funds		College and Universities	
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 5,265	$ 325	$ 6,535	$ 416	$ 15	$ 6
2021	4,860	190	5,751	216	17	4
2022	3,217	84	3,555	73	18	3
2023	1,440	22	707	11	19	1
2024	190	2	5	—	5	—
Total	$ 14,972	$ 623	$ 16,553	$ 716	$ 74	$ 14

Note 13 - Defeased Debt

A. Current Year Debt Defeasance

On May 13, 2019, the Missouri Highways and Transportation Commission issued Series A 2019 Federal Reimbursement State Road bonds in the amount of $102,705,000, with an interest rate of 5.00%, to refund $68,605,000 of Series A 2008 Federal Reimbursement State Road bonds and $42,695,000 of Series A 2009 Federal Reimbursement State Road bonds. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. As a result of the funding, the Board reduced its total debt service payments by $8.6 million to obtain an economic gain (difference between the present values of the old and the new debt service payments) of $9.5 million.

On September 12, 2018, the University of Central Missouri issued the Missouri Health and Educational Facilities Authority Educational Facilities Revenue bonds, Series B 2018, in the amount of $3,670,000, with interest rates ranging from 3.25% to 4.0%, to refund $3,770,000 of the Educational Facilities Revenues bond, Series 2013 B-2. As a result, this bond is considered defeased and the liabilities for the bonds have been removed from the financial statements. As a result of the refunding, the University reduced its total debt service payments by $467,949 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of $358,890.

On October 1, 2018, Missouri Western State University issued Series 2018 Auxiliary Revenue Refunding bonds, in the amount of $3,765,000, with an average interest rate of 3.53%, to refund $4,420,000 of the Series 2008 Auxiliary Revenue bonds. As a result, this bond is considered defeased and the liabilities for the bonds have been removed from the financial statements. As a result of the refunding, the University reduced its total debt service payments by $1,327,992 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of $273,848.

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, 2019, bonds outstanding of $132,680,000 are defeased.

College and Universities - As of June 30, 2019, bonds outstanding of $280,545,000 are defeased.

Note 14 - Payables and Receivables

A summary of accounts payable and accounts receivable at June 30, 2019, is shown below (in thousands of dollars):

	Governmental Activities	Business-Type Activities	Balance June 30, 2019
Accounts Payable:			
Taxpayers	$ 164,578	$ 122	$ 164,700
Other Governments	104,588	1	104,589
Vendors	1,065,532	32,243	1,097,775
Employees	122,981	3,527	126,508
Other	72,680	4	72,684
Total Accounts Payable	$ 1,530,359	$ 35,897	$ 1,566,256
Accounts Receivable with expected date of receipt within one year:			
Taxpayers	$ 1,043,166	$ 2,184	$ 1,045,350
Other Governments	893,735	6,007	899,742
Vendors	164,733	—	164,733
Customers	210,266	153,704	363,970
Other	1,448,203	556	1,448,759
	3,760,103	162,451	3,922,554
Accounts Receivable with expected date of receipt greater than one year:			
Taxpayers	1,149,469	—	1,149,469
Other Governments	8	—	8
Vendors	23,349	—	23,349
Customers	150,372	40	150,412
Other	25,849	—	25,849
	1,349,047	40	1,349,087
Accounts Receivable	5,109,150	162,491	5,271,641
Amounts not expected to be collected	(562,025)	—	(562,025)
Accounts Receivable, net	$ 4,547,125	$ 162,491	$ 4,709,616

The Accounts Receivable amounts greater than one year for taxpayers increased from fiscal year 2018, 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.

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, 2019, are as follows (in thousands):

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Deferred Outflows of Resources				
Pension Differences Between Expected and Actual Experience	$ 10,128	$ 384	$ 10,512	$ 30,946
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	533,382	19,886	553,268	138,327
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	17,871	680	18,551	3,660
Pension Changes in Assumptions	518,004	14,572	532,576	244,569
Pension Contributions Subsequent to the Measurement Date	563,388	12,169	575,557	64,224
OPEB Differences Between Expected and Actual Experience	—	—	—	27,214
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	2,526	96	2,622	1
Changes in Proportion and Differences Between OPEB Plan Contributions and Proportionate Share of Contributions	170	6	176	28
OPEB Changes in Assumptions	8,401	—	8,401	475
OPEB Contributions Subsequent to the Measurement Date	106,241	3,055	109,296	35
Asset Retirement Obligation Amortization	857	—	857	57,438
Deferred for Refunding Bonds	42,158	—	42,158	27,742
Cash Flow Hedge	—	—	—	15,933
Accumulated Decrease in Fair Value of Hedging Derivatives	—	—	—	386
Total Deferred Outflows of Resources	$ 1,803,126	$ 50,848	$ 1,853,974	$ 610,978
Deferred Inflows of Resources				
Pension Differences Between Expected and Actual Experience	$ 174,671	$ 4,003	$ 178,674	$ 47,201
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	1,136	—	1,136	—
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	771	24	795	20,998
OPEB Differences Between Expected and Actual Experience	27,361	985	28,346	124
OPEB Changes in Assumptions	205,990	1,681	207,671	43,204
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	—	—	—	2,014
Changes in Proportion and Differences Between OPEB Plan Contributions and Proportionate Share of Contributions	—	—	—	85
Deferred for Refunding Bonds	1,761	—	1,761	—
Charitable Annuities	—	—	—	13,629
Total Deferred Inflows of Resources	$ 411,690	$ 6,693	$ 418,383	$ 127,255

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, 2019, 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	$ 994,496	$ 55,164	$ 24,147	$ 15,522	$ 7,616	$1,096,945

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	$ 43	$ 6	$ 335	384	$ 313
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	2,240	306	17,340	19,886	16,127
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	77	10	593	680	519
Pension Changes in Assumptions	1,642	225	12,705	14,572	11,817
Pension Contributions Subsequent to the Measurement Date	1,372	196	10,601	12,169	9,922
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	11	1	84	96	73
Changes in Proportion and Differences Between OPEB Plan Contributions and Proportionate Share of Contributions	1	—	5	6	5
OPEB Contributions Subsequent to the Measurement Date	347	49	2,659	3,055	2,332
Total Deferred Outflows of Resources	$ 5,733	$ 793	$ 44,322	$ 50,848	$ 41,108
Deferred Inflows of Resources					
Pension Differences Between Expected and Actual Experience	$ 451	$ 62	$ 3,490	$ 4,003	$ 3,246
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	3	—	21	24	184
OPEB Differences Between Expected and Actual Experience	111	15	859	985	744
OPEB Changes in Assumptions	189	26	1,466	1,681	1,269
Total Deferred Inflows of Resources	$ 754	$ 103	$ 5,836	$ 6,693	$ 5,443

Note 15 - Deferred Inflows and Outflows (cont.)

Fiduciary	Pension (And Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds
Deferred Outflows of Resources		
Pension Differences Between Expected and Actual Experience	$ —	$ 4
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	—	191
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	—	6
Pension Changes in Assumptions	—	140
Pension Contributions Subsequent to the Measurement Date	—	116
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	12	1
Changes in Proportion and Differences Between OPEB Plan Contributions and Proportionate Share of Contributions	401	—
OPEB Contributions Subsequent to the Measurement Date	363	29
Total Deferred Outflows of Resources	$ 776	$ 487
Deferred Inflows of Resources		
Pension Differences Between Expected and Actual Experience	$ —	$ 38
OPEB Differences Between Expected and Actual Experience	128	10
OPEB Changes in Assumptions	430	16
Changes in Proportion and Differences Between OPEB Plan Contributions and Proportionate Share of Contributions	51	—
Total Deferred Inflows of Resources	$ 609	$ 64

Note 15 - Deferred Inflows and Outflows (cont.)

Component Units	College and Universities	Non-Major
Deferred Outflows of Resources		
Pension Differences Between Expected and Actual Experience	$ 30,937	$ 9
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	137,904	423
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	3,560	100
Pension Changes in Assumptions	244,258	311
Pension Contributions Subsequent to the Measurement Date	63,979	245
OPEB Differences Between Expected and Actual Experience	27,214	—
OPEB Net Differences Between Projected and Actual Earnings on Pension Plan Investments	—	1
OPEB Changes in Assumptions	475	—
Changes in Proportion and Differences Between OPEB Plan Contributions and Proportionate Share of Contributions	—	28
OPEB Contributions Subsequent to the Measurement Date	—	35
Asset Retirement Obligation Amortization	57,438	—
Deferred for Refunding Bonds	27,742	—
Cash Flow Hedge	15,933	—
Accumulated Decrease in Fair Value of Hedging Derivatives	—	386
Total Deferred Outflows of Resources	$ 609,440	$ 1,538
Deferred Inflows of Resources		
Pension Differences Between Expected and Actual Experience	$ 47,115	$ 86
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	20,857	141
OPEB Differences Between Expected and Actual Experience	112	12
OPEB Net Differences Between Projected and Actual Earnings on Pension Plan Investments	2,014	—
OPEB Changes in Assumptions	43,182	22
Changes in Proportion and Differences Between OPEB Plan Contributions and Proportionate Share of Contributions	—	85
Charitable Annuities	13,629	—
Total Deferred Inflows of Resources	$ 126,909	$ 346

Note 16 - Interfund Assets and Liabilities

A summary of interfund assets and liabilities at June 30, 2019, is shown below (in thousands of dollars):

Due to Other Funds, Component Units, and Primary Government	Due From Other Funds, Component Units, and Primary Government: Public Education	Conservation and Environmental Protection	Non-Major Governmental Funds	Non-Major Enterprise Funds	Internal Service Funds	Totals
General Fund	$ —	$ —	$ —	$ 67	$ 4,042	$ 4,109
Public Education	—	—	—	—	4	4
Conservation and Environmental Protection	—	—	—	124	153	277
Missouri Road Fund	—	—	—	—	660	660
Non-Major Governmental Funds	—	—	—	—	933	933
State Lottery	22,733	—	—	—	32	22,765
Unemployment Compensation	—	—	2,051	—	—	2,051
Petroleum Storage Tank Insurance	—	—	—	8	3	11
Non-Major Enterprise Funds	—	—	—	—	65	65
Internal Service Funds	—	—	—	3	230	233
Non-Major Component Units	—	257	—	—	—	257
Totals	$ 22,733	$ 257	$ 2,051	$ 202	$ 6,122	$ 31,365

Advance To Component Units	Advance From Component Units: Non-Major Component Units
Conservation and Environmental Protection	$ 118

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: $8,000 on the face of the Proprietary Funds Statements of Net Assets and governmental activities in the amount of $6,022,000.

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, 2019, were as follows (in thousands of dollars):

Transfers Out:	Transfers In: General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Governmental Funds
General Fund	$ —	$ 1,002,874	$ 1,924	$ 9	$ 272,530
Public Education	34,010	—	—	—	—
Conservation and Environmental Protection	3,352	—	—	—	1,240
Non-Major Governmental Funds	14,570	5,101	—	488,043	5,615
State Lottery	—	317,783	—	—	—
Unemployment Compensation	—	—	—	—	2,602
Non-Major Enterprise Funds	30	—	—	—	712
Internal Service Funds	2,602	—	—	—	117
Totals	$ 54,564	$ 1,325,758	$ 1,924	$ 488,052	$ 282,816

Continues Below

Transfers Out:	State Lottery	Non-Major Enterprise Funds	Internal Service Funds	Totals
General Fund	$ —	$ 141	$ —	$ 1,277,478
Public Education	—	—	—	34,010
Conservation and Environmental Protection	—	—	—	4,592
Non-Major Governmental Funds	—	16,400	—	529,729
State Lottery	—	—	—	317,783
Unemployment Compensation	—	—	—	2,602
Non-Major Enterprise Funds	—	—	—	742
Internal Service Funds	33	24	57	2,833
Totals	$ 33	$ 16,565	$ 57	$ 2,169,769

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 $173,000 from a non-major capital projects 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.

Note 18 - Restatements

During fiscal year 2019, 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, 2018 Fund Balance/Net Position Previously Reported	Prior Period Adjustments	June 30, 2018 Fund Balance/Net Position Restated
GOVERNMENTAL FUNDS			
Major Governmental Funds			
General Fund	$ 1,518,857	$ 177,622	$ 1,696,479
Public Education	282,087	(749)	281,338
Conservation and Environmental Protection	1,870,594	124,694	1,995,288
Non-Major Governmental Funds			
Special Revenue	479,956	(1)	479,955
Total Governmental Funds	$ 4,151,494	$ 301,566	$ 4,453,060
PROPRIETARY FUNDS			
Non-Major Proprietary Funds			
Enterprise	$ 32,415	$ 8,874	$ 41,289
Internal Service	263,996	(1,999)	261,997
Total Proprietary Funds	$ 296,411	$ 6,875	$ 303,286
DISCRETELY PRESENTED COMPONENT UNITS			
College and Universities	$ 6,108,097	$ (7,087)	$ 6,101,010
Non-Major	229,146	2,563	231,709
Total Component Units	$ 6,337,243	$ (4,524)	$ 6,332,719

Breakdown of restatements by type:

- General Fund, the restatement was due to a decrease in accounts receivable of $523,000 and a decrease of $178,145,000 due to the recognition of revenue previously classified as a deferred inflow of resources.
- Public Education, the restatement was due to a decrease in accounts receivable of $749,000.
- Conservation and Environmental Protection, the restatement was due to a decrease in accounts receivable of $4,000 and increase in loans receivable of $124,698,000.
- Non-major special revenue funds, the restatement was due to a decrease in accounts receivable of $1,000.
- Non-major enterprise funds, the restatement was due to a decrease in capital assets (net of accumulated depreciation/amortization) of $310,000. The restatement due to the implementation of GASB Statement No. 83, *Certain Asset Retirement Obligations*, decreased net position by $1,000. The increases in cash of $8,093,000, inventories of $3,656,000, accounts payable of $1,369,000, accrued payroll of $26,000, and compensated absences of $179,000 was due to the reclassification of the Inmate Canteen Fund from an agency fund to an enterprise fund. Additionally, the reclassification of the fund caused an increase in deferred outflows of resources of $307,000, deferred inflows or resources of $17,000, net OPEB liability of $386,000, and net pension liability of $894,000.
- Non-major internal service funds, the restatement was due to a decrease in accounts receivable of $521,000, a decrease of capital assets (net of accumulated depreciation/amortization) of $988,000, and an increase of obligations under lease purchase of $490,000.
- Discretely presented component units - colleges and universities, the restatement for Truman State University was due to a decrease in net position of $5,233,000 for a correction in the error of depreciable life made to a building improvement. Lincoln University no longer includes Lincoln University Foundation, Inc. as a discretely presented component unit in their financial statements, causing an increase in net position of $643,000. For the University of Missouri, the implementation of GASB Statement No. 83, *Certain Asset Retirement Obligations,* decreased net position by $2,497,000.

Note 18 - Restatements (cont.)

- Discretely presented component units - non-major funds, the increase in net position of $2,563,000 was due to the reclassification of the State Environmental Improvement Energy Resources Authority from a related organization to a discretely presented component unit.

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, internal balance increased by $2,000, capital assets (net of accumulated depreciation/amortization) increased by $29,136,000, obligations under lease purchase decreased by $490,000, pollution remediation increased by $4,000, and a decrease in net position of $178,145,000 due the recognition of revenue previously classified as a deferred inflow of resources in the general fund causing it to no longer be a reconciling item to the Statement of Net Position. The reclassification of the Inmate Canteen Fund caused a decrease in deferred outflows of resources by $307,000, net OPEB liability by $386,000, net pension liability by $894,000, and deferred inflows of resources by $17,000 due to contributions for pension and OPEB previously being paid by the general fund and reimbursed by the Inmate Canteen Fund. Net position also decreased $894,000 due to the implementation of GASB Statement No. 83, *Certain Asset Retirement Obligations.*

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 $2,000.

Note 19 - Fund Deficit

The following funds had a deficit balance:

Enterprise Fund – Petroleum Storage Tank Insurance – At June 30, 2019, this fund had a net position deficit of $45,569,000. The deficit at June 30, 2018 was $ 40,982,000. 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, 2025, or upon revocation of federal regulation 40 CFR, whichever occurs first, unless extended by action of the General Assembly. Under Section 319.132, RSMo, the Board of Trustees has authority to increase the transport load fee to a maximum of $60 per 8,000 gallons. In addition, under Section 319.133, RSMo, the Board can increase annual participation fees to a maximum of $500 per tank per year. These facts, along with the knowledge that PSTIF's claim reserves are set using very conservative assumptions, assure that adequate revenues will be available to meet its liabilities. Per Section 319.131, RSMo, the liability of the Petroleum Storage Tank Insurance Fund is not the liability of the State. Upon dissolution of this fund, the liability would be liquidated.

Enterprise Funds – State Lottery and Missouri Veterans' Homes, Internal Service Funds – Natural Resources Cost Allocation, Economic Development Administrative, Professional Registration Fees and Missouri Consolidated Health Care Plan and Component Unit Funds – Missouri Wine and Grape – At June 30, 2019, these funds had a net position deficit of $11,159,000, $116,821,000, $17,634,000, $3,021,000, $8,629,000, $8,624,000 and $268,000 respectively. These funds, except for the 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 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 by employee health care plan design changes and by an increase in appropriations to MCHCP beginning in fiscal year 2019 of $76.9 million. Net position increased $11.8 million from fiscal year 2018 to 2019. An additional increase of $6.2 million in fiscal year 2020 was appropriated by the General Assembly.

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 2019 (in thousands)	
Housing		
Missouri Low Income Housing Tax Credit	$ 153,024	
Neighborhood Preservation Tax Credit	2,807	
Business Recruitment		
Missouri Quality Jobs	48,411	
Missouri Works - Business Incentives	64,787	
Missouri Works New Jobs Training	4,715	
Missouri Works Job Retention Training	2,781	
Missouri Manufacturing Jobs Act	15,013	
Business Use Incentives for Large-Scale Development	13,776	
Enhanced Enterprise Zone	4,929	
Business Facility Tax Credit	8,218	
Amateur Sports Ticket Sales Tax Credit	1,421	
Rebuilding Communities Tax Credit	56	
Development Tax Credit	374	
Data Center Sales Tax Exemption	—	*
Redevelopment		
Historic Preservation Tax Credit	54,566	
Brownfield Remediation	13,029	
Distressed Areas Land Assemblage	43	
TOTAL	$ 387,950	
Chapter 100 Personal Property Tax Exemption - maximum amount exemption certificates issued	$ —	**

*Confidential

** No certificates were provided under Chapter 100

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 $153,024,000 during fiscal year 2019.

Note 20 - Tax Abatements (cont.)

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 $2,807,000 during fiscal year 2019.

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 $48,411,000 during fiscal year 2019.

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 $64,787,000 during fiscal year 2019.

Note 20 - Tax Abatements (cont.)

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 $4,715,000 and $2,781,000, respectively, during fiscal year 2019.

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 $15,013,000 during fiscal year 2019.

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 $13,776,000 during fiscal year 2019.

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 $4,929,000 during fiscal year 2019.

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 $8,218,000 during fiscal year 2019.

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 $1,421,000 during fiscal year 2019.

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 $56,000 during fiscal year 2019.

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 $374,000 during fiscal year 2019.

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. 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. For fiscal year 2019 no certificates were provided for the exemption of state sales tax related to lease payments of tangible personal property under a Chapter 100 structure.

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 $54,566,000 during fiscal year 2019.

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 $13,029,000 during fiscal year 2019.

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 $43,000 during fiscal year 2019.

Note 21 - Commitments

Contracts

The Department of Conservation had contracts outstanding of $293,000 for construction and $75,000 for land acquisition contracts at June 30, 2019. 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, 2019 of $210,000. These projects are funded through a capital project fund and an enterprise fund.

The Department of Transportation had long-term contracts of $718,535,000 outstanding at June 30, 2019. These contracts are paid from capital projects funds with approximately 83.18% federal reimbursement expected.

Note 21 - Commitments (cont.)

The Office of Administration, Division of Facilities Management, Design and Construction, had construction contracts outstanding at June 30, 2019 of $65,445,000. Approximately 46.4% will be paid from the General Fund, 17.4% from special revenue funds, and 36.2% will be paid from the capital projects 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 2019 was $364,000. Payment of principal and interest must be completed by March 2038.

As of June 30, 2019, the University of Missouri had outstanding commitments for the usage and ongoing support of the University Health System's information technology environment totaling $170,895,000. The payments are as follows:

2020	$	26,252,000
2021		27,146,000
2022		28,008,000
2023		28,855,000
2024		29,819,000
2025		30,815,000

Truman State University had approximately $2,749,000 in outstanding commitments for various construction contracts at June 30, 2019.

Southeast Missouri State University had outstanding commitments of approximately $7,200,000 related to construction contracts at June 30, 2019.

Missouri State University had approximately $19,000,000 in outstanding commitments for various construction contracts at June 30, 2019.

University of Central Missouri had approximately $9,205,000 in outstanding commitments related to construction contracts at June 30, 2019.

Northwest Missouri State University had approximately $671,000 in outstanding commitments related to various construction contracts at June 30, 2019.

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.

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 3.50% 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.

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 6/30/2018	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2019
Governmental Activities					
OA Workers Compensation Fund	Workers Comp.	$ 29,058	$ 29,750	$ (32,242)	$ 26,566
OA Legal Expense Fund	Liability	3,682	3,688	(4,296)	3,074
Transportation Self-Insurance Plan	Workers Comp. and Liability	81,444	11,399	(17,597)	75,246
MCHCP	Health Care	46,137	489,425	(492,742)	42,820
MHPML	Health Care	12,500	120,904	(123,804)	9,600
CEIP	Health Care	3,132	15,967	(16,170)	2,929
Total Governmental Activities		$ 175,953	$ 671,133	$ (686,851)	$ 160,235
Business-Type Activities					
PSTIF	Contamination Cleanup	$ 84,018	$ 14,240	$ (15,820)	$ 82,438
Component Units					
University of Missouri System	Workers Comp. and Liability	$ 85,846	$ 222,659	$ (223,235)	$ 85,270
Missouri State University	Health Care, Workers Comp. and Liability	1,424	22,894	(21,603)	2,715
Total Component Units		$ 87,270	$ 245,553	$ (244,838)	$ 87,985

Note 22 - Risk Management and Insurance (cont.)

	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
Governmental Activities					
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		$ 177,678	$ 505,888	$ (507,613)	$ 175,953
Business-Type Activities					
PSTIF	Contamination Cleanup	$ 81,868	$ 15,244	$ (13,094)	$ 84,018
Component Units					
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		$ 90,889	$ 240,681	$ (244,300)	$ 87,270

Risk Management Pool:

The State of Missouri participates in the property program of the Midwestern Higher Education Compact (MHEC) as defined in Section 173.700, RSMo. This program was formed to expand coverage, reduce costs, and stabilize property insurance rates over extended time periods at higher education institutions in all member states. The program offers loss limit coverage tailored to individual institutions as well as self-insured retention by institution. The MHEC Risk Management Oversight Committee directs the major operations of the program overseeing the development of program policies, premium allocations, new program memberships, and selection of program administrators and insurance underwriters.

Note 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 2019, the State was participating in the cleanup of seventeen Superfund sites. Total pollution remediation obligation for these sites totaled approximately $48.8 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 did not have any pollution remediation obligations during fiscal year 2019.

The Missouri Department of Transportation (MoDOT) is in remediation activities related to buildings and grounds caused by contamination and a fuel leak. The current pollution remediation obligation for these sites total approximately $4.0 thousand. The potential for additional pollution remediation exists, however, any future remediation obligations are not yet estimable.

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 6/30/2018	Current Year Assessments and Estimated Changes	Payments	Fiscal Year Remediation Liability 6/30/2019	Due Within One Year
DNR	Superfund Sites	$ 46,222	$ 7,079	$ (4,500)	$ 48,801	$ 2,207
OA	Soil and Groundwater Testing and Remediation	17	—	(17)	—	—
MoDOT	Buildings and Grounds Remediation	4	—	—	4	—
Total Governmental Activities		$ 46,243	$ 7,079	$ (4,517)	$ 48,805	$ 2,207

*Beginning balances as of June 30, 2018 have been restated (see *Note 18)*.

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, 2019, the DNR, Solid Waste Program tracked the value of the secured financial assurance instruments held by the State to be $340.2 million. 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.

As of June 30, 2019, 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, 2019, it is expected that $1.5 million 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 due to an overestimated quantity of isotopes managed at the site. 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 $15.0 thousand. 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 $1.0 million. The University has not commenced any actions requiring the recognition of a liability for this property.

Note 24- Asset Retirement Obligations

The State has a legally enforceable obligation to perform future asset retirement obligations (ARO) related to its tangible capital assets.

The Missouri Department of Natural Resources (DNR) has a total ARO of $1,717,000 for gas chromatographs, radiation detectors, petroleum above ground storage tanks, and permitted sewage treatment plants. Gas chromatographs and radiation detectors are considered radioactive sources and will not be accepted by the State's Surplus Property Program, thus requiring a cost for disposition. These ARO's are measured at the current cost of returning the items to the vendor. Gas chromatographs have remaining useful lives of 3 years and radiation detectors have remaining useful lives of 0 to 9 years. The ARO for petroleum above ground storage tanks is measured using the best estimate for taking the tanks out of service, which consists of emptying the tanks, removing the secondary containment, and proper disposal. Remaining useful lives of the tanks are 0 to 16 years. Aboveground storage tanks are regulated under the Missouri Code of State Regulations 2 CSR 90-30.050.16. The ARO for permitted sewage treatment plants is measured using the best estimate for closure of the facilities, which includes submitting a closure plan to DNR addressing wastewater and sludge removal, dewatering activities, removal of treatment structures, and removal of solid waste or leaving in place as a clean fill. Remaining useful lives of the plants is 0 to 47 years. Permitted sewage treatment plants are regulated by the Missouri Code of State Regulations 10 CSR 20-6-011.12 and the Federal Clean Water Act. The ARO for these items would be funded by state appropriations.

Note 24- Asset Retirement Obligations (cont.)

The Missouri Department of Transportation (MoDOT) has an ARO of $44,000 to properly dispose of all nuclear gauges used to measure physical properties of materials during its construction projects. The ARO is measured using the current cost of returning the items to the vendor and the assets have remaining estimated useful lives of 15 years. Disposal of the nuclear gauges is required by the Nuclear Regulatory Commission - NUREG 1556 Volume 1 Rev 2. The ARO will be funded by state appropriations.

The Department of Public Safety (DPS), Office of the Adjutant General, has an ARO of $30,000 to take two underground storage tanks out of service. The ARO is measured using the current cost for closure and the assets have estimated remaining useful lives of 25 years. Underground storage tanks are regulated under the Missouri Code of State Regulations 10 CSR 26. The ARO will be funded by state appropriations.

The University of Missouri (MU) has an ARO based on its ownership of two nuclear research reactors which are regulated by the U.S Nuclear Regulatory Commission (NRC). The NRC requires the University to submit decommissioning funding plans every three years to retain the right to operate the reactors. The decommissioning funding plans update and adjust changes in costs to remediate and the extent of the estimated future contamination. The cost to decommission the reactors is based on a formula as set forth by the NRC as part of the licensing of the facilities. The ARO as of the end of fiscal year 2019 was $62,433,000. The remaining useful lives of the reactors was 23 years as of June 30, 2019 (in thousands of dollars).

Governmental Activities	ARO Liability at June 30, 2019
DNR	$ 1,715
MoDOT	44
DPS	30
Total Governmental Activities	$ 1,789
Business-Type Activities	
DNR	$ 2
Component Units	
MU	$ 62,433

Note 25- Contingencies

Contingent Claims Liabilities

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.

Note 25- Contingencies (cont.)

As of June 30, 2019, the amount of contingent liabilities was $30.4 million. Changes in reported liability since June 30, 2018, 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
2018-2019	$ 48,923	$ 13,628	$ (32,146)	$ 30,405
2017-2018	71,150	4,368	(26,595)	48,923
2016-2017	39,040	59,672	(27,562)	71,150

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 2018 actuarial study. As at June 30, 2019, the amount of liabilities for Second Injury Fund was $2.1 billion. Changes in reported liability since June 30, 2018, 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
2018-2019	$ 1,953,168	$ 213,020	$ (94,299)	$ 2,071,889
2017-2018	1,840,186	213,633	(100,651)	1,953,168
2016-2017	1,732,685	206,662	(99,161)	1,840,186

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 dis-allowances, if any, would be immaterial in the next fiscal year.

Sales and Use Tax Lawsuits:

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 2019 liability amount. It is reasonably possible an adverse court decision may incur an estimated loss of $4.3 million.

Department of Social Services:

Little Sisters of the Poor v. Department of Social Services, No. 18AC-CC00262 (Cole County Circuit Court). This petition for review was filed on July 12, 2018, by 335 nursing facilities participating in the MO HealthNet program. They claim that the reduction of a per diem reimbursement rate by the department was invalid and contrary to the department's own regulation, The Cole County Circuit Court entered an order and judgment on May 22, 2019, concluding the department had violated its own regulation, the Medicaid Act requirements that apply to rate reductions, and the Equal Protection Clauses of the United States and Missouri Constitutions. If upheld, the resulting cost to the department and the State would be approximately $45 million. The State filed a notice of appeal on June 28, 2019. Appellate briefs have not yet been submitted and oral argument has not been scheduled. The ultimate resolution of the case on appeal cannot be predicted with any degree of certainty.

Note 25- <u>Contingencies (cont.)</u>

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.

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 $2.7 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.

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. Following a jury trial on the plaintiffs' breach of contract claims in August 2018, the court entered judgment against the State and for the class of $113.7 million. The State filed a notice of appeal and the Missouri Court of Appeals affirmed the judgment. The State has sought transfer to the Supreme Court of Missouri. The ultimate resolution of the case on appeal cannot be predicted with any degree of certainty.

Note 25- Contingencies (cont.)

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. The state appointed arbitrator passed away in August 2019 and the state parties have selected another arbitrator who will begin reviewing the evidence and hear additional matters and argument in 2020. 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.

Contingent Gains

Contingencies that might result in gains are not reported on the statements since they are not realizable.

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, 2019, the balance of Missouri-related joint settlement funds in the Department of Interior restoration fund is approximately $48 million.

Note 26 - 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, 2019, 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	2	$ 277	$ 138
Single-Purpose Animal Facilities Loan Guarantee Program	10 Years	6	557	278
Crop and Livestock Loan Guarantee Program	2 Years	20	51	25

Missouri Value-Added Loan Guarantee Program

The Missouri Value-Added Loan Guarantee Program, authorized in Sections 348.400-348.415, RSMo, 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 five loan defaults under this program in fiscal year 2019.The outstanding balance on judgments for amounts owed to the State totals $51,000.

Single-Purpose Animal Facilities Loan Guarantee Program

The Single-Purpose Animal Facilities Loan Guarantee Program, authorized in Sections 348.185-348.225, RSMo, 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 2019.

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, 2019, there are four loan defaults under this program. The outstanding balance on judgments for amounts owed to the State totals $1,500.

Note 27 - 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.

Summary financial information for the Authority as of and for the fiscal year ended December 31, 2018, is presented below (in thousands of dollars):

Total Assets	$	166,907
Total Deferred Outflows of Resources		412
Total Assets and Deferred Outflows of Resources	$	167,319
Total Liabilities	$	61,939
Total Net Position		105,380
Total Liabilities and Net Position	$	167,319
Total Revenues	$	24,715
Total Expenses		15,558
Net Increase in Net Position	$	9,157

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 28 - 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 $2,156,000. Of this amount, $997,000 is reported as restricted non-expendable, $1,133,000 is reported as restricted expendable, and $25,000 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 $68,675,000 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 29 - Conduit Debt

As of June 30, 2019, 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, 2019, were approximately $350,741,000 and $976,803,000 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.

As of June 30, 2019, the State Environmental Improvement and Energy Resources Authority (EIERA), a component unit of the State of Missouri, had an outstanding balance of $875,620,000 in Tax Exempt Revenue Bonds. Of this outstanding amount, $529,615,000 is for Water Pollution Control and Drinking Water Revenue Bonds issued on behalf of the Department of Natural Resources. 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 EIERA.

Note 30 - Subsequent Events

Bonds

In July 2019, the Missouri Department of Transportation was awarded $81.2 million to help fund the $255.8 million project for improvements to the I-70 freight corridor; specifically to replace the I-70 Missouri River Bridge at Rocheport, Missouri and the addition of climbing lanes at the Mineola Hill in Montgomery County. The acceptance of the grant will result in the issuance of bonds. One such bond is the Third Lien State Road Bonds, Series B 2019 which was issued in the amount of $178,370,000 on November 13, 2019. These bonds will bear interest of 5.00%, due in semi-annual installments beginning November 1, 2020.

Southeast Missouri State University

Subsequent to year-end, on July 24, 2019, the University issued Series 2019 bonds in the amount of $44,595,000 to refund the Series 2010B which are maturing on October 1, 2021 and thereafter.

Missouri Southern State University

On December 17, 2019, Missouri Southern State University issued $22,490,000 of Auxiliary Enterprise System Revenue bonds, Series 2019A, with interest rates ranging from 3.0%-5.0%. Final maturity for the bonds is October 1, 2049.

Note 30 - Subsequent Events (cont.)

Missouri State University

During October 2019, the University reached a settlement and release agreement with the interested insurers regarding the sustained loss of the collapse of the broadcast tower in Fordland, Missouri, and received payments for the full settlement. This settlement was included in accounts and other receivables on the statement of net position and in other nonoperating revenues and expenses on the statement of revenues, expenses and changes in net position.

On October 25, 2019, the Board of Governors approved the following:

- The issuance of Educational Facilities Revenue Bonds, Series 2019B in an aggregate amount not to exceed $7,500,000 for the purpose of providing funds to refund the Series 2010B Bonds maturing on and after October 1, 2021, and associated costs of issuance.

- The issuance of Auxiliary Enterprise System Revenue Bonds, Series 2019A educational facilities revenue bonds. Series 2019B in an aggregate amount no to exceed $18,400,000 for the purpose of providing funds to refund the Series 2010B Bonds maturing on and after October 1, 2021, and associated costs of issuance.

The bond sale occurred on November 19, 2019, and the bond closing and transfer of funds occured on December 4, 2019, in the amounts of $6,780,000 and $15,980,000 for the series 2019 B and series 2019 A bonds, respectively.

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, 2019
(In Thousands of Dollars)

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	$ 1,743,457	$ 1,743,457	$ 1,743,457	$ —
Resources (Inflows):				
Taxes:				
Sales and Use	2,241,513	2,227,251	2,236,813	9,562
Individual Income	7,662,998	7,614,242	7,646,931	32,689
Corporate Income	526,044	522,697	524,941	2,244
County Foreign Insurance	293,829	291,960	293,213	1,253
Beer	7,533	7,485	7,517	32
Liquor	25,947	25,782	25,893	111
Cigarette	—	—	—	—
Corporation Franchise	1,618	1,608	1,615	7
Reimbursement/Miscellaneous	165,260	164,208	164,913	705
Total Taxes	10,924,742	10,855,233	10,901,836	46,603
Licenses, Fees, and Permits	95,728	95,123	95,485	362
Sales	1,200	1,197	1,139	(58)
Leases and Rentals	11	11	11	—
Services	514,593	514,548	471,935	(42,613)
Contributions and Intergovernmental	10,301,764	10,290,668	9,579,190	(711,478)
Interest	36,757	36,526	36,646	120
Penalties and Unclaimed Property	28,547	28,401	28,024	(377)
Cost Reimbursement/Miscellaneous	1,185,936	1,185,072	1,097,437	(87,635)
Transfers In	3,888,870	3,952,729	3,297,424	(655,305)
Total Resources (Inflows)	26,978,148	26,959,508	25,509,127	(1,450,381)
Amount Available for Appropriation	28,721,605	28,702,965	27,252,584	(1,450,381)
Charges to Appropriations (Outflows):				
Current:				
General Government	2,502,598	2,490,364	1,979,529	510,835
Education	4,539,209	4,508,356	4,336,234	172,122
Natural and Economic Resources	457,369	460,406	202,075	258,331
Transportation and Law Enforcement	528,484	487,715	283,298	204,417
Human Services	13,879,366	14,245,676	13,247,189	998,487
Debt Service	135,716	135,026	109,096	25,930
Transfers Out	5,650,378	5,747,827	5,124,021	623,806
Total Charges to Appropriations	27,693,120	28,075,370	25,281,442	2,793,928
Ending Budgetary Fund Balance	$ 1,028,485	$ 627,595	$ 1,971,142	$ 1,343,547
Reconciling Items:				
Reclassifying Cash Equivalents as Investments			(1,177,659)	
Investments at Fair Value			1,196,112	
Receivables, Net			2,568,021	
Due from Other Funds			—	
Due from Component Units			—	
Inventories			22,727	
Advance to Component Units			—	
Accounts Payable			(1,205,524)	
Accrued Payroll			(61,518)	
Due to Other Funds			(4,109)	
Unearned Revenue			(69,581)	
Escheat/Unclaimed Property			(117,792)	
Deferred Inflows of Resources			(994,496)	
Fund Balance - GAAP Basis			$ 2,127,323	

Public Education				Conservation and Environmental Protection			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
$ 146,998	$ 146,998	$ 146,998	$ —	$ 539,749	$ 539,749	$ 539,749	$ —
900,091	900,091	908,180	8,089	281,251	281,251	217,683	(63,568)
4,664	4,664	4,706	42	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
55,272	55,272	55,769	497	—	—	—	—
—	—	—	—	—	—	—	—
331,287	331,287	334,265	2,978	1,587	1,587	1,228	(359)
1,291,314	1,291,314	1,302,920	11,606	282,838	282,838	218,911	(63,927)
2,745	2,745	2,769	24	108,680	108,680	84,116	(24,564)
—	—	—	—	8,757	8,757	6,778	(1,979)
—	—	—	—	136	136	105	(31)
—	—	—	—	—	—	—	—
62,852	62,852	63,417	565	82,698	82,698	64,007	(18,691)
3,765	3,765	3,799	34	19,785	19,785	15,313	(4,472)
3,061	3,061	3,089	28	1,255	1,255	971	(284)
93,369	93,369	94,208	839	198,661	198,661	153,760	(44,901)
1,750,844	1,749,405	1,725,330	(24,075)	1,943	1,943	1,938	(5)
3,207,950	3,206,511	3,195,532	(10,979)	704,753	704,753	545,899	(158,854)
3,354,948	3,353,509	3,342,530	(10,979)	1,244,502	1,244,502	1,085,648	(158,854)
457	447	121	326	3,882	4,424	3,427	997
2,838,124	2,845,404	2,755,066	90,338	—	—	—	—
16,180	16,180	4,831	11,349	1,054,748	1,029,436	402,718	626,718
305	305	225	80	999	998	921	77
16,055	15,817	14,015	1,802	1,752	1,752	1,600	152
—	—	—	—	—	—	—	—
452,547	452,064	430,210	21,854	58,046	61,691	57,105	4,586
3,323,668	3,330,217	3,204,468	125,749	1,119,427	1,098,301	465,771	632,530
$ 31,280	$ 23,292	$ 138,062	$ 114,770	$ 125,075	$ 146,201	$ 619,877	$ 473,676
		(72,548)				(415,056)	
		74,008				416,032	
		162,037				1,440,630	
		22,733				—	
		—				257	
		108				331	
		—				118	
		(2,434)				(11,952)	
		(51)				(5,142)	
		(4)				(277)	
		—				(128)	
		—				—	
		(55,164)				(24,147)	
		$ 266,747				$ 2,020,543	

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, 2019, 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 and transfers out on the budgetary schedule will always be positive.

For budget purposes, interfund activity is not eliminated. A summary of interfund eliminations at June 30, 2019, is shown below (in thousands):

	Final Budget Transfer		Actual Transfer	
	In	Out	In	Out
GENERAL FUND	$ 3,501,007	$ (3,501,007)	$ 2,987,192	$ (2,987,192)
SPECIAL REVENUE FUNDS				
Public Education	414,120	(414,120)	393,274	(393,274)
TOTAL	$ 3,915,127	$ (3,915,127)	$ 3,380,466	$ (3,380,466)

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 2015-2019
(In Thousands of Dollars)

	Judicial Plan*				
	2019**	2018**	2017**	2016**	2015**
Total Pension Liability					
Service Cost	$ 12,997	$ 12,946	$ 10,932	$ 10,614	$ 8,990
Interest on the Total Pension Liability	41,019	40,617	37,755	36,162	34,014
Benefit Changes	—	—	—	—	—
Differences between Expected and Actual Experience	(1,320)	(10,687)	(5,037)	5,103	13,361
Changes in Assumptions	12,332	7,906	53,991	—	—
Benefit Payments, including member refunds	(35,657)	(33,985)	(32,989)	(31,246)	(29,407)
Disability Premiums	—	—	—	—	—
Transfers to Other Retirement Systems	—	—	—	—	—
Net Change in Total Pension Liability	29,371	16,797	64,652	20,633	26,958
Total Pension Liability - Beginning	564,418	547,621	482,969	462,336	435,378
Total Pension Liability - Ending (a)	593,789	564,418	547,621	482,969	462,336
Plan Fiduciary Net Position					
Contributions - Employer	36,892	34,247	33,642	32,696	29,265
Contributions - Employee	902	787	661	488	295
Pension Plan Net Investment Income	10,678	4,680	28	(3,610)	21,395
Benefit Payments, including member refunds	(35,657)	(33,985)	(32,989)	(31,246)	(29,407)
Disability Premiums	—	—	—	—	—
Pension Plan Administrative Expense	(181)	(150)	(137)	(123)	(106)
Net Transfers	—	—	—	—	—
Other	(69)	—	—	—	—
Net Change in Plan Fiduciary Net Position	12,565	5,579	1,205	(1,795)	21,442
Plan Fiduciary Net Position - Beginning*	137,635	132,056	130,851	132,646	111,204
Plan Fiduciary Net Position - Ending (b)	150,200	137,635	132,056	130,851	132,646
Net Pension Liability - Ending (a) - (b)	$ 443,589	$ 426,783	$ 415,565	$ 352,118	$ 329,690
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	25.30%	24.39%	24.11%	27.09%	28.69%
Covered Payroll	$ 59,417	$ 58,592	$ 57,421	$ 55,656	$ 49,588
Net Pension Liability as a Percentage of Covered Payroll	746.73%	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				
2019**	2018**	2017**	2016**	2015**
$ 46,621	$ 45,713	$ 45,441	$ 45,358	$ 44,740
286,457	283,569	280,432	275,285	270,526
(7)	—	—	—	—
(37,173)	(37,287)	(39,810)	(13,324)	(17,614)
142,556	—	—	—	—
(254,634)	(246,939)	(236,687)	(237,013)	(227,977)
(1,602)	(1,620)	(1,568)	(1,555)	(1,532)
(2,823)	(2,725)	(1,921)	(3,147)	(1,876)
179,395	40,711	45,887	65,604	66,267
3,802,444	3,761,733	3,715,846	3,650,242	3,583,975
3,981,839	3,802,444	3,761,733	3,715,846	3,650,242
204,955	206,563	199,609	200,639	183,354
5,001	4,892	3,483	3,294	2,260
197,620	220,302	21,432	92,646	319,446
(254,634)	(246,939)	(236,687)	(237,013)	(227,977)
(1,602)	(1,620)	(1,568)	(1,555)	(1,532)
(4,693)	(4,516)	(4,370)	(4,067)	(3,736)
(956)	(981)	808	(2,033)	(92)
(936)	—	—	—	—
144,755	177,701	(17,293)	51,911	271,723
2,169,775	1,992,074	2,009,367	1,957,456	1,685,733
2,314,530	2,169,775	1,992,074	2,009,367	1,957,456
$1,667,309	$1,632,669	$1,769,659	$1,706,479	$1,692,786
58.13%	57.06%	52.96%	54.08%	53.63%
$ 353,751	$ 356,515	$ 344,635	$ 342,265	$ 336,591
471.32%	457.95%	513.49%	498.58%	502.92%

STATE OF MISSOURI
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FISCAL YEARS 2015-2019
(In Thousands of Dollars)

	University of Missouri Retirement System				
	2019**	2018**	2017**	2016**	2015**
Total Pension Liability					
Service Cost	$ 62,845	$ 63,624	$ 66,269	$ 68,328	$ 70,574
Interest on the Total Pension Liability	312,921	305,781	296,885	288,438	275,762
Benefit Changes	—	—	—	—	—
Differences between Expected and Actual Experience	23,046	11,704	(22,741)	(38,227)	13,226
Changes in Assumptions	—	257,616	—	—	—
Benefit Payments, including member refunds	(241,020)	(233,083)	(211,036)	(203,300)	(182,488)
Disability Premiums	—	—	—	—	—
Transfers to Other Retirement Systems	—	—	—	—	—
Net Change in Total Pension Liability	157,792	405,642	129,377	115,239	177,074
Total Pension Liability - Beginning	4,413,831	4,008,189	3,878,812	3,763,573	3,586,499
Total Pension Liability - Ending (a)	4,571,623	4,413,831	4,008,189	3,878,812	3,763,573
Plan Fiduciary Net Position					
Contributions - Employer	115,980	92,200	96,631	99,454	103,895
Contributions - Employee	15,989	15,299	15,218	14,976	14,486
Pension Plan Net Investment Income	183,826	322,297	364,486	6,646	36,412
Benefit Payments, including member refunds	(241,020)	(233,083)	(211,036)	(203,300)	(182,488)
Disability Premiums	—	—	—	—	—
Pension Plan Administrative Expense	—	—	—	—	—
Net Transfers	—	—	—	—	—
Other	—	—	—	—	(2,150)
Net Change in Plan Fiduciary Net Position	74,775	196,713	265,299	(82,224)	(29,845)
Plan Fiduciary Net Position - Beginning*	3,682,638	3,485,925	3,220,626	3,302,850	3,332,695
Plan Fiduciary Net Position - Ending (b)	3,757,413	3,682,638	3,485,925	3,220,626	3,302,850
Net Pension Liability - Ending (a) - (b)	$ 814,210	$ 731,193	$ 522,264	$ 658,186	$ 460,723
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.19%	83.43%	86.97%	83.03%	87.76%
Covered Payroll	$1,187,435	$1,146,836	$1,144,412	$1,129,784	$1,109,431
Net Pension Liability as a Percentage of Covered Payroll	68.57%	63.76%	45.64%	58.26%	41.53%

STATE OF MISSOURI
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FISCAL YEARS 2015-2019
(In Thousands of Dollars)

	2019*	2018*	2017*	2016*	2015*
Missouri State Employees' Plan					
State's proportion of the net pension liability	82.84%	82.19%	82.21%	82.26%	82.45%
State's proportionate share of the net pension liability	$4,620,928	$4,279,391	$3,816,328	$2,641,347	$1,944,098
State's covered payroll	$1,610,149	$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	286.99%	264.57%	239.56%	165.78%	120.51%
Plan fiduciary net position as a percentage of the total pension liability	59.02%	60.41%	63.60%	72.62%	79.49%
Judicial Plan					
State's proportion of the net pension liability	100.00%	100.00%	100.00%	100.00%	100.00%
State's proportionate share of the net pension liability	$ 443,589	$ 426,783	$ 415,565	$ 352,118	$ 329,690
State's covered payroll	$ 59,417	$ 58,592	$ 57,421	$ 55,656	$ 49,588
State's proportionate share of the net pension liability as a percentage of its covered payroll	746.73%	728.40%	723.72%	632.66%	664.86%
Plan fiduciary net position as a percentage of the total pension liability	25.30%	24.39%	24.11%	27.09%	28.69%
Missouri Department of Transportation and Highway Patrol Employees' Retirement System					
State's proportion of the net pension liability	100.00%	100.00%	100.00%	100.00%	100.00%
State's proportionate share of the net pension liability	$1,667,309	$1,632,669	$1,769,659	$1,706,479	$1,692,786
State's covered payroll	$ 353,751	$ 356,515	$ 344,635	$ 342,265	$ 336,591
State's proportionate share of the net pension liability as a percentage of its covered payroll	471.32%	457.95%	513.49%	498.58%	502.92%
Plan fiduciary net position as a percentage of the total pension liability	58.13%	57.06%	52.96%	54.08%	53.63%
Missouri State Employees' Plan - Component Units					
Component Unit's proportion of the net pension liability	16.82%	17.44%	17.41%	17.38%	17.19%
Component Unit's proportionate share of the net pension liability	$ 938,355	$ 908,000	$ 808,175	$ 557,955	$ 405,189
Component Unit's covered payroll	$ 326,943	$ 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	287.01%	264.36%	239.53%	165.78%	124.49%
Plan fiduciary net position as a percentage of the total pension liability	59.02%	60.41%	63.60%	72.62%	79.49%
University of Missouri Retirement System					
University's proportion of the net pension liability	100.00%	100.00%	100.00%	100.00%	100.00%
University's proportionate share of the net pension liability	$ 814,210	$ 731,193	$ 522,264	$ 658,186	$ 460,723
University's covered payroll	$1,187,435	$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	68.57%	63.76%	45.64%	58.26%	41.53%
Plan fiduciary net position as a percentage of the total pension liability	82.19%	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 2014-2019
(In Thousands of Dollars)

	2019	2018*	2017	2016	2015	2014
Missouri State Employees' Plan						
Required Contributions	$ 326,951	$ 313,167	$ 274,510	$ 270,198	$ 270,220	$ 269,106
Contributions in relation to the required contribution	$ 326,951	$ 313,167	$ 274,510	$ 270,198	$ 270,220	$ 269,106
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
State's covered payroll	$1,617,502	$1,610,149	$1,617,463	$1,593,034	$1,593,238	$1,613,263
Contributions as a percentage of covered payroll	20.21%	19.45%	16.97%	16.96%	16.96%	16.68%
Judicial Plan						
Required Contributions	$ 38,555	$ 36,895	$ 32,671	$ 33,642	$ 32,696	$ 29,265
Contributions in relation to the required contribution	$ 38,555	$ 36,895	$ 34,247	$ 33,642	$ 32,696	$ 29,265
Contribution deficiency (excess)	$ —	$ —	$ (1,576)	$ —	$ —	$ —
State's covered payroll	$ 60,516	$ 59,417	$ 58,592	$ 57,421	$ 55,656	$ 49,588
Contributions as a percentage of covered payroll	63.71%	62.10%	58.45%	58.59%	58.70%	59.02%
Missouri Department of Transportation and Highway Patrol Employees' Retirement System						
Required Contributions	$ 210,167	$ 204,955	$ 206,563	$ 199,609	$ 200,639	$ 183,354
Contributions in relation to the required contribution	$ 210,167	$ 204,955	$ 206,563	$ 199,609	$ 200,639	$ 183,354
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
State's covered payroll	$ 362,748	$ 353,751	$ 356,515	$ 344,635	$ 342,265	$ 336,591
Contributions as a percentage of covered payroll	58.00%	58.00%	58.00%	58.00%	58.62%	54.44%
Missouri State Employees' Plan - Component Units						
Required Contributions	$ 64,387	$ 63,533	$ 58,246	$ 57,219	$ 57,081	$ 56,087
Contributions in relation to the required contribution	$ 64,387	$ 63,533	$ 58,246	$ 57,219	$ 57,081	$ 56,087
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
Component Unit's covered payroll	$ 318,588	$ 326,631	$ 343,472	$ 337,401	$ 336,571	$ 325,490
Contributions as a percentage of covered payroll	20.21%	19.45%	16.96%	16.96%	16.96%	17.23%
University of Missouri Retirement System						
Required Contributions	$ 115,980	$ 92,200	$ 96,631	$ 99,454	$ 103,895	$ 113,688
Contributions in relation to the required contribution	$ 115,980	$ 92,200	$ 96,631	$ 99,454	$ 103,895	$ 113,688
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
University's covered payroll	$1,187,435	$1,146,836	$1,144,412	$1,129,784	$1,109,431	$1,078,347
Contributions as a percentage of covered payroll	9.77%	8.04%	8.44%	8.80%	9.36%	10.54%

*After post-valuation adjustments.

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. 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.

Changes of assumptions.
For MOSERS: The board reduced the investment return assumption used in the June 30, 2018 valuation to 7.25%.
For MPERS: The board reduced the investment return assumption used in the June 30, 2018 valuation to 7.00%.
For MU: No changes in assumptions.

STATE OF MISSOURI
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FISCAL YEARS 2018-2019
(In Thousands of Dollars)

	Missouri Department of Transportation and Highway Patrol Medical and Life Insurance Plan*		Conservation Employees' Benefits Plan*	
	2019	2018	2019	2018
Total OPEB Liability				
Service Cost	$ 40,070	$ 49,483	$ 2,926	$ 3,109
Interest	39,737	35,941	5,264	4,975
Differences Between Expected and Actual Experience	(1,907)	—	—	—
Changes of Assumptions or Other Inputs	(54,900)	(165,036)	10,144	(7,665)
Benefit Payments	(23,024)	(21,185)	(3,375)	(3,006)
Net Change in Total OPEB Liability	(24)	(100,797)	14,959	(2,587)
Total OPEB Liability - Beginning	1,121,399	1,222,196	134,757	137,344
Total OPEB Liability - Ending (a)	$1,121,375	$ 1,121,399	$149,716	$134,757
Covered-Employee Payroll	$ 355,588	$ 355,663	$ 62,766	$ 62,235
Total OPEB Liability as a Percentage of Covered-Employee Payroll	315.36%	315.30%	238.53%	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 YEARS 2018-2019
(In Thousands of Dollars)

	University of Missouri OPEB Plan*	
	2019	2018
Total OPEB Liability		
Service Cost	$ 4,124	$ 4,991
Interest on the Total OPEB Liability	18,248	17,434
Differences between Expected and Actual Experience	31,459	—
Changes in Assumptions	(17,565)	(18,998)
Benefit Payments, including member refunds	(23,206)	(22,828)
Net Change in Total Pension Liability	13,060	(19,401)
Total OPEB Liability - Beginning	479,006	498,407
Total OPEB Liability - Ending (a)	492,066	479,006
Plan Fiduciary Net Position		
Contributions - Employer	23,363	18,590
Contributions - Employee	17,378	16,480
Net Investment Income	1,469	790
Benefit Payments, including refunds of employee contributions	(40,584)	(35,031)
Other	(1)	(172)
Net Change in Plan Fiduciary Net Position	1,625	657
Plan Fiduciary Net Position - Beginning	36,801	36,144
Plan Fiduciary Net Position - Ending (b)	38,426	36,801
Net OPEB Liability - Ending (a) - (b)	$ 453,640	$ 442,205
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	7.81%	7.68%
Covered-Employee Payroll	$ 677,089	$ 721,517
Net OPEB Liability as a Percentage of Covered-Employee Payroll	67.00%	61.29%

*Based on a measurement date and actuarial valuation 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.

STATE OF MISSOURI
SCHEDULE OF PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY
FISCAL YEARS 2018-2019
(In Thousands of Dollars)

	2019*	2018*
Missouri Consolidated Health Care Plan		
State's proportion of the collective net OPEB liability	99.59%	99.56%
State's proportionate share of the collective net OPEB liability	$ 1,745,034	$ 1,756,787
State's covered payroll	$ 1,597,814	$ 1,480,735
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	109.21%	118.64%
Plan fiduciary net position as a percentage of the total OPEB liability	6.90%	6.64%
Missouri Consolidated Health Care Plan - CU		
Component Unit's proportion of the collective net OPEB liability	0.05%	0.03%
Component Unit's proportionate share of the collective net OPEB liability	$ 825	$ 484
Component Unit's covered payroll	$ 756	$ 176
Component Unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	109.13%	275.00%
Plan fiduciary net position as a percentage of the total OPEB liability	6.90%	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 5.71% to 5.90%, in the June 30, 2018 valuation.
For CEIP: The discount rate changed from 3.87% to 3.50% in the June 30, 2018 valuation.
MHPML: The discount rate changed from 3.58% to 3.87% in the June 30, 2018 valuation.
For MU: Claims and trends from the Base and Buyup Medicare advantage plans were revised to reflect future expectations. Also, the discount rate used for the valuations was changed from 3.50% to 3.87% in the June 30, 2018 valuation.

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 for the General Fund and all Non-Major Funds.*

STATE OF MISSOURI
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2019
(In Thousands of Dollars)

	Missouri Road Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	$ 702,009	$ 702,009	$ 702,009	$ —
Resources (Inflows):				
Taxes:				
Vehicle Sales and Use	191,102	191,102	173,255	(17,847)
Fuel	109	109	112	3
Total Taxes	191,211	191,211	173,367	(17,844)
Licenses, Fees, and Permits	90,179	90,179	105,997	15,818
Contributions and Intergovernmental	992,302	992,607	882,536	(110,071)
Interest	7,478	7,478	13,572	6,094
Cost Reimbursement/Miscellaneous	96,380	96,380	57,153	(39,227)
Transfers In	510,000	510,000	487,872	(22,128)
Total Resources (Inflows)	1,887,550	1,887,855	1,720,497	(167,358)
Amount Available for Appropriation	2,589,559	2,589,864	2,422,506	(167,358)
Charges to Appropriations (Outflows):				
Current:				
Transportation and Law Enforcement	924,618	945,513	840,886	104,627
Capital Outlay				
Transportation and Law Enforcement	891,142	911,281	810,441	100,840
Debt Service	110,607	113,107	100,591	12,516
Total Charges to Appropriations	1,926,367	1,969,901	1,751,918	217,983
Ending Budgetary Fund Balance	$ 663,192	$ 619,963	$ 670,588	$ 50,625
Reconciling Items:				
Reclassifying Cash Equivalents as Investments			(494,282)	
Investments at Fair Value			494,601	
Receivables, Net			115,155	
Inventories			32,865	
Accounts Payable			(102,798)	
Accrued Payroll			(17,619)	
Due to Other Funds			(660)	
Unearned Revenue			(4,848)	
Deferred Inflows of Resources			(15,522)	
Fund Balance - GAAP Basis			$ 677,480	

*The **Combining and Individual** Fund 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.

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 statement is provided for all non-major governmental funds.

STATE OF MISSOURI
BALANCE SHEET
GENERAL FUND
June 30, 2019
(In Thousands of Dollars)

	General Fund		Totals
	General	Federal	June 30, 2019
ASSETS			
Cash and Cash Equivalents	$ 669,484	$ 123,999	$ 793,483
Investments	1,003,516	192,596	1,196,112
Accounts Receivable, Net	1,538,785	996,584	2,535,369
Interest Receivable	7,765	71	7,836
Inventories	21,871	856	22,727
Loans Receivable	24,816	—	24,816
Total Assets	$ 3,266,237	$ 1,314,106	$ 4,580,343
LIABILITIES			
Accounts Payable	$ 566,135	$ 639,389	$ 1,205,524
Accrued Payroll	51,085	10,433	61,518
Due to Other Funds	2,123	1,986	4,109
Unearned Revenue	1,236	68,345	69,581
Escheat/Unclaimed Property	117,792	—	117,792
Total Liabilities	738,371	720,153	1,458,524
DEFERRED INFLOWS OF RESOURCES	953,874	40,622	994,496
FUND BALANCES			
Nonspendable	46,687	856	47,543
Restricted	3,441	552,475	555,916
Committed	655,262	—	655,262
Assigned	98,635	—	98,635
Unassigned	769,967	—	769,967
Total Fund Balances	1,573,992	553,331	2,127,323
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,266,237	$ 1,314,106	$ 4,580,343

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
For the Fiscal Year Ended June 30, 2019
(In Thousands of Dollars)

	General Fund			Totals
	General	Federal	Eliminations	June 30, 2019
Revenues:				
Taxes	$ 9,667,612	$ 2	$ —	$ 9,667,614
Licenses, Fees, and Permits	95,128	478	—	95,606
Sales	473	13	—	486
Leases and Rentals	11	—	—	11
Services	4,021	116,129	—	120,150
Contributions and Intergovernmental	1,725,813	8,750,652	—	10,476,465
Investment Earnings:				
Net Increase (Decrease) in the Fair Value of Investments	5,921	1,418	—	7,339
Interest	37,519	394	—	37,913
Penalties and Unclaimed Properties	66,582	5,179	—	71,761
Cost Reimbursement/Miscellaneous	104,013	179,731	—	283,744
Total Revenues	11,707,093	9,053,996	—	20,761,089
Expenditures:				
Current:				
General Government	660,411	26,532	—	686,943
Education	3,385,001	993,189	—	4,378,190
Natural and Economic Resources	56,494	199,554	—	256,048
Transportation and Law Enforcement	94,655	205,211	—	299,866
Human Services	5,865,728	7,512,273	—	13,378,001
Debt Service:				
Principal	79,842	553	—	80,395
Interest	30,105	40	—	30,145
Total Expenditures	10,172,236	8,937,352	—	19,109,588
Excess Revenues (Expenditures)	1,534,857	116,644	—	1,651,501
Other Financing Sources (Uses):				
Issuance of Notes/Capital Leases/ Financed Purchases	900	688	—	1,588
Sale of Capital Assets	195	737	—	932
Transfers In	243,861	146,278	(335,575)	54,564
Transfers Out	(1,420,036)	(193,017)	335,575	(1,277,478)
Total Other Financing Sources (Uses)	(1,175,080)	(45,314)	—	(1,220,394)
Net Change in Fund Balances	359,777	71,330	—	431,107
Fund Balances - Beginning	1,214,328	482,151	—	1,696,479
Increase (Decrease) in Reserve for Inventory	(113)	(150)	—	(263)
Fund Balances - Ending	$ 1,573,992	$ 553,331	$ —	$ 2,127,323

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
June 30, 2019
(In Thousands of Dollars)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2019
ASSETS					
Cash and Cash Equivalents	$ 148,145	$ 21,048	$ 20,814	$ 1,200	$ 191,207
Investments	235,009	54,620	49,967	59,420	399,016
Accounts Receivable, Net	162,435	17,249	—	—	179,684
Interest Receivable	844	379	387	1	1,611
Due from Other Funds	2,051	—	—	—	2,051
Inventories	4,426	—	—	—	4,426
Loans Receivable	3,405	—	—	—	3,405
Total Assets	$ 556,315	$ 93,296	$ 71,168	$ 60,621	$ 781,400
LIABILITIES					
Accounts Payable	$ 52,155	$ —	$ 10,577	$ —	$ 62,732
Accrued Payroll	12,260	—	—	—	12,260
Due to Other Funds	933	—	—	—	933
Total Liabilities	65,348	—	10,577	—	75,925
DEFERRED INFLOWS OF RESOURCES	7,384	70	161	1	7,616
FUND BALANCES					
Nonspendable	4,426	—	—	60,499	64,925
Restricted	200,380	93,226	60,430	—	354,036
Committed	31,696	—	—	—	31,696
Assigned	247,081	—	—	121	247,202
Total Fund Balances	483,583	93,226	60,430	60,620	697,859
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 556,315	$ 93,296	$ 71,168	$ 60,621	$ 781,400

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, 2019
(In Thousands of Dollars)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2019
Revenues:					
Taxes	$ 919,583	$ 177,857	$ —	$ —	$ 1,097,440
Licenses, Fees, and Permits	423,040	—	—	—	423,040
Sales	1,309	—	—	—	1,309
Leases and Rentals	1	—	—	—	1
Services	1,099	—	—	—	1,099
Contributions and Intergovernmental	355,160	12,379	—	—	367,539
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	1,552	101	1,286	474	3,413
Interest	5,278	3,392	2,235	11	10,916
Penalties and Unclaimed Properties	6,762	—	—	2,501	9,263
Cost Reimbursement/Miscellaneous	62,313	—	—	—	62,313
Total Revenues	1,776,097	193,729	3,521	2,986	1,976,333
Expenditures:					
Current:					
General Government	239,857	—	35,279	—	275,136
Education	1,583	—	7,887	—	9,470
Natural and Economic Resources	249,190	—	845	—	250,035
Transportation and Law Enforcement	340,951	7	1,895	—	342,853
Human Services	666,723	—	8,468	2	675,193
Capital Outlay:					
General Government	—	—	1,242	—	1,242
Education	—	—	12	—	12
Natural and Economic Resources	—	—	629	—	629
Transportation and Law Enforcement	—	—	69	—	69
Human Services	—	—	32,605	—	32,605
Debt Service:					
Principal	678	162,245	4	—	162,927
Interest	202	93,644	351	—	94,197
Total Expenditures	1,499,184	255,896	89,286	2	1,844,368
Excess Revenues (Expenditures)	276,913	(62,167)	(85,765)	2,984	131,965
Other Financing Sources (Uses):					
Issuance of Notes/Capital Leases/Financed Purchases	24	—	—	—	24
Proceeds from Sale of Capital Assets	9,047	—	—	—	9,047
Transfers In	246,621	35,644	551	—	282,816
Transfers Out	(529,729)	—	—	—	(529,729)
Total Other Financing Sources (Uses)	(274,037)	35,644	551	—	(237,842)
Net Change in Fund Balances	2,876	(26,523)	(85,214)	2,984	(105,877)
Fund Balances - Beginning	479,955	119,749	145,644	57,636	802,984
Increase (Decrease) in Reserve for Inventory	752	—	—	—	752
Fund Balances - Ending	$ 483,583	$ 93,226	$ 60,430	$ 60,620	$ 697,859

*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.*

<u>Non-Major Special Revenue Funds</u>:

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, 2019
(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, 2019
ASSETS								
Cash and Cash Equivalents	$ 20,067	$ 13,175	$ 4,231	$ 25,891	$ 33,891	$ 16,801	$ 34,089	$ 148,145
Investments	31,417	20,629	7,569	40,464	55,187	26,388	53,355	235,009
Accounts Receivable, Net	—	1,405	147	5,026	128,086	25,368	2,403	162,435
Interest Receivable	—	58	25	172	275	111	203	844
Due from Other Funds	—	—	—	—	—	2,051	—	2,051
Inventories	26	18	16	50	3,942	—	374	4,426
Loans Receivable	—	—	2,245	—	1,160	—	—	3,405
Total Assets	$ 51,510	$ 35,285	$ 14,233	$ 71,603	$ 222,541	$ 70,719	$ 90,424	$ 556,315
LIABILITIES								
Accounts Payable	$ 223	$ 1,380	$ 123	$ 41,310	$ 3,457	$ 2,574	$ 3,088	$ 52,155
Accrued Payroll	254	437	325	394	7,796	470	2,584	12,260
Due to Other Funds	36	175	17	112	481	34	78	933
Total Liabilities	513	1,992	465	41,816	11,734	3,078	5,750	65,348
DEFERRED INFLOWS OF RESOURCES	—	57	14	543	5,503	995	272	7,384
FUND BALANCES								
Nonspendable	26	18	16	50	3,942	—	374	4,426
Restricted	—	25,042	4,030	20,499	31,182	66,646	52,981	200,380
Committed	16,035	1,000	564	4,851	862	—	8,384	31,696
Assigned	34,936	7,176	9,144	3,844	169,318	—	22,663	247,081
Total Fund Balances	50,997	33,236	13,754	29,244	205,304	66,646	84,402	483,583
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 51,510	$ 35,285	$ 14,233	$ 71,603	$ 222,541	$ 70,719	$ 90,424	$ 556,315

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, 2019
(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, 2019
Revenues:								
Taxes	$ 110	$ —	$ 4,512	$ 94,602	$ 703,688	$ 116,457	$ 214	$ 919,583
Licenses, Fees, and Permits	19,334	32,937	10,830	22,976	227,128	1	109,834	423,040
Sales	—	—	5	1,003	—	—	301	1,309
Leases and Rentals	—	—	—	—	—	—	1	1
Services	—	1,098	—	—	—	—	1	1,099
Contributions and Intergovernmental	—	699	139	351,241	46	—	3,035	355,160
Investment Earnings:								
Net Increase (Decrease) in the Fair Value of Investments	211	157	(96)	232	510	176	362	1,552
Interest	—	382	282	979	1,613	667	1,355	5,278
Penalties and Unclaimed Properties	539	2,340	—	40	593	1,743	1,507	6,762
Cost Reimbursement/ Miscellaneous	138	1,259	93	36,317	1,252	210	23,044	62,313
Total Revenues	20,332	38,872	15,765	507,390	934,830	119,254	139,654	1,776,097
Expenditures:								
Current:								
General Government	162	15,288	174	1,792	210,323	5,762	6,356	239,857
Education	69	—	—	1,462	—	52	—	1,583
Natural and Economic Resources	20,789	5,298	15,278	3,653	—	97,633	106,539	249,190
Transportation and Law Enforcement	—	23,862	—	3,988	263,411	—	49,690	340,951
Human Services	—	714	—	662,138	—	—	3,871	666,723
Debt Service:								
Principal	—	20	—	3	—	84	571	678
Interest	—	6	8	—	—	20	168	202
Total Expenditures	21,020	45,188	15,460	673,036	473,734	103,551	167,195	1,499,184
Excess Revenues (Expenditures)	(688)	(6,316)	305	(165,646)	461,096	15,703	(27,541)	276,913
Other Financing Sources (Uses):								
Issuance of Notes/ Capital Leases/ Financed Purchases	—	—	—	3	—	—	21	24
Proceeds from Sale of Capital Assets	6	16	18	—	8,959	2	46	9,047
Transfers In	22	1,388	53	190,314	744	2,602	51,498	246,621
Transfers Out	(410)	—	—	(14,038)	(488,217)	(1,250)	(25,814)	(529,729)
Total Other Financing Sources (Uses)	(382)	1,404	71	176,279	(478,514)	1,354	25,751	(274,037)
Net Change in Fund Balances	(1,070)	(4,912)	376	10,633	(17,418)	17,057	(1,790)	2,876
Fund Balances - Beginning	52,067	38,138	13,375	18,590	222,149	49,589	86,047	479,955
Increase (Decrease) in Reserve for Inventory	—	10	3	21	573	—	145	752
Fund Balances - Ending	$ 50,997	$ 33,236	$ 13,754	$ 29,244	$ 205,304	$ 66,646	$ 84,402	$ 483,583

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, 2019
(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	103	110	7	—	—	—
Total Taxes	103	110	7	—	—	—
Licenses, Fees, and Permits	18,101	19,339	1,238	31,232	31,827	595
Sales	—	—	—	—	—	—
Leases and Rentals	—	—	—	—	—	—
Services	—	—	—	1,078	1,098	20
Contributions and Intergovernmental	—	—	—	2,226	2,268	42
Interest	—	—	—	371	378	7
Penalties and Unclaimed Property	505	539	34	2,199	2,241	42
Cost Reimbursement/ Miscellaneous	132	141	9	1,266	1,290	24
Total Revenues	18,841	20,129	1,288	38,372	39,102	730
Expenditures:						
Current:						
General Government	74	2	72	24,429	13,662	10,767
Education	150	70	80	—	—	—
Natural and Economic Resources	13,003	9,651	3,352	7,084	6,289	795
Transportation and Law Enforcement	—	—	—	35,250	24,522	10,728
Human Services	—	—	—	789	682	107
Debt Service:	—	—	—	—	—	—
Total Expenditures	13,227	9,723	3,504	67,552	45,155	22,397
Excess Revenues (Expenditures)	5,614	10,406	4,792	(29,180)	(6,053)	23,127
Other Financing Sources (Uses):						
Transfers In	329	16	(313)	5,561	4,403	(1,158)
Transfers Out	(14,716)	(11,642)	3,074	(4,695)	(3,931)	764
Total Other Financing Sources (Uses)	(14,387)	(11,626)	2,761	866	472	(394)
Net Change in Fund Balances	(8,773)	(1,220)	7,553	(28,314)	(5,581)	22,733
Fund Balances - Beginning	52,695	52,695	—	39,379	39,379	—
Fund Balances - Ending	$ 43,922	$ 51,475	$ 7,553	$ 11,065	$ 33,798	$ 22,733
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(31,408)			(20,623)	
Investments at Fair Value		31,417			20,629	
Receivables, Net		—			1,463	
Due from Other Funds		—			—	
Inventories		26			18	
Accounts Payable		(223)			(1,380)	
Accrued Payroll		(254)			(437)	
Due to Other Funds		(36)			(175)	
Deferred Inflows of Resources		—			(57)	
Fund Balance per GAAP		$ 50,997			$ 33,236	

Agriculture and State Fair			Social Assistance		
Budget	Actual	Variance	Budget	Actual	Variance
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	41,275	39,097	(2,178)
—	—	—	—	—	—
—	—	—	—	—	—
4,581	4,512	(69)	—	—	—
—	—	—	66,143	62,653	(3,490)
4,581	4,512	(69)	107,418	101,750	(5,668)
10,970	10,804	(166)	24,422	23,134	(1,288)
5	5	—	1,058	1,002	(56)
—	—	—	—	—	—
—	—	—	—	—	—
177	174	(3)	377,999	358,055	(19,944)
153	151	(2)	1,002	949	(53)
—	—	—	14	13	(1)
136	134	(2)	40,447	38,313	(2,134)
16,022	15,780	(242)	552,360	523,216	(29,144)
480	239	241	5,226	3,379	1,847
—	—	—	3,186	2,020	1,166
14,852	11,163	3,689	6,946	3,618	3,328
—	—	—	5,538	3,384	2,154
—	—	—	527,441	492,679	34,762
—	—	—	4	3	1
15,332	11,402	3,930	548,341	505,083	43,258
690	4,378	3,688	4,019	18,133	14,114
25	18	(7)	268,570	200,622	(67,948)
(4,439)	(3,983)	456	(325,320)	(209,811)	115,509
(4,414)	(3,965)	449	(56,750)	(9,189)	47,561
(3,724)	413	4,137	(52,731)	8,944	61,675
9,702	9,702	—	57,379	57,379	—
$ 5,978	$ 10,115	$ 4,137	$ 4,648	$ 66,323	$ 61,675
	(5,884)			(40,432)	
	7,569			40,464	
	2,417			5,198	
	—			—	
	16			50	
	(123)			(41,310)	
	(325)			(394)	
	(17)			(112)	
	(14)			(543)	
	$ 13,754			$ 29,244	

This statement is continued on pages 164 - 165

	Transportation and Law Enforcement			Unemployment and Workers' Compensation		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Taxes:						
Sales and Use	$ 3,928	$ 3,543	$ (385)	$ —	$ —	$ —
Cigarette	—	—	—	—	—	—
Fuel	817,253	737,149	(80,104)	—	—	—
County Foreign Insurance	—	—	—	—	—	—
Liquor/Wine	—	—	—	—	—	—
Reimbursement/Miscellaneous	—	—	—	142,778	116,482	(26,296)
Total Taxes	821,181	740,692	(80,489)	142,778	116,482	(26,296)
Licenses, Fees, and Permits	248,015	223,687	(24,328)	1	1	—
Sales	9,468	8,540	(928)	—	—	—
Leases and Rentals	—	—	—	—	—	—
Services	—	—	—	—	—	—
Contributions and Intergovernmental	792	714	(78)	2,714	2,214	(500)
Interest	1,751	1,579	(172)	803	655	(148)
Penalties and Unclaimed Property	666	601	(65)	3,585	2,925	(660)
Cost Reimbursement/ Miscellaneous	1,942	1,771	(171)	530	432	(98)
Total Revenues	1,083,815	977,584	(106,231)	150,411	122,709	(27,702)
Expenditures:						
Current:						
General Government	231,835	217,229	14,606	22,479	7,059	15,420
Education	—	—	—	—	—	—
Natural and Economic Resources	—	—	—	145,257	106,556	38,701
Transportation and Law Enforcement	325,784	271,939	53,845	—	—	—
Human Services	—	—	—	—	—	—
Debt Service:	—	—	—	—	—	—
Total Expenditures	557,619	489,168	68,451	167,736	113,615	54,121
Excess Revenues (Expenditures)	526,196	488,416	(37,780)	(17,325)	9,094	26,419
Other Financing Sources (Uses):						
Transfers In	562,019	547,201	(14,818)	3	2	(1)
Transfers Out	(1,094,971)	(1,047,389)	47,582	(11,983)	(9,690)	2,293
Total Other Financing Sources (Uses)	(532,952)	(500,188)	32,764	(11,980)	(9,688)	2,292
Net Change in Fund Balances	(6,756)	(11,772)	(5,016)	(29,305)	(594)	28,711
Fund Balances - Beginning	97,123	97,123	—	43,776	43,776	—
Fund Balances - Ending	$ 90,367	$ 85,351	$ (5,016)	$ 14,471	$ 43,182	$ 28,711
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(51,460)			(26,381)	
Investments at Fair Value		55,187			26,388	
Receivables, Net		129,521			25,479	
Due from Other Funds		—			2,051	
Inventories		3,942			—	
Accounts Payable		(3,457)			(2,574)	
Accrued Payroll		(7,796)			(470)	
Due to Other Funds		(481)			(34)	
Deferred Inflows of Resources		(5,503)			(995)	
Fund Balance per GAAP		$ 205,304			$ 66,646	

This statement is continued from page 163.

Reimbursements and Other			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
$ —	$ —	$ —	$ 3,928	$ 3,543	$ (385)
—	—	—	41,275	39,097	(2,178)
—	—	—	817,253	737,149	(80,104)
165	167	2	165	167	2
—	—	—	4,581	4,512	(69)
—	—	—	209,024	179,245	(29,779)
165	167	2	1,076,226	963,713	(112,513)
108,739	109,834	1,095	441,480	418,626	(22,854)
320	323	3	10,851	9,870	(981)
1	1	—	1	1	—
1	1	—	1,079	1,099	20
3,145	3,177	32	387,053	366,602	(20,451)
1,330	1,343	13	5,410	5,055	(355)
1,493	1,508	15	8,462	7,827	(635)
22,251	22,475	224	66,704	64,556	(2,148)
137,445	138,829	1,384	1,997,266	1,837,349	(159,917)
11,598	5,850	5,748	296,121	247,420	48,701
—	—	—	3,336	2,090	1,246
103,433	88,590	14,843	290,575	225,867	64,708
50,766	42,588	8,178	417,338	342,433	74,905
5,241	3,265	1,976	533,471	496,626	36,845
25	13	12	29	16	13
171,063	140,306	30,757	1,540,870	1,314,452	226,418
(33,618)	(1,477)	32,141	456,396	522,897	66,501
85,937	71,527	(14,410)	922,444	823,789	(98,655)
(102,899)	(73,089)	29,810	(1,559,023)	(1,359,535)	199,488
(16,962)	(1,562)	15,400	(636,579)	(535,746)	100,833
(50,580)	(3,039)	47,541	(180,183)	(12,849)	167,334
90,420	90,420	—	390,474	390,474	—
$ 39,840	$ 87,381	$ 47,541	$ 210,291	$ 377,625	$ 167,334
	(53,292)			(229,480)	
	53,355			235,009	
	2,606			166,684	
	—			2,051	
	374			4,426	
	(3,088)			(52,155)	
	(2,584)			(12,260)	
	(78)			(933)	
	(272)			(7,384)	
	$ 84,402			$ 483,583	

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, 2019
(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, 2019
ASSETS						
Cash and Cash Equivalents	$ 3,716	$ 2,995	$ 534	$ 3,701	$ 10,102	$ 21,048
Investments	8,922	7,190	1,281	8,884	28,343	54,620
Accounts Receivable, Net	—	—	—	—	17,249	17,249
Interest Receivable	57	47	8	56	211	379
Total Assets	$ 12,695	$ 10,232	$ 1,823	$ 12,641	$ 55,905	$ 93,296
DEFERRED INFLOWS OF RESOURCES	$ 24	$ 19	$ 3	$ 24	$ —	$ 70
FUND BALANCES						
Restricted	12,671	10,213	1,820	12,617	55,905	93,226
Total Fund Balances	12,671	10,213	1,820	12,617	55,905	93,226
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 12,695	$ 10,232	$ 1,823	$ 12,641	$ 55,905	$ 93,296

Note: There were no liabilities for fiscal year ended June 30, 2019.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2019
(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, 2019
Revenues:						
Taxes	$ —	$ —	$ —	$ —	$ 177,857	$ 177,857
Contributions and Intergovernmental	—	—	—	—	12,379	12,379
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	126	213	16	107	(361)	101
Interest	253	282	35	238	2,584	3,392
Total Revenues	379	495	51	345	192,459	193,729
Expenditures:						
Current:						
Transportation and Law Enforcement	—	—	—	—	7	7
Debt Service:						
Principal	12,295	24,855	1,425	5,095	118,575	162,245
Interest	2,282	1,073	358	7,252	82,679	93,644
Total Expenditures	14,577	25,928	1,783	12,347	201,261	255,896
Excess Revenues (Expenditures)	(14,198)	(25,433)	(1,732)	(12,002)	(8,802)	(62,167)
Other Financing Sources (Uses):						
Transfers In	12,134	9,556	1,758	12,196	—	35,644
Total Other Financing Sources (Uses)	12,134	9,556	1,758	12,196	—	35,644
Net Change in Fund Balances	(2,064)	(15,877)	26	194	(8,802)	(26,523)
Fund Balances - Beginning	14,735	26,090	1,794	12,423	64,707	119,749
Fund Balances - Ending	$ 12,671	$ 10,213	$ 1,820	$ 12,617	$ 55,905	$ 93,226

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, 2019
(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	248	249	1	302	302	—
Total Revenues	248	249	1	302	302	—
Expenditures:						
Debt Service	14,577	14,577	—	25,928	25,928	—
Total Expenditures	14,577	14,577	—	25,928	25,928	—
Excess Revenues (Expenditures)	(14,329)	(14,328)	1	(25,626)	(25,626)	—
Other Financing Sources (Uses):						
Transfers In	12,380	12,134	(246)	9,875	9,556	(319)
Total Other Financing Sources (Uses)	12,380	12,134	(246)	9,875	9,556	(319)
Net Change in Fund Balances	(1,949)	(2,194)	(245)	(15,751)	(16,070)	(319)
Fund Balances - Beginning	14,822	14,822	—	26,247	26,247	—
Fund Balances - Ending	$ 12,873	$ 12,628	$ (245)	$ 10,496	$ 10,177	$ (319)
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(8,912)			(7,182)	
Investments at Fair Value		8,922			7,190	
Receivables, Net		57			47	
Deferred Inflows of Resources		(24)			(19)	
Fund Balances - GAAP Basis		$ 12,671			$ 10,213	

Stormwater Control Bond and Interest			Fulton State Hospital Bond and Interest		
Budget	Actual	Variance	Budget	Actual	Variance
$ —	$ —	$ —	$ —	$ —	$ —
33	34	1	229	228	(1)
33	34	1	229	228	(1)
1,783	1,783	—	12,347	12,347	—
1,783	1,783	—	12,347	12,347	—
(1,750)	(1,749)	1	(12,118)	(12,119)	(1)
1,780	1,758	(22)	12,346	12,196	(150)
1,780	1,758	(22)	12,346	12,196	(150)
30	9	(21)	228	77	(151)
1,805	1,805	—	12,498	12,498	—
$ 1,835	$ 1,814	$ (21)	$ 12,726	$ 12,575	$ (151)
	(1,280)			(8,874)	
	1,281			8,884	
	8			56	
	(3)			(24)	
	$ 1,820			$ 12,617	

This statement is continued on page 172.

	Missouri Road Bond			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Vehicle Sales and Use Tax	$ 196,333	$ 178,003	$ (18,330)	$ 196,333	$ 178,003	$ (18,330)
Interest	803	1,729	926	1,615	2,542	927
Total Revenues	197,136	179,732	(17,404)	197,948	180,545	(17,403)
Expenditures:						
Debt Service	188,906	188,848	58	243,541	243,483	58
Total Expenditures	188,906	188,848	58	243,541	243,483	58
Excess Revenues (Expenditures)	8,230	(9,116)	(17,346)	(45,593)	(62,938)	(17,345)
Other Financing Sources (Uses):						
Transfers In	—	—	—	36,381	35,644	(737)
Total Other Financing Sources (Uses)	—	—	—	36,381	35,644	(737)
Net Change in Fund Balances	8,230	(9,116)	(17,346)	(9,212)	(27,294)	(18,082)
Fund Balances - Beginning	47,543	47,543	—	102,915	102,915	—
Fund Balances - Ending	$ 55,773	$ 38,427	$ (17,346)	$ 93,703	$ 75,621	$ (18,082)
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(28,325)			(54,573)	
Investments at Fair Value		28,343			54,620	
Receivables, Net		17,460			17,628	
Deferred Inflows of Resources		—			(70)	
Fund Balances - GAAP Basis		$ 55,905			$ 93,226	

This statement is continued from page 171.

*The **Capital Projects Funds** account for financial resources to be used for the acquisition or construction of major capital facilities.*

<u>Non-Major Capital Projects Funds</u>:

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, 2019
(In Thousands of Dollars)

	Board of Public Buildings	Fulton State Hospital	State Historical Society	Totals June 30, 2019
ASSETS				
Cash and Cash Equivalents	$ 15,065	$ 2,922	$ 2,827	$ 20,814
Investments	36,167	7,014	6,786	49,967
Interest Receivable	255	69	63	387
Total Assets	$ 51,487	$ 10,005	$ 9,676	$ 71,168
LIABILITIES				
Accounts Payable	$ 4,364	$ 3,661	$ 2,552	$ 10,577
Total Liabilities	4,364	3,661	2,552	10,577
DEFERRED INFLOWS OF RESOURCES	106	29	26	161
FUND BALANCES				
Restricted	47,017	6,315	7,098	60,430
Total Fund Balances	47,017	6,315	7,098	60,430
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 51,487	$ 10,005	$ 9,676	$ 71,168

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, 2019
(In Thousands of Dollars)

	Board of Public Buildings	Fulton State Hospital	State Historical Society	Totals June 30, 2019
Revenues:				
Investment Earnings:				
Net Increase (Decrease) in the Fair Value of Investments	$ 686	$ 401	$ 199	$ 1,286
Interest	1,273	580	382	2,235
Total Revenues	1,959	981	581	3,521
Expenditures:				
Current:				
General Government	17,392	—	17,887	35,279
Education	7,887	—	—	7,887
Natural and Economic Resources	845	—	—	845
Transportation and Law Enforcement	1,895	—	—	1,895
Human Services	3,186	5,282	—	8,468
Capital Outlay:				
General Government	1,242	—	—	1,242
Education	12	—	—	12
Natural and Economic Resources	629	—	—	629
Transportation and Law Enforcement	69	—	—	69
Human Services	146	32,459	—	32,605
Debt Service:				
Principal	4	—	—	4
Interest	351	—	—	351
Total Expenditures	33,658	37,741	17,887	89,286
Excess Revenues (Expenditures)	(31,699)	(36,760)	(17,306)	(85,765)
Other Financing Sources (Uses):				
Transfers In	551	—	—	551
Total Other Financing Sources (Uses)	551	—	—	551
Net Change in Fund Balances	(31,148)	(36,760)	(17,306)	(85,214)
Fund Balances - Beginning	78,165	43,075	24,404	145,644
Fund Balances - Ending	$ 47,017	$ 6,315	$ 7,098	$ 60,430

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, 2019
(In Thousands of Dollars)

	Board of Public Buildings			Fulton State Hospital		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Interest	$ 1,264	$ 1,264	$ —	$ 647	$ 647	$ —
Total Revenues	1,264	1,264	—	647	647	—
Expenditures:						
Current:						
General Government	15,496	15,474	22	—	—	—
Education	7,887	7,887	—	—	—	—
Natural and Economic Resources	1,109	1,109	—	—	—	—
Transportation and Law Enforcement	2,418	2,418	—	—	—	—
Human Services	3,800	3,800	—	5,178	5,178	—
Capital Outlays:						
General Government	1,321	1,319	2	—	—	—
Education	24	24	—	—	—	—
Natural and Economic Resources	629	629	—	—	—	—
Transportation and Law Enforcement	94	94	—	—	—	—
Human Services	212	212	—	35,940	35,940	—
Debt Service:	351	350	1	—	—	—
Total Expenditures	33,341	33,316	25	41,118	41,118	—
Excess Revenues (Expenditures)	(32,077)	(32,052)	25	(40,471)	(40,471)	—
Other Financing Sources (Uses):						
Transfers In	551	551	—	—	—	—
Total Other Financing Sources (Uses)	551	551	—	—	—	—
Net Changes in Fund Balances	(31,526)	(31,501)	25	(40,471)	(40,471)	—
Fund Balances - Beginning	82,693	82,693	—	50,400	50,400	—
Fund Balances - Ending	$ 51,167	$ 51,192	$ 25	$ 9,929	$ 9,929	$ —
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(36,127)			(7,007)	
Investments at Fair Value		36,167			7,014	
Receivables, Net		255			69	
Account Payable		(4,364)			(3,661)	
Deferred Inflows of Resources		(106)			(29)	
Fund Balance - GAAP Basis		$ 47,017			$ 6,315	

State Historical Society			Total		
Budget	Actual	Variance	Budget	Actual	Variance
$ 397	$ 396	$ (1)	$ 2,308	$ 2,307	$ (1)
397	396	(1)	2,308	2,307	(1)
15,334	15,334	—	30,830	30,808	22
—	—	—	7,887	7,887	—
—	—	—	1,109	1,109	—
—	—	—	2,418	2,418	—
—	—	—	8,978	8,978	—
—	—	—	1,321	1,319	2
—	—	—	24	24	—
—	—	—	629	629	—
—	—	—	94	94	—
—	—	—	36,152	36,152	—
—	—	—	351	350	1
15,334	15,334	—	89,793	89,768	25
(14,937)	(14,938)	(1)	(87,485)	(87,461)	24
—	—	—	551	551	—
—	—	—	551	551	—
(14,937)	(14,938)	(1)	(86,934)	(86,910)	24
24,544	24,544	—	157,637	157,637	—
$ 9,607	$ 9,606	$ (1)	$ 70,703	$ 70,727	$ 24
	(6,779)			(49,913)	
	6,786			49,967	
	63			387	
	(2,552)			(10,577)	
	(26)			(161)	
	$ 7,098			$ 60,430	

*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, 2019
(In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Totals June 30, 2019
ASSETS					
Cash and Cash Equivalents	$ 12	$ 72	$ 969	$ 147	$ 1,200
Investments	18	112	59,060	230	59,420
Interest Receivable	—	—	—	1	1
Total Assets	$ 30	$ 184	$ 60,029	$ 378	$ 60,621
DEFERRED INFLOWS OF RESOURCES	—	—	—	1	1
FUND BALANCES					
Nonspendable	$ 30	$ 75	$ 60,029	$ 365	$ 60,499
Assigned	—	109	—	12	121
Total Fund Balances	30	184	60,029	377	60,620
Total Liabilities, Deferred Inflows, and Fund Balances	$ 30	$ 184	$ 60,029	$ 378	$ 60,621

Note: There were no liabilities for the fiscal year ended June 30, 2019.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2019
(In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Totals June 30, 2019
Revenues:					
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	$ —	$ —	$ 473	$ 1	$ 474
Interest	1	3	—	7	11
Penalties and Unclaimed Properties	—	—	2,501	—	2,501
Total Revenues	1	3	2,974	8	2,986
Expenditures:					
Human Services	—	—	—	2	2
Total Expenditures	—	—	—	2	2
Excess Revenues (Expenditures)	1	3	2,974	6	2,984
Net Change in Fund Balances	1	3	2,974	6	2,984
Fund Balances - Beginning	29	181	57,055	371	57,636
Fund Balances - Ending	$ 30	$ 184	$ 60,029	$ 377	$ 60,620

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2019
(In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment			Confederate Memorial Park		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Interest	$ —	$ 1	$ 1	$ 2	$ 3	$ 1
Penalties and Unclaimed Property	—	—	—	—	—	—
Reimbursement/Miscellaneous	—	—	—	—	—	—
Total Revenues	—	1	1	2	3	1
Expenditures:						
Current:						
Human Services	—	—	—	—	—	—
Total Expenditures	—	—	—	—	—	—
Excess Revenues (Expenditures)	—	1	1	2	3	1
Other Financing Sources (Uses):						
Transfers In	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Changes in Fund Balances	—	1	1	2	3	1
Fund Balances - Beginning	29	29	—	181	181	—
Fund Balances - Ending	$ 29	$ 30	$ 1	$ 183	$ 184	$ 1
Reconciling Items:						
Reclassifying Cash Equivalents as Investments		(18)			(112)	
Investments at Fair Value		18			112	
Receivable, Net		—			—	
Deferred Inflows of Resources		—			—	
Fund Balance - GAAP Basis		$ 30			$ 184	

State Public School			Smith Memorial Endowment Trust		
Budget	Actual	Variance	Budget	Actual	Variance
$ —	$ —	$ —	$ 4	$ 7	$ 3
—	49	49	—	—	—
—	959	959	—	—	—
—	1,008	1,008	4	7	3
—	—	—	10	2	8
—	—	—	10	2	8
—	1,008	1,008	(6)	5	11
—	2,453	2,453	—	—	—
—	2,453	2,453	—	—	—
—	3,461	3,461	(6)	5	11
45,856	45,856	—	372	372	—
$ 45,856	$ 49,317	$ 3,461	$ 366	$ 377	$ 11
	(48,348)			(230)	
	59,060			230	
	—			1	
	$ —			(1)	
	$ 60,029			$ 377	

This statement is continued on page 185.

	Totals		
	Budget	Actual	Variance
Revenues:			
Interest	$ 6	$ 11	$ 5
Penalties and Unclaimed Property	—	49	49
Reimbursement/Miscellaneous	—	959	959
Total Revenues	6	1,019	1,013
Expenditures:			
Current:			
Human Services	10	2	8
Total Expenditures	10	2	8
Excess Revenues (Expenditures)	(4)	1,017	1,021
Other Financing Sources (Uses):			
Transfers In	—	2,453	2,453
Total Other Financing Sources (Uses)	—	2,453	2,453
Net Changes in Fund Balances	(4)	3,470	3,474
Fund Balances - Beginning	46,438	46,438	—
Fund Balances - Ending	$ 46,434	$ 49,908	$ 3,474
Reconciling Items:			
Reclassifying Cash Equivalents as Investments		(48,708)	
Investments at Fair Value		59,420	
Receivable, Net		1	
Deferred Inflows of Resources		(1)	
Fund Balance - GAAP Basis		$ 60,620	

This statement is continued from page 184.

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.

Inmate Canteen - Accounts for sales of the canteen or commissary which is used to improve offender recreational, religious, or education services.

STATE OF MISSOURI
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
June 30, 2019
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Services
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 935	$ 7,305	$ 741
Investments	1,464	11,437	1,160
Accounts Receivable, Net	48	—	—
Interest Receivable	6	57	—
Due from Other Funds	1	—	201
Inventories	4	733	36
Loans Receivable	—	—	—
Total Current Assets	2,458	19,532	2,138
Non-Current Assets:			
Capital Assets:			
Construction in Progress	—	807	—
Software in Progress	—	—	—
Land	—	32,294	—
Land Improvements	173	49,813	—
Temporary Easements	—	50	—
Buildings	757	49,567	—
Equipment	546	14,457	17,452
Software	—	—	—
Less Accumulated Depreciation/Amortization	(920)	(39,586)	(10,851)
Total Non-Current Assets	556	107,402	6,601
Total Assets	3,014	126,934	8,739
DEFERRED OUTFLOWS OF RESOURCES	384	848	33
LIABILITIES			
Current Liabilities:			
Accounts Payable	2	297	16
Accrued Payroll	22	52	2
Due to Other Funds	—	2	3
Unearned Revenue	—	—	—
Compensated Absences	1	120	2
Total Current Liabilities	25	471	23
Non-Current Liabilities:			
Compensated Absences	—	12	—
Asset Retirement Obligations	—	—	2
Net OPEB Liability	303	1,640	52
Net Pension Liability	952	3,567	127
Total Non-Current Liabilities	1,255	5,219	181
Total Liabilities	1,280	5,690	204
DEFERRED INFLOWS OF RESOURCES	50	106	4
NET POSITION			
Net Investment in Capital Assets	556	107,402	6,601
Unrestricted	1,512	14,584	1,963
Total Net Position	$ 2,068	$ 121,986	$ 8,564

Historic Preservation Revolving	Missouri Veterans' Homes	State Agency For Surplus Property	Department of Revenue Information	Inmate Canteen	Totals June 30, 2019
$ 555	$ 1,917	$ 783	$ 308	$ 8,318	$ 20,862
869	3,005	1,226	490	—	19,651
—	6,294	149	21	—	6,512
10	18	7	—	—	98
—	—	—	—	—	202
—	573	—	—	3,497	4,843
204	—	—	—	—	204
1,638	11,807	2,165	819	11,815	52,372
—	—	—	—	—	807
—	—	22	—	—	22
—	—	—	—	—	32,294
—	452	250	—	—	50,688
—	—	—	—	—	50
480	1,511	1,909	—	—	54,224
13	12,825	1,189	78	569	47,129
—	203	155	—	—	358
(238)	(8,413)	(2,407)	(78)	(33)	(62,526)
255	6,578	1,118	—	536	123,046
1,893	18,385	3,283	819	12,351	175,418
124	42,067	525	—	341	44,322
2	1,357	77	—	890	2,641
8	2,386	34	—	25	2,529
1	44	4	—	11	65
—	76	—	—	—	76
11	3,546	49	—	57	3,786
22	7,409	164	—	983	9,097
2	—	12	—	123	149
—	—	—	—	—	2
161	44,281	633	—	383	47,453
390	120,028	1,723	—	964	127,751
553	164,309	2,368	—	1,470	175,355
575	171,718	2,532	—	2,453	184,452
17	5,555	66	—	38	5,836
255	6,578	1,118	—	536	123,046
1,170	(123,399)	92	819	9,665	(93,594)
$ 1,425	$ (116,821)	$ 1,210	$ 819	$ 10,201	$ 29,452

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, 2019
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Services
Operating Revenues:			
Licenses, Fees, and Permits	$ 3,828	$ 6,548	$ 64
Sales	—	1,154	137
Leases and Rentals	1,175	3,052	—
Charges for Services	—	—	—
Cost Reimbursement/Miscellaneous	1	—	5
Total Operating Revenues	5,004	10,754	206
Operating Expenses:			
Cost of Goods Sold	—	—	565
Personal Service	1,587	2,148	87
Operations	3,147	5,958	565
Specific Programs	9	17	—
Depreciation/Amortization	62	2,508	1,253
Other Charges	231	30	3
Total Operating Expenses	5,036	10,661	2,473
Operating Income (Loss)	(32)	93	(2,267)
Non-Operating Revenues (Expenses):			
Contributions and Intergovernmental	176	921	2,164
Investment Earnings:			
Net Increase (Decrease) in the Fair Value of Investments	8	62	6
Interest	39	347	—
Penalties and Unclaimed Properties	—	518	—
Disposal of Capital Assets	1	63	177
Total Non-Operating Revenues (Expenses)	224	1,911	2,347
Income (Loss) Before Transfers	192	2,004	80
Capital Contributions	—	173	—
Transfers In	—	—	—
Transfers Out	—	—	—
Change in Net Position	192	2,177	80
Total Net Position - Beginning	1,876	119,809	8,484
Total Net Position - Ending	$ 2,068	$ 121,986	$ 8,564

Historic Preservation Revolving	Missouri Veterans' Homes	State Agency For Surplus Property	Department of Revenue Information	Inmate Canteen	Totals June 30, 2019
$ 4	$ —	$ —	$ —	$ —	$ 10,444
—	369	1,602	702	29,551	33,515
—	—	—	—	—	4,227
—	21,662	—	—	—	21,662
—	—	90	2	—	98
4	22,031	1,692	704	29,551	69,946
—	—	917	—	20,503	21,985
295	101,754	1,285	—	960	108,116
57	20,673	370	9	6,363	37,142
162	1,370	—	—	—	1,558
10	1,227	144	—	33	5,237
8	151	6	—	679	1,108
532	125,175	2,722	9	28,538	175,146
(528)	(103,144)	(1,030)	695	1,013	(105,200)
—	72,590	—	—	—	75,851
7	8	9	4	—	104
27	91	46	—	—	550
—	16	—	—	—	534
—	(46)	130	—	3	328
34	72,659	185	4	3	77,367
(494)	(30,485)	(845)	699	1,016	(27,833)
—	—	—	—	—	173
141	16,424	—	—	—	16,565
—	—	(30)	(712)	—	(742)
(353)	(14,061)	(875)	(13)	1,016	(11,837)
1,778	(102,760)	2,085	832	9,185	41,289
$ 1,425	$ (116,821)	$ 1,210	$ 819	$ 10,201	$ 29,452

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2019
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Services
Cash Flows from Operating Activities:			
Receipts from Internal Customers and Users	$ 64	$ —	$ 201
Receipts from External Customers and Users	4,935	10,236	—
Payments to Suppliers	(3,165)	(5,813)	(839)
Payments to Employees	(1,499)	(1,880)	(75)
Payments Made for Program Expense	(9)	(17)	—
Other Receipts	1	—	5
Other Payments	(231)	(30)	(3)
Net Cash Provided (Used) by Operating Activities	96	2,496	(711)
Cash Flows from Non-Capital Financing Activities:			
Loans Made to Outside Entities	—	—	—
Due to Other Funds	(4)	(3)	—
Due from Other Funds	—	—	178
Contributions and Intergovernmental	176	921	2,164
Transfers to Other Funds	—	—	—
Transfers from Other Funds	—	—	—
Net Cash Provided (Used) by Non-Capital Financing Activities	172	918	2,342
Cash Flows from Capital and Related Financing Activities:			
Purchases and Construction of Capital Assets	(3)	(789)	(1,318)
Disposal of Capital Assets	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(3)	(789)	(1,318)
Cash Flows from Investing Activities:			
Proceeds from Investment Maturities	—	—	—
Purchase of Investments	(130)	(1,712)	(149)
Interest and Dividends Received	38	326	—
Penalties and Other Receipts	—	518	—
Net Cash Provided (Used) by Investing Activities	(92)	(868)	(149)
Net Increase (Decrease) in Cash	173	1,757	164
Cash and Cash Equivalents, Beginning of Year	762	5,548	577
Cash and Cash Equivalents, End of Year	$ 935	$ 7,305	$ 741
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ (32)	$ 93	$ (2,267)
Depreciation/Amortization Expense	62	2,508	1,253
Changes in Assets and Liabilities:			
Accounts Receivable	(4)	—	—
Inventories	—	(9)	315
Deferred Outflows of Resources	(18)	168	3
Accounts Payable	(18)	154	(24)
Accrued Payroll	(29)	11	1
Unearned Revenue	—	(518)	—
Compensated Absences	(42)	4	2
Net OPEB Liability	(4)	(6)	—
Net Pension Liability	151	45	4
Deferred Inflows of Resources	30	46	2
Net Cash Provided (Used) by Operating Activities	$ 96	$ 2,496	$ (711)
Non-Cash Financing and Investing Activities:			
Capital Asset Donations	$ —	$ 173	$ —
Increase (Decrease) in Fair Value of Investments	8	62	6
Net Non-Cash Financing and Investing Activities	$ 8	$ 235	$ 6

Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Inmate Canteen	Totals June 30, 2019
$ —	$ 1	$ 435	$ —	$ —	$ 701
4	22,363	1,089	697	29,551	68,875
(57)	(21,094)	(1,336)	(9)	(27,186)	(59,499)
(238)	(85,110)	(1,088)	—	(906)	(90,796)
(162)	(1,370)	—	—	—	(1,558)
—	—	90	2	—	98
(8)	(151)	(6)	—	(679)	(1,108)
(461)	(85,361)	(816)	690	780	(83,287)
18	—	—	—	—	18
1	(29)	2	—	11	(22)
—	—	—	—	—	178
—	72,574	—	—	—	75,835
—	—	(30)	(712)	—	(742)
141	16,424	—	—	—	16,565
160	88,969	(28)	(712)	11	91,832
—	(898)	—	—	(566)	(3,574)
—	—	105	—	—	105
—	(898)	105	—	(566)	(3,469)
211	—	307	34	—	552
—	(1,687)	—	—	—	(3,678)
29	83	45	—	—	521
—	16	—	—	—	534
240	(1,588)	352	34	—	(2,071)
(61)	1,122	(387)	12	225	3,005
616	795	1,170	296	8,093	17,857
$ 555	$ 1,917	$ 783	$ 308	$ 8,318	$ 20,862
$ (528)	$ (103,144)	$ (1,030)	$ 695	$ 1,013	$ (105,200)
10	1,227	144	—	33	5,237
—	343	(78)	(5)	—	256
—	(47)	—	—	159	418
31	3,899	24	—	(34)	4,073
—	(374)	(49)	—	(479)	(790)
1	156	8	—	(1)	147
—	(10)	—	—	—	(528)
3	63	6	—	1	37
(1)	(370)	(4)	—	(3)	(388)
15	9,930	128	—	70	10,343
8	2,966	35	—	21	3,108
$ (461)	$ (85,361)	$ (816)	$ 690	$ 780	$ (83,287)
$ —	$ 16	$ —	$ —	$ —	$ 189
7	8	9	4	—	104
$ 7	$ 24	$ 9	$ 4	$ —	$ 293

*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, 2019
(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	$ 326	$ 60	$ 1,971	$ 6,003	$ 5,762	$ 1,383
Investments	510	93	3,085	11,081	9,020	2,164
Restricted:						
Investments	—	—	—	—	—	—
Accounts Receivable, Net	—	—	—	4,488	937	49,782
Interest Receivable	—	—	—	30	—	—
Due from Other Funds	—	82	29	5,689	213	4
Inventories	—	—	300	1,699	7,680	—
Prepaid Items	—	—	—	—	—	—
Total Current Assets	836	235	5,385	28,990	23,612	53,333
Non-Current Assets:						
Investments	—	—	—	—	—	—
Restricted Assets:						
Cash and Cash Equivalents	—	—	—	1,087	—	—
Investments	—	—	—	—	—	—
Capital Assets:						
Construction in Progress	—	—	189	—	37	—
Software in Progress	669	—	—	669	—	—
Land	—	—	8,293	—	41	—
Land Improvements	—	—	3,592	—	—	—
Buildings	221	—	481,889	2,915	6,432	—
Equipment	4,073	952	13,936	92,984	18,772	356
Software	3,972	603	98	25,369	238	9,467
Less Accumulated Depreciation/Amortization	(6,715)	(1,551)	(236,942)	(94,901)	(22,948)	(9,757)
Total Non-Current Assets	2,220	4	271,055	28,123	2,572	66
Total Assets	3,056	239	276,440	57,113	26,184	53,399
DEFERRED OUTFLOWS OF RESOURCES	5,419	—	15,716	8,941	4,894	77
LIABILITIES						
Current Liabilities:						
Bank Overdraft	—	—	—	—	—	—
Accounts Payable	193	4	630	920	68	676
Accrued Payroll	288	—	827	462	247	2
Due to Other Funds	56	—	95	—	—	67
Unearned Revenue	—	—	—	51	—	—
Claims Liability	—	—	—	—	—	—
Obligations under Financed Purchases	98	—	—	6,438	—	—
Obligations under Lease Purchase	1	—	1,821	87	19	—
Compensated Absences	479	—	1,606	869	528	1
Total Current Liabilities	1,115	4	4,979	8,827	862	746
Non-Current Liabilities:						
Claims Liability	—	—	—	—	—	—
Obligations under Financed Purchases	38	—	—	9,980	—	—
Obligations under Lease Purchase	4	—	23,848	375	84	—
Compensated Absences	187	—	209	180	—	—
Net OPEB Liability	6,714	—	21,886	9,406	6,644	837
Net Pension Liability	17,339	—	50,002	27,515	17,546	1,557
Total Non-Current Liabilities	24,282	—	95,945	47,456	24,274	2,394
Total Liabilities	25,397	4	100,924	56,283	25,136	3,140
DEFERRED INFLOWS OF RESOURCES	712	—	2,053	1,170	638	12
NET POSITION						
Net Investment in Capital Assets	2,079	4	245,386	10,156	2,469	66
Restricted for:						
Other Purposes	—	—	—	1,059	—	—
Unrestricted	(19,713)	231	(56,207)	(2,614)	2,835	50,258
Total Net Position	$ (17,634)	$ 235	$ 189,179	$ 8,601	$ 5,304	$ 50,324

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, 2019
$ 17	$ 67	$ 253	$ 1,964	$ 4,330	$ —	$ 53,849	$ 16,440	$ 92,425
26	106	396	10,112	20,675	6,467	—	5,730	69,465
—	—	—	—	—	—	—	100	100
—	—	—	820	154	958	16,105	2,486	75,730
—	—	—	31	300	—	—	116	477
105	—	—	—	—	—	—	—	6,122
95	2	12	—	—	—	—	—	9,788
—	—	—	—	—	—	397	—	397
243	175	661	12,927	25,459	7,425	70,351	24,872	254,504
—	—	—	—	86,357	—	—	34,226	120,583
—	—	—	—	—	—	—	—	1,087
—	—	—	—	200	—	—	—	200
—	—	—	—	—	—	—	—	226
—	—	250	—	—	—	—	—	1,588
—	—	—	—	—	—	—	—	8,334
—	—	—	—	—	—	—	—	3,592
—	—	2,355	—	—	—	—	—	493,812
86	166	942	—	—	—	2,153	—	134,420
—	9	300	—	—	—	—	—	40,056
(67)	(166)	(2,584)	—	—	—	(1,933)	—	(377,564)
19	9	1,263	—	86,557	—	220	34,226	426,334
262	184	1,924	12,927	112,016	7,425	70,571	59,098	680,838
—	724	3,033	—	—	—	2,304	—	41,108
—	—	—	—	—	2	—	—	2
57	8	119	39	33	5,346	12,638	2,450	23,181
—	22	168	—	—	—	—	—	2,016
—	1	14	—	—	—	—	—	233
—	—	—	42	—	2,008	17,088	9,317	28,506
—	—	—	2,929	23,894	—	42,820	9,600	79,243
—	—	—	—	—	—	—	—	6,536
—	—	5	—	—	—	—	—	1,933
—	45	260	—	—	—	7	—	3,795
57	76	566	3,010	23,927	7,356	72,553	21,367	145,445
—	—	—	—	51,352	—	—	—	51,352
—	—	—	—	—	—	—	—	10,018
—	—	22	—	—	—	—	—	24,333
—	2	67	—	—	—	220	—	865
—	983	3,386	—	—	—	—	—	49,856
—	2,766	9,153	—	—	—	8,362	—	134,240
—	3,751	12,628	—	51,352	—	8,582	—	270,664
57	3,827	13,194	3,010	75,279	7,356	81,135	21,367	416,109
—	102	392	—	—	—	364	—	5,443
19	9	1,236	—	—	—	220	—	261,644
—	—	—	—	200	—	—	100	1,359
186	(3,030)	(9,865)	9,917	36,537	69	(8,844)	37,631	37,391
$ 205	$ (3,021)	$ (8,629)	$ 9,917	$ 36,737	$ 69	$ (8,624)	$ 37,731	$ 300,394

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2019
(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	—	—	—	—	—	19,661
Sales	—	—	—	—	29,814	6
Leases and Rentals	—	—	64,374	—	172	3
Charges for Services	13,047	6,567	5,180	103,983	—	358
Cost Reimbursement/Miscellaneous	64	—	18	1,529	13	15
Total Operating Revenues	13,111	6,567	69,572	105,512	29,999	20,043
Operating Expenses:						
Cost of Goods Sold	—	—	—	10,845	11,229	—
Personal Service	12,035	—	37,149	20,396	11,654	265
Operations	2,509	4	33,761	59,745	4,392	7,120
Specific Programs	3	7,115	14	—	14	3,105
Insurance Benefits	—	—	—	—	—	—
Depreciation/Amortization	775	2	12,519	8,459	841	5
Other Charges	175	—	97	67	1,443	21
Total Operating Expenses	15,497	7,121	83,540	99,512	29,573	10,516
Operating Income (Loss)	(2,386)	(554)	(13,968)	6,000	426	9,527
Non-Operating Revenues (Expenses):						
Contributions and Intergovernmental	—	—	50	—	—	—
Interest Expense	—	—	(852)	(273)	(3)	—
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	3	4	21	51	54	13
Interest	—	—	—	156	—	—
Disposal of Capital Assets	(9)	(2)	(15)	56	2	7
Total Non-Operating Revenues (Expenses)	(6)	2	(796)	(10)	53	20
Income (Loss) Before Transfers	(2,392)	(552)	(14,764)	5,990	479	9,547
Transfers In	—	—	43	—	—	—
Transfers Out	—	—	—	(2,823)	—	—
Change in Net Position	(2,392)	(552)	(14,721)	3,167	479	9,547
Total Net Position - Beginning	(15,242)	787	203,900	5,434	4,825	40,777
Total Net Position - Ending	$ (17,634)	$ 235	$ 189,179	$ 8,601	$ 5,304	$ 50,324

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, 2019
$ —	$ —	$ —	$ 10,105	$ 19,400	$ —	$ 400,007	$ 94,207	$ 523,719
—	—	—	8,458	—	31,343	76,138	47,665	163,604
—	—	—	40	—	—	—	7,144	7,184
—	—	—	—	—	—	—	—	19,661
—	—	—	—	—	—	—	—	29,820
—	—	—	—	—	—	—	—	64,549
955	1,164	7,985	—	—	—	—	—	139,239
9	7	6	2,827	380	495	39,033	2,559	46,955
964	1,171	7,991	21,430	19,780	31,838	515,178	151,575	994,731
—	—	—	—	—	—	—	—	22,074
—	1,375	7,153	—	—	400	3,683	—	94,110
915	204	1,637	2,246	1,057	101	1,259	6,259	121,209
—	2	4	—	—	—	—	—	10,257
—	—	—	17,481	11,399	31,343	489,425	128,612	678,260
16	6	179	—	—	—	110	—	22,912
—	7	68	20	—	—	10,110	—	12,008
931	1,594	9,041	19,747	12,456	31,844	504,587	134,871	960,830
33	(423)	(1,050)	1,683	7,324	(6)	10,591	16,704	33,901
1	—	—	—	—	—	—	—	51
—	—	(1)	—	—	—	—	—	(1,129)
—	1	2	224	2,219	—	—	751	3,343
—	—	—	221	2,310	121	1,171	1,004	4,983
—	—	(15)	—	—	—	—	—	24
1	1	(14)	445	4,529	121	1,171	1,755	7,272
34	(422)	(1,064)	2,128	11,853	115	11,762	18,459	41,173
—	—	14	—	—	—	—	—	57
—	—	(10)	—	—	—	—	—	(2,833)
34	(422)	(1,060)	2,128	11,853	115	11,762	18,459	38,397
171	(2,599)	(7,569)	7,789	24,884	(46)	(20,386)	19,272	261,997
$ 205	$ (3,021)	$ (8,629)	$ 9,917	$ 36,737	$ 69	$ (8,624)	$ 37,731	$ 300,394

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2019
(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	$ 13,047	$ 6,567	$ 69,525	$ 98,816	$ 22,206	$ 90
Receipts from External Customers and Users	—	—	29	4,374	7,414	10,654
Payments to Suppliers	(2,435)	(265)	(34,513)	(71,318)	(16,397)	(7,088)
Payments to Employees	(9,840)	—	(31,150)	(17,073)	(9,804)	(224)
Payments Made for Program Expense	(3)	(7,115)	(14)	—	(14)	(3,105)
Other Receipts	64	—	18	1,529	13	15
Other Payments	(175)	—	(97)	(67)	(1,443)	(21)
Net Cash Provided (Used) by Operating Activities	658	(813)	3,798	16,261	1,975	321
Cash Flows from Non-Capital Financing Activities:						
Due to Other Funds	(8)	—	7	—	—	(37)
Due from Other Funds	—	39	(4)	1,026	(114)	—
Due from Component Units	—	—	—	2	—	—
Contributions and Intergovernmental	—	—	50	—	—	—
Transfers to Other Funds	—	—	—	(2,823)	—	—
Transfers from Other Funds	—	—	43	—	—	—
Net Cash Provided (Used) by Non-Capital Financing Activities	(8)	39	96	(1,795)	(114)	(37)
Cash Flows from Capital and Related Financing Activities:						
Interest Expense	—	—	(852)	(273)	(3)	—
Purchases and Construction of Capital Assets	(549)	—	(1,000)	(3,805)	(396)	—
Capital Lease Downpayment/Obligations	—	—	(1,757)	(84)	(19)	—
Financed Purchase Downpayment/Obligations	(90)	—	(602)	(4,762)	—	—
Disposal of Capital Assets	—	—	—	—	—	7
Net Cash Provided (Used) by Capital and Related Financing Activities	(639)	—	(4,211)	(8,924)	(418)	7
Cash Flows from Investing Activities:						
Proceeds from Sales and Investment Maturities	15	497	335	—	—	—
Purchase of Investments	—	—	—	(3,131)	(527)	(91)
Interest and Dividends Received	—	—	—	140	—	—
Investment Fees	—	—	—	—	—	—
Net Cash Provided (Used) by Investing Activities	15	497	335	(2,991)	(527)	(91)
Net Increase (Decrease) in Cash	26	(277)	18	2,551	916	200
Cash and Cash Equivalents, Beginning of Year	300	337	1,953	4,539	4,846	1,183
Cash and Cash Equivalents, End of Year	$ 326	$ 60	$ 1,971	$ 7,090	$ 5,762	$ 1,383
Reconciliation of Operating Income (Loss) of Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	$ (2,386)	$ (554)	$ (13,968)	$ 6,000	$ 426	$ 9,527
Depreciation/Amortization Expense	775	2	12,519	8,459	841	5
Changes in Assets and Liabilities:						
Accounts Receivable	—	—	—	(593)	(366)	(9,284)
Inventories	—	—	593	(401)	(779)	—
Deferred Outflows of Resources	(155)	—	1,115	724	307	19
Prepaid Items	—	—	—	—	—	—
Accounts Payable	74	(261)	(1,345)	(327)	3	32
Accrued Payroll	29	—	13	13	7	(1)
Unearned Revenue	—	—	—	(200)	—	—
Claims Liability	—	—	—	—	—	—
Compensated Absences	85	—	(33)	(76)	10	(5)
Net OPEB Liability	(50)	—	(136)	(78)	(43)	—
Net Pension Liability	1,859	—	3,930	2,114	1,222	21
Deferred Inflows of Resources	427	—	1,110	626	347	7
Net Cash Provided (Used) by Operating Activities	$ 658	$ (813)	$ 3,798	$ 16,261	$ 1,975	$ 321
Non-Cash Financing and Investing Activities:						
Capital Lease and Financed Purchase Issuance	$ 226	$ —	$ —	$ 15,639	$ —	$ —
Increase (Decrease) in Fair Value of Investments	3	4	21	51	54	13
Net Non-Cash Financing and Investing Activities	$ 229	$ 4	$ 21	$ 15,690	$ 54	$ 13

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, 2019
$ 949	$ 734	$ —	$ 10,099	$ 19,446	$ —	$ 394,905	$ 94,207	$ 730,591
6	430	7,985	8,472	—	31,255	76,138	54,278	201,035
(965)	(211)	(1,730)	(2,482)	(1,057)	2,366	(9,092)	(5,288)	(150,475)
—	(1,055)	(6,018)	—	—	(400)	(2,830)	—	(78,394)
—	(2)	(4)	(17,684)	(17,597)	(31,343)	(492,742)	(131,512)	(701,135)
9	7	6	2,827	380	495	39,033	2,559	46,955
—	(7)	(68)	(20)	—	—	(10,110)	—	(12,008)
(1)	(104)	171	1,212	1,172	2,373	(4,698)	14,244	36,569
—	(3)	(4)	—	—	—	—	—	(45)
(52)	—	—	—	—	—	—	—	895
—	—	—	—	—	—	—	—	2
1	—	—	—	—	—	—	—	51
—	—	(10)	—	—	—	—	—	(2,833)
—	—	14	—	—	—	—	—	57
(51)	(3)	—	—	—	—	—	—	(1,873)
—	—	(1)	—	—	—	—	—	(1,129)
—	—	(158)	—	—	—	(43)	—	(5,951)
—	—	(6)	—	—	—	—	—	(1,866)
—	—	—	—	—	—	—	—	(5,454)
—	14	—	—	—	—	—	—	21
—	14	(165)	—	—	—	(43)	—	(14,379)
35	63	13	—	27,594	1,158,378	29,332	12,845	1,229,107
—	—	—	(752)	(33,412)	(1,160,872)	—	(23,885)	(1,222,670)
—	—	—	219	2,402	121	1,171	1,007	5,060
—	—	—	—	(101)	—	—	(32)	(133)
35	63	13	(533)	(3,517)	(2,373)	30,503	(10,065)	11,364
(17)	(30)	19	679	(2,345)	—	25,762	4,179	31,681
34	97	234	1,285	6,675	(2)	28,087	12,261	61,829
$ 17	$ 67	$ 253	$ 1,964	$ 4,330	$ (2)	$ 53,849	$ 16,440	$ 93,510
$ 33	$ (423)	$ (1,050)	$ 1,683	$ 7,324	$ (6)	$ 10,591	$ 16,704	$ 33,901
16	6	179	—	—	—	110	—	22,912
—	—	—	(26)	46	(13)	(2,179)	(111)	(12,526)
(32)	—	—	—	—	—	—	—	(619)
—	182	218	—	—	—	359	—	2,769
—	—	—	—	—	—	(201)	—	(201)
(18)	(7)	(93)	(236)	—	2,467	(7,632)	971	(6,372)
—	(13)	12	—	—	—	—	—	60
—	—	—	(6)	—	(75)	(2,923)	(420)	(3,624)
—	—	—	(203)	(6,198)	—	(3,317)	(2,900)	(12,618)
—	(31)	17	—	—	—	21	—	(12)
—	(6)	(26)	—	—	—	—	—	(339)
—	138	705	—	—	—	383	—	10,372
—	50	209	—	—	—	90	—	2,866
$ (1)	$ (104)	$ 171	$ 1,212	$ 1,172	$ 2,373	$ (4,698)	$ 14,244	$ 36,569
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 15,865
—	1	2	224	2,219	—	—	751	3,343
$ —	$ 1	$ 2	$ 224	$ 2,219	$ —	$ —	$ 751	$ 19,208

*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, 2019
(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
	Missouri State Employees' Plan	Judicial Plan			401 (a) Plan	457 Plan	June 30, 2019
ASSETS							
Cash and Cash Equivalents	$ 258,151	$ 5,119	$ 385	$ 3,202	$ 556	$ 592	$ 268,005
Investments at Fair Value	11,370,796	225,465	2,419,350	118,245	649,195	1,589,109	16,372,160
Invested Securities Lending Collateral	—	—	104,247	—	—	—	104,247
Receivables:							
Accounts Receivable	207,818	5,435	12,663	27,619	80	200	253,815
Investment Income	130,844	2,594	6,426	—	—	—	139,864
Prepaid Expenses	75	1	—	—	92	304	472
Capital Assets:							
Software in Progress	2,140	—	—	—	—	—	2,140
Land	265	2	84	—	—	—	351
Buildings	4,048	32	582	—	—	—	4,662
Equipment	1,346	11	142	—	6	16	1,521
Software	716	22	3,288	—	1	4	4,031
Accumulated Depreciation/ Amortization	(3,666)	(29)	(3,527)	—	(5)	(15)	(7,242)
Total Capital Assets, Net	4,849	38	569	—	2	5	5,463
Total Assets	11,972,533	238,652	2,543,640	149,066	649,925	1,590,210	17,144,026
DEFERRED OUTFLOWS OF RESOURCES	738	6	32	—	—	—	776
LIABILITIES							
Accounts Payable	202,746	4,008	7,708	268	18	45	214,793
Obligations under Repurchase Agreements	3,845,451	76,249	—	—	—	—	3,921,700
Securities Lending Obligation	—	—	110,925	—	—	—	110,925
Unearned Revenue	—	—	—	3,349	—	—	3,349
Claims Liability	—	—	—	5,899	—	—	5,899
Compensated Absences	635	5	—	—	—	—	640
Net OPEB Liability	7,607	60	1,538	—	—	—	9,205
Total Liabilities	4,056,439	80,322	120,171	9,516	18	45	4,266,511
DEFERRED INFLOWS OF RESOURCES	367	3	239	—	—	—	609
Net Position Restricted for Pension Benefits, OPEB, and Deferred Compensation	$ 7,916,465	$ 158,333	$ 2,423,262	$ 139,550	$ 649,907	$ 1,590,165	$ 12,877,682

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, 2019
(In Thousands of Dollars)

	Missouri State Employees' Retirement System		Missouri Department of Transportation and Highway Patrol Employees' Retirement System	Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust	Missouri State Public Employees' Deferred Compensation		Totals
	Missouri State Employees' Plan	Judicial Plan			401 (a) Plan	457 Plan	June 30, 2019
Additions:							
Contributions:							
Employer	$ 394,150	$ 38,605	$ 210,167	$ 82,620	$ 25	$ —	$ 725,567
Plan Member	32,580	1,138	4,450	51,242	—	58,943	148,353
Other	2,593	—	3,979	41,544	56,520	1,119	105,755
Total Contributions	429,323	39,743	218,596	175,406	56,545	60,062	979,675
Investment Earnings:							
Increase (Decrease) in Appreciation of Assets	(16,142)	(310)	114,179	—	10,471	38,285	146,483
Interest and Dividends	87,971	1,689	74,632	6,209	14,131	37,069	221,701
Securities Lending Income	—	—	942	—	—	—	942
Other Income	290,017	5,567	—	—	—	—	295,584
Total Investment Earnings	361,846	6,946	189,753	6,209	24,602	75,354	664,710
Less Investment Expenses:							
Investment Activity Expense	(48,687)	(895)	(34,651)	—	—	—	(84,233)
Securities Lending Expense	—	—	(776)	—	—	—	(776)
Total Investment Expense	(48,687)	(895)	(35,427)	—	—	—	(85,009)
Net Investment Earnings (Loss)	313,159	6,051	154,326	6,209	24,602	75,354	579,701
Cost Reimbursement/ Miscellaneous	497	4	—	—	912	2,272	3,685
Total Additions	742,979	45,798	372,922	181,615	82,059	137,688	1,563,061
Deductions:							
Benefits	842,495	37,585	259,818	165,127	58,178	—	1,363,203
Administrative Expenses	9,201	72	4,074	6,872	852	3,007	24,078
Program Distributions	6,006	8	—	—	—	91,714	97,728
Inactive-vested Buyout Payments	319	—	—	—	—	—	319
Service Transfer Payments	3,001	—	—	—	—	—	3,001
Depreciation/Amortization	—	—	298	—	2	4	304
Total Deductions	861,022	37,665	264,190	171,999	59,032	94,725	1,488,633
Change in Net Position	(118,043)	8,133	108,732	9,616	23,027	42,963	74,428
Net Position - Beginning of Year	8,034,508	150,200	2,314,530	129,934	626,880	1,547,202	12,803,254
Net Position - End of Year	$ 7,916,465	$ 158,333	$ 2,423,262	$ 139,550	$ 649,907	$ 1,590,165	$ 12,877,682

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2019
(In Thousands of Dollars)

	Alternative Care Trust	Johnson-Travis Memorial Trust	Unclaimed Property	Totals June 30, 2019
ASSETS				
Cash and Cash Equivalents	$ 1,102	$ 335	$ 13,376	$ 14,813
Investments at Fair Value	2,175	627	20,943	23,745
Assets Held in Escheat	—	—	11,882	11,882
Account Receivables	39	—	—	39
Interest Receivable	12	3	—	15
Inventories	—	—	1	1
Capital Assets:				
Equipment	—	—	88	88
Software	—	—	100	100
Less: Accumulated Depreciation/Amortization	—	—	(161)	(161)
Total Capital Assets, Net	—	—	27	27
Total Assets	3,328	965	46,229	50,522
DEFERRED OUTFLOWS OF RESOURCES	—	—	487	487
LIABILITIES				
Accounts Payable	1,045	—	19	1,064
Accrued Payroll	—	—	23	23
Compensated Absences	—	—	45	45
Net OPEB Liability	—	—	545	545
Net Pension Liability	—	—	1,397	1,397
Total Liabilities	1,045	—	2,029	3,074
DEFERRED INFLOWS OF RESOURCES	—	—	64	64
NET POSITION				
Net Position Restricted for Other Purposes	$ 2,283	$ 965	$ 44,623	$ 47,871

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2019
(In Thousands of Dollars)

	Alternative Care Trust	Johnson-Travis Memorial Trust	Unclaimed Property	Totals June 30, 2019
Additions:				
Increase (Decrease) in Appreciation of Assets	$ 18	$ 33	$ 216	$ 267
Interest	72	19	692	783
Total Investment Earnings	90	52	908	1,050
Unclaimed Property	—	—	44,192	44,192
Cost Reimbursement/Miscellaneous	11,322	—	166	11,488
Total Additions	11,412	52	45,266	56,730
Deductions:				
Administrative Expenses	—	—	2,473	2,473
Program Distributions	11,286	—	43,372	54,658
Depreciation/Amortization	—	—	36	36
Total Deductions	11,286	—	45,881	57,167
Change in Net Position	126	52	(615)	(437)
Net Position - Beginning	2,157	913	45,238	48,308
Net Position - Ending	$ 2,283	$ 965	$ 44,623	$ 47,871

STATE OF MISSOURI
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2019
(In Thousands of Dollars)

	Social Security Contributions	Missouri State Employees' Voluntary Life Insurance	Program	Institution	Totals June 30, 2019
ASSETS					
Cash and Cash Equivalents	$ 37	$ 56	$ 91,061	$ 14,393	$ 105,547
Investments at Fair Value	60	88	607,405	16	607,569
Receivables:					
Accounts Receivable	6,388	—	545,476	—	551,864
Interest Receivable	—	—	1,311	—	1,311
Total Assets	$ 6,485	$ 144	$ 1,245,253	$ 14,409	$ 1,266,291
LIABILITIES					
Accounts Payable	$ —	$ —	$ 34	$ —	$ 34
Due to Other Entities	6,485	144	1,233,399	—	1,240,028
Due to Individuals	—	—	11,820	14,409	26,229
Total Liabilities	$ 6,485	$ 144	$ 1,245,253	$ 14,409	$ 1,266,291

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2019
(In Thousands of Dollars)

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
SOCIAL SECURITY CONTRIBUTIONS				
ASSETS				
Cash and Cash Equivalents	$ 36	$ 154,841	$ 154,840	$ 37
Investments at Fair Value	63	60	63	60
Accounts Receivable	6,164	6,388	6,164	6,388
Total Assets	$ 6,263	$ 161,289	$ 161,067	$ 6,485
LIABILITIES				
Due to Other Entities	$ 6,263	$ 469,755	$ 469,533	$ 6,485
MISSOURI STATE EMPLOYEES' VOLUNTARY LIFE INSURANCE				
ASSETS				
Cash and Cash Equivalents	$ 52	$ 3,535	$ 3,531	$ 56
Investments at Fair Value	91	88	91	88
Total Assets	$ 143	$ 3,623	$ 3,622	$ 144
LIABILITIES				
Due to Other Entities	$ 143	$ 3,588	$ 3,587	$ 144
PROGRAM				
ASSETS				
Cash and Cash Equivalents	$ 69,892	$ 8,242,077	$ 8,220,908	$ 91,061
Investments at Fair Value	599,583	496,389	488,567	607,405
Receivables:				
Accounts Receivable	513,876	41,133	9,533	545,476
Interest Receivable	1,076	8,589	8,354	1,311
Total Assets	$ 1,184,427	$ 8,788,188	$ 8,727,362	$ 1,245,253
LIABILITIES				
Accounts Payable	$ 36	$ 390	$ 392	$ 34
Due to Other Entities	1,177,258	8,782,391	8,726,250	1,233,399
Due to Individuals	7,133	18,472	13,785	11,820
Total Liabilities	$ 1,184,427	$ 8,801,253	$ 8,740,427	$ 1,245,253
INSTITUTION				
ASSETS				
Cash and Cash Equivalents	$ 13,729	$ 112,182	$ 111,518	$ 14,393
Investments at Fair Value	15	1	—	16
Total Assets	$ 13,744	$ 112,183	$ 111,518	$ 14,409
LIABILITIES				
Due to Individuals	$ 13,744	$ 112,183	$ 111,518	$ 14,409
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	$ 83,709	$ 8,512,635	$ 8,490,797	$ 105,547
Investments at Fair Value	599,752	496,538	488,721	607,569
Receivables:				
Accounts Receivable	520,040	47,521	15,697	551,864
Interest Receivable	1,076	8,589	8,354	1,311
Total Assets	$ 1,204,577	$ 9,065,283	$ 9,003,569	$ 1,266,291
LIABILITIES				
Accounts Payable	$ 36	$ 390	$ 392	$ 34
Due to Other Entities	1,183,664	9,255,734	9,199,370	1,240,028
Due to Individuals	20,877	130,655	125,303	26,229
Total Liabilities	$ 1,204,577	$ 9,386,779	$ 9,325,065	$ 1,266,291

*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 Environmental Improvement Energy Resources Authority - Accounts for moneys derived from the issuance of revenue bonds and notes to finance, acquire, construct and equip projects for the purpose of reducing, preventing or controlling pollution and to provide for the development of energy resources of the State of Missouri.

STATE OF MISSOURI
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS
June 30, 2019
(In Thousands of Dollars)

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Missouri Wine and Grape Board	State Environmental Improvement Energy Resources Authority	Totals June 30, 2019
ASSETS						
Current Assets:						
Cash and Cash Equivalents	$ 12,677	$ 3,758	$ 11,920	$ 234	$ 788	$ 29,377
Investments	14,907	100	25,157	366	2,162	42,692
Accounts Receivable, Net	175	—	—	—	72	247
Interest Receivable	246	—	522	3	13	784
Inventories	—	—	—	1	—	1
Restricted Assets:						
Cash and Cash Equivalents	—	568	—	—	—	568
Investments	—	11,267	—	—	—	11,267
Interest Receivable	—	16	—	—	—	16
Loan Receivable	—	—	3,050	—	—	3,050
Prepaid Items	399	—	—	—	5	404
Loans Receivable	5,231	105	—	—	392	5,728
Total Current Assets	33,635	15,814	40,649	604	3,432	94,134
Non-Current Assets:						
Investments	—	—	51,202	—	—	51,202
Loans Receivable	20,258	134	—	—	—	20,392
Restricted Assets:						
Cash and Cash Equivalents	2,503	—	—	—	—	2,503
Investments	10,026	—	—	—	—	10,026
Loans Receivables	—	—	19,809	—	—	19,809
Capital Assets:						
Construction in Progress	357	—	—	—	—	357
Land	7,220	—	—	—	—	7,220
Buildings	79,702	—	—	—	4	79,706
Equipment	603	73	—	40	120	836
Software & Misc Intangible Assets	23	—	—	3	—	26
Less Accumulated Depreciation/ Amortization	(23,419)	(28)	—	(34)	(122)	(23,603)
Total Non-Current Assets	97,273	179	71,011	9	2	168,474
Total Assets	130,908	15,993	111,660	613	3,434	262,608
DEFERRED OUTFLOWS OF RESOURCES	814	145	—	322	257	1,538
LIABILITIES						
Current Liabilities:						
Accounts Payable	174	2	3	4	4	187
Accrued Payroll	—	—	—	12	—	12
Interest Payable	30	2	—	—	—	32
Due to Primary Government	—	257	—	—	—	257
Compensated Absences	29	14	—	19	22	84
Bonds and Notes Payable	232	—	—	—	—	232
Total Current Liabilities	465	275	3	35	26	804
Non-Current Liabilities:						
Advance from Primary Government	—	118	—	—	—	118
Unearned Revenue	743	—	—	—	—	743
Deposits and Reserves	7,990	—	—	—	—	7,990
Compensated Absences	54	—	—	12	—	66
Bonds and Notes Payable	13,572	—	—	—	—	13,572
Net OPEB Liability	—	179	—	314	332	825
Net Pension Liability	1,435	482	—	791	893	3,601
Total Non-Current Liabilities	23,794	779	—	1,117	1,225	26,915
Total Liabilities	24,259	1,054	3	1,152	1,251	27,719
DEFERRED INFLOWS OF RESOURCES	41	103	—	51	151	346
NET POSITION						
Net Investment in Capital Assets	50,682	—	—	9	2	50,693
Restricted for:						
Other Purposes	6,429	13,851	80,516	—	1,020	101,816
Unrestricted	50,311	1,130	31,141	(277)	1,267	83,572
Total Net Position	$ 107,422	$ 14,981	$ 111,657	$ (268)	$ 2,289	$ 236,081

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2019
(In Thousands of Dollars)

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Missouri Wine and Grape Board	State Environmental Improvement Energy Resources Authority	Totals June 30, 2019
Operating Revenues:						
Licenses, Fees, and Permits	$ 1,353	$ 234	$ 4	$ 5	$ 295	$ 1,891
Interest on Receivables	1,012	—	692	—	—	1,704
Leases and Rentals	6,092	—	—	—	—	6,092
Cost Reimbursement/Miscellaneous	13	176	—	6	21	216
Total Operating Revenues	8,470	410	696	11	316	9,903
Operating Expenses:						
Personal Service	949	344	21	569	516	2,399
Operations	2,212	57	12	1,568	190	4,039
Specific Programs	—	1,094	—	—	354	1,448
Depreciation/Amortization	2,136	4	—	8	1	2,149
Bad Debt Expense	6	—	—	—	—	6
Other Charges	51	—	—	41	—	92
Total Operating Expenses	5,354	1,499	33	2,186	1,061	10,133
Operating Income (Loss)	3,116	(1,089)	663	(2,175)	(745)	(230)
Non-Operating Revenues (Expenses):						
Contributions and Intergovernmental	—	—	—	1,805	434	2,239
Investment Earnings:						
Increase (Decrease) in Fair Value of Investments	—	326	926	3	37	1,292
Interest	621	18	1,856	18	—	2,513
Interest Expense	(581)	(9)	—	—	—	(590)
Contributions to Others	(779)	—	—	—	—	(779)
Miscellaneous Revenues (Expenses)	—	—	(73)	—	—	(73)
Total Non-Operating Revenues (Expenses)	(739)	335	2,709	1,826	471	4,602
Change in Net Position	2,377	(754)	3,372	(349)	(274)	4,372
Total Net Position - Beginning	105,045	15,735	108,285	81	2,563	231,709
Total Net Position - Ending	$ 107,422	$ 14,981	$ 111,657	$ (268)	$ 2,289	$ 236,081

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2019
(In Thousands of Dollars)

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Missouri Wine and Grape Board	State Environmental Improvement Energy Resources Authority	Totals June 30, 2019
Cash Flows from Operating Activities:						
Receipts from Customers and Users	$ 7,844	$ 235	$ 586	$ 5	$ 455	$ 9,125
Loans to Outside Entities	—	55	1,965	—	65	2,085
Payments to Vendors and Suppliers	(2,275)	(105)	(10)	(1,567)	(220)	(4,177)
Payments for Employees	(792)	(271)	(21)	(435)	(418)	(1,937)
Payments Made for Program Expense	—	(1,094)	—	—	(354)	(1,448)
Net Payments/Receipts for Tax Credit Projects	(3,311)	—	—	—	—	(3,311)
Other Receipts	—	176	—	6	21	203
Other Payments	—	—	—	(41)	—	(41)
Net Cash Provided (Used) by Operating Activities	1,466	(1,004)	2,520	(2,032)	(451)	499
Cash Flows from Non-Capital Financing Activities:						
Due to/from Primary Government	—	7	—	(2)	—	5
Advance to/from Primary Government	—	(149)	—	—	—	(149)
Contributions and Intergovernmental	(779)	—	—	1,805	434	1,460
Net Cash Provided (Used) by Non-Capital Financing Activities	(779)	(142)	—	1,803	434	1,316
Cash Flows from Capital and Related Financing Activities:						
Interest Expense	(580)	(20)	—	—	—	(600)
Purchases and Construction of Capital Assets	(659)	(49)	—	(1)	—	(709)
Principal Payments on Capital Debt	(3,348)	—	—	—	—	(3,348)
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,587)	(69)	—	(1)	—	(4,657)
Cash Flows from Investing Activities:						
Proceeds from Investment Maturities	25,852	—	43,040	151	235	69,278
Purchase of Investments	(30,085)	4,547	(47,407)	—	—	(72,945)
Interest	579	15	1,856	18	—	2,468
Investment Fees	—	—	(73)	—	—	(73)
Net Cash Provided (Used) by Investing Activities	(3,654)	4,562	(2,584)	169	235	(1,272)
Net Increase (Decrease) in Cash	(7,554)	3,347	(64)	(61)	218	(4,114)
Cash and Cash Equivalents, Beginning of Year	22,734	979	11,984	295	570	36,562
Cash and Cash Equivalents, End of Year	$ 15,180	$ 4,326	$ 11,920	$ 234	$ 788	$ 32,448
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	$ 3,116	$ (1,089)	$ 663	$ (2,175)	$ (745)	$ (230)
Depreciation/Amortization Expense	2,136	4	—	8	1	2,149
Changes in Assets and Liabilities:						
Accounts Receivable	3	1	—	—	166	170
Interest Receivable	(36)	—	(110)	—	(6)	(152)
Inventories	—	—	—	1	—	1
Deferred Outflows of Resources	45	66	—	(42)	92	161
Prepaid Items	(96)	—	—	—	1	(95)
Loans Receivable	—	55	1,965	—	65	2,085
Accounts Payable	11	(48)	2	—	(31)	(66)
Deposit and Reserve	(3,783)	—	—	—	—	(3,783)
Compensated Absences	5	10	—	3	(8)	10
Unearned Revenue	(46)	—	—	—	—	(46)
Net Pension Liability	112	9	—	132	(54)	199
Net OPEB Liability	—	(21)	—	30	(58)	(49)
Deferred Inflows of Resources	(1)	9	—	11	126	145
Net Cash Provided (Used) by Operating Activities	$ 1,466	$ (1,004)	$ 2,520	$ (2,032)	$ (451)	$ 499
Non-Cash Investing Activities:						
Increase (Decrease) in Fair Value of Investments	$ —	$ 326	$ 926	$ 3	$ 37	$ 1,292
Net Non-Cash Investing Activities	$ —	$ 326	$ 926	$ 3	$ 37	$ 1,292

*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, 2019

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.

Revenue Capacity
These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.

Debt Capacity
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.

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.

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.

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 2010-2019
(In Thousands of Dollars)

	2019	2018*	2017	2016	2015
Governmental Activities					
Net Investment in Capital Assets	$ 30,849,210	$ 30,364,850	$ 29,793,477	$ 29,255,865	$ 28,791,258
Restricted	4,387,607	4,239,726	4,103,890	4,348,001	3,269,480
Unrestricted	(8,204,092)	(7,976,452)	(7,606,967)	(5,465,559)	(4,292,710)
Total Governmental Activities Net Position	$ 27,032,725	$ 26,628,124	$ 26,290,400	$ 28,138,307	$ 27,768,028
Business-Type Activities					
Net Investment in Capital Assets	$ 125,355	$ 126,899	$ 115,327	$ 98,320	$ 55,669
Restricted	6,798	5,616	7,239	6,104	4,588
Unrestricted	956,541	858,356	762,633	677,470	420,995
Total Business-Type Activities Net Position	$ 1,088,694	$ 990,871	$ 885,199	$ 781,894	$ 481,252
Primary Government					
Net Investment in Capital Assets	$ 30,974,565	$ 30,491,749	$ 29,908,804	$ 29,354,185	$ 28,846,927
Restricted	4,394,405	4,245,342	4,111,129	4,354,105	3,274,068
Unrestricted	(7,247,551)	(7,118,096)	(6,844,334)	(4,788,089)	(3,871,715)
Total Primary Government Net Position	$ 28,121,419	$ 27,618,995	$ 27,175,599	$ 28,920,201	$ 28,249,280

Continues Below

	2014	2013	2012	2011	2010
Governmental Activities					
Net Investment in Capital Assets	$ 28,485,327	$ 28,166,290	$ 27,873,493	$ 26,595,552	$ 25,850,787
Restricted	3,790,165	3,788,299	3,898,340	4,339,603	3,907,120
Unrestricted	(5,501,188)	(1,216,048)	(1,865,908)	(1,159,743)	(940,675)
Total Governmental Activities Net Position	$ 26,774,304	$ 30,738,541	$ 29,905,925	$ 29,775,412	$ 28,817,232
Business-Type Activities					
Net Investment in Capital Assets	$ 52,901	$ 52,217	$ 50,081	$ 50,291	$ 45,990
Restricted	4,889	5,630	9,675	6,303	7,949
Unrestricted	183,705	(117,891)	(344,734)	(485,576)	(437,995)
Total Business-Type Activities Net Position	$ 241,495	$ (60,044)	$ (284,978)	$ (428,982)	$ (384,056)
Primary Government					
Net Investment in Capital Assets	$ 28,538,228	$ 28,218,507	$ 27,923,574	$ 26,645,843	$ 25,896,777
Restricted	3,795,054	3,793,929	3,908,015	4,345,906	3,915,069
Unrestricted	(5,317,483)	(1,333,939)	(2,210,642)	(1,645,319)	(1,378,670)
Total Primary Government Net Position	$ 27,015,799	$ 30,678,497	$ 29,620,947	$ 29,346,430	$ 28,433,176

*Fiscal year 2018 amounts have been restated.

STATE OF MISSOURI
CHANGES IN NET POSITION
FISCAL YEARS 2010-2019
(In Thousands of Dollars)

Governmental Activities:	2019	2018*	2017	2016
Expenses				
General Government	$ 1,336,971	$ 1,265,947	$ 1,176,204	$ 1,081,421
Education	7,142,264	7,053,444	7,086,927	6,902,930
Natural and Economic Resources	1,056,172	1,079,318	1,074,411	1,039,408
Transportation and Law Enforcement	1,997,540	1,974,321	2,157,349	1,913,379
Human Services	14,449,527	14,339,926	13,682,277	13,086,606
Interest on Debt (Excluding Direct Expense)	109,740	120,206	128,108	138,426
Total Expenses	26,092,214	25,833,162	25,305,276	24,162,170
Program Revenues				
Charges for Services:				
General Government	682,173	588,246	671,875	579,457
Transportation and Law Enforcement	215,099	227,643	228,039	230,685
Human Services	554,385	559,544	498,348	475,055
Other Activities	351,603	325,333	343,363	327,275
Operating Grants and Contributions	10,757,841	10,811,591	10,403,733	10,178,230
Capital Grants and Contributions	949,652	1,020,653	923,748	917,255
Total Program Revenues	13,510,753	13,533,010	13,069,106	12,707,957
Total Governmental Activities Net Program (Expense) Revenue	(12,581,461)	(12,300,152)	(12,236,170)	(11,454,213)
General Revenues and Other Changes in Net Position				
Taxes:				
Sales and Use	3,405,745	3,235,110	3,267,442	3,112,912
Individual Income	6,991,197	6,796,359	6,648,918	6,324,548
Corporate Income	479,632	403,771	392,438	411,139
County Foreign Insurance	268,100	272,497	254,685	218,083
Alcoholic Beverage	34,649	32,602	32,764	30,913
Corporate Franchise	1,475	1,968	2,490	17,197
Fuel	673,625	640,767	667,639	640,934
Miscellaneous Taxes	688,972	684,578	680,885	663,797
Grants and Contributions not Restricted to Specific Programs	58,534	59,233	62,173	58,971
Unrestricted Investment Earnings	79,604	26,308	12,626	26,468
Special Items	—	—	—	—
Extraordinary Items	—	—	—	—
Transfers	304,529	331,631	289,683	304,320
Total General Revenues and Other Changes in Net Position	12,986,062	12,484,824	12,311,743	11,809,282
Total Governmental Activities Change in Net Position	$ 404,601	$ 184,672	$ 75,573	$ 355,069
Business-Type Activities:				
Expenses				
State Lottery	$ 1,168,030	$ 1,086,927	$ 1,070,595	$ 1,025,086
Unemployment Compensation	264,370	294,271	318,782	312,295
Petroleum Storage Tank Insurance	20,346	21,298	19,392	16,205
State Fair Fees	4,531	4,880	4,726	4,369
State Parks and DNR	12,950	9,829	14,025	8,395
Historic Preservation	532	725	1,248	577
Missouri Veterans' Homes	125,213	123,095	115,078	100,771
Surplus Property	2,591	2,416	2,523	2,590
Revenue Information	9	12	12	14
Inmate Canteen Fund	28,526	46,474	—	—
Total Expenses	1,627,098	1,589,927	1,546,381	1,470,302
Program Revenues				
Charges for Services:				
State Lottery	1,484,529	1,418,409	1,361,996	1,327,852
Other Activities	86,690	104,320	61,228	56,005
Operating Grants and Contributions	431,609	466,750	553,591	677,118
Total Program Revenues	2,002,828	1,989,479	1,976,815	2,060,975
Total Business-Type Activities Net Program (Expense)	375,730	399,552	430,434	590,673
General Revenues and Other Changes in Net Position				
Unrestricted Investment Earnings	26,449	18,338	13,156	11,420
Adjustments to Claims Reserve	—	—	—	2,500
Special Items	—	—	—	—
Extraordinary Items	—	—	(153)	—
Capital Contributions	173	11,463	920	—
Transfers	(304,529)	(331,631)	(289,683)	(304,320)
Total General Revenues and Other Changes in Net Position	(277,907)	(301,830)	(275,760)	(290,400)
Total Business-Type Activities Change in Net Position	$ 97,823	$ 97,722	$ 154,674	$ 300,273
Total Primary Government Change in Net Position	$ 502,424	$ 282,394	$ 230,247	$ 655,342

*Fiscal year 2018 amounts have been restated

2015	2014	2013	2012	2011	2010
$ 1,064,771	$ 1,030,327	$ 1,063,418	$ 1,029,012	$ 1,089,731	$ 1,129,030
6,680,646	6,430,861	6,368,472	6,373,757	6,536,907	6,815,521
910,502	874,033	933,019	1,053,949	935,078	1,082,526
1,861,116	1,823,578	1,924,306	2,021,423	2,529,791	2,699,070
12,800,735	12,623,617	12,335,625	12,299,493	11,713,021	11,740,145
139,112	157,707	161,386	207,906	199,948	196,413
23,456,882	22,940,123	22,786,226	22,985,540	23,004,476	23,662,705
581,008	540,427	698,300	883,228	705,914	875,161
228,093	232,176	250,898	239,684	267,875	319,941
503,290	504,443	554,365	459,517	550,690	653,463
327,169	333,898	351,193	285,725	314,375	380,133
9,960,965	9,649,655	9,702,624	9,889,453	9,802,842	9,489,240
838,354	933,814	1,039,043	1,096,052	1,814,207	1,454,811
12,438,879	12,194,413	12,596,423	12,853,659	13,455,903	13,172,749
(11,018,003)	(10,745,710)	(10,189,803)	(10,131,881)	(9,548,573)	(10,489,956)
3,142,387	2,925,867	2,883,852	2,705,002	2,570,243	2,572,491
6,418,379	5,718,801	5,833,306	5,116,876	4,878,166	4,840,809
490,131	427,320	429,797	378,444	394,389	360,764
222,828	180,779	175,212	167,969	182,679	171,497
32,101	30,370	30,294	28,652	27,247	27,657
29,982	54,670	51,444	61,389	70,743	82,182
656,893	629,105	648,989	620,074	1,833	233
668,955	605,247	630,228	623,414	1,210,758	1,207,501
76,276	73,637	120,380	244,859	889,742	1,301,531
24,721	35,040	(15,858)	21,525	23,281	28,870
—	—	—	(120)	—	—
—	(132)	—	—	—	—
275,997	291,421	290,900	300,608	255,908	258,947
12,038,650	10,972,125	11,078,544	10,268,692	10,504,989	10,852,482
$ 1,020,647	$ 226,415	$ 888,741	$ 136,811	$ 956,416	$ 362,526
$ 873,502	$ 894,137	$ 876,290	$ 835,526	$ 755,410	$ 724,915
391,508	568,787	858,697	1,280,157	1,714,276	2,216,078
14,705	13,244	18,101	22,171	13,940	13,925
4,390	4,419	3,968	3,963	3,700	3,843
8,264	9,417	9,179	10,659	12,278	9,042
741	334	388	340	509	1,145
92,501	97,674	97,012	76,598	76,033	70,884
3,169	2,528	3,017	3,065	2,293	2,542
13	—	32	72	1,199	1,513
—	—	—	—	—	—
1,388,793	1,590,540	1,866,684	2,232,551	2,579,638	3,043,887
1,144,604	1,171,580	1,156,235	1,109,108	1,011,055	984,187
59,199	57,836	57,009	56,538	55,153	56,659
693,657	999,516	1,172,524	1,507,428	1,725,481	1,823,732
1,897,460	2,228,932	2,385,768	2,673,074	2,791,689	2,864,578
508,667	638,392	519,084	440,523	212,051	(179,309)
3,591	2,029	(3,138)	4,312	(1,050)	2,533
—	17,223	—	—	—	—
—	—	—	(224)	—	—
—	—	—	—	—	—
—	—	35	—	—	—
(275,997)	(291,421)	(290,900)	(300,608)	(255,908)	(258,947)
(272,406)	(272,169)	(294,003)	(296,520)	(256,958)	(256,414)
$ 236,261	$ 366,223	$ 225,081	$ 144,003	$ (44,907)	$ (435,723)
$ 1,256,908	$ 592,638	$ 1,113,822	$ 280,814	$ 911,509	$ (73,197)

STATE OF MISSOURI
FUND BALANCES - GOVERNMENTAL FUNDS
FISCAL YEARS 2010-2019
(In Thousands of Dollars)

	2019	2018*	2017	2016	2015
General Fund					
Nonspendable	$ 47,543	$ 48,944	$ 52,969	$ 58,712	$ 53,809
Restricted	555,916	485,578	341,052	488,180	292,758
Committed	655,262	617,661	590,697	589,956	545,765
Assigned	98,635	86,662	154,634	78,096	158,390
Unassigned	769,967	457,634	294,901	238,735	349,901
Total General Fund	2,127,323	1,696,479	1,434,253	1,453,679	1,400,623
All Other Governmental Funds					
Nonspendable	98,229	95,438	97,723	97,027	1,243,039
Restricted	1,387,720	1,489,673	1,517,114	1,699,763	1,512,228
Committed	1,799,432	1,787,795	1,614,390	1,543,913	377,527
Assigned	377,248	410,182	422,122	430,901	425,256
Unassigned	—	—	(17,628)	—	—
Total All Other Governmental Funds	3,662,629	3,783,088	3,633,721	3,771,604	3,558,050
Total Fund Balances, Governmental Funds	$ 5,789,952	$ 5,479,567	$ 5,067,974	$ 5,225,283	$ 4,958,673

Continues Below

	2014	2013	2012	2011	2010
General Fund					
Nonspendable	$ 50,504	$ 56,048	$ 61,207	$ 42,906	$ 44,158
Restricted	289,266	285,878	340,205	475,205	186,737
Committed	560,141	506,778	504,569	512,623	534,620
Assigned	73,625	67,277	63,484	59,783	51,734
Unassigned	244,821	530,431	195,193	325,123	423,227
Total General Fund	1,218,357	1,446,412	1,164,658	1,415,640	1,240,476
All Other Governmental Funds					
Nonspendable	1,170,054	1,126,253	1,077,138	1,016,981	986,201
Restricted	1,544,139	1,636,550	1,745,287	2,137,789	2,021,223
Committed	345,465	337,874	291,723	284,455	219,557
Assigned	400,668	370,090	367,261	339,192	355,202
Total All Other Governmental Funds	3,460,326	3,470,767	3,481,409	3,778,417	3,582,183
Total Fund Balances, Governmental Funds	$ 4,678,683	$ 4,917,179	$ 4,646,067	$ 5,194,057	$ 4,822,659

*Fiscal year 2018 amounts have been restated.

STATE OF MISSOURI
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEARS 2010-2019
(In Thousands of Dollars)

	2019	2018*	2017	2016
Revenues:				
Taxes	$ 12,465,631	$ 12,151,078	$ 11,877,303	$ 11,550,222
Licenses, Fees, and Permits	710,776	675,447	678,037	685,115
Sales	8,587	9,527	9,035	9,002
Leases and Rentals	138	157	158	71
Services	121,249	148,653	122,531	116,133
Contributions and Intergovernmental	11,765,170	11,890,439	11,395,032	11,157,654
Investment Earnings:				
Net Increase (Decrease) in the Fair Value of Investments	9,766	(15,384)	(10,530)	5,975
Interest	93,129	60,189	34,080	25,534
Penalties and Unclaimed Properties	85,832	69,907	96,568	72,435
Cost Reimbursement/Miscellaneous	488,523	513,741	564,390	492,593
Total Revenues	25,748,801	25,503,754	24,766,604	24,114,734
Expenditures:				
Current:				
General Government	964,166	909,941	884,641	886,172
Education	7,117,049	7,031,232	7,071,710	6,893,120
Natural and Economic Resources	822,854	869,568	896,485	913,667
Transportation and Law Enforcement	1,455,190	1,483,225	1,473,797	1,475,500
Human Services	14,066,072	14,012,219	13,629,856	13,037,667
Capital Outlay:				
General Government	1,242	1,320	14,057	2,474
Education	12	106	348	29
Natural and Economic Resources	629	3,549	2,027	246
Transportation and Law Enforcement	834,991	854,707	712,716	690,269
Human Services	32,605	64,467	54,915	37,384
Debt Service:				
Principal	334,138	333,480	436,938	292,521
Interest	134,110	144,976	159,977	166,000
Bond Issuance Costs	370	356	336	755
Underwriter's Discount	—	985	972	1,231
Arbitrage	—	—	—	—
Total Expenditures	25,763,428	25,710,131	25,338,775	24,397,035
Excess Revenues (Expenditures)	(14,627)	(206,377)	(572,171)	(282,301)
Other Financing Sources (Uses):				
Proceeds from Notes/Capital Leases/Financed Purchases	1,612	6,934	1,542	14,782
Debt Issuance	—	—	—	—
Proceeds from General Obligation/Other Bonds	102,705	124,905	97,225	193,800
Issuance of Refunding Bonds	—	—	—	—
Payments to Escrow Agent	(111,483)	—	—	—
Bond Premium	9,148	9,751	5,877	17,810
Proceeds from Capital Asset Sale	15,300	18,034	20,305	18,394
Transfers In	323,846	342,979	297,229	310,842
Transfers Out	(16,541)	(9,177)	(5,598)	(6,010)
Total Other Financing Sources (Uses)	324,587	493,426	416,580	549,618
Net Change in Fund Balances	309,960	287,049	(155,591)	267,317
Increase (Decrease) in Reserve for Inventory	425	(154)	(1,716)	(707)
Net Change in Fund Balances	$ 310,385	$ 286,895	$ (157,307)	$ 266,610
Debt Service as a Percentage of Non-Capital Expenditures	1.88%	1.94%	2.45%	1.96%

*Fiscal year 2018 amounts have been restated.

2015	2014	2013	2012	2011	2010
$ 11,302,267	$ 10,549,046	$ 10,557,831	$ 9,956,574	$ 9,398,840	$ 8,987,066
653,218	654,416	647,233	647,130	630,944	637,078
11,905	12,308	10,261	8,827	10,131	8,917
497	480	1,212	313	665	934
105,066	111,280	115,219	119,076	155,498	243,998
10,871,669	10,652,830	10,860,366	11,230,111	12,500,062	12,265,891
2,006	6,737	(25,606)	6,392	(53)	1,734
29,911	50,251	27,839	33,068	34,496	44,954
131,384	74,642	112,951	51,591	54,812	60,284
525,729	507,763	687,609	745,602	662,070	963,030
23,633,652	22,619,753	22,994,915	22,798,684	23,447,465	23,213,886
869,266	844,854	884,342	886,309	883,953	889,467
6,673,331	6,419,231	6,351,934	6,363,447	6,525,986	6,809,217
833,441	831,495	856,133	934,767	832,855	974,260
1,558,694	1,350,588	1,406,509	1,627,620	1,758,410	1,814,485
12,761,134	12,447,706	12,162,029	12,320,259	11,627,776	11,632,371
—	34	8	—	1	5
—	—	—	—	—	—
—	—	—	—	—	—
714,550	852,832	963,001	1,115,457	1,253,100	1,409,557
1,354	—	—	—	—	4
285,627	256,221	216,017	212,483	242,497	227,307
166,672	187,123	189,920	208,518	225,858	209,428
831	1,545	920	606	1,552	8,101
2,260	4,075	2,423	2,074	437	—
—	—	—	—	42	374
23,867,160	23,195,704	23,033,236	23,671,540	23,352,467	23,974,576
(233,508)	(575,951)	(38,321)	(872,856)	94,998	(760,690)
1,819	1,400	712	1,776	6,300	6,675
—	—	—	—	—	1,085,000
129,465	—	—	—	—	—
108,930	995,555	441,690	163,145	312,960	—
(121,020)	(1,177,908)	(486,904)	(168,589)	(351,599)	—
18,622	195,638	48,276	7,944	40,468	30,631
11,137	13,867	19,310	16,864	14,703	12,938
285,468	304,688	312,595	300,699	255,959	259,810
(9,547)	(12,763)	(21,846)	(144)	—	(738)
424,874	320,477	313,833	321,695	278,791	1,394,316
191,366	(255,474)	275,512	(551,161)	373,789	633,626
4,928	153	(4,402)	4,135	(2,389)	(279)
$ 196,294	$ (255,321)	$ 271,110	$ (547,026)	$ 371,400	$ 633,347
1.99%	2.02%	1.85%	1.89%	2.14%	1.99%

STATE OF MISSOURI
REVENUE BASE - TAXABLE SALES BY INDUSTRY
FISCAL YEARS 2010-2019

Taxable Sales by Industry

	2019*	2018	2017	2016	2015
Agricultural/Forestry, Fishing, and Other	$ 160,462,181	$ 243,431,996	$ 259,105,220	$ 245,772,867	$ 240,000,494
Mining	353,489,366	453,466,663	110,484,032	106,659,795	87,523,595
Construction	998,174,516	801,058,193	1,788,629,305	1,677,123,560	950,357,972
Manufacturing	3,395,360,423	4,543,245,262	4,758,144,850	4,686,174,181	4,512,551,497
Transportation and Public Utilities	6,704,044,793	7,431,439,993	7,991,327,737	7,941,221,199	8,150,393,880
Wholesale Trade	8,580,382,365	37,375,445,863	9,478,033,276	9,258,220,896	8,772,153,165
Retail Trade	44,832,734,671	26,306,855,209	52,013,596,266	50,710,170,965	48,945,156,057
Finance, Insurance, and Real Estate	1,700,974,266	2,244,925,706	675,498,078	639,535,606	459,394,721
Services	14,558,550,695	8,557,460,947	10,958,489,216	10,508,298,419	10,167,703,650
State and Local Government	229,536,272	248,500,694	137,361,580	130,923,934	149,553,253
Non-Classifiable	—	—	13,251,530	12,784,255	12,193,479
Total Taxable Sales	$ 81,513,709,548	$ 88,205,830,526	$ 88,183,921,090	$ 85,916,885,677	$ 82,446,981,763
Direct Sales Tax Rate	4.225%	4.225%	4.225%	4.225%	4.225%

Continues Below

Taxable Sales by Industry

	2014	2013	2012	2011	2010
Agricultural/Forestry, Fishing, and Other	$ 236,474,690	$ 215,327,746	$ 221,013,601	$ 201,234,995	$ 202,810,606
Mining	76,102,321	72,364,854	74,803,209	73,001,501	85,194,876
Construction	903,053,231	837,805,800	861,403,612	794,578,753	786,022,254
Manufacturing	4,452,723,181	4,122,180,876	3,761,027,682	2,916,005,779	2,994,039,718
Transportation and Public Utilities	8,296,512,631	7,865,266,716	7,836,415,362	8,377,819,035	8,347,862,197
Wholesale Trade	8,355,874,187	8,201,088,643	8,205,030,046	7,636,707,697	5,708,391,048
Retail Trade	46,883,720,342	45,955,834,897	45,578,697,317	43,451,150,211	42,667,031,160
Finance, Insurance, and Real Estate	428,174,408	555,096,635	577,095,000	573,590,035	562,957,084
Services	9,615,517,898	9,242,131,446	9,239,885,195	8,712,983,898	8,676,719,865
State and Local Government	196,281,904	164,729,390	167,737,492	150,984,890	135,174,330
Non-Classifiable	13,389,207	19,041,853	15,869,773	13,130,346	14,230,874
Total Taxable Sales	$ 79,457,824,000	$ 77,250,868,856	$ 76,538,978,289	$ 72,901,187,140	$ 70,180,434,012
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 2009-2018

Personal Income by Industry (In Thousands of Dollars)	2018	2017	2016	2015	2014
Farm Earnings	$ 266,645	$ 1,062,184	$ 829,415	$ 722,021	$ 3,786,857
Agricultural/Forestry, Fishing, and Other	482,308	424,552	457,108	451,862	394,686
Mining	336,767	241,988	320,915	345,512	450,247
Construction/Utilities	14,235,375	13,819,650	12,748,129	11,973,872	12,039,804
Manufacturing	22,730,105	21,229,515	20,542,795	20,483,723	19,405,898
Transportation and Public Utilities	7,511,308	7,189,504	6,957,284	6,937,566	6,632,242
Wholesale Trade	11,056,910	10,826,692	10,831,422	11,063,357	10,168,424
Retail Trade	11,993,104	11,749,093	11,785,062	11,618,585	11,353,713
Finance, Insurance, and Real Estate	19,493,630	17,761,199	15,456,673	15,873,119	14,637,085
Services	86,806,984	82,115,017	78,239,644	77,566,750	75,021,866
Federal, Civilian	6,078,280	5,843,242	5,677,270	5,566,826	5,370,947
Military	2,000,240	1,912,463	1,879,387	1,889,251	1,906,989
State and Local Government	22,440,186	22,264,323	22,256,414	21,860,748	21,611,208
Total Personal Income	$ 205,431,842	$ 196,439,422	$ 187,981,518	$ 186,353,192	$ 182,779,966
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)	2013	2012	2011	2010	2009
Farm Earnings	$ 1,626,591	$ 1,257,121	$ 2,321,629	$ 1,523,983	$ 1,591,091
Agricultural/Forestry, Fishing, and Other	397,546	319,736	297,657	333,875	276,120
Mining	531,506	533,997	504,777	395,522	388,211
Construction/Utilities	11,722,352	11,021,154	10,551,329	10,588,278	11,331,673
Manufacturing	18,638,481	18,223,989	17,303,819	16,746,171	17,442,057
Transportation and Public Utilities	6,641,733	6,329,830	5,957,783	5,732,126	5,809,413
Wholesale Trade	9,614,681	9,401,253	8,969,791	8,721,745	8,658,427
Retail Trade	11,045,743	10,981,844	10,654,925	10,506,522	10,416,435
Finance, Insurance, and Real Estate	13,981,286	13,577,510	12,587,314	12,244,442	11,816,812
Services	73,357,863	70,695,009	67,723,434	65,813,475	64,334,920
Federal, Civilian	5,170,204	5,326,901	5,399,812	5,440,528	5,151,679
Military	2,165,907	2,087,494	2,151,087	2,185,296	2,318,306
State and Local Government	21,013,029	20,951,836	20,783,859	21,026,890	20,830,621
Total Personal Income	$ 175,906,922	$ 170,707,674	$ 165,207,216	$ 161,258,853	$ 160,365,765
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 2010-2019

Personal Income Tax Revenue	2019	2018	2017	2016	2015
Personal Income Tax Revenue	$ 7,654,451,494	$ 7,737,588,498	$ 7,331,004,490	$ 7,182,257,124	$ 6,904,280,506
Personal Income (Federal AGI)	$ 314,827,907,242	$ 304,938,141,965	$ 308,516,717,209	$ 295,120,344,327	$ 272,999,790,569
Taxable Income	$ 235,907,363,855	$ 228,943,859,159	$ 233,037,149,447	$ 223,319,685,253	$ 204,984,460,785
Average Effective Rate:					
Federal Adjusted Gross	2.43%	2.54%	2.38%	2.43%	2.53%
Taxable Income	3.24%	3.38%	3.15%	3.22%	3.37%

Continues Below

Personal Income Tax Revenue	2014	2013	2012	2011	2010
Personal Income Tax Revenue	$ 6,421,723,597	$ 6,374,093,816	$ 5,851,270,707	$ 5,641,812,271	$ 5,495,341,696
Personal Income (Federal AGI)	$ 286,579,465,435	$ 238,522,413,855	$ 232,336,289,876	$ 206,107,657,668	$ 214,909,582,160
Taxable Income	$ 215,915,208,076	$ 176,397,991,056	$ 170,827,410,945	$ 147,407,200,244	$ 124,489,765,954
Average Effective Rate:					
Federal Adjusted Gross	2.24%	2.67%	2.52%	2.74%	2.56%
Taxable Income	2.97%	3.61%	3.43%	3.83%	4.41%

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 2010-2019

Ranges of Tax Rates on the Portion of Taxable Income (In Thousands of Dollars)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tax Rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Income Levels	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2
Tax Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Income Levels	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3
Tax Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Income Levels	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4
Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Income Levels	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5
Tax Rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Income Levels	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6
Tax Rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Income Levels	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7
Tax Rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Income Levels	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8
Tax Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Income Levels	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9
Tax Rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Income Levels	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+

Note: Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. When total revenues exceed the limit, tax refunds are generated

Source: Missouri Department of Revenue

STATE OF MISSOURI
REVENUE PAYERS BY INDUSTRY
FISCAL YEARS 2010-2019

Sales Tax	2019*	%	2018	%	2017	%
Agricultural	$ 6,779,527	0.20%	$ 10,285,002	0.28 %	$ 10,947,196	0.29%
Mining	14,934,926	0.43%	19,158,966	0.51 %	4,667,950	0.13%
Construction	42,172,873	1.23%	33,955,810	0.91 %	75,569,588	2.03%
Manufacturing	143,453,978	4.16%	191,952,112	5.15 %	201,031,620	5.40%
Transportation & Utilities	283,245,892	8.22%	313,978,340	8.43 %	337,633,597	9.06%
Wholesale Trade	362,521,155	10.53%	1,579,112,588	42.37 %	400,446,906	10.75%
Retail Trade	1,894,183,040	55.00%	1,111,464,633	29.82 %	2,197,574,442	58.98%
Finance, Insurance, & Real Estate	71,866,163	2.09%	94,848,111	2.55 %	28,539,794	0.77%
Services	615,098,767	17.86%	361,552,725	9.70 %	462,996,169	12.43%
Government	9,697,907	0.28%	10,499,154	0.28 %	5,803,527	0.16%
Non-Classifiable	—	—%	—	—%	559,877	0.01%
Total	$ 3,443,954,228	100.00%	$ 3,726,807,441	100.00 %	$ 3,725,770,666	100.00%

	2016	%	2015	%	2014	%
Agricultural	$ 10,383,904	0.36%	$ 10,140,021	0.29%	$ 9,991,056	0.30%
Mining	4,506,376	0.16%	3,697,872	0.11%	3,215,323	0.09%
Construction	37,780,540	1.31%	40,152,624	1.15%	38,153,999	1.14%
Manufacturing	192,230,237	6.67%	190,655,301	5.47%	188,127,554	5.60%
Transportation & Utilities	330,960,635	11.49%	344,354,141	9.89%	350,527,659	10.44%
Wholesale Trade	261,477,270	9.07%	370,623,471	10.64%	353,035,684	10.52%
Retail Trade	1,568,702,724	54.44%	2,067,932,843	59.37%	1,980,837,184	59.00%
Finance, Insurance, & Real Estate	25,446,129	0.88%	19,409,427	0.56%	18,090,369	0.54%
Services	443,975,608	15.41%	429,585,479	12.33%	406,255,631	12.10%
Government	5,531,536	0.19%	6,318,625	0.18%	8,292,910	0.25%
Non-Classifiable	540,135	0.02%	515,174	0.01%	565,694	0.02%
Total	$ 2,881,535,094	100.00%	$ 3,483,384,978	100.00%	$ 3,357,093,063	100.00%

	2013	%	2012	%	2011	%
Agricultural	$ 9,097,597	0.28%	$ 9,337,825	0.29%	$ 8,502,179	0.27%
Mining	3,057,415	0.09%	3,160,435	0.10%	3,084,313	0.10%
Construction	35,397,295	1.08%	36,394,303	1.13%	33,570,952	1.09%
Manufacturing	174,162,142	5.34%	158,903,420	4.91%	123,201,244	4.00%
Transportation & Utilities	332,307,519	10.18%	331,088,549	10.24%	353,962,854	11.49%
Wholesale Trade	346,495,995	10.62%	346,662,519	10.72%	322,650,900	10.48%
Retail Trade	1,941,634,024	59.49%	1,925,699,962	59.55%	1,835,811,096	59.60%
Finance, Insurance, & Real Estate	23,452,833	0.72%	24,382,264	0.75%	24,234,179	0.79%
Services	390,480,054	11.96%	390,385,149	12.07%	368,123,570	11.95%
Government	6,959,817	0.21%	7,086,909	0.22%	6,379,112	0.21%
Non-Classifiable	804,518	0.03%	670,498	0.02%	554,757	0.02%
Total	$ 3,263,849,209	100.00%	$ 3,233,771,833	100.00%	$ 3,080,075,156	100.00%

	2010	%
Agricultural	$ 8,568,748	0.29%
Mining	3,599,484	0.12%
Construction	33,209,440	1.12%
Manufacturing	126,498,178	4.27%
Transportation & Utilities	352,697,178	11.90%
Wholesale Trade	241,179,522	8.13%
Retail Trade	1,802,682,066	60.80%
Finance, Insurance, & Real Estate	23,784,937	0.80%
Services	366,591,414	12.36%
Government	5,711,115	0.19%
Non-Classifiable	601,254	0.02%
Total	$ 2,965,123,336	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 2010 AND 2019

Personal Income*

	2019			
	Number of Filers	% of Total	Personal Income Tax Liability	% of Total
$50,000 and under	2,110,831	48.29%	$ 549,459,459	8.36%
$50,000 - $100,000	1,158,323	26.50%	1,322,457,553	20.11%
$100,000 - $250,000	887,681	20.31%	2,277,798,892	34.64%
$250,000 - $1,000,000	180,588	4.13%	1,366,775,627	20.79%
$1,000,000 and over	33,773	0.77%	1,058,262,902	16.10%
Total	4,371,196	100.00%	$ 6,574,754,433	100.00%

	2010			
	Number of Filers	% of Total	Personal Income Tax Liability	% of Total
$50,000 and under	3,317,753	77.59%	$ 1,316,171,481	26.34%
$50,000 - $100,000	710,262	16.61%	1,426,186,805	28.54%
$100,000 - $250,000	190,933	4.47%	919,084,565	18.39%
$250,000 - $1,000,000	45,785	1.07%	647,958,606	12.96%
$1,000,000 and over	11,057	0.26%	688,049,159	13.77%
Total	4,275,790	100.00%	$ 4,997,450,616	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 2010-2019
(In Thousands of Dollars Except Per Capita)

	2019	2018*	2017	2016
Governmental Activities				
General Obligation Bonds	$ 66,120	$ 104,695	$ 154,830	$ 208,880
Other Bonds	2,523,955	2,807,240	2,943,825	3,207,400
Leasehold Revenue Bonds	24,170	25,775	27,310	28,770
Certificates of Participation	—	13,525	26,770	39,770
Financed Purchases	31,525	24,848	—	—
Capital Leases	13,549	15,812	45,736	61,846
Total Governmental Activities	$ 2,659,319	$ 2,991,895	$ 3,198,471	$ 3,546,666
Business-Type Activities				
Capital Leases	$ —	$ —	$ 128	$ 304
Total Business-Type Activities	$ —	$ —	$ 128	$ 304
Total Primary Government	$ 2,659,319	$ 2,991,895	$ 3,198,599	$ 3,546,970
Personal Income	$ 285,704,000	$ 266,920,797	$ 261,547,770	$ 257,338,334
Debt as a Percentage of Personal Income[1]	0.9%	1.1%	1.2%	1.4%
Debt Per Capita[1]	$ 425	$ 489	$ 526	$ 583

Legal Debt Margin Calculation for Fiscal Year 2019:

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	$ 237,901

Legal Debt Margin Summary by Fiscal Year:

	2019	2018*	2017	2016
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	$ 237,901	$ 237,901	$ 237,901	$ 237,901
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.

*Fiscal year 2018 amounts have been restated.

	2015	2014	2013	2012	2011	2010
	$ 266,275	$ 323,395	$ 378,150	$ 432,765	$ 487,090	$ 528,910
	3,226,430	3,303,700	3,562,775	3,735,920	3,880,975	4,060,855
	30,170	31,515	32,995	32,780	33,880	34,935
	52,560	65,160	76,910	76,910	76,910	87,550
	—	—	—	—	—	—
	51,729	66,270	75,535	78,455	103,543	97,423
	$ 3,627,164	$ 3,790,040	$ 4,126,365	$ 4,356,830	$ 4,582,398	$ 4,809,673
	$ 477	$ 215	$ 284	$ 356	$ 66	$ 116
	$ 477	$ 215	$ 284	$ 356	$ 66	$ 116
	$ 3,627,641	$ 3,790,255	$ 4,126,649	$ 4,357,186	$ 4,582,464	$ 4,809,789
	$ 252,482,438	$ 245,771,389	$ 235,153,679	$ 228,218,407	$ 218,778,293	$ 216,049,019
	1.4%	1.5%	1.8%	1.9%	2.1%	2.2%
	$ 598	$ 627	$ 685	$ 725	$ 764	$ 807
	$ 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)
	$ 237,901	$ 237,901	$ 237,901	$ 237,901	$ 237,901	$ 237,901
	13.78%	13.78%	13.78%	13.78%	13.78%	13.78%

STATE OF MISSOURI
PLEDGED REVENUE COVERAGE
FISCAL YEARS 2010-2019
(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					
2019	$ 1,955,445	$ 389,546	$ 1,565,899	$ 209,355	$ 80,032	5.4
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

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 2009-2018

	2018	2017	2016	2015	2014
Population					
Missouri (In Thousands)	6,043	6,114	6,093	6,084	6,064
Change	0.3%	0.4%	0.1%	0.3%	0.3%
National (In Thousands)	327,167	325,719	323,128	321,419	318,857
Change	0.6%	0.7%	0.5%	0.8%	0.9%
Total Personal Income					
Missouri					
(In Thousands of Dollars)	$ 285,704,000	$ 266,920,797	$ 261,547,770	$ 257,338,334	$ 252,482,438
Change	6.6%	2.1%	1.6%	1.9%	2.7%
National					
(In Thousands of Dollars)	$ 17,572,929,000	$ 16,413,550,863	$ 15,912,777,000	$ 15,463,981,000	$ 14,683,147,000
Change	6.6%	3.1%	2.9%	5.3%	3.8%
Per Capita Personal Income					
Missouri	$ 46,635	$ 43,661	$ 42,926	$ 42,300	$ 41,639
Change	6.4%	1.7%	1.5%	1.6%	2.4%
National	$ 53,712	$ 50,392	$ 49,246	$ 48,112	$ 46,049
Change	6.2%	2.3%	2.4%	4.5%	2.9%
Resident Civilian Labor Force and Employment					
Civilian Labor Force					
(In Thousands)	3,052	3,051	3,112	3,114	3,058
Employed (In Thousands)	2,955	2,936	2,971	2,958	2,871
Unemployed (In Thousands)	98	115	141	156	187
Unemployment Rate	3.2%	3.8%	4.5%	5.0%	6.1%
National Unemployment Rate	3.9%	4.4%	4.9%	5.3%	6.2%

Continues Below

	2013	2012	2011	2010	2009
Population					
Missouri (In Thousands)	6,044	6,022	6,011	5,996	5,961
Change	0.4%	0.2%	0.3%	0.6%	0.6 %
National (In Thousands)	316,129	313,914	311,592	309,330	306,772
Change	0.7%	0.7%	0.7%	0.8%	0.9 %
Total Personal Income					
Missouri					
(In Thousands of Dollars)	$ 245,771,389	$ 235,153,679	$ 228,218,407	$ 218,778,293	$ 216,049,019
Change	4.5%	3.0%	4.3%	1.3%	(3.4)%
National					
(In Thousands of Dollars)	$ 14,151,427,000	$ 13,401,868,693	$ 12,949,905,000	$ 12,308,496,000	$ 11,916,808,000
Change	5.6%	3.5%	5.2%	3.3%	(4.3)%
Per Capita Personal Income					
Missouri	$ 40,663	$ 39,049	$ 37,969	$ 36,406	$ 36,243
Change	4.1%	2.8%	4.3%	0.4%	(4.0)%
National	$ 44,765	$ 42,693	$ 41,560	$ 39,791	$ 38,846
Change	4.9%	2.7%	4.4%	2.4%	(5.1)%
Resident Civilian Labor Force and Employment					
Civilian Labor Force					
(In Thousands)	3,018	2,993	3,022	3,053	3,051
Employed (In Thousands)	2,821	2,785	2,767	2,767	2,768
Unemployed (In Thousands)	197	207	255	286	283
Unemployment Rate	6.5%	6.9%	8.4%	9.4%	9.3 %
National Unemployment Rate	7.4%	8.1%	8.9%	9.6%	9.3 %

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

STATE OF MISSOURI
ECONOMIC INDICATORS
CALENDAR YEARS 2009-2018

	2018-19	2017-18	2016-17	2015-16	2014-15
School Enrollment (In Thousands)					
Elementary and Secondary Education	881	884	884	885	886
Higher Education - Private Institutions	87	87	92	93	95
Total Enrollment (In thousands)	968	971	976	978	981
% Change from Prior Year	(0.3)%	(0.5)%	(0.2)%	(0.3)%	0.3%
Higher Education					
Public Community Colleges					
Number of Campuses	22	19	19	19	19
Number of Students (FTE*)	52,927	55,418	57,568	57,247	61,671
State Technical College					
Number of Campuses	1	1	1	1	1
Number of Students (FTE)	1,467	1,242	1,226	1,273	1,276
State Colleges/Universities					
Number of Campuses	14	14	14	14	14
Number of Students (FTE)	112,020	115,374	119,127	121,827	121,358

Continues Below

	2013-14	2012-13	2011-12	2010-11	2009-10
School Enrollment (In Thousands)					
Elementary and Secondary Education	888	888	886	890	892
Higher Education - Private Institutions	90	91	98	95	93
Total Enrollment	978	979	984	985	985
% Change from Prior Year	(0.1)%	(0.5)%	(0.1)%	0.0%	0.3%
Higher Education					
Public Community Colleges					
Number of Campuses	19	19	19	19	20
Number of Students (FTE*)	65,773	67,721	70,964	70,320	65,034
State Technical College					
Number of Campuses	1	1	1	1	1
Number of Students (FTE)	1,325	1,236	1,161	1,133	1,116
State Colleges/Universities					
Number of Campuses	14	14	14	14	14
Number of Students (FTE)	118,669	118,055	117,609	114,655	112,539

*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 2009 AND 2018

2018

Employer	Number of Employees	Percent of Total State Employment
State of Missouri[1]	54,000+	1.83%
Wal-Mart Associates, Inc.	20,000+	0.68%
Mercy Health Systems	20,000+	0.68%
Washington University	20,000+	0.68%
US Post Office	15,000-20,000	0.51%-0.68%
Boeing Corporation	12,500-15,000	0.42%-0.51%
Cerner Corporation	10,000-12,500	0.34%-0.42%
Barnes-Jewish Hospitals	10,000-12,500	0.34%-0.42%
U.S. Department of Veterans Affairs	10,000-12,500	0.34%-0.42%
Schnuck Markets, Inc.	7,500-10,000	0.25%-0.34%
SSM Health Care	7,500-10,000	0.25%-0.34%
Total	186,500-206,500	6.31%-6.99%
Total Missouri Employment		**2,954,808**

2009

Employer	Number of Employees	Percent of Total State Employment
State of Missouri[1]	63,000	2.29%
Wal-Mart Associates, Inc.	40,000-45,000	1.45% - 1.63%
University of Missouri	20,000 - 25,000	0.73% - 0.91%
US Post Office	15,000 - 20,000	0.54% - 0.73%
Washington University	10,000 - 15,000	0.36% - 0.54%
Boeing Corporation	10,000 - 15,000	0.36% - 0.54%
U.S. Department of Defense	7,500 - 10,000	0.27% - 0.36%
Barnes-Jewish Hospitals	7,500 - 10,000	0.27% - 0.36%
Schnuck Markets, Inc.	7,500 - 10,000	0.27% - 0.36%
City of St. Louis	7,500 - 10,000	0.27% - 0.36%
Total	188,000-223,000	6.81% - 8.08%
Total Missouri Employment		**2,753,762**

All figures are based on a calendar-year average.

[1]Number of state employees includes only full-time personnel and does not include college or university employees.

Sources: Missouri Economic Research and Information Center, State of Missouri CAFR-Fiscal Year 2009, State Employee Headcount report

STATE OF MISSOURI
STATE EMPLOYEES BY FUNCTION
FISCAL YEARS 2010-2019
FULL-TIME EQUIVALENTS*

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government										
Legislature	652	665	663	670	667	671	670	683	703	725
Judiciary	3,430	3,551	3,558	3,543	3,519	3,530	3,470	3,369	3,393	3,626
Public Defender	605	578	579	577	573	575	565	595	578	570
Governor	33	30	18	21	22	23	26	28	32	33
Lt. Governor	8	7	6	7	6	5	5	6	6	6
Secretary of State	223	220	217	235	233	228	244	244	253	261
State Auditor	116	111	109	108	113	113	111	116	116	119
State Treasurer	46	46	46	45	46	49	48	49	50	49
Attorney General	347	351	351	359	373	376	363	350	371	408
Office of Administration	1,846	1,859	1,907	1,881	1,871	1,933	2,132	2,161	2,139	2,040
Revenue	1,297	1,283	1,289	1,283	1,288	1,347	1,344	1,364	1,383	1,421
Total General Government	8,603	8,701	8,743	8,729	8,711	8,850	8,978	8,965	9,024	9,258
Education										
Elementary and Secondary Education	2,512	2,620	2,555	2,663	2,639	2,678	2,631	2,714	2,635	2,662
Higher Education	58	56	55	57	57	57	64	61	65	75
Total Education	2,570	2,676	2,610	2,720	2,696	2,735	2,695	2,775	2,700	2,737
Natural and Economic Resources										
Agriculture	431	483	476	495	495	464	456	467	535	617
Insurance, Financial Institutions and Professional Registration	744	733	762	770	765	762	759	755	744	734
Conservation	1,835	1,871	1,898	1,871	1,895	1,896	1,901	1,872	1,894	1,982
Economic Development	793	800	812	800	810	786	822	891	947	1,019
Labor and Industrial Relations	657	701	742	796	827	881	967	998	987	924
Natural Resources	1,830	1,842	1,981	2,023	1,974	2,075	2,047	2,042	1,934	1,903
Total Natural and Economic Resources	6,290	6,430	6,671	6,755	6,766	6,864	6,952	7,025	7,041	7,179
Transportation and Law Enforcement										
Transportation	5,497	5,471	5,545	5,444	5,591	5,502	5,410	5,804	6,399	6,970
Public Safety	5,490	5,449	5,316	5,240	5,193	5,220	5,320	5,309	5,281	5,336
Total Transportation and Law Enforcement	10,987	10,920	10,861	10,684	10,784	10,722	10,730	11,113	11,680	12,306
Human Services										
Health and Senior Services	1,794	1,825	1,831	1,825	1,830	1,793	1,798	1,753	1,706	1,826
Mental Health	7,704	7,836	7,728	7,605	7,742	8,076	8,101	8,089	8,256	8,961
Social Services	6,537	6,670	6,735	6,952	7,147	7,145	7,244	7,371	7,562	8,138
Corrections	10,179	10,568	10,866	10,929	11,051	11,069	10,880	10,864	10,990	11,175
Total Human Services	26,214	26,899	27,160	27,311	27,770	28,083	28,023	28,077	28,514	30,100
State Total	54,664	55,626	56,045	56,199	56,727	57,254	57,378	57,955	58,959	61,580

*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 2010-2019

	2019	2018	2017	2016
General Government				
Individual Income Tax Returns Processed (In Thousands)	3,102	3,103	3,060	3,098
Sales and Use Tax Returns Processed (In Thousands)	765	694	707	707
Driver Licenses Processed (In Thousands)	1,324	1,183	1,487	1,123
Motor Vehicle Registrations Processed (In Thousands)	5,930	4,221	3,770	3,993
Audit Reports Issued	155	155	147	135
Statewide Court Filings (In Thousands)	1,902	1,923	2,098	2,370
Archives Website Hit Secretary of State Web Page (In Thousands)	24,998	29,498	28,714	18,232
Checks Issued (In Thousands)	1,332	1,537	1,592	1,697
Unclaimed Property Returned (In Thousands)	$ 45,083	$ 44,697	$ 44,369	$ 42,038
Education				
High School Drop Out Rate	2.2%	2.4%	2.4%	2.5%
Accredited Elementary and Secondary School Districts*	508	512	512	518
Clients Achieving Employment after Receiving Vocational Rehabilitation Services	53.1%	56.2%	60.1%	60.9%
Student Loan Recovery Rate	31.0%	25.5%	26.0%	23.3%
Scholarships/Grants Awarded to Eligible Missouri Residents (In Thousands)	$ 128,967	$ 121,753	$ 129,623	$ 119,948
Natural and Economic Resources				
Job Placement Rate of Unemployed Individuals that Registered on Great Hires Web Page**	70.7%	71.6%	64.9%	65.7%
Insurance Policies Filed Electronically	100.0%	100.0%	100.0%	99.7%
Initial Unemployment Claims (In Thousands)	184	217	239	259
International Export Certificates Issued	6,802	7,619	8,110	6,773
Hunting License Holders (In Thousands)	561	596	603	607
Visitors to Missouri State Parks and Historic Sites (In Thousands)	21,107	21,559	21,273	19,205
Transportation and Law Enforcement				
Methamphetamine Labs Seized	2	8	11	7
State - Licensed Fire Safety Inspections	13,543	17,903	18,459	19,459
Buildings Served by Missouri Capitol Police	72	71	71	74
Alcohol Licenses Issued	34,028	32,972	32,319	31,404
Missouri Major Roads Rated in Good Condition	91.5%	91.6%	90.0%	90.4%
Difference Between Awarded and Actual Transportation Construction Costs	1.50%	0.02%	0.1%	1.1%
Human Services				
Medicaid Enrollees	858,077	971,143	983,835	982,776
Food Stamp Recipients	682,299	727,131	754,062	782,374
Doses of Vaccine Issued by Vaccines for Children Providers (In Thousands)	1,162	1,208	1,243	1,226
Incarcerated Offenders	28,172	31,726	32,537	32,837
Individuals Served in State Comprehensive Psychiatric Service Facilities	1,607	1,611	1,652	1,683

*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.
** In Fiscal Year 2019 the web page changed from MissouriCareerSource to Great Hires.

Sources: State agencies

2015	2014	2013	2012	2011	2010
3,058	2,848	2,945	2,969	2,917	2,877
705	703	730	760	773	785
1,600	1,415	1,308	1,208	1,160	1,090
4,479	4,215	4,050	3,905	3,828	3,844
143	150	146	123	168	151
2,624	2,652	2,685	2,565	2,525	2,359
72,045	87,436	98,233	91,257	70,384	53,835
1,550	1,363	1,722	1,971	2,216	2,465
$ 41,720	$ 40,042	$ 39,509	$ 38,239	$ 36,373	$ 35,014
2.5%	2.8%	3.0%	3.5%	4.0 %	4.1 %
507	507		506	510	510
61.7%	60.0%	62.7%	61.0%	56.0 %	61.0 %
26.4%	31.2%	34.2%	36.5%	30.0 %	28.2 %
$ 111,342	$ 107,413	$ 104,265	$ 97,077	$ 91,146	$ 98,593
60.7%	56.0%	55.4%	55.2%	58.2 %	57.9 %
99.5%	99.4%	99.4%	99.5%	96.0 %	96.0 %
295	355	364	427	502	582
7,926	6,453	7,819	7,821	6,301	4,924
610	612	606	593	588	592
18,568	17,468	18,093	17,846	16,363	15,891
70	129	244	274	340	245
13,434	15,348	15,680	15,177	11,487	10,603
72	72	72	72	73	75
31,400	30,743	30,723	30,498	29,960	29,051
89.2%	89.7%	88.5%	88.1%	85.8 %	86.5 %
0.6%	0.8%	0.5%	0.2%	(0.4)%	(1.9)%
944,257	825,974	868,226	889,159	897,306	892,691
844,851	839,734	927,927	943,835	949,136	909,139
1,174	1,192	1,385	1,354	1,420	1,384
32,284	31,905	31,408	31,057	30,771	30,418
1,628	1,649	1,694	1,716	2,170	4,120

STATE OF MISSOURI
CAPITAL ASSET STATISTICS
BY FUNCTION
FISCAL YEARS 2010-2019

	2019	2018	2017	2016	2015
General Government					
Parcels of Land	23	23	21	21	20
Land Improvements	70	70	61	61	59
Square Footage of Buildings	1,130,336	1,062,507	1,066,968	1,068,854	1,032,098
Equipment	41,941	41,961	39,396	36,159	34,548
Software	2,940	2,940	2,717	2,260	1,961
Education					
Parcels of Land	31	31	31	31	31
Land Improvements	55	55	55	56	54
Square Footage of Buildings	165,291	158,235	157,190	156,710	136,074
Equipment	4,211	4,212	4,249	4,357	5,039
Trademarks	1	1	1	1	1
Natural and Economic					
Parcels of Land	885	888	880	847	835
Land Improvements	476	478	456	427	426
Temporary Easements	1	1	1	1	1
Square Footage of Buildings	561,296	583,682	582,846	582,847	574,076
Equipment	14,664	14,671	14,535	15,168	26,859
Software	318	96	91	80	68
State Parks and Historic	91	91	91	88	87
State Conservation Areas	1,217	1,197	1,198	1,190	1,186
Transportation and Law					
Parcels of Land	617	617	620	623	628
Land Improvements	495	495	486	476	474
Permanent Easements	751	719	674	638	593
Temporary Easements	602	593	542	654	797
Square Footage of Buildings	189,651	185,777	183,676	181,743	179,183
Equipment	72,773	72,869	72,030	67,114	67,103
Software	870	870	798	710	616
Miles of State Highway	33,838	33,859	33,856	33,873	33,892
State-Owned Bridges and	10,384	10,385	10,394	10,394	10,376
Highway Patrol Stations	9	9	9	9	9
Human Services					
Parcels of Land	80	80	81	81	81
Land Improvements	171	171	178	174	175
Square Footage of Buildings	862,583	920,530	916,936	917,901	926,098
Equipment	35,441	35,446	36,481	41,777	43,545
Software	89	89	86	82	70
Correctional Facilities	28	29	29	29	30

Source: State of Missouri capital asset records by agency.

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

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