



# MISSOURI



Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2017

***STATE OF MISSOURI***  
***COMPREHENSIVE ANNUAL***  
***FINANCIAL REPORT***

*Fiscal Year Ended June 30, 2017*



***ERIC R. GREITENS***  
*Governor*

***SARAH H. STEELMAN***  
*Commissioner*  
*Office of Administration*

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

***On the Cover:***

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

Lake of The Ozarks, Lake Ozark, Missouri; *Department of Economic Development, Division of Tourism*, Record Group 104; Missouri State Archives.

Dogwood, 2005; *Department of Economic Development, Division of Tourism*, Record Group 104; Missouri State Archives.

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

**STATE OF MISSOURI**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2017**

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



**Eric R. Greitens**  
Governor



**Sarah Steelman**  
Commissioner

State of Missouri  
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**Stacy Neal**  
Director

January 25, 2018

The Honorable Eric R. Greitens  
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, 2017. 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.

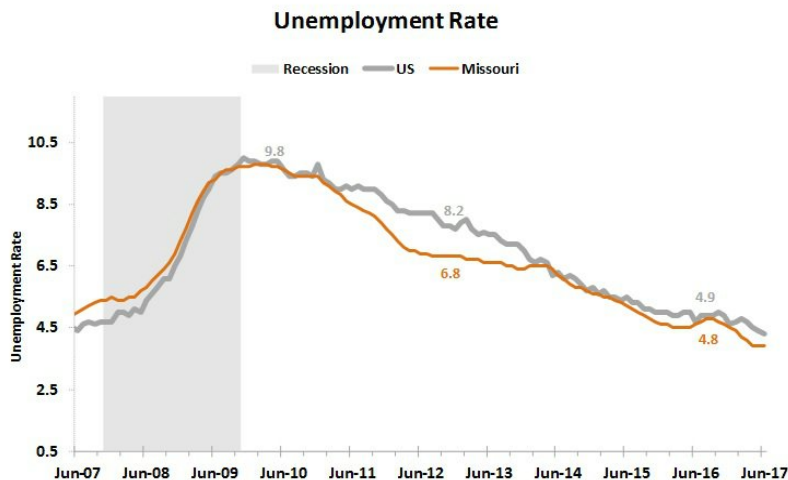
The State operates on a legally adopted budget in order to ensure compliance with legal provisions embodied in the annual appropriated budget passed by the General Assembly and approved by the Governor prior to the beginning of the fiscal year. If appropriations are not sufficient for a fiscal year,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

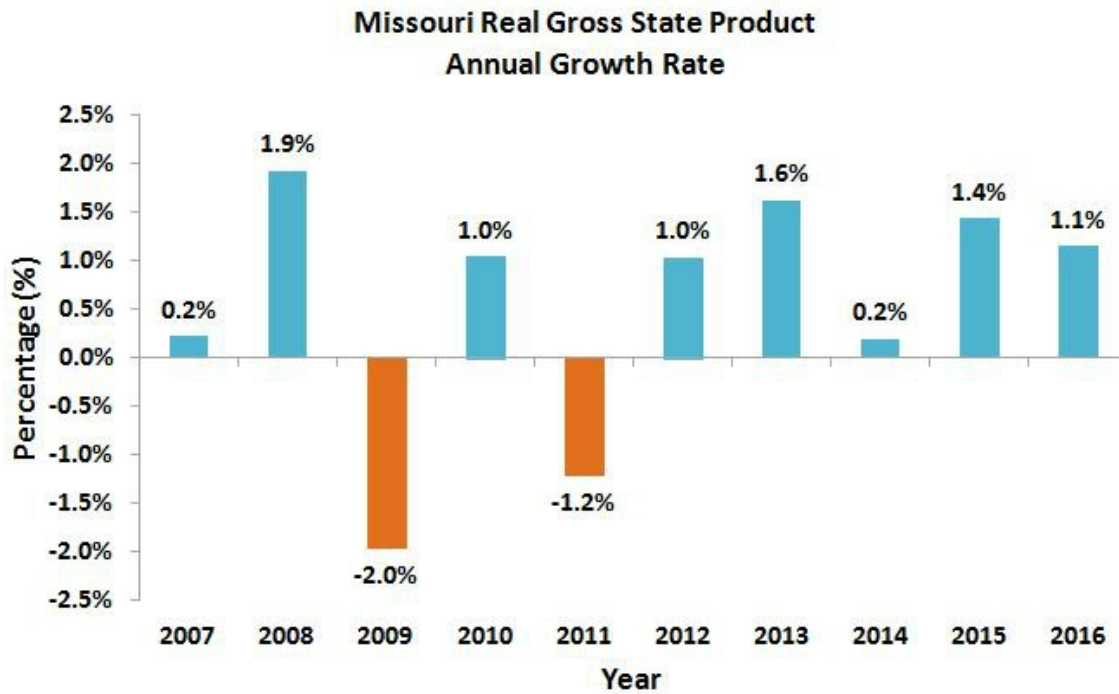
### State Economy

Missouri's annual growth rate maintains an upward trend nearly 7 years after the recession. 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. Between June 2016 and June 2017 Missouri added over 46,600 jobs, a 1.6% employment growth. The healthcare and social services industry, alone, added 8,146 jobs during 2016. As of June 2017, Missouri's unemployment rate was 3.8%, the lowest it has been since September 2000 and also lower than the U.S. unemployment rate of 4.5% as shown in the following graph.



Source: MERIC 2017 Missouri Economic Report

Missouri’s gross domestic product (GDP) increased 1.1% from 2015 reaching \$263.9 billion in 2016. Nationally, GDP increased 1.5% over the same period. From 2012 to 2016, Missouri industries produced a total \$11.3 billion more in goods and services, growing at an annualized 1.1% per year. The graph below shows the annual growth rate for Missouri Real Gross State Product.



Source: MERIC 2017 Missouri Economic Report

**Long-Term Financial Planning**

During the 2014 legislative session, the legislature passed Senate Bill 509 and Senate Bill 496, relating to changes to the State’s income tax structure. The legislation reduced the maximum tax rate on personal income, created an income tax deduction for business income as well as increased a personal exemption for individuals that have an adjusted gross income of less than \$20,000. The implementation of the tax cut is gradual with a 0.10% decline each calendar year and will go into effect following fiscal years where net general revenue collections grow at least \$150 million. Estimates indicate that the bills will cost at least \$620 million annually once fully in effect, which will occur in fiscal year 2023 at the earliest, due to a phased implementation. General revenue growth for fiscal year 2017 triggered the income tax reduction in tax year 2018. The estimated income tax revenue reduction for fiscal year 2018 is \$80 million.

The State has continued to implement a program of renovating capital assets by issuing bonds at historically low interest rates. The Board of Public Buildings (BPB) issued Series A 2017 bonds for \$77,165,000 in September 2017, utilizing Senate Bill 723 authorization. Senate Bill 723 authorized the Board to issue \$314.3 million in bonds to provide continued funding for capital improvement projects for the State Capitol Building, State buildings, Veteran's homes, Correctional facilities, State Parks, and State educational institutions. Additional series of BPB bonds are expected to be issued within the next year.

## **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 2017, inclusive. The State is currently \$4.0 billion below the limit and does not expect the limit to be exceeded in fiscal year 2018.

## **Major Initiatives**

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

**Education.** Missouri continues to invest in education. The fiscal year 2018 budget passed by the legislature fully funded the K-12 Foundation Formula. Additionally, House Bill 93 establishes four adult high schools to be operated by a Missouri nonprofit organization. An "adult high school" is defined as a school for an individual who is at least 21 years old without a high school diploma, offers industry certification programs that include a high school diploma and provides on-site childcare for students. Missouri is also working with private sector partners to enable every public school in the State to build the infrastructure for quality internet access. The legislature appropriated \$6 million, which enables the State to receive \$39 million in matching federal E-Rate funds for the schools.

**Health.** Senate Bill 139 protects the MORx program. The program helps low-income Missourians pay for their prescription drugs. The entire MORx program was scheduled to expire in August 2017. Senate Bill 139 extended the MORx program until at least 2022.

**Review of Regulations.** Executive Order 17-03 directed each state agency to undertake a review of state regulations under its jurisdiction within the Code of State Regulations. With this review, each state agency is to encourage the public to submit comments to identify ineffective, unnecessary, or unduly burdensome rules on citizens, stakeholders, regulated entities, businesses, those working for the State, or other parties. By June 30, 2018, every state agency shall take action necessary to repeal or to cease rulemaking for any regulation that does not meet the criteria of the Executive Order.

**Review of Tax Code.** Executive Order 17-07 creates the Governor's Committee for Simple, Fair, and Low Taxes. The goals of this committee is to compare Missouri's tax credit programs and tax rates with peer states, to assess the economic impact of existing tax credit programs, to assess the possibility of financing cuts to state tax rates and tax credit programs, and to provide recommendations for comprehensive tax reform legislation.

**2017 Tax Legislation.** During the 2017 legislative session, the General Assembly passed one tax related bill that will have an impact to the general revenue funds. Senate Bill 16 exempts delivery charges from sales tax. The official fiscal note estimate was that the bill could cost more than \$100,000; however, after further review, the cost is believed to be significantly higher and some estimates put the cost at \$2.3 million or more per year.

## ACKNOWLEDGEMENTS

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

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

Sincerely,

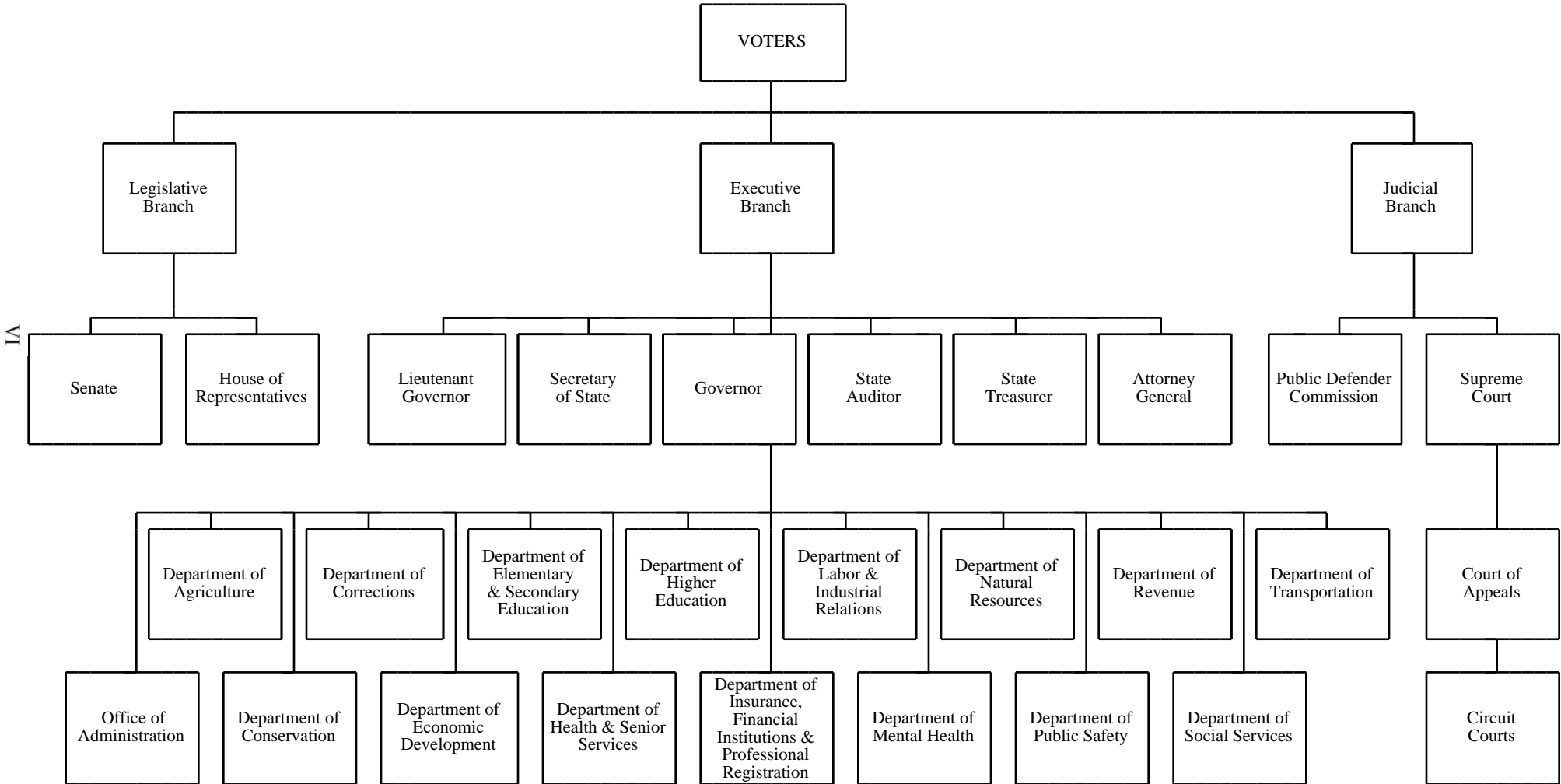
A handwritten signature in black ink that reads "Stacy Neal". The signature is written in a cursive, flowing style.

Stacy Neal, CPA  
Director

# STATE OF MISSOURI

## ORGANIZATIONAL CHART

June 30, 2017



**STATE OF MISSOURI  
PRINCIPAL STATE OFFICIALS  
as of June 30, 2017**

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**EXECUTIVE**

**Eric R. Greitens**  
*Governor*

**Michael L. Parson**  
*Lieutenant Governor*

**John R. Ashcroft**  
*Secretary of State*

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

**Eric Schmitt**  
*State Treasurer*

**Joshua D. Hawley**  
*Attorney General*

**LEGISLATIVE**

**Ron Richard**  
*President Pro Tem of the Senate*

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

**JUDICIAL**

**Patricia Breckenridge**  
*Chief Justice of the Supreme Court*



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*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 Eric R. Greitens, 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, 2017, 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 77 percent of the assets and 11 percent of the revenues of the governmental activities.
2. The State Lottery and the Petroleum Storage Tank Insurance Fund which are both major funds and represent 14 percent of the assets and 69 percent of the revenues of the business-type activities.

3. The aggregate discretely presented component units.
4. The pension (and other employee benefit) trust funds and the Missouri Department of Transportation agency funds which represent 93 percent of the assets and 97 percent of the additions of the fiduciary funds.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Missouri State Employees' Insurance Plan and the Missouri Consolidated Health Care Plan, internal service funds; the Missouri Development Finance Board and the Missouri Agricultural and Small Business Development Authority, discretely presented component units; and the pension (and other employee benefit) trust funds were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

In our opinion, based on our audit and the reports of other auditors, and except for the possible effects of the matter described in the "Basis for Qualified Opinions on the Governmental Activities and the General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the state of Missouri, as of June 30, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note 2 to the financial statements, for the fiscal year ended June 30, 2017, the state of Missouri implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Our opinions are not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; the Budgetary Comparison Schedule-General Fund, Major Special Revenue Funds; the Schedule of Changes in Net Pension Liability and Related Ratios; the Schedule of Proportionate Share of the Net Pension Liability; and the Schedule of State Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

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

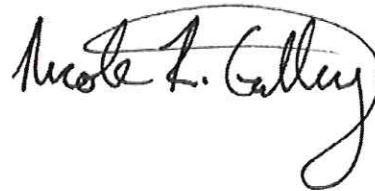
The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and

other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, and except for the possible effects on the supplementary information of the matter discussed in the "Basis for Qualified Opinions on the Governmental Activities and the General Fund" paragraph, the supplementary information, as listed in the table of contents, is fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, our report dated January 25, 2018, on our consideration of the state of Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters is issued under separate cover in the Single Audit Report. The purpose of our report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the state of Missouri's internal control over financial reporting or on compliance. Our report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the state of Missouri's internal control over financial reporting and compliance.

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

Nicole R. Galloway, CPA  
State Auditor

January 25, 2018



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*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, 2017. 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 2017 by \$29.1 billion. Of the \$29.1 billion, “unrestricted net position” is reported as a negative \$5.0 billion, offset by \$4.1 billion in “restricted net position” and \$29.9 billion net investment in capital assets.
- *Changes in Net Position.* The State's total net position increased by \$151.0 million in fiscal year 2017. Net position for governmental-type activities decreased by \$4.9 million.
- *Excess of Revenues over (under) Expenses.* During fiscal year 2017, the State's total revenues of \$27.1 billion were \$150.3 million greater than total expenses of \$26.9 billion (excluding claims adjustments, capital contributions, transfers, and extraordinary items). Of these expenses, \$15.0 billion were covered by program revenues. General revenues, generated primarily from various taxes, totaled \$12.0 billion.

### Fund-Level:

- *Governmental Funds – Fund Balance.* At the close of fiscal year 2017, the State's governmental fund assets exceeded liabilities by \$5.1 billion, a decrease of \$152.2 million or 2.9% from the prior year. The decrease was due to the net effect of several factors. Taxes increased \$327.1 million primarily from an increase in individual income tax and sales and use tax received. Contributions and Intergovernmental revenue increased \$237.4 million due to an increase in Medicaid and Other Assistance Programs and consequently related expenditures in human services also increased by \$592.2 million. Education expenditures also increased by \$178.6 million primarily due to an increase in funding for State K-12 schools.
- *General Fund – Fund Balance.* At the end of the current fiscal year, the State's General Fund reported a balance of \$1.4 billion.

Additional information regarding individual funds begins on Page 10.

### Debt Issued and Outstanding:

- The primary government's total long-term obligations related to bonds payable decreased \$317.6 million, or 9.3%, over the prior year. The outstanding bonds payable represents 33.7% of financial assets (cash, receivables, and investments) and 7.4% of total assets. Missouri Department of Transportation called Series 2006-Refunding and Series 2007 bonds resulting in a decrease of \$117,825,000. Missouri Development Finance Bond for the Fulton State Hospital Project Series 2016 was issued in the amount of \$97,225,000. Additionally bond payments of \$297,025,000 were made during the fiscal year. Additional detail is available in *Note 12*.

## **Revenue Limit:**

- The State Constitution limits the State's ability to retain revenue collected over an amount set by a constitutional amendment known as Article X. Excess revenue of 1.0% or more must be refunded to the taxpayers each year. During fiscal year 2017, the State did not exceed the revenue limit.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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



## **Fund Financial Statements:**

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

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

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

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

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

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

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

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



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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Net Position:**

The State's total net position increased \$151.0 million or 0.52% during fiscal year 2017. Net pension liability increased \$1.3 billion and related deferred outflows of resources increased \$1.0 billion. This increase was mainly due to changes in pension plan assumptions and differences between projected and actual earnings on pension plan investments. Capital assets increased \$237.3 million mainly in construction and infrastructure in progress. Construction in progress increased \$64.2 million for Fulton State Hospital and Board of Public Buildings bond projects which were issued to improve the capital assets of the state. Net investment in capital assets and restricted net position, which do not represent resources available to pay day-to-day operating expenses, increased by \$333.2 million or 1.0%. The net investment in capital assets and restricted net position, components of net position, increase was primarily due to the increase in capital assets of \$237.3 million and a decrease in related outstanding bond and capital lease obligation of \$317.1 million.

Net investment in capital assets, which includes capital assets, bonds payable, and capital lease obligations, is the largest component of the State's net position at \$29.9 billion or 103.0%. These assets include construction in progress, software in progress, infrastructure in progress, land, easements, land improvements, buildings, equipment, software, and trademarks which are not easily converted to cash or readily available to pay state debts as they come due.

Restricted net position of the primary government totaled \$4.1 billion or 14.1% of total net position vs. 15.1% from the prior year. Net position is restricted for several reasons including constitutional, legal, enabling legislation, or external requirements. Examples of restricted net position include lottery proceeds restricted for public education, funds restricted for debt service, and certain sales taxes restricted for the maintenance of highways or state parks and conservation areas. Also, many federal funds are restricted to funding certain programs.

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

| <b>STATEMENT OF NET POSITION</b> |                         |                      |                          |                   |                      |                      |
|----------------------------------|-------------------------|----------------------|--------------------------|-------------------|----------------------|----------------------|
| (In Thousands of Dollars)        |                         |                      |                          |                   |                      |                      |
|                                  | Governmental Activities |                      | Business-Type Activities |                   | Total                |                      |
|                                  | 2017                    | 2016*                | 2017                     | 2016*             | 2017                 | 2016*                |
| <b>ASSETS:</b>                   |                         |                      |                          |                   |                      |                      |
| Current and Other Assets         | \$ 8,167,498            | \$ 8,177,416         | \$ 1,118,929             | \$ 956,187        | \$ 9,286,427         | \$ 9,133,603         |
| Capital Assets, Net              | 32,678,572              | 32,460,034           | 117,371                  | 98,625            | 32,795,943           | 32,558,659           |
| <i>Total Assets</i>              | <u>40,846,070</u>       | <u>40,637,450</u>    | <u>1,236,300</u>         | <u>1,054,812</u>  | <u>42,082,370</u>    | <u>41,692,262</u>    |
| <b>DEFERRED OUTFLOWS:</b>        | <u>1,803,875</u>        | <u>830,259</u>       | <u>49,219</u>            | <u>17,636</u>     | <u>1,853,094</u>     | <u>847,895</u>       |
| <b>LIABILITIES:</b>              |                         |                      |                          |                   |                      |                      |
| Other Liabilities                | 1,665,528               | 1,563,850            | 28,818                   | 22,433            | 1,694,346            | 1,586,283            |
| Long-Term Liabilities            | 12,690,029              | 11,598,513           | 317,412                  | 266,026           | 13,007,441           | 11,864,539           |
| <i>Total Liabilities</i>         | <u>14,355,557</u>       | <u>13,162,363</u>    | <u>346,230</u>           | <u>288,459</u>    | <u>14,701,787</u>    | <u>13,450,822</u>    |
| <b>DEFERRED INFLOWS:</b>         | <u>161,028</u>          | <u>167,039</u>       | <u>1,399</u>             | <u>2,095</u>      | <u>162,427</u>       | <u>169,134</u>       |
| <b>NET POSITION:</b>             |                         |                      |                          |                   |                      |                      |
| Net Investment in Capital Assets | 29,814,122              | 29,255,865           | 117,243                  | 98,320            | 29,931,365           | 29,354,185           |
| Restricted                       | 4,106,445               | 4,348,001            | 3,635                    | 6,104             | 4,110,080            | 4,354,105            |
| Unrestricted                     | (5,787,207)             | (5,465,559)          | 817,012                  | 677,470           | (4,970,195)          | (4,788,089)          |
| <i>Total Net Position</i>        | <u>\$ 28,133,360</u>    | <u>\$ 28,138,307</u> | <u>\$ 937,890</u>        | <u>\$ 781,894</u> | <u>\$ 29,071,250</u> | <u>\$ 28,920,201</u> |

\*Fiscal year 2016 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 \$15.0 billion and general revenues of \$12.0 billion for total revenues of \$27.1 billion during fiscal year 2017. Expenses for the State during fiscal year 2017 were \$26.9 billion. Total net position, net of contributions and transfers, increased by \$151.0 million.

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

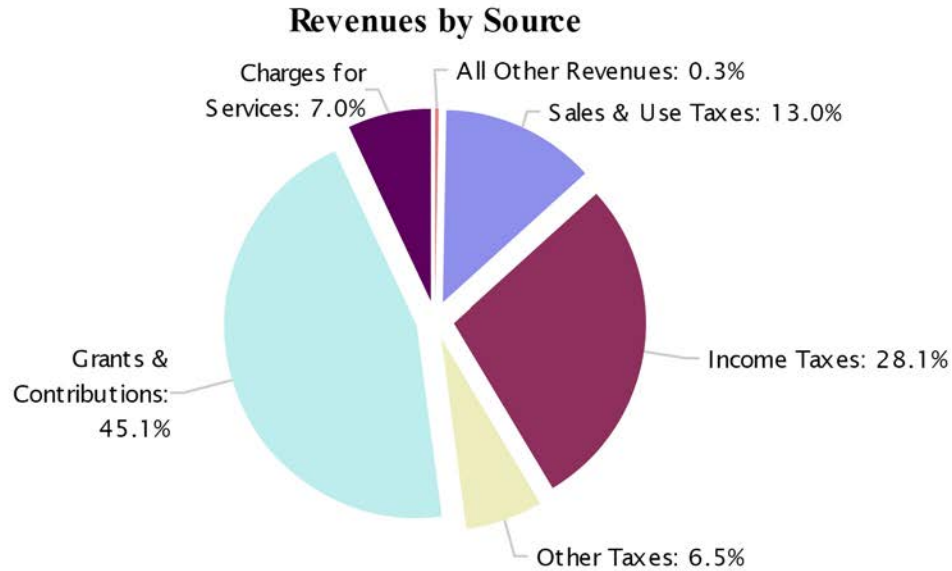
| <b>STATEMENT OF ACTIVITIES</b><br>(In Thousands of Dollars)   |                         |                      |                          |                   |                      |                      |
|---|-------------------------|----------------------|--------------------------|-------------------|----------------------|----------------------|
|   | Governmental Activities |                      | Business-Type Activities |                   | Total                |                      |
|   | 2017                    | 2016*                | 2017                     | 2016*             | 2017                 | 2016*                |
| <b>REVENUES:</b>  |                         |                      |                          |                   |                      |                      |
| Program Revenues:   |                         |                      |                          |                   |                      |                      |
| Charges for Services  | \$ 1,745,361            | \$ 1,612,472         | \$ 1,423,190             | \$ 1,383,857      | \$ 3,168,551         | \$ 2,996,329         |
| Operating Grants and Contributions  | 10,403,733              | 10,178,230           | 552,848                  | 677,118           | 10,956,581           | 10,855,348           |
| Capital Grants and Contributions  | 923,748                 | 917,255              | —                        | —                 | 923,748              | 917,255              |
| General Revenues:   |                         |                      |                          |                   |                      |                      |
| Sales and Use Taxes   | 3,267,442               | 3,112,912            | —                        | —                 | 3,267,442            | 3,112,912            |
| Income Taxes  | 7,041,355               | 6,735,687            | —                        | —                 | 7,041,355            | 6,735,687            |
| Other Taxes   | 1,638,465               | 1,570,924            | —                        | —                 | 1,638,465            | 1,570,924            |
| Other Revenues  | 73,613                  | 85,439               | 13,156                   | 11,420            | 86,769               | 96,859               |
| <i>Total Revenues</i>   | <u>25,093,717</u>       | <u>24,212,919</u>    | <u>1,989,194</u>         | <u>2,072,395</u>  | <u>27,082,911</u>    | <u>26,285,314</u>    |
| <b>EXPENSES:</b>  |                         |                      |                          |                   |                      |                      |
| General Government  | 1,179,908               | 1,081,421            | —                        | —                 | 1,179,908            | 1,081,421            |
| Education   | 7,094,386               | 6,902,930            | —                        | —                 | 7,094,386            | 6,902,930            |
| Natural and Economic Resources  | 1,085,649               | 1,039,408            | —                        | —                 | 1,085,649            | 1,039,408            |
| Transportation and Law Enforcement  | 2,196,580               | 1,913,379            | —                        | —                 | 2,196,580            | 1,913,379            |
| Human Services  | 13,703,989              | 13,086,606           | —                        | —                 | 13,703,989           | 13,086,606           |
| State Lottery   | —                       | —                    | 1,070,591                | 1,025,086         | 1,070,591            | 1,025,086            |
| Unemployment Compensation   | —                       | —                    | 318,686                  | 312,295           | 318,686              | 312,295              |
| Petroleum Storage Tank Insurance  | —                       | —                    | 19,392                   | 16,205            | 19,392               | 16,205               |
| State Fair Fees   | —                       | —                    | 4,712                    | 4,369             | 4,712                | 4,369                |
| State Parks and DNR   | —                       | —                    | 12,272                   | 8,395             | 12,272               | 8,395                |
| Historic Preservation   | —                       | —                    | 1,247                    | 577               | 1,247                | 577                  |
| Veterans' Homes   | —                       | —                    | 114,847                  | 100,771           | 114,847              | 100,771              |
| Surplus Property  | —                       | —                    | 2,523                    | 2,590             | 2,523                | 2,590                |
| Revenue Information   | —                       | —                    | 12                       | 14                | 12                   | 14                   |
| All Other Expenses  | 127,835                 | 138,426              | —                        | —                 | 127,835              | 138,426              |
| <i>Total Expenses</i>   | <u>25,388,347</u>       | <u>24,162,170</u>    | <u>1,544,282</u>         | <u>1,470,302</u>  | <u>26,932,629</u>    | <u>25,632,472</u>    |
| Increase (Decrease) in Net Position before<br>Claims Adjustments, Capital<br>Contributions, Transfers, and<br>Extraordinary Items | (294,630)               | 50,749               | 444,912                  | 602,093           | 150,282              | 652,842              |
| <i>Adjustments to Claims Reserve</i>  | —                       | —                    | —                        | 2,500             | —                    | 2,500                |
| <i>Capital Contributions</i>  | —                       | —                    | 920                      | —                 | 920                  | —                    |
| <i>Transfers and Extraordinary Items</i>  | 289,683                 | 304,320              | (289,836)                | (304,320)         | (153)                | —                    |
| Change in Net Position  | (4,947)                 | 355,069              | 155,996                  | 300,273           | 151,049              | 655,342              |
| <i>Net Position – July 1</i>  | 28,138,307              | 27,783,238           | 781,894                  | 481,621           | 28,920,201           | 28,264,859           |
| <i>Net Position – June 30</i>   | <u>\$ 28,133,360</u>    | <u>\$ 28,138,307</u> | <u>\$ 937,890</u>        | <u>\$ 781,894</u> | <u>\$ 29,071,250</u> | <u>\$ 28,920,201</u> |

\*Fiscal year 2016 amounts have been restated.

## Governmental Activities

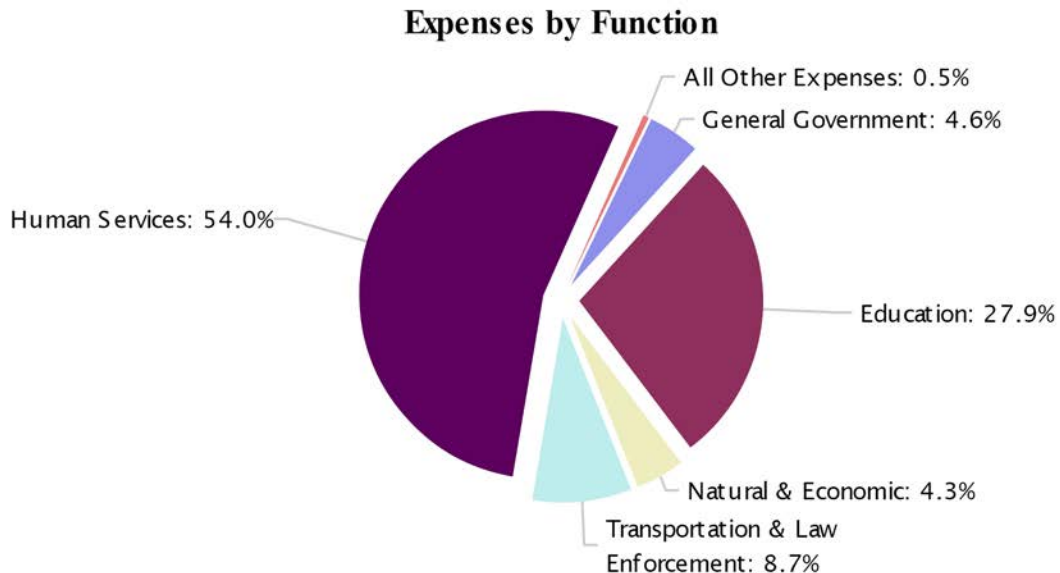
The net position of governmental activities decreased \$4.9 million in fiscal year 2017. General and program revenues of governmental activities were \$880.8 million more in fiscal year 2017 than in fiscal year 2016.

As shown in the Revenues by Source chart below, approximately 47.6% of revenues from all sources earned came from taxes. Grants and contributions, which represents amounts received from other governments/entities, primarily the federal government, provided 45.1% of total revenue. Charges for services contributed 7.0% and various other revenues provided 0.3% of the remaining governmental activity revenue sources.



The State's governmental activities program expenses for fiscal year 2017 were \$1.2 billion more than fiscal year 2016. The most notable increases are a \$191.5 million increase in education and a \$617.4 million in human services. These expenses are directly related to the government funding priorities of education and a higher demand for social services such as Medicaid. However, increases occurred in all functions except all other due to an increase in pension expense in all State retirement plans.

As shown in the Expenses by Function chart below, expense for Human Services makes up the largest portion, 54.0%, of total governmental activities expenses.

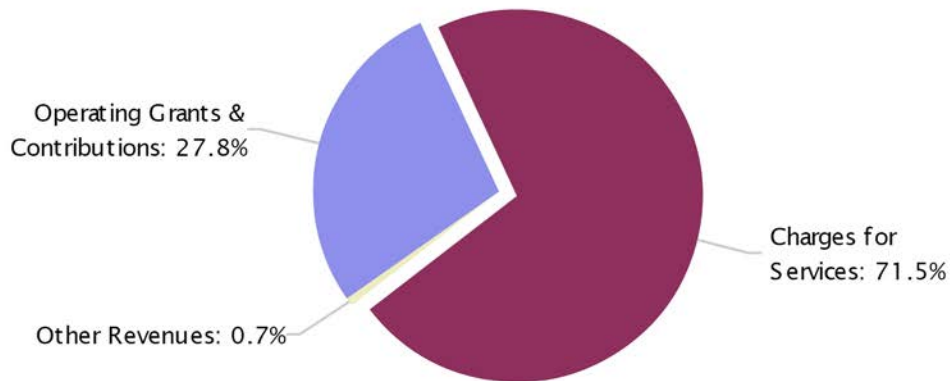


## Business-Type Activities

Net position of the State's business-type activities increased \$156.0 million in fiscal year 2017, 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.

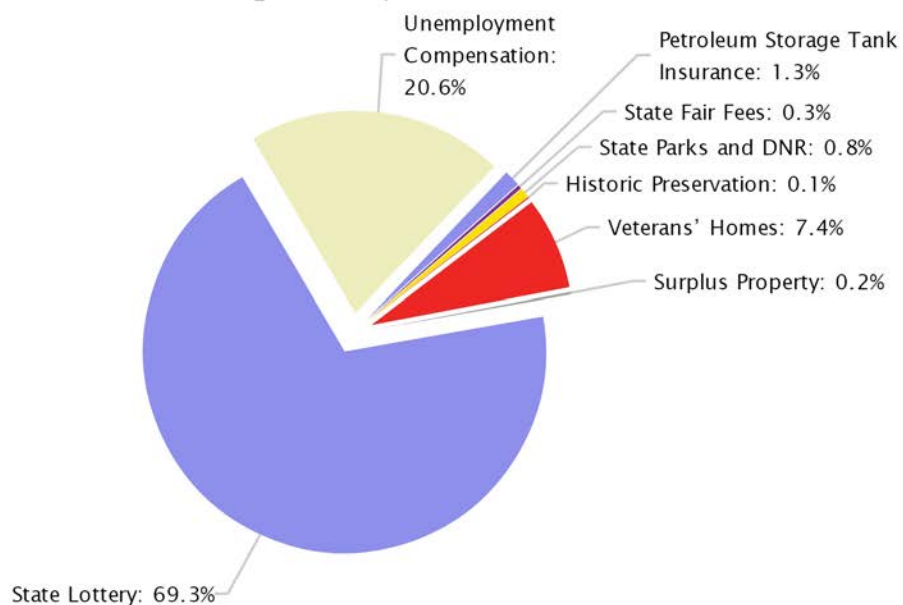
Revenues of business-type activities totaled \$2.0 billion. As shown in the Revenues by Source chart below, 71.5% of the revenues came from charges for services. Operating grants and contributions provided 27.8% of the total revenues and all other revenues provided 0.7%.

### Revenues by Source



Expenses of business-type activities totaled \$1.5 billion. As shown in the Expenses by Fund chart below, State Lottery makes up the largest portion with 69.3% of total business-type expenses. Unemployment Compensation comes in second at 20.6%, followed by Veterans' Homes at 7.4%, Petroleum Storage Tank Insurance at 1.3%, State Parks and DNR at 0.8%, Historic Preservation at 0.1%, State Fair Fees at 0.3%, and Surplus Property at 0.2%.

### Expenses by Fund



## FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

### Governmental Funds:

At the end of fiscal year 2017, the State's governmental funds reported combined ending fund balances of \$5.1 billion. Approximately 60.4% 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<br>Fund     | Public<br>Education | Conservation<br>and<br>Environmental<br>Protection | Missouri<br>Road<br>Fund | Non-Major<br>Funds | Total               |
|--------------|---------------------|---------------------|--|--------------------------|--------------------|---------------------|
| Nonspendable | \$ 54,304           | \$ 71               | \$ 331   | \$ 38,790                | \$ 59,859          | \$ 153,355          |
| Restricted   | 341,053             | 212,592             | 136,860  | 684,758                  | 482,962            | 1,858,225           |
| Committed    | 590,697             | 2,551               | 1,570,667  | —                        | 41,171             | 2,205,086           |
| Assigned     | 156,557             | 62,361              | 110,896  | —                        | 248,853            | 578,667             |
| Unassigned   | 295,364             | —                   | —  | —                        | (17,628)           | 277,736             |
| <b>Total</b> | <b>\$ 1,437,975</b> | <b>\$ 277,575</b>   | <b>\$ 1,818,754</b>                                | <b>\$ 723,548</b>        | <b>\$ 815,217</b>  | <b>\$ 5,073,069</b> |

The General Fund is the chief operating fund of the State. At the end of fiscal year 2017, the State's General Fund reported a total fund balance of \$1.4 billion, a decrease of \$15.7 million from fiscal year 2016. Revenues increased a total of \$562.1 million. This was mainly due to an increase in taxes of \$286.6 million, as well as an increase in contributions and intergovernmental of \$206.5 million due primarily to an increase in individual income and sales tax, as well as an increase in Medicaid and Other Assistance Programs revenue. Total expenditures went from \$17.9 billion to \$18.5 billion between fiscal years 2016 and 2017, an increase of \$627.5 million. Expenditures for human services increased \$570.3 million related to the increase in the number of people utilizing Medicaid and Other Assistance Programs and \$55.2 million in education expenditures due to increased funding for K-12 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 \$298.8 million last year to \$277.6 million this year, a decrease of 7.1%. Total revenues increased by \$35.7 million offset by an increase of expenditures of \$64.8 million. This was primarily due to an increase in funding for K-12 schools.

The Conservation and Environmental Protection Fund provides the preservation of the State's wildlife and environment. At the end of fiscal year 2017, the fund balance was \$1.8 billion, an increase of \$49.8 million from fiscal year 2016. The majority of this increase was due to an \$80.2 million dollar increase in loans receivable from the additional awarding of loans in fiscal year 2016 which are now being repaid. Total expenditures increased by \$12.0 million, mainly due to an increase in natural and economic resources related to new clean water and drinking water projects.

The Missouri Road Fund accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system. The decrease in fund balance of \$105.1 million can mainly be attributed to the increase in debt service as the Missouri Department of Transportation called the Series 2006-Refunding and Series 2007 bonds in the amount of \$117.8 million. Revenues increase slightly by \$15.6 million mostly due to the timing of the federal grant reimbursements related to project expenditures associated with advance construction projects.

## Proprietary Funds:

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

The State Lottery Fund’s net position decreased by \$2.6 million in fiscal year 2017, which is partly the result of fluctuations in market yields, which increase or reduce the unrealized gain on investments. Total operating revenues increased by 2.5%, while operating expenses increase by 4.2% in fiscal year 2017. Prize expense increased by \$43.2 million, while sales increased \$34.2 million. The sales increase was the result of an increase in Scratchers and Pull-Tab sales, and a decrease in Draw Game sales mainly due to Powerball. Powerball sales were down \$35.9 million due to the prior year's record \$1.59 billion Powerball jackpot.

The Unemployment Compensation Fund’s net position increased by \$163.0 million due to an increase in cash in the fund of \$205.9 million. The increase in cash is due to an improved economy and low unemployment rate which is allowing excess cash to remain in the fund. Once the cash balance has reached the statutorily established levels that trigger contribution rate reductions, then employer contribution rates will be lowered, which occurred in 2017. Accounts receivable decreased by \$35.2 million, mainly because the new employer rates decreased from 3.51% to 2.7%.

The Petroleum Storage Tank Insurance Fund’s net position decreased by \$6.2 million due to an increase in claims paid in fiscal year 2017 and a reduction in net claims reserves.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

Budgeted appropriations for fiscal year 2017 from the General Fund were \$26.2 billion original budget and \$26.1 billion final budget. Actual spending was \$24.3 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 2017 for the General Fund were \$25.4 billion original budget and \$25.2 billion final budget. Actual revenue/transfers in was \$24.3 billion.

Refer to the *Notes to RSI*, Budgetary Reporting, on page 145 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, 2017, was \$32.8 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<br>Activities | Business-Type<br>Activities | Total                |
|--|----------------------------|-----------------------------|----------------------|
| Construction in Progress                       | \$ 308,053                 | \$ 45,452                   | \$ 353,505           |
| Software in Progress                           | 87,960                     | —                           | 87,960               |
| Infrastructure in Progress                     | 1,478,649                  | —                           | 1,478,649            |
| Land   | 3,095,379                  | 32,602                      | 3,127,981            |
| Permanent Easements                            | 3,909                      | —                           | 3,909                |
| Land Improvements                              | 208,276                    | 18,972                      | 227,248              |
| Temporary Easements                            | 1,513                      | 50                          | 1,563                |
| Buildings and Improvements                     | 3,387,916                  | 33,025                      | 3,420,941            |
| Equipment                                      | 1,328,823                  | 50,670                      | 1,379,493            |
| Software                                       | 228,107                    | 735                         | 228,842              |
| Trademarks                                     | 17                         | —                           | 17                   |
| Infrastructure                                 | 50,174,198                 | —                           | 50,174,198           |
| <i>Subtotal</i>                                | 60,302,800                 | 181,506                     | 60,484,306           |
| Less Accumulated Depreciation/<br>Amortization | (27,624,228)               | (64,135)                    | (27,688,363)         |
| <b>Total Capital Assets, Net</b>               | <b>\$ 32,678,572</b>       | <b>\$ 117,371</b>           | <b>\$ 32,795,943</b> |

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

### Debt Administration:

At the end of fiscal year 2017, the primary government had total general obligation and other bonded debt outstanding of \$3.1 billion. Of this amount, \$154.8 million comprises debt backed by the full faith and credit of the government.

Principal amounts retired or refunded in fiscal year 2017 were \$54.1 million for general obligation bonds and \$360.8 million for other bonds.

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

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

|                          | Governmental<br>Activities | Component<br>Units  | Total               |
|--------------------------|----------------------------|---------------------|---------------------|
| General Obligation Bonds | \$ 154,830                 | \$ —                | \$ 154,830          |
| Other Bonds              | 2,943,825                  | 2,116,337           | 5,060,162           |
| <b>Total</b>             | <b>\$ 3,098,655</b>        | <b>\$ 2,116,337</b> | <b>\$ 5,214,992</b> |

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

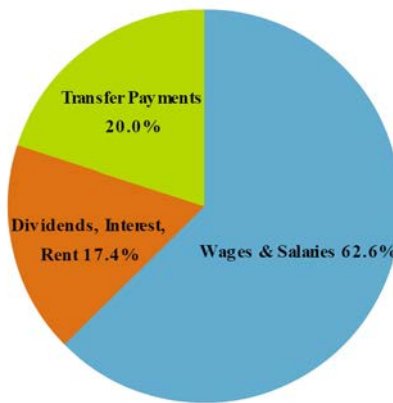


## ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The State's economic outlook for Fiscal Year 2018 anticipates continued improvement in employment and wages, with continued growth in state revenue collections. During the Fiscal Year 2018 budget process, staff from the House, Senate, the University of Missouri and the Division of Budget and Planning developed a revenue estimate of 3% growth for Fiscal Year 2017 and 3.8% growth for Fiscal Year 2018. The actual Fiscal Year 2017 revenue collections increased by 2.6% growth when compared to the Fiscal Year 2016 collections. The 3.8% growth estimate for Fiscal Year 2018 will not provide sufficient resources to cover anticipated spending, therefore, the Governor restricted approximately \$251 million in July.

Since 2010, personal incomes have increased, on average, 3.2% annually for the State and 4.3% for the nation. The average income of a Missouri citizen was \$43,723 in 2016, which was lower than the national average of \$49,571. Missouri's per capita personal income grew 3.2% from the first quarter. While the State's per capita income is lower than the national average, so is the cost of living. Missouri is among the most affordable states as it had the eleventh lowest cost of living costs in the United States in 2016. The below graph depicts the components of personal income, with transfer payments (such as social security, Medicare, etc.) comprising 20.0% of the State's total personal income, due in part to the State's aging population.

### Components of Personal Income Missouri - 2016



*Source: Missouri Economic Report, 2017, U.S. Bureau of Economic Analysis 2016.*

The outlook for general revenue for fiscal year 2018 remains uncertain. Most economic forecasts are calling for moderate economic growth. Equity markets have been strong in the first half of 2017, but have become more volatile as national and global uncertainty continues. While the number of jobs is steadily improving, the rate of growth has slowed as the labor market reaches full employment. Growth in sales tax is expected to moderate as consumers have released most of the pent up demand from the Great Recession.

Missouri's strong fiscal management and directives to review the State Code of Regulations and the tax code are ways in which Missouri is looking to streamline functions and decrease costs for the citizens of the State. Conservative management, including Missouri's constitutional provisions for the Governor to line item veto and restrict expenditures below appropriated levels, ensures the budget is balanced each year.

## 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.



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*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, 2017**  
**(In Thousands of Dollars)**

|   | Primary Government         |                             |                      | Component<br>Units  |
|---|----------------------------|-----------------------------|----------------------|---------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |                     |
| <b>Assets</b>                                   |                            |                             |                      |                     |
| Cash and Cash Equivalents (Note 3)              | \$ 1,097,505               | \$ 824,813                  | \$ 1,922,318         | \$ 419,592          |
| Investments (Note 3)                            | 2,650,607                  | 73,605                      | 2,724,212            | 2,672,833           |
| Invested Securities Lending Collateral (Note 3) | —                          | —                           | —                    | 7,437               |
| Receivables, Net (Note 14)                      | 4,263,137                  | 190,756                     | 4,453,893            | 677,691             |
| Internal Balances                               | 8,408                      | (8,408)                     | —                    | —                   |
| Inventories                                     | 78,937                     | 1,617                       | 80,554               | 58,338              |
| Deposits and Prepaid Expenses                   | 190                        | —                           | 190                  | 44,790              |
| Restricted Assets:                              |                            |                             |                      |                     |
| Cash and Cash Equivalents (Note 3)              | 32,533                     | —                           | 32,533               | 210,643             |
| Investments (Note 3)                            | 36,181                     | 36,546                      | 72,727               | 1,435,346           |
| Receivables, Net                                | —                          | —                           | —                    | 56,599              |
| Other Assets                                    | —                          | —                           | —                    | 19,194              |
| Capital Assets (Note 5):                        |                            |                             |                      |                     |
| Non-Depreciable                                 | 4,973,950                  | 78,054                      | 5,052,004            | 495,163             |
| Depreciable, Net                                | 27,704,622                 | 39,317                      | 27,743,939           | 4,976,241           |
| Total Assets                                    | <u>40,846,070</u>          | <u>1,236,300</u>            | <u>42,082,370</u>    | <u>11,073,867</u>   |
| <b>Deferred Outflows of Resources (Note 15)</b> | <u>1,803,875</u>           | <u>49,219</u>               | <u>1,853,094</u>     | <u>443,346</u>      |
| <b>Liabilities</b>                              |                            |                             |                      |                     |
| Bank Overdraft (Notes 3 and 10)                 | 2                          | —                           | 2                    | —                   |
| Payables (Note 14)                              | 1,479,639                  | 26,790                      | 1,506,429            | 663,972             |
| Securities Lending Obligation (Note 3)          | —                          | —                           | —                    | 7,437               |
| Unearned Revenue (Note 1)                       | 77,225                     | 2,028                       | 79,253               | 154,197             |
| Escheat/Unclaimed Property                      | 108,662                    | —                           | 108,662              | —                   |
| Long-Term Liabilities (Note 11):                |                            |                             |                      |                     |
| Due Within One Year                             | 754,998                    | 101,170                     | 856,168              | 485,071             |
| Due in More Than One Year                       | 11,935,031                 | 216,242                     | 12,151,273           | 3,730,233           |
| Total Liabilities                               | <u>14,355,557</u>          | <u>346,230</u>              | <u>14,701,787</u>    | <u>5,040,910</u>    |
| <b>Deferred Inflows of Resources (Note 15)</b>  | <u>161,028</u>             | <u>1,399</u>                | <u>162,427</u>       | <u>56,010</u>       |
| <b>Net Position</b>                             |                            |                             |                      |                     |
| Net Investment in Capital Assets                | 29,814,122                 | 117,243                     | 29,931,365           | 3,053,770           |
| Restricted for:                                 |                            |                             |                      |                     |
| Budget Reserve                                  | 590,374                    | —                           | 590,374              | —                   |
| Debt Service                                    | 399,250                    | —                           | 399,250              | —                   |
| Grants  | 336,899                    | —                           | 336,899              | —                   |
| Enabling Legislation (Note 1)                   | 511,411                    | —                           | 511,411              | —                   |
| Loans Receivable                                | 1,350,849                  | —                           | 1,350,849            | —                   |
| Permanent Trusts:                               |                            |                             |                      |                     |
| Expendable                                      | 109                        | —                           | 109                  | 588,606             |
| Non-Expendable                                  | 55,522                     | —                           | 55,522               | 1,156,556           |
| External Parties                                | 862,031                    | 3,635                       | 865,666              | 96,052              |
| Unrestricted                                    | <u>(5,787,207)</u>         | <u>817,012</u>              | <u>(4,970,195)</u>   | <u>1,525,309</u>    |
| Total Net Position                              | <u>\$ 28,133,360</u>       | <u>\$ 937,890</u>           | <u>\$ 29,071,250</u> | <u>\$ 6,420,293</u> |

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

**STATE OF MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

| <u>Functions/Programs</u>                   | <u>Expenses</u>      | <u>Program Revenues</u>     |   |   |
|---|----------------------|-----------------------------|---|---|
|   |                      | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| <b>Primary Government:</b>                  |                      |                             |   |   |
| Governmental Activities:                    |                      |                             |   |   |
| General Government                          | \$ 1,179,908         | \$ 673,494                  | \$ 71,945                                 | \$ 154                                  |
| Education                                   | 7,094,386            | 53,012                      | 1,176,614                                 | —                                       |
| Natural and Economic Resources              | 1,085,649            | 278,481                     | 321,856                                   | 14                                      |
| Transportation and Law Enforcement          | 2,196,580            | 228,547                     | 251,828                                   | 923,559                                 |
| Human Services                              | 13,703,989           | 499,778                     | 8,581,490                                 | 21                                      |
| Interest on Debt (Excluding Direct Expense) | 127,835              | 12,049                      | —   | —                                       |
| Total Governmental Activities               | <u>25,388,347</u>    | <u>1,745,361</u>            | <u>10,403,733</u>                         | <u>923,748</u>                          |
| Business-Type Activities:                   |                      |                             |   |   |
| State Lottery                               | 1,070,591            | 1,361,996                   | —   | —                                       |
| Unemployment Compensation                   | 318,686              | —                           | 468,931                                   | —                                       |
| Petroleum Storage Tank Insurance            | 19,392               | 12,894                      | —   | —                                       |
| State Fair Fees                             | 4,712                | 4,631                       | 151                                       | —                                       |
| State Parks and DNR                         | 12,272               | 14,282                      | 10,679                                    | —                                       |
| Historic Preservation                       | 1,247                | —                           | —   | —                                       |
| Missouri Veterans' Homes                    | 114,847              | 26,505                      | 73,087                                    | —                                       |
| Surplus Property                            | 2,523                | 2,027                       | —   | —                                       |
| Revenue Information                         | 12                   | 855                         | —   | —                                       |
| Total Business-Type Activities              | <u>1,544,282</u>     | <u>1,423,190</u>            | <u>552,848</u>                            | <u>—</u>                                |
| Total Primary Government                    | <u>\$ 26,932,629</u> | <u>\$ 3,168,551</u>         | <u>\$ 10,956,581</u>                      | <u>\$ 923,748</u>                       |
| Component Units:                            |                      |                             |   |   |
| College and Universities                    | \$ 4,642,291         | \$ 3,134,109                | \$ 1,437,498                              | \$ 162,977                              |
| Non-Major Component Units                   | 10,045               | 10,329                      | —   | —                                       |
| Total Component Units                       | <u>\$ 4,652,336</u>  | <u>\$ 3,144,438</u>         | <u>\$ 1,437,498</u>                       | <u>\$ 162,977</u>                       |

General Revenues:

Taxes:

Sales and Use

Individual Income

Corporate Income

County Foreign Insurance

Alcoholic Beverage

Corporate Franchise

Fuel

Miscellaneous Taxes

Grants and Contributions not Restricted to Specific Programs

Unrestricted Investment Earnings

Capital Contributions

Special Items

Extraordinary Item

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

| Net (Expenses) Revenues and Changes in Net Position |                             |                      |                     |
|---|-----------------------------|----------------------|---------------------|
| Primary Government                                  |                             |                      | Component<br>Units  |
| Governmental<br>Activities                          | Business-Type<br>Activities | Total                |                     |
| \$ (434,315)  | \$ —                        | \$ (434,315)         | \$ —                |
| (5,864,760)   | —                           | (5,864,760)          | —                   |
| (485,298)   | —                           | (485,298)            | —                   |
| (792,646)   | —                           | (792,646)            | —                   |
| (4,622,700)   | —                           | (4,622,700)          | —                   |
| (115,786)   | —                           | (115,786)            | —                   |
| <u>(12,315,505)</u>                                 | <u>—</u>                    | <u>(12,315,505)</u>  | <u>—</u>            |
| —   | 291,405                     | 291,405              | —                   |
| —   | 150,245                     | 150,245              | —                   |
| —   | (6,498)                     | (6,498)              | —                   |
| —   | 70                          | 70                   | —                   |
| —   | 12,689                      | 12,689               | —                   |
| —   | (1,247)                     | (1,247)              | —                   |
| —   | (15,255)                    | (15,255)             | —                   |
| —   | (496)                       | (496)                | —                   |
| —   | 843                         | 843                  | —                   |
| <u>—</u>  | <u>431,756</u>              | <u>431,756</u>       | <u>—</u>            |
| <u>(12,315,505)</u>                                 | <u>431,756</u>              | <u>(11,883,749)</u>  | <u>—</u>            |
| —   | —                           | —                    | 92,293              |
| —   | —                           | —                    | 284                 |
| <u>—</u>  | <u>—</u>                    | <u>—</u>             | <u>92,577</u>       |
| 3,267,442   | —                           | 3,267,442            | —                   |
| 6,648,917   | —                           | 6,648,917            | —                   |
| 392,438   | —                           | 392,438              | —                   |
| 254,686   | —                           | 254,686              | —                   |
| 32,764  | —                           | 32,764               | —                   |
| 2,490   | —                           | 2,490                | —                   |
| 667,639   | —                           | 667,639              | —                   |
| 680,886   | —                           | 680,886              | —                   |
| 62,173  | —                           | 62,173               | 4,682               |
| 11,440  | 13,156                      | 24,596               | 296,801             |
| —   | 920                         | 920                  | —                   |
| —   | —                           | —                    | 5,868               |
| —   | (153)                       | (153)                | —                   |
| 289,683   | (289,683)                   | —                    | —                   |
| <u>12,310,558</u>                                   | <u>(275,760)</u>            | <u>12,034,798</u>    | <u>307,351</u>      |
| (4,947)   | 155,996                     | 151,049              | 399,928             |
| 28,138,307  | 781,894                     | 28,920,201           | 6,020,365           |
| <u>\$ 28,133,360</u>                                | <u>\$ 937,890</u>           | <u>\$ 29,071,250</u> | <u>\$ 6,420,293</u> |

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



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*The Governmental Funds focus on current financial resources.*

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

### **Major Funds**

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

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

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

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

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

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

### **Non-Major Funds**

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

**STATE OF MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2017  
(In Thousands of Dollars)**

|  | General<br>Fund     | Public<br>Education | Conservation<br>and<br>Environmental<br>Protection | Missouri<br>Road<br>Fund | Non-Major<br>Funds | Totals<br>June 30,<br>2017 |
|--|---------------------|---------------------|--|--------------------------|--------------------|----------------------------|
| <b>ASSETS</b>  |                     |                     |  |                          |                    |                            |
| Cash and Cash Equivalents (Note 3)                                     | \$ 350,435          | \$ 47,478           | \$ 88,729  | \$ 302,009               | \$ 177,701         | \$ 966,352                 |
| Investments (Note 3)   | 1,023,985           | 113,982             | 385,679  | 340,294                  | 591,523            | 2,455,463                  |
| Accounts Receivable, Net   | 2,340,734           | 158,666             | 55,555   | 106,826                  | 174,250            | 2,836,031                  |
| Interest Receivable  | 3,036               | 501                 | 2,814  | 1,111                    | 1,192              | 8,654                      |
| Due from Other Funds (Note 16)   | —                   | 1,569               | —  | —                        | 3,377              | 4,946                      |
| Due from Component Units (Note 16)                                     | —                   | —                   | 561  | —                        | —                  | 561                        |
| Inventories  | 25,246              | 71                  | 331  | 38,790                   | 4,337              | 68,775                     |
| Advance to Component Units (Note 16)                                   | —                   | —                   | 517  | —                        | —                  | 517                        |
| Loans Receivable   | 29,058              | 888                 | 1,317,997  | —                        | 2,906              | 1,350,849                  |
| Restricted Assets:   |                     |                     |  |                          |                    |                            |
| Cash and Cash Equivalents (Note 3)                                     | —                   | —                   | —  | 31,845                   | —                  | 31,845                     |
| Investments (Note 3)   | —                   | —                   | —  | 35,881                   | —                  | 35,881                     |
| Total Assets   | <u>\$ 3,772,494</u> | <u>\$ 323,155</u>   | <u>\$ 1,852,183</u>                                | <u>\$ 856,756</u>        | <u>\$ 955,286</u>  | <u>\$ 7,759,874</u>        |
| <b>LIABILITIES</b>   |                     |                     |  |                          |                    |                            |
| Accounts Payable   | \$ 1,114,922        | \$ 572              | \$ 5,476   | \$ 87,167                | \$ 119,670         | \$ 1,327,807               |
| Accrued Payroll  | 59,881              | 236                 | 5,023  | 16,970                   | 12,152             | 94,262                     |
| Due to Other Funds (Note 16)   | 5,420               | 66                  | 143  | 241                      | 994                | 6,864                      |
| Unearned Revenue (Note 1)  | 40,362              | —                   | 181  | 5,588                    | —                  | 46,131                     |
| Escheat/Unclaimed Property   | 108,662             | —                   | —  | —                        | —                  | 108,662                    |
| Total Liabilities  | <u>1,329,247</u>    | <u>874</u>          | <u>10,823</u>                                      | <u>109,966</u>           | <u>132,816</u>     | <u>1,583,726</u>           |
| <b>DEFERRED INFLOWS OF<br/>RESOURCES (Note 15)</b>                     | <u>1,005,272</u>    | <u>44,706</u>       | <u>22,606</u>                                      | <u>23,242</u>            | <u>7,253</u>       | <u>1,103,079</u>           |
| <b>FUND BALANCES (Note 4)</b>  |                     |                     |  |                          |                    |                            |
| Nonspendable   | 54,304              | 71                  | 331  | 38,790                   | 59,859             | 153,355                    |
| Restricted   | 341,053             | 212,592             | 136,860  | 684,758                  | 482,962            | 1,858,225                  |
| Committed  | 590,697             | 2,551               | 1,570,667  | —                        | 41,171             | 2,205,086                  |
| Assigned   | 156,557             | 62,361              | 110,896  | —                        | 248,853            | 578,667                    |
| Unassigned   | 295,364             | —                   | —  | —                        | (17,628)           | 277,736                    |
| Total Fund Balances  | <u>1,437,975</u>    | <u>277,575</u>      | <u>1,818,754</u>                                   | <u>723,548</u>           | <u>815,217</u>     | <u>5,073,069</u>           |
| Total Liabilities, Deferred Inflows<br>of Resources, and Fund Balances | <u>\$ 3,772,494</u> | <u>\$ 323,155</u>   | <u>\$ 1,852,183</u>                                | <u>\$ 856,756</u>        | <u>\$ 955,286</u>  | <u>\$ 7,759,874</u>        |

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

**STATE OF MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**June 30, 2017**  
**(In Thousands of Dollars)**

Total Fund Balances - Governmental Funds \$ 5,073,069

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              | 307,810             |            |
| Software in Progress                  | 87,234              |            |
| Infrastructure in Progress            | 1,478,649           |            |
| Land                                  | 3,087,657           |            |
| Permanent Easements                   | 3,909               |            |
| Land Improvements                     | 205,276             |            |
| Temporary Easements                   | 1,513               |            |
| Buildings and Improvements            | 2,898,236           |            |
| Equipment                             | 1,197,975           |            |
| Software                              | 202,617             |            |
| Trademarks                            | 17                  |            |
| Infrastructure                        | 50,174,198          |            |
| Accumulated Depreciation/Amortization | <u>(27,291,240)</u> |            |
|                                       |                     | 32,353,851 |

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. 1,103,079

Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and therefore, not reported in the funds. 1,525,649

Deferred outflows and inflows of resources related to deferred charges or credits on debt refundings and other assets are applicable to future reporting periods and therefore, not reported in the funds. 79,543

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                       | (1,361)            |              |
| General Obligation and Other Bonds Payable  | (3,098,655)        |              |
| Unamortized Bond Premium                    | (203,179)          |              |
| Accrued Interest on Bonds                   | (28,591)           |              |
| Obligation under Lease Purchases            | (60,674)           |              |
| Pollution Remediation                       | (47,431)           |              |
| Compensated Absences                        | (170,261)          |              |
| Claims Liability                            | (37,989)           |              |
| Contingent Liabilities                      | (1,911,336)        |              |
| Net Other Postemployment Benefit Obligation | (1,094,726)        |              |
| Net Pension Liability                       | <u>(5,770,683)</u> |              |
|   |                    | (12,424,886) |

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. 423,055

Net Position of Governmental Activities \$ 28,133,360

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, 2017**  
**(In Thousands of Dollars)**

|  | General Fund        | Public Education   | Conservation and Environmental Protection | Missouri Road Fund | Non-Major Funds   | Eliminations | Totals<br>June 30, 2017 |
|--|---------------------|--------------------|---|--------------------|-------------------|--------------|-------------------------|
| <b>Revenues:</b>   |                     |                    |   |                    |                   |              |                         |
| Taxes  | \$ 9,084,735        | \$ 1,286,494       | \$ 214,908                                | \$ 174,144         | \$ 1,117,022      | \$ —         | \$ 11,877,303           |
| Licenses, Fees, and Permits                              | 91,142              | 2,297              | 83,312                                    | 103,624            | 397,670           | —            | 678,045                 |
| Sales  | 496                 | —                  | 7,158                                     | —                  | 1,381             | —            | 9,035                   |
| Leases and Rentals                                       | 23                  | —                  | 134                                       | —                  | 1                 | —            | 158                     |
| Services   | 121,670             | —                  | —   | —                  | 861               | —            | 122,531                 |
| Contributions and Intergovernmental                      | 10,090,297          | 13,955             | 94,927                                    | 853,385            | 342,468           | —            | 11,395,032              |
| Investment Earnings:                                     |                     |                    |   |                    |                   |              |                         |
| Net Increase (Decrease) in the Fair Value of Investments | (3,250)             | (469)              | (2,031)                                   | (1,534)            | (3,246)           | —            | (10,530)                |
| Interest   | 14,397              | 1,624              | 6,960                                     | 4,271              | 4,952             | —            | 32,204                  |
| Penalties and Unclaimed Properties                       | 83,824              | 1,747              | 1,170                                     | —                  | 10,384            | —            | 97,125                  |
| Cost Reimbursement/Miscellaneous                         | 317,803             | 112,769            | 3,809                                     | 56,373             | 77,376            | —            | 568,130                 |
| Total Revenues   | <u>19,801,137</u>   | <u>1,418,417</u>   | <u>410,347</u>                            | <u>1,190,263</u>   | <u>1,948,869</u>  | <u>—</u>     | <u>24,769,033</u>       |
| <b>Expenditures:</b>                                     |                     |                    |   |                    |                   |              |                         |
| Current:   |                     |                    |   |                    |                   |              |                         |
| General Government                                       | 644,887             | 554                | 1,982                                     | —                  | 237,218           | —            | 884,641                 |
| Education  | 4,259,063           | 2,709,655          | —   | —                  | 102,992           | —            | 7,071,710               |
| Natural and Economic Resources                           | 286,541             | 4,496              | 354,354                                   | —                  | 251,094           | —            | 896,485                 |
| Transportation and Law Enforcement                       | 337,828             | 184                | 783                                       | 804,060            | 330,942           | —            | 1,473,797               |
| Human Services   | 12,916,307          | 12,727             | 786                                       | —                  | 700,036           | —            | 13,629,856              |
| Capital Outlay:  |                     |                    |   |                    |                   |              |                         |
| General Government                                       | —                   | —                  | —   | —                  | 14,057            | —            | 14,057                  |
| Education  | —                   | —                  | —   | —                  | 348               | —            | 348                     |
| Natural and Economic Resources                           | —                   | —                  | —   | —                  | 2,027             | —            | 2,027                   |
| Transportation and Law Enforcement                       | —                   | —                  | —   | 710,606            | 2,110             | —            | 712,716                 |
| Human Services   | —                   | —                  | —   | —                  | 54,915            | —            | 54,915                  |
| Debt Service:  |                     |                    |   |                    |                   |              |                         |
| Principal  | 70,891              | —                  | 315                                       | 184,255            | 181,477           | —            | 436,938                 |
| Interest   | 29,949              | —                  | 3   | 61,047             | 68,978            | —            | 159,977                 |
| Bond Issuance Costs                                      | —                   | —                  | —   | —                  | 336               | —            | 336                     |
| Underwriter's Discount                                   | —                   | —                  | —   | —                  | 972               | —            | 972                     |
| Total Expenditures                                       | <u>18,545,466</u>   | <u>2,727,616</u>   | <u>358,223</u>                            | <u>1,759,968</u>   | <u>1,947,502</u>  | <u>—</u>     | <u>25,338,775</u>       |
| Excess Revenues (Expenditures)                           | <u>1,255,671</u>    | <u>(1,309,199)</u> | <u>52,124</u>                             | <u>(569,705)</u>   | <u>1,367</u>      | <u>—</u>     | <u>(569,742)</u>        |
| <b>Other Financing Sources (Uses):</b>                   |                     |                    |   |                    |                   |              |                         |
| Proceeds from Notes/Capital Leases                       | 1,522               | —                  | —   | 17                 | 3                 | —            | 1,542                   |
| Proceeds From Bonds                                      | —                   | —                  | —   | —                  | 97,225            | —            | 97,225                  |
| Bond Premium (Note 11)                                   | —                   | —                  | —   | —                  | 5,877             | —            | 5,877                   |
| Proceeds from Sale of Capital Assets                     | 7,921               | —                  | —   | 5,436              | 6,948             | —            | 20,305                  |
| Transfers In (Note 17)                                   | 44,550              | 1,311,475          | 975                                       | 459,141            | 321,109           | (1,840,021)  | 297,229                 |
| Transfers Out (Note 17)                                  | (1,326,319)         | (23,510)           | (3,243)                                   | —                  | (492,547)         | 1,840,021    | (5,598)                 |
| Total Other Financing Sources (Uses)                     | <u>(1,272,326)</u>  | <u>1,287,965</u>   | <u>(2,268)</u>                            | <u>464,594</u>     | <u>(61,385)</u>   | <u>—</u>     | <u>416,580</u>          |
| Net Change in Fund Balances                              | (16,655)            | (21,234)           | 49,856                                    | (105,111)          | (60,018)          | —            | (153,162)               |
| Fund Balances - Beginning (Note 18)                      | 1,453,679           | 298,786            | 1,768,948                                 | 828,659            | 875,211           | —            | 5,225,283               |
| Increase (Decrease) in Reserve for Inventory             | 951                 | 23                 | (50)                                      | —                  | 24                | —            | 948                     |
| Fund Balances - Ending                                   | <u>\$ 1,437,975</u> | <u>\$ 277,575</u>  | <u>\$ 1,818,754</u>                       | <u>\$ 723,548</u>  | <u>\$ 815,217</u> | <u>\$ —</u>  | <u>\$ 5,073,069</u>     |

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

**STATE OF MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES IN  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2017  
(In Thousands of Dollars)**

Net Change in Fund Balances - Total Governmental Funds \$ (153,162)

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. 948

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 \$918,546 exceeds depreciation/amortization of \$665,754 in the current period. 252,792

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. (18,317)

The net effect of the donation of capital assets increased net position. 196

Deferred inflows do not provide current financial resources and are not recognized as revenues until available in governmental funds. 78,104

Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

|                       |           |
|-----------------------|-----------|
| Pension Contributions | 497,049   |
| Pension Expense       | (747,416) |

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                      | (97,225) |         |
| Bond Premiums and Refunding Costs | (5,877)  |         |
| Bonds Retired                     | 414,850  |         |
| Capital Leases Issued             | (1,539)  |         |
| Capital Lease Payments            | 22,087   |         |
|                                   |          | 332,296 |

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        | 28,016    |           |
| Decrease in Accrued Interest                            | 4,507     |           |
| Decrease in Pollution Remediation                       | 2,294     |           |
| Increase in Due to Other Entities                       | (3)       |           |
| Increase in Compensated Absences                        | (83)      |           |
| Increase in Contingent Liabilities                      | (139,611) |           |
| Increase in Claims Liability                            | (106)     |           |
| Increase in Net Other Postemployment Benefit Obligation | (91,293)  |           |
|   |           | (196,279) |

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. (51,158)

Change in Net Position of Governmental Activities \$ (4,947)

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



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*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, 2017**  
(In Thousands of Dollars)

|   | Business-Type Activities - Enterprise Funds |                              |   |                    |                            |   |
|---|---|------------------------------|---|--------------------|----------------------------|---|
|   | Major Funds                                 |                              |   |                    | Totals<br>June 30,<br>2017 | Governmental<br>Activities<br>Internal<br>Service Funds |
|   | State<br>Lottery                            | Unemployment<br>Compensation | Petroleum<br>Storage<br>Tank<br>Insurance | Non-Major<br>Funds |                            |   |
| <b>ASSETS</b>   |   |                              |   |                    |                            |   |
| Current Assets:   |   |                              |   |                    |                            |   |
| Cash and Cash Equivalents (Note 3)  | \$ 14,759                                   | \$ 793,672                   | \$ 12,207                                 | \$ 4,175           | \$ 824,813                 | \$ 131,153  |
| Investments (Note 3)  | 22,687                                      | —                            | 37,716                                    | 13,202             | 73,605                     | 83,004  |
| Restricted:   |   |                              |   |                    |                            |   |
| Investments (Note 3)  | 3,417                                       | —                            | —   | —                  | 3,417                      | 100   |
| Accounts Receivable, Net  | 50,712                                      | 128,831                      | 1,532                                     | 9,014              | 190,089                    | 66,199  |
| Interest Receivable   | 51  | —                            | 87  | 41                 | 179                        | 324   |
| Due from Other Funds (Note 16)  | —   | —                            | —   | 17                 | 17                         | 7,074   |
| Due from Component Units (Note 16)  | —   | —                            | —   | —                  | —                          | 2   |
| Inventories   | —   | —                            | —   | 1,617              | 1,617                      | 10,162  |
| Prepaid Items   | —   | —                            | —   | —                  | —                          | 190   |
| Loans Receivable  | —   | —                            | —   | 488                | 488                        | —   |
| Total Current Assets  | <u>91,626</u>                               | <u>922,503</u>               | <u>51,542</u>                             | <u>28,554</u>      | <u>1,094,225</u>           | <u>298,208</u>  |
| Non-Current Assets:   |   |                              |   |                    |                            |   |
| Investments   | —   | —                            | —   | —                  | —                          | 112,140   |
| Restricted:   |   |                              |   |                    |                            |   |
| Cash and Cash Equivalents (Note 3)  | —   | —                            | —   | —                  | —                          | 688   |
| Investments (Note 3)  | 33,129                                      | —                            | —   | —                  | 33,129                     | 200   |
| Capital Assets (Note 5):  |   |                              |   |                    |                            |   |
| Construction in Progress  | 7   | —                            | —   | 45,445             | 45,452                     | 243   |
| Software in Progress  | —   | —                            | —   | —                  | —                          | 726   |
| Land  | 353   | —                            | —   | 32,249             | 32,602                     | 7,722   |
| Land Improvements   | —   | —                            | —   | 18,972             | 18,972                     | 3,000   |
| Temporary Easements   | —   | —                            | —   | 50                 | 50                         | —   |
| Buildings   | 5,270                                       | —                            | —   | 27,755             | 33,025                     | 489,680   |
| Equipment   | 7,093                                       | —                            | 158                                       | 43,419             | 50,670                     | 130,848   |
| Software  | 565   | —                            | —   | 170                | 735                        | 25,490  |
| Less Accumulated Depreciation/Amortization  | (10,318)                                    | —                            | (147)                                     | (53,670)           | (64,135)                   | (332,988)   |
| Total Non-Current Assets  | <u>36,099</u>                               | <u>—</u>                     | <u>11</u>                                 | <u>114,390</u>     | <u>150,500</u>             | <u>437,749</u>  |
| Total Assets  | <u>127,725</u>                              | <u>922,503</u>               | <u>51,553</u>                             | <u>142,944</u>     | <u>1,244,725</u>           | <u>735,957</u>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES (Note 15)</b>                                     | <u>5,667</u>                                | <u>—</u>                     | <u>764</u>                                | <u>42,788</u>      | <u>49,219</u>              | <u>38,824</u>   |
| <b>LIABILITIES</b>  |   |                              |   |                    |                            |   |
| Current Liabilities:  |   |                              |   |                    |                            |   |
| Bank Overdraft (Note 3 and 10)  | —   | —                            | —   | —                  | —                          | 2   |
| Accounts Payable  | 5,689                                       | 16,248                       | 27  | 2,024              | 23,988                     | 26,996  |
| Accrued Payroll   | 289   | —                            | 34  | 2,479              | 2,802                      | 1,983   |
| Due to Other Funds (Note 16)  | 1,585                                       | 3,377                        | 4   | 59                 | 5,025                      | 148   |
| Unearned Revenue (Note 1)   | 815   | —                            | 524                                       | 689                | 2,028                      | 31,094  |
| Claims Liability (Note 11)  | —   | —                            | 15,000                                    | —                  | 15,000                     | 80,880  |
| Grand Prize Winner Liability (Note 11)  | 81,708                                      | —                            | —   | —                  | 81,708                     | —   |
| Obligations under Lease Purchase (Note 11)  | —   | —                            | —   | 128                | 128                        | 6,300   |
| Compensated Absences (Note 11)  | 631   | —                            | 73  | 3,630              | 4,334                      | 4,026   |
| Total Current Liabilities   | <u>90,717</u>                               | <u>19,625</u>                | <u>15,662</u>                             | <u>9,009</u>       | <u>135,013</u>             | <u>151,429</u>  |
| Non-Current Liabilities:  |   |                              |   |                    |                            |   |
| Claims Liability (Note 11)  | —   | —                            | 66,868                                    | —                  | 66,868                     | 58,809  |
| Grand Prize Winner Liability (Note 11)  | 29,477                                      | —                            | —   | —                  | 29,477                     | —   |
| Obligations under Lease Purchase (Note 11)  | —   | —                            | —   | —                  | —                          | 32,842  |
| Compensated Absences (Note 11)  | —   | —                            | 3   | 267                | 270                        | 728   |
| Net Pension Liability (Note 11)   | 16,213                                      | —                            | 2,069                                     | 101,345            | 119,627                    | 110,149   |
| Total Non-Current Liabilities   | <u>45,690</u>                               | <u>—</u>                     | <u>68,940</u>                             | <u>101,612</u>     | <u>216,242</u>             | <u>202,528</u>  |
| Total Liabilities   | <u>136,407</u>                              | <u>19,625</u>                | <u>84,602</u>                             | <u>110,621</u>     | <u>351,255</u>             | <u>353,957</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES (Note 15)</b>                                      | <u>163</u>                                  | <u>—</u>                     | <u>21</u>                                 | <u>1,215</u>       | <u>1,399</u>               | <u>1,169</u>  |
| <b>NET POSITION</b>   |   |                              |   |                    |                            |   |
| Net Investment in Capital Assets  | 2,970                                       | —                            | 11  | 114,262            | 117,243                    | 285,579   |
| Restricted for:   |   |                              |   |                    |                            |   |
| Other Purposes  | 3,635                                       | —                            | —   | —                  | 3,635                      | 988   |
| Unrestricted  | (9,783)                                     | 902,878                      | (32,317)                                  | (40,366)           | 820,412                    | 133,088   |
| Total Net Position (Note 19)  | <u>\$ (3,178)</u>                           | <u>\$ 902,878</u>            | <u>\$ (32,306)</u>                        | <u>\$ 73,896</u>   | <u>\$ 941,290</u>          | <u>\$ 419,655</u>                                       |
| Total Net Position Reported Above   |   |                              |   |                    | \$ 941,290                 |   |
| Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds |   |                              |   |                    | (3,400)                    |   |
| Net Position of Business-Type Activities  |   |                              |   |                    | <u>\$ 937,890</u>          |   |

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

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|  | Business-Type Activities - Enterprise Funds |                              |   |                    |                   | Governmental<br>Activities<br>Internal<br>Service Funds |
|--|---|------------------------------|---|--------------------|-------------------|---|
|  | Major Funds                                 |                              |   |                    | Totals            |   |
|  | State<br>Lottery                            | Unemployment<br>Compensation | Petroleum<br>Storage<br>Tank<br>Insurance | Non-Major<br>Funds |                   |   |
| <b>Operating Revenues:</b>   |   |                              |   |                    |                   |   |
| Employer Contributions   | \$ —  | \$ 464,423                   | \$ —                                      | \$ —               | \$ 464,423        | \$ 442,415  |
| Employee Contributions   | —   | —                            | —   | —                  | —                 | 162,322   |
| Federal Contracts  | —   | 4,508                        | —   | —                  | 4,508             | —   |
| Medicare Part D Subsidy  | —   | —                            | —   | —                  | —                 | 6,266   |
| Licenses, Fees, and Permits  | —   | —                            | 12,894                                    | 10,294             | 23,188            | 14,728  |
| Sales  | 1,361,874                                   | —                            | —   | 4,511              | 1,366,385         | 28,119  |
| Leases and Rentals   | —   | —                            | —   | 3,931              | 3,931             | 62,312  |
| Charges for Services   | —   | —                            | —   | 26,767             | 26,767            | 131,269   |
| Cost Reimbursement/Miscellaneous   | 122   | —                            | —   | 731                | 853               | 31,019  |
| Total Operating Revenues   | <u>1,361,996</u>                            | <u>468,931</u>               | <u>12,894</u>                             | <u>46,234</u>      | <u>1,890,055</u>  | <u>878,450</u>  |
| <b>Operating Expenses:</b>   |   |                              |   |                    |                   |   |
| Cost of Goods Sold   | 23,624                                      | —                            | —   | 1,475              | 25,099            | 22,500  |
| Personal Service   | 11,359                                      | —                            | 1,725                                     | 96,779             | 109,863           | 80,087  |
| Operations   | 94,490                                      | —                            | 4,078                                     | 30,025             | 128,593           | 118,483   |
| Prizes Expense   | 932,097                                     | —                            | —   | —                  | 932,097           | —   |
| Specific Programs  | —   | —                            | 13,565                                    | 2,152              | 15,717            | 10,976  |
| Insurance Benefits   | —   | —                            | —   | —                  | —                 | 655,026   |
| Unemployment Benefits  | —   | 318,686                      | —   | —                  | 318,686           | —   |
| Depreciation/Amortization  | 1,013                                       | —                            | 5   | 4,251              | 5,269             | 24,261  |
| Other Charges  | 7,925                                       | —                            | —   | 557                | 8,482             | 14,455  |
| Total Operating Expenses   | <u>1,070,508</u>                            | <u>318,686</u>               | <u>19,373</u>                             | <u>135,239</u>     | <u>1,543,806</u>  | <u>925,788</u>  |
| Operating Income (Loss)  | <u>291,488</u>                              | <u>150,245</u>               | <u>(6,479)</u>                            | <u>(89,005)</u>    | <u>346,249</u>    | <u>(47,338)</u>   |
| <b>Non-Operating Revenues (Expenses):</b>  |   |                              |   |                    |                   |   |
| Contributions and Intergovernmental  | (27)  | —                            | —   | 83,917             | 83,890            | 24  |
| Interest Expense   | —   | —                            | —   | (9)                | (9)               | (1,217)   |
| Investment Earnings:   |   |                              |   |                    |                   |   |
| Net Increase (Decrease) in the<br>Fair Value of Investments                          | (2,553)                                     | —                            | (150)                                     | (55)               | (2,758)           | (2,249)   |
| Interest   | 215   | 15,175                       | 384                                       | 140                | 15,914            | 3,435   |
| Penalties and Unclaimed Properties   | —   | —                            | —   | 77                 | 77                | —   |
| Disposal of Capital Assets   | (19)  | —                            | —   | (234)              | (253)             | (63)  |
| Extraordinary Item   | —   | —                            | —   | (153)              | (153)             | —   |
| Total Non-Operating Revenues (Expenses)  | <u>(2,384)</u>                              | <u>15,175</u>                | <u>234</u>                                | <u>83,683</u>      | <u>96,708</u>     | <u>(70)</u>   |
| Income (Loss) Before Transfers   | 289,104                                     | 165,420                      | (6,245)                                   | (5,322)            | 442,957           | (47,408)  |
| Capital Contributions  | —   | —                            | —   | 920                | 920               | —   |
| Transfers In (Note 17)   | 27  | —                            | —   | 5,482              | 5,509             | 179   |
| Transfers Out (Note 17)  | (291,686)                                   | (2,454)                      | —   | (1,052)            | (295,192)         | (2,127)   |
| Change in Net Position   | (2,555)                                     | 162,966                      | (6,245)                                   | 28                 | 154,194           | (49,356)  |
| Total Net Position - Beginning (Note 18)   | (623)                                       | 739,912                      | (26,061)                                  | 73,868             | 787,096           | 469,011   |
| Total Net Position - Ending (Note 19)  | <u>\$ (3,178)</u>                           | <u>\$ 902,878</u>            | <u>\$ (32,306)</u>                        | <u>\$ 73,896</u>   | <u>\$ 941,290</u> | <u>\$ 419,655</u>                                       |
| Total Net Change in Net Assets Reported Above  |   |                              |   |                    | \$ 154,194        |   |
| Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds |   |                              |   |                    | 1,802             |   |
| Change in Net Assets of Business-Type Activities                                     |   |                              |   |                    | <u>\$ 155,996</u> |   |

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, 2017**  
**(In Thousands of Dollars)**

|   | Business-Type Activities - Enterprise Funds |                              |   |                    |                            |   |
|---|---|------------------------------|---|--------------------|----------------------------|---|
|   | Major Funds                                 |                              |   |                    |                            | Governmental<br>Activities<br>Internal<br>Service Funds |
|   | State<br>Lottery                            | Unemployment<br>Compensation | Petroleum<br>Storage<br>Tank<br>Insurance | Non-Major<br>Funds | Totals<br>June 30,<br>2017 |   |
| <b>Cash Flows from Operating Activities:</b>  |   |                              |   |                    |                            |   |
| Receipts from Internal Customers and Users  | \$ —  | \$ 2,144                     | \$ —                                      | \$ 636             | \$ 2,780                   | \$ 640,479  |
| Receipts from External Customers and Users  | 1,356,827                                   | 501,955                      | 12,845                                    | 44,191             | 1,915,818                  | 201,566   |
| Payments to Suppliers   | (116,414)                                   | —                            | (4,727)                                   | (31,494)           | (152,635)                  | (144,426)   |
| Payments to Employees   | (10,092)                                    | —                            | (1,565)                                   | (86,807)           | (98,464)                   | (71,204)  |
| Payments Made for Program Expense   | (922,664)                                   | (313,224)                    | (14,932)                                  | (2,152)            | (1,252,972)                | (670,860)   |
| Other Receipts  | 122   | —                            | —   | 731                | 853                        | 31,019  |
| Other Payments  | (7,925)                                     | —                            | —   | (557)              | (8,482)                    | (14,455)  |
| Net Cash Provided (Used) by Operating Activities  | <u>299,854</u>                              | <u>190,875</u>               | <u>(8,379)</u>                            | <u>(75,452)</u>    | <u>406,898</u>             | <u>(27,881)</u>   |
| <b>Cash Flows from Non-Capital Financing Activities:</b>  |   |                              |   |                    |                            |   |
| Loans Made to Outside Entities  | —   | —                            | —   | 36                 | 36                         | —   |
| Due to/from Other Funds   | (6,203)                                     | 2,298                        | (2)                                       | 182                | (3,725)                    | 1,009   |
| Due to/from Component Units   | —   | —                            | —   | —                  | —                          | (1)   |
| Contributions and Intergovernmental   | (27)  | —                            | —   | 76,703             | 76,676                     | 24  |
| Transfers to/from Other Funds   | (291,686)                                   | (2,454)                      | —   | 4,393              | (289,747)                  | (1,974)   |
| Net Cash Provided (Used) by Non-Capital Financing Activities  | <u>(297,916)</u>                            | <u>(156)</u>                 | <u>(2)</u>                                | <u>81,314</u>      | <u>(216,760)</u>           | <u>(942)</u>  |
| <b>Cash Flows from Capital and Related Financing Activities:</b>                                      |   |                              |   |                    |                            |   |
| Interest Expense  | —   | —                            | —   | (9)                | (9)                        | (1,217)   |
| Purchases and Construction of Capital Assets  | (1,040)                                     | —                            | (1)                                       | (15,183)           | (16,224)                   | (8,361)   |
| Capital Lease Downpayment/Obligations   | —   | —                            | —   | (176)              | (176)                      | (10,021)  |
| Disposal of Capital Assets  | —   | —                            | —   | —                  | —                          | 195   |
| Net Cash Provided (Used) by Capital and Related Financing Activities                                  | <u>(1,040)</u>                              | <u>—</u>                     | <u>(1)</u>                                | <u>(15,368)</u>    | <u>(16,409)</u>            | <u>(19,404)</u>   |
| <b>Cash Flows from Investing Activities:</b>  |   |                              |   |                    |                            |   |
| Proceeds from Sales and Investment Maturities   | —   | —                            | —   | 3,122              | 3,122                      | 1,190,166   |
| Purchase of Investments   | (6,940)                                     | —                            | (4,410)                                   | (908)              | (12,258)                   | (1,200,205)   |
| Interest and Dividends Received   | 187   | 15,175                       | 360                                       | 145                | 15,867                     | 3,400   |
| Investment Fees   | —   | —                            | —   | —                  | —                          | (23)  |
| Penalties and Other Receipts  | —   | —                            | —   | 77                 | 77                         | —   |
| Net Cash Provided (Used) by Investing Activities  | <u>(6,753)</u>                              | <u>15,175</u>                | <u>(4,050)</u>                            | <u>2,436</u>       | <u>6,808</u>               | <u>(6,662)</u>  |
| Net Increase (Decrease) in Cash   | <u>(5,855)</u>                              | <u>205,894</u>               | <u>(12,432)</u>                           | <u>(7,070)</u>     | <u>180,537</u>             | <u>(54,889)</u>   |
| Cash and Cash Equivalents, Beginning of Year  | 20,614                                      | 587,778                      | 24,639                                    | 11,245             | 644,276                    | 186,728   |
| Cash and Cash Equivalents, End of Year  | <u>\$ 14,759</u>                            | <u>\$ 793,672</u>            | <u>\$ 12,207</u>                          | <u>\$ 4,175</u>    | <u>\$ 824,813</u>          | <u>\$ 131,839</u>                                       |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b> |   |                              |   |                    |                            |   |
| Operating Income (Loss)   | \$ 291,488                                  | \$ 150,245                   | \$ (6,479)                                | \$ (89,005)        | \$ 346,249                 | \$ (47,338)   |
| Depreciation/Amortization Expense   | 1,013                                       | —                            | 5   | 4,251              | 5,269                      | 24,261  |
| Changes in Assets and Liabilities:  |   |                              |   |                    |                            |   |
| Accounts Receivable   | (4,673)                                     | 35,168                       | (43)                                      | (650)              | 29,802                     | (8,316)   |
| Inventories   | —   | —                            | —   | (90)               | (90)                       | 895   |
| Deferred Outflows of Resources  | (3,638)                                     | —                            | (488)                                     | (27,457)           | (31,583)                   | (24,991)  |
| Prepaid Items   | —   | —                            | —   | —                  | —                          | (57)  |
| Accounts Payable  | 1,700                                       | 5,462                        | (649)                                     | 97                 | 6,610                      | (4,281)   |
| Accrued Payroll   | 3   | —                            | (2)                                       | 180                | 181                        | 132   |
| Unearned Revenue  | (374)                                       | —                            | (6)                                       | (26)               | (406)                      | 2,930   |
| Grand Prize Winner Liability  | 9,433                                       | —                            | —   | —                  | 9,433                      | —   |
| Claims Liability  | —   | —                            | (1,367)                                   | —                  | (1,367)                    | (4,858)   |
| Compensated Absences  | (51)  | —                            | (11)                                      | 267                | 205                        | 134   |
| Net Pension Liability   | 5,029                                       | —                            | 673                                       | 37,589             | 43,291                     | 34,052  |
| Deferred Inflows of Resources   | (76)  | —                            | (12)                                      | (608)              | (696)                      | (444)   |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ 299,854</u>                           | <u>\$ 190,875</u>            | <u>\$ (8,379)</u>                         | <u>\$ (75,452)</u> | <u>\$ 406,898</u>          | <u>\$ (27,881)</u>                                      |
| <b>Non-Cash Financing and Investing Activities:</b>   |   |                              |   |                    |                            |   |
| Capital Asset Donations   | \$ —  | \$ —                         | \$ —                                      | \$ 8,134           | \$ 8,134                   | \$ —  |
| Increase (Decrease) in Fair Value of Investments  | (2,553)                                     | —                            | (150)                                     | (55)               | (2,758)                    | (2,249)   |
| Net Non-Cash Financing and Investing Activities   | <u>\$ (2,553)</u>                           | <u>\$ —</u>                  | <u>\$ (150)</u>                           | <u>\$ 8,079</u>    | <u>\$ 5,376</u>            | <u>\$ (2,249)</u>                                       |

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



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*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, 2017**  
(In Thousands of Dollars)

|  | Pension (and Other<br>Employee Benefit)<br>Trust Funds | Private-Purpose<br>Trust Funds | Agency Funds |
|--|--|--------------------------------|--------------|
| <b>ASSETS</b>  |  |                                |              |
| Cash and Cash Equivalents (Note 3)   | \$ 2,421,843   | \$ 6,932                       | \$ 107,427   |
| Investments at Fair Value (Note 3):  |  |                                |              |
| U.S. Government Securities   | 4,195,505  | 2,453                          | 517,316      |
| U.S. Agency Sponsored Securities   | —  | 18,003                         | 25,269       |
| Repurchase   | 571  | —                              | —            |
| Stocks   | 648,790  | 81                             | 18           |
| Bonds  | 993,143  | —                              | —            |
| International Equities   | 981,291  | —                              | —            |
| Mutual and Index Funds   | 1,204,270  | —                              | —            |
| Venture Capital Limited Partnership  | 4,480,294  | —                              | —            |
| Other Investments  | 824,623  | 2,684                          | 791          |
| Invested Securities Lending Collateral (Note 3)  | 56,823   | —                              | —            |
| Assets Held in Escheat   | —  | 23,998                         | —            |
| Receivables:   |  |                                |              |
| Accounts Receivable  | 85,051   | 15                             | 444,815      |
| Interest Receivable  | 5,686  | 9                              | 337          |
| Inventories  | —  | 1                              | —            |
| Prepaid Expenses   | 106  | —                              | —            |
| Capital Assets:  |  |                                |              |
| Land   | 351  | —                              | —            |
| Buildings  | 4,829  | —                              | —            |
| Equipment  | 1,539  | 58                             | —            |
| Software   | 4,028  | 99                             | —            |
| Accumulated Depreciation/Amortization  | (6,214)  | (90)                           | —            |
| Total Capital Assets, Net  | 4,533  | 67                             | —            |
| Total Assets   | 15,902,529   | 54,243                         | \$ 1,095,973 |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b><br><b>(Note 15)</b>                                  | —  | 444                            | \$ —         |
| <b>LIABILITIES</b>   |  |                                |              |
| Accounts Payable   | 37,226   | 1,123                          | \$ 33        |
| Obligations under Repurchase Agreements  | 3,373,774  | —                              | —            |
| Accrued Payroll  | —  | 23                             | —            |
| Due to Other Entities  | —  | —                              | 1,069,791    |
| Due to Individuals   | —  | —                              | 26,149       |
| Securities Lending Obligation (Note 3)   | 58,390   | —                              | —            |
| Unearned Revenue (Note 1)  | 3,846  | —                              | —            |
| Claims Liability   | 9,888  | —                              | —            |
| Compensated Absences   | 606  | 41                             | —            |
| Net Pension Liability  | —  | 1,093                          | —            |
| Total Liabilities  | 3,483,730  | 2,280                          | \$ 1,095,973 |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b><br><b>(Note 15)</b>                                   | —  | 12                             | \$ —         |
| Net Position Restricted for Pension Benefits, OPEB,<br>Deferred Compensation, and Other Purposes | \$ 12,418,799  | \$ 52,395                      |              |

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, 2017**  
**(In Thousands of Dollars)**

|   | Pension (and Other<br>Employee Benefit)<br>Trust Funds | Private-Purpose<br>Trust Funds |
|---|--|--------------------------------|
| <b>Additions:</b>                             |  |                                |
| Contributions:                                |  |                                |
| Employer                                      | \$ 643,464   | \$ —                           |
| Plan Member                                   | 138,368  | —                              |
| Other   | 109,715  | —                              |
| Total Contributions                           | <u>891,547</u>   | <u>—</u>                       |
| Investment Earnings:                          |  |                                |
| Increase (Decrease) in Appreciation of Assets | 649,589  | 7,305                          |
| Interest and Dividends                        | 189,788  | 751                            |
| Securities Lending Income                     | 641  | —                              |
| Total Investment Earnings                     | <u>840,018</u>   | <u>8,056</u>                   |
| Less Investment Expenses:                     |  |                                |
| Investment Activity Expense                   | (170,731)  | —                              |
| Securities Lending Expense                    | (341)  | —                              |
| Total Investment Expense                      | <u>(171,072)</u>                                       | <u>—</u>                       |
| Net Investment Earnings (Loss)                | <u>668,946</u>   | <u>8,056</u>                   |
| Unclaimed Property                            | —  | 30,132                         |
| Cost Reimbursement/Miscellaneous              | 2,982  | 6,963                          |
| Total Additions                               | <u>1,563,475</u>                                       | <u>45,151</u>                  |
| <b>Deductions:</b>                            |  |                                |
| Benefits                                      | 1,261,626  | —                              |
| Administrative Expenses                       | 23,166   | 2,522                          |
| Program Distributions                         | 80,363   | 53,600                         |
| Service Transfer Payments                     | 1,844  | —                              |
| Depreciation/Amortization                     | 586  | 38                             |
| Total Deductions                              | <u>1,367,585</u>                                       | <u>56,160</u>                  |
| Change in Net Position                        | 195,890  | (11,009)                       |
| Net Position - Beginning of Year (Note 18)    | <u>12,222,909</u>                                      | <u>63,404</u>                  |
| Net Position - End of Year                    | <u>\$ 12,418,799</u>                                   | <u>\$ 52,395</u>               |

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



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*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, 2017**  
**(In Thousands of Dollars)**

| <b>ASSETS</b>   | College and<br>Universities | Non-Major         | Totals<br>June 30,<br>2017 |
|---|-----------------------------|-------------------|----------------------------|
| Current Assets:   |                             |                   |                            |
| Cash and Cash Equivalents   | \$ 370,111                  | \$ 49,481         | \$ 419,592                 |
| Investments   | 240,057                     | 28,723            | 268,780                    |
| Invested Securities Lending Collateral                                | 7,437                       | —                 | 7,437                      |
| Receivables, Net  | 514,150                     | 1,644             | 515,794                    |
| Inventories   | 58,337                      | 1                 | 58,338                     |
| Restricted Assets:  |                             |                   |                            |
| Cash and Cash Equivalents   | 190,521                     | 596               | 191,117                    |
| Investments   | 23,510                      | 11,413            | 34,923                     |
| Receivables, Net  | 26,982                      | 5,456             | 32,438                     |
| Deposits and Prepaid Expenses   | 44,577                      | 213               | 44,790                     |
| Other Assets  | 767                         | —                 | 767                        |
| Total Current Assets  | <u>1,476,449</u>            | <u>97,527</u>     | <u>1,573,976</u>           |
| Non-Current Assets:   |                             |                   |                            |
| Investments   | 2,379,193                   | 24,860            | 2,404,053                  |
| Receivables, Net  | 136,300                     | 25,597            | 161,897                    |
| Restricted Assets:  |                             |                   |                            |
| Cash and Cash Equivalents   | 11,170                      | 8,356             | 19,526                     |
| Investments   | 1,388,466                   | 11,957            | 1,400,423                  |
| Receivables, Net  | 1,492                       | 22,669            | 24,161                     |
| Other Assets  | 18,427                      | —                 | 18,427                     |
| Capital Assets, Net of Accumulated Depreciation/Amortization (Note 5) | <u>5,404,151</u>            | <u>67,253</u>     | <u>5,471,404</u>           |
| Total Non-Current Assets  | <u>9,339,199</u>            | <u>160,692</u>    | <u>9,499,891</u>           |
| Total Assets  | <u>10,815,648</u>           | <u>258,219</u>    | <u>11,073,867</u>          |
| <b>DEFERRED OUTFLOWS OF RESOURCES (Note 15)</b>                       | <u>442,016</u>              | <u>1,330</u>      | <u>443,346</u>             |
| <b>LIABILITIES</b>  |                             |                   |                            |
| Current Liabilities:  |                             |                   |                            |
| Accounts Payable and Accrued Liabilities                              | 501,924                     | 266               | 502,190                    |
| Due to Primary Government (Note 16)                                   | —                           | 563               | 563                        |
| Securities Lending Obligation   | 7,437                       | —                 | 7,437                      |
| Unearned Revenue (Note 1)   | 136,149                     | —                 | 136,149                    |
| Deposits  | 91,170                      | —                 | 91,170                     |
| Claims Liability (Note 22)  | 45,688                      | —                 | 45,688                     |
| Compensated Absences  | 75,719                      | 74                | 75,793                     |
| Other Postemployment Obligations, Net                                 | 386                         | —                 | 386                        |
| Capital Lease Obligations (Note 6)                                    | 5,624                       | —                 | 5,624                      |
| Bonds and Notes Payable (Note 12)                                     | <u>357,366</u>              | <u>214</u>        | <u>357,580</u>             |
| Total Current Liabilities   | <u>1,221,463</u>            | <u>1,117</u>      | <u>1,222,580</u>           |
| Non-Current Liabilities:  |                             |                   |                            |
| Accounts Payable and Accrued Liabilities                              | 53,697                      | —                 | 53,697                     |
| Advance from Primary Government (Note 16)                             | —                           | 517               | 517                        |
| Unearned Revenue (Note 1)   | 17,211                      | 837               | 18,048                     |
| Deposits and Reserves   | 402                         | 15,433            | 15,835                     |
| Claims Liability (Note 22)  | 45,201                      | —                 | 45,201                     |
| Compensated Absences  | 32,982                      | 40                | 33,022                     |
| Other Postemployment Obligations, Net                                 | 220,657                     | —                 | 220,657                    |
| Capital Lease Obligations (Note 6)                                    | 39,885                      | —                 | 39,885                     |
| Bonds and Notes Payable (Note 12)                                     | 2,041,547                   | 19,482            | 2,061,029                  |
| Net Pension Liability   | <u>1,328,141</u>            | <u>2,298</u>      | <u>1,330,439</u>           |
| Total Non-Current Liabilities   | <u>3,779,723</u>            | <u>38,607</u>     | <u>3,818,330</u>           |
| Total Liabilities   | <u>5,001,186</u>            | <u>39,724</u>     | <u>5,040,910</u>           |
| <b>DEFERRED INFLOWS OF RESOURCES (Note 15)</b>                        | <u>55,950</u>               | <u>60</u>         | <u>56,010</u>              |
| <b>NET POSITION</b>   |                             |                   |                            |
| Net Investment in Capital Assets                                      | 3,006,213                   | 47,557            | 3,053,770                  |
| Restricted for:   |                             |                   |                            |
| Expendable  | 588,606                     | —                 | 588,606                    |
| Non-Expendable  | 1,156,556                   | —                 | 1,156,556                  |
| Other Purposes  | —                           | 96,052            | 96,052                     |
| Unrestricted  | <u>1,449,153</u>            | <u>76,156</u>     | <u>1,525,309</u>           |
| Total Net Position  | <u>\$ 6,200,528</u>         | <u>\$ 219,765</u> | <u>\$ 6,420,293</u>        |

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

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION/STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|  | College and<br>Universities | Non-Major  | Totals<br>June 30, 2017 | Adjustments | Statement of<br>Activities |
|--|-----------------------------|------------|-------------------------|-------------|----------------------------|
| <b>Revenues:</b>   |                             |            |                         |             |                            |
| Operating Revenues:  |                             |            |                         |             |                            |
| Licenses, Fees, and Permits  | \$ —                        | \$ 1,188   | \$ 1,188                | \$ —        | \$ 1,188                   |
| Student Tuition and Fees (Net of Scholarship Allow.)                               | 1,035,576                   | —          | 1,035,576               | —           | 1,035,576                  |
| Sales and Services of Educational Departments                                      | 48,419                      | —          | 48,419                  | —           | 48,419                     |
| Auxiliary Enterprises  | 1,957,920                   | —          | 1,957,920               | —           | 1,957,920                  |
| Leases and Rentals   | —                           | 6,635      | 6,635                   | —           | 6,635                      |
| Cost Reimbursement/Miscellaneous   | 91,019                      | 2,506      | 93,525                  | 1,175       | 94,700                     |
| Total Charges for Services   |                             |            |                         |             | 3,144,438                  |
| Federal Appropriations, Grants, and Contracts                                      | 190,023                     | —          | 190,023                 | 200,096     | 390,119                    |
| State Grants and Contracts   | 89,642                      | —          | 89,642                  | 748,451     | 838,093                    |
| Private Gifts, Grants, and Contracts   | 80,556                      | —          | 80,556                  | 94,365      | 174,921                    |
| Additions to Endowments  | 1,226                       | —          | 1,226                   | 33,139      | 34,365                     |
| Total Operating Grants and Contributions   |                             |            |                         |             | 1,437,498                  |
| Interest Revenue   | —                           | 2,070      | 2,070                   | (2,070)     |                            |
| Total Operating Revenues   | 3,494,381                   | 12,399     | 3,506,780               | 1,075,156   |                            |
| <b>Expenses:</b>   |                             |            |                         |             |                            |
| Operating Expenses:  |                             |            |                         |             |                            |
| Personal Service   | 2,799,191                   | 1,680      | 2,800,871               | —           | 2,800,871                  |
| Operations   | —                           | 4,591      | 4,591                   | —           | 4,591                      |
| Specific Programs  | —                           | 650        | 650                     | —           | 650                        |
| Scholarships and Fellowships   | 144,703                     | —          | 144,703                 | —           | 144,703                    |
| Utilities  | 33,818                      | —          | 33,818                  | —           | 33,818                     |
| Supplies and Other Services  | 1,174,879                   | —          | 1,174,879               | —           | 1,174,879                  |
| Contracted Services  | 37,370                      | —          | 37,370                  | —           | 37,370                     |
| Interest Expense   | —                           | —          | —                       | 96,989      | 96,989                     |
| Depreciation/Amortization  | 316,600                     | 1,988      | 318,588                 | —           | 318,588                    |
| Bad Debt Expense   | —                           | 22         | 22                      | —           | 22                         |
| Miscellaneous  | 37,216                      | 67         | 37,283                  | 2,572       | 39,855                     |
| Total Operating Expenses   | 4,543,777                   | 8,998      | 4,552,775               | 99,561      | 4,652,336                  |
| Operating Income (Loss)  | (1,049,396)                 | 3,401      | (1,045,995)             | 975,595     |                            |
| <b>Non-Operating Revenues (Expenses):</b>  |                             |            |                         |             |                            |
| Federal Appropriations, Grants, and Contracts                                      | 200,096                     | —          | 200,096                 | (200,096)   | —                          |
| State Appropriations, Grants, and Contracts  | 748,451                     | —          | 748,451                 | (748,451)   | —                          |
| Private Gifts, Grants, and Contracts   | 94,365                      | —          | 94,365                  | (94,365)    | —                          |
| Contributions and Intergovernmental  | —                           | 4,682      | 4,682                   | —           | 4,682                      |
| Total Unrestricted Grants and Contributions  |                             |            |                         |             | 4,682                      |
| Investment Earnings:   |                             |            |                         |             |                            |
| Increase (Decrease) in the Fair Value of<br>Investment and Endowment Income (Loss) | —                           | (482)      | (482)                   | —           | (482)                      |
| Interest   | 294,098                     | —          | 294,098                 | —           | 294,098                    |
| Interest and Bond Related Expenses   | —                           | 1,115      | 1,115                   | 2,070       | 3,185                      |
| Gain (Loss) on Sale of Capital Assets  | (95,993)                    | (996)      | (96,989)                | 96,989      | —                          |
| Miscellaneous Revenues (Expenses)  | (2,521)                     | —          | (2,521)                 | 2,521       | —                          |
| Total Unrestricted Investment Earnings   | 1,175                       | (51)       | 1,124                   | (1,124)     | —                          |
| Total Non-Operating Revenues (Expenses)  | 1,239,671                   | 4,268      | 1,243,939               | (942,456)   | 296,801                    |
| Income Before Other Revenues (Expenses) Or Gains<br>(Losses)                       | 190,275                     | 7,669      | 197,944                 | 33,139      |                            |
| State Capital Appropriations   | 162,977                     | —          | 162,977                 | —           | 162,977                    |
| Total Capital Grants and Contributions   |                             |            |                         |             | 162,977                    |
| Additions to Endowments  | 33,139                      | —          | 33,139                  | (33,139)    | —                          |
| Special Items  | —                           | 5,868      | 5,868                   | —           | 5,868                      |
| Change in Net Position   | 386,391                     | 13,537     | 399,928                 | —           | 399,928                    |
| Net Position - Beginning of Year (Note 18)   | 5,814,137                   | 206,228    | 6,020,365               | —           | 6,020,365                  |
| Net Position - End of Year   | \$ 6,200,528                | \$ 219,765 | \$ 6,420,293            | \$ —        | \$ 6,420,293               |

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



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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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**Note 1 - Significant Accounting Policies**

**A. Financial Statements and Reporting Entity**

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

The financial statements include the departments, agencies, boards, commissions, and other organizational units over which the State has financial accountability. GASB set forth the following criteria in Statement No. 14, *The Financial Reporting Entity*, for determining financial accountability: appointment of a voting majority of an organization's governing body and either: 1) the ability to impose the State's will on the organization; or 2) the organization's ability to provide specific benefits to, or impose specific burdens on, the primary government. Where the State does not appoint a voting majority of the governing body, the entity would still be included if it is fiscally dependent on the State. Statement No. 39, *Determining Whether Certain Entities are Component Units*, added a requirement to include all entities whose relationship with the State would make it misleading to exclude it. Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, improves financial reporting by amending GASB Statement No. 14, *The Financial Reporting Entity*, and Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, in blending component units: 1) if there is a financial benefit or burden relationship with the primary government; 2) management of the primary government has operational responsibility for the component unit's activities; and 3) if the total outstanding debt is expected to be repaid entirely or almost entirely with the resources of the primary government. GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, requires component units to be blended if they are incorporated as not-for-profit corporations and the primary government is the sole corporate member.

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

Component Units (Blended):

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

Governmental Funds:

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 1 - Significant Accounting Policies (cont.)**

Board of Private Investigator and Private Fire Investigator Examiners – The Board was created by state law and is charged with the licensure and regulation of the practice of private investigators and private fire investigators in Missouri. The seven member board shall consist of three private investigators, two private fire investigators, and two public members, appointed by the Governor. The Board is appointed by the primary government. It is therefore considered blended special revenue fund and shown in the financial statements as part of the primary government.

Board of Unemployment Fund Financing – The Board was created by state law to provide a method of providing funds for the payment of unemployment benefits and maintaining an adequate fund balance in the Unemployment Compensation Fund. The Board is comprised of the Governor, Lieutenant Governor, Attorney General, the Director of the Department of Labor and Industrial Relations, and the Commissioner of Administration. The Board is substantively the same as the primary government and is therefore reported as part of the primary government, within the General Fund .

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.



STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 1 - Significant Accounting Policies (cont.)**

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

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

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

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 1 - Significant Accounting Policies (cont.)**

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

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.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 1 - Significant Accounting Policies (cont.)**

Major

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

**Harris-Stowe State University**

3026 Laclede Avenue  
St. Louis, Missouri 63103

**Lincoln University**

820 Chestnut Street  
Jefferson City, Missouri 65102

**Missouri Southern State University**

3950 East Newman Road  
Joplin, Missouri 64801-1595

**Missouri State University**

901 South National Avenue, Room 119  
Springfield, Missouri 65897

**Missouri Western State University**

4525 Downs Drive  
St. Joseph, Missouri 64507

**Northwest Missouri State University**

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

**Southeast Missouri State University**

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

**State Technical College of Missouri**

One Technology Drive  
Linn, Missouri 65051

**Truman State University**

Business Office  
100 East Normal  
Kirksville, Missouri 63501

**University of Central Missouri**

316 Administration Building  
Warrensburg, Missouri 64093

**University of Missouri System**

118 University Hall  
Columbia, Missouri 65211

Non-Major

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 1 - Significant Accounting Policies (cont.)**

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

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

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

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

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

Related Organizations

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

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

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

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

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

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

Government-Wide Financial Statements:

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

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

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

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

Fund Financial Statements:

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

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

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

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

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

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



STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

The State reports the following major funds categories:

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

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

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

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

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

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

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

**C. Basis of Presentation**

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

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

Primary Government:

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

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

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

Discretely Presented Component Units:

Major

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

Non-Major

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

**D. Cash and Cash Equivalents**

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

**E. Investments**

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

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

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

**F. Interfund Receivables/Payables**

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

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

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

**H. Inventories**

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

**I. Capital Assets**

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

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

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

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

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

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

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

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

**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 lease/purchases reported include the present value of net minimum future lease payments, which will be paid from the General Fund, various special revenue funds, proprietary funds, and the Missouri Road Fund (see *Notes 6 and 11*).
6. Pollution remediation liabilities are measured based on the pollution remediation outlays expected to be incurred to settle those liabilities. These liabilities include all remediation work that the State expects to perform, including work expected to be performed for other responsible parties or potentially responsible parties, whether or not the State is required to do that work. For goods or services used for pollution remediation activities, amounts that are normally expected to be liquidated with expendable available financial resources are recognized as liabilities upon receipt of those goods and services (see *Note 11 and 23*).

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

7. Compensated absences include accumulated unpaid vacation and compensatory time accruals and related employer payroll taxes. These amounts are not accrued in the governmental funds, but are recorded as expenditures when paid (see *Note 11*).

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

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

8. Claims and contingent liabilities include estimates of the risk of loss related to tort liability, general liability, motor vehicle liability, contractor liability, and injuries to employees. These liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred, but not reported. Expenditures are recorded in the fund from which the liability is paid (see *Notes 11, 22, and 24*).
9. The State provides postemployment health care and life insurance benefits to the majority of employees who either retire from the State or receive long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the MoDOT/MSHP Medical and Life Insurance Plan (MHPML), and the Conservation Employees' Insurance Plan (CEIP). Health care benefits and MOSERS life insurance benefits are funded through both employer and employee contributions. The annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer (see *Note 8*).

10. The State has two major retirement systems which cover substantially all State employees and a retirement plan for University of Missouri employees. These systems are the Missouri State Employees' Retirement System (MOSERS) and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS). The Missouri State Employees' Plan (MSEP) is a cost-sharing 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.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

**M. Net Position**

Net Position is reported in three categories:

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

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

Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. At June 30, 2017, net position restricted by enabling legislation equaled \$511,411,000 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.

**N. Interfund Transactions**

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

1. Transactions that would be treated as revenues or expenditures/expenses, if they involved organizations external to the State, are similarly treated when involving other funds of the State. Major transactions that fall into this category include payments to internal service funds from other funds for services rendered and to agency funds for contributions for employee benefits.
2. Transactions that reimburse another fund for an expense reduce the expenses of the fund that is being reimbursed and increase the expenses for the fund doing the reimbursement. Therefore, they are not shown on the face of the statements.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

3. Operating subsidies and transfers from funds receiving revenues to funds through which the resources are to be expended are classified as transfers (see *Note 17*). These transactions are eliminated on the face of the financial statements if the transfer in and transfer out are either both in governmental funds or both in enterprise funds. Of the remaining transfers, any transfers in and transfers out that are within the governmental activities are eliminated at the Government-Wide Statement of Activities.

**O. Property Taxes**

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

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

**Note 2 - Reporting Changes and Classifications**

The State of Missouri implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ending June 30, 2017:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which addresses financial reporting for Other Postemployment Benefits in defined benefit and defined contribution plans administered through trusts meeting specified criteria, as well as guidance for plans not in a trust. For plans administered through trusts meeting the specified criteria, the standard requires a statement of fiduciary net position and a statement of changes in fiduciary net position, as well as note disclosures and RSI. The implementation of this statement did not have an impact on the State's Comprehensive Annual Financial Report, however the Missouri Consolidated Health Care Plan, the MoDOT and MSHP Medical and Life Insurance Plan, and the Conservation Employees' Insurance Plan implemented this statement in their separately issued financial statements.
- GASB Statement No. 77, *Tax Abatement Disclosures*, which requires note disclosure of programs of state and local governments that reduce tax revenues through agreements made with individuals or entities where the individual or entity promises to take specific action that contributes to the economic development of the government. It also requires disclosure of tax abatement programs initiated by other governments that reduce the reporting government's tax revenues. The implementation of this statement affects disclosures found in *Note 20 - Tax Abatement Disclosures*.



STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and with state or local governmental employers whose employees are provided with such pensions. The statement establishes new guidance for these employers, including requirements for recognition and measurement of pension expense and liabilities, note disclosures, and RSI. The implementation of this statement did not have an impact on the financial statements.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, which requires blending component units which are incorporated as not-for-profit corporations in the financial statements when the government is the sole corporate member. The implementation of this statement resulted in the blended presentation in the University of Missouri's financial statements and note disclosures of the Medical Alliance, Columbia Surgical Services (CSS), and Columbia Family Medical Services (CFMS). The Medical Alliance and CSS had previously been reported as discretely presented component units while CFMS began operations in fiscal year 2017.
- GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements Nos. 67, 68, and 73*, which addresses the presentation of payroll-related measures in RSI, the selection of assumptions and the treatment of deviations from guidance in Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy member contribution requirements. The implementation of this statement affects disclosures found in *Note 7- Retirement Systems* and RSI.

**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, 2017.

**A. Deposits**

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

Primary Government

At June 30, 2017, the bank balance of the primary government's deposits was \$1,420,813,000. Of the bank amount, \$2,944,000 was exposed to custodial credit risk by being uninsured and uncollateralized, \$16,195,000 by being uninsured and collateralized with securities held by the pledging financial institutions, \$788,297,000 was held by the U.S. Treasury, and the remainder was not exposed to custodial risk.

Fiduciary

At June 30, 2017, the bank balance of the deposits of the fiduciary funds was \$111,832,000. Of the bank amount, \$54,000 was exposed to custodial credit risk by being uninsured and uncollateralized.

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 2017.

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

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

Primary Government

At June 30, 2017, the reported amount of the primary government's investments was \$3,404,520,000. Of this amount, \$151,664,000 was exposed to custodial credit risk because it was uninsured and unregistered with securities held by the State's counterparty.

Fiduciary

At June 30, 2017, the reported amount of the fiduciary funds investments was \$16,329,857,000. Of this amount, \$19,961,000 was exposed to custodial credit risk because it was uninsured and unregistered with securities held by the State's counterparty.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

Component Units

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

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

|  | Maturity in Years |                  |               |              |              | Total Fair Value * |
|--|-------------------|------------------|---------------|--------------|--------------|--------------------|
|  | Less than 1       | 1-5              | 6-10          | More than 10 | No Maturity  |                    |
| All Fund Types except<br>Fiduciary Funds and<br>Component Units: |                   |                  |               |              |              |                    |
| U.S. Treasury Securities   | \$ 366,245        | \$ 41,282        | \$ 12,633     | \$ 7,916     | \$ —         | \$ 428,076         |
| U.S. Agency Securities   | 304,164           | 1,726,043        | —             | —            | —            | 2,030,207          |
| U.S. Government Guaranteed Mortgages                             | 97                | 4,911            | —             | —            | —            | 5,008              |
| Collateralized Mortgage Obligations                              | 60                | 1,867            | —             | —            | —            | 1,927              |
| U.S. Agency-Sponsored Securities                                 | 7,554             | 111,222          | 902           | —            | —            | 119,678            |
| Repurchase Agreements  | 807,182           | —                | —             | —            | —            | 807,182            |
| Stocks   | —                 | —                | —             | —            | 6,768        | 6,768              |
| Bonds  | 279               | 934              | 412           | 627          | —            | 2,252              |
| Certificates of Deposit  | —                 | 594              | —             | —            | —            | 594                |
| Mutual Funds   | —                 | —                | —             | —            | 2,828        | 2,828              |
| Subtotal   | <u>1,485,581</u>  | <u>1,886,853</u> | <u>13,947</u> | <u>8,543</u> | <u>9,596</u> | <u>3,404,520</u>   |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

|  | Maturity in Years   |                     |                   |                     |                     | Total Fair Value *   |
|--|---------------------|---------------------|-------------------|---------------------|---------------------|----------------------|
|  | Less than 1         | 1-5                 | 6-10              | More Than 10        | No Maturity         |                      |
| Fiduciary Funds:                           |                     |                     |                   |                     |                     |                      |
| U.S. Government Securities                 | 47,943              | 16,251              | —                 | 66,394              | —                   | 130,588              |
| U.S. Treasury Securities                   | 793,523             | 2,625,074           | —                 | 1,032,626           | —                   | 4,451,223            |
| U.S. Agency Securities                     | 3,689               | 53,708              | 12,455            | 38,794              | —                   | 108,646              |
| U.S. Government Mortgage-Backed Securities | —                   | 12,669              | 1,230             | 34,230              | —                   | 48,129               |
| U.S. Agency-Sponsored Securities           | 19,961              | —                   | —                 | —                   | —                   | 19,961               |
| Repurchase Agreements                      | 20,035              | —                   | —                 | —                   | —                   | 20,035               |
| Stocks                                     | —                   | —                   | —                 | —                   | 648,889             | 648,889              |
| Bonds                                      | 2,501               | 834,994             | 33,584            | 115,261             | 6,803               | 993,143              |
| International Equities                     | —                   | 48,598              | —                 | —                   | 932,693             | 981,291              |
| Mortgages/Real Estate                      | —                   | 12,429              | —                 | 54,214              | 241,421             | 308,064              |
| Asset-Backed Securities                    | —                   | 405                 | 101,341           | 90,644              | —                   | 192,390              |
| Short-Term Securities                      | 2,586,356           | —                   | —                 | —                   | —                   | 2,586,356            |
| Foreign Currencies                         | 85                  | —                   | —                 | —                   | —                   | 85                   |
| Mutual Funds                               | —                   | —                   | —                 | —                   | 1,204,270           | 1,204,270            |
| Venture Capital Limited Partnership        | —                   | —                   | —                 | —                   | 4,480,294           | 4,480,294            |
| Absolute Return                            | —                   | —                   | —                 | —                   | 149,641             | 149,641              |
| Other                                      | —                   | —                   | —                 | —                   | 6,852               | 6,852                |
| Subtotal                                   | <u>3,474,093</u>    | <u>3,604,128</u>    | <u>148,610</u>    | <u>1,432,163</u>    | <u>7,670,863</u>    | <u>16,329,857</u>    |
| Total Investments                          | <u>\$ 4,959,674</u> | <u>\$ 5,490,981</u> | <u>\$ 162,557</u> | <u>\$ 1,440,706</u> | <u>\$ 7,680,459</u> | <u>\$ 19,734,377</u> |

\*The State Treasurer's Office reports their repurchase agreements in the amount of \$780,508 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 \$480,000 and \$335,000 respectively, at contract value.

The State minimizes concentration of credit risk, the risk attributed to the magnitude of an investment in a single issuer. State statute prohibits the State Treasurer's Office from investing more than 10% of the total time deposits with any single financial institution. State investment policy limits investment in commercial paper to 5% of the total portfolio per issuer and no more than 15% of the total portfolio may be invested in repurchase agreements with a single counterparty. There are no restrictions in the amount that can be invested in U.S. securities. During fiscal year 2017, the State did not have any instances of noncompliance with these requirements and policies.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

Investments Measured at Fair Value as of June 30, 2017 for the Primary Government (in thousands):

|   | Total               | Fair Value Measurements Using  |   |  |
|---|---------------------|--|---|--|
|   |                     | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <b>Equity Securities</b>                        |                     |  |   |  |
| Repurchase Agreements                           | \$ 35,400           | \$ 6,792   | \$ 28,608   | \$ —   |
| Stocks  | 6,768               | 6,768  | —   | —  |
| Mutual Funds                                    | 2,828               | 2,828  | —   | —  |
| <b>Total Equity Securities</b>                  | <b>44,996</b>       | <b>16,388</b>  | <b>28,608</b>   | <b>—</b>   |
| <b>Debt Securities</b>                          |                     |  |   |  |
| U.S. Treasury Securities                        | 428,076             | 58,420   | 369,656   | —  |
| U.S. Agency Securities                          | 2,030,207           | —  | 2,030,207   | —  |
| U.S. Government Guaranteed<br>Mortgages         | 5,008               | —  | 5,008   | —  |
| Collateralized Mortgage<br>Obligations          | 1,928               | —  | 1,928   | —  |
| U.S. Agency- Sponsored<br>Securities            | 119,678             | —  | 119,678   | —  |
| Bonds   | 2,252               | 2,252  | —   | —  |
| Certificates of Deposit                         | 594                 | 594  | —   | —  |
| <b>Total Debt Securities</b>                    | <b>2,587,743</b>    | <b>61,266</b>  | <b>2,526,477</b>  | <b>—</b>   |
| <b>Total Primary Government<br/>Investments</b> | <b>\$ 2,632,739</b> | <b>\$ 77,654</b>   | <b>\$ 2,555,085</b>                                       | <b>\$ —</b>  |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

Investments Measured at Fair Value as of June 30, 2017 for the Fiduciary funds (in thousands):

|                                    | Total       | Fair Value Measurements Using  |   |  |
|------------------------------------|-------------|--|---|--|
|                                    |             | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Short Term Securities              | \$ 163,527  | \$ 163,527   | \$ —  | \$ —   |
| Equity Securities                  |             |  |   |  |
| Stocks                             | 279,695     | 279,667  | 22  | 6  |
| Mutual Funds                       | 388,037     | 388,037  | —   | —  |
| Other Investments                  | 6,852       | 6,852  | —   | —  |
| Total Equity Securities            | 674,584     | 674,556  | 22  | 6  |
| Debt Securities                    |             |  |   |  |
| U.S. Treasury Securities           | 4,782,174   | 4,723,138  | 59,036  | —  |
| U.S. Agency Securities             | 477,460     | 19,962   | 457,498   | —  |
| U.S. Short-Term Securities         | 717,520     | 717,520  | —   | —  |
| Collateralized Debt<br>Obligations | 200,948     | —  | 87,399  | 113,549  |
| Repurchase Agreements              | 1,100,571   | —  | 1,100,571   | —  |
| Bonds                              | 166,031     | —  | 75,719  | 90,312   |
| Foreign Debt Securities            | 49,144      | —  | 49,144  | —  |
| Mortgage Backed Securities         | 107,691     | —  | 46,150  | 61,541   |
| Total Debt Securities              | 7,601,539   | 5,460,620  | 1,875,517   | 265,402  |
| Private Markets*                   |             |  |   |  |
| Private Equity                     | 348,962     | —  | —   | 348,962  |
| Real Estate                        | 72,515      | —  | —   | 72,515   |
| Real Assets                        | 221,757     | —  | —   | 221,757  |
| Opportunistic Debt                 | 156,103     | —  | —   | 156,103  |
| Total Private Markets              | 799,337     | —  | —   | 799,337  |
| Reverse Repurchase Agreements      | (3,373,774) | —  | (3,373,774)   | —  |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

Investments Measured at Fair Value as of June 30, 2017 for the Fiduciary funds (in thousands) (cont.):

|   | Total         | Fair Value Measurements Using  |   |  |
|---|---------------|--|---|--|
|   |               | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Investment Derivative<br>Instruments          |               |  |   |  |
| Future Contracts                              | \$ 21,913     | \$ 21,913  | \$ —  | \$ —   |
| Foreign Exchange Foreign<br>Swap Market Value | 80<br>(3,925) | 80<br>—  | —<br>(3,925)  | —<br>—   |
| Equity Futures                                | 151           | 151  | —   | —  |
| Equity Swaps                                  | (218)         | —  | (218)   | —  |
| FX Forwards (liabilities)                     | (455)         | —  | (455)   | —  |
| Total Investment Derivative<br>Instruments    | 17,546        | 22,144   | (4,598)   | —  |
| Total Investments by Fair Value Level         | \$ 5,882,759  | \$ 6,320,847   | \$ (1,502,833)  | \$ 1,064,745                                       |

Investments Measured at the Net Asset Value (NAV):

|  | Total         |
|--|---------------|
| Active Hedge Funds                       | \$ 2,814,149  |
| Commingled international equity funds    | 1,522,306     |
| MOSERS investment portfolio fund         | 4,673         |
| Missouri target date funds               | 817,453       |
| Private equity funds                     | 760,772       |
| Private real estate funds                | 118,184       |
| Private timber funds                     | 216,144       |
| Total investments measured at NAV        | \$ 6,253,681  |
| Total Investments Measured at Fair Value | \$ 12,136,440 |
| Other Investments                        |               |
| Other cash and receivables/payables      | \$ (10,593)   |
| Reported at Contract Value               | 814,750       |
| Total Other Investments                  | \$ 804,157    |

\*As of June 30 2017, Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) has unfunded commitments in private markets investments consisting of \$117,075,000 in private equity, \$68,646,000 in real estate, \$61,038,000 in real assets, and \$113,439,000 in opportunistic debt.



**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

Investments Measured at the Net Asset Value as of June 30, 2017 (in thousands):

| Investments  | Fair Value          | Unfunded<br>Commitments<br>(U.S. Dollars) | Unfunded<br>Commitments<br>(Euro Currency) | Redemption Frequency<br>(If currently eligible) | Redemption Notice<br>Period (Days) |
|--|---------------------|---|--|---|------------------------------------|
| Active hedge funds                                     |                     |   |  |   |                                    |
| Activist equity <sup>1</sup>                           | \$ 27,305           | \$ —                                      | € —  | Yearly, Every 3 Years                           | 90                                 |
| Commodity trading<br>advisors <sup>2</sup>             | 19,289              | —   | —  | Monthly   | 30                                 |
| Equity long/short <sup>3</sup>                         | 249,893             | —   | —  | Quarterly, Semi-<br>Annually, Annually          | 30-60                              |
| Equity market neutral <sup>4</sup>                     | 115,017             | —   | —  | Monthly for MPERS<br>Quarterly for MOSERS;      | 90                                 |
| Event driven <sup>5</sup>                              | 230,386             | —   | —  | Monthly for MPERS                               | 60-90                              |
| Fund-of-funds <sup>6</sup>                             | 240,744             | —   | —  | Monthly   | 95                                 |
| Global asset allocation <sup>7</sup>                   | 17,771              | —   | —  | Monthly   | 5                                  |
| In liquidation <sup>8</sup>                            | 204,512             | —   | —  | N/A   | N/A                                |
| Macro <sup>9</sup>                                     | 223,258             | —   | —  | Monthly, Quarterly                              | 30-90                              |
| Merger arbitrage <sup>10</sup>                         | 115,091             | —   | —  | Monthly   | 45                                 |
| Multi-strategies <sup>11</sup>                         | 83,785              | —   | —  | Quarterly                                       | 60-90                              |
| Risk parity <sup>12</sup>                              | 867,274             | —   | —  | Monthly   | 5-15                               |
| Risk premia <sup>13</sup>                              | 408,424             | —   | —  | Bi-weekly, Monthly                              | 15-30                              |
| Structured credit -<br>relative value <sup>14</sup>    | 11,400              | —   | —  | Quarterly                                       | 60                                 |
| Total active hedge funds                               | <u>2,814,149</u>    | <u>—</u>                                  | <u>—</u>                                   |   |                                    |
| Commingled international<br>equity funds <sup>15</sup> | 1,522,306           | —   | —  | Daily, Monthly                                  | 0-90                               |
| MOSERS investment<br>portfolio fund <sup>16</sup>      | 4,673               | —   | —  | Monthly   | None                               |
| Missouri target date funds <sup>17</sup>               | 817,453             | —   | —  | Daily   | None                               |
| Private equity funds <sup>18</sup>                     | 760,772             | 307,845                                   | € 869                                      | N/A   | N/A                                |
| Private real estate funds <sup>18</sup>                | 118,184             | 19,099                                    | —  | N/A   | N/A                                |
| Private timber funds <sup>18</sup>                     | 216,144             | —   | —  | N/A   | N/A                                |
| Total investments measured<br>at NAV                   | <u>\$ 6,253,681</u> | <u>\$ 326,944</u>                         | <u>€ 869</u>                               |   |                                    |

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

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

<sup>3</sup>Long/short equity hedge funds – This value is 89.9% from MOSERS and 10.1% from MPERS. Consisting of 3 funds for MOSERS and 3 funds for MPERS, this strategy invests both long and short in U.S. and global equity securities, with a goal of adding growth and minimizing market exposure. Due to contractual lock-up restrictions, these investments remain restricted from anywhere ranging from 4 to 18 months for MOSERS and 6 to 9 months for MPERS.

<sup>4</sup>Equity market neutral hedge fund – This value is 86.8% from MOSERS and 13.2% from MPERS. For MOSERS, this consists of 1 fund whereby the strategy invests both long and short in U.S. and global equity securities, with the goal of having little to no net market exposure. This investment is redeemable quarterly and is not subject to lockup restrictions. For MPERS, this consists of 1 fund whereby the strategy invests in both long and short equities capturing price differences and seeks to maintain a neutral exposure to the market by having no sector, industry, market capitalization, or country biases. Due to contractual lock-up restrictions, the value of these investments is eligible for redemption in the next 4 months.

<sup>5</sup>Event driven hedge funds – This value is 95.0% from MOSERS (with a redemption period of 60-65 days) and 5.0% from MPERS (with a redemption period of 90 days). Consisting of 2 funds for MOSERS and 1 fund for MPERS, this strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a merger, corporate action, or related event. Due to contractual lock-up restrictions, (a) approximately 29% of the value of these investments are eligible for redemption quarterly, with the remaining 71% of the value of these investments remaining restricted for 4 to 20 months for MOSERS and (b) the value of these investments is eligible for redemption in the next 4 months for MPERS.

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

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

<sup>8</sup>Pending liquidated hedge funds – This value is 99.6% from MOSERS and .4% from MPERS. MOSERS has 12 hedge funds that have been fully redeemed as of June 30, 2017, which are awaiting final distribution of the proceeds. Approximately 83% of the value was received within 90 days of June 30, 2017. The remaining 17% will be received upon sale of the underlying investments or upon completion of the audit of the firm's annual financial statements. MPERS has a small investment in 3 hedge funds that are in liquidation and have been closed, which are awaiting the sale of the final assets.

<sup>9</sup>Macro hedge funds – This value is 100% from MOSERS. For MOSERS, consisting of 2 funds, this strategy seeks to take advantage of macroeconomic dislocations between countries by trading a number of different markets and financial instruments. This investment is redeemable monthly and quarterly and is not subject to lock-up restrictions.

<sup>10</sup>Merger arbitrage hedge fund – This value is 100% from MOSERS. Consisting of 1 fund, this strategy invests in the common stock of companies that are involved in publicly announced mergers and seeks to generate attractive returns while dampening volatility. These investments are redeemable monthly and are not subject to lock-up restrictions.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

- <sup>11</sup>Multi-strategy hedge fund – This value is 74.9% from MOSERS and 25.1% from MPERS. Consisting of 1 fund for MOSERS and 3 funds for MPERS, these strategies seek to generate attractive returns or diversify risk while reducing volatility. For MOSERS, this investment is redeemable quarterly and is not subject to lock-up restrictions. For MPERS, due to contractual lock-up restrictions, the value of these investments are eligible for redemption in the next 6 to 9 months.
- <sup>12</sup>Risk parity funds – This value is 100% from MOSERS. Consisting of 2 funds, these strategies attempt to build a more efficient portfolio through an equal risk methodology. They take long only positions across equity indices, developed nominal bonds, TIPS, commodities and credit. Diversification benefits decrease both the expected return and volatility thus requiring leverage to maintain a similar return to a more conventional portfolio. This investment is redeemable monthly and is not subject to lock-up restrictions.
- <sup>13</sup>Risk premia hedge funds – This value is 100% from MOSERS. Consisting of 2 funds, these strategies seek to capture hedge fund betas through the use of systematic, bottoms up security selection across major hedge fund strategies. Style premia such as value, momentum and carry help build the long/short portfolios. This investment is redeemable at least monthly and is not subject to lock-up restrictions.
- <sup>14</sup>Structured credit – relative value – This value is 100% from MPERS. Consisting of 1 fund, this strategy's main focus is to benefit from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing or selling these instruments. Due to contractual lock-up restrictions, all funds are eligible for redemption within the next six months.
- <sup>15</sup>Commingled international equity funds – This value is 79.3% from MOSERS (with a redemption period of 65 days) and 20.7% from MPERS (with a redemption period of 0-30 days and 90 days). These international equity funds (3 for MOSERS and 3 for MPERS) are considered to be commingled in nature. For MOSERS, each are valued at the net asset value held at the end of the period based upon the fair value of the underlying investments. For MPERS, due to contractual lock-up restrictions, 70% of this capital is eligible for redemption in 1 month; the remaining 30% has daily liquidity.
- <sup>16</sup>MOSERS Investment Portfolio (MIP) fund - This value is 83.5% from the Deferred Compensation Plan and 16.5% from the Deferred Compensation Incentive Plan. Participant transactions (purchases and sales) may occur monthly. The significant investment strategies are designed to achieve long-term total returns, comprised of capital appreciation and income. There are no unfunded commitments. There are generally no restrictions as to the redemption of these investments nor does the Plan have any contractual obligations to further invest in any of these funds.
- <sup>17</sup>Missouri target date funds - This value is 77.8% from Deferred Compensation Plan and 22.2% 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.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

<sup>18</sup>Private equity, real estate and timber funds – This value is 100% from MOSERS. MOSERS' private equity portfolio consists of 48 funds with exposure to buyout funds, distressed funds, infrastructure, energy, royalty funds, and special situations. The real estate portfolio, comprised of five funds, invests mainly in U.S. commercial real estate. The timber portfolio consists of 4 funds which invests in global timberland. The fair values of the majority of these funds has been determined using net assets valued 1 quarter in arrears plus current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments as the funds are liquidated, which on average, can occur over the span of 5 to 10 years.

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

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

|  | <u>Moody's</u> | <u>S &amp; P</u> | <u>Fair Value</u> |
|--|----------------|------------------|-------------------|
| Primary Government/Fiduciary:                  |                |                  |                   |
| U.S. Government Securities                     | NR             | NR               | \$ 82,622         |
| U.S. Treasury                                  | Aaa            | AA+              | 897,330           |
|  | Aaa            | NR               | 16,930            |
|  | NR             | NR               | 36,545            |
| U.S. Agencies                                  | Aaa            | NR               | 49,243            |
|  | NR             | AA               | 47,005            |
|  | NR             | NR               | 7,567             |
| U.S. Government Mortgage-<br>Backed Securities | NR             | NR               | 36,349            |
| Bonds  | Aaa            | NR               | 527               |
|  | Aa1            | NR               | 476               |
|  | Aa3            | NR               | 218               |
|  | A+             | NR               | 10,821            |
|  | A1             | NR               | 204               |
|  | A3             | NR               | 139               |
|  | NR             | AAA              | 45,435            |
|  | NR             | AA+              | 814,750           |
|  | NR             | AA               | 90,978            |
|  | NR             | A                | 8,900             |
|  | NR             | BBB              | 2,255             |
|  | NR             | NR               | 26,447            |
| Repurchase Agreements                          | Aaa            | AA+              | 29,472            |
|  | NR             | NR               | 1,880,571         |
| U.S. Agency-Sponsored<br>Securities            | Aaa            | AAA              | 9,994             |
|  | Aaa            | AA+              | 2,134,023         |
|  | Aaa            | AA               | 14,998            |
|  | Aaa            | NR               | 2,810             |
|  | NR             | NR               | 12,973            |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

|  | <u>Moody's</u> | <u>S &amp; P</u> | <u>Fair Value</u>   |
|--|----------------|------------------|---------------------|
| Asset-Backed Securities                | NR             | AAA              | \$ 59,020           |
|  | NR             | AA               | 48,249              |
|  | NR             | A                | 4,504               |
|  | NR             | BB               | 4,448               |
|  | NR             | NR               | 76,169              |
| Mutual Funds                           | 3-STAR         | NR               | 24,205              |
| Certificates of Deposit                | NR             | NR               | 594                 |
| Pooled Investments                     | NR             | AAA              | 167,537             |
| Implicit U.S. Agencies                 | NR             | AA               | 299,535             |
| U.S. Agency Securities                 | Aaa            | AA+              | 2,689               |
| U.S Government<br>Guaranteed Mortgages | Aaa            | AA+              | 2,512               |
|  | Aaa            | NR               | 14,276              |
| Collateralized Mortgage<br>Obligations | Aaa            | AA+              | 1,928               |
|  | Aaa            | NR               | 11,518              |
| Equities                               | A              | NR               | 19,143              |
| Equity Funds                           | NR             | NR               | 2,593               |
| Fixed Income                           | NR             | NR               | 235                 |
| Stocks                                 | NR             | NR               | 6,786               |
| Other                                  | NR             | AAA              | 9,662               |
|  | NR             | AA               | 26,756              |
|  | NR             | A                | 9,678               |
|  | NR             | BBB              | 25,093              |
|  | NR             | BB               | 15,227              |
|  | NR             | B                | 5,457               |
|  | NR             | CCC              | 2,014               |
|  | NR             | CC               | 143                 |
|  | NR             | D                | 4,608               |
|  | NR             | NR               | 31,247              |
| Total Rated Investments                |                |                  | <u>\$ 7,135,408</u> |

NR = Not Rated.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

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

| Currency                    | Investment Type    |                     |                  |                  |                  | Total               |
|-----------------------------|--------------------|---------------------|------------------|------------------|------------------|---------------------|
|                             | Cash               | Equities            | Fixed Income     | Alternatives     | Real Estate      |                     |
| Australian Dollar           | \$ 1,599           | \$ 610              | \$ (276)         | \$ —             | \$ —             | \$ 1,933            |
| Brazilian Real              | 10                 | 10,905              | 5,289            | —                | —                | 16,204              |
| British Pound Sterling      | 894                | 158,079             | (296)            | —                | 11,577           | 170,254             |
| Canadian Dollar             | (705)              | 4,181               | (374)            | —                | —                | 3,102               |
| Chilean Peso                | 32                 | 1,443               | 160              | —                | —                | 1,635               |
| Colombian Peso              | 8                  | 491                 | 4,376            | —                | —                | 4,875               |
| Czech Koruna                | 13                 | 287                 | —                | —                | —                | 300                 |
| Danish Krone                | —                  | 7,916               | —                | —                | —                | 7,916               |
| Egyptian Pound              | —                  | 189                 | —                | —                | —                | 189                 |
| Euro                        | (16,060)           | 156,837             | 5,257            | 23,991           | 16,039           | 186,064             |
| Hong Kong Dollar            | 266                | 107,421             | —                | —                | —                | 107,687             |
| Hungarian Forint            | 8                  | 526                 | —                | —                | —                | 534                 |
| Indian Rupee                | 115                | 14,430              | —                | —                | —                | 14,545              |
| Indonesian Rupiah           | 68                 | 4,039               | 5,540            | —                | —                | 9,647               |
| Japanese Yen                | 2,065              | 271,831             | —                | —                | —                | 273,896             |
| Malaysian Ringgit           | 78                 | 3,920               | 2,777            | —                | —                | 6,775               |
| Mexican Peso                | 24                 | 8,140               | 8,684            | —                | —                | 16,848              |
| Norwegian Krone             | —                  | 2,852               | —                | —                | —                | 2,852               |
| Pakistani Rupee             | —                  | 117                 | —                | —                | —                | 117                 |
| Peruvian Nuevo Sol          | —                  | —                   | 849              | —                | —                | 849                 |
| Philippine Peso             | 12                 | 1,935               | —                | —                | —                | 1,947               |
| Polish Zloty                | 1                  | 2,154               | 5,624            | —                | —                | 7,779               |
| Qatari Riyal                | 10                 | 1,093               | —                | —                | —                | 1,103               |
| Russian Ruble               | (1)                | 1,572               | 4,755            | —                | —                | 6,326               |
| Singapore Dollar            | —                  | 36,856              | —                | —                | —                | 36,856              |
| South African Rand          | (638)              | 10,851              | 5,354            | —                | —                | 15,567              |
| South Korean Won            | (699)              | 40,900              | 1,313            | —                | —                | 41,514              |
| Swedish Krona               | —                  | 12,276              | —                | —                | —                | 12,276              |
| Swiss Franc                 | —                  | 109,896             | —                | —                | —                | 109,896             |
| Taiwan New Dollar           | 161                | 52,296              | —                | —                | —                | 52,457              |
| Thai Baht                   | 17                 | 30,525              | 1,910            | —                | —                | 32,452              |
| Turkish Lira                | 1                  | 11,343              | 3,574            | —                | —                | 14,918              |
| United Arab Emirates Dirham | 1                  | 1,090               | —                | —                | —                | 1,091               |
| Uruguayan Peso              | —                  | —                   | 456              | —                | —                | 456                 |
| <b>Total</b>                | <b>\$ (12,720)</b> | <b>\$ 1,067,001</b> | <b>\$ 54,972</b> | <b>\$ 23,991</b> | <b>\$ 27,616</b> | <b>\$ 1,160,860</b> |

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

**C. Securities Lending Program**

Missouri State Employees' Retirement System:

The Missouri State Employees' Retirement System's (MOSERS) board of trustees' investment policies permit the pension trust funds to participate in a securities lending program. Certain securities of the pension trust funds are loaned to participating brokers who provide collateral in the form of cash, U.S. Treasury or government agency securities, or letters of credit issued by approved banks. Collateral must be provided in the amount of 102% of market value for domestic loans and 105% of market value for international loans. MOSERS does not have the authority to pledge or sell collateral securities without borrower default. On June 30, 2017, MOSERS had no credit risk exposure to borrowers because the collateral amounts received exceeded amounts out on loan.

Deutsche Bank AG, New York Branch served as the agent for the fixed income, domestic equity, and international equity securities lending programs. MOSERS reduces credit risk by allowing Deutsche Bank to lend these securities to a diverse group of dealers on behalf of MOSERS. Deutsche Bank provides indemnification against dealer default. With each of MOSERS' securities lending programs, a majority of loans are open loans and can be terminated on demand by either MOSERS or the borrower. Net income from the three lending programs is split on a 90/10 basis between MOSERS and Deutsche Bank, respectively.

Daily monitoring of securities that are on loan ensure proper collateralization levels and mitigate counterparty risk. Cash collateral from all three programs is commingled and invested in a separately managed short-term investment account for MOSERS. The cash collateral account is managed by Deutsche Bank. On June 30, 2017, there were no securities on loans or cash collateral held in the account. At June 30, 2017 and June 30, 2016, MOSERS had earned \$22,000 and \$0, respectively, on the securities lending program.

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

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

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

MPERS and borrowers maintained the right to terminate all securities lending transactions on demand. At June 30, 2017, the cash collateral fund had a fair value of \$56,823,000.

At June 30, 2017 and June 30, 2016, MPERS had earned \$278,000 and \$203,000, respectively, on the securities lending program.

Component Units:

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

**D. Derivatives**

Missouri State Employees' Retirement System:

While the Board has no formal policy specific to derivatives, Missouri State Employees' Retirement System (MOSERS), through its external investment managers, holds investments in futures contracts, swap contracts and forward foreign currency exchange contracts. MOSERS does not anticipate additional significant market risk from the swap arrangements. The forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign equities. For the year ended June 30, 2017, the change in fair value of the foreign exchange contracts resulted in \$3,200,000 of investment income. MOSERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. MOSERS anticipates that the counterparties will be able to satisfy their obligation as credit evaluations and credit limits are monitored by the investment managers. MOSERS also invests in mortgage-backed securities to diversify the portfolio and increase the return while minimizing the extent of risk. At June 30, 2017, MOSERS Foreign Currency Forward Contracts had a pending receivable of \$37,025,000 and a pending payable of \$36,865,000 resulting in a final asset of \$160,000.

The following table (in thousands of dollars) summarizes the various contracts in MOSERS portfolio as of June 30, 2017. The investments are reported at fair value and are included on the Statement of Fiduciary Net Position of the pension (and other employee benefit) trust funds.

Futures Contracts:

| <u>Notional Amount</u> | <u>Exposure</u> |
|------------------------|-----------------|
| \$1,593,465            | \$24,097        |

Swap Contracts:

| <u>Notional Amount</u> | <u>Counterparty<br/>Exposure</u> |
|------------------------|----------------------------------|
| \$1,491,463            | \$3,853                          |

Foreign Currency  
Forward Contracts:

| <u>Notional Amount</u> | <u>Exposure</u> |
|------------------------|-----------------|
| \$160                  | \$160           |



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**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

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

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

The following table (in thousands of dollars) summarizes the various contracts in MPERS portfolio as of June 30, 2017. 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                  | \$                  | 210,481  | \$                     | 15,329  |
| Swap Contracts                     |                     | 26,936   |                        | 2,923   |
| Rights/Warrants                    |                     | 12       |                        | —       |
| Foreign Currency Forward Contracts |                     | (20,458) |                        | (1,308) |
| Total                              | \$                  | 216,971  | \$                     | 16,944  |

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

Component Units:

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

**E. Assets Held in Escheat**

The Unclaimed Property Division of the Missouri State Treasurer's Office holds unclaimed stocks, bonds, mutual fund positions, and other securities that have been turned over by their holders on behalf of the securities' owners. The State takes custody of these securities until the owner claims them or if unclaimed, liquidates them after 18 to 24 months. The State holds the securities in order to return them to their owners. The State does not report these securities as investments because they do not meet the Governmental Accounting Standards Board's definition of "investments". This is because the State does not hold the securities for income or profit, nor do the securities have a present service capacity for the State. A total of \$23,998,000 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.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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**Note 4 - Governmental Fund Balance**

**A. Governmental Fund Balance Classifications**

The State's fund balances are classified as:

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

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

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

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

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

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

|                                       | <u>Nonspendable</u> | <u>Restricted</u> | <u>Committed</u>    | <u>Assigned</u>   |
|---------------------------------------|---------------------|-------------------|---------------------|-------------------|
| <b>General Fund</b>                   |                     |                   |                     |                   |
| Inventories                           | \$ 25,246           | \$ —              | \$ —                | \$ —              |
| Loans Receivable                      | 29,058              | —                 | —                   | —                 |
| Consumer Protection                   | —                   | —                 | —                   | 20,275            |
| Budget Reserve                        | —                   | —                 | 590,374             | —                 |
| Education                             | —                   | 3,323             | —                   | 18,654            |
| Medical and Other Assistance          | —                   | —                 | 1                   | 71,940            |
| Energy Programs                       | —                   | —                 | —                   | 27,170            |
| Forfeited Financial Instruments       | —                   | —                 | —                   | 1,526             |
| Federal Government                    | —                   | 336,899           | —                   | —                 |
| Taxes                                 | —                   | —                 | —                   | 6,043             |
| Other                                 | —                   | 831               | 322                 | 10,949            |
| Total                                 | <u>\$ 54,304</u>    | <u>\$ 341,053</u> | <u>\$ 590,697</u>   | <u>\$ 156,557</u> |
| <b>Public Education</b>               |                     |                   |                     |                   |
| Inventories                           | \$ 71               | \$ —              | \$ —                | \$ —              |
| Loans Receivable                      | —                   | —                 | —                   | 888               |
| Education                             | —                   | 212,592           | 2,551               | 61,473            |
| Total                                 | <u>\$ 71</u>        | <u>\$ 212,592</u> | <u>\$ 2,551</u>     | <u>\$ 62,361</u>  |
| <b>Conservation and Environmental</b> |                     |                   |                     |                   |
| Inventories                           | \$ 331              | \$ —              | \$ —                | \$ —              |
| Loans Receivable                      | —                   | 2,303             | 1,305,628           | 10,066            |
| Conservation Commission               | —                   | 75,801            | —                   | —                 |
| Environmental Conservation            | —                   | 41,935            | 265,039             | 99,903            |
| State Parks                           | —                   | 16,821            | —                   | —                 |
| Forfeited Financial Instruments       | —                   | —                 | —                   | 927               |
| Total                                 | <u>\$ 331</u>       | <u>\$ 136,860</u> | <u>\$ 1,570,667</u> | <u>\$ 110,896</u> |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

|  | <u>Nonspendable</u> | <u>Restricted</u> | <u>Committed</u> | <u>Assigned</u>   |
|--|---------------------|-------------------|------------------|-------------------|
| <b>Missouri Road Fund</b>                              |                     |                   |                  |                   |
| Inventories  | \$ 38,790           | \$ —              | \$ —             | \$ —              |
| Highways and Transportation                            | —                   | 684,758           | —                | —                 |
| Total  | <u>\$ 38,790</u>    | <u>\$ 684,758</u> | <u>\$ —</u>      | <u>\$ —</u>       |
| <b>Non-Major Special Revenue Funds</b>                 |                     |                   |                  |                   |
| Inventories  | \$ 4,337            | \$ —              | \$ —             | \$ —              |
| Loans Receivable                                       | —                   | —                 | —                | 2,906             |
| Professional Boards and Licensure                      | —                   | —                 | 17,168           | 39,192            |
| Legal Assistance                                       | —                   | 24,277            | 314              | 7,401             |
| Agriculture  | —                   | 3,529             | 602              | 6,616             |
| Medical and Other Assistance                           | —                   | —                 | 17,348           | 1,040             |
| Transportation   | —                   | 25,353            | —                | 165,607           |
| Highway Patrol and Water Patrol                        | —                   | 5,053             | 915              | 12,398            |
| Workers' Compensation and<br>Unemployment Compensation | —                   | 35,536            | —                | —                 |
| Veterans' Homes  | —                   | 55,982            | —                | —                 |
| Other  | —                   | 11,661            | 4,824            | 13,584            |
| Total  | <u>\$ 4,337</u>     | <u>\$ 161,391</u> | <u>\$ 41,171</u> | <u>\$ 248,744</u> |
| <b>Non-Major Debt Service Funds</b>                    |                     |                   |                  |                   |
| General Obligation Bonds                               | \$ —                | \$ 56,192         | \$ —             | \$ —              |
| Fulton State Hospital                                  | —                   | 12,469            | —                | —                 |
| Missouri Road Bond                                     | —                   | 56,528            | —                | —                 |
| Total  | <u>\$ —</u>         | <u>\$ 125,189</u> | <u>\$ —</u>      | <u>\$ —</u>       |
| <b>Non-Major Capital Projects Funds</b>                |                     |                   |                  |                   |
| Board of Public Buildings-State Capitol                | \$ —                | \$ 27,070         | \$ —             | \$ —              |
| Board of Public Buildings-State Facility               | —                   | 30,107            | —                | —                 |
| Fulton State Hospital                                  | —                   | 105,645           | —                | —                 |
| State Historical Society                               | —                   | 33,560            | —                | —                 |
| Total  | <u>\$ —</u>         | <u>\$ 196,382</u> | <u>\$ —</u>      | <u>\$ —</u>       |
| <b>Non-Major Permanent Funds</b>                       |                     |                   |                  |                   |
| Arrow Rock State Historic Site Endowment               | \$ 29               | \$ —              | \$ —             | \$ —              |
| Confederate Memorial Park                              | 75                  | —                 | —                | 104               |
| State Public School                                    | 55,053              | —                 | —                | —                 |
| Smith Memorial Endowment Trust                         | 365                 | —                 | —                | 5                 |
| Total  | <u>\$ 55,522</u>    | <u>\$ —</u>       | <u>\$ —</u>      | <u>\$ 109</u>     |

**B. Negative Fund Balance**

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

**C. Budget Reserve Fund**

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

Budget stabilization expenditures may occur in a fiscal year in which the Governor reduces the expenditures of the State or any of its agencies below their appropriation or in which there is a budget need due to a natural disaster as proclaimed by the Governor to be an emergency. An appropriation from the Budget Reserve Fund may be granted by a two-thirds vote of the members elected to each house. The maximum amount which may be appropriated at any one time for budget stabilization purposes is one-half the sum of the balance of the Budget Reserve Fund and any amounts appropriated or otherwise owed to the fund, less all amounts owed to the fund for budget stabilization purposes but not yet appropriated for repayment to the fund. One-third of the amount expended or transferred from the Budget Reserve Fund for budget stabilization purposes plus interest shall stand appropriated to the Budget Reserve Fund during each of the next three fiscal years from the fund which received the budget stabilization appropriation. The balance of the Budget Reserve Fund at June 30, 2017, was \$590,374,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**Note 5 - Capital Assets**

Capital asset activity for the year ended June 30, 2017, was as follows (in thousands of dollars):

|   | *Balance<br>July 1, 2016 | Increases         | Decreases           | Balance<br>June 30, 2017 |
|---|--------------------------|-------------------|---------------------|--------------------------|
| <b>Governmental Activities:</b>   |                          |                   |                     |                          |
| Capital Assets not being Depreciated/Amortized:                         |                          |                   |                     |                          |
| Construction in Progress .....  | \$ 206,122               | \$ 121,623        | \$ (19,692)         | \$ 308,053               |
| Software in Progress .....  | 52,962                   | 48,467            | (13,469)            | 87,960                   |
| Infrastructure in Progress .....  | 1,404,441                | 657,097           | (582,889)           | 1,478,649                |
| Land .....  | 3,095,768                | 6,429             | (6,818)             | 3,095,379                |
| Permanent Easements .....   | 3,785                    | 124               | —                   | 3,909                    |
| <b>Total Capital Assets not being Depreciated/<br/>Amortized .....</b>  | <b>4,763,078</b>         | <b>833,740</b>    | <b>(622,868)</b>    | <b>4,973,950</b>         |
| Capital Assets being Depreciated/Amortized:                             |                          |                   |                     |                          |
| Land Improvements .....   | 198,909                  | 9,562             | (195)               | 208,276                  |
| Temporary Easements .....   | 1,798                    | 234               | (519)               | 1,513                    |
| Buildings and Improvements .....  | 3,387,140                | 8,284             | (7,508)             | 3,387,916                |
| Equipment .....   | 1,308,034                | 97,485            | (76,696)            | 1,328,823                |
| Software .....  | 212,321                  | 16,295            | (509)               | 228,107                  |
| Trademarks .....  | 17                       | —                 | —                   | 17                       |
| Infrastructure .....  | 49,657,137               | 582,894           | (65,833)            | 50,174,198               |
| <b>Total Capital Assets being Depreciated/Amortized</b>                 | <b>54,765,356</b>        | <b>714,754</b>    | <b>(151,260)</b>    | <b>55,328,850</b>        |
| Less Accumulated Depreciation/Amortization for:                         |                          |                   |                     |                          |
| Land Improvements .....   | (113,844)                | (4,552)           | 30                  | (118,366)                |
| Temporary Easements .....   | (447)                    | (598)             | 519                 | (526)                    |
| Buildings and Improvements .....  | (1,724,419)              | (106,203)         | 6,439               | (1,824,183)              |
| Equipment .....   | (942,676)                | (88,970)          | 71,440              | (960,206)                |
| Software .....  | (116,317)                | (17,553)          | 505                 | (133,365)                |
| Trademarks .....  | (10)                     | (2)               | —                   | (12)                     |
| Infrastructure .....  | (24,170,687)             | (472,137)         | 55,254              | (24,587,570)             |
| <b>Total Accumulated Depreciation/Amortization .....</b>                | <b>(27,068,400)</b>      | <b>(690,015)</b>  | <b>134,187</b>      | <b>(27,624,228)</b>      |
| <b>Total Capital Assets being Depreciated/<br/>Amortized, Net .....</b> | <b>27,696,956</b>        | <b>24,739</b>     | <b>(17,073)</b>     | <b>27,704,622</b>        |
| <b>Governmental Activities Capital Assets, Net .....</b>                | <b>\$ 32,460,034</b>     | <b>\$ 858,479</b> | <b>\$ (639,941)</b> | <b>\$ 32,678,572</b>     |
| <b>Business-Type Activities:</b>  |                          |                   |                     |                          |
| Capital Assets not being Depreciated/Amortized:                         |                          |                   |                     |                          |
| Construction in Progress .....  | \$ 39,061                | \$ 11,969         | \$ (5,578)          | \$ 45,452                |
| Software in Progress .....  | —                        | 37                | (37)                | —                        |
| Land .....  | 23,754                   | 8,848             | —                   | 32,602                   |
| <b>Total Capital Assets not being Depreciated/<br/>Amortized .....</b>  | <b>62,815</b>            | <b>20,854</b>     | <b>(5,615)</b>      | <b>78,054</b>            |
| Capital Assets being Depreciated/Amortized:                             |                          |                   |                     |                          |
| Land Improvements .....   | 14,777                   | 4,195             | —                   | 18,972                   |
| Temporary Easements .....   | 50                       | —                 | —                   | 50                       |
| Buildings and Improvements .....  | 32,967                   | 269               | (211)               | 33,025                   |
| Equipment .....   | 50,607                   | 4,711             | (4,648)             | 50,670                   |
| Software .....  | 1,178                    | 74                | (517)               | 735                      |
| <b>Total Capital Assets being Depreciated/Amortized</b>                 | <b>99,579</b>            | <b>9,249</b>      | <b>(5,376)</b>      | <b>103,452</b>           |
| Less Accumulated Depreciation/Amortization for:                         |                          |                   |                     |                          |
| Land Improvements .....   | (7,289)                  | (546)             | —                   | (7,835)                  |
| Temporary Easements .....   | (21)                     | (2)               | —                   | (23)                     |
| Buildings and Improvements .....  | (21,018)                 | (894)             | 57                  | (21,855)                 |
| Equipment .....   | (34,513)                 | (3,724)           | 4,348               | (33,889)                 |
| Software .....  | (928)                    | (103)             | 498                 | (533)                    |
| <b>Total Accumulated Depreciation/Amortization .....</b>                | <b>(63,769)</b>          | <b>(5,269)</b>    | <b>4,903</b>        | <b>(64,135)</b>          |
| <b>Total Capital Assets being Depreciated/<br/>Amortized, Net .....</b> | <b>35,810</b>            | <b>3,980</b>      | <b>(473)</b>        | <b>39,317</b>            |
| <b>Business-Type Activities Capital Assets, Net .....</b>               | <b>\$ 98,625</b>         | <b>\$ 24,834</b>  | <b>\$ (6,088)</b>   | <b>\$ 117,371</b>        |

\*Beginning balances as of July 1, 2016 have been restated (see Note 18).

**STATE OF MISSOURI**  
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**Note 5 - Capital Assets (cont.)**

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

|  |                       |
|--|-----------------------|
| General Government .....                 | \$ 46,914             |
| Education .....                          | 3,676                 |
| Natural and Economic Resources .....     | 22,638                |
| Transportation and Law Enforcement ..... | 554,950               |
| Human Services .....                     | <u>61,837</u>         |
| <br>Total .....                          | <br><u>\$ 690,015</u> |

**Discretely Presented Component Units**

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

|  | College and<br>Universities | Non-Major<br>Component<br>Units | Total               |
|--|-----------------------------|---------------------------------|---------------------|
| Capital Assets not being Depreciated/Amortized:                  |                             |                                 |                     |
| Construction in Progress .....                                   | \$ 286,390                  | \$ 204                          | \$ 286,594          |
| Land .....   | 177,535                     | 7,220                           | 184,755             |
| Other Non-Depreciable/Amortizable Assets .....                   | 23,814                      | —                               | 23,814              |
| Total Capital Assets not being Depreciated/Amortized             | <u>487,739</u>              | <u>7,424</u>                    | <u>495,163</u>      |
| Capital Assets being Depreciated/Amortized:                      |                             |                                 |                     |
| Land Improvements .....  | 35,632                      | —                               | 35,632              |
| Buildings and Improvements .....                                 | 6,786,443                   | 78,588                          | 6,865,031           |
| Equipment, Fixtures, and Books .....                             | 1,583,679                   | 479                             | 1,584,158           |
| Software .....   | 64,659                      | 26                              | 64,685              |
| Infrastructure .....   | 793,550                     | —                               | 793,550             |
| Total Capital Assets being Depreciated/Amortized.....            | <u>9,263,963</u>            | <u>79,093</u>                   | <u>9,343,056</u>    |
| Less Total Accumulated Depreciation/Amortization ...             | <u>(4,347,551)</u>          | <u>(19,264)</u>                 | <u>(4,366,815)</u>  |
| Total Capital Assets being Depreciated/Amortized, Net            | <u>4,916,412</u>            | <u>59,829</u>                   | <u>4,976,241</u>    |
| Discretely Presented Component Units – Capital Assets, Net ..... | <u>\$ 5,404,151</u>         | <u>\$ 67,253</u>                | <u>\$ 5,471,404</u> |

**Capital Asset Impairment**

Due to a fire which destroyed the Thousand Hills Service Buildings, owned by the Department of Natural Resources (DNR), an impairment amount of \$39,000 is reported as an extraordinary item in the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position. Due to flooding, Current River Lake House, owned by DNR, was damaged. An extraordinary item of \$114,000 is reported in the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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**Note 6 - Leases**

**Capital**

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

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<br>Ending June 30               | Governmental<br>Funds | Internal<br>Service<br>Funds | Enterprise<br>Funds | College<br>and<br>Universities |
|---|-----------------------|------------------------------|---------------------|--------------------------------|
| 2018  | \$ 7,724              | \$ 4,931                     | \$ 129              | \$ 7,312                       |
| 2019  | 6,550                 | 3,081                        | —                   | 7,300                          |
| 2020  | 5,474                 | 2,021                        | —                   | 6,069                          |
| 2021  | 5,048                 | 1,178                        | —                   | 5,666                          |
| 2022  | 4,501                 | 121                          | —                   | 5,424                          |
| 2023-2027                                   | 5,240                 | 604                          | —                   | 19,342                         |
| 2028-2031                                   | 2,247                 | 362                          | —                   | 1,292                          |
| Total Minimum Lease Payments                | 36,784                | 12,298                       | 129                 | 52,405                         |
| Less Amount Representing Interest           | (2,880)               | (466)                        | (1)                 | (6,896)                        |
| Present Value of Net Minimum Lease Payments | <u>\$ 33,904</u>      | <u>\$ 11,832</u>             | <u>\$ 128</u>       | <u>\$ 45,509</u>               |

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

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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**Note 6 - Leases (cont.)**

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

| Fiscal Year<br>Ending June 30                  | Internal<br>Service<br>Funds |
|--|------------------------------|
| 2018   | \$ 2,418                     |
| 2019   | 2,416                        |
| 2020   | 2,412                        |
| 2021   | 2,414                        |
| 2022   | 2,413                        |
| 2023-2027                                      | 12,039                       |
| 2028-2031                                      | 9,624                        |
| Total Minimum Lease Payments                   | 33,736                       |
| Less Amount Representing Interest              | (6,426)                      |
| Present Value of Net Minimum Lease<br>Payments | \$ 27,310                    |

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

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



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

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

| Fiscal Year<br>Ending June 30               | Governmental<br>Funds   |
|---|-------------------------|
| 2018  | \$ 13,665               |
| 2019  | 13,668                  |
| Total Minimum Lease Payments                | <u>27,333</u>           |
| Less Amount Representing Interest           | (563)                   |
| Present Value of Net Minimum Lease Payments | <u><u>\$ 26,770</u></u> |

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, 2017 (in thousands of dollars):

|           | Governmental<br>Funds    | Internal<br>Service<br>Funds | Enterprise<br>Funds  | College and<br>Universities |
|-----------|--------------------------|------------------------------|----------------------|-----------------------------|
| Buildings | \$ 209,094               | \$ 41,865                    | \$ —                 | \$ 26,676                   |
| Equipment | 5,145                    | 30,960                       | 655                  | 13,375                      |
| Software  | 2,896                    | 3,711                        | —                    | —                           |
|           | <u><u>\$ 217,135</u></u> | <u><u>\$ 76,536</u></u>      | <u><u>\$ 655</u></u> | <u><u>\$ 40,051</u></u>     |

**STATE OF MISSOURI**  
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**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. Future minimum commitments due under operating leases as of June 30, 2017, were as follows (in thousands of dollars):

| Fiscal Year<br>Ending June 30    | Governmental<br>Funds | Enterprise<br>Funds | Component<br>Units |
|----------------------------------|-----------------------|---------------------|--------------------|
| 2018                             | \$ 20,284             | \$ 323              | \$ 11,591          |
| 2019                             | 789                   | 308                 | 7,851              |
| 2020                             | 634                   | 117                 | 6,459              |
| 2021                             | 591                   | 4                   | 5,055              |
| 2022                             | 567                   | 1                   | 3,516              |
| 2023-2027                        | 868                   | —                   | 7,471              |
| 2028-2032                        | 53                    | —                   | —                  |
| 2033-2037                        | 50                    | —                   | —                  |
| 2038-2042                        | 50                    | —                   | —                  |
| 2043-2047                        | 50                    | —                   | —                  |
| 2048-2052                        | 50                    | —                   | —                  |
| 2053-2057                        | 50                    | —                   | —                  |
| 2058-2062                        | 50                    | —                   | —                  |
| <b>Total Minimum Commitments</b> | <b>\$ 24,086</b>      | <b>\$ 753</b>       | <b>\$ 41,943</b>   |

Expenditures for rent under operating leases for the years ended June 30, 2017 and June 30, 2016 were \$22,740,000 and \$43,145,000, respectively.

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**Note 6 - Leases (cont.)**

**Rental Revenue**

The State leases certain state owned facilities to entities outside the State. These lessor arrangements are generally long-term commitments which either generate revenue from otherwise idle property or better serve Missouri's citizens by providing convenient access to products and services. The total asset value of the leased facilities and land is \$93.3 million less accumulated depreciation of \$22.5 million for component units. The Department of Natural Resources (DNR) has \$71,000 in income from easements on DNR property. This income will be received in perpetuity. The contract conditions and amount for each individual easement can change with the sale of the property requiring the easement. New contracts will be negotiated with new property owners. Future minimum receivables, payable from lessor arrangements as of June 30, 2017, were as follows (in thousands of dollars):

| Fiscal Year<br>Ending June 30 | Component<br>Units |
|-------------------------------|--------------------|
| 2018                          | \$ 4,045           |
| 2019                          | 3,831              |
| 2020                          | 3,467              |
| 2021                          | 3,402              |
| 2022                          | 3,389              |
| 2023-2027                     | 17,002             |
| 2028-2032                     | 16,718             |
| 2033-2037                     | 17,030             |
| 2038-2042                     | 15,179             |
| 2043-2047                     | 7,274              |
| 2048-2052                     | 2,637              |
| 2053-2057                     | 1,787              |
| 2058-2062                     | 1,711              |
| 2063-2067                     | 500                |
| 2068-2072                     | 500                |
| 2073-2077                     | 500                |
| 2078-2082                     | 500                |
| 2083-2087                     | 500                |
| 2088-2092                     | 500                |
| 2093-2097                     | 50                 |
| Total Minimum Receivables     | \$ 100,522         |

**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.

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

**Plan Descriptions**

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

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

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

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

**Judicial Plan**

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

**Judicial Plan 2011**

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

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NOTES TO THE FINANCIAL STATEMENTS  
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**Note 7 - Retirement Systems (cont.)**

**MSEP 2011**

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

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

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

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

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

The retirement eligibility requirements are as follows:

**Closed Plan**

**MoDOT and non-uniformed patrol members:**

Age 65 and active with 4 or more years  
of service  
Age 65 with 5 or more years of service  
Age 60 with 15 or more years of service  
Age 48 with sum of age and service  
equaling 80 or more (Rule of 80)

**Uniformed patrol members:**

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

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

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

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

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

**Year 2000 Plan**

**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, up to a maximum rate of 5%.

**Year 2000 Plan-2011 Tier**

**MoDOT and non-uniformed patrol members:**

Age 67 with 10 or more years of service  
Age 55 and active with sum of age and service  
equaling 90 or more (Rule of 90)

**Uniformed patrol members:**

Age 55 and active with 10 or more years  
of service  
Mandatory retirement at age 60 with no  
minimum service amount, active only.

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

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

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

Single-Employer Plans:

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

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

|  | <u>Judicial Plan</u> | <u>MPERS</u>  |
|--|----------------------|---------------|
| Retirees, beneficiaries, and disabilities currently receiving benefits | 540                  | 8,684         |
| Terminated employees entitled to, but not yet receiving benefits       | 27                   | 2,334         |
| Active   |                      |               |
| Vested   | 408                  | 5,520         |
| Nonvested  | —                    | 1,921         |
| Total Membership   | <u>975</u>           | <u>18,459</u> |

**Contributions**

Per Chapter 104.436, RSMo, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP 2011 Plan are required to contribute 4.00% of their annual pay. The State’s required contribution rate for the MSEP and the Judicial Plan year ended June 30, 2016, were 16.97% and 58.45% of annual payroll, respectively. The contribution rates as a percentage of covered payroll for the MSEP and the Judicial Plan for the year ended June 30, 2016, were 16.96% and 58.59%, respectively. Contributions to the pension plan from the MSEP Plan and the Judicial Plan were \$270,198,000 and \$33,642,000 respectively, for the year ended June 30, 2016.

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, 2016, was to be at least 58.00%. The contribution rate as a percentage of covered payroll for the MPERS plan year ended June 30, 2016, was 58.00%. Contributions to the pension plan from the MPERS plan were \$199,609,000.

For the portion of the MSEP Plan relating to the State’s component units, the required contribution rate for the year ended June 30, 2016, was 16.97%. The contribution rates as a percentage of covered payroll for the year ended June 30, 2016, range from 16.93% to 16.98%. Contributions to the pension plan were \$57,219,000 for the year ended June 30, 2016.

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

Cost-Sharing Multiple Employer Plan:

At June 30, 2017, 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, 2016. 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, 2016.

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

The State reported the following proportionate share of the net pension liability and the pension expense for the fiscal year ended June 30, 2017 (in thousands of dollars):

|                              | <u>MSEP</u> | <u>MSEP-CU</u> |
|------------------------------|-------------|----------------|
| Pension Expense              | \$ 574,097  | \$ 123,742     |
| Proportionate share:<br>2017 | 82.21%      | 17.41%         |
| Net Pension Liability        | \$3,816,328 | \$ 808,175     |

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, 2017 (in thousands of dollars):

|   | <u>Judicial Plan</u><br>Increase (Decrease) |  |  | <u>MPERS</u><br>Increase (Decrease)  |  |  |
|---|---|--|--|--------------------------------------|--|--|
|   | Total<br>Pension<br>Liability<br>(a)        | Plan<br>Fiduciary<br>Net<br>Pension<br>(b) | Net<br>Pension<br>Liability<br>(a) - (b) | Total<br>Pension<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net<br>Pension<br>(b) | Net<br>Pension<br>Liability<br>(a) - (b) |
|   | Balances at June 30, 2016                   | \$ 482,969                                 | \$ 130,851                               | \$ 352,118                           | \$3,715,846                                | \$ 2,009,367                             |
| Changes for the year:   |   |  |  |                                      |  |  |
| Service Cost  | 10,932                                      | —  | 10,932                                   | 45,441                               | —  | 45,441                                   |
| Interest  | 37,755                                      | —  | 37,755                                   | 280,432                              | —  | 280,432                                  |
| Differences between<br>expected and actual                          | (5,037)                                     | —  | (5,037)                                  | (39,810)                             | —  | (39,810)                                 |
| Changes of Assumptions  | 53,991                                      | —  | 53,991                                   | —                                    | —  | —  |
| Contributions – Employer  | —   | 33,642                                     | (33,642)                                 | —                                    | 199,609                                    | (199,609)                                |
| Contributions – Employee  | —   | 661  | (661)                                    | —                                    | 3,483                                      | (3,483)                                  |
| Net Income Investment   | —   | 28   | (28)                                     | —                                    | 21,432                                     | (21,432)                                 |
| Benefit payments,<br>including refunds of<br>employee contributions | (32,989)                                    | (32,989)                                   | —  | (236,687)                            | (236,687)                                  | —  |
| Disability Premiums   | —   | —  | —  | (1,568)                              | (1,568)                                    | —  |
| Administrative Expense  | —   | (137)                                      | 137                                      | —                                    | (4,370)                                    | 4,370                                    |
| Net Transfers to Other<br>Retirement Systems                        | —   | —  | —  | (1,921)                              | 808  | (2,729)                                  |
| Net Changes   | 64,652                                      | 1,205                                      | 63,447                                   | 45,887                               | (17,293)                                   | 63,180                                   |
| Balances at June 30, 2017   | <u>\$ 547,621</u>                           | <u>\$ 132,056</u>                          | <u>\$ 415,565</u>                        | <u>\$3,761,733</u>                   | <u>\$ 1,992,074</u>                        | <u>\$ 1,769,659</u>                      |

For the year ended June 30, 2017, the Judicial Plan and MPERS recognized pension expense of \$57,957,000 and \$153,456,000, respectively.



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

At June 30, 2017, 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   | \$ 39,304                      | \$ 4,755         | \$ —              | \$ 8,323          | \$11,150                      | \$ 3,718        | \$ 43,302        | \$ 2,361         |
| Changes of assumptions  | 397,354                        | 39,854           | —                 | 84,147            | 22,939                        | —               | —                | 4,858            |
| Net difference between projected and actual earnings on pension plan investments                                  | 623,549                        | 11,968           | 140,722           | 132,048           | —                             | —               | 76,260           | —                |
| Changes in proportion and differences between pension plan contributions and proportionate share of contributions | 32                             | —                | —                 | 7,496             | 3,938                         | —               | —                | 3,934            |
| Contributions subsequent to the measurement date  | 274,510                        | 34,252           | 206,563           | 58,181            | —                             | —               | —                | —                |
| <b>Total</b>  | <b>\$ 1,334,749</b>            | <b>\$ 90,829</b> | <b>\$ 347,285</b> | <b>\$ 290,195</b> | <b>\$38,027</b>               | <b>\$ 3,718</b> | <b>\$119,562</b> | <b>\$ 11,153</b> |

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

| Fiscal Year Ended June 30 | Net Deferred Outflows/Inflows of Resources |                  |                  |                   |
|---------------------------|--|------------------|------------------|-------------------|
|                           | MSEP                                       | Judicial         | MPERS            | MSEP-CU           |
| 2018                      | \$ 262,596                                 | \$ 19,101        | \$ (16,351)      | \$ 57,776         |
| 2019                      | 262,623                                    | 16,206           | (13,797)         | 57,565            |
| 2020                      | 387,942                                    | 15,455           | 28,007           | 82,427            |
| 2021                      | 109,051                                    | 2,097            | 23,301           | 23,093            |
| <b>Totals</b>             | <b>\$ 1,022,212</b>                        | <b>\$ 52,859</b> | <b>\$ 21,160</b> | <b>\$ 220,861</b> |

**Actuarial Assumptions**

The total pension liability at June 30, 2017, is based upon the June 30, 2016, actuarial valuation for MOSERS and MPERS using the entry age normal actuarial cost method. Significant actuarial assumptions used in the June 30, 2016, actuarial valuations are the following:

|                           | MSEP and MSEP-CU | Judicial | MPERS     |
|---------------------------|------------------|----------|-----------|
| Price Inflation           | 2.5%             | 2.5%     | 3.0%      |
| Salary Increases          | 3.25-8.75%       | 3.0-5.2% | 3.5-11.0% |
| Investment Rate of Return | 7.65%            | 7.65%    | 7.75%     |

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

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015. As a result of this actuarial experience study, the MOSERS Board made various demographic and economic assumption changes to more closely reflect actual experience. The most significant changes included lowering the assumed annual investment rate of return from 8 % to 7.65 % and the adoption of the above mortality tables. The changes in assumptions recorded as deferred inflows and outflows of resources were due to these changes from the actuarial experience study.

Mortality rates, for post-retirement mortality, used in evaluating allowances to be paid to non-disabled pensioners were the RP-2000 Combined Healthy Mortality Tables projected 16 years and set back one year for males and females for MPERS. MOSERS mortality rates were based on the RP-2014 Healthy Annuitant Mortality table, projected from 2006 to 2026 with scale MP-2015 and scaled by 120%. MOSERS pre-retirement mortality table was the RP-2014 Employee Mortality table, projected from 2006-2026 with scale MP-2015 and scaled by 95% for males and 90% for females. MPERS pre-retirement mortality rates used was 70% for males and 50.

Amounts reported in the June 30, 2016, actuarial report are assumptions reflecting adjustments to expected rates of withdrawal, disability, normal and early retirement, mortality, and merit and seniority pay for MPERS. The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015 for MOSERS and July 1, 2007 through June 30, 2012 for MPERS. The adjustments were made to more closely reflect actual experience.

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

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

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

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

**Discount Rate**

A single discount rate based on the expected rate of return on pension investments of 7.65%, 7.65%, and 7.75% was used to measure the total pension liability for MSEP, Judicial Plan, and MPERS, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate for MPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined for MOSERS. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**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<br>Discount Rate<br>Assumption | 1% Increase          |
|-------------------------------------|----------------------|---|----------------------|
| MSEP Net Pension Liability          | 6.65%<br>\$5,025,193 | 7.65%<br>\$3,816,328                          | 8.65%<br>\$2,802,799 |
| Judicial Plan Net Pension Liability | 6.65%<br>471,242     | 7.65%<br>415,565                              | 8.65%<br>367,892     |
| MPERS Net Pension Liability         | 6.75%<br>2,210,589   | 7.75%<br>1,769,659                            | 8.75%<br>1,401,144   |
| MSEP-CU Net Pension Liability       | 6.65%<br>\$1,064,174 | 7.65%<br>\$808,175                            | 8.65%<br>\$593,542   |

**Payables to the Pension Plan**

As of June 30, 2017, the State had payables of \$13,449,000 to MOSERS for the outstanding amount of contributions to the pension plan, relating to a two week lag in payroll.

**Pension Plan Fiduciary Net Position**

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

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

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

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

**University of Missouri Retirement System**

**Plan Description**

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

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.

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

|                              |                      |
|------------------------------|----------------------|
| Vested members               | 18,233               |
| Inactive vested members      | 4,215                |
| Pensioners and beneficiaries | <u>9,242</u>         |
| Total Membership             | <u><u>31,690</u></u> |

**Contributions**

The University's contributions to the Retirement Plan are equal to the actuarially determined contribution rate (ADC). The ADC for those employees hired before October 1, 2012 averaged 9.5% of covered payroll for the year ending June 30, 2017. The ADC for those employees hired after September 30, 2012, averaged 5.6% of covered payroll for the year ended June 30, 2017. Employees are required to contribute 1% of their salary up to \$50,000 in a calendar year and 2% of their salary in excess of \$50,000. An actuarial valuation of the Plan is performed annually and the University's contribution rate is updated on July 1 at the beginning of the University's fiscal year, to reflect the actuarially determined funding requirement from the most recent valuation, as of the preceding October 1. This actuarial valuation reflects the adoption of any Retirement Plan amendments during the previous fiscal year. The University contributed \$96,631,000 during the fiscal year ended June 30, 2017.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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. The University will match up to 3% of the employee contribution to the 457(b) plan with those going into the 401(a) plan. Employees are immediately 100% vested in their contributions. The University's base contributions and matching contributions vest following three years of consecutive or nonconsecutive service. The defined contribution plan recognized \$13,891,000 of pension expense and \$3,472,000 of forfeitures for the year ended June 30, 2017.

**Net Pension Liability**

The Retirement Plan's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2016. Roll-forward procedures were used to measure the Retirement Plan's net pension liability as of June 30, 2017. For the year ended June 30, 2017, fiduciary net position as a percentage of the total pension liability amounted to 86.97%.

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

|   | <u>Total Pension<br/>Liability (TPL)</u> | <u>Fiduciary Net<br/>Pension (FNP)</u> | <u>Net Pension<br/>Liability (NPL)</u> |
|---|--|--|--|
| Balances at June 30, 2016                             | \$ 3,878,812                             | \$ 3,220,626                           | \$ 658,186                             |
| Changes for the year:                                 |  |  |  |
| Service Cost  | 66,269                                   | —                                      | 66,269                                 |
| Interest  | 296,885                                  | —                                      | 296,885                                |
| Differences between expected<br>and actual experience | (22,741)                                 | —                                      | (22,741)                               |
| Contributions – Employer                              | —  | 96,631                                 | (96,631)                               |
| Contributions – Employee                              | —  | 15,218                                 | (15,218)                               |
| Net Income Investment                                 | —  | 364,486                                | (364,486)                              |
| Benefit payments, including<br>refunds of employee    | (211,036)                                | (211,036)                              | —                                      |
| Net Changes   | <u>129,377</u>                           | <u>265,299</u>                         | <u>(135,922)</u>                       |
| Balances at June 30, 2017                             | <u>\$ 4,008,189</u>                      | <u>\$ 3,485,925</u>                    | <u>\$ 522,264</u>                      |

**Pension Expense**

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

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

For the year ended June 30, 2017, the Retirement Plan recognized pension expense of \$117,940,000. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources (in thousands of dollars):

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Difference between expected and actual experience                                | \$ 6,846                          | \$ 44,857                        |
| Net difference between projected and actual earnings on pension plan investments | 93,518                            | —                                |
| Total  | <u>\$ 100,364</u>                 | <u>\$ 44,857</u>                 |

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

| Fiscal Year<br>Ended June 30 | Net Deferred<br>Outflows/Inflows<br>of Resources<br>Recognition |
|------------------------------|---|
| 2018                         | \$ 15,077   |
| 2019                         | 61,543  |
| 2020                         | 17,353  |
| 2021                         | (33,353)  |
| 2022                         | (4,941)   |
| Thereafter                   | (172)   |
| Totals                       | <u>\$ 55,507</u>  |

**Actuarial Assumptions**

The October 1, 2016, actuarial valuation utilized the entry age actuarial cost method. Actuarial assumptions included:

|                           |             |
|---------------------------|-------------|
| Inflation                 | 2.75%       |
| Salary Increases          | 4.1% - 4.9% |
| Investment Rate of Return | 7.75%       |

For purposes of determining actuarially required contributions, the actuarial value of assets was determined using techniques that spread effects of short-term volatility in the market value of investments over a five-year period. The underfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over 27 years from the October 1, 2016, valuation date. Mortality rates were based on the RP-2000 Combined Health Mortality Table projected to 2023 using Scale BB.

The actuarial assumptions used in the October 1, 2016, valuation were based on the results the most recent quinquennial study of the University's own experience covering 2008 to 2012.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

The annual money-weighted rate of return is calculated as the internal rate of return on pension investments, net of pension plan investment expense. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return (loss) on pension plan investments for the years ended June 30, 2017, was 11.0%. The following table provides long-term expected rates of real return:

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the University contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the October 1, 2016, actuarial valuation, 7.75% was used as the net long-term expected rate of return.

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

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

|                          | 1% Decrease        | Current Single<br>Discount Rate<br>Assumption | 1% Increase        |
|--------------------------|--------------------|---|--------------------|
| MU Net Pension Liability | 6.75%<br>\$999,575 | 7.75%<br>\$522,264                            | 8.75%<br>\$115,926 |

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

Separate financial statements are not prepared for the Plan.

Detailed information concerning the Plan is presented in the University's 2017 financial report, which is publicly available. Copies of this report may be requested from:

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

**Note 8 - Other Postemployment Benefits**

In addition to the retirement benefits described in Note 7, the State provides postemployment health care and life insurance benefits, in accordance with State statutes, to the majority of employees who either retire from the State or receive long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the MoDOT and MSHP Medical and Life Insurance Plan (MHPML), and the Conservation Employees' Insurance Plan (CEIP). MCHCP is a cost-sharing, multiple employer plan, while MHPML and CEIP are both single-employer plans. MOSERS is an insured, defined benefit insurance plan and is currently administered through The Standard insurance company. It is financed on a percentage of payroll and is purchased as a group policy through competitive bids. The eligible number of retirees/long-term disability claimants for MCHCP, MHPML, and CEIP for health care benefits are approximately 21,132, 6,328 and 882 respectively. The number of retirees/long-term disability claimants currently participating in MOSERS, MHPML, and CEIP for life insurance benefits are 26,008, 3,978, and 502 respectively. Health care benefits and MOSERS life insurance benefits are funded through both employer and employee contributions. MOSERS employer contribution rates are set by The Standard insurance company. MHPML and CEIP life insurance benefits are funded through employee contributions. MHPML and CEIP employer contribution rates are set by the Plans Board of Trustees and approved by their respective Commission. Contributions are established and may be amended by the MCHCP Board of Trustees within the authority granted under Chapter 103 of the Revised Statutes of Missouri (2000) as amended ("RSMo") 103.003 through 103.178. Retiree contribution rates are established based on projected claims experience and funding provided by employer contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier.

During fiscal year 2017, the State contributed \$1,925,000 and recognized \$1,925,000 in expenditures for MOSERS life insurance.

For fiscal year 2017, the State's contributions were 53.16% of the total (employer/employee) contributions made for other postemployment benefits.

**Funding Policy**

The contribution requirements of MCHCP, MHPML, and CEIP are established and may be amended by the State legislature, Missouri Highways and Transportation Commission, and the Conservation Department Board of Trustees, respectively. State contribution rates for MCHCP are based on the State's approved appropriation and the number of anticipated participants. The required contribution for MHPML and CEIP is based on an actuarial study and is financed on a pay-as-you-go basis. For fiscal year 2017, MCHCP, MHPML, and CEIP contributed \$67.4, \$25.1 and \$4.3 million, respectively. Retiree contributions during fiscal year 2017 for MCHCP, MHPML, and CEIP were \$52.2, \$22.4, and \$2.8 million, respectively.



**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

Annual OPEB Cost and Net OPEB Obligation

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

|   | MCHCP                    | MHPML                    | CEIP                    |
|---|--------------------------|--------------------------|-------------------------|
| Annual required contribution                | \$ 106,802               | \$ 73,610                | \$ 11,392               |
| Interest on net OPEB contribution           | 20,352                   | 23,385                   | 2,316                   |
| Adjustments to annual required contribution | (14,914)                 | (32,515)                 | (2,353)                 |
| Annual OPEB cost                            | <u>112,240</u>           | <u>64,480</u>            | <u>11,355</u>           |
| Contributions made                          | (67,399)                 | (25,063)                 | (4,320)                 |
| Increase in net OPEB obligations            | <u>44,841</u>            | <u>39,417</u>            | <u>7,035</u>            |
| Net OPEB obligation, beginning of year      | <u>357,046</u>           | <u>584,625</u>           | <u>61,762</u>           |
| Net OPEB obligation, end of year            | <u><u>\$ 401,887</u></u> | <u><u>\$ 624,042</u></u> | <u><u>\$ 68,797</u></u> |

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2017 are as follows (in thousands of dollars):

|                        | MCHP               |            |            | MHPML              |            |            |
|------------------------|--------------------|------------|------------|--------------------|------------|------------|
|                        | Fiscal Year Ending |            |            | Fiscal Year Ending |            |            |
|                        | 06/30/17           | 06/30/16   | 06/30/15   | 06/30/17           | 06/30/16   | 06/30/15   |
| Annual OPEB Cost (AOC) | \$ 112,240         | \$ 101,903 | \$ 108,266 | \$ 64,480          | \$ 65,105  | \$ 72,601  |
| Percentage of AOC      | 60.05%             | 64.96%     | 57.81%     | 38.87%             | 38.49%     | 37.87%     |
| Net OPEB Obligation    | \$ 401,887         | \$ 357,046 | \$ 321,343 | \$ 624,042         | \$ 584,625 | \$ 544,582 |

|                        | CEIP               |           |           |
|------------------------|--------------------|-----------|-----------|
|                        | Fiscal Year Ending |           |           |
|                        | 06/30/17           | 06/30/16  | 06/30/15  |
| Annual OPEB Cost (AOC) | \$ 11,355          | \$ 11,219 | \$ 11,905 |
| Percentage of AOC      | 38.04%             | 39.09%    | 36.04%    |
| Net OPEB Obligation    | \$ 68,797          | \$ 61,762 | \$ 54,928 |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

Funded Status and Funding Progress

The funded status of the Plans as of June 30, 2017, are as follows (in thousands of dollars):

|   | <u>MCHCP</u>       | <u>MHPML</u>      | <u>CEIP</u>       |
|---|--------------------|-------------------|-------------------|
| Actuarial Accrued Liability (AAL)       | \$1,837,900        | \$ 793,246        | \$ 175,716        |
| Less Actuarial Value of Plan Assets     | 125,400            | —                 | —                 |
| Unfunded Actuarial Accrued Liability    | <u>\$1,712,500</u> | <u>\$ 793,246</u> | <u>\$ 175,716</u> |
| <br>                                    |                    |                   |                   |
| Funded Ratio                            | 6.82%              | 0.00%             | 0.00%             |
| <br>                                    |                    |                   |                   |
| Covered Payroll                         | \$1,609,500        | \$ 356,149        | \$ 67,400         |
| <br>                                    |                    |                   |                   |
| UAAL as a Percentage of Covered Payroll | 106.40%            | 222.73%           | 260.71%           |

Actuarial Methods and Assumptions

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

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

In the actuarial valuation for fiscal year ending June 30, 2017, MCHCP used the entry-age method while MHPML and CEIP used the projected unit credit cost method. The actuarial assumptions for MCHCP, MHPML, and CEIP include a 5.7%, 4.0%, and 3.8% discount rate, respectively. For MCHCP, the projected annual health care cost trend rate for non-Medicare health care is 6.5% in fiscal 2017, decreasing by 0.25% per year to an ultimate rate of 5.0% in fiscal year 2023. The projected annual health care cost trend rate for Medicare health care is 7.5% in fiscal year 2017, decreasing by 0.25% per year to an ultimate rate of 5.0% in fiscal year 2027. The UAAL is being amortized at a level dollar amount over an open basis, over a 30-year period.

**College and Universities:**

University of Missouri System

In addition to the retirement benefits described in *Note 7*, the University provides postemployment medical care, dental care, and life insurance benefits to eligible employees who retire from the University and to employees receiving long-term disability benefits by means of a single-employer, defined benefit plan. Currently, 7,683 retirees/long-term disability claimants meet the eligibility requirements. These postemployment benefits are funded through both employer and employee contributions. For fiscal year 2017, the University's contributions were 59.19% of the total (employer/employee) contributions made for other postemployment benefits.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 8 - Other Postemployment Benefits (cont.)**

Currently, the number of retirees/long-term disability claimants participating in medical care, dental care, and life insurance are 6,279, 6,481, and 3,470 respectively. During fiscal year 2017, the University and its employees contributed \$36,144,000 for other postemployment benefits. The expenditures recognized by the University for (employer/employee) other postemployment benefits were \$36,059,000.

**Funding Policy**

Contribution requirements of the employees and the University are established and may be amended by the University's Board of Curators. The University has no obligation to make contributions in advance of when insurance premiums or claims are due for payment. It currently funds postemployment benefits at a level no less than the pay-as-you-go basis. In fiscal year 2017 and 2016, the University contributed \$21,394,000 and \$26,207,000, or 93.2% and 90.8%, of the annual required contribution (ARC), respectively.

**Annual OPEB Cost and Net OPEB Obligation**

The University's annual other postemployment benefit (OPEB) cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the University's net OPEB obligation for fiscal year 2017 (in thousands of dollars):

|  | <u>University of<br/>Missouri System</u> |
|--|--|
| Annual required contribution                   | \$ 22,958                                |
| Interest on net OPEB obligation                | 7,440                                    |
| Adjustment to annual OPEB obligation           | (8,134)                                  |
| Annual OPEB cost                               | 22,264                                   |
| Contributions made                             | (21,394)                                 |
| Increase in net OPEB obligation                | 870                                      |
| Net OPEB obligation (asset), beginning of year | 212,572                                  |
| Net OPEB obligation, end of year               | \$ 213,442                               |

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2017 was as follows (in thousands of dollars):

|                        | <u>University of Missouri System</u> |                 |                 |
|------------------------|--------------------------------------|-----------------|-----------------|
|                        | <u>Fiscal Year Ending</u>            |                 |                 |
|                        | <u>06/30/17</u>                      | <u>06/30/16</u> | <u>06/30/15</u> |
| Annual OPEB Cost (AOC) | \$ 22,264                            | \$ 28,986       | \$ 58,462       |
| Percentage of AOC      | 96.09%                               | 90.40%          | 43.98%          |
| Net OPEB Obligation    | \$ 213,442                           | \$ 212,572      | \$ 209,793      |

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2017, was as follows (in thousands of dollars):

|   | <u>University of<br/>Missouri System</u> |
|---|--|
| Actuarial Accrued Liability (AAL)           | \$ 464,734                               |
| Less Actuarial Value of Plan Assets         | 35,145                                   |
| Unfunded Actuarial Accrued Liability (UAAL) | <u>\$ 429,589</u>                        |
| <br>  |  |
| Funded Ratio                                | 7.56%                                    |
| Covered Payroll                             | \$ 1,188,977                             |
| UAAL as a Percentage of Covered Payroll     | 36.13%                                   |

Actuarial Methods and Assumptions

July 1, 2015 was the date of the last valuation. The University of Missouri used the projected unit credit actuarial cost method of valuation. The actuarial assumptions for University of Missouri System included a 3.5% rate of return, net of administrative expenses. The projected annual health care cost trend rate is 7.5% to 11.5% initially, reduced by 0.5% decrements to an ultimate rate of 5.0%. The UAAL is being amortized at a level dollar amount over an open basis, level percent of pay, over a 30-year period.

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

**Note 9 - Deferred Compensation**

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

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

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

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 9 - Deferred Compensation (cont.)**

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

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

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

The first employer contributions to the Plan were made in January 1996. The Plan receives contributions from employees as well as rollovers from other qualified plans. During fiscal year 2017, net rollovers and contributions to ICMA-RC were \$70,275,000.

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, 2017 (in thousands of dollars):

|                                 | <u>Balance</u><br><u>July 1, 2016</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u><br><u>June 30, 2017</u> |
|---------------------------------|---------------------------------------|------------------|------------------|--|
| <b>Governmental Activities:</b> |                                       |                  |                  |  |
| Bank Overdraft                  | \$ 2                                  | \$ 1,170,662     | \$ (1,170,662)   | \$ 2                                   |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017 (in thousands of dollars):

|  | Balance<br>June 30, 2016 | Increases           | Decreases             | Balance<br>June 30, 2017 | Due<br>Within<br>One Year |
|--|--------------------------|---------------------|-----------------------|--------------------------|---------------------------|
| <b>Governmental Activities:</b>                    |                          |                     |                       |                          |                           |
| Due to Other Entities                              | \$ 1,358                 | \$ 3                | \$ —                  | \$ 1,361                 | \$ —                      |
| General Obligation Bonds Payable                   | 208,880                  | —                   | (54,050)              | 154,830                  | 50,135                    |
| Other Bonds Payable                                | 3,207,400                | 97,225              | (360,800)             | 2,943,825                | 256,625                   |
| Unamortized Bond Premium                           | 245,482                  | 5,877               | (48,180)              | 203,179                  | —                         |
| Obligations under Lease Purchase                   | 130,386                  | 1,539               | (32,109)              | 99,816                   | 26,489                    |
| Pollution Remediation                              | 49,725                   | 1,153               | (3,447)               | 47,431                   | 5,594                     |
| Compensated Absences                               | 174,798                  | 200,508             | (200,291)             | 175,015                  | 174,287                   |
| Claims Liability                                   | 182,430                  | 463,455             | (468,207)             | 177,678                  | 118,869                   |
| Contingent Liabilities                             | 39,040                   | 69,802              | (37,692)              | 71,150                   | 23,838                    |
| 2 <sup>nd</sup> Injury Fund Contingent Liabilities | 1,732,685                | 206,662             | (99,161)              | 1,840,186                | 99,161                    |
| Net Other Postemployment Benefit Obligation        | 1,003,433                | 188,075             | (96,782)              | 1,094,726                | —                         |
| Net Pension Liability                              | 4,622,896                | 1,795,063           | (537,127)             | 5,880,832                | —                         |
| Total Governmental-Type Activities                 | <u>\$ 11,598,513</u>     | <u>\$ 3,029,362</u> | <u>\$ (1,937,846)</u> | <u>\$ 12,690,029</u>     | <u>\$ 754,998</u>         |
| <b>Business-Type Activities:</b>                   |                          |                     |                       |                          |                           |
| Obligations under Lease Purchase                   | \$ 304                   | \$ —                | \$ (176)              | \$ 128                   | \$ 128                    |
| Claims Liability                                   | 83,235                   | 13,565              | (14,932)              | 81,868                   | 15,000                    |
| Grand Prize Winner Liability                       | 101,752                  | 81,906              | (72,473)              | 111,185                  | 81,708                    |
| Compensated Absences                               | 4,399                    | 4,539               | (4,334)               | 4,604                    | 4,334                     |
| Net Pension Liability                              | 76,336                   | 61,776              | (18,485)              | 119,627                  | —                         |
| Total Business-Type Activities                     | <u>\$ 266,026</u>        | <u>\$ 161,786</u>   | <u>\$ (110,400)</u>   | <u>\$ 317,412</u>        | <u>\$ 101,170</u>         |

**Note 12 - Bonds Payable**

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

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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**Note 12 - Bonds Payable (cont.)**

General Obligation Bonds:

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

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

|                                | Date<br>Issued | Amount<br>Issued | Series<br>Refunded | Amount<br>Refunded |
|--------------------------------|----------------|------------------|--------------------|--------------------|
| Water Pollution Control Bonds: |                |                  |                    |                    |
| Series A 2010-Refunding        | 7/27/10        | \$ 81,450        | A 2001             | \$ 15,030          |
|                                |                |                  | A 2002             | 20,225             |
|                                |                |                  | B 2002-Refunding   | 12,990             |
|                                |                |                  | A 2005-Refunding   | 8,595              |
|                                |                |                  | A 2007             | 31,385             |
| Series A 2012-Refunding        | 9/27/12        | 62,460           | A 2002             | 3,225              |
|                                |                |                  | B 2002-Refunding   | 64,080             |
| Fourth State Building Bonds:   |                |                  |                    |                    |
| Series A 2010-Refunding        | 7/27/10        | 9,060            | A 2002-Refunding   | 8,970              |
|                                |                |                  | A 2005-Refunding   | 1,470              |
| Series A 2012-Refunding        | 9/27/12        | 100,395          | A 2002-Refunding   | 110,535            |
| Stormwater Control Bonds:      |                |                  |                    |                    |
| Series A 2010-Refunding        | 7/27/10        | 15,150           | A 2001             | 7,320              |
|                                |                |                  | A 2002             | 8,475              |
|                                |                |                  | A 2005-Refunding   | 905                |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**Note 12 - Bonds Payable (cont.)**

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

As of June 30, 2017, \$594,494,240 of the Water Pollution Control Bonds; \$250,000,000 of the Fourth State Building Bonds; and \$45,000,000 of the Stormwater Control Bonds have been issued. The remaining authorization for the Water Pollution Control Bonds is \$130,505,760 and for Stormwater Control Bonds is \$155,000,000. There is no remaining authorization for the Fourth State Buildings Bonds.

General obligation bonds issued and outstanding as of June 30, 2017, were as follows (in thousands of dollars):

|   | Interest<br>Rates | Payment<br>Dates | Issue<br>Date | Final<br>Maturity<br>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         | \$ 9,095         |
| Series A 2010-Refunding                                     | 4.0 - 5.0%        | 12/1; 6/1        | 7/10          | 12/1/22                   | 81,450            | 49,665           |
| Series A 2012-Refunding                                     | 3.0 - 4.0%        | 10/1; 4/1        | 9/12          | 10/1/19                   | 62,460            | 19,670           |
| Fourth State Building Bonds:                                |                   |                  |               |                           |                   |                  |
| Series A 2010-Refunding                                     | 4.0 - 5.0%        | 12/1; 6/1        | 7/10          | 12/1/22                   | 9,060             | 5,525            |
| Series A 2012-Refunding                                     | 2.0 - 4.0%        | 10/1; 4/1        | 9/12          | 10/1/21                   | 100,395           | 61,640           |
| Stormwater Control Bonds:                                   |                   |                  |               |                           |                   |                  |
| Series A 2010-Refunding                                     | 4.0 - 5.0%        | 12/1; 6/1        | 7/10          | 12/1/22                   | 15,150            | 9,235            |
| Total General Obligation<br>Bonds                           |                   |                  |               |                           | <u>\$ 318,515</u> | \$ 154,830       |
| Less: Amount in Sinking<br>Fund for payment of<br>Principal |                   |                  |               |                           |                   | <u>(56,192)</u>  |
|   |                   |                  |               |                           |                   | <u>\$ 98,638</u> |

As of June 30, 2017, general obligation debt service requirements for principal and interest in future years were as follows (in thousands of dollars):

| Fiscal Year<br>Ended June 30 | Principal         | Interest         | Totals            |
|------------------------------|-------------------|------------------|-------------------|
| 2018                         | \$ 50,135         | \$ 5,592         | \$ 55,727         |
| 2019                         | 38,575            | 3,712            | 42,287            |
| 2020                         | 21,590            | 2,445            | 24,035            |
| 2021                         | 15,880            | 1,666            | 17,546            |
| 2022                         | 16,560            | 964              | 17,524            |
| 2023                         | 12,090            | 302              | 12,392            |
| Totals                       | <u>\$ 154,830</u> | <u>\$ 14,681</u> | <u>\$ 169,511</u> |



**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**Note 12 - Bonds Payable (cont.)**

Other Bonds:

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

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

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

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

As of June 30, 2017, the Board of Public Buildings Bonds had issued \$1,068,010,000 of the bond authorization. The remaining authorization is \$476,990,000.

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2017, were as follows (in thousands of dollars):

|  | Interest<br>Rates | Payment<br>Dates | Issue<br>Date | Final<br>Maturity<br>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        | \$ 91,190         |
| Series A 2012-Refunding                  | 2.0 - 5.0%        | 4/1; 10/1        | 8/12          | 10/1/28                   | 278,835           | 235,290           |
| Series A 2013-Refunding                  | 2.0 - 5.0%        | 4/1; 10/1        | 10/13         | 10/1/28                   | 29,370            | 24,755            |
| Series A 2014-Refunding                  | 1.0 - 5.0%        | 4/1; 10/1        | 8/14          | 10/1/30                   | 88,680            | 85,675            |
| Series A 2015-Refunding                  | 5.0%              | 4/1; 10/1        | 4/15          | 10/1/24                   | 20,250            | 20,250            |
| Series A 2015                            | 3.0 - 5.0%        | 4/1; 10/1        | 4/15          | 10/1/39                   | 36,805            | 35,100            |
| Series B 2015                            | 3.0 - 5.0%        | 4/1; 10/1        | 9/15          | 4/1/30                    | 60,000            | 52,625            |
| Series A 2016                            | 3.0 - 4.0%        | 4/1; 10/1        | 5/16          | 4/1/36                    | 100,000           | 93,925            |
| Total Board of Public<br>Buildings Bonds |                   |                  |               |                           | <u>\$ 756,960</u> | <u>\$ 638,810</u> |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**Note 12 - Bonds Payable (cont.)**

As of June 30, 2017, 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<br>Ended June 30 | Principal         | Interest          | Totals            |
|------------------------------|-------------------|-------------------|-------------------|
| 2018                         | \$ 40,490         | \$ 23,046         | \$ 63,536         |
| 2019                         | 42,230            | 21,229            | 63,459            |
| 2020                         | 44,070            | 19,230            | 63,300            |
| 2021                         | 46,025            | 17,178            | 63,203            |
| 2022                         | 48,025            | 15,082            | 63,107            |
| 2023-2027                    | 260,625           | 46,430            | 307,055           |
| 2028-2032                    | 131,985           | 10,502            | 142,487           |
| 2033-2037                    | 19,000            | 2,657             | 21,657            |
| 2038-2040                    | 6,360             | 339               | 6,699             |
| <b>Totals</b>                | <b>\$ 638,810</b> | <b>\$ 155,693</b> | <b>\$ 794,503</b> |

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

The Educational Facilities Revenue Bonds issued and outstanding as of June 30, 2017, were as follows (in thousands of dollars):

|  | Interest<br>Rates | Payment<br>Dates | Issue<br>Date | Final<br>Maturity<br>Date | Issued           | Outstanding      |
|--|-------------------|------------------|---------------|---------------------------|------------------|------------------|
| Educational Facilities<br>Revenue Bonds: |                   |                  |               |                           |                  |                  |
| Series 2011-Refunding                    | 2.0 - 5.0%        | 4/1; 10/1        | 11/11         | 10/1/21                   | <u>\$ 20,125</u> | <u>\$ 11,160</u> |

As of June 30, 2017, 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<br>Ended June 30 | Principal        | Interest        | Totals           |
|------------------------------|------------------|-----------------|------------------|
| 2018                         | \$ 2,015         | \$ 507          | \$ 2,522         |
| 2019                         | 2,115            | 404             | 2,519            |
| 2020                         | 2,225            | 296             | 2,521            |
| 2021                         | 2,340            | 182             | 2,522            |
| 2022                         | 2,465            | 62              | 2,527            |
| <b>Totals</b>                | <b>\$ 11,160</b> | <b>\$ 1,451</b> | <b>\$ 12,611</b> |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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**Note 12 - Bonds Payable (cont.)**

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

The Convention and Sports Facility Project Bonds issued and outstanding as of June 30, 2017, were as follows (in thousands of dollars):

|  | Interest<br>Rates | Payment<br>Dates | Issue<br>Date | Final<br>Maturity<br>Date | Issued    | Outstanding |
|--|-------------------|------------------|---------------|---------------------------|-----------|-------------|
| Convention and Sports<br>Facility Project Bonds: |                   |                  |               |                           |           |             |
| Series A 2013-Refunding                          | 2.0 - 5.0%        | 2/15; 8/15       | 8/13          | 8/15/21                   | \$ 65,195 | \$ 43,285   |

As of June 30, 2017, 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<br>Ended June 30 | Principal | Interest | Totals    |
|------------------------------|-----------|----------|-----------|
| 2018                         | \$ 7,835  | \$ 1,968 | \$ 9,803  |
| 2019                         | 8,225     | 1,567    | 9,792     |
| 2020                         | 8,635     | 1,145    | 9,780     |
| 2021                         | 9,070     | 703      | 9,773     |
| 2022                         | 9,520     | 238      | 9,758     |
| Totals                       | \$ 43,285 | \$ 5,621 | \$ 48,906 |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**Note 12 - Bonds Payable (cont.)**

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

| Fiscal Year<br>Ended June 30 | State<br>Debt Service<br>Payments |
|------------------------------|-----------------------------------|
| 2018                         | \$ 10,000                         |
| 2019                         | 10,000                            |
| 2020                         | 10,000                            |
| 2021                         | 10,000                            |
| 2022                         | 5,000                             |
| Total                        | <u>\$ 45,000</u>                  |

The Missouri Development Finance Board (MDFB) issued \$92,660,000 of Series 2014 Bonds dated December 10, 2014 and \$97,225,000 of Series 2016 Bonds dated December 15, 2016, to fund the replacement of the Fulton State Hospital. These bonds are special, limited obligations of the Board and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount for principal and interest each year.

The MDFB – Fulton State Hospital Project Bonds issued and outstanding as of June 30, 2017, were as follows (in thousands of dollars):

|   | Interest<br>Rates | Payment<br>Dates | Issue<br>Date | Final<br>Maturity<br>Date | Issued            | Outstanding       |
|---|-------------------|------------------|---------------|---------------------------|-------------------|-------------------|
| Fulton State Hospital<br>Project Bonds: |                   |                  |               |                           |                   |                   |
| Series 2014                             | 2.25 - 5.0%       | 4/1; 10/1        | 12/14         | 10/1/39                   | \$ 92,660         | \$ 88,135         |
| Series 2016                             | 4.0 - 5.0%        | 4/1; 10/1        | 12/16         | 10/1/39                   | 97,225            | 97,225            |
| Total Fulton State<br>Hospital Bonds    |                   |                  |               |                           | <u>\$ 189,885</u> | <u>\$ 185,360</u> |

As of June 30, 2017, 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<br>Ended June 30 | Principal         | Interest         | Totals            |
|------------------------------|-------------------|------------------|-------------------|
| 2018                         | \$ 4,850          | \$ 7,501         | \$ 12,351         |
| 2019                         | 5,095             | 7,252            | 12,347            |
| 2020                         | 5,355             | 6,991            | 12,346            |
| 2021                         | 5,625             | 6,717            | 12,342            |
| 2022                         | 5,910             | 6,428            | 12,338            |
| 2023-2027                    | 33,605            | 28,021           | 61,626            |
| 2028-2032                    | 40,855            | 20,664           | 61,519            |
| 2033-2037                    | 49,370            | 12,098           | 61,468            |
| 2038-2040                    | 34,695            | 2,155            | 36,850            |
| Totals                       | <u>\$ 185,360</u> | <u>\$ 97,827</u> | <u>\$ 283,187</u> |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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**Note 12 - Bonds Payable (cont.)**

The Missouri Development Finance Board (MDFB) issued \$33,800,000 of Series A 2016 Bonds dated March 11, 2016, to fund the State Historical Society project. These bonds are 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, 2017, were as follows (In thousands of dollars):

|   | <u>Interest Rates</u> | <u>Payment Dates</u> | <u>Issue Date</u> | <u>Final Maturity Date</u> | <u>Issued</u>    | <u>Outstanding</u> |
|---|-----------------------|----------------------|-------------------|----------------------------|------------------|--------------------|
| State Historical Society Project Bonds: |                       |                      |                   |                            |                  |                    |
| Series A 2016                           | 2.0 - 5.0%            | 4/1; 10/1            | 3/16              | 10/1/35                    | <u>\$ 33,800</u> | <u>\$ 32,655</u>   |

As of June 30, 2017, 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):

| <u>Fiscal Year Ended June 30</u> | <u>Principal</u> | <u>Interest</u>  | <u>Totals</u>    |
|----------------------------------|------------------|------------------|------------------|
| 2018                             | \$ 1,250         | \$ 1,083         | \$ 2,333         |
| 2019                             | 1,290            | 1,039            | 2,329            |
| 2020                             | 1,350            | 973              | 2,323            |
| 2021                             | 1,415            | 903              | 2,318            |
| 2022                             | 1,480            | 831              | 2,311            |
| 2023-2027                        | 8,065            | 3,423            | 11,488           |
| 2028-2032                        | 9,330            | 2,036            | 11,366           |
| 2033-2036                        | <u>8,475</u>     | <u>526</u>       | <u>9,001</u>     |
| Totals                           | <u>\$ 32,655</u> | <u>\$ 10,814</u> | <u>\$ 43,469</u> |

**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, 2017, the Missouri Highways and Transportation Commission had issued \$3,812,195,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**Note 12 - Bonds Payable (cont.)**

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

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

The State Road Bonds issued and outstanding as of June 30, 2017, were as follows (in thousands of dollars):

|  | Interest<br>Rates | Payment<br>Dates | Issue<br>Date | Final<br>Maturity<br>Date | Issued             | Outstanding         |
|--|-------------------|------------------|---------------|---------------------------|--------------------|---------------------|
| Missouri Highways and<br>Transportation Commission:      |                   |                  |               |                           |                    |                     |
| State Road Bonds   |                   |                  |               |                           |                    |                     |
| Series 2006-Refunding                                    | 4.00 - 5.00%      | 2/1; 8/1         | 12/06         | 2/1/22                    | \$ 394,870         | \$ 119,655          |
| Series A 2008-Second Lien                                | 3.00 - 5.00%      | 5/1; 11/1        | 12/08         | 5/1/25                    | 142,735            | 87,545              |
| Series A 2009  | 2.00 - 5.00%      | 5/1; 11/1        | 9/09          | 5/1/21                    | 195,625            | 81,680              |
| 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            | 280,930             |
| Series A 2010  | 1.50 - 5.00%      | 5/1; 11/1        | 3/10          | 5/1/22                    | 128,865            | 54,285              |
| 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            | 570,205             |
| Series B 2014-Refunding                                  | 3.00 - 5.00%      | 5/1; 11/1        | 6/14          | 5/1/25                    | 311,975            | 311,975             |
| Total Missouri Highways and<br>Transportation Commission |                   |                  |               |                           | <u>\$2,653,985</u> | <u>\$ 2,032,555</u> |

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**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**Note 12 - Bonds Payable (cont.)**

As of June 30, 2017, 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<br>Ended June 30 | Principal           | Interest          | Totals              |
|------------------------------|---------------------|-------------------|---------------------|
| 2018                         | \$ 200,185          | \$ 102,050        | \$ 302,235          |
| 2019                         | 209,355             | 92,447            | 301,802             |
| 2020                         | 170,340             | 82,413            | 252,753             |
| 2021                         | 183,515             | 74,224            | 257,739             |
| 2022                         | 196,330             | 65,170            | 261,500             |
| 2023-2027                    | 779,565             | 185,405           | 964,970             |
| 2028-2032                    | 250,015             | 49,045            | 299,060             |
| 2033                         | 43,250              | 2,355             | 45,605              |
| Totals                       | <u>\$ 2,032,555</u> | <u>\$ 653,109</u> | <u>\$ 2,685,664</u> |

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

Major

College and Universities:

The college and universities of the State issue revenue bonds for various projects on each respective campus. Bonds are payable, both principal and interest, only out of net income and revenues arising from operations of facilities funded by the bonds. As of June 30, 2017, debt service requirements for principal and interest for the college and universities were as follows (in thousands of dollars):

| Fiscal Year<br>Ended June 30 | Principal           | Interest            | Totals              |
|------------------------------|---------------------|---------------------|---------------------|
| 2018                         | \$ 68,825           | \$ 92,720           | \$ 161,545          |
| 2019                         | 65,339              | 90,146              | 155,485             |
| 2020                         | 172,737             | 85,390              | 258,127             |
| 2021                         | 62,145              | 80,691              | 142,836             |
| 2022                         | 62,455              | 78,329              | 140,784             |
| 2023-2027                    | 375,531             | 350,242             | 725,773             |
| 2028-2032                    | 342,631             | 274,858             | 617,489             |
| 2033-2037                    | 268,236             | 207,174             | 475,410             |
| 2038-2042                    | 372,872             | 131,092             | 503,964             |
| 2043-2047                    | 155,870             | 43,126              | 198,996             |
| 2048-2052                    | —                   | 31,777              | 31,777              |
| 2053-2056                    | 150,000             | 15,889              | 165,889             |
| Totals <sup>(1)</sup>        | <u>\$ 2,096,641</u> | <u>\$ 1,481,434</u> | <u>\$ 3,578,075</u> |

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

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

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, 2017, were as follows (in thousands of dollars):

|   | Interest<br>Rates | Payment<br>Dates | Issue<br>Date | Final<br>Maturity<br>Date | Issued           | Outstanding      |
|---|-------------------|------------------|---------------|---------------------------|------------------|------------------|
| Missouri Development<br>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           | 7,740            |
| Series 2010A  | Variable          | monthly          | 4/10          | 5/1/40                    | 9,000            | 8,046            |
| Total Missouri Development<br>Finance Board Revenue Bonds |                   |                  |               |                           | <u>\$ 30,100</u> | <u>\$ 19,696</u> |

As of June 30, 2017, 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<br>Ended June 30 | Principal        | Interest        | Totals           |
|------------------------------|------------------|-----------------|------------------|
| 2018                         | \$ 214           | \$ 126          | \$ 340           |
| 2019                         | 223              | 123             | 346              |
| 2020                         | 232              | 120             | 352              |
| 2021                         | 11,892           | 116             | 12,008           |
| 2022                         | 252              | 101             | 353              |
| 2023-2027                    | 1,438            | 448             | 1,886            |
| 2028-2032                    | 1,779            | 332             | 2,111            |
| 2033-2037                    | 2,197            | 189             | 2,386            |
| 2038-2040                    | 1,469            | 32              | 1,501            |
| Totals <sup>(1)</sup>        | <u>\$ 19,696</u> | <u>\$ 1,587</u> | <u>\$ 21,283</u> |

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



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**Note 12 - Bonds Payable (cont.)**

The annual debt service schedule assumes an interest rate of 0.098%, representing the interest rate at June 30, 2017, 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, 2017, for the Seventh Street Garage Series 2010A bonds. As of June 28, 2012 through April 30, 2015, the Board entered into an interest deferral agreement whereby the bond interest rate for the Seventh Street Garage Series 2010A bonds is the lesser of the modified pay rate or 4.25% annually.

**Bond Transactions of the State of Missouri** - The following schedule is a summary of bond activity for the fiscal year ended June 30, 2017 (in thousands of dollars):

|   | Governmental Funds       |              | Component Units |              |
|---|--------------------------|--------------|-----------------|--------------|
|   | General Obligation Bonds | Other Bonds  | Revenue Bonds   | Totals       |
| Bonds Payable at July 1, 2016           | \$ 208,880               | \$ 3,207,400 | \$ —            | \$ 3,416,280 |
| Bond Issuance                           | —                        | 97,225       | —               | 97,225       |
| Bonds Retired                           | (54,050)                 | (360,800)    | —               | (414,850)    |
| Subtotal                                | 154,830                  | 2,943,825    | —               | 3,098,655    |
| College and Universities <sup>(1)</sup> | —                        | —            | 2,096,641       | 2,096,641    |
| Missouri Development Finance Board      | —                        | —            | 19,696          | 19,696       |
| Bonds Payable at June 30, 2017          | \$ 154,830               | \$ 2,943,825 | \$ 2,116,337    | \$ 5,214,992 |

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

**Note 13 - Defeased Debt**

**A. Current Year Debt Defeasance**

On August 10, 2016, the Southeast Missouri State University issued \$25,025,000 of System Facilities Revenue Bonds, Series 2016C, with interest rate ranging from 2.00% to 3.00%. As a result of the refunding, the University reduced its total debt service payments by \$3,068,337 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$2,723,714.

**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, 2017, bonds outstanding of \$21,380,000 are defeased.

College and Universities - As of June 30, 2017, bonds outstanding of \$278,765,000 are defeased.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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**Note 14 - Payables and Receivables**

A summary of accounts payable and accounts receivable at June 30, 2017, is shown below (in thousands of dollars):

|   | Governmental<br>Activities | Business-Type<br>Activities | Balance<br>June 30, 2017 |
|---|----------------------------|-----------------------------|--------------------------|
| <b>Accounts Payable:</b>  |                            |                             |                          |
| Taxpayers   | \$ 119,428                 | \$ 27                       | \$ 119,455               |
| Other Governments   | 119,762                    | 4                           | 119,766                  |
| Vendors   | 1,059,897                  | 23,351                      | 1,083,248                |
| Employees   | 114,835                    | 3,378                       | 118,213                  |
| Other   | 65,717                     | 30                          | 65,747                   |
|   | <hr/>                      | <hr/>                       | <hr/>                    |
| Total Accounts Payable  | \$ 1,479,639               | \$ 26,790                   | \$ 1,506,429             |
|   | <hr/> <hr/>                | <hr/> <hr/>                 | <hr/> <hr/>              |
| <b>Accounts Receivable with expected date of receipt within one year:</b>       |                            |                             |                          |
| Taxpayers   | \$ 2,071,063               | \$ 1,532                    | \$ 2,072,595             |
| Other Governments   | 755,536                    | 8,585                       | 764,121                  |
| Vendors   | 116,468                    | —                           | 116,468                  |
| Customers   | 160,715                    | 179,927                     | 340,642                  |
| Other   | 1,382,415                  | 678                         | 1,383,093                |
|   | <hr/>                      | <hr/>                       | <hr/>                    |
|   | 4,486,197                  | 190,722                     | 4,676,919                |
| <b>Accounts Receivable with expected date of receipt greater than one year:</b> |                            |                             |                          |
| Vendors   | 34,530                     | —                           | 34,530                   |
| Customers   | 147,527                    | 34                          | 147,561                  |
| Other   | 21,444                     | —                           | 21,444                   |
|   | <hr/>                      | <hr/>                       | <hr/>                    |
|   | 203,501                    | 34                          | 203,535                  |
| Accounts Receivable   | 4,689,698                  | 190,756                     | 4,880,454                |
| Amounts not expected to be collected  | (426,561)                  | —                           | (426,561)                |
|   | <hr/>                      | <hr/>                       | <hr/>                    |
| Accounts Receivable, net  | \$ 4,263,137               | \$ 190,756                  | \$ 4,453,893             |
|   | <hr/> <hr/>                | <hr/> <hr/>                 | <hr/> <hr/>              |

**Note 15 - Deferred Inflows and Outflows**

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

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**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, 2017, are as follows (in thousands):

|   | Primary Government         |                             |                     | Component<br>Units |
|---|----------------------------|-----------------------------|---------------------|--------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total               |                    |
| <b>Deferred Outflows of Resources</b>   |                            |                             |                     |                    |
| Pension Differences Between Expected and Actual Experience  | \$ 42,597                  | \$ 1,449                    | \$ 44,046           | \$ 15,169          |
| Net Differences Between Projected and Actual Earnings on Pension Plan Investments                                 | 753,053                    | 22,981                      | 776,034             | 225,566            |
| Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions | 32                         | —                           | 32                  | 7,496              |
| Pension Changes in Assumptions  | 422,433                    | 14,645                      | 437,078             | 84,147             |
| Pension Contributions Subsequent to the Measurement Date  | 505,085                    | 10,144                      | 515,229             | 58,181             |
| Deferred for Refunding Bonds  | 80,675                     | —                           | 80,675              | 34,244             |
| Cash Flow Hedge   | —                          | —                           | —                   | 18,156             |
| Accumulated Decrease in Fair Value of Hedging Derivatives   | —                          | —                           | —                   | 387                |
| <b>Total Deferred Outflows of Resources</b>   | <b>\$ 1,803,875</b>        | <b>\$ 49,219</b>            | <b>\$ 1,853,094</b> | <b>\$ 443,346</b>  |
| <b>Deferred Inflows of Resources</b>  |                            |                             |                     |                    |
| Pension Differences Between Expected and Actual Experience  | \$ 57,756                  | \$ 411                      | \$ 58,167           | \$ 47,218          |
| Pension Changes in Assumptions  | 22,086                     | 845                         | 22,931              | 4,858              |
| Net Differences Between Projected and Actual Earnings on Pension Plan Investments                                 | 76,260                     | —                           | 76,260              | —                  |
| Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions | 3,794                      | 143                         | 3,937               | 3,934              |
| Deferred for Refunding Bonds  | 1,132                      | —                           | 1,132               | —                  |
| <b>Total Deferred Inflows of Resources</b>  | <b>\$ 161,028</b>          | <b>\$ 1,399</b>             | <b>\$ 162,427</b>   | <b>\$ 56,010</b>   |

Deferred inflows of resources on the governmental funds balance sheet as of June 30, 2017 are unavailable revenues. Unavailable revenues are those for which asset recognition criteria has not been met for governmental funds, which uses the modified accrual basis of accounting (in thousands):

|                                      | General<br>Fund | Public<br>Education | Conservation<br>and<br>Environmental<br>Protection | Missouri<br>Road<br>Fund | Non-Major<br>Governmental<br>Funds | Total        |
|--------------------------------------|-----------------|---------------------|--|--------------------------|------------------------------------|--------------|
| <b>Deferred Inflows of Resources</b> |                 |                     |  |                          |                                    |              |
| Unavailable Revenue                  | \$ 1,005,272    | \$ 44,706           | \$ 22,606  | \$ 23,242                | \$ 7,253                           | \$ 1,103,079 |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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**Note 15 - Deferred Inflows and Outflows (cont.)**

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

| <b><u>Proprietary</u></b>   | <u>State<br/>Lottery</u> | <u>Petroleum<br/>Storage<br/>Tank<br/>Insurance</u> | <u>Non-Major<br/>Funds</u> | <u>Total<br/>Enterprise<br/>Funds</u> | <u>Governmental<br/>Activities –<br/>Internal<br/>Service Funds</u> |
|---|--------------------------|---|----------------------------|---------------------------------------|---|
| <b>Deferred Outflows of Resources</b>   |                          |   |                            |                                       |   |
| Pension Differences Between Expected and Actual Experience  | \$ 168                   | \$ 23   | \$ 1,258                   | \$ 1,449                              | \$ 1,140  |
| Net Differences Between Projected and Actual Earnings on Pension Plan Investments                                 | 2,664                    | 358   | 19,959                     | 22,981                                | 18,090  |
| Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions | —                        | —   | —                          | —                                     | 31  |
| Pension Changes in Assumptions  | 1,697                    | 228   | 12,720                     | 14,645                                | 11,527  |
| Pension Contributions Subsequent to the Measurement Date  | 1,138                    | 155   | 8,851                      | 10,144                                | 8,036   |
| <b>Total Deferred Outflows of Resources</b>   | <b><u>\$ 5,667</u></b>   | <b><u>\$ 764</u></b>                                | <b><u>\$ 42,788</u></b>    | <b><u>\$ 49,219</u></b>               | <b><u>\$ 38,824</u></b>   |
| <b>Deferred Inflows of Resources</b>  |                          |   |                            |                                       |   |
| Pension Differences Between Expected and Actual Experience  | \$ 48                    | \$ 6  | \$ 357                     | \$ 411                                | \$ 323  |
| Pension Changes in Assumptions  | 98                       | 13  | 734                        | 845                                   | 666   |
| Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions | 17                       | 2   | 124                        | 143                                   | 180   |
| <b>Total Deferred Inflows of Resources</b>  | <b><u>\$ 163</u></b>     | <b><u>\$ 21</u></b>                                 | <b><u>\$ 1,215</u></b>     | <b><u>\$ 1,399</u></b>                | <b><u>\$ 1,169</u></b>  |

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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Note 15 - Deferred Inflows and Outflows (cont.)

| <u>Fiduciary</u>  | <u>Private-<br/>Purpose<br/>Trust Funds</u> |
|---|---|
| <b>Deferred Outflows of Resources</b>   |   |
| Pension Differences Between Expected and Actual Experience  | \$ 13                                       |
| Net Differences Between Projected and Actual Earnings on Pension Plan Investments                                 | 205   |
| Pension Changes in Assumptions  | 130   |
| Pension Contributions Subsequent to the Measurement Date  | 96  |
| <b>Total Deferred Outflows of Resources</b>   | <u><u>\$ 444</u></u>                        |
| <b>Deferred Inflows of Resources</b>  |   |
| Pension Differences Between Expected and Actual Experience  | \$ 3  |
| Pension Changes in Assumptions  | 8   |
| Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions | 1   |
| <b>Total Deferred Inflows of Resources</b>  | <u><u>\$ 12</u></u>                         |

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

| <u>Component Units</u>   | <u>College and<br/>Universities</u> | <u>Non-Major</u>       |
|--|-------------------------------------|------------------------|
| <b>Deferred Outflows of Resources</b>  |                                     |                        |
| Pension Differences Between<br>Expected and Actual Experience  | \$ 15,145                           | \$ 24                  |
| Net Differences Between Projected<br>and Actual Earnings on Pension<br>Plan Investments                                    | 225,190                             | 376                    |
| Changes in Proportion and<br>Differences Between Pension Plan<br>Contributions and Proportionate<br>Share of Contributions | 7,351                               | 145                    |
| Pension Changes in Assumptions   | 83,908                              | 239                    |
| Pension Contributions Subsequent to<br>the Measurement Date  | 58,022                              | 159                    |
| Deferred for Refunding Bonds   | 34,244                              | —                      |
| Cash Flow Hedge  | 18,156                              | —                      |
| Accumulated Decrease in Fair Value<br>of Hedging Derivatives   | —                                   | 387                    |
| <b>Total Deferred Outflows of<br/>Resources</b>  | <u><u>\$ 442,016</u></u>            | <u><u>\$ 1,330</u></u> |
| <b>Deferred Inflows of Resources</b>   |                                     |                        |
| Pension Differences Between<br>Expected and Actual Experience  | \$ 47,211                           | \$ 7                   |
| Pension Changes in Assumptions   | 4,844                               | 14                     |
| Changes in Proportion and<br>Differences Between Pension Plan<br>Contributions and Proportionate<br>Share of Contributions | 3,895                               | 39                     |
| <b>Total Deferred Inflows of Resources</b>   | <u><u>\$ 55,950</u></u>             | <u><u>\$ 60</u></u>    |

**STATE OF MISSOURI**  
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**Note 16 - Interfund Assets and Liabilities**

A summary of interfund assets and liabilities at June 30, 2017, is shown below (in thousands of dollars):

| <b>Due From Other Funds, Component Units, and Primary Government</b>       |                     |  |   |                                  |                              |                  |
|--|---------------------|--|---|----------------------------------|------------------------------|------------------|
|  | Public<br>Education | Conservation<br>and<br>Environmental<br>Protection | Non-Major<br>Governmental<br>Funds          | Non-Major<br>Enterprise<br>Funds | Internal<br>Service<br>Funds | Totals           |
| <b>Due to Other Funds,<br/>Component Units, and<br/>Primary Government</b> |                     |  |   |                                  |                              |                  |
| General Fund   | \$ —                | \$ —   | \$ —  | \$ 6                             | \$ 5,414                     | \$ 5,420         |
| Public Education   | —                   | —  | —   | —                                | 66                           | 66               |
| Conservation and<br>Environmental<br>Protection                            | —                   | —  | —   | 9                                | 134                          | 143              |
| Missouri Road Fund   | —                   | —  | —   | 1                                | 240                          | 241              |
| Non-Major Governmental<br>Funds  | —                   | —  | —   | 1                                | 993                          | 994              |
| State Lottery  | 1,569               | —  | —   | —                                | 16                           | 1,585            |
| Unemployment<br>Compensation   | —                   | —  | 3,377                                       | —                                | —                            | 3,377            |
| Petroleum Storage Tank<br>Insurance  | —                   | —  | —   | —                                | 4                            | 4                |
| Non-Major Enterprise<br>Funds  | —                   | —  | —   | —                                | 59                           | 59               |
| Internal Service Funds   | —                   | —  | —   | —                                | 148                          | 148              |
| Non-Major Component<br>Units   | —                   | 561  | —   | —                                | 2                            | 563              |
| Totals   | <u>\$ 1,569</u>     | <u>\$ 561</u>                                      | <u>\$ 3,377</u>                             | <u>\$ 17</u>                     | <u>\$ 7,076</u>              | <u>\$ 12,600</u> |
|  |                     |  |   |                                  |                              |                  |
|  |                     |  | <b>Advance From<br/>Component<br/>Units</b> |                                  |                              |                  |
|  |                     |  | Non-Major<br>Component<br>Units             |                                  |                              |                  |
| <b>Advance To<br/>Component Units</b>                                      |                     |  |   |                                  |                              |                  |
| Conservation and<br>Environmental<br>Protection                            | <u>\$ 517</u>       |  |   |                                  |                              |                  |

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: governmental activities in the amount of \$6,995,000.

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**Note 17 - Interfund Transfers**

All transfers must be legally authorized by the legislature through transfer appropriations. Interfund transfers for the fiscal year ended June 30, 2017, were as follows (in thousands of dollars):

| <b>Transfers In:</b>                         |                  |                     |  |                          |                                    |
|--|------------------|---------------------|--|--------------------------|------------------------------------|
|  | General<br>Fund  | Public<br>Education | Conservation<br>and<br>Environmental<br>Protection | Missouri<br>Road<br>Fund | Non-Major<br>Governmental<br>Funds |
| <b>Transfers Out:</b>                        |                  |                     |  |                          |                                    |
| General Fund                                 | \$ —             | \$ 1,014,739        | \$ 965   | —                        | \$ 309,767                         |
| Public Education                             | 23,510           | —                   | —  | —                        | —                                  |
| Conservation and Environmental<br>Protection | 704              | —                   | —  | —                        | 2,539                              |
| Non-Major Governmental Funds                 | 18,006           | 5,050               | —  | 459,141                  | 5,600                              |
| State Lottery                                | —                | 291,686             | —  | —                        | —                                  |
| Unemployment Compensation                    | 376              | —                   | —  | —                        | 2,078                              |
| Non-Major Enterprise Funds                   | 30               | —                   | —  | —                        | 1,022                              |
| Internal Service Funds                       | 1,924            | —                   | 10   | —                        | 103                                |
| Totals                                       | <u>\$ 44,550</u> | <u>\$ 1,311,475</u> | <u>\$ 975</u>                                      | <u>\$ 459,141</u>        | <u>\$ 321,109</u>                  |

**Continues Below**

|  | State<br>Lottery | Non-Major<br>Enterprise<br>Funds | Internal<br>Service<br>Funds | Totals              |
|--|------------------|----------------------------------|------------------------------|---------------------|
| <b>Transfers Out:</b>                        |                  |                                  |                              |                     |
| General Fund                                 | \$ —             | \$ 695                           | \$ 153                       | \$ 1,326,319        |
| Public Education                             | —                | —                                | —                            | 23,510              |
| Conservation and Environmental<br>Protection | —                | —                                | —                            | 3,243               |
| Non-Major Governmental Funds                 | —                | 4,750                            | —                            | 492,547             |
| State Lottery                                | —                | —                                | —                            | 291,686             |
| Unemployment Compensation                    | —                | —                                | —                            | 2,454               |
| Non-Major Enterprise Funds                   | —                | —                                | —                            | 1,052               |
| Internal Service Funds                       | 27               | 37                               | 26                           | 2,127               |
| Totals                                       | <u>\$ 27</u>     | <u>\$ 5,482</u>                  | <u>\$ 179</u>                | <u>\$ 2,142,938</u> |

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 \$920,000 from a non-major special revenue funds 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.



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**Note 18 - Restatements**

During fiscal year 2017, 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, 2016<br>Fund Balance/<br>Net Position<br>Previously<br>Reported | Prior Period<br>Adjustments | June 30, 2016<br>Fund Balance/<br>Net Position<br>Restated |
|---|--|-----------------------------|--|
| <b>GOVERNMENTAL FUNDS</b>                   |  |                             |  |
| <b>Major Governmental Funds</b>             |  |                             |  |
| General Fund                                | \$ 1,453,742   | \$ (63)                     | \$ 1,453,679   |
| Conservation and Environmental Protection   | 1,768,980  | (32)                        | 1,768,948  |
| <b>Non-Major Governmental Funds</b>         |  |                             |  |
| Special Revenue                             | 433,774  | (196)                       | 433,578  |
| <b>Total Governmental Funds</b>             | <b>\$ 3,656,496</b>  | <b>\$ (291)</b>             | <b>\$ 3,656,205</b>  |
| <b>PROPRIETARY FUNDS</b>                    |  |                             |  |
| <b>Non-Major Proprietary Funds</b>          |  |                             |  |
| Enterprise                                  | \$ 74,552  | \$ (684)                    | \$ 73,868  |
| Internal Service                            | 468,849  | 162                         | 469,011  |
| <b>Total Proprietary Funds</b>              | <b>\$ 543,401</b>  | <b>\$ (522)</b>             | <b>\$ 542,879</b>  |
| <b>FIDUCIARY FUNDS</b>                      |  |                             |  |
| Pension (And Other Employee Benefit)        |  |                             |  |
| Trust Funds                                 | \$ 12,222,614  | \$ 295                      | \$ 12,222,909  |
| <b>Total Fiduciary Funds</b>                | <b>\$ 12,222,614</b>   | <b>\$ 295</b>               | <b>\$ 12,222,909</b>                                       |
| <b>DISCRETELY PRESENTED COMPONENT UNITS</b> |  |                             |  |
| College and Universities                    | \$ 5,681,853   | \$ 132,284                  | \$ 5,814,137   |
| <b>Total Component Units</b>                | <b>\$ 5,681,853</b>  | <b>\$ 132,284</b>           | <b>\$ 5,814,137</b>  |

**Breakdown of restatements by type:**

- General Fund, the restatement was due to a decrease in accounts receivable of \$1,605,000 and an increase in loans receivable of \$1,542,000.
- Conservation and Environmental Protection, the restatement was due to a decrease in accounts receivable of \$32,000.
- Non-major special revenue funds, the restatement was due to a decrease in investments of \$196,000.
- Non-major enterprise funds, the restatement was due to a decrease in capital assets (net of accumulated depreciation/amortization) of \$33,000 and an increase in unearned revenue of \$651,000.
- Non-major internal service funds, the restatement was due to a decrease in investments of \$296,000, a decrease in accounts receivable of \$84,000, an increase of capital assets (net of accumulated depreciation/amortization) of \$1,833,000, a decrease of accounts payable of \$7,000, and an increase of obligations under lease purchase of \$1,298,000.
- Discretely presented component units - colleges and universities, the restatement was due to a decrease in prepaid expenses and other current assets of \$152,000. For the University of Missouri, financial statements were restated to reflect the adoption of GASB Statement No. 80, *Blending Requirements for Certain Component Units*. (See Note 2). The cumulative effect of the change in accounting principle resulted in a increase in beginning net position of \$132,436,000.

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**Note 18 - Restatements (cont.)**

- Pension (and other employee benefit) trust funds, the restatement was due to an increase of investments at fair value of \$296,000, an increase of capital assets (net of accumulated depreciation/amortization) of \$6,000, and an increase of accounts payable of \$7,000.

**Purpose for restatements:**

The items on the schedule were restated as a result of additional information received this year related to prior year corrections.

On the Government-Wide Statement of Activities, net position for the governmental activities were restated by the amounts shown on the restatement schedule for governmental funds and internal service funds. In addition, other assets decreased by \$2,336,000, capital assets (net of accumulated depreciation/amortization) increased by \$14,446,000, obligations under lease purchase decreased by \$1,298,000, and deferred outflows of resources for refunding bonds increased by \$1,594,000.

On the Government-Wide Statement of Activities, net position for the business-type activities were restated by the amounts shown on the restatement schedule for enterprise funds.

**Note 19 - Fund Deficit**

The following funds had a deficit balance:

Enterprise Fund – Petroleum Storage Tank Insurance – At June 30, 2017, this fund had a net position deficit of \$32,306,000. The deficit at June 30, 2016 was \$26,061,000. The deficit occurred when transport load fees collected were not sufficient to cover the estimated claims liability for clean up of petroleum storage tank leaks. This liability amount is the cumulative result of numerous years of petroleum storage tank leaks. Per Section 319.129, RSMo, this fund will not accept new claim liabilities after December 31, 2020, or upon revocation of federal regulation 40 CFR, whichever occurs first, unless extended by action of the General Assembly. Under Section 319.132, RSMo, the Board of Trustees has authority to increase the transport load fee to a maximum of \$60 per 8,000 gallons. In addition, under Section 319.133, RSMo, the Board can increase annual participation fees to a maximum of \$500 per tank per year. These facts, along with the knowledge that PSTIF's claim reserves are set using very conservative assumptions, assure that adequate revenues will be available to meet its liabilities. Per Section 319.131, RSMo, the liability of the Petroleum Storage Tank Insurance Fund is not the liability of the State. Upon dissolution of this fund, the liability would be liquidated.

Enterprise Funds – State Lottery and Missouri Veterans' Homes, and Internal Service Funds – Natural Resources Cost Allocation, Economic Development Administrative, Professional Registration Fees, and Missouri State Employees Insurance Plan – At June 30, 2017, these funds had a net position deficit of \$3,178,000, \$46,706,000, \$6,338,000, \$1,467,000, \$3,075,000, and \$84,000 respectively. These funds, except for the Missouri State Employees Insurance Plan, started to have deficit balances in fiscal year 2015 due to the implementation of GASB 68 and the reporting of net pension liabilities. It is expected that these liabilities will be funded over time. The Missouri State Employees Insurance Plan has a deficit due to administrative costs allocated exceeded reimbursement received.

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**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.

| <b>Tax Abatement Program</b>   | <b>Amount of Taxes<br/>Abated during<br/>Fiscal Year 2017<br/>(in thousands)</b> |
|--|--|
| <b>Housing</b>   |  |
| Missouri Low Income Housing Tax Credit   | \$ 165,662   |
| Neighborhood Preservation Tax Credit   | 3,147  |
| <b>Business Recruitment</b>  |  |
| Missouri Quality Jobs  | 62,528   |
| Missouri Works - Business Incentives   | 35,066   |
| Missouri Works New Jobs Training   | 4,380  |
| Missouri Works Job Retention Training  | 6,029  |
| Missouri Manufacturing Jobs Act  | 15,351   |
| Business Use Incentives for Large-Scale Development  | 10,433   |
| Enhanced Enterprise Zone   | 6,254  |
| Business Facility Tax Credit   | 4,047  |
| Film Production Tax Credit   | 2,376  |
| Amateur Sports Ticket Sales Tax Credit   | 1,317  |
| Rebuilding Communities Tax Credit  | 476  |
| Development Tax Credit   | 346  |
| Data Center Sales Tax Exemption  | — *  |
| <b>Redevelopment</b>   |  |
| Historic Preservation Tax Credit   | 49,743   |
| Brownfield Remediation   | 2,385  |
| Distressed Areas Land Assemblage   | 397  |
| <b>TOTAL</b>   | <b>\$ 369,937</b>  |
| Chapter 100 Personal Property Tax Exemption - maximum amount exemption certificates issued | <b>\$ 1,819</b>  |

\*Amount unknown

**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 \$165,662,000 during fiscal year 2017.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 \$3,147,000 during fiscal year 2017.

**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 \$62,528,000 during fiscal year 2017.

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 are made as part of the agreement. Missouri Works - Business Incentives reduced State taxes by \$35,066,000 during fiscal year 2017.

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**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, 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 \$4,380,000 and \$6,029,000, respectively, during fiscal year 2017.

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 establishments 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 \$15,351,000 during fiscal year 2017.

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**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 \$10,433,000 during fiscal year 2017.

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 .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 \$6,254,000 during fiscal year 2017.

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 HB 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-\$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/new job + 4% of new investment or \$500 per new job + \$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 that 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 \$4,047,000 during fiscal year 2017.

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**Note 20 - Tax Abatements (cont.)**

The Film Production Tax Credit is authorized by Section 135.750, RSMo and provides a tax credit for in-state expenditures on film production projects. This program has sunset and no new applications are being accepted. Upon application, tax credits are reserved so long as the film is under 30 minutes in length, has an in-state budget in excess of \$50,000, or is over 30 minutes in length and has an in-state budget in excess of \$100,000 and has been approved by DED and the Missouri Film Office. The tax credit is issued for qualifying expenditures on the project which must be submitted to DED. Taxes are reduced by claiming a tax credit against tax liability owed to the State. The tax credit is calculated at 35% of the qualifying expenditures and 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 Film Production Tax Credit reduced State taxes by \$2,376,000 during fiscal year 2017.

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 \$1,317,000 during fiscal year 2017.

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 \$476,000 during FY17.

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**Note 20 - Tax Abatements (cont.)**

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 \$346,000 during fiscal year 2017.

Chapter 100 Personal Property Tax Exemption is authorized by Section 144.054 (2), RSMo and provides a state and local sales tax exemption on tangible personal property leased by a company from the City or County. To qualify, cities and counties may apply to DED on behalf of eligible companies for which Chapter 100 bond proceeds are used to purchase tangible personal property which is leased back to the company. DED may apply discretionary benefit exemption if the benefit contained in a formal DED proposal is accepted by the company. Since DED cannot enact the sales tax exemption on the lease without the underlying Municipality Chapter 100 in place, any inclusion in a formal DED proposal will be coordinated with the Municipality and their economic developer. The proposal must have been accepted by the company prior to any project announcements, no approval or issuance of the bonds may have taken place, and the tangible personal property may not have been purchased prior to the acceptance of the proposal. The project must also be competitive, have comprehensive local incentive participation, have above average wages with benefits, be located in an economically distressed or blighted area, have a positive state fiscal impact, and have an indication that the municipality has offered the local Chapter 100 exemptions. The company receives the exemption on sales tax as the facility, construction materials, and certain tangible personal property may be purchased as exempt by the City or County and then leased back to the company. The company will be responsible for the payment of sales tax on purchases exceeding the maximum accepted in the proposal, ineligible purchases, or the revenue stream generated by lease of ineligible personal property. There are no provisions for recapture and no other commitments are made as part of the agreement. For fiscal year 2017, DED has provided certificates for the exemption of state sales tax related to lease payments of tangible personal property under a Chapter 100 structure for 8 separate projects. The sales tax is applicable to the lease payments made over a period not to exceed 20 years by statute and restricted further by local ordinance. The sales tax exemptions are only applicable if tangible personal property purchases are made within established project time periods, as listed on the certificate. The fiscal year 2017 project certificates total a cumulative amount of State sales tax not to exceed \$1,819,000 over the terms of the respective leases.



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**Note 20 - Tax Abatements (cont.)**

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 be 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. Data Center Sales Tax Exemption amounts are not tracked.

**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 Missouri Department of Natural Resources 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 \$49,743,000 during fiscal year 2017.

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**Note 20 - Tax Abatements (cont.)**

Brownfield Remediation is authorized by Sections 447.700-447.718, RSMo and provides incentives to business 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 Department of Natural Resource's 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 Department of Natural Resources (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 \$2,385,000 during fiscal year 2017.

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 \$397,000 during fiscal year 2017.

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**Note 21 - Commitments**

**Contracts**

The Department of Conservation had contracts outstanding of \$1,416,000 for construction and \$435,000 for land acquisition contracts at June 30, 2017. 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, 2017 of \$33,000. This project is funded through a capital projects fund.

The Department of Transportation had long-term contracts of \$643,138,000 outstanding at June 30, 2017. These contracts are paid from capital projects funds with approximately 84% federal reimbursement expected.

The Office of Administration, Division of Facilities Management, Design and Construction, had construction contracts outstanding at June 30, 2017 of \$145,191,000. Approximately 10.9% will be paid from the General Fund, 4.0% from special revenue funds, 84.3% from the capital projects funds, 0.7% from enterprise funds, and 0.10% will be paid from internal service 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 2017 was \$364,000. Payment of principal and interest must be completed by March 2038.

As of June 30, 2017, the University of Missouri had outstanding commitments for the usage and ongoing support of the University Health System's information technology environment totaling \$194,434,000. The payments are as follows:

|           |    |            |
|-----------|----|------------|
| 2018      | \$ | 21,564,000 |
| 2019      |    | 22,296,000 |
| 2020      |    | 23,052,000 |
| 2021      |    | 23,834,000 |
| 2022      |    | 24,642,000 |
| 2023-2025 |    | 79,046,000 |

Truman State University had approximately \$4,213,000 in outstanding commitments for various construction contracts at June 30, 2017.

Southeast Missouri State University had outstanding commitments of approximately \$28,950,000 related to construction contracts at June 30, 2017.

Missouri State University had approximately \$41,737,000 in outstanding commitments for various construction contracts at June 30, 2017.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 21 - Commitments (cont.)**

University of Central Missouri had approximately \$4,217,000 in outstanding commitments related to construction contracts at June 30, 2017.

Northwest Missouri State University had approximately \$15,885,000 in outstanding commitments related to various construction contracts at June 30, 2017.

**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.

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.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 22 - Risk Management and Insurance (cont.)**

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 0.5% and 3.0% based on future investment yields. The University of Missouri System is included with college and universities as a major component unit of the State.

Missouri State University is exposed to various risks of loss. These include loss related to torts; business interruption; employee injuries and illnesses; employee health, dental and accidental benefits; natural disasters; damage to and destruction of assets; and errors and omissions. Commercial insurance coverage is purchased for claims arising from such matters other than those related to natural disasters and employee health benefits, general liability, and workers' compensation. Settled claims have not exceeded the commercial coverage in any of the three preceding years. Additional coverage is provided through the State Self-Insurance Program, through the Risk Management Unit of the Office of Administration. The State of Missouri self-insures the workers' compensation benefits for all state employees, including University employees.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

**Note 22 - Risk Management and Insurance (cont.)**

|                                    | Type of<br>Insurance Claims              | Fiscal Year<br>Claims<br>Liability<br>6/30/2015 | Current<br>Year<br>Claims and<br>Estimated<br>Changes | Claim<br>Payments   | Fiscal Year<br>Claims<br>Liability<br>6/30/2016 |
|------------------------------------|--|---|---|---------------------|---|
| <u>Governmental Activities</u>     |  |   |   |                     |   |
| OA Workers Compensation Fund       | Workers Comp.                            | \$ 24,554                                       | \$ 41,159   | \$ (30,080)         | \$ 35,633                                       |
| OA Legal Expense Fund              | Liability                                | 3,353   | 1,492   | (2,595)             | 2,250   |
| Transportation Self-Insurance Plan | Workers Comp. and Liability              | 84,253  | 20,592  | (14,199)            | 90,646  |
| MCHCP                              | Health Care                              | 33,378  | 269,660   | (261,643)           | 41,395  |
| MHPML                              | Health Care                              | 11,000  | 116,525   | (117,725)           | 9,800   |
| CEIP                               | Health Care                              | 2,460   | 17,514  | (17,268)            | 2,706   |
| Total Governmental Activities      |  | <u>\$ 158,998</u>                               | <u>\$ 466,942</u>                                     | <u>\$ (443,510)</u> | <u>\$ 182,430</u>                               |
| <u>Business-Type Activities</u>    |  |   |   |                     |   |
| PSTIF                              | Contamination Cleanup                    | <u>\$ 88,554</u>                                | <u>\$ 8,339</u>                                       | <u>\$ (13,658)</u>  | <u>\$ 83,235</u>                                |
| <u>Component Units</u>             |  |   |   |                     |   |
| University of Missouri System      | Workers Comp. and Liability              | \$ 87,746                                       | \$ 247,331  | \$ (249,190)        | \$ 85,887                                       |
| Missouri State University          | Health Care, Workers Comp. and Liability | 1,290   | 19,832  | (18,442)            | 2,680   |
| Total Component Units              |  | <u>\$ 89,036</u>                                | <u>\$ 267,163</u>                                     | <u>\$ (267,632)</u> | <u>\$ 88,567</u>                                |

**Risk Management Pool:**

The State of Missouri participates in the property program of the Midwestern Higher Education Compact (MHEC) as defined in Section 173.700, RSMo. This program was formed to expand coverage, reduce costs, and stabilize property insurance rates over extended time periods at higher education institutions in all member states. The program offers loss limit coverage tailored to individual institutions as well as self-insured retention by institution. The MHEC Risk Management Oversight Committee directs the major operations of the program overseeing the development of program policies, premium allocations, new program memberships, and selection of program administrators and insurance underwriters.

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**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 2017, the State was participating in the cleanup of sixteen Superfund sites. Total pollution remediation obligation for these sites totaled approximately \$47.4 million. The basis for these costs are State Superfund contracts that list the estimated cost of cleanup, or actual costs if cleanup is complete, less any payments that have been made to the EPA. Estimated costs will change as actual costs become available. The Hazardous Waste Fund is a component of Conservation and Environmental Protection.

The Office of Administration (OA), Division of Facilities Management, Design and Construction, performed mold remediation, hazardous material removal, and abatement in five State sites during fiscal year 2017. There is no remaining obligation as of June 30, 2017. These costs were based on contractual pricing estimates and are subject to change if the pollution remediation requires more time or material than was estimated.

The Missouri Department of Transportation (MoDOT) is aware of a contaminated site (related to building and grounds) due to a fuel leak. The potential for pollution remediation exists; however, at this time, MoDOT's portion of the costs for the cleanup cannot be determined.

The Department of Public Safety, Office of the Adjutant General, has been named as a potentially responsible party in the Pools Prairie Superfund site in Newton County, Missouri. The site is listed on the National Priorities List (NPL) and is governed by the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). At this time, the Department of Public Safety's portion of the costs for the cleanup cannot be determined.

Changes in the balances of pollution remediation liability (in thousands of dollars) during the current fiscal year are as follows:

| Governmental Activities             | Type of<br>Pollution<br>Remediation                           | Fiscal Year<br>Remediation<br>Liability<br>6/30/2016 | Current Year<br>Assessments<br>and<br>Estimated<br>Changes | Payments          | Fiscal Year<br>Remediation<br>Liability<br>6/30/2017 | Due<br>Within<br>One<br>Year |
|-------------------------------------|---|--|--|-------------------|--|------------------------------|
| Hazardous Waste Fund                | Superfund Sites   | \$ 49,229  | \$ 1,090   | \$ (2,888)        | \$ 47,431  | \$ 5,594                     |
| Facilities Maintenance Reserve Fund | Mold Remediation,<br>Asbestos Abatement<br>& Radon Mitigation | 496  | 63   | (559)             | —  | —                            |
| Total Governmental Activities       |   | <u>\$ 49,725</u>                                     | <u>\$ 1,153</u>  | <u>\$ (3,447)</u> | <u>\$ 47,431</u>                                     | <u>\$ 5,594</u>              |



STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2017, the DNR, Solid Waste Program tracked the value of the secured financial assurance instruments held by the State to be \$311,332,000. This amount is disclosed, but not reported in the financial statements, because the State does not perform the investment function and does not have significant administrative involvement. While the State maintains possession of the financial assurance instruments, it does not meet criteria to be reported in a fiduciary fund.

At June 30, 2017, 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, 2017, it is expected that \$1,526,000 will be paid over the remaining monitoring periods. This is the amount of the assigned fund balance that has been designated on the General Fund balance sheet for forfeited assets.

The University of Missouri System has been working with the Voluntary Cleanup Program at DNR to characterize subsurface contamination on a University owned property. The University has received the results of the two-year sampling process in fiscal year 2016. The University is awaiting a determination from DNR. The site is now on the National Regulatory Commission (NRC) license and must be decommissioned. Upon further review of the documents, the University determined that it does not believe that the documents support the decision to add to the site to the NRC license. The University made a formal request to remove the site from the NRC license and is currently waiting on a response from NRC. As a result, the University is unable to estimate future costs on cleanup of the site at this time. The University has not commenced any actions requiring the recognition of a liability for this property.

**Note 24 - Contingencies**

Contingent claims liabilities are reported when it is probable a loss has occurred and the amount can be reasonably estimated. These losses include estimates of claims which have been incurred but not reported, including the effects of specific, incremental claim adjustment expenditures/expenses, salvage, subrogation, and other allocated or unallocated claim adjustment expenditures/expenses. Liabilities of governmental funds are reported as a reconciling item to the Government-Wide Statement of Net Position. Expenditures are recognized as payments are made.

**STATE OF MISSOURI**  
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**Note 24 - Contingencies (cont.)**

As at June 30, 2017, amount of contingent liabilities was \$71.2 million. Changes in reported liability since June 30, 2016, resulted from the following (in thousands of dollars):

|           | Beginning of<br>Fiscal Year<br>Liability | Current Year<br>Claims and<br>Changes in<br>Estimates | Claim<br>Payments | Balance<br>Fiscal Year<br>End |
|-----------|--|---|-------------------|-------------------------------|
| 2016-2017 | \$ 39,040                                | \$ 69,802   | \$ (37,692)       | \$ 71,150                     |
| 2015-2016 | 19,921                                   | 37,812  | (18,693)          | 39,040                        |
| 2014-2015 | 19,756                                   | 12,106  | (11,941)          | 19,921                        |

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 2016 actuarial study. As at June 30, 2017, the amount of liabilities for Second Injury Fund was \$1.8 billion. Changes in reported liability since June 30, 2016, resulted from the following (in thousands of dollars):

|           | Beginning of<br>Fiscal Year<br>Liability | Current Year<br>Claims and<br>Changes in<br>Estimates | Claim<br>Payments | Balance<br>Fiscal Year<br>End |
|-----------|--|---|-------------------|-------------------------------|
| 2016-2017 | \$ 1,732,685                             | \$ 206,662  | \$ (99,161)       | \$ 1,840,186                  |
| 2015-2016 | 1,684,732                                | 151,464   | (103,511)         | 1,732,685                     |
| 2014-2015 | 1,653,182                                | 120,377   | (88,827)          | 1,684,732                     |

The State receives federal grants which are subject to review and audit by federal grantor agencies. This could result in requests for reimbursements by the grantor agency for expenditures disallowed under grant agreements. The State believes such disallowances, if any, would be immaterial in the next fiscal year.

**Sales and Use Tax Lawsuits:**

Southwestern Bell Telephone Company vs. Director of Revenue (Case No. SC83859 and follow up Case No. SC86441): the Supreme Court ruled that Southwestern Bell Telephone Company was entitled to a refund of use tax paid on machinery and equipment used to create its digital phone service product. Manufacturing was found to include producing taxable services as well as tangible personal property products. A settlement was reached regarding some claims, filed by multiple taxpayers, related to the Southwestern Bell cases. No current liability remains as at June 30, 2017. Refund claims related to similar cases filed by other companies are still pending verification. Exclusive of interest, which could be substantial, the negative financial impact on the State is estimated at \$11.3 million, of which \$5.9 million is related to the General Fund.

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**Note 24 - Contingencies (cont.)**

The State is also involved in tax litigation not included in the fiscal year 2017 liability amount. It is reasonably possible an adverse court decision may result in an estimated loss of \$2.0 million.

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 2017 liability amount. It is reasonably possible an adverse court decision may incur an estimated loss of \$2.6 million.

**Tobacco Master Settlement Agreement:**

The amount of money received by the State from participating tobacco manufacturers under the 1998 Tobacco Master Settlement Agreement (MSA) is subject to downward adjustments if the State fails to diligently enforce model legislation required by the MSA. In 2006, tobacco manufacturers instituted binding arbitration to determine which states diligently enforced the model legislation for 2003. In September, 2013, the arbitration panel ruled Missouri and five other states failed to diligently enforce MSA statutes in 2003. Under the ruling, Missouri's share of the downward adjustment was \$70 million. Missouri typically receives between \$130 and \$150 million in MSA settlement funds annually. This arbitration award reduced fiscal year 2014 receipts to approximately \$60 million.

The State appealed the arbitration panel's decision. In February 2017, the Missouri Supreme Court ruled that the arbitration panel had exceeded its authority in computing the amount of Missouri's liability. The court ordered the independent auditor for the MSA to recalculate the credit Missouri owed to the tobacco manufacturers to \$20 million, which resulted in an additional \$50 million payment to the State. The tobacco manufacturers paid Missouri the improperly withheld \$50 million, plus interest, in April 2017.

The tobacco manufacturers also contest Missouri's enforcement of the model legislation for 2004 and subsequent years, each of which is subject to binding arbitration similar to the 2003 proceeding. Arbitration regarding diligent enforcement for 2004 is ongoing and is unlikely to conclude before October 2018. If the panel finds that Missouri was not diligent in 2004, the State will again face a downward adjustment on their next annual payment.

The ultimate resolution of the next several arbitration proceedings between the tobacco manufacturers and Missouri cannot be predicted. Neither the precise timing nor the ultimate resolution of the tobacco manufacturers adjustment disputes for 2004 and beyond, or their financial impact on the State, can be predicted with any degree of certainty.

**Natural Resource Settlements:**

The Department of Natural Resources works jointly with the United States Fish and Wildlife Service and the United States Forest Service to recover damages from parties responsible for causing injuries to natural resources. Funds from these settlements are typically held in the federal treasury in a joint account administered by the United States Department of Interior. Expenditures of these funds may only be by mutual agreement of the Missouri Trustee Council (the Department of Natural Resources, the United States Fish and Wildlife Service and, at times, the United States Forest Service) and such funds may only be used to restore, replace, or acquire natural resources similar to those that were injured. As of June 30, 2017, the balance of Missouri-related joint settlement funds in the Department of Interior restoration fund is approximately \$48 million.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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**Note 24 - Contingencies (cont.)**

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 \$7.7 million; the total amount in repayment is \$2.8 million. There is no correlation between who will or will not repay their debt once a default has occurred since it is subject to each individual case and the legal remedies pursued. Therefore the amount of loss cannot be reasonably estimated.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017**

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**Note 25 - Nonexchange Financial Guarantees**

The following nonexchange financial guarantees are extended by the Missouri Agricultural and Small Business Development Authority (MASBDA) and the Missouri Department of Agriculture (MDA). The exchange financial guarantees are not recognized as a liability, which indicates that the State will most likely not be required to make a payment related to the nonexchange financial guarantees. As of June 30, 2017, the State extends the following financial guarantees:

| Programs  | Maximum<br>Guarantee<br>Period | Total<br>Number of<br>Loans<br>Outstanding | Total Dollar<br>Amount of<br>Loans<br>Outstanding<br>(in thousands) | Total Dollar<br>Amount<br>Guaranteed<br>by the State<br>(in thousands) |
|---|--------------------------------|--|---|--|
| Missouri Value-Added<br>Loan Guarantee<br>Program             | 10 Years                       | 14   | \$ 786  | \$ 393   |
| Single-Purpose Animal<br>Facilities Loan<br>Guarantee Program | 10 Years                       | 7  | 472   | 236  |
| Crop and Livestock Loan<br>Guarantee Program                  | 2 Years                        | 29   | 155   | 70   |

**Missouri Value-Added Loan Guarantee Program**

The Missouri Value-Added Loan Guarantee Program provides up to a 50% first-loss guarantee on loans, of \$250,000 or less, made by lenders for the purpose of agricultural business development. The loan guarantee is for a duration of up to 10 years. The program is intended to create new economic activity by creating or retaining jobs. Loans guaranteed by the value-added loan guarantee program can be used to finance agricultural property, which includes land, buildings, structures, improvements, and equipment used for the purpose of processing, manufacturing, marketing, exporting, or adding value to an agricultural product. Loans may also be guaranteed to buy stock in a new generation processing entity that processes an agricultural product. In the event of a default, the MASBDA will work with the Attorney General's Office or the loan recipient's bank to try to collect. There were no loan defaults under this program in fiscal year 2017.

**Single-Purpose Animal Facilities Loan Guarantee Program**

The Single-Purpose Animal Facilities Loan Guarantee Program is designed to provide banks and other lenders with a 50% first-loss guarantee on loans of up to \$250,000 for up to 10 years. Independent livestock producers may use the loans to finance, refinance or restructure breeding or feeder livestock, earthworms, land, buildings, facilities, equipment, machinery and animal waste systems for producing poultry, swine, beef and dairy cattle, or other livestock. In the event of a default, the MASBDA will work with the Attorney General's Office or the loan recipient's bank to try to collect. There were no loan defaults under this program in fiscal year 2017.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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**Note 25 - Nonexchange Financial Guarantees (cont.)**

Crop and Livestock Loan Guarantee Program

The Crop and Livestock Loan Guarantee Program, authorized in Section 261.027(3), RSMo, is a 50% guarantee on a loan made to a 4-H and Future Farmers of America (FFA) member who borrows money to purchase livestock, input, etc., for their Supervised Agriculture Education (SAE) project. Loans eligible for the program are limited to the purchase of livestock, feed, seed, fertilizer, and other miscellaneous out-of-pocket expenses directly related to the project. In the event of a default, the MDA will work with the Attorney General's Office or the loan recipient's bank to try to collect. As of June 30, 2017, there are five loans that the Attorney General's Office is doing collections on. The judgment amounts on these five loans total \$10,000. They have recovered \$5,000 on these loans.

**Note 26 - Joint Ventures**

The Regional Convention and Sports Complex Authority was created by state law for the purpose of financing, constructing, operating, and maintaining a multipurpose convention and sports facility to be located in the City of St. Louis. The Authority operates under a board of commissioners of whom five are appointed by the Governor of the State, three by the County Executive of St. Louis County, and three by the Mayor of the City of St. Louis. The Authority is granted all rights and powers necessary to plan, finance, construct, equip, and maintain the facility.

The Authority is considered a joint venture of the State, County, and City because it constitutes a contractual agreement for public benefit in which the State, County, and City retain an ongoing financial responsibility for the Convention and Sports Facility Project Bonds. In August 1991, the Authority issued \$258,670,000 of Convention and Sports Facility Project Bonds. The bonds were sponsored in the amount of \$132,910,000 by the State (Series A), \$65,685,000 by the County (Series B), and \$60,075,000 by the City (Series C). In December 1993, the Authority issued \$181,885,000 in Convention and Sports Facility Project and Refunding Bonds to advance refund \$101,410,000 and \$50,275,000 of the outstanding 1991 Series A and Series B bonds, respectively, and for additional construction costs. The bonds were sponsored in the amount of \$121,705,000 by the State (Series A) and \$60,180,000 by the County (Series B). In February 1997, the Authority issued \$61,285,000 in Series C refunding bonds to advance refund \$47,155,000 of the outstanding 1991 Series C bonds. In August 2003, the Authority issued \$116,030,000 of Convention and Sports Facility Project and Refunding Bonds Series A 2003 to refund \$2,845,000 and \$113,170,000 of Series A 1991 and Series A 1993 refunding bonds, respectively, and for additional construction costs. In May 2007, the Authority issued \$49,585,000 in Series C 2007 refunding bonds to refund \$61,285,000 of original principal of the Series C 1997 refunding bonds. In August 2013, the Authority issued \$65,195,000 in Series A 2013 refunding bonds to refund \$65,385,000 of Series A 2003 bonds and issued \$32,560,000 in Series B 2013 refunding bonds to refund \$32,180,000 of Series B 2003 bonds.

Pursuant to a financing agreement entered into in August 1991, and terminating in August 2021, the Authority leased the facility to the sponsors who subleased the facility back to the Authority. The payments made by the State, County, and City under the financing agreement are sufficient to pay the principal and interest on the bonds. See *Note 12* for the specific debt service requirements that make up the State's ongoing financial responsibility for this joint venture.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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**Note 26 - Joint Ventures (cont.)**

Summary financial information for the Authority as of and for the fiscal year ended December 31, 2016, is presented below (in thousands of dollars):

|   |                   |
|---|-------------------|
| Total Assets                                    | \$ 185,611        |
| Total Deferred Outflows of Resources            | 1,022             |
| Total Assets and Deferred Outflows of Resources | <u>\$ 186,633</u> |
| <br>  |                   |
| Total Liabilities                               | \$ 99,084         |
| Total Net Position                              | 87,549            |
| Total Liabilities and Net Position              | <u>\$ 186,633</u> |
| <br>  |                   |
| Total Revenues                                  | \$ 24,457         |
| Total Expenses                                  | 16,501            |
| Net Increase in Net Position                    | <u>\$ 7,956</u>   |

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

St. Louis Regional Convention  
and Sports Complex Authority  
901 North Broadway  
St. Louis, Missouri 63101

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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**Note 27 - Endowments**

Donor-restricted endowments for Missouri reside primarily within the higher education institutions, which are reported as a major component unit of the State. For the college and universities, except the University of Missouri, the net appreciation/depreciation of the endowments is \$4,467,000. Of this amount, \$1,899,000 is reported as restricted non-expendable, \$2,564,000 is reported as restricted expendable, and \$4,000 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 \$161,596,000 which consisted of both realized and unrealized gains and losses on investment. For detailed information on the college and universities, please see the individual financial statements. The Revised Statutes of Missouri authorize the acceptance of donations at State agencies or public institutions. The governing boards of these institutions and the donor agreements determine whether net appreciation can be spent and the acceptable spending rate as detailed in Section 402.134, RSMo. These policies are entity specific and vary with each institution.

**Note 28 - Conduit Debt**

As of June 30, 2017, the Missouri Development Finance Board issued \$1,637,968,000 in Private Activity Bonds and \$2,612,179,000 in Public Purpose and Refunding Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2017, were approximately \$428,906,000 and \$1,089,449,000 respectively.

The Missouri Development Finance Board and the State have no liability for repayment of these revenue bonds and funding notes aside from reserve fund deposits and, accordingly, these bonds and notes have not been recorded as a liability on the financial statements for the Missouri Development Finance Board. The debtor pays all debt service requirements. Security for the bondholders consists of insurance, letters of credit, annual appropriation pledges, and certain funds held through trustees under the various indentures.

The State Environmental Improvement and Energy Resources Authority, a related organization of the State of Missouri, issues Water Pollution Control and Drinking Water Revenue Bonds on behalf of the Department of Natural Resources. The outstanding balance on these bonds as of June 30, 2017, is \$660,425,000.

The State of Missouri has no liability for repayment of these revenue bonds beyond the resources provided by related loan programs. The bonds are limited obligations of the State Environmental Improvement and Energy Resources Authority.

**Note 29 - Subsequent Events**

Bonds

On September 7, 2017 the Board of Public Buildings of the State of Missouri issued \$77,165,000 of Special Obligation Bonds, Series A 2017. These bonds bear interest from 2.0% to 5.0%, due in semi-annual installments beginning April 1, 2018.

Federal Tax Reform

On December 22, 2017, the federal government passed the Tax Cuts and Jobs Act. The full-year impact on the State's revenues from individual income tax returns is an estimated reduction of \$58 million.



STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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**Note 29 - Subsequent Events (cont.)**

University of Missouri

On July 17, 2017, the University notified Fulton Medical Center, LLC (the “Company”) and Nueterra Holdings, LLC that it was exercising its put option to sell its membership interest in the Company pursuant to the terms of the Operating Agreement of the Company. The Company and Nueterra Holdings, LLC have not closed on the University’s put option and the impact of the exercise of the option on the guarantees provided by the Medical Alliance for Fulton Medical Center, LLC debt is not known.

Missouri State University

In November 2017, the University signed a commitment letter to issue bonds of up to \$36,255,000 for the purpose of refunding the Series 2005 and Series 2014 bonds outstanding at June 30, 2017. The commitment letter agrees to interest rates of 2.15% and 2.63% with the bonds maturing in 2024 and 2036.

Retirement Systems

Senate Bill 62 passed in July 2017. Senate Bill 62 allows the MOSERS and MPERS Boards of Trustees to choose to establish a buyout program for terminated vested members with such program authorization expiring May 31, 2018. Each board may set rules for administration of each system's buyout program. Any terminated vested member who participates in the program and then returns to state employment will be considered a new employee and placed in the MSEP 2011 plan for state employees hired for the first time on or after January 1, 2011. Senate Bill 62 also contains provisions that will, effective January 1, 2018, reduce the 10-year vesting period for MSEP 2011 members to a 5-year period, and provides that new terminated vested members of the MSEP 2011 will (1) not be eligible to receive service credit at retirement for unused sick leave accruals, (2) have a 2-year delay for the first COLA payment, rather than the current 1-year delay, and (3) have a member's survivor benefit commence at the time when such member would have been eligible for normal retirement rather than at the time of such member's death. These provisions are estimated to result in a reduction of the annual employer contribution requirements for both MOSERS and MPERS.

The MOSERS Board certified contribution rates for the fiscal year 2019 at 20.21% of payroll for the MSEP and 63.71% of payroll for the Judicial Plan. This was an increase from the 2018 rates of 19.45% and 62.09% and was primarily a result of lowering the investment return assumption from 7.65% to 7.5%.



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*Required Supplementary Information (RSI) includes the Budgetary Comparison Schedule for the General Fund and Major Special Revenue Funds, as well as the Budget to Generally Accepted Accounting Principles (GAAP) reconciliation, and the Notes to RSI on Budgetary Reporting.*

**STATE OF MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND, MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|   | General Fund      |                   |                     |                               |
|---|-------------------|-------------------|---------------------|-------------------------------|
|   | Original Budget   | Final Budget      | Actual              | Variance with<br>Final Budget |
| Beginning Budgetary Fund Balance              | \$ 1,386,258      | \$ 1,386,258      | \$ 1,386,258        | \$ —                          |
| Resources (Inflows):                          |                   |                   |                     |                               |
| Taxes:  |                   |                   |                     |                               |
| Sales and Use                                 | 2,232,953         | 2,201,871         | 2,147,158           | (54,713)                      |
| Individual Income                             | 7,613,338         | 7,507,361         | 7,320,815           | (186,546)                     |
| Corporate Income                              | 449,634           | 443,375           | 432,358             | (11,017)                      |
| County Foreign Insurance                      | 291,614           | 287,555           | 280,410             | (7,145)                       |
| Beer  | 7,973             | 7,862             | 7,667               | (195)                         |
| Liquor  | 24,972            | 24,624            | 24,012              | (612)                         |
| Cigarette                                     | —                 | —                 | —                   | —                             |
| Corporation Franchise                         | 2,853             | 2,813             | 2,743               | (70)                          |
| Reimbursement/Miscellaneous                   | 168,678           | 166,330           | 162,197             | (4,133)                       |
| Total Taxes                                   | <u>10,792,015</u> | <u>10,641,791</u> | <u>10,377,360</u>   | <u>(264,431)</u>              |
| Licenses, Fees, and Permits                   | 95,091            | 93,774            | 91,440              | (2,334)                       |
| Sales   | 8,753             | 8,634             | 8,418               | (216)                         |
| Leases and Rentals                            | 35                | 34                | 34                  | —                             |
| Services                                      | 381,806           | 381,615           | 369,657             | (11,958)                      |
| Contributions and Intergovernmental           | 9,375,147         | 9,352,447         | 9,067,984           | (284,463)                     |
| Interest                                      | 14,027            | 13,833            | 13,489              | (344)                         |
| Penalties and Unclaimed Property              | 35,658            | 35,238            | 34,326              | (912)                         |
| Cost Reimbursement/Miscellaneous              | 1,149,147         | 1,146,313         | 1,111,471           | (34,842)                      |
| Transfers In                                  | 3,504,597         | 3,524,492         | 3,177,161           | (347,331)                     |
| Total Resources (Inflows)                     | <u>25,356,276</u> | <u>25,198,171</u> | <u>24,251,340</u>   | <u>(946,831)</u>              |
| Amount Available for Appropriation            | <u>26,742,534</u> | <u>26,584,429</u> | <u>25,637,598</u>   | <u>(946,831)</u>              |
| Charges to Appropriations (Outflows):         |                   |                   |                     |                               |
| Current:                                      |                   |                   |                     |                               |
| General Government                            | 2,154,331         | 2,117,690         | 2,026,715           | 90,975                        |
| Education                                     | 4,476,931         | 4,318,282         | 4,234,376           | 83,906                        |
| Natural and Economic Resources                | 492,705           | 466,932           | 238,887             | 228,045                       |
| Transportation and Law Enforcement            | 556,368           | 503,989           | 320,077             | 183,912                       |
| Human Services                                | 13,137,203        | 13,269,446        | 12,438,373          | 831,073                       |
| Debt Service                                  | 103,298           | 101,468           | 99,068              | 2,400                         |
| Transfers Out                                 | 5,286,078         | 5,281,757         | 4,920,678           | 361,079                       |
| Total Charges to Appropriations               | <u>26,206,914</u> | <u>26,059,564</u> | <u>24,278,174</u>   | <u>1,781,390</u>              |
| Ending Budgetary Fund Balance                 | <u>\$ 535,620</u> | <u>\$ 524,865</u> | <u>\$ 1,359,424</u> | <u>\$ 834,559</u>             |
| Reconciling Items:                            |                   |                   |                     |                               |
| Reclassifying Cash Equivalents as Investments |                   |                   | (1,008,989)         |                               |
| Investments at Fair Value                     |                   |                   | 1,023,985           |                               |
| Receivables, Net                              |                   |                   | 2,372,828           |                               |
| Due from Other Funds                          |                   |                   | —                   |                               |
| Due from Component Units                      |                   |                   | —                   |                               |
| Inventories                                   |                   |                   | 25,246              |                               |
| Advance to Component Units                    |                   |                   | —                   |                               |
| Accounts Payable                              |                   |                   | (1,114,922)         |                               |
| Accrued Payroll                               |                   |                   | (59,881)            |                               |
| Due to Other Funds                            |                   |                   | (5,420)             |                               |
| Unearned Revenue                              |                   |                   | (40,362)            |                               |
| Escheat/Unclaimed Property                    |                   |                   | (108,662)           |                               |
| Deferred Inflows of Resources                 |                   |                   | (1,005,272)         |                               |
| Fund Balance - GAAP Basis                     |                   |                   | <u>\$ 1,437,975</u> |                               |

| Public Education |              |            |                            | Conservation and Environmental Protection |              |              |                            |
|------------------|--------------|------------|----------------------------|---|--------------|--------------|----------------------------|
| Original Budget  | Final Budget | Actual     | Variance with Final Budget | Original Budget                           | Final Budget | Actual       | Variance with Final Budget |
| \$ 202,425       | \$ 202,425   | \$ 202,425 | \$ —                       | \$ 505,882                                | \$ 505,882   | \$ 505,882   | \$ —                       |
| 873,060          | 873,060      | 876,681    | 3,621                      | 261,309                                   | 261,309      | 210,739      | (50,570)                   |
| 4,432            | 4,432        | 4,451      | 19                         | —   | —            | —            | —                          |
| —                | —            | —          | —                          | —   | —            | —            | —                          |
| —                | —            | —          | —                          | —   | —            | —            | —                          |
| —                | —            | —          | —                          | —   | —            | —            | —                          |
| 60,828           | 60,828       | 61,080     | 252                        | —   | —            | —            | —                          |
| —                | —            | —          | —                          | —   | —            | —            | —                          |
| 332,749          | 332,749      | 334,128    | 1,379                      | 2,326                                     | 2,326        | 1,876        | (450)                      |
| 1,271,069        | 1,271,069    | 1,276,340  | 5,271                      | 263,635                                   | 263,635      | 212,615      | (51,020)                   |
| 2,294            | 2,294        | 2,304      | 10                         | 103,692                                   | 103,692      | 83,625       | (20,067)                   |
| —                | —            | —          | —                          | 9,013                                     | 9,013        | 7,268        | (1,745)                    |
| —                | —            | —          | —                          | 84  | 84           | 68           | (16)                       |
| —                | —            | —          | —                          | —   | —            | —            | —                          |
| 48,502           | 48,502       | 48,703     | 201                        | 122,377                                   | 122,377      | 98,694       | (23,683)                   |
| 1,518            | 1,518        | 1,524      | 6                          | 8,370                                     | 8,370        | 6,750        | (1,620)                    |
| 1,740            | 1,740        | 1,747      | 7                          | 1,450                                     | 1,450        | 1,170        | (280)                      |
| 100,012          | 100,012      | 100,427    | 415                        | 127,376                                   | 127,376      | 102,726      | (24,650)                   |
| 1,727,485        | 1,725,633    | 1,698,598  | (27,035)                   | 979                                       | 990          | 990          | —                          |
| 3,152,620        | 3,150,768    | 3,129,643  | (21,125)                   | 636,976                                   | 636,987      | 513,906      | (123,081)                  |
| 3,355,045        | 3,353,193    | 3,332,068  | (21,125)                   | 1,142,858                                 | 1,142,869    | 1,019,788    | (123,081)                  |
| 1,105            | 1,109        | 559        | 550                        | 3,054                                     | 3,083        | 2,278        | 805                        |
| 2,828,675        | 2,829,900    | 2,743,532  | 86,368                     | —   | —            | —            | —                          |
| 16,180           | 16,180       | 4,496      | 11,684                     | 1,036,375                                 | 1,010,402    | 489,978      | 520,424                    |
| 325              | 325          | 184        | 141                        | 998                                       | 998          | 800          | 198                        |
| 16,385           | 15,711       | 15,369     | 342                        | 711                                       | 711          | 698          | 13                         |
| —                | —            | —          | —                          | 674                                       | 657          | 319          | 338                        |
| 421,090          | 420,148      | 407,737    | 12,411                     | 54,097                                    | 54,519       | 50,507       | 4,012                      |
| 3,283,760        | 3,283,373    | 3,171,877  | 111,496                    | 1,095,909                                 | 1,070,370    | 544,580      | 525,790                    |
| \$ 71,285        | \$ 69,820    | \$ 160,191 | \$ 90,371                  | \$ 46,949                                 | \$ 72,499    | \$ 475,208   | \$ 402,709                 |
|                  |              | (112,713)  |                            |   |              | (386,479)    |                            |
|                  |              | 113,982    |                            |   |              | 385,679      |                            |
|                  |              | 160,055    |                            |   |              | 1,376,366    |                            |
|                  |              | 1,569      |                            |   |              | —            |                            |
|                  |              | —          |                            |   |              | 561          |                            |
|                  |              | 71         |                            |   |              | 331          |                            |
|                  |              | —          |                            |   |              | 517          |                            |
|                  |              | (572)      |                            |   |              | (5,476)      |                            |
|                  |              | (236)      |                            |   |              | (5,023)      |                            |
|                  |              | (66)       |                            |   |              | (143)        |                            |
|                  |              | —          |                            |   |              | (181)        |                            |
|                  |              | —          |                            |   |              | —            |                            |
|                  |              | (44,706)   |                            |   |              | (22,606)     |                            |
|                  |              | \$ 277,575 |                            |   |              | \$ 1,818,754 |                            |

**STATE OF MISSOURI**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY REPORTING**  
**June 30, 2017**

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**Budgetary Presentation:**

A Budgetary Comparison Schedule is presented as Required Supplementary Information for the State's General Fund and Major Special Revenue Funds. Revenues and expenditures are reported on a budgetary basis where actual revenues are recognized when cash is received, and actual expenditures are recognized for cash disbursements. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. A reconciliation of the two for the fiscal year ended June 30, 2017, has been presented at the bottom of the Budgetary Comparison Schedule.

The budgetary expenditures are included in the current year's Appropriation Activity Report, which demonstrates legal compliance with the current year's budget. This report can be viewed at <http://oa.mo.gov/accounting/reports/annual-reports/appropriation-activity-reports>. The original budget expenditures and transfers are for what was originally appropriated for each fund. The final budget expenditures and transfers takes into account any increases and decreases to appropriations during the fiscal year less the Governor's amounts reverted (withheld) for each fund less any reappropriations to the next fiscal year.

Once a year, the Office of Administration-Division of Budget and Planning receives budgeted revenues from state agencies for each of their funds as well as a revised revenue estimate in the spring for the State's General Revenue Fund. The revised revenue estimate is used in the final budget column for the General Fund and is very comparable to actual revenue resulting in a small negative variance on this Schedule.

In accordance with State statute, all state funds must have an appropriation before amounts can be expended or transferred to another state fund; therefore, variances between budgeted and actual expenditures on the budgetary schedule will always be positive.

For budget purposes, interfund activity is not eliminated. A summary of interfund eliminations at June 30, 2017, is shown below (in thousands):

|                       | Final Budget Transfer |                       | Actual Transfer     |                       |
|-----------------------|-----------------------|-----------------------|---------------------|-----------------------|
|                       | In                    | Out                   | In                  | Out                   |
| GENERAL FUND          | \$ 3,108,715          | \$ (3,108,715)        | \$ 2,852,142        | \$ (2,852,142)        |
| SPECIAL REVENUE FUNDS |                       |                       |                     |                       |
| Public Education      | 392,823               | (392,823)             | 380,935             | (380,935)             |
| <b>TOTAL</b>          | <u>\$ 3,501,538</u>   | <u>\$ (3,501,538)</u> | <u>\$ 3,233,077</u> | <u>\$ (3,233,077)</u> |

**Budgetary Control:**

Budgetary control is maintained at the departmental level; each Department of the Missouri government formulates a budget to be submitted for approval by the General Assembly prior to the beginning of the fiscal year. These budgets are prepared essentially on the cash basis. The legislature reviews, revises, and legally adopts these budgets. The Governor then has the authority to approve or veto each budget, subject to legislative override.

Budgeted expenditures cannot exceed estimated revenues and other sources of funding, including beginning fund balances. In the event that actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the legislature to address the issue.

Unexpended appropriations lapse at the end of each appropriation year, unless reappropriated to the following appropriation year.

**STATE OF MISSOURI**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FISCAL YEARS 2015-2017**  
(In Thousands of Dollars)

|   | Judicial Plan*    |                   |                   |
|---|-------------------|-------------------|-------------------|
|   | 2017**            | 2016**            | 2015**            |
| <b>Total Pension Liability</b>  |                   |                   |                   |
| Service Cost  | \$ 10,932         | \$ 10,614         | \$ 8,990          |
| Interest on the Total Pension Liability                                       | 37,755            | 36,162            | 34,014            |
| Difference between Expected and Actual Experience                             | (5,037)           | 5,103             | 13,361            |
| Changes in Assumptions  | 53,991            | —                 | —                 |
| Benefit Payments  | (32,989)          | (31,246)          | (29,407)          |
| Refunds   | —                 | —                 | —                 |
| Disability Premiums   | —                 | —                 | —                 |
| Transfers to Other Retirement Systems   | —                 | —                 | —                 |
| <b>Net Change in Total Pension Liability</b>                                  | <b>64,652</b>     | <b>20,633</b>     | <b>26,958</b>     |
| <b>Total Pension Liability - Beginning</b>                                    | <b>482,969</b>    | <b>462,336</b>    | <b>435,378</b>    |
| <b>Total Pension Liability - Ending (a)</b>                                   | <b>547,621</b>    | <b>482,969</b>    | <b>462,336</b>    |
| <b>Plan Fiduciary Net Position</b>  |                   |                   |                   |
| Contributions - Employer  | 33,642            | 32,696            | 29,265            |
| Contributions - Employee  | 661               | 488               | 295               |
| Pension Plan Net Investment Income  | 28                | (3,610)           | 21,395            |
| Benefit Payments  | (32,979)          | (31,246)          | (29,407)          |
| Refunds   | (10)              | —                 | —                 |
| Disability Premiums   | —                 | —                 | —                 |
| Pension Plan Administrative Expense   | (137)             | (123)             | (106)             |
| Net Transfers   | —                 | —                 | —                 |
| Other   | —                 | —                 | —                 |
| <b>Net Change in Plan Fiduciary Net Position</b>                              | <b>1,205</b>      | <b>(1,795)</b>    | <b>21,442</b>     |
| <b>Plan Fiduciary Net Position - Beginning*</b>                               | <b>130,851</b>    | <b>132,646</b>    | <b>111,204</b>    |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                               | <b>132,056</b>    | <b>130,851</b>    | <b>132,646</b>    |
| <b>Net Pension Liability - Ending (a) - (b)</b>                               | <b>\$ 415,565</b> | <b>\$ 352,118</b> | <b>\$ 329,690</b> |
| <br>  |                   |                   |                   |
| <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b> | 24.11%            | 27.09%            | 28.69%            |
| <b>Covered Payroll</b>  | \$ 57,421         | \$ 55,656         | \$ 49,588         |
| <b>Net Pension Liability as a Percentage of Covered Payroll</b>               | 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<br>Highway Patrol Employees' Retirement System |              |              | University of Missouri Retirement System |              |              |
|--|--------------|--------------|--|--------------|--------------|
| 2017**   | 2016**       | 2015**       | 2017**                                   | 2016**       | 2015**       |
| \$ 45,441  | \$ 45,358    | \$ 44,740    | \$ 66,269                                | \$ 68,328    | \$ 70,574    |
| 280,432  | 275,285      | 270,526      | 296,885                                  | 288,438      | 275,762      |
| (39,810)   | (13,324)     | (17,614)     | (22,741)                                 | (38,227)     | 13,226       |
| —  | —            | —            | —  | —            | —            |
| (236,489)  | (236,906)    | (227,958)    | (211,036)                                | (203,300)    | (182,488)    |
| (198)  | (107)        | (19)         | —  | —            | —            |
| (1,568)  | (1,555)      | (1,532)      | —  | —            | —            |
| (1,921)  | (3,147)      | (1,876)      | —  | —            | —            |
| 45,887   | 65,604       | 66,267       | 129,377                                  | 115,239      | 177,074      |
| 3,715,846  | 3,650,242    | 3,583,975    | 3,878,812                                | 3,763,573    | 3,586,499    |
| 3,761,733  | 3,715,846    | 3,650,242    | 4,008,189                                | 3,878,812    | 3,763,573    |
| 199,609  | 200,639      | 183,354      | 96,631                                   | 99,454       | 103,895      |
| 3,483  | 3,294        | 2,260        | 15,218                                   | 14,976       | 14,486       |
| 21,432   | 92,646       | 319,446      | 364,486                                  | 6,646        | 36,412       |
| (236,489)  | (236,906)    | (227,958)    | (211,036)                                | (203,300)    | (182,488)    |
| (198)  | (107)        | (19)         | —  | —            | —            |
| (1,568)  | (1,555)      | (1,532)      | —  | —            | —            |
| (4,370)  | (4,067)      | (3,736)      | —  | —            | —            |
| 808  | (2,033)      | (92)         | —  | —            | —            |
| —  | —            | —            | —  | —            | (2,150)      |
| (17,293)   | 51,911       | 271,723      | 265,299                                  | (82,224)     | (29,845)     |
| 2,009,367  | 1,957,456    | 1,685,733    | 3,220,626                                | 3,302,850    | 3,332,695    |
| 1,992,074  | 2,009,367    | 1,957,456    | 3,485,925                                | 3,220,626    | 3,302,850    |
| \$ 1,769,659   | \$ 1,706,479 | \$ 1,692,786 | \$ 522,264                               | \$ 658,186   | \$ 460,723   |
| 52.96%   | 54.08%       | 53.63%       | 86.97%                                   | 83.03%       | 87.76%       |
| \$ 344,635   | \$ 342,265   | \$ 336,591   | \$ 1,144,412                             | \$ 1,129,784 | \$ 1,109,431 |
| 513.49%  | 498.58%      | 502.92%      | 45.64%                                   | 58.26%       | 41.53%       |

**STATE OF MISSOURI**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FISCAL YEARS 2015-2017**  
**(In Thousands of Dollars)**

|   | 2017*        | 2016*        | 2015*        |
|---|--------------|--------------|--------------|
| <b><u>Missouri State Employees' Plan</u></b>  |              |              |              |
| State's proportion of the net pension liability   | 82.21%       | 82.26%       | 82.45%       |
| State's proportionate share of the net pension liability  | \$ 3,816,328 | \$ 2,641,347 | \$ 1,944,098 |
| State's covered payroll   | 1,593,034    | 1,593,238    | 1,613,263    |
| State's proportionate share of the net pension liability<br>as a percentage of its covered payroll          | 239.56%      | 165.78%      | 120.51%      |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 63.60%       | 72.62%       | 79.49%       |
| <b><u>Judicial Plan</u></b>   |              |              |              |
| State's proportion of the net pension liability   | 100.00%      | 100.00%      | 100.00%      |
| State's proportionate share of the net pension liability  | \$ 415,565   | \$ 352,118   | \$ 329,690   |
| State's covered payroll   | 57,421       | 55,656       | 49,588       |
| State's proportionate share of the net pension liability<br>as a percentage of its covered payroll          | 723.72%      | 632.66%      | 664.86%      |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 24.11%       | 27.09%       | 28.69%       |
| <b><u>Missouri Department of Transportation and Highway Patrol Employees' Retirement System</u></b>         |              |              |              |
| State's proportion of the net pension liability   | 100.00%      | 100.00%      | 100.00%      |
| State's proportionate share of the net pension liability  | \$ 1,769,659 | \$ 1,706,479 | \$ 1,692,786 |
| State's covered payroll   | 344,635      | 342,265      | 336,591      |
| State's proportionate share of the net pension liability<br>as a percentage of its covered payroll          | 513.49%      | 498.58%      | 502.92%      |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 52.96%       | 54.08%       | 53.63%       |
| <b><u>Missouri State Employees' Plan - Component Units</u></b>  |              |              |              |
| Component Unit's proportion of the net pension liability  | 17.41%       | 17.38%       | 17.19%       |
| Component Unit's proportionate share of the net pension liability   | \$ 808,175   | \$ 557,955   | \$ 405,189   |
| Component Unit's covered payroll  | 337,401      | 336,571      | 325,490      |
| Component Unit's proportionate share of the net pension liability<br>as a percentage of its covered payroll | 239.53%      | 165.78%      | 124.49%      |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 63.60%       | 72.62%       | 79.49%       |
| <b><u>University of Missouri Retirement System</u></b>  |              |              |              |
| University's proportion of the net pension liability  | 100.00%      | 100.00%      | 100.00%      |
| University's proportionate share of the net pension liability   | \$ 522,264   | \$ 658,186   | \$ 460,723   |
| University's covered payroll  | 1,144,412    | 1,129,784    | 1,109,431    |
| University's proportionate share of the net pension liability<br>as a percentage of its covered payroll     | 45.64%       | 58.26%       | 41.53%       |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 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  
FISCAL YEARS 2014-2017  
(In Thousands of Dollars)**

|   | 2017       | 2016       | 2015       | 2014       |
|---|------------|------------|------------|------------|
| <b><u>Missouri State Employees' Plan</u></b>  |            |            |            |            |
| Required Contributions  | \$ 274,510 | \$ 270,198 | \$ 270,220 | \$ 269,106 |
| Contributions in relation to the required contribution  | 274,510    | 270,198    | 270,220    | 269,106    |
| Contribution deficiency (excess)  | —          | —          | —          | —          |
| State's covered payroll   | 1,617,463  | 1,593,034  | 1,593,238  | 1,613,263  |
| Contributions as a percentage of covered payroll  | 16.97%     | 16.96%     | 16.96%     | 16.68%     |
| <b><u>Judicial Plan</u></b>   |            |            |            |            |
| Required Contributions  | \$ 34,252  | \$ 33,642  | \$ 32,696  | \$ 29,265  |
| Contributions in relation to the required contribution  | 34,252     | 33,642     | 32,696     | 29,265     |
| Contribution deficiency (excess)  | —          | —          | —          | —          |
| State's covered payroll   | 58,541     | 57,421     | 55,696     | 49,588     |
| Contributions as a percentage of covered payroll  | 58.51%     | 58.59%     | 58.70%     | 59.02%     |
| <b><u>Missouri Department of Transportation and Highway Patrol Employees' Retirement System</u></b> |            |            |            |            |
| Required Contributions  | \$ 206,563 | \$ 199,609 | \$ 200,639 | \$ 183,354 |
| Contributions in relation to the required contribution  | 206,563    | 199,609    | 200,639    | 183,354    |
| Contribution deficiency (excess)  | —          | —          | —          | —          |
| State's covered payroll   | 356,515    | 344,635    | 342,265    | 336,591    |
| Contributions as a percentage of covered payroll  | 57.94%     | 58.00%     | 58.62%     | 54.44%     |
| <b><u>Missouri State Employees' Plan - Component Units</u></b>                                      |            |            |            |            |
| Required Contributions  | \$ 58,246  | \$ 57,219  | \$ 57,081  | \$ 56,087  |
| Contributions in relation to the required contribution  | 58,246     | 57,219     | 57,081     | 56,087     |
| Contribution deficiency (excess)  | —          | —          | —          | —          |
| Component Unit's covered payroll  | 343,472    | 337,401    | 336,571    | 325,490    |
| Contributions as a percentage of covered payroll  | 16.96%     | 16.96%     | 16.96%     | 17.23%     |
| <b><u>University of Missouri Retirement System</u></b>  |            |            |            |            |
| Required Contributions  | \$ 96,631  | \$ 99,454  | \$ 103,895 | \$ 113,688 |
| Contributions in relation to the required contribution  | 96,631     | 99,454     | 103,895    | 113,688    |
| Contribution deficiency (excess)  | —          | —          | —          | —          |
| University's covered payroll  | 1,144,412  | 1,129,784  | 1,109,431  | 1,078,347  |
| Contributions as a percentage of covered payroll  | 8.44%      | 8.80%      | 9.36%      | 10.54%     |

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

Note: This schedule is ultimately required to show information for ten years. However, until a full ten-year trend is compiled, only the years that information is available will be reported.

**Notes to the Schedule:**

**Changes of benefit terms.** There were no changes to benefit terms in the plans for the year ended June 30, 2016.

**Changes of assumptions.**

For MOSERS: Economic and demographic assumptions were updated by the Board of Trustees on July 16, 2016 to be first effective for the June 30, 2016 valuation. The most significant changes to these assumptions were the reduction of the investment return assumption from 8 percent to 7.65 percent and the adoption of new mortality tables. Mortality rates for post-retirement mortality are now 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 now the RP-2014 Employee mortality table, projected to 2026 with Scale MP-2015 and scaled by 95% for males and 90% for females.

For MPERS: No changes in assumptions.

For MU: No changes in assumptions.



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*Supplementary Information* includes the Budgetary Comparison Schedule and Reconciliation for the Major Capital Projects Fund (Missouri Road Fund), as well as the Combining and Individual Fund Statements and Schedules for the General Fund and all Non-Major Funds.

**STATE OF MISSOURI  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR CAPITAL PROJECTS FUND  
For the Fiscal Year Ended June 30, 2017  
(In Thousands of Dollars)**

|   | Missouri Road Fund |                 |            | Variance<br>with Final<br>Budget |
|---|--------------------|-----------------|------------|----------------------------------|
|   | Original<br>Budget | Final<br>Budget | Actual     |                                  |
| Beginning Budgetary Fund Balance              | \$ 826,278         | \$ 826,278      | \$ 826,278 | \$ —                             |
| Resources (Inflows):                          |                    |                 |            |                                  |
| Taxes:  |                    |                 |            |                                  |
| Vehicle Sales and Use                         | 171,275            | 171,275         | 174,997    | 3,722                            |
| Fuel  | 157                | 157             | 109        | (48)                             |
| Total Taxes                                   | 171,432            | 171,432         | 175,106    | 3,674                            |
| Licenses, Fees, and Permits                   | 91,404             | 91,404          | 103,109    | 11,705                           |
| Contributions and<br>Intergovernmental        | 915,716            | 917,927         | 844,194    | (73,733)                         |
| Interest                                      | 4,636              | 4,636           | 5,343      | 707                              |
| Cost Reimbursement/Miscellaneous              | 58,587             | 58,587          | 50,946     | (7,641)                          |
| Transfers In                                  | 480,000            | 480,000         | 459,141    | (20,859)                         |
| Total Resources (Inflows)                     | 1,721,775          | 1,723,986       | 1,637,839  | (86,147)                         |
| Amount Available for Appropriation            | 2,548,053          | 2,550,264       | 2,464,117  | (86,147)                         |
| Charges to Appropriations (Outflows):         |                    |                 |            |                                  |
| Current:                                      |                    |                 |            |                                  |
| Transportation and Law<br>Enforcement         | 820,641            | 886,382         | 827,574    | 58,808                           |
| Capital Outlay                                |                    |                 |            |                                  |
| Transportation and Law<br>Enforcement         | 680,989            | 735,541         | 686,741    | 48,800                           |
| Debt Service                                  | 235,419            | 254,278         | 237,408    | 16,870                           |
| Total Charges to Appropriations               | 1,737,049          | 1,876,201       | 1,751,723  | 124,478                          |
| Ending Budgetary Fund Balance                 | \$ 811,004         | \$ 674,063      | \$ 712,394 | \$ 38,331                        |
| Reconciling Items:                            |                    |                 |            |                                  |
| Reclassifying Cash Equivalents as Investments |                    |                 | (378,540)  |                                  |
| Investments at Fair Value                     |                    |                 | 376,175    |                                  |
| Receivables, Net                              |                    |                 | 107,937    |                                  |
| Inventories                                   |                    |                 | 38,790     |                                  |
| Accounts Payable                              |                    |                 | (87,167)   |                                  |
| Accrued Payroll                               |                    |                 | (16,970)   |                                  |
| Due to Other Funds                            |                    |                 | (241)      |                                  |
| Unearned Revenue                              |                    |                 | (5,588)    |                                  |
| Deferred Inflows of Resources                 |                    |                 | (23,242)   |                                  |
| Fund Balance - GAAP Basis                     |                    |                 | \$ 723,548 |                                  |



## *The Combining and Individual Fund Statements and Schedules*

### **Major Funds**

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

### **Non-Major Funds**

This includes all non-major governmental and enterprise funds, as well as the non-major component units. It also includes all internal service and fiduciary funds because the “major fund” classification, created under GASB Statement 34, does not apply to these funds.

A budgetary comparison schedule is provided for all non-major governmental funds with the exception of capital projects funds.

**STATE OF MISSOURI  
BALANCE SHEET  
GENERAL FUND  
June 30, 2017  
(In Thousands of Dollars)**

|  | General Fund        |                     | Totals              |
|--|---------------------|---------------------|---------------------|
|  | General             | Federal             | June 30,<br>2017    |
| <b>ASSETS</b>  |                     |                     |                     |
| Cash and Cash Equivalents  | \$ 279,845          | \$ 70,590           | \$ 350,435          |
| Investments  | 810,753             | 213,232             | 1,023,985           |
| Accounts Receivable, Net   | 1,532,565           | 808,169             | 2,340,734           |
| Interest Receivable  | 3,010               | 26                  | 3,036               |
| Inventories  | 22,219              | 3,027               | 25,246              |
| Loans Receivable   | 29,046              | 12                  | 29,058              |
| Total Assets   | <u>\$ 2,677,438</u> | <u>\$ 1,095,056</u> | <u>\$ 3,772,494</u> |
| <b>LIABILITIES</b>   |                     |                     |                     |
| Accounts Payable   | \$ 469,821          | \$ 645,101          | \$ 1,114,922        |
| Accrued Payroll  | 47,409              | 12,472              | 59,881              |
| Due to Other Funds   | 2,678               | 2,742               | 5,420               |
| Unearned Revenue   | 931                 | 39,431              | 40,362              |
| Escheat/Unclaimed Property   | 108,662             | —                   | 108,662             |
| Total Liabilities  | <u>629,501</u>      | <u>699,746</u>      | <u>1,329,247</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   | <u>949,900</u>      | <u>55,372</u>       | <u>1,005,272</u>    |
| <b>FUND BALANCES</b>   |                     |                     |                     |
| Nonspendable   | 51,265              | 3,039               | 54,304              |
| Restricted   | 4,154               | 336,899             | 341,053             |
| Committed  | 590,697             | —                   | 590,697             |
| Assigned   | 156,557             | —                   | 156,557             |
| Unassigned   | 295,364             | —                   | 295,364             |
| Total Fund Balances  | <u>1,098,037</u>    | <u>339,938</u>      | <u>1,437,975</u>    |
| Total Liabilities, Deferred Inflows<br>of Resources, and Fund Balances | <u>\$ 2,677,438</u> | <u>\$ 1,095,056</u> | <u>\$ 3,772,494</u> |

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|  | General Fund        |                   |              | Totals              |
|--|---------------------|-------------------|--------------|---------------------|
|  | General             | Federal           | Eliminations | June 30,<br>2017    |
| <b>Revenues:</b>   |                     |                   |              |                     |
| Taxes  | \$ 9,084,734        | \$ 1              | \$ —         | \$ 9,084,735        |
| Licenses, Fees, and Permits                              | 90,619              | 523               | —            | 91,142              |
| Sales  | 481                 | 15                | —            | 496                 |
| Leases and Rentals                                       | 23                  | —                 | —            | 23                  |
| Services   | 10,935              | 110,735           | —            | 121,670             |
| Contributions and Intergovernmental                      | 1,552,700           | 8,537,597         | —            | 10,090,297          |
| Investment Earnings:                                     |                     |                   |              |                     |
| Net Increase (Decrease) in the Fair Value of Investments | (2,349)             | (901)             | —            | (3,250)             |
| Interest   | 14,274              | 123               | —            | 14,397              |
| Penalties and Unclaimed Properties                       | 78,553              | 5,271             | —            | 83,824              |
| Cost Reimbursement/Miscellaneous                         | 156,250             | 161,553           | —            | 317,803             |
| <b>Total Revenues</b>                                    | <b>10,986,220</b>   | <b>8,814,917</b>  | <b>—</b>     | <b>19,801,137</b>   |
| <b>Expenditures:</b>                                     |                     |                   |              |                     |
| Current:   |                     |                   |              |                     |
| General Government                                       | 613,266             | 31,621            | —            | 644,887             |
| Education  | 3,235,769           | 1,023,294         | —            | 4,259,063           |
| Natural and Economic Resources                           | 76,417              | 210,124           | —            | 286,541             |
| Transportation and Law Enforcement                       | 96,135              | 241,693           | —            | 337,828             |
| Human Services   | 5,525,171           | 7,391,136         | —            | 12,916,307          |
| Debt Service:  |                     |                   |              |                     |
| Principal  | 69,604              | 1,287             | —            | 70,891              |
| Interest   | 29,903              | 46                | —            | 29,949              |
| <b>Total Expenditures</b>                                | <b>9,646,265</b>    | <b>8,899,201</b>  | <b>—</b>     | <b>18,545,466</b>   |
| <b>Excess Revenues (Expenditures)</b>                    | <b>1,339,955</b>    | <b>(84,284)</b>   | <b>—</b>     | <b>1,255,671</b>    |
| <b>Other Financing Sources (Uses):</b>                   |                     |                   |              |                     |
| Proceeds from Notes/Capital Leases                       | 714                 | 808               | —            | 1,522               |
| Proceeds from Sale of Capital Assets                     | 7,751               | 170               | —            | 7,921               |
| Transfers In   | 237,064             | 132,940           | (325,454)    | 44,550              |
| Transfers Out  | (1,455,483)         | (196,290)         | 325,454      | (1,326,319)         |
| <b>Total Other Financing Sources (Uses)</b>              | <b>(1,209,954)</b>  | <b>(62,372)</b>   | <b>—</b>     | <b>(1,272,326)</b>  |
| <b>Net Change in Fund Balances</b>                       | <b>130,001</b>      | <b>(146,656)</b>  | <b>—</b>     | <b>(16,655)</b>     |
| Fund Balances - Beginning                                | 968,532             | 485,147           | —            | 1,453,679           |
| Increase (Decrease) in Reserve for Inventory             | (496)               | 1,447             | —            | 951                 |
| <b>Fund Balances - Ending</b>                            | <b>\$ 1,098,037</b> | <b>\$ 339,938</b> | <b>\$ —</b>  | <b>\$ 1,437,975</b> |

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE  
June 30, 2017  
(In Thousands of Dollars)**

|  | Special<br>Revenue | Debt<br>Service   | Capital<br>Projects | Permanent        | Totals<br>June 30,<br>2017 |
|--|--------------------|-------------------|---------------------|------------------|----------------------------|
| <b>ASSETS</b>  |                    |                   |                     |                  |                            |
| Cash and Cash Equivalents  | \$ 118,271         | \$ 29,077         | \$ 29,664           | \$ 689           | \$ 177,701                 |
| Investments  | 275,581            | 80,748            | 180,252             | 54,942           | 591,523                    |
| Accounts Receivable, Net   | 159,020            | 15,230            | —                   | —                | 174,250                    |
| Interest Receivable  | 428                | 228               | 536                 | —                | 1,192                      |
| Due from Other Funds   | 3,377              | —                 | —                   | —                | 3,377                      |
| Inventories  | 4,337              | —                 | —                   | —                | 4,337                      |
| Loans Receivable   | 2,906              | —                 | —                   | —                | 2,906                      |
| Total Assets   | <u>\$ 563,920</u>  | <u>\$ 125,283</u> | <u>\$ 210,452</u>   | <u>\$ 55,631</u> | <u>\$ 955,286</u>          |
| <b>LIABILITIES</b>   |                    |                   |                     |                  |                            |
| Accounts Payable   | \$ 88,300          | \$ —              | \$ 31,370           | \$ —             | \$ 119,670                 |
| Accrued Payroll  | 12,152             | —                 | —                   | —                | 12,152                     |
| Due to Other Funds   | 994                | —                 | —                   | —                | 994                        |
| Total Liabilities  | <u>101,446</u>     | <u>—</u>          | <u>31,370</u>       | <u>—</u>         | <u>132,816</u>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   | <u>6,831</u>       | <u>94</u>         | <u>328</u>          | <u>—</u>         | <u>7,253</u>               |
| <b>FUND BALANCES</b>   |                    |                   |                     |                  |                            |
| Nonspendable   | 4,337              | —                 | —                   | 55,522           | 59,859                     |
| Restricted   | 161,391            | 125,189           | 196,382             | —                | 482,962                    |
| Committed  | 41,171             | —                 | —                   | —                | 41,171                     |
| Assigned   | 248,744            | —                 | —                   | 109              | 248,853                    |
| Unassigned   | —                  | —                 | (17,628)            | —                | (17,628)                   |
| Total Fund Balances  | <u>455,643</u>     | <u>125,189</u>    | <u>178,754</u>      | <u>55,631</u>    | <u>815,217</u>             |
| Total Liabilities, Deferred Inflows<br>of Resources, and Fund Balances | <u>\$ 563,920</u>  | <u>\$ 125,283</u> | <u>\$ 210,452</u>   | <u>\$ 55,631</u> | <u>\$ 955,286</u>          |

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|  | Special<br>Revenue | Debt<br>Service   | Capital<br>Projects | Permanent        | Totals<br>June 30,<br>2017 |
|--|--------------------|-------------------|---------------------|------------------|----------------------------|
| <b>Revenues:</b>   |                    |                   |                     |                  |                            |
| Taxes  | \$ 938,221         | \$ 178,801        | \$ —                | \$ —             | \$ 1,117,022               |
| Licenses, Fees, and Permits                              | 397,670            | —                 | —                   | —                | 397,670                    |
| Sales  | 1,381              | —                 | —                   | —                | 1,381                      |
| Leases and Rentals                                       | 1                  | —                 | —                   | —                | 1                          |
| Services   | 861                | —                 | —                   | —                | 861                        |
| Contributions and Intergovernmental                      | 337,446            | 4,972             | —                   | 50               | 342,468                    |
| Investment Earnings:                                     |                    |                   |                     |                  |                            |
| Net Increase (Decrease) in the Fair Value of Investments | (1,223)            | (467)             | (1,185)             | (371)            | (3,246)                    |
| Interest   | 1,927              | 1,063             | 1,956               | 6                | 4,952                      |
| Penalties and Unclaimed Properties                       | 7,215              | —                 | —                   | 3,169            | 10,384                     |
| Cost Reimbursement/Miscellaneous                         | 77,376             | —                 | —                   | —                | 77,376                     |
| Total Revenues   | <u>1,760,875</u>   | <u>184,369</u>    | <u>771</u>          | <u>2,854</u>     | <u>1,948,869</u>           |
| <b>Expenditures:</b>                                     |                    |                   |                     |                  |                            |
| Current:   |                    |                   |                     |                  |                            |
| General Government                                       | 234,948            | —                 | 2,270               | —                | 237,218                    |
| Education  | 3,479              | —                 | 99,513              | —                | 102,992                    |
| Natural and Economic Resources                           | 249,966            | —                 | 1,128               | —                | 251,094                    |
| Transportation and Law Enforcement                       | 330,425            | 8                 | 509                 | —                | 330,942                    |
| Human Services   | 692,255            | —                 | 7,781               | —                | 700,036                    |
| Capital Outlay:  |                    |                   |                     |                  |                            |
| General Government                                       | —                  | —                 | 14,057              | —                | 14,057                     |
| Education  | —                  | —                 | 348                 | —                | 348                        |
| Natural and Economic Resources                           | —                  | —                 | 2,027               | —                | 2,027                      |
| Transportation and Law Enforcement                       | —                  | —                 | 2,110               | —                | 2,110                      |
| Human Services   | —                  | —                 | 54,915              | —                | 54,915                     |
| Debt Service:  |                    |                   |                     |                  |                            |
| Principal  | 712                | 180,765           | —                   | —                | 181,477                    |
| Interest   | 231                | 68,747            | —                   | —                | 68,978                     |
| Bond Issuance Costs                                      | —                  | 336               | —                   | —                | 336                        |
| Underwriter's Discount                                   | —                  | —                 | 972                 | —                | 972                        |
| Total Expenditures                                       | <u>1,512,016</u>   | <u>249,856</u>    | <u>185,630</u>      | <u>—</u>         | <u>1,947,502</u>           |
| Excess Revenues (Expenditures)                           | <u>248,859</u>     | <u>(65,487)</u>   | <u>(184,859)</u>    | <u>2,854</u>     | <u>1,367</u>               |
| <b>Other Financing Sources (Uses):</b>                   |                    |                   |                     |                  |                            |
| Proceeds from Notes/Capital Leases                       | 3                  | —                 | —                   | —                | 3                          |
| Proceeds from Bonds                                      | —                  | —                 | 97,225              | —                | 97,225                     |
| Bond Premium   | —                  | —                 | 5,877               | —                | 5,877                      |
| Proceeds from Sale of Capital Assets                     | 6,948              | —                 | —                   | —                | 6,948                      |
| Transfers In   | 258,778            | 62,331            | —                   | —                | 321,109                    |
| Transfers Out  | (492,547)          | —                 | —                   | —                | (492,547)                  |
| Total Other Financing Sources (Uses)                     | <u>(226,818)</u>   | <u>62,331</u>     | <u>103,102</u>      | <u>—</u>         | <u>(61,385)</u>            |
| Net Change in Fund Balances                              | 22,041             | (3,156)           | (81,757)            | 2,854            | (60,018)                   |
| Fund Balances - Beginning                                | 433,578            | 128,345           | 260,511             | 52,777           | 875,211                    |
| Increase (Decrease) in Reserve for Inventory             | 24                 | —                 | —                   | —                | 24                         |
| Fund Balances - Ending                                   | <u>\$ 455,643</u>  | <u>\$ 125,189</u> | <u>\$ 178,754</u>   | <u>\$ 55,631</u> | <u>\$ 815,217</u>          |





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*The **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State has numerous individual Special Revenue Funds. Therefore, the funds have been combined into specific functional areas.*

### **Non-Major Special Revenue Funds:**

**Professional Registration** - Provides for the control and regulation of various professions. Each profession has its own fund to account for its operation.

**Judicial Protection and Assistance** - Provides for protection of public employees by the Attorney General's Office, conviction of criminal offenders by prosecuting attorneys and assistance to victims of criminal offenses.

**Agriculture and State Fair** - Provides for inspections of products, market development, and awards for competition at the State Fair.

**Social Assistance** - Provides financial, health, and other services to qualifying individuals.

**Transportation and Law Enforcement** - Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

**Unemployment and Workers' Compensation** - Provides for the administration of these laws and benefits to workers who qualify for workers' compensation.

**Reimbursements and Other** - Provides various reimbursements of costs to other governments and various regulatory commissions not included in other functional areas.

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
June 30, 2017  
(In Thousands of Dollars)**

|  | Professional<br>Registration | Judicial<br>Protection<br>and<br>Assistance | Agriculture<br>and State<br>Fair | Social<br>Assistance | Transportation<br>and Law<br>Enforcement | Unemployment<br>and Workers'<br>Compensation | Reimbursements<br>and Other | Totals<br>June 30,<br>2017 |
|--|------------------------------|---|----------------------------------|----------------------|--|--|-----------------------------|----------------------------|
| <b>ASSETS</b>  |                              |   |                                  |                      |  |  |                             |                            |
| Cash and Cash Equivalents  | \$ 13,694                    | \$ 7,722                                    | \$ 2,440                         | \$ 12,996            | \$ 48,036                                | \$ 11,160                                    | \$ 22,223                   | \$ 118,271                 |
| Investments  | 43,285                       | 24,408                                      | 8,682                            | 40,991               | 52,877                                   | 35,272                                       | 70,066                      | 275,581                    |
| Accounts Receivable, Net   | —                            | 1,600                                       | 151                              | 5,279                | 125,899                                  | 24,026                                       | 2,065                       | 159,020                    |
| Interest Receivable  | —                            | 38  | 13                               | 67                   | 113                                      | 66   | 131                         | 428                        |
| Due from Other Funds   | —                            | —   | —                                | —                    | —  | 3,377  | —                           | 3,377                      |
| Inventories  | 27                           | 8   | 11                               | 10                   | 4,012                                    | —  | 269                         | 4,337                      |
| Loans Receivable   | —                            | —   | 1,799                            | —                    | 1,107                                    | —  | —                           | 2,906                      |
| <b>Total Assets</b>  | <b>\$ 57,006</b>             | <b>\$ 33,776</b>                            | <b>\$ 13,096</b>                 | <b>\$ 59,343</b>     | <b>\$ 232,044</b>                        | <b>\$ 73,901</b>                             | <b>\$ 94,754</b>            | <b>\$ 563,920</b>          |
| <b>LIABILITIES</b>   |                              |   |                                  |                      |  |  |                             |                            |
| Accounts Payable   | \$ 319                       | \$ 1,028                                    | \$ 172                           | \$ 40,110            | \$ 4,136                                 | \$ 37,061                                    | \$ 5,474                    | \$ 88,300                  |
| Accrued Payroll  | 235                          | 437   | 340                              | 314                  | 7,666                                    | 510  | 2,650                       | 12,152                     |
| Due to Other Funds   | 65                           | 281   | 19                               | 117                  | 213                                      | 159  | 140                         | 994                        |
| <b>Total Liabilities</b>   | <b>619</b>                   | <b>1,746</b>                                | <b>531</b>                       | <b>40,541</b>        | <b>12,015</b>                            | <b>37,730</b>                                | <b>8,264</b>                | <b>101,446</b>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                              |   |                                  |                      |  |  |                             |                            |
|  | —                            | 30  | 8                                | 404                  | 5,571                                    | 635  | 183                         | 6,831                      |
| <b>FUND BALANCES</b>   |                              |   |                                  |                      |  |  |                             |                            |
| Nonspendable   | 27                           | 8   | 11                               | 10                   | 4,012                                    | —  | 269                         | 4,337                      |
| Restricted   | —                            | 24,277                                      | 3,529                            | —                    | 30,419                                   | 35,536                                       | 67,630                      | 161,391                    |
| Committed  | 17,168                       | 314   | 602                              | 17,348               | 915                                      | —  | 4,824                       | 41,171                     |
| Assigned   | 39,192                       | 7,401                                       | 8,415                            | 1,040                | 179,112                                  | —  | 13,584                      | 248,744                    |
| <b>Total Fund Balances</b>   | <b>56,387</b>                | <b>32,000</b>                               | <b>12,557</b>                    | <b>18,398</b>        | <b>214,458</b>                           | <b>35,536</b>                                | <b>86,307</b>               | <b>455,643</b>             |
| <b>Total Liabilities,<br/>Deferred Inflows of<br/>Resources, and Fund<br/>Balances</b> | <b>\$ 57,006</b>             | <b>\$ 33,776</b>                            | <b>\$ 13,096</b>                 | <b>\$ 59,343</b>     | <b>\$ 232,044</b>                        | <b>\$ 73,901</b>                             | <b>\$ 94,754</b>            | <b>\$ 563,920</b>          |

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|   | Professional<br>Registration | Judicial<br>Protection<br>and<br>Assistance | Agriculture<br>and State<br>Fair | Social<br>Assistance | Transportation<br>and Law<br>Enforcement | Unemployment<br>and Workers'<br>Compensation | Reimbursements<br>and Other | Totals<br>June 30,<br>2017 |
|---|------------------------------|---|----------------------------------|----------------------|--|--|-----------------------------|----------------------------|
| <b>Revenues:</b>  |                              |   |                                  |                      |  |  |                             |                            |
| Taxes   | \$ 232                       | \$ —  | \$ 4,417                         | \$ 102,156           | \$ 712,818                               | \$ 118,415                                   | \$ 183                      | \$ 938,221                 |
| Licenses, Fees, and<br>Permits                                    | 18,252                       | 32,873                                      | 11,365                           | 18,577               | 208,356                                  | —  | 108,247                     | 397,670                    |
| Sales   | —                            | —   | 10                               | 816                  | —  | —  | 555                         | 1,381                      |
| Leases and Rentals  | —                            | —   | —                                | —                    | —  | —  | 1                           | 1                          |
| Services  | —                            | 833   | —                                | —                    | —  | —  | 28                          | 861                        |
| Contributions and<br>Intergovernmental                            | —                            | 570   | 246                              | 334,085              | 1,024                                    | —  | 1,521                       | 337,446                    |
| Investment Earnings:  |                              |   |                                  |                      |  |  |                             |                            |
| Net Increase<br>(Decrease) in the<br>Fair Value of<br>Investments | (166)                        | (92)  | (126)                            | (152)                | (288)                                    | (140)  | (259)                       | (1,223)                    |
| Interest  | —                            | 153   | 143                              | 276                  | 569                                      | 277  | 509                         | 1,927                      |
| Penalties and<br>Unclaimed Properties                             | 425                          | 858   | —                                | 48                   | 535                                      | 3,832  | 1,517                       | 7,215                      |
| Cost Reimbursement/<br>Miscellaneous                              | 209                          | 1,443                                       | 103                              | 51,213               | 1,246                                    | 251  | 22,911                      | 77,376                     |
| Total Revenues  | <u>18,952</u>                | <u>36,638</u>                               | <u>16,158</u>                    | <u>507,019</u>       | <u>924,260</u>                           | <u>122,635</u>                               | <u>135,213</u>              | <u>1,760,875</u>           |
| <b>Expenditures:</b>  |                              |   |                                  |                      |  |  |                             |                            |
| Current:  |                              |   |                                  |                      |  |  |                             |                            |
| General Government  | 156                          | 13,237                                      | 141                              | 1,355                | 207,976                                  | 5,337  | 6,746                       | 234,948                    |
| Education   | 1,868                        | —   | —                                | 1,611                | —  | —  | —                           | 3,479                      |
| Natural and Economic<br>Resources                                 | 18,112                       | 367   | 16,322                           | 3,901                | —  | 111,874                                      | 99,390                      | 249,966                    |
| Transportation and<br>Law Enforcement                             | —                            | 22,980                                      | —                                | 2,969                | 260,851                                  | —  | 43,625                      | 330,425                    |
| Human Services  | —                            | 557   | —                                | 687,807              | —  | —  | 3,891                       | 692,255                    |
| Debt Service:   |                              |   |                                  |                      |  |  |                             |                            |
| Principal   | —                            | 19  | —                                | —                    | 47                                       | 77   | 569                         | 712                        |
| Interest  | —                            | 7   | 7                                | —                    | —  | 25   | 192                         | 231                        |
| Total Expenditures  | <u>20,136</u>                | <u>37,167</u>                               | <u>16,470</u>                    | <u>697,643</u>       | <u>468,874</u>                           | <u>117,313</u>                               | <u>154,413</u>              | <u>1,512,016</u>           |
| Excess Revenues<br>(Expenditures)                                 | <u>(1,184)</u>               | <u>(529)</u>                                | <u>(312)</u>                     | <u>(190,624)</u>     | <u>455,386</u>                           | <u>5,322</u>                                 | <u>(19,200)</u>             | <u>248,859</u>             |
| <b>Other Financing<br/>Sources (Uses):</b>                        |                              |   |                                  |                      |  |  |                             |                            |
| Proceeds from Notes/<br>Capital Leases                            | —                            | —   | 3                                | —                    | —  | —  | —                           | 3                          |
| Proceeds from Sale<br>of Capital Assets                           | —                            | —   | —                                | —                    | 6,948                                    | —  | —                           | 6,948                      |
| Transfers In  | 32                           | 1,387                                       | 56                               | 207,034              | 1,022                                    | 2,078  | 47,169                      | 258,778                    |
| Transfers Out   | (463)                        | —   | —                                | (14,814)             | (463,269)                                | (50)   | (13,951)                    | (492,547)                  |
| Total Other<br>Financing<br>Sources (Uses)                        | <u>(431)</u>                 | <u>1,387</u>                                | <u>59</u>                        | <u>192,220</u>       | <u>(455,299)</u>                         | <u>2,028</u>                                 | <u>33,218</u>               | <u>(226,818)</u>           |
| Net Change in<br>Fund Balances                                    | (1,615)                      | 858   | (253)                            | 1,596                | 87                                       | 7,350  | 14,018                      | 22,041                     |
| Fund Balances -<br>Beginning                                      | 58,003                       | 31,142                                      | 12,808                           | 16,811               | 214,311                                  | 28,186                                       | 72,317                      | 433,578                    |
| Increase (Decrease) in<br>Reserve for Inventory                   | (1)                          | —   | 2                                | (9)                  | 60                                       | —  | (28)                        | 24                         |
| Fund Balances - Ending  | <u>\$ 56,387</u>             | <u>\$ 32,000</u>                            | <u>\$ 12,557</u>                 | <u>\$ 18,398</u>     | <u>\$ 214,458</u>                        | <u>\$ 35,536</u>                             | <u>\$ 86,307</u>            | <u>\$ 455,643</u>          |

**STATE OF MISSOURI**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|   | Professional Registration |           |          | Judicial Protection and Assistance |           |           |
|---|---------------------------|-----------|----------|------------------------------------|-----------|-----------|
|   | Budget                    | Actual    | Variance | Budget                             | Actual    | Variance  |
| <b>Revenues:</b>                              |                           |           |          |                                    |           |           |
| Taxes:  |                           |           |          |                                    |           |           |
| Sales and Use                                 | \$ —                      | \$ —      | \$ —     | \$ —                               | \$ —      | \$ —      |
| Cigarette                                     | —                         | —         | —        | —                                  | —         | —         |
| Fuel  | —                         | —         | —        | —                                  | —         | —         |
| County Foreign Insurance                      | —                         | —         | —        | —                                  | —         | —         |
| Liquor/Wine                                   | —                         | —         | —        | —                                  | —         | —         |
| Reimbursement/Miscellaneous                   | 231                       | 232       | 1        | —                                  | —         | —         |
| Total Taxes                                   | 231                       | 232       | 1        | —                                  | —         | —         |
| Licenses, Fees, and Permits                   | 18,176                    | 18,263    | 87       | 33,950                             | 32,701    | (1,249)   |
| Leases and Rentals                            | —                         | —         | —        | —                                  | —         | —         |
| Sales   | —                         | —         | —        | —                                  | —         | —         |
| Services                                      | —                         | —         | —        | 865                                | 833       | (32)      |
| Contributions and Intergovernmental           | 2                         | 2         | —        | 2,663                              | 2,565     | (98)      |
| Interest                                      | —                         | —         | —        | 151                                | 146       | (5)       |
| Penalties and Unclaimed Property              | 423                       | 425       | 2        | 891                                | 858       | (33)      |
| Cost Reimbursement/ Miscellaneous             | 207                       | 208       | 1        | 1,513                              | 1,457     | (56)      |
| Total Revenues                                | 19,039                    | 19,130    | 91       | 40,033                             | 38,560    | (1,473)   |
| <b>Expenditures:</b>                          |                           |           |          |                                    |           |           |
| Current:                                      |                           |           |          |                                    |           |           |
| General Government                            | 28                        | 11        | 17       | 22,462                             | 12,112    | 10,350    |
| Education                                     | 2,150                     | 1,868     | 282      | —                                  | —         | —         |
| Natural and Economic Resources                | 10,023                    | 7,990     | 2,033    | 1,184                              | 367       | 817       |
| Transportation and Law Enforcement            | —                         | —         | —        | 36,416                             | 24,257    | 12,159    |
| Human Services                                | —                         | —         | —        | 751                                | 557       | 194       |
| Total Expenditures                            | 12,201                    | 9,869     | 2,332    | 60,813                             | 37,293    | 23,520    |
| Excess Revenues                               | 6,838                     | 9,261     | 2,423    | (20,780)                           | 1,267     | 22,047    |
| <b>Other Financing Sources (Uses):</b>        |                           |           |          |                                    |           |           |
| Transfers In                                  | 320                       | 10        | (310)    | 1,840                              | 1,516     | (324)     |
| Transfers Out                                 | (13,256)                  | (10,560)  | 2,696    | (2,378)                            | (1,984)   | 394       |
| Total Other Financing Sources (Uses)          | (12,936)                  | (10,550)  | 2,386    | (538)                              | (468)     | 70        |
| Net Change in Fund Balances                   | (6,098)                   | (1,289)   | 4,809    | (21,318)                           | 799       | 22,117    |
| Fund Balances - Beginning                     | 58,388                    | 58,388    | —        | 31,399                             | 31,399    | —         |
| Fund Balances - Ending                        | \$ 52,290                 | \$ 57,099 | \$ 4,809 | \$ 10,081                          | \$ 32,198 | \$ 22,117 |
| <b>Reconciling Items:</b>                     |                           |           |          |                                    |           |           |
| Reclassifying Cash Equivalents as Investments |                           | (43,405)  |          |                                    | (24,476)  |           |
| Investments at Fair Value                     |                           | 43,285    |          |                                    | 24,408    |           |
| Receivables, Net                              |                           | —         |          |                                    | 1,638     |           |
| Due from Other Funds                          |                           | —         |          |                                    | —         |           |
| Inventories                                   |                           | 27        |          |                                    | 8         |           |
| Accounts Payable                              |                           | (319)     |          |                                    | (1,028)   |           |
| Accrued Payroll                               |                           | (235)     |          |                                    | (437)     |           |
| Due to Other Funds                            |                           | (65)      |          |                                    | (281)     |           |
| Deferred Inflows of Resources                 |                           | —         |          |                                    | (30)      |           |
| Fund Balance per GAAP                         |                           | \$ 56,387 |          |                                    | \$ 32,000 |           |

| Agriculture and State Fair |                  |                 | Social Assistance |                  |                  |
|----------------------------|------------------|-----------------|-------------------|------------------|------------------|
| Budget                     | Actual           | Variance        | Budget            | Actual           | Variance         |
| \$ —                       | \$ —             | \$ —            | \$ —              | \$ —             | \$ —             |
| —                          | —                | —               | 38,825            | 39,311           | 486              |
| —                          | —                | —               | —                 | —                | —                |
| —                          | —                | —               | —                 | —                | —                |
| 4,337                      | 4,417            | 80              | —                 | —                | —                |
| —                          | —                | —               | 60,240            | 60,993           | 753              |
| <u>4,337</u>               | <u>4,417</u>     | <u>80</u>       | <u>99,065</u>     | <u>100,304</u>   | <u>1,239</u>     |
| 11,435                     | 11,647           | 212             | 18,406            | 18,636           | 230              |
| —                          | —                | —               | —                 | —                | —                |
| 10                         | 10               | —               | 806               | 817              | 11               |
| —                          | —                | —               | 1                 | 1                | —                |
| 279                        | 284              | 5               | 335,566           | 339,760          | 4,194            |
| 44                         | 45               | 1               | 259               | 262              | 3                |
| —                          | —                | —               | 16                | 16               | —                |
| 125                        | 127              | 2               | 58,945            | 59,681           | 736              |
| <u>16,230</u>              | <u>16,530</u>    | <u>300</u>      | <u>513,064</u>    | <u>519,477</u>   | <u>6,413</u>     |
| 230                        | 56               | 174             | 5,101             | 3,466            | 1,635            |
| —                          | —                | —               | 3,178             | 2,153            | 1,025            |
| 14,290                     | 12,696           | 1,594           | 6,946             | 3,905            | 3,041            |
| —                          | —                | —               | 5,353             | 2,538            | 2,815            |
| —                          | —                | —               | 512,255           | 495,363          | 16,892           |
| <u>14,520</u>              | <u>12,752</u>    | <u>1,768</u>    | <u>532,833</u>    | <u>507,425</u>   | <u>25,408</u>    |
| <u>1,710</u>               | <u>3,778</u>     | <u>2,068</u>    | <u>(19,769)</u>   | <u>12,052</u>    | <u>31,821</u>    |
| 12                         | 12               | —               | 286,857           | 220,353          | (66,504)         |
| <u>(3,937)</u>             | <u>(3,692)</u>   | <u>245</u>      | <u>(315,010)</u>  | <u>(227,997)</u> | <u>87,013</u>    |
| <u>(3,925)</u>             | <u>(3,680)</u>   | <u>245</u>      | <u>(28,153)</u>   | <u>(7,644)</u>   | <u>20,509</u>    |
| <u>(2,215)</u>             | <u>98</u>        | <u>2,313</u>    | <u>(47,922)</u>   | <u>4,408</u>     | <u>52,330</u>    |
| <u>8,874</u>               | <u>8,874</u>     | <u>—</u>        | <u>49,658</u>     | <u>49,658</u>    | <u>—</u>         |
| <u>\$ 6,659</u>            | <u>\$ 8,972</u>  | <u>\$ 2,313</u> | <u>\$ 1,736</u>   | <u>\$ 54,066</u> | <u>\$ 52,330</u> |
|                            | (6,532)          |                 |                   | (41,070)         |                  |
|                            | 8,682            |                 |                   | 40,991           |                  |
|                            | 1,963            |                 |                   | 5,346            |                  |
|                            | —                |                 |                   | —                |                  |
|                            | 11               |                 |                   | 10               |                  |
|                            | (172)            |                 |                   | (40,110)         |                  |
|                            | (340)            |                 |                   | (314)            |                  |
|                            | (19)             |                 |                   | (117)            |                  |
|                            | (8)              |                 |                   | (404)            |                  |
|                            | <u>\$ 12,557</u> |                 |                   | <u>\$ 18,398</u> |                  |

This schedule is continued on pages 162 - 163

|   | Transportation and Law Enforcement |             |           | Unemployment and Workers' Compensation |           |           |
|---|------------------------------------|-------------|-----------|--|-----------|-----------|
|   | Budget                             | Actual      | Variance  | Budget                                 | Actual    | Variance  |
| <b>Revenues:</b>                              |                                    |             |           |  |           |           |
| Taxes:  |                                    |             |           |  |           |           |
| Sales and Use                                 | \$ 9,290                           | \$ 9,610    | \$ 320    | \$ —                                   | \$ —      | \$ —      |
| Cigarette                                     | —                                  | —           | —         | —                                      | —         | —         |
| Fuel  | 710,959                            | 735,444     | 24,485    | —                                      | —         | —         |
| County Foreign Insurance                      | —                                  | —           | —         | —                                      | —         | —         |
| Liquor/Wine                                   | —                                  | —           | —         | —                                      | —         | —         |
| Reimbursement/Miscellaneous                   | —                                  | —           | —         | 152,074                                | 118,512   | (33,562)  |
| Total Taxes                                   | 720,249                            | 745,054     | 24,805    | 152,074                                | 118,512   | (33,562)  |
| Licenses, Fees, and Permits                   | 200,837                            | 207,754     | 6,917     | —                                      | —         | —         |
| Leases and Rentals                            | —                                  | —           | —         | —                                      | —         | —         |
| Sales   | 6,717                              | 6,948       | 231       | —                                      | —         | —         |
| Services                                      | —                                  | —           | —         | —                                      | —         | —         |
| Contributions and Intergovernmental           | 730                                | 755         | 25        | 3,557                                  | 2,772     | (785)     |
| Interest                                      | 533                                | 552         | 19        | 341                                    | 266       | (75)      |
| Penalties and Unclaimed Property              | 514                                | 532         | 18        | 4,635                                  | 3,612     | (1,023)   |
| Cost Reimbursement/ Miscellaneous             | 2,038                              | 2,108       | 70        | 417                                    | 325       | (92)      |
| Total Revenues                                | 931,618                            | 963,703     | 32,085    | 161,024                                | 125,487   | (35,537)  |
| <b>Expenditures:</b>                          |                                    |             |           |  |           |           |
| Current:                                      |                                    |             |           |  |           |           |
| General Government                            | 221,503                            | 218,911     | 2,592     | 22,417                                 | 10,201    | 12,216    |
| Education                                     | —                                  | —           | —         | —                                      | —         | —         |
| Natural and Economic Resources                | —                                  | —           | —         | 156,702                                | 113,572   | 43,130    |
| Transportation and Law Enforcement            | 309,576                            | 274,090     | 35,486    | —                                      | —         | —         |
| Human Services                                | —                                  | —           | —         | —                                      | —         | —         |
| Total Expenditures                            | 531,079                            | 493,001     | 38,078    | 179,119                                | 123,773   | 55,346    |
| Excess Revenues                               | 400,539                            | 470,702     | 70,163    | (18,095)                               | 1,714     | 19,809    |
| <b>Other Financing Sources (Uses):</b>        |                                    |             |           |  |           |           |
| Transfers In                                  | 562,596                            | 545,597     | (16,999)  | —                                      | —         | —         |
| Transfers Out                                 | (1,059,978)                        | (1,018,911) | 41,067    | (10,128)                               | (8,166)   | 1,962     |
| Total Other Financing Sources (Uses)          | (497,382)                          | (473,314)   | 24,068    | (10,128)                               | (8,166)   | 1,962     |
| Net Change in Fund Balances                   | (96,843)                           | (2,612)     | 94,231    | (28,223)                               | (6,452)   | 21,771    |
| Fund Balances - Beginning                     | 100,828                            | 100,828     | —         | 52,982                                 | 52,982    | —         |
| Fund Balances - Ending                        | \$ 3,985                           | \$ 98,216   | \$ 94,231 | \$ 24,759                              | \$ 46,530 | \$ 21,771 |
| <b>Reconciling Items:</b>                     |                                    |             |           |  |           |           |
| Reclassifying Cash Equivalents as Investments |                                    | (50,180)    |           |  | (35,370)  |           |
| Investments at Fair Value                     |                                    | 52,877      |           |  | 35,272    |           |
| Receivables, Net                              |                                    | 127,119     |           |  | 24,092    |           |
| Due from Other Funds                          |                                    | —           |           |  | 3,377     |           |
| Inventories                                   |                                    | 4,012       |           |  | —         |           |
| Accounts Payable                              |                                    | (4,136)     |           |  | (37,061)  |           |
| Accrued Payroll                               |                                    | (7,666)     |           |  | (510)     |           |
| Due to Other Funds                            |                                    | (213)       |           |  | (159)     |           |
| Deferred Inflows of Resources                 |                                    | (5,571)     |           |  | (635)     |           |
| Fund Balance per GAAP                         |                                    | \$ 214,458  |           |  | \$ 35,536 |           |

This schedule is continued from page 161.

| Reimbursements and Other |           |           | Totals      |             |            |
|--------------------------|-----------|-----------|-------------|-------------|------------|
| Budget                   | Actual    | Variance  | Budget      | Actual      | Variance   |
| \$ —                     | \$ —      | \$ —      | \$ 9,290    | \$ 9,610    | \$ 320     |
| —                        | —         | —         | 38,825      | 39,311      | 486        |
| —                        | —         | —         | 710,959     | 735,444     | 24,485     |
| 178                      | 178       | —         | 178         | 178         | —          |
| —                        | —         | —         | 4,337       | 4,417       | 80         |
| —                        | —         | —         | 212,545     | 179,737     | (32,808)   |
| 178                      | 178       | —         | 976,134     | 968,697     | (7,437)    |
| 108,453                  | 108,076   | (377)     | 391,257     | 397,077     | 5,820      |
| 1                        | 1         | —         | 1           | 1           | —          |
| 657                      | 654       | (3)       | 8,190       | 8,429       | 239        |
| 28                       | 28        | —         | 894         | 862         | (32)       |
| 1,092                    | 1,088     | (4)       | 343,889     | 347,226     | 3,337      |
| 482                      | 480       | (2)       | 1,810       | 1,751       | (59)       |
| 1,523                    | 1,518     | (5)       | 8,002       | 6,961       | (1,041)    |
| 22,922                   | 22,842    | (80)      | 86,167      | 86,748      | 581        |
| 135,336                  | 134,865   | (471)     | 1,816,344   | 1,817,752   | 1,408      |
| 12,050                   | 6,137     | 5,913     | 283,791     | 250,894     | 32,897     |
| —                        | —         | —         | 5,328       | 4,021       | 1,307      |
| 107,897                  | 87,046    | 20,851    | 297,042     | 225,576     | 71,466     |
| 44,624                   | 37,975    | 6,649     | 395,969     | 338,860     | 57,109     |
| 4,325                    | 3,348     | 977       | 517,331     | 499,268     | 18,063     |
| 168,896                  | 134,506   | 34,390    | 1,499,461   | 1,318,619   | 180,842    |
| (33,560)                 | 359       | 33,919    | 316,883     | 499,133     | 182,250    |
| 84,438                   | 71,749    | (12,689)  | 936,063     | 839,237     | (96,826)   |
| (98,757)                 | (61,595)  | 37,162    | (1,503,444) | (1,332,905) | 170,539    |
| (14,319)                 | 10,154    | 24,473    | (567,381)   | (493,668)   | 73,713     |
| (47,879)                 | 10,513    | 58,392    | (250,498)   | 5,465       | 255,963    |
| 81,944                   | 81,944    | —         | 384,073     | 384,073     | —          |
| \$ 34,065                | \$ 92,457 | \$ 58,392 | \$ 133,575  | \$ 389,538  | \$ 255,963 |
|                          | (70,234)  |           |             | (271,267)   |            |
|                          | 70,066    |           |             | 275,581     |            |
|                          | 2,196     |           |             | 162,354     |            |
|                          | —         |           |             | 3,377       |            |
|                          | 269       |           |             | 4,337       |            |
|                          | (5,474)   |           |             | (88,300)    |            |
|                          | (2,650)   |           |             | (12,152)    |            |
|                          | (140)     |           |             | (994)       |            |
|                          | (183)     |           |             | (6,831)     |            |
|                          | \$ 86,307 |           |             | \$ 455,643  |            |





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*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, 2017  
(In Thousands of Dollars)**

|   | Water<br>Pollution<br>Control<br>Bond<br>and Interest | Fourth State<br>Building<br>Bond<br>and Interest | Stormwater<br>Control<br>Bond<br>and Interest | Fulton State<br>Hospital<br>Bond<br>and Interest | Missouri<br>Road Bond | Totals<br>June 30,<br>2017 |
|---|---|--|---|--|-----------------------|----------------------------|
| <b>ASSETS</b>   |   |  |   |  |                       |                            |
| Cash and Cash Equivalents   | \$ 3,996  | \$ 3,684   | \$ 254  | \$ 1,761   | \$ 19,382             | \$ 29,077                  |
| Investments   | 24,280  | 22,388   | 1,542   | 10,698   | 21,840                | 80,748                     |
| Accounts Receivable, Net  | —   | —  | —   | —  | 15,230                | 15,230                     |
| Interest Receivable   | 63  | 59   | 4   | 26   | 76                    | 228                        |
| Total Assets  | <u>\$ 28,339</u>                                      | <u>\$ 26,131</u>                                 | <u>\$ 1,800</u>                               | <u>\$ 12,485</u>                                 | <u>\$ 56,528</u>      | <u>\$ 125,283</u>          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |   |  |   |  |                       |                            |
|   | <u>\$ 39</u>  | <u>\$ 36</u>                                     | <u>\$ 3</u>                                   | <u>\$ 16</u>                                     | <u>\$ —</u>           | <u>\$ 94</u>               |
| <b>FUND BALANCES</b>  |   |  |   |  |                       |                            |
| Restricted  | 28,300  | 26,095   | 1,797   | 12,469   | 56,528                | 125,189                    |
| Total Fund Balances   | <u>28,300</u>   | <u>26,095</u>                                    | <u>1,797</u>                                  | <u>12,469</u>                                    | <u>56,528</u>         | <u>125,189</u>             |
| Total Liabilities, Deferred<br>Inflows of Resources, and<br>Fund Balances | <u>\$ 28,339</u>                                      | <u>\$ 26,131</u>                                 | <u>\$ 1,800</u>                               | <u>\$ 12,485</u>                                 | <u>\$ 56,528</u>      | <u>\$ 125,283</u>          |

Note: There were no liabilities for fiscal year ended June 30, 2017.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|   | Water<br>Pollution<br>Control<br>Bond<br>and Interest | Fourth State<br>Building<br>Bond<br>and Interest | Stormwater<br>Control<br>Bond<br>and Interest | Fulton State<br>Hospital<br>Bond<br>and Interest | Missouri<br>Road Bond | Totals<br>June 30,<br>2017 |
|---|---|--|---|--|-----------------------|----------------------------|
| <b>Revenues:</b>  |   |  |   |  |                       |                            |
| Taxes   | \$ —  | \$ —   | \$ —  | \$ —   | \$ 178,801            | \$ 178,801                 |
| Contributions and<br>Intergovernmental                      | —   | —  | —   | —  | 4,972                 | 4,972                      |
| Investment Earnings:  |   |  |   |  |                       |                            |
| Net Increase (Decrease) in<br>the Fair Value of Investments | (150)   | (142)  | (9)   | (65)   | (101)                 | (467)                      |
| Interest  | 230   | 219  | 14  | 92   | 508                   | 1,063                      |
| Total Revenues  | <u>80</u>   | <u>77</u>  | <u>5</u>                                      | <u>27</u>  | <u>184,180</u>        | <u>184,369</u>             |
| <b>Expenditures:</b>  |   |  |   |  |                       |                            |
| Current:  |   |  |   |  |                       |                            |
| Transportation and Law<br>Enforcement                       | —   | —  | —   | —  | 8                     | 8                          |
| Debt Service:   |   |  |   |  |                       |                            |
| Principal   | 25,865  | 26,890   | 1,295   | 2,320  | 124,395               | 180,765                    |
| Interest  | 4,249   | 3,136  | 494   | 4,618  | 56,250                | 68,747                     |
| Issuance Cost   | —   | —  | —   | 336  | —                     | 336                        |
| Total Expenditures  | <u>30,114</u>   | <u>30,026</u>                                    | <u>1,789</u>                                  | <u>7,274</u>                                     | <u>180,653</u>        | <u>249,856</u>             |
| Excess Revenues<br>(Expenditures)                           | <u>(30,034)</u>                                       | <u>(29,949)</u>                                  | <u>(1,784)</u>                                | <u>(7,247)</u>                                   | <u>3,527</u>          | <u>(65,487)</u>            |
| <b>Other Financing Sources (Uses):</b>                      |   |  |   |  |                       |                            |
| Transfers In  | <u>27,921</u>   | <u>25,760</u>                                    | <u>1,739</u>                                  | <u>6,911</u>                                     | <u>—</u>              | <u>62,331</u>              |
| Total Other Financing<br>Sources (Uses)                     | <u>27,921</u>   | <u>25,760</u>                                    | <u>1,739</u>                                  | <u>6,911</u>                                     | <u>—</u>              | <u>62,331</u>              |
| Net Change in Fund<br>Balances                              | (2,113)   | (4,189)  | (45)  | (336)  | 3,527                 | (3,156)                    |
| Fund Balances - Beginning                                   | <u>30,413</u>   | <u>30,284</u>                                    | <u>1,842</u>                                  | <u>12,805</u>                                    | <u>53,001</u>         | <u>128,345</u>             |
| Fund Balances - Ending                                      | <u>\$ 28,300</u>                                      | <u>\$ 26,095</u>                                 | <u>\$ 1,797</u>                               | <u>\$ 12,469</u>                                 | <u>\$ 56,528</u>      | <u>\$ 125,189</u>          |

**STATE OF MISSOURI**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL DEBT SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|  | Water Pollution Control Bond and<br>Interest |                  |              | Fourth State Building Bond and<br>Interest |                  |              |
|--|--|------------------|--------------|--|------------------|--------------|
|  | Budget                                       | Actual           | Variance     | Budget                                     | Actual           | Variance     |
| <b>Revenues:</b>                                 |  |                  |              |  |                  |              |
| Vehicle Sales and Use Tax                        | \$ —   | \$ —             | \$ —         | \$ —                                       | \$ —             | \$ —         |
| Interest   | 195  | 223              | 28           | 200  | 213              | 13           |
| Total Revenues                                   | 195  | 223              | 28           | 200  | 213              | 13           |
| <b>Expenditures:</b>                             |  |                  |              |  |                  |              |
| Debt Service                                     | 30,114                                       | 30,114           | —            | 30,026                                     | 30,026           | —            |
| Total Expenditures                               | 30,114                                       | 30,114           | —            | 30,026                                     | 30,026           | —            |
| Excess Revenues<br>(Expenditures)                | (29,919)                                     | (29,891)         | 28           | (29,826)                                   | (29,813)         | 13           |
| <b>Other Financing<br/>Sources (Uses):</b>       |  |                  |              |  |                  |              |
| Transfers In                                     | 28,040                                       | 28,040           | —            | 25,880                                     | 25,879           | (1)          |
| Transfers Out                                    | (119)  | (119)            | —            | (120)                                      | (120)            | —            |
| Total Other Financing<br>Sources (Uses)          | 27,921                                       | 27,921           | —            | 25,760                                     | 25,759           | (1)          |
| Net Change in Fund<br>Balances                   | (1,998)                                      | (1,970)          | 28           | (4,066)                                    | (4,054)          | 12           |
| Fund Balances - Beginning                        | 30,348                                       | 30,348           | —            | 30,220                                     | 30,220           | —            |
| Fund Balances - Ending                           | <u>\$ 28,350</u>                             | <u>\$ 28,378</u> | <u>\$ 28</u> | <u>\$ 26,154</u>                           | <u>\$ 26,166</u> | <u>\$ 12</u> |
| <b>Reconciling Items:</b>                        |  |                  |              |  |                  |              |
| Reclassifying Cash<br>Equivalents as Investments |  | (24,382)         |              |  | (22,482)         |              |
| Investments at Fair Value                        |  | 24,280           |              |  | 22,388           |              |
| Receivables, Net                                 |  | 63               |              |  | 59               |              |
| Deferred Inflows of Resources                    |  | (39)             |              |  | (36)             |              |
| Fund Balances - GAAP Basis                       |  | <u>\$ 28,300</u> |              |  | <u>\$ 26,095</u> |              |

| Stormwater Control Bond and Interest |                 |             | Fulton State Hospital Bond and Interest |                  |                 |
|--------------------------------------|-----------------|-------------|---|------------------|-----------------|
| Budget                               | Actual          | Variance    | Budget                                  | Actual           | Variance        |
| \$ —                                 | \$ —            | \$ —        | \$ —                                    | \$ —             | \$ —            |
| 12                                   | 14              | 2           | 84                                      | 89               | 5               |
| 12                                   | 14              | 2           | 84                                      | 89               | 5               |
| 1,789                                | 1,789           | —           | 14,200                                  | 7,274            | 6,926           |
| 1,789                                | 1,789           | —           | 14,200                                  | 7,274            | 6,926           |
| (1,777)                              | (1,775)         | 2           | (14,116)                                | (7,185)          | 6,931           |
| 1,740                                | 1,739           | (1)         | 7,200                                   | 6,911            | (289)           |
| —                                    | —               | —           | —                                       | —                | —               |
| 1,740                                | 1,739           | (1)         | 7,200                                   | 6,911            | (289)           |
| (37)                                 | (36)            | 1           | (6,916)                                 | (274)            | 6,642           |
| 1,838                                | 1,838           | —           | 12,778                                  | 12,778           | —               |
| <u>\$ 1,801</u>                      | <u>\$ 1,802</u> | <u>\$ 1</u> | <u>\$ 5,862</u>                         | <u>\$ 12,504</u> | <u>\$ 6,642</u> |
|                                      | (1,548)         |             |   | (10,743)         |                 |
|                                      | 1,542           |             |   | 10,698           |                 |
|                                      | 4               |             |   | 26               |                 |
|                                      | (3)             |             |   | (16)             |                 |
|                                      | <u>\$ 1,797</u> |             |   | <u>\$ 12,469</u> |                 |

This schedule is continued on page 170.

|  | Missouri Road Bond |            |          | Totals     |            |          |
|--|--------------------|------------|----------|------------|------------|----------|
|  | Budget             | Actual     | Variance | Budget     | Actual     | Variance |
| <b>Revenues:</b>                                 |                    |            |          |            |            |          |
| Vehicle Sales and Use Tax                        | \$ 178,265         | \$ 179,788 | \$ 1,523 | \$ 178,265 | \$ 179,788 | \$ 1,523 |
| Interest   | 212                | 574        | 362      | 703        | 1,113      | 410      |
| Total Revenues                                   | 178,477            | 180,362    | 1,885    | 178,968    | 180,901    | 1,933    |
| <b>Expenditures:</b>                             |                    |            |          |            |            |          |
| Debt Service                                     | 175,866            | 175,678    | 188      | 251,995    | 244,881    | 7,114    |
| Total Expenditures                               | 175,866            | 175,678    | 188      | 251,995    | 244,881    | 7,114    |
| Excess Revenues<br>(Expenditures)                | 2,611              | 4,684      | 2,073    | (73,027)   | (63,980)   | 9,047    |
| <b>Other Financing<br/>Sources (Uses):</b>       |                    |            |          |            |            |          |
| Transfers In                                     | —                  | —          | —        | 62,860     | 62,569     | (291)    |
| Transfers Out                                    | —                  | —          | —        | (239)      | (239)      | —        |
| Total Other Financing<br>Sources (Uses)          | —                  | —          | —        | 62,621     | 62,330     | (291)    |
| Net Change in Fund<br>Balances                   | 2,611              | 4,684      | 2,073    | (10,406)   | (1,650)    | 8,756    |
| Fund Balances - Beginning                        | 36,676             | 36,676     | —        | 111,860    | 111,860    | —        |
| Fund Balances - Ending                           | \$ 39,287          | \$ 41,360  | \$ 2,073 | \$ 101,454 | \$ 110,210 | \$ 8,756 |
| <b>Reconciling Items:</b>                        |                    |            |          |            |            |          |
| Reclassifying Cash<br>Equivalents as Investments |                    | (21,978)   |          |            | (81,133)   |          |
| Investments at Fair Value                        |                    | 21,840     |          |            | 80,748     |          |
| Receivables, Net                                 |                    | 15,306     |          |            | 15,458     |          |
| Deferred Inflows of Resources                    |                    | —          |          |            | (94)       |          |
| Fund Balances - GAAP Basis                       |                    | \$ 56,528  |          |            | \$ 125,189 |          |

This schedule is continued from page 169.



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*The **Capital Projects Funds** account for financial resources to be used for the acquisition or construction of major capital facilities.*



**Non-Major Capital Projects Funds:**

**Board of Public Buildings** - Accounts for bond sale proceeds to be used for renovating state buildings and structures.

**Fulton State Hospital** - Accounts for proceeds from the sale of bonds to be used for the completion of the design and construction of the replacement for Fulton State Hospital.

**State Historical Society** - Accounts for proceeds from the sale of bonds to be used for the design, acquisition, and construction of the building for the State Historical Society.

**STATE OF MISSOURI**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**June 30, 2017**  
(In Thousands of Dollars)

|  | Board of<br>Public<br>Buildings | Fulton<br>State<br>Hospital | State<br>Historical<br>Society | Totals<br>June 30,<br>2017 |
|--|---------------------------------|-----------------------------|--------------------------------|----------------------------|
| <b>ASSETS</b>  |                                 |                             |                                |                            |
| Cash and Cash Equivalents  | \$ 9,281                        | \$ 15,643                   | \$ 4,740                       | \$ 29,664                  |
| Investments  | 56,396                          | 95,055                      | 28,801                         | 180,252                    |
| Interest Receivable  | 209                             | 252                         | 75                             | 536                        |
| Total Assets   | <u>\$ 65,886</u>                | <u>\$ 110,950</u>           | <u>\$ 33,616</u>               | <u>\$ 210,452</u>          |
| <b>LIABILITIES</b>   |                                 |                             |                                |                            |
| Accounts Payable   | \$ 26,209                       | \$ 5,151                    | \$ 10                          | \$ 31,370                  |
| Total Liabilities  | <u>26,209</u>                   | <u>5,151</u>                | <u>10</u>                      | <u>31,370</u>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   |                                 |                             |                                |                            |
|  | <u>128</u>                      | <u>154</u>                  | <u>46</u>                      | <u>328</u>                 |
| <b>FUND BALANCES</b>   |                                 |                             |                                |                            |
| Restricted   | 57,177                          | 105,645                     | 33,560                         | 196,382                    |
| Unassigned   | (17,628)                        | —                           | —                              | (17,628)                   |
| Total Fund Balances  | <u>39,549</u>                   | <u>105,645</u>              | <u>33,560</u>                  | <u>178,754</u>             |
| Total Liabilities, Deferred Inflows of<br>Resources, and Fund Balances | <u>\$ 65,886</u>                | <u>\$ 110,950</u>           | <u>\$ 33,616</u>               | <u>\$ 210,452</u>          |

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|   | Board of<br>Public<br>Buildings | Fulton<br>State<br>Hospital | State<br>Historical<br>Society | Totals<br><u>June 30, 2017</u> |
|---|---------------------------------|-----------------------------|--------------------------------|--------------------------------|
| <b>Revenues:</b>  |                                 |                             |                                |                                |
| Investment Earnings:  |                                 |                             |                                |                                |
| Net Increase (Decrease) in the<br>Fair Value of Investments | \$ (515)                        | \$ (494)                    | \$ (176)                       | \$ (1,185)                     |
| Interest  | 992                             | 705                         | 259                            | 1,956                          |
| Total Revenues  | <u>477</u>                      | <u>211</u>                  | <u>83</u>                      | <u>771</u>                     |
| <b>Expenditures:</b>  |                                 |                             |                                |                                |
| Current:  |                                 |                             |                                |                                |
| General Government  | 995                             | —                           | 1,275                          | 2,270                          |
| Education   | 99,513                          | —                           | —                              | 99,513                         |
| Natural and Economic Resources                              | 1,128                           | —                           | —                              | 1,128                          |
| Transportation and Law Enforcement                          | 509                             | —                           | —                              | 509                            |
| Human Services  | 7,182                           | 599                         | —                              | 7,781                          |
| Capital Outlay:   |                                 |                             |                                |                                |
| General Government  | 14,057                          | —                           | —                              | 14,057                         |
| Education   | 348                             | —                           | —                              | 348                            |
| Natural and Economic Resources                              | 2,027                           | —                           | —                              | 2,027                          |
| Transportation and Law Enforcement                          | 2,110                           | —                           | —                              | 2,110                          |
| Human Services  | 1,661                           | 53,254                      | —                              | 54,915                         |
| Debt Service:   |                                 |                             |                                |                                |
| Underwriter's Discount                                      | —                               | 972                         | —                              | 972                            |
| Total Expenditures  | <u>129,530</u>                  | <u>54,825</u>               | <u>1,275</u>                   | <u>185,630</u>                 |
| Excess Revenues (Expenditures)                              | <u>(129,053)</u>                | <u>(54,614)</u>             | <u>(1,192)</u>                 | <u>(184,859)</u>               |
| <b>Other Financing Sources (Uses):</b>                      |                                 |                             |                                |                                |
| Proceeds from Bonds   | —                               | 97,225                      | —                              | 97,225                         |
| Bond Premium  | —                               | 5,877                       | —                              | 5,877                          |
| Total Other Financing Sources (Uses)                        | <u>—</u>                        | <u>103,102</u>              | <u>—</u>                       | <u>103,102</u>                 |
| Net Change in Fund Balances                                 | (129,053)                       | 48,488                      | (1,192)                        | (81,757)                       |
| Fund Balances - Beginning                                   | <u>168,602</u>                  | <u>57,157</u>               | <u>34,752</u>                  | <u>260,511</u>                 |
| Fund Balances - Ending                                      | <u>\$ 39,549</u>                | <u>\$ 105,645</u>           | <u>\$ 33,560</u>               | <u>\$ 178,754</u>              |



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*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, 2017  
(In Thousands of Dollars)**

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|                                     | Arrow Rock<br>State Historic<br>Site Endowment | Confederate<br>Memorial<br>Park | State Public<br>School | Smith<br>Memorial<br>Endowment<br>Trust | Totals<br>June 30,<br>2017 |
|-------------------------------------|--|---------------------------------|------------------------|---|----------------------------|
| <b>ASSETS</b>                       |  |                                 |                        |   |                            |
| Cash and Cash Equivalents           | \$ 7   | \$ 43                           | \$ 550                 | \$ 89                                   | \$ 689                     |
| Investments                         | 22   | 136                             | 54,503                 | 281                                     | 54,942                     |
| Total Assets                        | <u>\$ 29</u>                                   | <u>\$ 179</u>                   | <u>\$ 55,053</u>       | <u>\$ 370</u>                           | <u>\$ 55,631</u>           |
| <b>FUND BALANCES</b>                |  |                                 |                        |   |                            |
| Nonspendable                        | \$ 29  | \$ 75                           | \$ 55,053              | \$ 365                                  | \$ 55,522                  |
| Assigned                            | —  | 104                             | —                      | 5                                       | 109                        |
| Total Fund Balances                 | <u>29</u>                                      | <u>179</u>                      | <u>55,053</u>          | <u>370</u>                              | <u>55,631</u>              |
| Total Liabilities and Fund Balances | <u>\$ 29</u>                                   | <u>\$ 179</u>                   | <u>\$ 55,053</u>       | <u>\$ 370</u>                           | <u>\$ 55,631</u>           |

Note: There were no liabilities for the fiscal year ended June 30, 2017.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**PERMANENT FUNDS**

**For the Fiscal Year Ended June 30, 2017**  
(In Thousands of Dollars)

|   | Arrow Rock<br>State Historic<br>Site Endowment | Confederate<br>Memorial<br>Park | State Public<br>School | Smith<br>Memorial<br>Endowment<br>Trust | Totals<br>June 30,<br>2017 |
|---|--|---------------------------------|------------------------|---|----------------------------|
| <b>Revenues:</b>  |  |                                 |                        |   |                            |
| Investment Earnings:  |  |                                 |                        |   |                            |
| Net Increase (Decrease) in the<br>Fair Value of Investments | \$ —   | \$ —                            | \$ (371)               | \$ —                                    | \$ (371)                   |
| Interest  | 1  | 2                               | —                      | 3                                       | 6                          |
| Penalties and Unclaimed<br>Properties                       | —  | —                               | 3,169                  | —                                       | 3,169                      |
| Contributions and<br>Intergovernmental                      | —  | —                               | 50                     | —                                       | 50                         |
| <b>Total Revenues</b>                                       | <b>1</b>                                       | <b>2</b>                        | <b>2,848</b>           | <b>3</b>                                | <b>2,854</b>               |
| Net Change in Fund Balances                                 | 1  | 2                               | 2,848                  | 3                                       | 2,854                      |
| Fund Balances - Beginning                                   | 28   | 177                             | 52,205                 | 367                                     | 52,777                     |
| Fund Balances - Ending                                      | <u>\$ 29</u>                                   | <u>\$ 179</u>                   | <u>\$ 55,053</u>       | <u>\$ 370</u>                           | <u>\$ 55,631</u>           |

Note: There were no expenditures for the fiscal year ended June 30, 2017.

**STATE OF MISSOURI**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ALL APPROPRIATED PERMANENT FUNDS**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|   | <u>Arrow Rock State Historic Site Endowment</u> |               |                 | <u>Confederate Memorial Park</u> |               |                 |
|---|---|---------------|-----------------|----------------------------------|---------------|-----------------|
|   | <u>Budget</u>                                   | <u>Actual</u> | <u>Variance</u> | <u>Budget</u>                    | <u>Actual</u> | <u>Variance</u> |
| <b>Revenues:</b>                              |   |               |                 |                                  |               |                 |
| Interest                                      | \$ —  | \$ 1          | \$ 1            | \$ 2                             | \$ 2          | \$ —            |
| Contributions and Intergovernmental           | —   | —             | —               | —                                | —             | —               |
| Penalties and Unclaimed                       | —   | —             | —               | —                                | —             | —               |
| Property                                      | —   | —             | —               | —                                | —             | —               |
| Reimbursement/Miscellaneous                   | —   | —             | —               | —                                | —             | —               |
| Total Revenues                                | <u>—</u>  | <u>1</u>      | <u>1</u>        | <u>2</u>                         | <u>2</u>      | <u>—</u>        |
| <b>Expenditures:</b>                          |   |               |                 |                                  |               |                 |
| Current:                                      |   |               |                 |                                  |               |                 |
| Human Services                                | —   | —             | —               | —                                | —             | —               |
| Total Expenditures                            | <u>—</u>  | <u>—</u>      | <u>—</u>        | <u>—</u>                         | <u>—</u>      | <u>—</u>        |
| Excess Revenues (Expenditures)                | <u>—</u>  | <u>1</u>      | <u>1</u>        | <u>2</u>                         | <u>2</u>      | <u>—</u>        |
| <b>Other Financing Sources (Uses):</b>        |   |               |                 |                                  |               |                 |
| Transfers In                                  | —   | —             | —               | —                                | —             | —               |
| Transfers Out                                 | —   | —             | —               | —                                | —             | —               |
| Total Other Financing Sources (Uses)          | <u>—</u>  | <u>—</u>      | <u>—</u>        | <u>—</u>                         | <u>—</u>      | <u>—</u>        |
| Net Changes in Fund Balances                  | <u>—</u>  | <u>1</u>      | <u>1</u>        | <u>2</u>                         | <u>2</u>      | <u>—</u>        |
| Fund Balances - Beginning                     | <u>28</u>                                       | <u>28</u>     | <u>—</u>        | <u>177</u>                       | <u>177</u>    | <u>—</u>        |
| Fund Balances - Ending                        | <u>\$ 28</u>                                    | <u>\$ 29</u>  | <u>\$ 1</u>     | <u>\$ 179</u>                    | <u>\$ 179</u> | <u>\$ —</u>     |
| Reconciling Items:                            |   |               |                 |                                  |               |                 |
| Reclassifying Cash Equivalents as Investments |   | (22)          |                 |                                  | (136)         |                 |
| Investments at Fair Value                     |   | 22            |                 |                                  | 136           |                 |
| Fund Balance - GAAP Basis                     |   | <u>\$ 29</u>  |                 |                                  | <u>\$ 179</u> |                 |



| State Public School |           |          | Smith Memorial Endowment Trust |        |          |
|---------------------|-----------|----------|--------------------------------|--------|----------|
| Budget              | Actual    | Variance | Budget                         | Actual | Variance |
| \$ —                | \$ —      | \$ —     | \$ 2                           | \$ 3   | \$ 1     |
| —                   | 50        | 50       | —                              | —      | —        |
| —                   | 1,031     | 1,031    | —                              | —      | —        |
| —                   | 534       | 534      | —                              | —      | —        |
| —                   | 1,615     | 1,615    | 2                              | 3      | 1        |
| —                   | —         | —        | 10                             | —      | 10       |
| —                   | —         | —        | 10                             | —      | 10       |
| —                   | 1,615     | 1,615    | (8)                            | 3      | 11       |
| 2,138               | 2,138     | —        | —                              | —      | —        |
| —                   | —         | —        | —                              | —      | —        |
| 2,138               | 2,138     | —        | —                              | —      | —        |
| 2,138               | 3,753     | 1,615    | (8)                            | 3      | 11       |
| 39,379              | 39,379    | —        | 367                            | 367    | —        |
| \$ 41,517           | \$ 43,132 | \$ 1,615 | \$ 359                         | \$ 370 | \$ 11    |
|                     | (42,582)  |          |                                | (281)  |          |
|                     | 54,503    |          |                                | 281    |          |
|                     | \$ 55,053 |          |                                | \$ 370 |          |

This schedule is continued on page 181.

|  | Totals           |                  |                 |
|--|------------------|------------------|-----------------|
|  | Budget           | Actual           | Variance        |
| <b>Revenues:</b>   |                  |                  |                 |
| Interest   | \$ 4             | \$ 6             | \$ 2            |
| Contributions and Intergovernmental Penalties and Unclaimed Property | —                | 50               | 50              |
| Reimbursement/Miscellaneous  | —                | 1,031            | 1,031           |
|  | —                | 534              | 534             |
| Total Revenues   | <u>4</u>         | <u>1,621</u>     | <u>1,617</u>    |
| <b>Expenditures:</b>   |                  |                  |                 |
| Current:   |                  |                  |                 |
| Human Services   | <u>10</u>        | <u>—</u>         | <u>10</u>       |
| Total Expenditures   | <u>10</u>        | <u>—</u>         | <u>10</u>       |
| Excess Revenues (Expenditures)                                       | <u>(6)</u>       | <u>1,621</u>     | <u>1,627</u>    |
| <b>Other Financing Sources (Uses):</b>                               |                  |                  |                 |
| Transfers In   | 2,138            | 2,138            | —               |
| Transfers Out  | <u>—</u>         | <u>—</u>         | <u>—</u>        |
| Total Other Financing Sources (Uses)                                 | <u>2,138</u>     | <u>2,138</u>     | <u>—</u>        |
| Net Changes in Fund Balances   | 2,132            | 3,759            | 1,627           |
| Fund Balances - Beginning  | <u>39,951</u>    | <u>39,951</u>    | <u>—</u>        |
| Fund Balances - Ending   | <u>\$ 42,083</u> | <u>\$ 43,710</u> | <u>\$ 1,627</u> |
| Reconciling Items:   |                  |                  |                 |
| Reclassifying Cash Equivalents as Investments                        |                  | (43,021)         |                 |
| Investments at Fair Value  |                  | <u>54,942</u>    |                 |
| Fund Balance - GAAP Basis  |                  | <u>\$ 55,631</u> |                 |

This schedule is continued from page 180.



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*The **Enterprise Funds** account for operations that are financed and operated in a manner similar to private business enterprises.*

## **Non-Major Enterprise Funds:**

**State Fair Fees** - Accounts for the fairground admission fees used to improve the grounds and to pay the operating costs of the State Fair.

**State Parks** - Accounts for park concessions and contributions which are used to acquire and operate state parks.

**Natural Resources Revolving Services** - Accounts for moneys received from the delivery of services and the sale or resale of maps, plats, reports, studies, records, and other publications and documents.

**Historic Preservation Revolving** - Accounts for gifts, grants, and contributions used to acquire, preserve, restore, maintain, or operate any historical properties.

**Missouri Veterans' Homes** - Accounts for fees to provide services for persons confined to one of the veterans' homes.

**State Agency for Surplus Property** - Accounts for the surplus property operation.

**Department of Revenue Information** - Accounts for fees received by the Department of Revenue for publications and used to pay the costs of providing this information.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**

June 30, 2017

(In Thousands of Dollars)

|  | State Fair<br>Fees | State<br>Parks | Natural<br>Resources<br>Revolving<br>Services |
|--|--------------------|----------------|---|
| <b>ASSETS</b>                              |                    |                |   |
| Current Assets:                            |                    |                |   |
| Cash and Cash Equivalents                  | \$ 448             | \$ 2,013       | \$ 295  |
| Investments                                | 1,416              | 6,362          | 933   |
| Accounts Receivable, Net                   | —                  | —              | —   |
| Interest Receivable                        | 3                  | 14             | —   |
| Due from Other Funds                       | 1                  | —              | 16  |
| Inventories                                | 3                  | 759            | 347   |
| Loans Receivable                           | —                  | —              | —   |
| Total Current Assets                       | 1,871              | 9,148          | 1,591   |
| Non-Current Assets:                        |                    |                |   |
| Capital Assets:                            |                    |                |   |
| Construction in Progress                   | —                  | 45,445         | —   |
| Land                                       | —                  | 32,249         | —   |
| Land Improvements                          | 75                 | 18,238         | —   |
| Temporary Easements                        | —                  | 50             | —   |
| Buildings                                  | 722                | 23,427         | —   |
| Equipment                                  | 561                | 12,643         | 17,646  |
| Software                                   | —                  | —              | —   |
| Less Accumulated Depreciation/Amortization | (812)              | (32,770)       | (11,117)                                      |
| Total Non-Current Assets                   | 546                | 99,282         | 6,529   |
| Total Assets                               | 2,417              | 108,430        | 8,120   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>      |                    |                |   |
|  | 288                | 799            | 34  |
| <b>LIABILITIES</b>                         |                    |                |   |
| Current Liabilities:                       |                    |                |   |
| Accounts Payable                           | 74                 | 246            | 55  |
| Accrued Payroll                            | 24                 | 125            | 2   |
| Due to Other Funds                         | 2                  | 1              | 4   |
| Unearned Revenue                           | —                  | 574            | —   |
| Obligations Under Lease Purchase           | —                  | —              | 128   |
| Compensated Absences                       | 8                  | 95             | 4   |
| Total Current Liabilities                  | 108                | 1,041          | 193   |
| Non-Current Liabilities:                   |                    |                |   |
| Compensated Absences                       | —                  | 258            | 1   |
| Net Pension Liability                      | 673                | 3,041          | 113   |
| Total Non-Current Liabilities              | 673                | 3,299          | 114   |
| Total Liabilities                          | 781                | 4,340          | 307   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       |                    |                |   |
|  | 8                  | 22             | 1   |
| <b>NET POSITION</b>                        |                    |                |   |
| Net Investment in Capital Assets           | 546                | 99,282         | 6,401   |
| Unrestricted                               | 1,370              | 5,585          | 1,445   |
| Total Net Position                         | \$ 1,916           | \$ 104,867     | \$ 7,846                                      |

| Historic<br>Preservation<br>Revolving | Missouri<br>Veterans'<br>Homes | State Agency<br>For Surplus<br>Property | Department of<br>Revenue<br>Information | Totals<br><br>June 30, 2017 |
|---------------------------------------|--------------------------------|---|---|-----------------------------|
| \$ 331                                | \$ 227                         | \$ 602                                  | \$ 259                                  | \$ 4,175                    |
| 1,048                                 | 719                            | 1,904                                   | 820                                     | 13,202                      |
| —                                     | 8,924                          | 66                                      | 24                                      | 9,014                       |
| 13                                    | 6                              | 5                                       | —                                       | 41                          |
| —                                     | —                              | —                                       | —                                       | 17                          |
| —                                     | 508                            | —                                       | —                                       | 1,617                       |
| 488                                   | —                              | —                                       | —                                       | 488                         |
| <u>1,880</u>                          | <u>10,384</u>                  | <u>2,577</u>                            | <u>1,103</u>                            | <u>28,554</u>               |
| —                                     | —                              | —                                       | —                                       | 45,445                      |
| —                                     | —                              | —                                       | —                                       | 32,249                      |
| —                                     | 409                            | 250                                     | —                                       | 18,972                      |
| —                                     | —                              | —                                       | —                                       | 50                          |
| 480                                   | 1,217                          | 1,909                                   | —                                       | 27,755                      |
| 12                                    | 11,248                         | 1,213                                   | 96                                      | 43,419                      |
| —                                     | 15                             | 155                                     | —                                       | 170                         |
| (219)                                 | (6,533)                        | (2,123)                                 | (96)                                    | (53,670)                    |
| 273                                   | 6,356                          | 1,404                                   | —                                       | 114,390                     |
| <u>2,153</u>                          | <u>16,740</u>                  | <u>3,981</u>                            | <u>1,103</u>                            | <u>142,944</u>              |
| <u>134</u>                            | <u>41,048</u>                  | <u>485</u>                              | <u>—</u>                                | <u>42,788</u>               |
| 4                                     | 1,624                          | 21                                      | —                                       | 2,024                       |
| 8                                     | 2,295                          | 25                                      | —                                       | 2,479                       |
| —                                     | 47                             | 5                                       | —                                       | 59                          |
| —                                     | 115                            | —                                       | —                                       | 689                         |
| —                                     | —                              | —                                       | —                                       | 128                         |
| 12                                    | 3,465                          | 46                                      | —                                       | 3,630                       |
| <u>24</u>                             | <u>7,546</u>                   | <u>97</u>                               | <u>—</u>                                | <u>9,009</u>                |
| 2                                     | —                              | 6                                       | —                                       | 267                         |
| <u>316</u>                            | <u>95,782</u>                  | <u>1,420</u>                            | <u>—</u>                                | <u>101,345</u>              |
| <u>318</u>                            | <u>95,782</u>                  | <u>1,426</u>                            | <u>—</u>                                | <u>101,612</u>              |
| <u>342</u>                            | <u>103,328</u>                 | <u>1,523</u>                            | <u>—</u>                                | <u>110,621</u>              |
| <u>4</u>                              | <u>1,166</u>                   | <u>14</u>                               | <u>—</u>                                | <u>1,215</u>                |
| 273                                   | 6,356                          | 1,404                                   | —                                       | 114,262                     |
| 1,668                                 | (53,062)                       | 1,525                                   | 1,103                                   | (40,366)                    |
| <u>\$ 1,941</u>                       | <u>\$ (46,706)</u>             | <u>\$ 2,929</u>                         | <u>\$ 1,103</u>                         | <u>\$ 73,896</u>            |

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|   | State Fair<br>Fees | State<br>Parks    | Natural<br>Resources<br>Revolving<br>Services |
|---|--------------------|-------------------|---|
| <b>Operating Revenues:</b>                                  |                    |                   |   |
| Licenses, Fees, and Permits                                 | \$ 3,426           | \$ 6,823          | \$ 45   |
| Sales   | —                  | 1,476             | 121   |
| Leases and Rentals  | 1,200              | 2,731             | —   |
| Charges for Services  | —                  | 188               | 251   |
| Cost Reimbursement/Miscellaneous                            | 1                  | 504               | 42  |
| Total Operating Revenues                                    | <u>4,627</u>       | <u>11,722</u>     | <u>459</u>                                    |
| <b>Operating Expenses:</b>                                  |                    |                   |   |
| Cost of Goods Sold  | —                  | —                 | 596   |
| Personal Service  | 1,388              | 2,231             | 68  |
| Operations  | 3,052              | 5,933             | 151   |
| Specific Programs   | 7                  | 23                | —   |
| Depreciation/Amortization                                   | 60                 | 1,623             | 1,242   |
| Other Charges   | 200                | 261               | 2   |
| Total Operating Expenses                                    | <u>4,707</u>       | <u>10,071</u>     | <u>2,059</u>                                  |
| Operating Income (Loss)                                     | <u>(80)</u>        | <u>1,651</u>      | <u>(1,600)</u>                                |
| <b>Non-Operating Revenues (Expenses):</b>                   |                    |                   |   |
| Contributions and Intergovernmental                         | 151                | 9,804             | 875   |
| Interest Expense  | —                  | —                 | (9)   |
| Investment Earnings:  |                    |                   |   |
| Net Increase (Decrease) in the<br>Fair Value of Investments | (5)                | (29)              | (4)   |
| Interest  | 12                 | 69                | —   |
| Penalties and Unclaimed Properties                          | —                  | 76                | —   |
| Disposal of Capital Assets                                  | —                  | (18)              | (46)  |
| Extraordinary Item  | —                  | (153)             | —   |
| Total Non-Operating Revenues                                | <u>158</u>         | <u>9,749</u>      | <u>816</u>                                    |
| Income (Loss) Before Transfers                              | 78                 | 11,400            | (784)   |
| Capital Contributions                                       | —                  | 920               | —   |
| Transfers In  | —                  | —                 | 2   |
| Transfers Out   | —                  | —                 | —   |
| Change in Net Position                                      | <u>78</u>          | <u>12,320</u>     | <u>(782)</u>                                  |
| Total Net Position - Beginning                              | <u>1,838</u>       | <u>92,547</u>     | <u>8,628</u>                                  |
| Total Net Position - Ending                                 | <u>\$ 1,916</u>    | <u>\$ 104,867</u> | <u>\$ 7,846</u>                               |

| Historic<br>Preservation<br>Revolving | Missouri<br>Veterans'<br>Home | State Agency<br>For Surplus<br>Property | Department<br>of Revenue<br>Information | Totals<br>June 30,<br>2017 |
|---------------------------------------|-------------------------------|---|---|----------------------------|
| \$ —                                  | \$ —                          | \$ —                                    | \$ —                                    | \$ 10,294                  |
| —                                     | 358                           | 1,704                                   | 852                                     | 4,511                      |
| —                                     | —                             | —                                       | —                                       | 3,931                      |
| —                                     | 26,146                        | 182                                     | —                                       | 26,767                     |
| —                                     | —                             | 181                                     | 3                                       | 731                        |
| <u>—</u>                              | <u>26,504</u>                 | <u>2,067</u>                            | <u>855</u>                              | <u>46,234</u>              |
| —                                     | —                             | 879                                     | —                                       | 1,475                      |
| 301                                   | 91,637                        | 1,154                                   | —                                       | 96,779                     |
| 80                                    | 20,507                        | 290                                     | 12                                      | 30,025                     |
| 853                                   | 1,269                         | —                                       | —                                       | 2,152                      |
| 10                                    | 1,122                         | 194                                     | —                                       | 4,251                      |
| 3                                     | 88                            | 3                                       | —                                       | 557                        |
| <u>1,247</u>                          | <u>114,623</u>                | <u>2,520</u>                            | <u>12</u>                               | <u>135,239</u>             |
| <u>(1,247)</u>                        | <u>(88,119)</u>               | <u>(453)</u>                            | <u>843</u>                              | <u>(89,005)</u>            |
| —                                     | 73,087                        | —                                       | —                                       | 83,917                     |
| —                                     | —                             | —                                       | —                                       | (9)                        |
| (4)                                   | (4)                           | (7)                                     | (2)                                     | (55)                       |
| 10                                    | 30                            | 19                                      | —                                       | 140                        |
| —                                     | 1                             | —                                       | —                                       | 77                         |
| —                                     | (170)                         | —                                       | —                                       | (234)                      |
| —                                     | —                             | —                                       | —                                       | (153)                      |
| <u>6</u>                              | <u>72,944</u>                 | <u>12</u>                               | <u>(2)</u>                              | <u>83,683</u>              |
| <u>(1,241)</u>                        | <u>(15,175)</u>               | <u>(441)</u>                            | <u>841</u>                              | <u>(5,322)</u>             |
| —                                     | —                             | —                                       | —                                       | 920                        |
| 695                                   | 4,785                         | —                                       | ---                                     | 5,482                      |
| —                                     | —                             | (30)                                    | (1,022)                                 | (1,052)                    |
| <u>(546)</u>                          | <u>(10,390)</u>               | <u>(471)</u>                            | <u>(181)</u>                            | <u>28</u>                  |
| <u>2,487</u>                          | <u>(36,316)</u>               | <u>3,400</u>                            | <u>1,284</u>                            | <u>73,868</u>              |
| <u>\$ 1,941</u>                       | <u>\$ (46,706)</u>            | <u>\$ 2,929</u>                         | <u>\$ 1,103</u>                         | <u>\$ 73,896</u>           |



**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|   | State Fair<br>Fees | State<br>Parks  | Natural<br>Resources<br>Revolving<br>Services |
|---|--------------------|-----------------|---|
| <b>Cash Flows from Operating Activities:</b>  |                    |                 |   |
| Receipts from Internal Customers and Users  | \$ 91              | \$ 325          | \$ —  |
| Receipts from External Customers and Users  | 4,535              | 10,816          | 417   |
| Payments to Suppliers   | (3,053)            | (5,928)         | (735)   |
| Payments to Employees   | (1,324)            | (1,781)         | (61)  |
| Payments Made for Program Expense   | (7)                | (23)            | —   |
| Other Receipts  | 1                  | 504             | 42  |
| Other Payments  | (200)              | (261)           | (2)   |
| Net Cash Provided (Used) by Operating Activities  | <u>43</u>          | <u>3,652</u>    | <u>(339)</u>                                  |
| <b>Cash Flows from Non-Capital Financing Activities:</b>  |                    |                 |   |
| Loans Made to Outside Entities  | —                  | —               | —   |
| Due to/from Other Funds   | —                  | (2)             | 187   |
| Contributions and Intergovernmental   | 151                | 2,590           | 875   |
| Transfers to/from Other Funds   | —                  | —               | —   |
| Net Cash Provided (Used) by Non-Capital Financing Activities  | <u>151</u>         | <u>2,588</u>    | <u>1,062</u>                                  |
| <b>Cash Flows from Capital and Related Financing Activities:</b>                                      |                    |                 |   |
| Interest Expense  | —                  | —               | (9)   |
| Purchases and Construction of Capital Assets  | (64)               | (12,560)        | (875)   |
| Capital Lease Downpayment/Obligations   | —                  | —               | (176)   |
| Disposal of Capital Assets  | —                  | —               | —   |
| Net Cash Provided (Used) by Capital and Related Financing Activities                                  | <u>(64)</u>        | <u>(12,560)</u> | <u>(1,060)</u>                                |
| <b>Cash Flows from Investing Activities:</b>  |                    |                 |   |
| Proceeds from Investment Maturities   | —                  | 2,046           | —   |
| Purchase of Investments   | (421)              | —               | (29)  |
| Interest and Dividends Received   | 11                 | 75              | —   |
| Penalties and Other Receipts  | —                  | 76              | —   |
| Net Cash Provided (Used) by Investing Activities  | <u>(410)</u>       | <u>2,197</u>    | <u>(29)</u>                                   |
| Net Increase (Decrease) in Cash   | (280)              | (4,123)         | (366)   |
| Cash and Cash Equivalents, Beginning of Year  | 728                | 6,136           | 661   |
| Cash and Cash Equivalents, End of Year  | <u>\$ 448</u>      | <u>\$ 2,013</u> | <u>\$ 295</u>                                 |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b> |                    |                 |   |
| Operating Income (Loss)   | \$ (80)            | \$ 1,651        | \$ (1,600)                                    |
| Depreciation/Amortization Expense   | 60                 | 1,623           | 1,242   |
| Changes in Assets and Liabilities:  |                    |                 |   |
| Accounts Receivable   | —                  | —               | —   |
| Inventories   | 1                  | (88)            | 9   |
| Deferred Outflows of Resources  | (184)              | (539)           | (21)  |
| Accounts Payable  | (2)                | 94              | 3   |
| Accrued Payroll   | 4                  | 79              | —   |
| Unearned Revenue  | —                  | (77)            | —   |
| Compensated Absences  | 2                  | 241             | —   |
| Net Pension Liability   | 247                | 675             | 29  |
| Deferred Inflows of Resources   | (5)                | (7)             | (1)   |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ 43</u>       | <u>\$ 3,652</u> | <u>\$ (339)</u>                               |
| <b>Non-Cash Financing and Investing Activities:</b>   |                    |                 |   |
| Capital Asset Donations   | \$ —               | \$ 8,134        | \$ —  |
| Increase (Decrease) in Fair Value of Investments  | (5)                | (29)            | (4)   |
| Net Non-Cash Financing and Investing Activities   | <u>\$ (5)</u>      | <u>\$ 8,105</u> | <u>\$ (4)</u>                                 |

|                                       |                                |   |   | Totals             |
|---------------------------------------|--------------------------------|---|---|--------------------|
| Historic<br>Preservation<br>Revolving | Missouri<br>Veterans'<br>Homes | State Agency<br>for Surplus<br>Property | Department<br>of Revenue<br>Information | June 30,<br>2017   |
| \$ —                                  | \$ —                           | \$ 220                                  | \$ —                                    | \$ 636             |
| —                                     | 25,734                         | 1,811                                   | 878                                     | 44,191             |
| (79)                                  | (20,432)                       | (1,255)                                 | (12)                                    | (31,494)           |
| (272)                                 | (82,323)                       | (1,046)                                 | —                                       | (86,807)           |
| (853)                                 | (1,269)                        | —                                       | —                                       | (2,152)            |
| —                                     | —                              | 181                                     | 3                                       | 731                |
| (3)                                   | (88)                           | (3)                                     | —                                       | (557)              |
| <u>(1,207)</u>                        | <u>(78,378)</u>                | <u>(92)</u>                             | <u>869</u>                              | <u>(75,452)</u>    |
| 36                                    | —                              | —                                       | —                                       | 36                 |
| —                                     | (6)                            | 3                                       | —                                       | 182                |
| —                                     | 73,087                         | —                                       | —                                       | 76,703             |
| 695                                   | 4,750                          | (30)                                    | (1,022)                                 | 4,393              |
| <u>731</u>                            | <u>77,831</u>                  | <u>(27)</u>                             | <u>(1,022)</u>                          | <u>81,314</u>      |
| —                                     | —                              | —                                       | —                                       | (9)                |
| —                                     | (1,612)                        | (72)                                    | —                                       | (15,183)           |
| —                                     | —                              | —                                       | —                                       | (176)              |
| —                                     | —                              | —                                       | —                                       | —                  |
| <u>—</u>                              | <u>(1,612)</u>                 | <u>(72)</u>                             | <u>—</u>                                | <u>(15,368)</u>    |
| 16                                    | 1,060                          | —                                       | —                                       | 3,122              |
| —                                     | —                              | (355)                                   | (103)                                   | (908)              |
| 14                                    | 28                             | 17                                      | —                                       | 145                |
| —                                     | 1                              | —                                       | —                                       | 77                 |
| <u>30</u>                             | <u>1,089</u>                   | <u>(338)</u>                            | <u>(103)</u>                            | <u>2,436</u>       |
| (446)                                 | (1,070)                        | (529)                                   | (256)                                   | (7,070)            |
| 777                                   | 1,297                          | 1,131                                   | 515                                     | 11,245             |
| <u>\$ 331</u>                         | <u>\$ 227</u>                  | <u>\$ 602</u>                           | <u>\$ 259</u>                           | <u>\$ 4,175</u>    |
| \$ (1,247)                            | \$ (88,119)                    | \$ (453)                                | \$ 843                                  | \$ (89,005)        |
| 10                                    | 1,122                          | 194                                     | —                                       | 4,251              |
| —                                     | (821)                          | 145                                     | 26                                      | (650)              |
| —                                     | (12)                           | —                                       | —                                       | (90)               |
| (91)                                  | (26,310)                       | (312)                                   | —                                       | (27,457)           |
| 1                                     | 87                             | (86)                                    | —                                       | 97                 |
| —                                     | 97                             | —                                       | —                                       | 180                |
| —                                     | 51                             | —                                       | —                                       | (26)               |
| 3                                     | 21                             | —                                       | —                                       | 267                |
| 118                                   | 36,094                         | 426                                     | —                                       | 37,589             |
| (1)                                   | (588)                          | (6)                                     | —                                       | (608)              |
| <u>\$ (1,207)</u>                     | <u>\$ (78,378)</u>             | <u>\$ (92)</u>                          | <u>\$ 869</u>                           | <u>\$ (75,452)</u> |
| \$ —                                  | \$ —                           | \$ —                                    | \$ —                                    | \$ 8,134           |
| (4)                                   | (4)                            | (7)                                     | (2)                                     | (55)               |
| <u>\$ (4)</u>                         | <u>\$ (4)</u>                  | <u>\$ (7)</u>                           | <u>\$ (2)</u>                           | <u>\$ 8,079</u>    |



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*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, 2017**

**(In Thousands of Dollars)**

|  | Natural<br>Resources<br>Cost<br>Allocation | Mental<br>Health<br>Interagency<br>Payments | State Facility<br>Maintenance<br>and<br>Operation | Office of<br>Administration<br>Revolving | Working<br>Capital<br>Revolving | General<br>Government<br>Revolving |
|--|--|---|---|--|---------------------------------|------------------------------------|
| <b>ASSETS</b>                              |  |   |   |  |                                 |                                    |
| Current Assets:                            |  |   |   |  |                                 |                                    |
| Cash and Cash Equivalents                  | \$ 214                                     | \$ 836                                      | \$ 1,199  | \$ 2,158                                 | \$ 2,835                        | \$ 239                             |
| Investments                                | 677  | 2,642                                       | 3,790   | 8,985                                    | 8,962                           | 755                                |
| Restricted:                                |  |   |   |  |                                 |                                    |
| Investments                                | —  | —   | —   | —  | —                               | —                                  |
| Accounts Receivable, Net                   | 16   | —   | —   | 2,859                                    | 721                             | 48,185                             |
| Interest Receivable                        | —  | —   | —   | 11                                       | —                               | —                                  |
| Due from Other Funds                       | —  | —   | 15  | 6,943                                    | 98                              | 7                                  |
| Due from Component Units                   | —  | —   | —   | 2  | —                               | —                                  |
| Inventories                                | —  | —   | 1,030   | 1,261                                    | 7,792                           | —                                  |
| Prepaid Items                              | —  | —   | —   | —  | —                               | —                                  |
| Total Current Assets                       | <u>907</u>                                 | <u>3,478</u>                                | <u>6,034</u>                                      | <u>22,219</u>                            | <u>20,408</u>                   | <u>49,186</u>                      |
| Non-Current Assets:                        |  |   |   |  |                                 |                                    |
| Investments                                | —  | —   | —   | —  | —                               | —                                  |
| Restricted Assets:                         |  |   |   |  |                                 |                                    |
| Cash and Cash Equivalents                  | —  | —   | —   | 688                                      | —                               | —                                  |
| Investments                                | —  | —   | —   | —  | —                               | —                                  |
| Capital Assets:                            |  |   |   |  |                                 |                                    |
| Construction in Progress                   | —  | —   | 10  | 218                                      | —                               | —                                  |
| Software in Progress                       | 401  | —   | 75  | 250                                      | —                               | —                                  |
| Land                                       | —  | —   | 7,681   | —  | 41                              | —                                  |
| Land Improvements                          | —  | —   | 3,000   | —  | —                               | —                                  |
| Buildings                                  | 219  | —   | 477,698   | 2,952                                    | 6,432                           | —                                  |
| Equipment                                  | 3,393                                      | 1,158                                       | 14,529  | 88,261                                   | 19,555                          | 374                                |
| Software                                   | 3,463                                      | 603   | 12  | 11,407                                   | 238                             | 9,467                              |
| Less Accumulated Depreciation/Amortization | (4,198)                                    | (1,751)                                     | (209,517)   | (80,768)                                 | (22,777)                        | (9,303)                            |
| Total Non-Current Assets                   | <u>3,278</u>                               | <u>10</u>                                   | <u>293,488</u>                                    | <u>23,008</u>                            | <u>3,489</u>                    | <u>538</u>                         |
| Total Assets                               | <u>4,185</u>                               | <u>3,488</u>                                | <u>299,522</u>                                    | <u>45,227</u>                            | <u>23,897</u>                   | <u>49,724</u>                      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>      | <u>4,657</u>                               | <u>—</u>                                    | <u>14,996</u>                                     | <u>7,945</u>                             | <u>4,585</u>                    | <u>435</u>                         |
| <b>LIABILITIES</b>                         |  |   |   |  |                                 |                                    |
| Current Liabilities:                       |  |   |   |  |                                 |                                    |
| Bank Overdraft                             | —  | —   | —   | —  | —                               | —                                  |
| Accounts Payable                           | 116  | 92  | 1,709   | 1,292                                    | 90                              | 673                                |
| Accrued Payroll                            | 269  | —   | 815   | 452                                      | 243                             | 5                                  |
| Due to Other Funds                         | 50   | —   | 45  | —  | —                               | 1                                  |
| Unearned Revenue                           | —  | —   | —   | 301                                      | —                               | —                                  |
| Claims Liability                           | —  | —   | —   | —  | —                               | —                                  |
| Obligations under Lease Purchase           | —  | —   | 1,656   | 4,632                                    | 9                               | —                                  |
| Compensated Absences                       | 549  | —   | 1,735   | 823                                      | 554                             | 9                                  |
| Total Current Liabilities                  | <u>984</u>                                 | <u>92</u>                                   | <u>5,960</u>                                      | <u>7,500</u>                             | <u>896</u>                      | <u>688</u>                         |
| Non-Current Liabilities:                   |  |   |   |  |                                 |                                    |
| Claims Liability                           | —  | —   | —   | —  | —                               | —                                  |
| Obligations under Lease Purchase           | —  | —   | 27,042  | 5,800                                    | —                               | —                                  |
| Compensated Absences                       | 14   | —   | 113   | 363                                      | —                               | 4                                  |
| Net Pension Liability                      | 14,049                                     | —   | 40,881  | 21,738                                   | 14,679                          | 1,842                              |
| Total Non-Current Liabilities              | <u>14,063</u>                              | <u>—</u>                                    | <u>68,036</u>                                     | <u>27,901</u>                            | <u>14,679</u>                   | <u>1,846</u>                       |
| Total Liabilities                          | <u>15,047</u>                              | <u>92</u>                                   | <u>73,996</u>                                     | <u>35,401</u>                            | <u>15,575</u>                   | <u>2,534</u>                       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       | <u>133</u>                                 | <u>—</u>                                    | <u>427</u>  | <u>221</u>                               | <u>130</u>                      | <u>15</u>                          |
| <b>NET POSITION</b>                        |  |   |   |  |                                 |                                    |
| Net Investment in Capital Assets           | 3,278                                      | 10  | 264,790   | 11,888                                   | 3,480                           | 538                                |
| Restricted for:                            |  |   |   |  |                                 |                                    |
| Other Purposes                             | —  | —   | —   | 688                                      | —                               | —                                  |
| Unrestricted                               | (9,616)                                    | 3,386                                       | (24,695)  | 4,974                                    | 9,297                           | 47,072                             |
| Total Net Position                         | <u>\$ (6,338)</u>                          | <u>\$ 3,396</u>                             | <u>\$ 240,095</u>                                 | <u>\$ 17,550</u>                         | <u>\$ 12,777</u>                | <u>\$ 47,610</u>                   |

|                                      |                                     |                                |  |                                    |  |  |  |    | Totals            |
|--------------------------------------|-------------------------------------|--------------------------------|--|------------------------------------|--|--|--|----|-------------------|
| 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 |    | June 30, 2017     |
| \$ 13                                | \$ 42                               | \$ 224                         | \$ 1,816                               | \$ 9,736                           | \$ —                                     | \$ 98,892                              | \$ 12,949                                    | \$ | \$ 131,153        |
| 41                                   | 136                                 | 707                            | 7,129                                  | 6,849                              | 3,721                                    | 37,905                                 | 705  |    | 83,004            |
| —                                    | —                                   | —                              | —                                      | —                                  | —  | —                                      | 100  |    | 100               |
| —                                    | —                                   | —                              | 840                                    | 200                                | 967                                      | 10,025                                 | 2,386  |    | 66,199            |
| —                                    | —                                   | —                              | 20                                     | 239                                | —  | —                                      | 54   |    | 324               |
| 11                                   | —                                   | —                              | —                                      | —                                  | —  | —                                      | —  |    | 7,074             |
| —                                    | —                                   | —                              | —                                      | —                                  | —  | —                                      | —  |    | 2                 |
| 65                                   | 2                                   | 12                             | —                                      | —                                  | —  | —                                      | —  |    | 10,162            |
| —                                    | —                                   | —                              | —                                      | —                                  | —  | 190                                    | —  |    | 190               |
| <u>130</u>                           | <u>180</u>                          | <u>943</u>                     | <u>9,805</u>                           | <u>17,024</u>                      | <u>4,688</u>                             | <u>147,012</u>                         | <u>16,194</u>                                |    | <u>298,208</u>    |
| —                                    | —                                   | —                              | —                                      | 90,902                             | —  | —                                      | 21,238                                       |    | 112,140           |
| —                                    | —                                   | —                              | —                                      | —                                  | —  | —                                      | —  |    | 688               |
| —                                    | —                                   | —                              | —                                      | 200                                | —  | —                                      | —  |    | 200               |
| —                                    | 15                                  | —                              | —                                      | —                                  | —  | —                                      | —  |    | 243               |
| —                                    | —                                   | —                              | —                                      | —                                  | —  | —                                      | —  |    | 726               |
| —                                    | —                                   | —                              | —                                      | —                                  | —  | —                                      | —  |    | 7,722             |
| —                                    | —                                   | —                              | —                                      | —                                  | —  | —                                      | —  |    | 3,000             |
| —                                    | —                                   | 2,379                          | —                                      | —                                  | —  | —                                      | —  |    | 489,680           |
| 86                                   | 190                                 | 939                            | —                                      | —                                  | —  | 2,363                                  | —  |    | 130,848           |
| —                                    | 9                                   | 291                            | —                                      | —                                  | —  | —                                      | —  |    | 25,490            |
| (35)                                 | (184)                               | (2,375)                        | —                                      | —                                  | —  | (2,080)                                | —  |    | (332,988)         |
| <u>51</u>                            | <u>30</u>                           | <u>1,234</u>                   | <u>—</u>                               | <u>91,102</u>                      | <u>—</u>                                 | <u>283</u>                             | <u>21,238</u>                                |    | <u>437,749</u>    |
| <u>181</u>                           | <u>210</u>                          | <u>2,177</u>                   | <u>9,805</u>                           | <u>108,126</u>                     | <u>4,688</u>                             | <u>147,295</u>                         | <u>37,432</u>                                |    | <u>735,957</u>    |
| —                                    | 774                                 | 2,870                          | —                                      | —                                  | —  | 2,562                                  | —  |    | 38,824            |
| —                                    | —                                   | —                              | —                                      | —                                  | 2  | —                                      | —  |    | 2                 |
| 41                                   | 14                                  | 127                            | 162                                    | 33                                 | 2,666                                    | 17,941                                 | 2,040  |    | 26,996            |
| —                                    | 38                                  | 161                            | —                                      | —                                  | —  | —                                      | —  |    | 1,983             |
| 4                                    | 12                                  | 36                             | —                                      | —                                  | —  | —                                      | —  |    | 148               |
| —                                    | —                                   | —                              | 50                                     | —                                  | 2,104                                    | 19,638                                 | 9,001  |    | 31,094            |
| —                                    | —                                   | —                              | 2,592                                  | 23,767                             | —  | 42,221                                 | 12,300                                       |    | 80,880            |
| —                                    | —                                   | 3                              | —                                      | —                                  | —  | —                                      | —  |    | 6,300             |
| —                                    | 75                                  | 270                            | —                                      | —                                  | —  | 11                                     | —  |    | 4,026             |
| <u>45</u>                            | <u>139</u>                          | <u>597</u>                     | <u>2,804</u>                           | <u>23,800</u>                      | <u>4,772</u>                             | <u>79,811</u>                          | <u>23,341</u>                                |    | <u>151,429</u>    |
| —                                    | —                                   | —                              | —                                      | 58,809                             | —  | —                                      | —  |    | 58,809            |
| —                                    | —                                   | —                              | —                                      | —                                  | —  | —                                      | —  |    | 32,842            |
| —                                    | —                                   | 40                             | —                                      | —                                  | —  | 194                                    | —  |    | 728               |
| —                                    | 2,290                               | 7,404                          | —                                      | —                                  | —  | 7,266                                  | —  |    | 110,149           |
| —                                    | <u>2,290</u>                        | <u>7,444</u>                   | <u>—</u>                               | <u>58,809</u>                      | <u>—</u>                                 | <u>7,460</u>                           | <u>—</u>                                     |    | <u>202,528</u>    |
| <u>45</u>                            | <u>2,429</u>                        | <u>8,041</u>                   | <u>2,804</u>                           | <u>82,609</u>                      | <u>4,772</u>                             | <u>87,271</u>                          | <u>23,341</u>                                |    | <u>353,957</u>    |
| —                                    | 22                                  | 81                             | —                                      | —                                  | —  | 140                                    | —  |    | 1,169             |
| 51                                   | 30                                  | 1,231                          | —                                      | —                                  | —  | 283                                    | —  |    | 285,579           |
| —                                    | —                                   | —                              | —                                      | 200                                | —  | —                                      | 100  |    | 988               |
| 85                                   | (1,497)                             | (4,306)                        | 7,001                                  | 25,317                             | (84)                                     | 62,163                                 | 13,991                                       |    | 133,088           |
| <u>\$ 136</u>                        | <u>\$ (1,467)</u>                   | <u>\$ (3,075)</u>              | <u>\$ 7,001</u>                        | <u>\$ 25,517</u>                   | <u>\$ (84)</u>                           | <u>\$ 62,446</u>                       | <u>\$ 14,091</u>                             |    | <u>\$ 419,655</u> |

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|   | Natural<br>Resources<br>Cost<br>Allocation | Mental<br>Health<br>Interagency<br>Payments | State Facility<br>Maintenance<br>and<br>Operation | Office of<br>Administration<br>and<br>Revolving | Working<br>Capital<br>Revolving | General<br>Government<br>Revolving |
|---|--|---|---|---|---------------------------------|------------------------------------|
| <b>Operating Revenues:</b>                                  |  |   |   |   |                                 |                                    |
| Employer Contributions                                      | \$ —                                       | \$ —  | \$ —  | \$ —  | \$ —                            | \$ —                               |
| Employee Contributions                                      | —  | —   | —   | —   | —                               | —                                  |
| Medicare Part D Subsidy                                     | —  | —   | —   | —   | —                               | —                                  |
| Licenses, Fees, and Permits                                 | —  | —   | —   | —   | —                               | 14,728                             |
| Sales   | —  | —   | —   | —   | 28,112                          | 7                                  |
| Leases and Rentals  | —  | —   | 62,085  | —   | 221                             | 6                                  |
| Charges for Services  | 13,559                                     | 8,128                                       | 5,154   | 93,961  | 14                              | 613                                |
| Cost Reimbursement/Miscellaneous                            | 62   | —   | 57  | 1,254   | 10                              | 13                                 |
| Total Operating Revenues                                    | <u>13,621</u>                              | <u>8,128</u>                                | <u>67,296</u>                                     | <u>95,215</u>                                   | <u>28,357</u>                   | <u>15,367</u>                      |
| <b>Operating Expenses:</b>                                  |  |   |   |   |                                 |                                    |
| Cost of Goods Sold  | —  | —   | —   | 10,939  | 11,561                          | —                                  |
| Personal Service  | 9,066                                      | —   | 31,958  | 17,292  | 9,719                           | 376                                |
| Operations  | 4,634                                      | 80  | 35,018  | 54,725  | 5,177                           | 5,198                              |
| Specific Programs   | 6  | 7,807                                       | 27  | —   | 7                               | 3,126                              |
| Insurance Benefits  | —  | —   | —   | —   | —                               | —                                  |
| Depreciation/Amortization                                   | 603  | 58  | 12,603  | 9,405   | 780                             | 475                                |
| Other Charges   | 105  | —   | 63  | 82  | 1,335                           | 21                                 |
| Total Operating Expenses                                    | <u>14,414</u>                              | <u>7,945</u>                                | <u>79,669</u>                                     | <u>92,443</u>                                   | <u>28,579</u>                   | <u>9,196</u>                       |
| Operating Income (Loss)                                     | <u>(793)</u>                               | <u>183</u>                                  | <u>(12,373)</u>                                   | <u>2,772</u>                                    | <u>(222)</u>                    | <u>6,171</u>                       |
| <b>Non-Operating Revenues (Expenses):</b>                   |  |   |   |   |                                 |                                    |
| Contributions and Intergovernmental                         | —  | —   | 24  | —   | —                               | —                                  |
| Interest Expense  | (1)  | —   | (996)   | (219)   | (1)                             | —                                  |
| Investment Earnings:  |  |   |   |   |                                 |                                    |
| Net Increase (Decrease) in the Fair Value<br>of Investments | (2)  | (10)  | (14)  | (35)  | (33)                            | (2)                                |
| Interest  | —  | —   | —   | 35  | —                               | —                                  |
| Disposal of Capital Assets                                  | —  | (2)   | (19)  | 66  | (100)                           | —                                  |
| Total Non-Operating Revenues (Expenses)                     | <u>(3)</u>                                 | <u>(12)</u>                                 | <u>(1,005)</u>                                    | <u>(153)</u>                                    | <u>(134)</u>                    | <u>(2)</u>                         |
| Income (Loss) Before Transfers                              | <u>(796)</u>                               | <u>171</u>                                  | <u>(13,378)</u>                                   | <u>2,619</u>                                    | <u>(356)</u>                    | <u>6,169</u>                       |
| Transfers In  | —  | 153   | 20  | —   | 6                               | —                                  |
| Transfers Out   | —  | —   | —   | (2,117)   | —                               | —                                  |
| Change in Net Position                                      | <u>(796)</u>                               | <u>324</u>                                  | <u>(13,358)</u>                                   | <u>502</u>                                      | <u>(350)</u>                    | <u>6,169</u>                       |
| Total Net Position - Beginning                              | <u>(5,542)</u>                             | <u>3,072</u>                                | <u>253,453</u>                                    | <u>17,048</u>                                   | <u>13,127</u>                   | <u>41,441</u>                      |
| Total Net Position - Ending                                 | <u>\$ (6,338)</u>                          | <u>\$ 3,396</u>                             | <u>\$ 240,095</u>                                 | <u>\$ 17,550</u>                                | <u>\$ 12,777</u>                | <u>\$ 47,610</u>                   |

| Social<br>Services<br>Administrative<br>Trust Fund | Economic<br>Development<br>Administrative | Professional<br>Registration<br>Fees | Conservation<br>Employees'<br>Insurance<br>Plan | Transportation<br>Self-Insurance<br>Plan | Missouri<br>State<br>Employees'<br>Insurance<br>Plan | Missouri<br>Consolidated<br>Health Care<br>Plan | MoDOT &<br>MSHP<br>Medical<br>and Life<br>Insurance<br>Plan | Totals<br><br>June 30,<br>2017 |
|--|---|--------------------------------------|---|--|--|---|---|--------------------------------|
| \$ —   | \$ —                                      | \$ —                                 | \$ 10,896                                       | \$ 20,300                                | \$ —   | \$ 327,234                                      | \$ 83,985   | \$ 442,415                     |
| —  | —   | —                                    | 7,779   | —  | 28,780   | 80,960  | 44,803  | 162,322                        |
| —  | —   | —                                    | 113   | —  | —  | —   | 6,153   | 6,266                          |
| —  | —   | —                                    | —   | —  | —  | —   | —   | 14,728                         |
| —  | —   | —                                    | —   | —  | —  | —   | —   | 28,119                         |
| —  | —   | —                                    | —   | —  | —  | —   | —   | 62,312                         |
| 749  | 1,756                                     | 7,335                                | —   | —  | —  | —   | —   | 131,269                        |
| 8  | 9   | 3                                    | 1,945   | 235                                      | 480  | 24,834  | 2,109   | 31,019                         |
| <u>757</u>   | <u>1,765</u>                              | <u>7,338</u>                         | <u>20,733</u>                                   | <u>20,535</u>                            | <u>29,260</u>  | <u>433,028</u>                                  | <u>137,050</u>  | <u>878,450</u>                 |
| —  | —   | —                                    | —   | —  | —  | —   | —   | 22,500                         |
| —  | 1,603                                     | 6,087                                | —   | —  | 405  | 3,581   | —   | 80,087                         |
| 921  | 215                                       | 1,514                                | 1,837   | 1,363                                    | 137  | 1,566   | 6,098   | 118,483                        |
| —  | —   | 3                                    | —   | —  | —  | —   | —   | 10,976                         |
| —  | —   | —                                    | 19,095  | 8,308                                    | 28,770   | 462,216   | 136,637   | 655,026                        |
| 16   | 10  | 188                                  | —   | —  | —  | 123   | —   | 24,261                         |
| —  | 17  | 53                                   | 6   | —  | —  | 12,773  | —   | 14,455                         |
| <u>937</u>   | <u>1,845</u>                              | <u>7,845</u>                         | <u>20,938</u>                                   | <u>9,671</u>                             | <u>29,312</u>  | <u>480,259</u>                                  | <u>142,735</u>  | <u>925,788</u>                 |
| <u>(180)</u>                                       | <u>(80)</u>                               | <u>(507)</u>                         | <u>(205)</u>                                    | <u>10,864</u>                            | <u>(52)</u>  | <u>(47,231)</u>                                 | <u>(5,685)</u>  | <u>(47,338)</u>                |
| —  | —   | —                                    | —   | —  | —  | —   | —   | 24                             |
| —  | —   | —                                    | —   | —  | —  | —   | —   | (1,217)                        |
| —  | —   | —                                    | (109)   | (1,638)                                  | —  | —   | (406)   | (2,249)                        |
| —  | —   | —                                    | 107   | 1,883                                    | 34   | 894   | 482   | 3,435                          |
| —  | (6)                                       | (2)                                  | —   | —  | —  | —   | —   | (63)                           |
| —  | (6)                                       | (2)                                  | (2)   | 245                                      | 34   | 894   | 76  | (70)                           |
| <u>(180)</u>                                       | <u>(86)</u>                               | <u>(509)</u>                         | <u>(207)</u>                                    | <u>11,109</u>                            | <u>(18)</u>  | <u>(46,337)</u>                                 | <u>(5,609)</u>  | <u>(47,408)</u>                |
| —  | —   | —                                    | —   | —  | —  | —   | —   | 179                            |
| —  | —   | (10)                                 | —   | —  | —  | —   | —   | (2,127)                        |
| <u>(180)</u>                                       | <u>(86)</u>                               | <u>(519)</u>                         | <u>(207)</u>                                    | <u>11,109</u>                            | <u>(18)</u>  | <u>(46,337)</u>                                 | <u>(5,609)</u>  | <u>(49,356)</u>                |
| 316  | (1,381)                                   | (2,556)                              | 7,208   | 14,408                                   | (66)   | 108,783   | 19,700  | 469,011                        |
| <u>\$ 136</u>                                      | <u>\$ (1,467)</u>                         | <u>\$ (3,075)</u>                    | <u>\$ 7,001</u>                                 | <u>\$ 25,517</u>                         | <u>\$ (84)</u>                                       | <u>\$ 62,446</u>                                | <u>\$ 14,091</u>  | <u>\$ 419,655</u>              |



**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2017**  
**(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 |
|---|-----------------------------------|------------------------------------|--|------------------------------------|---------------------------|------------------------------|
| <b>Cash Flows from Operating Activities:</b>  |                                   |                                    |  |                                    |                           |                              |
| Receipts from Internal Customers and Users  | \$ 13,543                         | \$ 8,128                           | \$ 67,239                                | \$ 90,386                          | \$ 19,250                 | \$ 100                       |
| Receipts from External Customers and Users  | —                                 | —                                  | —  | 4,164                              | 9,105                     | 8,751                        |
| Payments to Suppliers   | (4,930)                           | 12                                 | (34,756)                                 | (66,071)                           | (15,973)                  | (5,019)                      |
| Payments to Employees   | (7,959)                           | —                                  | (28,586)                                 | (15,365)                           | (8,763)                   | (168)                        |
| Payments Made for Program Expense   | (6)                               | (7,807)                            | (27)                                     | —                                  | (7)                       | (3,126)                      |
| Other Receipts  | 62                                | —                                  | 57                                       | 1,254                              | 10                        | 13                           |
| Other Payments  | (105)                             | —                                  | (63)                                     | (82)                               | (1,335)                   | (21)                         |
| Net Cash Provided (Used) by Operating Activities  | 605                               | 333                                | 3,864                                    | 14,286                             | 2,287                     | 530                          |
| <b>Cash Flows from Non-Capital Financing Activities:</b>  |                                   |                                    |  |                                    |                           |                              |
| Due to/from Other Funds   | (62)                              | 136                                | 29                                       | 760                                | 62                        | (98)                         |
| Due to/from Component Units   | —                                 | —                                  | —  | (1)                                | —                         | —                            |
| Contributions and Intergovernmental   | —                                 | —                                  | 24                                       | —                                  | —                         | —                            |
| Transfers to/from Other Funds   | —                                 | 153                                | —  | (2,117)                            | —                         | —                            |
| Net Cash Provided (Used) by Non-Capital Financing Activities  | (62)                              | 289                                | 53                                       | (1,358)                            | 62                        | (98)                         |
| <b>Cash Flows from Capital and Related Financing Activities:</b>                                      |                                   |                                    |  |                                    |                           |                              |
| Interest Expense  | (1)                               | —                                  | (996)                                    | (219)                              | (1)                       | —                            |
| Purchases and Construction of Capital Assets  | (596)                             | —                                  | —  | (6,627)                            | (818)                     | —                            |
| Capital Lease Downpayment/Obligations   | (40)                              | —                                  | (2,791)                                  | (7,163)                            | (22)                      | —                            |
| Disposal of Capital Assets  | —                                 | —                                  | 193                                      | —                                  | —                         | 1                            |
| Net Cash Provided (Used) by Capital and Related Financing Activities                                  | (637)                             | —                                  | (3,594)                                  | (14,009)                           | (841)                     | 1                            |
| <b>Cash Flows from Investing Activities:</b>  |                                   |                                    |  |                                    |                           |                              |
| Proceeds from Sales and Investment Maturities   | —                                 | —                                  | —  | —                                  | —                         | —                            |
| Purchase of Investments   | (106)                             | (993)                              | (1,095)                                  | (1,555)                            | (3,019)                   | (431)                        |
| Interest and Dividends Received   | —                                 | —                                  | —  | 31                                 | —                         | —                            |
| Investment Fees   | —                                 | —                                  | —  | —                                  | —                         | —                            |
| Net Cash Provided (Used) by Investing Activities  | (106)                             | (993)                              | (1,095)                                  | (1,524)                            | (3,019)                   | (431)                        |
| Net Increase (Decrease) in Cash   | (200)                             | (371)                              | (772)                                    | (2,605)                            | (1,511)                   | 2                            |
| Cash and Cash Equivalents, Beginning of Year  | 414                               | 1,207                              | 1,971                                    | 5,451                              | 4,346                     | 237                          |
| Cash and Cash Equivalents, End of Year  | \$ 214                            | \$ 836                             | \$ 1,199                                 | \$ 2,846                           | \$ 2,835                  | \$ 239                       |
| <b>Reconciliation of Operating Income (Loss) of Net Cash Provided (Used) by Operating Activities:</b> |                                   |                                    |  |                                    |                           |                              |
| Operating Income (Loss)   | \$ (793)                          | \$ 183                             | \$ (12,373)                              | \$ 2,772                           | \$ (222)                  | \$ 6,171                     |
| Depreciation/Amortization Expense   | 603                               | 58                                 | 12,603                                   | 9,405                              | 780                       | 475                          |
| Changes in Assets and Liabilities:  |                                   |                                    |  |                                    |                           |                              |
| Accounts Receivable   | (16)                              | —                                  | —  | 639                                | 8                         | (6,503)                      |
| Inventories   | —                                 | —                                  | 82                                       | 53                                 | 736                       | —                            |
| Deferred Outflows of Resources  | (2,988)                           | —                                  | (9,666)                                  | (5,173)                            | (2,925)                   | (270)                        |
| Prepaid Items   | —                                 | —                                  | —  | —                                  | —                         | —                            |
| Accounts Payable  | (296)                             | 92                                 | 180                                      | (460)                              | 29                        | 179                          |
| Accrued Payroll   | 31                                | —                                  | 27                                       | 68                                 | 9                         | —                            |
| Unearned Revenue  | —                                 | —                                  | —  | (50)                               | —                         | —                            |
| Claims Liability  | —                                 | —                                  | —  | —                                  | —                         | —                            |
| Compensated Absences  | (14)                              | —                                  | (25)                                     | 294                                | (70)                      | —                            |
| Net Pension Liability   | 4,141                             | —                                  | 13,235                                   | 6,844                              | 4,012                     | 479                          |
| Deferred Inflows of Resources   | (63)                              | —                                  | (199)                                    | (106)                              | (70)                      | (1)                          |
| Net Cash Provided (Used) by Operating Activities  | \$ 605                            | \$ 333                             | \$ 3,864                                 | \$ 14,286                          | \$ 2,287                  | \$ 530                       |
| <b>Non-Cash Financing and Investing Activities:</b>   |                                   |                                    |  |                                    |                           |                              |
| Increase (Decrease) in Fair Value of Investments  | \$ (2)                            | \$ (10)                            | \$ (14)                                  | \$ (35)                            | \$ (33)                   | \$ (2)                       |
| Net Non-Cash Financing and Investing Activities   | \$ (2)                            | \$ (10)                            | \$ (14)                                  | \$ (35)                            | \$ (33)                   | \$ (2)                       |

|                                      |                                     |                                |  |                                    |  |  |  |  | Totals        |
|--------------------------------------|-------------------------------------|--------------------------------|--|------------------------------------|--|--|--|--|---------------|
| 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 |  | June 30, 2017 |
| \$ 743                               | \$ 1,129                            | \$ —                           | \$ 10,914                              | \$ 20,300                          | \$ —                                     | \$ 324,762                             | \$ 83,985                                    |  | \$ 640,479    |
| 6                                    | 627                                 | 7,335                          | 7,776                                  | —                                  | 30,879                                   | 80,960                                 | 51,963                                       |  | 201,566       |
| (909)                                | (218)                               | (1,611)                        | (1,899)                                | (1,363)                            | (2,136)                                  | (3,419)                                | (6,134)                                      |  | (144,426)     |
| —                                    | (1,461)                             | (5,480)                        | —                                      | —                                  | (405)                                    | (3,017)                                | —  |  | (71,204)      |
| —                                    | —                                   | (3)                            | (19,209)                               | (16,378)                           | (28,770)                                 | (461,390)                              | (134,137)                                    |  | (670,860)     |
| 8                                    | 9                                   | 3                              | 1,945                                  | 235                                | 480                                      | 24,834                                 | 2,109  |  | 31,019        |
| —                                    | (17)                                | (53)                           | (6)                                    | —                                  | —  | (12,773)                               | —  |  | (14,455)      |
| (152)                                | 69                                  | 191                            | (479)                                  | 2,794                              | 48                                       | (50,043)                               | (2,214)                                      |  | (27,881)      |
| 162                                  | 9                                   | 11                             | —                                      | —                                  | —  | —                                      | —  |  | 1,009         |
| —                                    | —                                   | —                              | —                                      | —                                  | —  | —                                      | —  |  | (1)           |
| —                                    | —                                   | —                              | —                                      | —                                  | —  | —                                      | —  |  | 24            |
| —                                    | —                                   | (10)                           | —                                      | —                                  | —  | —                                      | —  |  | (1,974)       |
| 162                                  | 9                                   | 1                              | —                                      | —                                  | —  | —                                      | —  |  | (942)         |
| —                                    | —                                   | —                              | —                                      | —                                  | —  | —                                      | —  |  | (1,217)       |
| —                                    | (5)                                 | (131)                          | —                                      | —                                  | —  | (184)                                  | —  |  | (8,361)       |
| —                                    | —                                   | (5)                            | —                                      | —                                  | —  | —                                      | —  |  | (10,021)      |
| 1                                    | —                                   | —                              | —                                      | —                                  | —  | —                                      | —  |  | 195           |
| 1                                    | (5)                                 | (136)                          | —                                      | —                                  | —  | (184)                                  | —  |  | (19,404)      |
| —                                    | —                                   | —                              | —                                      | 37,620                             | 1,140,376                                | —                                      | 12,170                                       |  | 1,190,166     |
| (16)                                 | (75)                                | (201)                          | (449)                                  | (45,056)                           | (1,140,458)                              | (47)                                   | (6,704)                                      |  | (1,200,205)   |
| —                                    | —                                   | —                              | 100                                    | 1,835                              | 34                                       | 894                                    | 506  |  | 3,400         |
| —                                    | —                                   | —                              | —                                      | —                                  | —  | —                                      | (23)   |  | (23)          |
| (16)                                 | (75)                                | (201)                          | (349)                                  | (5,601)                            | (48)                                     | 847                                    | 5,949  |  | (6,662)       |
| (5)                                  | (2)                                 | (145)                          | (828)                                  | (2,807)                            | —  | (49,380)                               | 3,735  |  | (54,889)      |
| 18                                   | 44                                  | 369                            | 2,644                                  | 12,543                             | (2)                                      | 148,272                                | 9,214  |  | 186,728       |
| \$ 13                                | \$ 42                               | \$ 224                         | \$ 1,816                               | \$ 9,736                           | \$ (2)                                   | \$ 98,892                              | \$ 12,949                                    |  | \$ 131,839    |
| \$ (180)                             | \$ (80)                             | \$ (507)                       | \$ (205)                               | \$ 10,864                          | \$ (52)                                  | \$ (47,231)                            | \$ (5,685)                                   |  | \$ (47,338)   |
| 16                                   | 10                                  | 188                            | —                                      | —                                  | —  | 123                                    | —  |  | 24,261        |
| —                                    | —                                   | —                              | (116)                                  | —                                  | (5)                                      | (2,490)                                | 167  |  | (8,316)       |
| 24                                   | —                                   | —                              | —                                      | —                                  | —  | —                                      | —  |  | 895           |
| —                                    | (509)                               | (1,865)                        | —                                      | —                                  | —  | (1,595)                                | —  |  | (24,991)      |
| —                                    | —                                   | —                              | —                                      | —                                  | —  | (57)                                   | —  |  | (57)          |
| (12)                                 | (3)                                 | (97)                           | (62)                                   | —                                  | (1,999)                                  | (1,796)                                | (36)   |  | (4,281)       |
| —                                    | (4)                                 | 1                              | —                                      | —                                  | —  | —                                      | —  |  | 132           |
| —                                    | —                                   | —                              | 18                                     | —                                  | 2,104                                    | 18                                     | 840  |  | 2,930         |
| —                                    | —                                   | —                              | (114)                                  | (8,070)                            | —  | 826                                    | 2,500  |  | (4,858)       |
| —                                    | (12)                                | (28)                           | —                                      | —                                  | —  | (11)                                   | —  |  | 134           |
| —                                    | 675                                 | 2,534                          | —                                      | —                                  | —  | 2,132                                  | —  |  | 34,052        |
| —                                    | (8)                                 | (35)                           | —                                      | —                                  | —  | 38                                     | —  |  | (444)         |
| \$ (152)                             | \$ 69                               | \$ 191                         | \$ (479)                               | \$ 2,794                           | \$ 48                                    | \$ (50,043)                            | \$ (2,214)                                   |  | \$ (27,881)   |
| \$ —                                 | \$ —                                | \$ —                           | \$ (109)                               | \$ (1,638)                         | \$ —                                     | \$ —                                   | \$ (406)                                     |  | \$ (2,249)    |
| \$ —                                 | \$ —                                | \$ —                           | \$ (109)                               | \$ (1,638)                         | \$ —                                     | \$ —                                   | \$ (406)                                     |  | \$ (2,249)    |



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*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, 2017**  
**(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<br>June 30, 2017 |
|---|---|---------------|---|--|--|--------------|-------------------------|
|   | Missouri State Employees' Plan              | Judicial Plan |   |  | 401 (a) Plan   | 457 Plan     |                         |
| <b>ASSETS</b>   |   |               |   |  |  |              |                         |
| Cash and Cash Equivalents   | \$ 2,377,143                                | \$ 40,813     | \$ 172  | \$ 3,285   | \$ 350   | \$ 80        | \$ 2,421,843            |
| Investments at Fair Value   | 8,866,366                                   | 152,225       | 2,162,264   | 108,231  | 581,642  | 1,457,759    | 13,328,487              |
| Invested Securities Lending Collateral  | —   | —             | 56,823  | —  | —  | —            | 56,823                  |
| Receivables:  |   |               |   |  |  |              |                         |
| Accounts Receivable   | 41,562                                      | 1,936         | 12,840  | 27,862   | 220  | 631          | 85,051                  |
| Interest Receivable   | —   | —             | 5,686   | —  | —  | —            | 5,686                   |
| Prepaid Expenses  | 104   | 2             | —   | —  | —  | —            | 106                     |
| Capital Assets:   |   |               |   |  |  |              |                         |
| Land  | 263   | 4             | 84  | —  | —  | —            | 351                     |
| Buildings   | 4,171                                       | 72            | 582   | —  | 1  | 3            | 4,829                   |
| Equipment   | 1,273                                       | 22            | 227   | —  | 5  | 12           | 1,539                   |
| Software  | 724   | 12            | 3,288   | —  | 1  | 3            | 4,028                   |
| Accumulated Depreciation/Amortization   | (3,171)                                     | (54)          | (2,976)   | —  | (4)  | (9)          | (6,214)                 |
| Total Capital Assets, Net   | 3,260                                       | 56            | 1,205   | —  | 3  | 9            | 4,533                   |
| Total Assets  | 11,288,435                                  | 195,032       | 2,238,990   | 139,378  | 582,215  | 1,458,479    | 15,902,529              |
| <b>LIABILITIES</b>  |   |               |   |  |  |              |                         |
| Accounts Payable  | 25,653                                      | 441           | 10,825  | 201  | 30   | 76           | 37,226                  |
| Obligations under Repurchase Agreements                                       | 3,316,828                                   | 56,946        | —   | —  | —  | —            | 3,373,774               |
| Securities Lending Obligation   | —   | —             | 58,390  | —  | —  | —            | 58,390                  |
| Unearned Revenue  | —   | —             | —   | 3,846  | —  | —            | 3,846                   |
| Claims Liability  | —   | —             | —   | 9,888  | —  | —            | 9,888                   |
| Compensated Absences  | 596   | 10            | —   | —  | —  | —            | 606                     |
| Total Liabilities   | 3,343,077                                   | 57,397        | 69,215  | 13,935   | 30   | 76           | 3,483,730               |
| Net Position Restricted for Pension Benefits, OPEB, and Deferred Compensation | \$ 7,945,358                                | \$ 137,635    | \$ 2,169,775  | \$ 125,443   | \$ 582,185   | \$ 1,458,403 | \$ 12,418,799           |

**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, 2017**  
**(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<br>June 30, 2017 |
|-----------------------------------|---|-------------------|---|--|--|---------------------|-------------------------|
|                                   | Missouri State Employees' Plan              | Judicial Plan     |   |  | 401 (a) Plan   | 457 Plan            |                         |
| <b>Additions:</b>                 |   |                   |   |  |  |                     |                         |
| Contributions:                    |   |                   |   |  |  |                     |                         |
| Employer                          | \$ 335,217                                  | \$ 34,247         | \$ 206,563  | \$ 67,399  | \$ 38  | \$ —                | \$ 643,464              |
| Plan Member                       | 27,130                                      | 787               | 3,239   | 52,170   | —  | 55,042              | 138,368                 |
| Other                             | 3,978                                       | —                 | 3,397   | 30,514   | 70,237   | 1,589               | 109,715                 |
| Total Contributions               | <u>366,325</u>                              | <u>35,034</u>     | <u>213,199</u>  | <u>150,083</u>   | <u>70,275</u>  | <u>56,631</u>       | <u>891,547</u>          |
| Investment Earnings:              |   |                   |   |  |  |                     |                         |
| Increase (Decrease) in            |   |                   |   |  |  |                     |                         |
| Appreciation of Assets            | 329,824                                     | 5,663             | 187,425   | —  | 24,392   | 102,285             | 649,589                 |
| Interest and Dividends            | 80,130                                      | 1,376             | 63,059  | 7,839  | 10,512   | 26,872              | 189,788                 |
| Securities Lending Income         | 88  | 1                 | 552   | —  | —  | —                   | 641                     |
| Total Investment Earnings         | <u>410,042</u>                              | <u>7,040</u>      | <u>251,036</u>  | <u>7,839</u>   | <u>34,904</u>  | <u>129,157</u>      | <u>840,018</u>          |
| Less Investment Expenses:         |   |                   |   |  |  |                     |                         |
| Investment Activity Expense       | (137,902)                                   | (2,368)           | (30,461)  | —  | —  | —                   | (170,731)               |
| Securities Lending Expense        | (66)  | (1)               | (274)   | —  | —  | —                   | (341)                   |
| Total Investment Expense          | <u>(137,968)</u>                            | <u>(2,369)</u>    | <u>(30,735)</u>   | <u>—</u>   | <u>—</u>   | <u>—</u>            | <u>(171,072)</u>        |
| Net Investment Earnings (Loss)    | <u>272,074</u>                              | <u>4,671</u>      | <u>220,301</u>  | <u>7,839</u>   | <u>34,904</u>  | <u>129,157</u>      | <u>668,946</u>          |
| Cost Reimbursement/ Miscellaneous | 522   | 9                 | —   | —  | 688  | 1,763               | 2,982                   |
| Total Additions                   | <u>638,921</u>                              | <u>39,714</u>     | <u>433,500</u>  | <u>157,922</u>   | <u>105,867</u>   | <u>187,551</u>      | <u>1,563,475</u>        |
| <b>Deductions:</b>                |   |                   |   |  |  |                     |                         |
| Benefits                          | 787,300                                     | 33,980            | 251,284   | 142,154  | 46,908   | —                   | 1,261,626               |
| Administrative Expenses           | 8,550                                       | 147               | 4,145   | 7,310  | 607  | 2,407               | 23,166                  |
| Program Distributions             | 4,821                                       | 5                 | —   | —  | —  | 75,537              | 80,363                  |
| Service Transfer Payments         | 1,844                                       | —                 | —   | —  | —  | —                   | 1,844                   |
| Depreciation/ Amortization        | 209   | 4                 | 370   | —  | 1  | 2                   | 586                     |
| Total Deductions                  | <u>802,724</u>                              | <u>34,136</u>     | <u>255,799</u>  | <u>149,464</u>   | <u>47,516</u>  | <u>77,946</u>       | <u>1,367,585</u>        |
| Change in Net Position            | <u>(163,803)</u>                            | <u>5,578</u>      | <u>177,701</u>  | <u>8,458</u>   | <u>58,351</u>  | <u>109,605</u>      | <u>195,890</u>          |
| Net Position - Beginning of Year  | <u>8,109,161</u>                            | <u>132,057</u>    | <u>1,992,074</u>  | <u>116,985</u>   | <u>523,834</u>   | <u>1,348,798</u>    | <u>12,222,909</u>       |
| Net Position - End of Year        | <u>\$ 7,945,358</u>                         | <u>\$ 137,635</u> | <u>\$ 2,169,775</u>   | <u>\$ 125,443</u>  | <u>\$ 582,185</u>                                      | <u>\$ 1,458,403</u> | <u>\$ 12,418,799</u>    |

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**June 30, 2017**  
(In Thousands of Dollars)

|   | Alternative<br>Care Trust | Johnson-<br>Travis<br>Memorial<br>Trust | Unclaimed<br>Property | Totals<br>June 30,<br>2017 |
|---|---------------------------|---|-----------------------|----------------------------|
| <b>ASSETS</b>                               |                           |   |                       |                            |
| Cash and Cash Equivalents                   | \$ 571                    | \$ 199                                  | \$ 6,162              | \$ 6,932                   |
| Investments at Fair Value                   | 3,046                     | 710                                     | 19,465                | 23,221                     |
| Assets Held in Escheat                      | —                         | —                                       | 23,998                | 23,998                     |
| Account Receivables                         | 15                        | —                                       | —                     | 15                         |
| Interest Receivable                         | 8                         | 1                                       | —                     | 9                          |
| Inventories                                 | —                         | —                                       | 1                     | 1                          |
| Capital Assets:                             |                           |   |                       |                            |
| Equipment                                   | —                         | —                                       | 58                    | 58                         |
| Software                                    | —                         | —                                       | 99                    | 99                         |
| Less: Accumulated Depreciation/Amortization | —                         | —                                       | (90)                  | (90)                       |
| Total Capital Assets, Net                   | —                         | —                                       | 67                    | 67                         |
| Total Assets                                | 3,640                     | 910                                     | 49,693                | 54,243                     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                           |   |                       |                            |
|   | —                         | —                                       | 444                   | 444                        |
| <b>LIABILITIES</b>                          |                           |   |                       |                            |
| Accounts Payable                            | 1,100                     | —                                       | 23                    | 1,123                      |
| Accrued Payroll                             | —                         | —                                       | 23                    | 23                         |
| Compensated Absences                        | —                         | —                                       | 41                    | 41                         |
| Net Pension Liability                       | —                         | —                                       | 1,093                 | 1,093                      |
| Total Liabilities                           | 1,100                     | —                                       | 1,180                 | 2,280                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                           |   |                       |                            |
|   | —                         | —                                       | 12                    | 12                         |
| <b>NET POSITION</b>                         |                           |   |                       |                            |
| Net Position Restricted for Other Purposes  | \$ 2,540                  | \$ 910                                  | \$ 48,945             | \$ 52,395                  |

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|   | Alternative<br>Care Trust | Johnson-<br>Travis<br>Memorial<br>Trust | Unclaimed<br>Property | Totals<br>June 30,<br>2017 |
|---|---------------------------|---|-----------------------|----------------------------|
| <b>Additions:</b>                             |                           |   |                       |                            |
| Increase (Decrease) in Appreciation of Assets | \$ (14)                   | \$ 1                                    | \$ 7,318              | \$ 7,305                   |
| Interest                                      | 39                        | 8                                       | 704                   | 751                        |
| Total Investment Earnings                     | 25                        | 9                                       | 8,022                 | 8,056                      |
| Unclaimed Property                            | —                         | —                                       | 30,132                | 30,132                     |
| Cost Reimbursement/Miscellaneous              | 6,962                     | —                                       | 1                     | 6,963                      |
| Total Additions                               | 6,987                     | 9                                       | 38,155                | 45,151                     |
| <b>Deductions:</b>                            |                           |   |                       |                            |
| Administrative Expenses                       | —                         | —                                       | 2,522                 | 2,522                      |
| Program Distributions                         | 10,517                    | —                                       | 43,083                | 53,600                     |
| Depreciation/Amortization                     | —                         | —                                       | 38                    | 38                         |
| Total Deductions                              | 10,517                    | —                                       | 45,643                | 56,160                     |
| Change in Net Position                        | (3,530)                   | 9                                       | (7,488)               | (11,009)                   |
| Net Position - Beginning                      | 6,070                     | 901                                     | 56,433                | 63,404                     |
| Net Position - Ending                         | \$ 2,540                  | \$ 910                                  | \$ 48,945             | \$ 52,395                  |



**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
AGENCY FUNDS  
June 30, 2017  
(In Thousands of Dollars)**

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|                              | Social<br>Security<br>Contributions | Missouri<br>State<br>Employees'<br>Voluntary<br>Life Insurance | Program             | Institution      | Totals<br>June 30,<br>2017 |
|------------------------------|-------------------------------------|--|---------------------|------------------|----------------------------|
| <b>ASSETS</b>                |                                     |  |                     |                  |                            |
| Cash and Cash                |                                     |  |                     |                  |                            |
| Equivalents                  | \$ 25                               | \$ 36  | \$ 91,203           | \$ 16,163        | \$ 107,427                 |
| Investments at<br>Fair Value | 77                                  | 113  | 543,186             | 18               | 543,394                    |
| Receivables:                 |                                     |  |                     |                  |                            |
| Accounts Receivable          | 6,241                               | —  | 438,574             | —                | 444,815                    |
| Interest Receivable          | —                                   | —  | 337                 | —                | 337                        |
| Total Assets                 | <u>\$ 6,343</u>                     | <u>\$ 149</u>  | <u>\$ 1,073,300</u> | <u>\$ 16,181</u> | <u>\$ 1,095,973</u>        |
| <b>LIABILITIES</b>           |                                     |  |                     |                  |                            |
| Accounts Payable             | \$ —                                | \$ —   | \$ 33               | \$ —             | \$ 33                      |
| Due to Other Entities        | 6,343                               | 149  | 1,063,299           | —                | 1,069,791                  |
| Due to Individuals           | —                                   | —  | 9,968               | 16,181           | 26,149                     |
| Total Liabilities            | <u>\$ 6,343</u>                     | <u>\$ 149</u>  | <u>\$ 1,073,300</u> | <u>\$ 16,181</u> | <u>\$ 1,095,973</u>        |

**STATE OF MISSOURI  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS**

**For the Fiscal Year Ended June 30, 2017  
(In Thousands of Dollars)**

|  | Balance<br>July 1, 2016 | Additions           | Deductions          | Balance<br>June 30, 2017 |
|--|-------------------------|---------------------|---------------------|--------------------------|
| <b><u>SOCIAL SECURITY CONTRIBUTIONS</u></b>                          |                         |                     |                     |                          |
| <b>ASSETS</b>  |                         |                     |                     |                          |
| Cash and Cash Equivalents  | \$ 43                   | \$ 152,784          | \$ 152,802          | \$ 25                    |
| Investments at Fair Value  | 59                      | 77                  | 59                  | 77                       |
| Accounts Receivable  | 6,140                   | 6,241               | 6,140               | 6,241                    |
| Total Assets   | <u>\$ 6,242</u>         | <u>\$ 159,102</u>   | <u>\$ 159,001</u>   | <u>\$ 6,343</u>          |
| <b>LIABILITIES</b>   |                         |                     |                     |                          |
| Due to Other Entities  | <u>\$ 6,242</u>         | <u>\$ 463,882</u>   | <u>\$ 463,781</u>   | <u>\$ 6,343</u>          |
| <b><u>MISSOURI STATE EMPLOYEES'<br/>VOLUNTARY LIFE INSURANCE</u></b> |                         |                     |                     |                          |
| <b>ASSETS</b>  |                         |                     |                     |                          |
| Cash and Cash Equivalents  | \$ 63                   | \$ 3,653            | \$ 3,680            | \$ 36                    |
| Investments at Fair Value  | 86                      | 113                 | 86                  | 113                      |
| Total Assets   | <u>\$ 149</u>           | <u>\$ 3,766</u>     | <u>\$ 3,766</u>     | <u>\$ 149</u>            |
| <b>LIABILITIES</b>   |                         |                     |                     |                          |
| Due to Other Entities  | <u>\$ 149</u>           | <u>\$ 3,716</u>     | <u>\$ 3,716</u>     | <u>\$ 149</u>            |
| <b><u>PROGRAM</u></b>  |                         |                     |                     |                          |
| <b>ASSETS</b>  |                         |                     |                     |                          |
| Cash and Cash Equivalents  | \$ 97,247               | \$ 7,715,374        | \$ 7,721,418        | \$ 91,203                |
| Investments at Fair Value  | 425,034                 | 572,921             | 454,769             | 543,186                  |
| Receivables:   |                         |                     |                     |                          |
| Accounts Receivable  | 398,767                 | 47,732              | 7,925               | 438,574                  |
| Interest Receivable  | 70                      | 1,924               | 1,657               | 337                      |
| Total Assets   | <u>\$ 921,118</u>       | <u>\$ 8,337,951</u> | <u>\$ 8,185,769</u> | <u>\$ 1,073,300</u>      |
| <b>LIABILITIES</b>   |                         |                     |                     |                          |
| Accounts Payable   | \$ 33                   | \$ 393              | \$ 393              | \$ 33                    |
| Due to Other Entities  | 911,307                 | 8,329,140           | 8,177,148           | 1,063,299                |
| Due to Individuals   | 9,778                   | 22,064              | 21,874              | 9,968                    |
| Total Liabilities  | <u>\$ 921,118</u>       | <u>\$ 8,351,597</u> | <u>\$ 8,199,415</u> | <u>\$ 1,073,300</u>      |
| <b><u>INSTITUTION</u></b>  |                         |                     |                     |                          |
| <b>ASSETS</b>  |                         |                     |                     |                          |
| Cash and Cash Equivalents  | \$ 17,163               | \$ 155,634          | \$ 156,634          | \$ 16,163                |
| Investments at Fair Value  | 20                      | —                   | 2                   | 18                       |
| Total Assets   | <u>\$ 17,183</u>        | <u>\$ 155,634</u>   | <u>\$ 156,636</u>   | <u>\$ 16,181</u>         |
| <b>LIABILITIES</b>   |                         |                     |                     |                          |
| Due to Individuals   | <u>\$ 17,183</u>        | <u>\$ 155,634</u>   | <u>\$ 156,636</u>   | <u>\$ 16,181</u>         |
| <b><u>TOTALS - ALL AGENCY FUNDS</u></b>                              |                         |                     |                     |                          |
| <b>ASSETS</b>  |                         |                     |                     |                          |
| Cash and Cash Equivalents  | \$ 114,516              | \$ 8,027,445        | \$ 8,034,534        | \$ 107,427               |
| Investments at Fair Value  | 425,199                 | 573,111             | 454,916             | 543,394                  |
| Receivables:   |                         |                     |                     |                          |
| Accounts Receivable  | 404,907                 | 53,973              | 14,065              | 444,815                  |
| Interest Receivable  | 70                      | 1,924               | 1,657               | 337                      |
| Total Assets   | <u>\$ 944,692</u>       | <u>\$ 8,656,453</u> | <u>\$ 8,505,172</u> | <u>\$ 1,095,973</u>      |
| <b>LIABILITIES</b>   |                         |                     |                     |                          |
| Accounts Payable   | \$ 33                   | \$ 393              | \$ 393              | \$ 33                    |
| Due to Other Entities  | 917,698                 | 8,796,738           | 8,644,645           | 1,069,791                |
| Due to Individuals   | 26,961                  | 177,698             | 178,510             | 26,149                   |
| Total Liabilities  | <u>\$ 944,692</u>       | <u>\$ 8,974,829</u> | <u>\$ 8,823,548</u> | <u>\$ 1,095,973</u>      |



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

## **Non-Major Component Units:**

**Missouri Development Finance Board** - Accounts for moneys from bond proceeds, gifts, and grants to make loans for industrial development.

**Missouri Agricultural and Small Business Development Authority** - Accounts for moneys from bond proceeds, gifts, and grants to make loans for property acquisitions/renovations and pollution control facilities.

**Missouri Transportation Finance Corporation** - Accounts for moneys from federal, state or local sources, and from bond proceeds to be used for projects approved by the Missouri Highways and Transportation Commission.

**Missouri Wine and Grape Board** - Accounts for moneys derived from the privilege of selling wine to be used for marketing development in developing programs for growing, selling, and marketing of grape products grown in Missouri.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR COMPONENT UNITS**

**June 30, 2017**

**(In Thousands of Dollars)**

|  | Missouri<br>Development<br>Finance<br>Board | Missouri<br>Agricultural and<br>Small Business<br>Development<br>Authority | Missouri<br>Transportation<br>Finance<br>Corporation | Missouri<br>Wine and<br>Grape<br>Board | Totals<br>June 30,<br>2017 |
|--|---|--|--|--|----------------------------|
| <b>ASSETS</b>                              |   |  |  |  |                            |
| Current Assets:                            |   |  |  |  |                            |
| Cash and Cash Equivalents                  | \$ 23,163                                   | \$ 476   | \$ 25,613  | \$ 229                                 | \$ 49,481                  |
| Investments                                | —   | 497  | 27,502   | 724                                    | 28,723                     |
| Accounts Receivable, Net                   | 190   | —  | —  | —                                      | 190                        |
| Interest Receivable                        | 166   | 2  | 727  | 2                                      | 897                        |
| Inventories                                | —   | —  | —  | 1                                      | 1                          |
| Restricted Assets:                         |   |  |  |  |                            |
| Cash and Cash Equivalents                  | —   | 596  | —  | —                                      | 596                        |
| Investments                                | —   | 11,413   | —  | —                                      | 11,413                     |
| Interest Receivable                        | —   | 32   | —  | —                                      | 32                         |
| Loan Receivable                            | —   | —  | 5,424  | —                                      | 5,424                      |
| Prepaid Items                              | 213   | —  | —  | —                                      | 213                        |
| Loans Receivable                           | 241   | 316  | —  | —                                      | 557                        |
| Total Current Assets                       | <u>23,973</u>                               | <u>13,332</u>  | <u>59,266</u>  | <u>956</u>                             | <u>97,527</u>              |
| Non-Current Assets:                        |   |  |  |  |                            |
| Investments                                | —   | —  | 24,860   | —                                      | 24,860                     |
| Loans Receivable                           | 25,296                                      | 301  | —  | —                                      | 25,597                     |
| Restricted Assets:                         |   |  |  |  |                            |
| Cash and Cash Equivalents                  | 8,356                                       | —  | —  | —                                      | 8,356                      |
| Investments                                | 11,957                                      | —  | —  | —                                      | 11,957                     |
| Loans Receivables                          | —   | —  | 22,669   | —                                      | 22,669                     |
| Capital Assets:                            |   |  |  |  |                            |
| Construction in Progress                   | 204   | —  | —  | —                                      | 204                        |
| Land                                       | 7,220                                       | —  | —  | —                                      | 7,220                      |
| Buildings                                  | 78,583                                      | —  | —  | 5                                      | 78,588                     |
| Equipment                                  | 437   | —  | —  | 42                                     | 479                        |
| Software & Misc Intangible Assets          | 23  | —  | —  | 3                                      | 26                         |
| Less Accumulated Depreciation/Amortization | (19,238)                                    | —  | —  | (26)                                   | (19,264)                   |
| Total Non-Current Assets                   | <u>112,838</u>                              | <u>301</u>   | <u>47,529</u>  | <u>24</u>                              | <u>160,692</u>             |
| Total Assets                               | <u>136,811</u>                              | <u>13,633</u>  | <u>106,795</u>                                       | <u>980</u>                             | <u>258,219</u>             |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>      | <u>777</u>                                  | <u>273</u>   | <u>—</u>   | <u>280</u>                             | <u>1,330</u>               |
| <b>LIABILITIES</b>                         |   |  |  |  |                            |
| Current Liabilities:                       |   |  |  |  |                            |
| Accounts Payable                           | 166   | 43   | 3  | 3                                      | 215                        |
| Accrued Payroll                            | —   | —  | —  | 15                                     | 15                         |
| Interest Payable                           | 29  | 7  | —  | —                                      | 36                         |
| Due to Primary Government                  | —   | 561  | —  | 2                                      | 563                        |
| Compensated Absences                       | 40  | 4  | —  | 30                                     | 74                         |
| Bonds and Notes Payable                    | 214   | —  | —  | —                                      | 214                        |
| Total Current Liabilities                  | <u>449</u>                                  | <u>615</u>   | <u>3</u>   | <u>50</u>                              | <u>1,117</u>               |
| Non-Current Liabilities:                   |   |  |  |  |                            |
| Advance from Primary Government            | —   | 517  | —  | —                                      | 517                        |
| Unearned Revenue                           | 837   | —  | —  | —                                      | 837                        |
| Deposits and Reserves                      | 15,433                                      | —  | —  | —                                      | 15,433                     |
| Compensated Absences                       | 40  | —  | —  | —                                      | 40                         |
| Bonds and Notes Payable                    | 19,482                                      | —  | —  | —                                      | 19,482                     |
| Net Pension Liability                      | 1,124                                       | 557  | —  | 617                                    | 2,298                      |
| Total Non-Current Liabilities              | <u>36,916</u>                               | <u>1,074</u>   | <u>—</u>   | <u>617</u>                             | <u>38,607</u>              |
| Total Liabilities                          | <u>37,365</u>                               | <u>1,689</u>   | <u>3</u>   | <u>667</u>                             | <u>39,724</u>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       | <u>38</u>                                   | <u>14</u>  | <u>—</u>   | <u>8</u>                               | <u>60</u>                  |
| <b>NET POSITION</b>                        |   |  |  |  |                            |
| Net Investment in Capital Assets           | 47,533                                      | —  | —  | 24                                     | 47,557                     |
| Restricted for:                            |   |  |  |  |                            |
| Other Purposes                             | 6,789                                       | 12,042   | 77,221   | —                                      | 96,052                     |
| Unrestricted                               | 45,863                                      | 161  | 29,571   | 561                                    | 76,156                     |
| Total Net Position                         | <u>\$ 100,185</u>                           | <u>\$ 12,203</u>   | <u>\$ 106,792</u>                                    | <u>\$ 585</u>                          | <u>\$ 219,765</u>          |

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NON-MAJOR COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|  | Missouri<br>Development<br>Finance<br>Board | Missouri<br>Agricultural<br>and Small<br>Business<br>Development<br>Authority | Missouri<br>Transportation<br>Finance<br>Corporation | Missouri<br>Wine and<br>Grape<br>Board | Totals<br><br>June 30, 2017 |
|--|---|---|--|--|-----------------------------|
| <b>Operating Revenues:</b>                       |   |   |  |  |                             |
| Licenses, Fees, and Permits                      | \$ 983                                      | \$ 153  | \$ 52  | \$ —                                   | \$ 1,188                    |
| Interest on Receivables                          | 865   | —   | 1,205  | —                                      | 2,070                       |
| Leases and Rentals                               | 6,635                                       | —   | —  | —                                      | 6,635                       |
| Cost Reimbursement/Miscellaneous                 | 2,505                                       | —   | —  | 1                                      | 2,506                       |
| Total Operating Revenues                         | <u>10,988</u>                               | <u>153</u>  | <u>1,257</u>   | <u>1</u>                               | <u>12,399</u>               |
| <b>Operating Expenses:</b>                       |   |   |  |  |                             |
| Personal Service                                 | 834   | 353   | 28   | 465                                    | 1,680                       |
| Operations                                       | 3,241                                       | 51  | 9  | 1,290                                  | 4,591                       |
| Specific Programs                                | —   | 650   | —  | —                                      | 650                         |
| Depreciation/Amortization                        | 1,979                                       | —   | —  | 9                                      | 1,988                       |
| Bad Debt Expense                                 | 22  | —   | —  | —                                      | 22                          |
| Other Charges                                    | 38  | —   | 1  | 28                                     | 67                          |
| Total Operating Expenses                         | <u>6,114</u>                                | <u>1,054</u>  | <u>38</u>  | <u>1,792</u>                           | <u>8,998</u>                |
| Operating Income (Loss)                          | <u>4,874</u>                                | <u>(901)</u>  | <u>1,219</u>   | <u>(1,791)</u>                         | <u>3,401</u>                |
| <b>Non-Operating Revenues (Expenses):</b>        |   |   |  |  |                             |
| Contributions and Intergovernmental              | (14)  | 2,929   | —  | 1,767                                  | 4,682                       |
| Investment Earnings:                             |   |   |  |  |                             |
| Increase (Decrease) in Fair Value of Investments | —   | —   | (480)  | (2)                                    | (482)                       |
| Interest   | 99  | 121   | 888  | 7                                      | 1,115                       |
| Interest Expense                                 | (971)                                       | (25)  | —  | —                                      | (996)                       |
| Miscellaneous Revenues (Expenses)                | —   | —   | (51)   | —                                      | (51)                        |
| Special Item                                     | 5,868                                       | —   | —  | —                                      | 5,868                       |
| Total Non-Operating Revenues (Expenses)          | <u>4,982</u>                                | <u>3,025</u>  | <u>357</u>   | <u>1,772</u>                           | <u>10,136</u>               |
| Change in Net Position                           | 9,856                                       | 2,124   | 1,576  | (19)                                   | 13,537                      |
| Total Net Position - Beginning                   | 90,329                                      | 10,079  | 105,216  | 604                                    | 206,228                     |
| Total Net Position - Ending                      | <u>\$ 100,185</u>                           | <u>\$ 12,203</u>  | <u>\$ 106,792</u>                                    | <u>\$ 585</u>                          | <u>\$ 219,765</u>           |

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2017**  
**(In Thousands of Dollars)**

|   | Missouri<br>Development<br>Finance<br>Board | Missouri<br>Agricultural<br>and Small<br>Business<br>Development<br>Authority | Missouri<br>Transportation<br>Finance<br>Corporation | Missouri<br>Wine and<br>Grape<br>Board | Totals<br>June 30,<br>2017 |
|---|---|---|--|--|----------------------------|
| <b>Cash Flows from Operating Activities:</b>  |   |   |  |  |                            |
| Receipts from Customers and Users   | \$ 8,063                                    | \$ 153  | \$ 1,311   | \$ —                                   | \$ 9,527                   |
| Loans to Outside Entities   | —   | 375   | 5,234  | —                                      | 5,609                      |
| Payments to Vendors and Suppliers   | (3,408)                                     | (84)  | (8)  | (1,289)                                | (4,789)                    |
| Payments for Employees  | (749)                                       | (283)   | (28)   | (392)                                  | (1,452)                    |
| Payments Made for Program Expense   | —   | (650)   | —  | —                                      | (650)                      |
| Net Payments/Receipts for Tax Credit Projects   | (186)                                       | —   | —  | —                                      | (186)                      |
| Other Receipts  | —   | —   | —  | 1                                      | 1                          |
| Other Payments  | —   | —   | (1)  | (28)                                   | (29)                       |
| Net Cash Provided (Used) by Operating Activities  | 3,720                                       | (489)   | 6,508  | (1,708)                                | 8,031                      |
| <b>Cash Flows from Non-Capital Financing Activities:</b>  |   |   |  |  |                            |
| Loans Receivable Principal Receipts   | 10,446                                      | —   | —  | —                                      | 10,446                     |
| Loans Receivable Issuance   | (15,406)                                    | —   | —  | —                                      | (15,406)                   |
| Due to/from Primary Government  | —   | (386)   | —  | 1                                      | (385)                      |
| Advance to/from Primary Government  | —   | (613)   | —  | —                                      | (613)                      |
| Contributions and Intergovernmental   | (14)  | 2,929   | —  | 1,767                                  | 4,682                      |
| Net Cash Provided (Used) by Non-Capital Financing Activities  | (4,974)                                     | 1,930   | —  | 1,768                                  | (1,276)                    |
| <b>Cash Flows from Capital and Related Financing Activities:</b>  |   |   |  |  |                            |
| Interest Expense  | (1,009)                                     | (32)  | —  | —                                      | (1,041)                    |
| Purchases and Construction of Capital Assets  | (2,966)                                     | —   | —  | (6)                                    | (2,972)                    |
| Principal Payments on Capital Debt  | (2,359)                                     | —   | —  | —                                      | (2,359)                    |
| Net Cash Provided (Used) by Capital and Related Financing Activities                                      | (6,334)                                     | (32)  | —  | (6)                                    | (6,372)                    |
| <b>Cash Flows from Investing Activities:</b>  |   |   |  |  |                            |
| Proceeds from Investment Maturities   | 19,854                                      | —   | 43,267   | —                                      | 63,121                     |
| Purchase of Investments   | (18,585)                                    | (4,252)   | (41,973)   | (208)                                  | (65,018)                   |
| Interest  | 74  | 93  | 888  | 6                                      | 1,061                      |
| Investment Fees   | —   | —   | (51)   | —                                      | (51)                       |
| Net Cash Provided (Used) by Investing Activities  | 1,343                                       | (4,159)   | 2,131  | (202)                                  | (887)                      |
| Net Increase (Decrease) in Cash   | (6,245)                                     | (2,750)   | 8,639  | (148)                                  | (504)                      |
| Cash and Cash Equivalents, Beginning of Year  | 37,764                                      | 3,822   | 16,974   | 377                                    | 58,937                     |
| Cash and Cash Equivalents, End of Year  | \$ 31,519                                   | \$ 1,072  | \$ 25,613  | \$ 229                                 | \$ 58,433                  |
| <b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b> |   |   |  |  |                            |
| Operating Income (Loss)   | \$ 4,874                                    | \$ (901)  | \$ 1,219   | \$ (1,791)                             | \$ 3,401                   |
| Depreciation/Amortization Expense   | 1,979                                       | —   | —  | 9                                      | 1,988                      |
| Changes in Assets and Liabilities:  |   |   |  |  |                            |
| Accounts Receivable   | (2,412)                                     | —   | —  | —                                      | (2,412)                    |
| Interest Receivable   | (76)  | —   | 54   | —                                      | (22)                       |
| Inventories   | —   | —   | —  | 1                                      | 1                          |
| Deferred Outflows of Resources  | (243)                                       | (80)  | —  | (210)                                  | (533)                      |
| Prepaid Items   | 55  | —   | —  | —                                      | 55                         |
| Loans Receivable  | —   | 375   | 5,234  | —                                      | 5,609                      |
| Accounts Payable  | (191)                                       | (33)  | 1  | —                                      | (223)                      |
| Accrued Payroll   | —   | —   | —  | 1                                      | 1                          |
| Deposit and Reserve   | (531)                                       | —   | —  | —                                      | (531)                      |
| Compensated Absences  | —   | (15)  | —  | (1)                                    | (16)                       |
| Unearned Revenue  | (63)  | —   | —  | —                                      | (63)                       |
| Net Pension Liability   | 312   | 159   | —  | 285                                    | 756                        |
| Deferred Inflows of Resources   | 16  | 6   | —  | (2)                                    | 20                         |
| Net Cash Provided (Used) by Operating Activities  | \$ 3,720                                    | \$ (489)  | \$ 6,508   | \$ (1,708)                             | \$ 8,031                   |
| <b>Non-Cash Investing Activities:</b>   |   |   |  |  |                            |
| Increase (Decrease) in Fair Value of Investments  | \$ —  | \$ —  | \$ (480)   | \$ (2)                                 | \$ (482)                   |
| Net Non-Cash Investing Activities   | \$ —  | \$ —  | \$ (480)   | \$ (2)                                 | \$ (482)                   |



*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, 2017**

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**Index and Overview**

This part of the State's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

**Financial Trends**

*These schedules contain trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.*

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*Sources: Unless otherwise noted, the information in these schedules is derived from the State of Missouri Comprehensive Annual Financial Report for the years shown.*

**STATE OF MISSOURI**  
**NET POSITION BY COMPONENT**  
**FISCAL YEARS 2008-2017**  
(In Thousands of Dollars)

|  | 2017                 | 2016*                | 2015                 | 2014                 | 2013                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental Activities</b>                     |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets                   | \$ 29,814,122        | \$ 29,255,865        | \$ 28,791,258        | \$ 28,485,327        | \$ 28,166,290        |
| Restricted   | 4,106,445            | 4,348,001            | 3,269,480            | 3,790,165            | 3,788,299            |
| Unrestricted                                       | (5,787,207)          | (5,465,559)          | (4,292,710)          | (5,501,188)          | (1,216,048)          |
| <b>Total Governmental Activities Net Position</b>  | <b>\$ 28,133,360</b> | <b>\$ 28,138,307</b> | <b>\$ 27,768,028</b> | <b>\$ 26,774,304</b> | <b>\$ 30,738,541</b> |
| <b>Business-Type Activities</b>                    |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets                   | \$ 117,243           | \$ 98,320            | \$ 55,669            | \$ 52,901            | \$ 52,217            |
| Restricted   | 3,635                | 6,104                | 4,588                | 4,889                | 5,630                |
| Unrestricted                                       | 817,012              | 677,470              | 420,995              | 183,705              | (117,891)            |
| <b>Total Business-Type Activities Net Position</b> | <b>\$ 937,890</b>    | <b>\$ 781,894</b>    | <b>\$ 481,252</b>    | <b>\$ 241,495</b>    | <b>\$ (60,044)</b>   |
| <b>Primary Government</b>                          |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets                   | \$ 29,931,365        | \$ 29,354,185        | \$ 28,846,927        | \$ 28,538,228        | \$ 28,218,507        |
| Restricted   | 4,110,080            | 4,354,105            | 3,274,068            | 3,795,054            | 3,793,929            |
| Unrestricted                                       | (4,970,195)          | (4,788,089)          | (3,871,715)          | (5,317,483)          | (1,333,939)          |
| <b>Total Primary Government Net Position</b>       | <b>\$ 29,071,250</b> | <b>\$ 28,920,201</b> | <b>\$ 28,249,280</b> | <b>\$ 27,015,799</b> | <b>\$ 30,678,497</b> |
| <b>Continues Below</b>                             |                      |                      |                      |                      |                      |
|  | 2012                 | 2011*                | 2010                 | 2009                 | 2008                 |
| <b>Governmental Activities</b>                     |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets                   | \$ 27,873,493        | \$ 26,595,552        | \$ 25,850,787        | \$ 26,247,223        | \$ 25,324,173        |
| Restricted   | 3,898,340            | 4,339,603            | 3,907,120            | 3,537,444            | 6,003,212            |
| Unrestricted                                       | (1,865,908)          | (1,159,743)          | (940,675)            | (1,260,231)          | (2,327,482)          |
| <b>Total Governmental Activities Net Position</b>  | <b>\$ 29,905,925</b> | <b>\$ 29,775,412</b> | <b>\$ 28,817,232</b> | <b>\$ 28,524,436</b> | <b>\$ 28,999,903</b> |
| <b>Business-Type Activities</b>                    |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets                   | \$ 50,081            | \$ 50,291            | \$ 45,990            | \$ 48,442            | \$ 42,360            |
| Restricted   | 9,675                | 6,303                | 7,949                | 6,771                | 45,362               |
| Unrestricted                                       | (344,734)            | (485,576)            | (437,995)            | (1,050)              | 329,265              |
| <b>Total Business-Type Activities Net Position</b> | <b>\$ (284,978)</b>  | <b>\$ (428,982)</b>  | <b>\$ (384,056)</b>  | <b>\$ 54,163</b>     | <b>\$ 416,987</b>    |
| <b>Primary Government</b>                          |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets                   | \$ 27,923,574        | \$ 26,645,843        | \$ 25,896,777        | \$ 26,295,665        | \$ 25,366,533        |
| Restricted   | 3,908,015            | 4,345,906            | 3,915,069            | 3,544,215            | 6,048,574            |
| Unrestricted                                       | (2,210,642)          | (1,645,319)          | (1,378,670)          | (1,261,281)          | (1,998,217)          |
| <b>Total Primary Government Net Position</b>       | <b>\$ 29,620,947</b> | <b>\$ 29,346,430</b> | <b>\$ 28,433,176</b> | <b>\$ 28,578,599</b> | <b>\$ 29,416,890</b> |

\*Fiscal year 2016 amounts have been restated.

**STATE OF MISSOURI  
CHANGES IN NET POSITION  
FISCAL YEARS 2008-2017  
(In Thousands of Dollars)**

|   | 2017                | 2016*               | 2015                | 2014                |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental Activities:</b>                                     |                     |                     |                     |                     |
| <b>Expenses</b>   |                     |                     |                     |                     |
| General Government  | \$ 1,179,908        | \$ 1,081,421        | \$ 1,064,771        | \$ 1,030,327        |
| Education   | 7,094,386           | 6,902,930           | 6,680,646           | 6,430,861           |
| Natural and Economic Resources                                      | 1,085,649           | 1,039,408           | 910,502             | 874,033             |
| Transportation and Law Enforcement                                  | 2,196,580           | 1,913,379           | 1,861,116           | 1,823,578           |
| Human Services  | 13,703,989          | 13,086,606          | 12,800,735          | 12,623,617          |
| Interest on Debt (Excluding Direct Expense)                         | 127,835             | 138,426             | 139,112             | 157,707             |
| Total Expenses  | <u>25,388,347</u>   | <u>24,162,170</u>   | <u>23,456,882</u>   | <u>22,940,123</u>   |
| <b>Program Revenues</b>   |                     |                     |                     |                     |
| Charges for Services:   |                     |                     |                     |                     |
| General Government  | 673,494             | 579,457             | 581,008             | 540,427             |
| Transportation and Law Enforcement                                  | 228,547             | 230,685             | 228,093             | 232,176             |
| Human Services  | 499,778             | 475,055             | 503,290             | 504,443             |
| Other Activities  | 343,542             | 327,275             | 327,169             | 333,898             |
| Operating Grants and Contributions                                  | 10,403,733          | 10,178,230          | 9,960,965           | 9,649,655           |
| Capital Grants and Contributions                                    | 923,748             | 917,255             | 838,354             | 933,814             |
| Total Program Revenues  | <u>13,072,842</u>   | <u>12,707,957</u>   | <u>12,438,879</u>   | <u>12,194,413</u>   |
| <b>Total Governmental Activities Net Program (Expense) Revenue</b>  | <u>(12,315,505)</u> | <u>(11,454,213)</u> | <u>(11,018,003)</u> | <u>(10,745,710)</u> |
| <b>General Revenues and Other Changes in Net Position</b>           |                     |                     |                     |                     |
| Taxes:  |                     |                     |                     |                     |
| Sales and Use   | 3,267,442           | 3,112,912           | 3,142,387           | 2,925,867           |
| Individual Income   | 6,648,917           | 6,324,548           | 6,418,379           | 5,718,801           |
| Corporate Income  | 392,438             | 411,139             | 490,131             | 427,320             |
| County Foreign Insurance  | 254,686             | 218,083             | 222,828             | 180,779             |
| Alcoholic Beverage  | 32,764              | 30,913              | 32,101              | 30,370              |
| Corporate Franchise   | 2,490               | 17,197              | 29,982              | 54,670              |
| Fuel  | 667,639             | 640,934             | 656,893             | 629,105             |
| Miscellaneous Taxes   | 680,886             | 663,797             | 668,955             | 605,247             |
| Grants and Contributions not Restricted to Specific                 | 62,173              | 58,971              | 76,276              | 73,637              |
| Unrestricted Investment Earnings                                    | 11,440              | 26,468              | 24,721              | 35,040              |
| Special Items   | —                   | —                   | —                   | —                   |
| Extraordinary Items   | —                   | —                   | —                   | (132)               |
| Transfers   | 289,683             | 304,320             | 275,997             | 291,421             |
| Total General Revenues and Other Changes in Net Position            | <u>12,310,558</u>   | <u>11,809,282</u>   | <u>12,038,650</u>   | <u>10,972,125</u>   |
| <b>Total Governmental Activities Change in Net Position</b>         | <u>\$ (4,947)</u>   | <u>\$ 355,069</u>   | <u>\$ 1,020,647</u> | <u>\$ 226,415</u>   |
| <b>Business-Type Activities:</b>                                    |                     |                     |                     |                     |
| <b>Expenses</b>   |                     |                     |                     |                     |
| State Lottery   | \$ 1,070,591        | \$ 1,025,086        | \$ 873,502          | \$ 894,137          |
| Unemployment Compensation   | 318,686             | 312,295             | 391,508             | 568,787             |
| Petroleum Storage Tank Insurance                                    | 19,392              | 16,205              | 14,705              | 13,244              |
| State Fair Fees   | 4,712               | 4,369               | 4,390               | 4,419               |
| State Parks and DNR   | 12,272              | 8,395               | 8,264               | 9,417               |
| Historic Preservation   | 1,247               | 577                 | 741                 | 334                 |
| Missouri Veterans' Homes  | 114,847             | 100,771             | 92,501              | 97,674              |
| Surplus Property  | 2,523               | 2,590               | 3,169               | 2,528               |
| Revenue Information   | 12                  | 14                  | 13                  | —                   |
| Total Expenses  | <u>1,544,282</u>    | <u>1,470,302</u>    | <u>1,388,793</u>    | <u>1,590,540</u>    |
| <b>Program Revenues</b>   |                     |                     |                     |                     |
| Charges for Services:   |                     |                     |                     |                     |
| State Lottery   | 1,361,996           | 1,327,852           | 1,144,604           | 1,171,580           |
| Other Activities  | 61,194              | 56,005              | 59,199              | 57,836              |
| Operating Grants and Contributions                                  | 552,848             | 677,118             | 693,657             | 999,516             |
| Total Program Revenues  | <u>1,976,038</u>    | <u>2,060,975</u>    | <u>1,897,460</u>    | <u>2,228,932</u>    |
| <b>Total Business-Type Activities Net Program (Expense) Revenue</b> | <u>431,756</u>      | <u>590,673</u>      | <u>508,667</u>      | <u>638,392</u>      |
| <b>General Revenues and Other Changes in Net Position</b>           |                     |                     |                     |                     |
| Unrestricted Investment Earnings                                    | 13,156              | 11,420              | 3,591               | 2,029               |
| Adjustments to Claims Reserve                                       | —                   | 2,500               | —                   | 17,223              |
| Special Items   | —                   | —                   | —                   | —                   |
| Extraordinary Items   | (153)               | —                   | —                   | —                   |
| Capital Contributions   | 920                 | —                   | —                   | —                   |
| Transfers   | (289,683)           | (304,320)           | (275,997)           | (291,421)           |
| Total General Revenues and Other Changes in Net Position            | <u>(275,760)</u>    | <u>(290,400)</u>    | <u>(272,406)</u>    | <u>(272,169)</u>    |
| <b>Total Business-Type Activities Change in Net Position</b>        | <u>\$ 155,996</u>   | <u>\$ 300,273</u>   | <u>\$ 236,261</u>   | <u>\$ 366,223</u>   |
| <b>Total Primary Government Change in Net Position</b>              | <u>\$ 151,049</u>   | <u>\$ 655,342</u>   | <u>\$ 1,256,908</u> | <u>\$ 592,638</u>   |

\*Fiscal year 2016 amounts have been restated

| 2013                | 2012              | 2011               | 2010                | 2009                | 2008              |
|---------------------|-------------------|--------------------|---------------------|---------------------|-------------------|
| \$ 1,063,418        | \$ 1,029,012      | \$ 1,089,731       | \$ 1,129,030        | \$ 1,182,233        | \$ 1,210,044      |
| 6,368,472           | 6,373,757         | 6,536,907          | 6,815,521           | 6,589,358           | 6,379,189         |
| 933,019             | 1,053,949         | 935,078            | 1,082,526           | 1,043,449           | 1,006,560         |
| 1,924,306           | 2,021,423         | 2,529,791          | 2,699,070           | 2,375,104           | 2,258,653         |
| 12,335,625          | 12,299,493        | 11,713,021         | 11,740,145          | 10,898,796          | 9,876,132         |
| 161,386             | 207,906           | 199,948            | 196,413             | 210,342             | 174,011           |
| <u>22,786,226</u>   | <u>22,985,540</u> | <u>23,004,476</u>  | <u>23,662,705</u>   | <u>22,299,282</u>   | <u>20,904,589</u> |
| 698,300             | 883,228           | 705,914            | 875,161             | 756,969             | 775,528           |
| 250,898             | 239,684           | 267,875            | 319,941             | 400,842             | 400,134           |
| 554,365             | 459,517           | 550,690            | 653,463             | 531,250             | 363,644           |
| 351,193             | 285,725           | 314,375            | 380,133             | 369,976             | 277,190           |
| 9,702,624           | 9,889,453         | 9,802,842          | 9,489,240           | 8,317,356           | 7,697,736         |
| 1,039,043           | 1,096,052         | 1,814,207          | 1,454,811           | 966,394             | 971,801           |
| <u>12,596,423</u>   | <u>12,853,659</u> | <u>13,455,903</u>  | <u>13,172,749</u>   | <u>11,342,787</u>   | <u>10,486,033</u> |
| (10,189,803)        | (10,131,881)      | (9,548,573)        | (10,489,956)        | (10,956,495)        | (10,418,556)      |
| 2,883,852           | 2,705,002         | 2,570,243          | 2,572,491           | 2,635,068           | 2,871,465         |
| 5,833,306           | 5,116,876         | 4,878,166          | 4,840,809           | 5,169,741           | 5,447,817         |
| 429,797             | 378,444           | 394,389            | 360,764             | 377,801             | 463,826           |
| 175,212             | 167,969           | 182,679            | 171,497             | 177,393             | 186,566           |
| 30,294              | 28,652            | 27,247             | 27,657              | 26,689              | 27,754            |
| 51,444              | 61,389            | 70,743             | 82,182              | 82,114              | 82,360            |
| 648,989             | 620,074           | 1,833              | 233                 | 2,671               | 3,073             |
| 630,228             | 623,414           | 1,210,758          | 1,207,501           | 1,160,700           | 1,173,076         |
| 120,380             | 244,859           | 889,742            | 1,301,531           | 499,542             | 196,397           |
| (15,858)            | 21,525            | 23,281             | 28,870              | 69,339              | 136,782           |
| —                   | (120)             | —                  | —                   | —                   | —                 |
| 290,900             | 300,608           | 255,908            | 258,947             | 257,441             | 264,416           |
| <u>11,078,544</u>   | <u>10,268,692</u> | <u>10,504,989</u>  | <u>10,852,482</u>   | <u>10,458,499</u>   | <u>10,853,532</u> |
| \$ <u>888,741</u>   | \$ <u>136,811</u> | \$ <u>956,416</u>  | \$ <u>362,526</u>   | \$ <u>(497,996)</u> | \$ <u>434,976</u> |
| \$ 876,290          | \$ 835,526        | \$ 755,410         | \$ 724,915          | \$ 726,106          | \$ 740,189        |
| 858,697             | 1,280,157         | 1,714,276          | 2,216,078           | 1,292,531           | 498,318           |
| 18,101              | 22,171            | 13,940             | 13,925              | 17,186              | 21,516            |
| 3,968               | 3,963             | 3,700              | 3,843               | 4,303               | 3,648             |
| 9,179               | 10,659            | 12,278             | 9,042               | 14,211              | 8,178             |
| 388                 | 340               | 509                | 1,145               | 714                 | 403               |
| 97,012              | 76,598            | 76,033             | 70,884              | 62,378              | 57,075            |
| 3,017               | 3,065             | 2,293              | 2,542               | 1,759               | 3,530             |
| 32                  | 72                | 1,199              | 1,513               | 5,345               | 1,090             |
| <u>1,866,684</u>    | <u>2,232,551</u>  | <u>2,579,638</u>   | <u>3,043,887</u>    | <u>2,124,533</u>    | <u>1,333,947</u>  |
| 1,156,235           | 1,109,108         | 1,011,055          | 984,187             | 981,431             | 1,005,421         |
| 57,009              | 56,538            | 55,153             | 56,659              | 60,015              | 101,062           |
| 1,172,524           | 1,507,428         | 1,725,481          | 1,823,732           | 967,324             | 657,534           |
| <u>2,385,768</u>    | <u>2,673,074</u>  | <u>2,791,689</u>   | <u>2,864,578</u>    | <u>2,008,770</u>    | <u>1,764,017</u>  |
| 519,084             | 440,523           | 212,051            | (179,309)           | (115,763)           | 430,070           |
| (3,138)             | 4,312             | (1,050)            | 2,533               | 10,152              | 15,424            |
| —                   | —                 | —                  | —                   | —                   | —                 |
| —                   | (224)             | —                  | —                   | —                   | —                 |
| —                   | —                 | —                  | —                   | —                   | —                 |
| 35                  | —                 | —                  | —                   | —                   | —                 |
| (290,900)           | (300,608)         | (255,908)          | (258,947)           | (257,441)           | (264,416)         |
| <u>(294,003)</u>    | <u>(296,520)</u>  | <u>(256,958)</u>   | <u>(256,414)</u>    | <u>(247,289)</u>    | <u>(248,992)</u>  |
| \$ <u>225,081</u>   | \$ <u>144,003</u> | \$ <u>(44,907)</u> | \$ <u>(435,723)</u> | \$ <u>(363,052)</u> | \$ <u>181,078</u> |
| \$ <u>1,113,822</u> | \$ <u>280,814</u> | \$ <u>911,509</u>  | \$ <u>(73,197)</u>  | \$ <u>(861,048)</u> | \$ <u>616,054</u> |

**STATE OF MISSOURI**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2008-2017**  
(In Thousands of Dollars)

|  | 2017               | 2016*              | 2015               | 2014               | 2013               | 2012               | 2011               |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>General Fund</b>                            |                    |                    |                    |                    |                    |                    |                    |
| Nonspendable                                   | \$ 54,304          | \$ 58,712          | \$ 53,809          | \$ 50,504          | \$ 56,048          | \$ 61,207          | \$ 42,906          |
| Restricted                                     | 341,053            | 488,180            | 292,758            | 289,266            | 285,878            | 340,205            | 475,205            |
| Committed                                      | 590,697            | 589,956            | 545,765            | 560,141            | 506,778            | 504,569            | 512,623            |
| Assigned                                       | 156,557            | 78,096             | 158,390            | 73,625             | 67,277             | 63,484             | 59,783             |
| Unassigned                                     | 295,364            | 238,735            | 349,901            | 244,821            | 530,431            | 195,193            | 325,123            |
| <b>Total General Fund</b>                      | <u>1,437,975</u>   | <u>1,453,679</u>   | <u>1,400,623</u>   | <u>1,218,357</u>   | <u>1,446,412</u>   | <u>1,164,658</u>   | <u>1,415,640</u>   |
| <b>All Other Governmental Funds</b>            |                    |                    |                    |                    |                    |                    |                    |
| Nonspendable                                   | 99,051             | 97,027             | 1,243,039          | 1,170,054          | 1,126,253          | 1,077,138          | 1,016,981          |
| Restricted                                     | 1,517,172          | 1,699,763          | 1,512,228          | 1,544,139          | 1,636,550          | 1,745,287          | 2,137,789          |
| Committed                                      | 1,614,389          | 1,543,913          | 377,527            | 345,465            | 337,874            | 291,723            | 284,455            |
| Assigned                                       | 422,110            | 430,901            | 425,256            | 400,668            | 370,090            | 367,261            | 339,192            |
| Unassigned                                     | (17,628)           | —                  | —                  | —                  | —                  | —                  | —                  |
| <b>Total All Other Governmental Funds</b>      | <u>3,635,094</u>   | <u>3,771,604</u>   | <u>3,558,050</u>   | <u>3,460,326</u>   | <u>3,470,767</u>   | <u>3,481,409</u>   | <u>3,778,417</u>   |
| <b>Total Fund Balances, Governmental Funds</b> | <u>\$5,073,069</u> | <u>\$5,225,283</u> | <u>\$4,958,673</u> | <u>\$4,678,683</u> | <u>\$4,917,179</u> | <u>\$4,646,067</u> | <u>\$5,194,057</u> |

Continues Below

|  | 2010               | 2009               | 2008               |
|--|--------------------|--------------------|--------------------|
| <b>General Fund</b>                            |                    |                    |                    |
| Nonspendable                                   | \$ 44,158          | \$ —               | \$ —               |
| Restricted                                     | 186,737            | —                  | —                  |
| Committed                                      | 534,620            | —                  | —                  |
| Assigned                                       | 51,734             | —                  | —                  |
| Unassigned                                     | 423,227            | —                  | —                  |
| Reserved                                       | —                  | 589,532            | 584,516            |
| Unreserved                                     | —                  | 716,371            | 1,310,239          |
| <b>Total General Fund</b>                      | <u>1,240,476</u>   | <u>1,305,903</u>   | <u>1,894,755</u>   |
| <b>All Other Governmental Funds</b>            |                    |                    |                    |
| Nonspendable                                   | 986,201            | —                  | —                  |
| Restricted                                     | 2,021,223          | —                  | —                  |
| Committed                                      | 219,557            | —                  | —                  |
| Assigned                                       | 355,202            | —                  | —                  |
| Reserved                                       | —                  | 1,218,019          | 1,112,262          |
| Unreserved, Reported                           |                    |                    |                    |
| Special Revenue                                | —                  | 1,182,724          | 1,314,796          |
| Capital Projects                               | —                  | 540,554            | 927,694            |
| Permanent Funds                                | —                  | 124                | 116                |
| <b>Total All Other Governmental Funds</b>      | <u>3,582,183</u>   | <u>2,941,421</u>   | <u>3,354,868</u>   |
| <b>Total Fund Balances, Governmental Funds</b> | <u>\$4,822,659</u> | <u>\$4,247,324</u> | <u>\$5,249,623</u> |

\*Fiscal year 2016 amounts have been restated.

**STATE OF MISSOURI  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FISCAL YEARS 2008-2017  
(In Thousands of Dollars)**

|   | 2017                | 2016*             | 2015              | 2014                |
|---|---------------------|-------------------|-------------------|---------------------|
| <b>Revenues:</b>  |                     |                   |                   |                     |
| Taxes   | \$ 11,877,303       | \$ 11,550,222     | \$ 11,302,267     | \$ 10,549,046       |
| Licenses, Fees, and Permits                                     | 678,045             | 685,115           | 653,218           | 654,416             |
| Sales   | 9,035               | 9,002             | 11,905            | 12,308              |
| Leases and Rentals  | 158                 | 71                | 497               | 480                 |
| Services  | 122,531             | 116,133           | 105,066           | 111,280             |
| Contributions and Intergovernmental                             | 11,395,032          | 11,157,654        | 10,871,669        | 10,652,830          |
| Investment Earnings:  |                     |                   |                   |                     |
| Net Increase (Decrease) in the<br>Fair Value of Investments     | (10,530)            | 5,975             | 2,006             | 6,737               |
| Interest  | 32,204              | 25,534            | 29,911            | 50,251              |
| Penalties and Unclaimed Properties                              | 97,125              | 72,435            | 131,384           | 74,642              |
| Cost Reimbursement/Miscellaneous                                | 568,130             | 492,593           | 525,729           | 507,763             |
| Total Revenues  | <u>24,769,033</u>   | <u>24,114,734</u> | <u>23,633,652</u> | <u>22,619,753</u>   |
| <b>Expenditures:</b>  |                     |                   |                   |                     |
| Current:  |                     |                   |                   |                     |
| General Government  | 884,641             | 886,172           | 869,266           | 844,854             |
| Education   | 7,071,710           | 6,893,120         | 6,673,331         | 6,419,231           |
| Natural and Economic Resources                                  | 896,485             | 913,667           | 833,441           | 831,495             |
| Transportation and Law Enforcement                              | 1,473,797           | 1,475,500         | 1,558,694         | 1,350,588           |
| Human Services  | 13,629,856          | 13,037,667        | 12,761,134        | 12,447,706          |
| Capital Outlay:   |                     |                   |                   |                     |
| General Government  | 14,057              | 2,474             | —                 | 34                  |
| Education   | 348                 | 29                | —                 | —                   |
| Natural and Economic Resources                                  | 2,027               | 246               | —                 | —                   |
| Transportation and Law Enforcement                              | 712,716             | 690,269           | 714,550           | 852,832             |
| Human Services  | 54,915              | 37,384            | 1,354             | —                   |
| Debt Service:   |                     |                   |                   |                     |
| Principal   | 436,938             | 292,521           | 285,627           | 256,221             |
| Interest  | 159,977             | 166,000           | 166,672           | 187,123             |
| Bond Issuance Costs   | 336                 | 755               | 831               | 1,545               |
| Underwriter's Discount  | 972                 | 1,231             | 2,260             | 4,075               |
| Arbitrage   | —                   | —                 | —                 | —                   |
| Total Expenditures  | <u>25,338,775</u>   | <u>24,397,035</u> | <u>23,867,160</u> | <u>23,195,704</u>   |
| Excess Revenues (Expenditures)                                  | <u>(569,742)</u>    | <u>(282,301)</u>  | <u>(233,508)</u>  | <u>(575,951)</u>    |
| <b>Other Financing Sources (Uses):</b>                          |                     |                   |                   |                     |
| Proceeds from Notes/Capital Leases                              | 1,542               | 14,782            | 1,819             | 1,400               |
| Capital Lease Termination Payment                               | —                   | —                 | —                 | —                   |
| Debt Issuance   | —                   | —                 | —                 | —                   |
| Proceeds from General Obligation/Other                          | 97,225              | 193,800           | 129,465           | —                   |
| Issuance of Refunding Bonds                                     | —                   | —                 | 108,930           | 995,555             |
| Swap Termination Payment  | —                   | —                 | —                 | —                   |
| Payments to Escrow Agent  | —                   | —                 | (121,020)         | (1,177,908)         |
| Bond Premium  | 5,877               | 17,810            | 18,622            | 195,638             |
| Proceeds from Capital Asset Sale                                | 20,305              | 18,394            | 11,137            | 13,867              |
| Transfers In  | 297,229             | 310,842           | 285,468           | 304,688             |
| Transfers Out   | (5,598)             | (6,010)           | (9,547)           | (12,763)            |
| Total Other Financing Sources (Uses)                            | <u>416,580</u>      | <u>549,618</u>    | <u>424,874</u>    | <u>320,477</u>      |
| Net Change in Fund Balances                                     | (153,162)           | 267,317           | 191,366           | (255,474)           |
| Increase (Decrease) in Reserve for Inventory                    | 948                 | (707)             | 4,928             | 153                 |
| <b>Net Change in Fund Balances</b>                              | <u>\$ (152,214)</u> | <u>\$ 266,610</u> | <u>\$ 196,294</u> | <u>\$ (255,321)</u> |
| <b>Debt Service as a Percentage of Non-Capital Expenditures</b> | 2.45%               | 1.96%             | 1.99%             | 2.02%               |

\*Fiscal year 2016 amounts have been restated.

|    | 2013       | 2012         | 2011         | 2010         | 2009         | 2008          |
|----|------------|--------------|--------------|--------------|--------------|---------------|
| \$ | 10,557,831 | \$ 9,956,574 | \$ 9,398,840 | \$ 8,987,066 | \$ 9,503,743 | \$ 10,220,623 |
|    | 647,233    | 647,130      | 630,944      | 637,078      | 657,725      | 638,048       |
|    | 10,261     | 8,827        | 10,131       | 8,917        | 10,301       | 12,064        |
|    | 1,212      | 313          | 665          | 934          | 448          | 438           |
|    | 115,219    | 119,076      | 155,498      | 243,998      | 244,557      | 231,509       |
|    | 10,860,366 | 11,230,111   | 12,500,062   | 12,265,891   | 9,763,754    | 8,865,962     |
|    | (25,606)   | 6,392        | (53)         | 1,734        | (9,565)      | 6,172         |
|    | 27,839     | 33,068       | 34,496       | 44,954       | 103,068      | 203,782       |
|    | 112,951    | 51,591       | 54,812       | 60,284       | 48,730       | 64,004        |
|    | 687,609    | 745,602      | 662,070      | 963,030      | 739,288      | 507,021       |
|    | 22,994,915 | 22,798,684   | 23,447,465   | 23,213,886   | 21,062,049   | 20,749,623    |
|    | 884,342    | 886,309      | 883,953      | 889,467      | 952,780      | 1,021,589     |
|    | 6,351,934  | 6,363,447    | 6,525,986    | 6,809,217    | 6,582,393    | 6,373,671     |
|    | 856,133    | 934,767      | 832,855      | 974,260      | 894,815      | 853,872       |
|    | 1,406,509  | 1,627,620    | 1,758,410    | 1,814,485    | 1,515,903    | 1,429,102     |
|    | 12,162,029 | 12,320,259   | 11,627,776   | 11,632,371   | 10,829,000   | 9,835,109     |
|    | 8          | —            | 1            | 5            | —            | —             |
|    | —          | —            | —            | —            | —            | —             |
|    | —          | —            | —            | —            | —            | —             |
|    | 963,001    | 1,115,457    | 1,253,100    | 1,409,557    | 1,308,229    | 1,144,171     |
|    | —          | —            | —            | 4            | 306          | 3,133         |
|    | 216,017    | 212,483      | 242,497      | 227,307      | 219,496      | 196,669       |
|    | 189,920    | 208,518      | 225,858      | 209,428      | 191,684      | 186,432       |
|    | 920        | 606          | 1,552        | 8,101        | 1,278        | 2,694         |
|    | 2,423      | 2,074        | 437          | —            | —            | 390           |
|    | —          | —            | 42           | 374          | 583          | —             |
|    | 23,033,236 | 23,671,540   | 23,352,467   | 23,974,576   | 22,496,467   | 21,046,832    |
|    | (38,321)   | (872,856)    | 94,998       | (760,690)    | (1,434,418)  | (297,209)     |
|    | 712        | 1,776        | 6,300        | 6,675        | 26,317       | 52,245        |
|    | —          | —            | —            | —            | —            | (22,559)      |
|    | —          | —            | —            | 1,085,000    | 142,735      | 576,800       |
|    | —          | —            | —            | —            | —            | —             |
|    | 441,690    | 163,145      | 312,960      | —            | —            | —             |
|    | —          | —            | —            | —            | —            | (11,118)      |
|    | (486,904)  | (168,589)    | (351,599)    | —            | —            | —             |
|    | 48,276     | 7,944        | 40,468       | 30,631       | 2,835        | 28,361        |
|    | 19,310     | 16,864       | 14,703       | 12,938       | 11,087       | 13,142        |
|    | 312,595    | 300,699      | 255,959      | 259,810      | 258,568      | 266,263       |
|    | (21,846)   | (144)        | —            | (738)        | (902)        | (6,476)       |
|    | 313,833    | 321,695      | 278,791      | 1,394,316    | 440,640      | 896,658       |
|    | 275,512    | (551,161)    | 373,789      | 633,626      | (993,778)    | 599,449       |
|    | (4,402)    | 4,135        | (2,389)      | (279)        | (105)        | (2,251)       |
| \$ | 271,110    | \$ (547,026) | \$ 371,400   | \$ 633,347   | \$ (993,883) | \$ 597,198    |
|    | 1.85%      | 1.89%        | 2.14%        | 1.99%        | 1.96%        | 1.96%         |

**STATE OF MISSOURI  
REVENUE BASE - TAXABLE SALES BY INDUSTRY  
FISCAL YEARS 2008-2017**

| <b>Taxable Sales by Industry</b>                   | <b>2017</b>                   | <b>2016</b>                   | <b>2015</b>                   | <b>2014</b>                  | <b>2013</b>                  |
|--|-------------------------------|-------------------------------|-------------------------------|------------------------------|------------------------------|
| Agricultural/Forestry,<br>Fishing, and Other       | \$ 259,105,220                | \$ 245,772,867                | \$ 240,000,494                | \$ 236,474,690               | \$ 215,327,746               |
| Mining   | 110,484,032                   | 106,659,795                   | 87,523,595                    | 76,102,321                   | 72,364,854                   |
| Construction                                       | 1,788,629,305                 | 1,677,123,560                 | 950,357,972                   | 903,053,231                  | 837,805,800                  |
| Manufacturing                                      | 4,758,144,850                 | 4,686,174,181                 | 4,512,551,497                 | 4,452,723,181                | 4,122,180,876                |
| Transportation and<br>Public Utilities             | 7,991,327,737                 | 7,941,221,199                 | 8,150,393,880                 | 8,296,512,631                | 7,865,266,716                |
| Wholesale Trade                                    | 9,478,033,276                 | 9,258,220,896                 | 8,772,153,165                 | 8,355,874,187                | 8,201,088,643                |
| Retail Trade                                       | 52,013,596,266                | 50,710,170,965                | 48,945,156,057                | 46,883,720,342               | 45,955,834,897               |
| Finance, Insurance,<br>and Real Estate<br>Services | 675,498,078<br>10,958,489,216 | 639,535,606<br>10,508,298,419 | 459,394,721<br>10,167,703,650 | 428,174,408<br>9,615,517,898 | 555,096,635<br>9,242,131,446 |
| State and Local<br>Government                      | 137,361,580                   | 130,923,934                   | 149,553,253                   | 196,281,904                  | 164,729,390                  |
| Non-Classifiable                                   | 13,251,530                    | 12,784,255                    | 12,193,479                    | 13,389,207                   | 19,041,853                   |
| <b>Total Taxable Sales</b>                         | <b>\$ 88,183,921,090</b>      | <b>\$ 85,916,885,677</b>      | <b>\$ 82,446,981,763</b>      | <b>\$ 79,457,824,000</b>     | <b>\$ 77,250,868,856</b>     |
| <b>Direct Sales Tax Rate</b>                       | 4.225%                        | 4.225%                        | 4.225%                        | 4.225%                       | 4.225%                       |

**Continues Below**

| <b>Taxable Sales by Industry</b>                   | <b>2012</b>                  | <b>2011</b>                  | <b>2010</b>                  | <b>2009</b>                  | <b>2008</b>                  |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Agricultural/Forestry,<br>Fishing, and Other       | \$ 221,013,601               | \$ 201,234,995               | \$ 202,810,606               | \$ 209,980,903               | \$ 192,024,683               |
| Mining   | 74,803,209                   | 73,001,501                   | 85,194,876                   | 88,867,589                   | 106,892,575                  |
| Construction                                       | 861,403,612                  | 794,578,753                  | 786,022,254                  | 889,561,095                  | 887,618,876                  |
| Manufacturing                                      | 3,761,027,682                | 2,916,005,779                | 2,994,039,718                | 3,203,288,128                | 2,995,302,916                |
| Transportation and<br>Public Utilities             | 7,836,415,362                | 8,377,819,035                | 8,347,862,197                | 8,247,781,684                | 7,130,631,754                |
| Wholesale Trade                                    | 8,205,030,046                | 7,636,707,697                | 5,708,391,048                | 7,019,606,804                | 8,028,332,745                |
| Retail Trade                                       | 45,578,697,317               | 43,451,150,211               | 42,667,031,160               | 44,820,794,586               | 46,413,720,906               |
| Finance, Insurance,<br>and Real Estate<br>Services | 577,095,000<br>9,239,885,195 | 573,590,035<br>8,712,983,898 | 562,957,084<br>8,676,719,865 | 592,136,070<br>8,648,622,385 | 538,271,852<br>9,212,468,960 |
| State and Local<br>Government                      | 167,737,492                  | 150,984,890                  | 135,174,330                  | 158,765,152                  | 162,520,783                  |
| Non-Classifiable                                   | 15,869,773                   | 13,130,346                   | 14,230,874                   | 21,079,516                   | 19,669,233                   |
| <b>Total Taxable Sales</b>                         | <b>\$ 76,538,978,289</b>     | <b>\$ 72,901,187,140</b>     | <b>\$ 70,180,434,012</b>     | <b>\$ 73,900,483,912</b>     | <b>\$ 75,687,455,283</b>     |
| <b>Direct Sales Tax Rate</b>                       | 4.225%                       | 4.225%                       | 4.225%                       | 4.225%                       | 4.225%                       |

Source: Missouri Department of Revenue



**STATE OF MISSOURI  
REVENUE BASE - PERSONAL INCOME BY INDUSTRY  
CALENDAR YEARS 2007-2016**

| <b>Personal Income by Industry<br/>(In Thousands of Dollars)</b> | <b>2016</b>           | <b>2015</b>           | <b>2014</b>           | <b>2013</b>           | <b>2012</b>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Farm Earnings  | \$ 829,415            | \$ 722,021            | \$ 3,786,857          | \$ 1,626,591          | \$ 1,257,121          |
| Agricultural/Forestry,<br>Fishing, and Other                     | 457,108               | 451,862               | 394,686               | 397,546               | 319,736               |
| Mining   | 320,915               | 345,512               | 450,247               | 531,506               | 533,997               |
| Construction/Utilities   | 12,748,129            | 11,973,872            | 12,039,804            | 11,722,352            | 11,021,154            |
| Manufacturing  | 20,542,795            | 20,483,723            | 19,405,898            | 18,638,481            | 18,223,989            |
| Transportation and<br>Public Utilities                           | 6,957,284             | 6,937,566             | 6,632,242             | 6,641,733             | 6,329,830             |
| Wholesale Trade  | 10,831,422            | 11,063,357            | 10,168,424            | 9,614,681             | 9,401,253             |
| Retail Trade   | 11,785,062            | 11,618,585            | 11,353,713            | 11,045,743            | 10,981,844            |
| Finance, Insurance,<br>and Real Estate                           | 15,456,673            | 15,873,119            | 14,637,085            | 13,981,286            | 13,577,510            |
| Services   | 78,239,644            | 77,566,750            | 75,021,866            | 73,357,863            | 70,695,009            |
| Federal, Civilian  | 5,677,270             | 5,566,826             | 5,370,947             | 5,170,204             | 5,326,901             |
| Military   | 1,879,387             | 1,889,251             | 1,906,989             | 2,165,907             | 2,087,494             |
| State and Local Government                                       | 22,256,414            | 21,860,748            | 21,611,208            | 21,013,029            | 20,951,836            |
| <b>Total Personal Income</b>                                     | <b>\$ 187,981,518</b> | <b>\$ 186,353,192</b> | <b>\$ 182,779,966</b> | <b>\$ 175,906,922</b> | <b>\$ 170,707,674</b> |
| <b>Total Direct Personal<br/>Income Tax Rate</b>                 | <b>6.0%</b>           | <b>6.0%</b>           | <b>6.0%</b>           | <b>6.0%</b>           | <b>6.0%</b>           |

**Continues Below**

| <b>Personal Income by Industry<br/>(In Thousands of Dollars)</b> | <b>2011</b>           | <b>2010</b>           | <b>2009</b>           | <b>2008</b>           | <b>2007</b>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Farm Earnings  | \$ 2,321,629          | \$ 1,523,983          | \$ 1,591,091          | \$ 2,376,908          | \$ 1,374,784          |
| Agricultural/Forestry,<br>Fishing, and Other                     | 297,657               | 333,875               | 276,120               | 303,227               | 305,046               |
| Mining   | 504,777               | 395,522               | 388,211               | 502,316               | 440,499               |
| Construction/Utilities   | 10,551,329            | 10,588,278            | 11,331,673            | 12,516,453            | 12,386,303            |
| Manufacturing  | 17,303,819            | 16,746,171            | 17,442,057            | 20,134,090            | 19,030,882            |
| Transportation and<br>Public Utilities                           | 5,957,783             | 5,732,126             | 5,809,413             | 6,293,608             | 6,255,137             |
| Wholesale Trade  | 8,969,791             | 8,721,745             | 8,658,427             | 9,231,605             | 9,027,671             |
| Retail Trade   | 10,654,925            | 10,506,522            | 10,416,435            | 10,570,173            | 10,617,610            |
| Finance, Insurance,<br>and Real Estate                           | 12,587,314            | 12,244,442            | 11,816,812            | 11,670,581            | 11,183,515            |
| Services   | 67,723,434            | 65,813,475            | 64,334,920            | 67,549,088            | 63,543,402            |
| Federal, Civilian  | 5,399,812             | 5,440,528             | 5,151,679             | 5,351,539             | 5,011,544             |
| Military   | 2,151,087             | 2,185,296             | 2,318,306             | 2,595,583             | 2,323,860             |
| State and Local Government                                       | 20,783,859            | 21,026,890            | 20,830,621            | 18,813,044            | 17,853,285            |
| <b>Total Personal Income</b>                                     | <b>\$ 165,207,216</b> | <b>\$ 161,258,853</b> | <b>\$ 160,365,765</b> | <b>\$ 167,908,215</b> | <b>\$ 159,353,538</b> |
| <b>Total Direct Personal<br/>Income Tax Rate</b>                 | <b>6.0%</b>           | <b>6.0%</b>           | <b>6.0%</b>           | <b>6.0%</b>           | <b>6.0%</b>           |

Source: Bureau of Economic Analysis

**STATE OF MISSOURI  
PERSONAL INCOME TAX REVENUE  
FISCAL YEARS 2007-2016**

| <b>Personal Income<br/>Tax Revenue</b>   | 2017               | 2016               | 2015               | 2014               | 2013               |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Personal Income<br>Tax Revenue           | \$ 7,331,004,490   | \$ 7,182,257,124   | \$ 6,904,280,506   | \$ 6,421,723,597   | \$ 6,374,093,816   |
| Personal Income<br>(Federal AGI)         | \$ 308,516,717,209 | \$ 295,120,344,327 | \$ 272,999,790,569 | \$ 286,579,465,435 | \$ 238,522,413,855 |
| Taxable Income                           | \$ 233,037,149,447 | \$ 223,319,685,253 | \$ 204,984,460,785 | \$ 215,915,208,076 | \$ 176,397,991,056 |
| Average Effective Rate:                  |                    |                    |                    |                    |                    |
| Federal Adjusted Gross<br>Taxable Income | 2.38%              | 2.43%              | 2.53%              | 2.24%              | 2.67%              |
|  | 3.15%              | 3.22%              | 3.37%              | 2.97%              | 3.61%              |

**Continues Below**

| <b>Personal Income<br/>Tax Revenue</b>   | 2012               | 2011               | 2010               | 2009               | 2008               |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Personal Income<br>Tax Revenue           | \$ 5,851,270,707   | \$ 5,641,812,271   | \$ 5,495,341,696   | \$ 5,949,266,333   | \$ 6,119,090,558   |
| Personal Income<br>(Federal AGI)         | \$ 232,336,289,876 | \$ 206,107,657,668 | \$ 214,909,582,160 | \$ 254,573,370,206 | \$ 242,481,271,497 |
| Taxable Income                           | \$ 170,827,410,945 | \$ 147,407,200,244 | \$ 124,489,765,954 | \$ 188,091,389,476 | \$ 172,825,313,183 |
| Average Effective Rate:                  |                    |                    |                    |                    |                    |
| Federal Adjusted Gross<br>Taxable Income | 2.52%              | 2.74%              | 2.56%              | 2.34%              | 2.52%              |
|  | 3.43%              | 3.83%              | 4.41%              | 3.16%              | 3.54%              |

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 2008-2017**

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

|               | 2017  | 2016  | 2015  | 2014  | 2013  | 2012  | 2011  | 2010  | 2009  | 2008  |
|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 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 2008-2017**

| <b>Sales Tax</b>                  | 2017                    | %              | 2016                    | %              | 2015                    | %              |
|-----------------------------------|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|
| Agricultural                      | \$ 10,947,196           | 0.29%          | \$ 10,383,904           | 0.36%          | \$ 10,140,021           | 0.29%          |
| Mining                            | 4,667,950               | 0.13%          | 4,506,376               | 0.16%          | 3,697,872               | 0.11%          |
| Construction                      | 75,569,588              | 2.03%          | 37,780,540              | 1.31%          | 40,152,624              | 1.15%          |
| Manufacturing                     | 201,031,620             | 5.40%          | 192,230,237             | 6.67%          | 190,655,301             | 5.47%          |
| Transportation & Utilities        | 337,633,597             | 9.06%          | 330,960,635             | 11.49%         | 344,354,141             | 9.89%          |
| Wholesale Trade                   | 400,446,906             | 10.75%         | 261,477,270             | 9.07%          | 370,623,471             | 10.64%         |
| Retail Trade                      | 2,197,574,442           | 58.98%         | 1,568,702,724           | 54.44%         | 2,067,932,843           | 59.37%         |
| Finance, Insurance, & Real Estate | 28,539,794              | 0.77%          | 25,446,129              | 0.88%          | 19,409,427              | 0.56%          |
| Services                          | 462,996,169             | 12.43%         | 443,975,608             | 15.41%         | 429,585,479             | 12.33%         |
| Government                        | 5,803,527               | 0.16%          | 5,531,536               | 0.19%          | 6,318,625               | 0.18%          |
| Non-Classifiable                  | 559,877                 | 0.01%          | 540,135                 | 0.02%          | 515,174                 | 0.01%          |
| <b>Total</b>                      | <b>\$ 3,725,770,666</b> | <b>100.00%</b> | <b>\$ 2,881,535,094</b> | <b>100.00%</b> | <b>\$ 3,483,384,978</b> | <b>100.00%</b> |
|                                   | 2014                    | %              | 2013                    | %              | 2012                    | %              |
| Agricultural                      | \$ 9,991,056            | 0.30%          | \$ 9,097,597            | 0.28%          | \$ 9,337,825            | 0.29%          |
| Mining                            | 3,215,323               | 0.09%          | 3,057,415               | 0.09%          | 3,160,435               | 0.10%          |
| Construction                      | 38,153,999              | 1.14%          | 35,397,295              | 1.08%          | 36,394,303              | 1.13%          |
| Manufacturing                     | 188,127,554             | 5.60%          | 174,162,142             | 5.34%          | 158,903,420             | 4.91%          |
| Transportation & Utilities        | 350,527,659             | 10.44%         | 332,307,519             | 10.18%         | 331,088,549             | 10.24%         |
| Wholesale Trade                   | 353,035,684             | 10.52%         | 346,495,995             | 10.62%         | 346,662,519             | 10.72%         |
| Retail Trade                      | 1,980,837,184           | 59.00%         | 1,941,634,024           | 59.49%         | 1,925,699,962           | 59.55%         |
| Finance, Insurance, & Real Estate | 18,090,369              | 0.54%          | 23,452,833              | 0.72%          | 24,382,264              | 0.75%          |
| Services                          | 406,255,631             | 12.10%         | 390,480,054             | 11.96%         | 390,385,149             | 12.07%         |
| Government                        | 8,292,910               | 0.25%          | 6,959,817               | 0.21%          | 7,086,909               | 0.22%          |
| Non-Classifiable                  | 565,694                 | 0.02%          | 804,518                 | 0.03%          | 670,498                 | 0.02%          |
| <b>Total</b>                      | <b>\$ 3,357,093,063</b> | <b>100.00%</b> | <b>\$ 3,263,849,209</b> | <b>100.00%</b> | <b>\$ 3,233,771,833</b> | <b>100.00%</b> |
|                                   | 2011                    | %              | 2010                    | %              | 2009                    | %              |
| Agricultural                      | \$ 8,502,179            | 0.27%          | \$ 8,568,748            | 0.29%          | \$ 8,871,693            | 0.28%          |
| Mining                            | 3,084,313               | 0.10%          | 3,599,484               | 0.12%          | 3,754,656               | 0.12%          |
| Construction                      | 33,570,952              | 1.09%          | 33,209,440              | 1.12%          | 37,583,956              | 1.20%          |
| Manufacturing                     | 123,201,244             | 4.00%          | 126,498,178             | 4.27%          | 135,338,923             | 4.34%          |
| Transportation & Utilities        | 353,962,854             | 11.49%         | 352,697,178             | 11.90%         | 348,468,776             | 11.16%         |
| Wholesale Trade                   | 322,650,900             | 10.48%         | 241,179,522             | 8.13%          | 296,578,387             | 9.50%          |
| Retail Trade                      | 1,835,811,096           | 59.60%         | 1,802,682,066           | 60.80%         | 1,893,678,571           | 60.65%         |
| Finance, Insurance, & Real Estate | 24,234,179              | 0.79%          | 23,784,937              | 0.80%          | 25,017,749              | 0.80%          |
| Services                          | 368,123,570             | 11.95%         | 366,591,414             | 12.36%         | 365,404,296             | 11.70%         |
| Government                        | 6,379,112               | 0.21%          | 5,711,115               | 0.19%          | 6,707,828               | 0.22%          |
| Non-Classifiable                  | 554,757                 | 0.02%          | 601,254                 | 0.02%          | 890,610                 | 0.03%          |
| <b>Total</b>                      | <b>\$ 3,080,075,156</b> | <b>100.00%</b> | <b>\$ 2,965,123,336</b> | <b>100.00%</b> | <b>\$ 3,122,295,445</b> | <b>100.00%</b> |
|                                   | 2008                    | %              |                         |                |                         |                |
| Agricultural                      | \$ 8,113,043            | 0.25%          |                         |                |                         |                |
| Mining                            | 4,516,211               | 0.14%          |                         |                |                         |                |
| Construction                      | 37,501,898              | 1.17%          |                         |                |                         |                |
| Manufacturing                     | 126,551,548             | 3.96%          |                         |                |                         |                |
| Transportation & Utilities        | 301,269,192             | 9.42%          |                         |                |                         |                |
| Wholesale Trade                   | 339,197,058             | 10.61%         |                         |                |                         |                |
| Retail Trade                      | 1,960,979,708           | 61.32%         |                         |                |                         |                |
| Finance, Insurance, & Real Estate | 22,741,986              | 0.71%          |                         |                |                         |                |
| Services                          | 389,226,814             | 12.17%         |                         |                |                         |                |
| Government                        | 6,866,503               | 0.22%          |                         |                |                         |                |
| Non-Classifiable                  | 831,025                 | 0.03%          |                         |                |                         |                |
| <b>Total</b>                      | <b>\$ 3,197,794,986</b> | <b>100.00%</b> |                         |                |                         |                |

Source: Missouri Department of Revenue

**STATE OF MISSOURI  
PERSONAL INCOME TAX FILERS/LIABILITY  
FISCAL YEARS 2008 AND 2017**

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**Personal Income\***

|                         | 2017             |                |                               |                |
|-------------------------|------------------|----------------|-------------------------------|----------------|
|                         | Number of Filers | % of Total     | Personal Income Tax Liability | % of Total     |
| \$50,000 and under      | 3,228,949        | 71.52%         | \$ 1,297,317,648              | 19.11%         |
| \$50,000 - \$100,000    | 900,033          | 19.93%         | 1,793,912,492                 | 26.42%         |
| \$100,000 - \$250,000   | 296,671          | 6.57%          | 1,444,527,080                 | 21.27%         |
| \$250,000 - \$1,000,000 | 71,749           | 1.59%          | 1,041,424,240                 | 15.34%         |
| \$1,000,000 and over    | 17,636           | 0.39%          | 1,212,758,690                 | 17.86%         |
| <b>Total</b>            | <b>4,515,038</b> | <b>100.00%</b> | <b>\$ 6,789,940,150</b>       | <b>100.00%</b> |

|                         | 2008             |                |                               |                |
|-------------------------|------------------|----------------|-------------------------------|----------------|
|                         | Number of Filers | % of Total     | Personal Income Tax Liability | % of Total     |
| \$50,000 and under      | 3,471,050        | 78.35%         | \$ 1,427,983,764              | 26.48%         |
| \$50,000 - \$100,000    | 705,977          | 15.94%         | 1,450,514,807                 | 26.89%         |
| \$100,000 - \$250,000   | 188,582          | 4.26%          | 927,440,015                   | 17.20%         |
| \$250,000 - \$1,000,000 | 50,598           | 1.14%          | 752,972,135                   | 13.96%         |
| \$1,000,000 and over    | 13,731           | 0.31%          | 834,665,186                   | 15.48%         |
| <b>Total</b>            | <b>4,429,938</b> | <b>100.00%</b> | <b>\$ 5,393,575,907</b>       | <b>100.00%</b> |

\*Federal Adjusted Gross Income

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available.  
The categories presented are intended to provide alternative information regarding the sources of the State's revenue.

Source: Missouri Department of Revenue

**STATE OF MISSOURI**  
**RATIOS OF OUTSTANDING DEBT**  
**FISCAL YEARS 2008-2017**  
(In Thousands of Dollars Except Per Capita)

|   | 2017                | 2016                | 2015                | 2014                |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental Activities</b>                                  |                     |                     |                     |                     |
| General Obligation Bonds  | \$ 154,830          | \$ 208,880          | \$ 266,275          | \$ 323,395          |
| Other Bonds   | 2,943,825           | 3,207,400           | 3,226,430           | 3,303,700           |
| Leasehold Revenue Bonds   | 27,310              | 28,770              | 30,170              | 31,515              |
| Certificates of Participation                                   | 26,770              | 39,770              | 52,560              | 65,160              |
| Capital Leases  | 45,736              | 61,846              | 51,729              | 66,270              |
| <b>Total Governmental Activities</b>                            | <b>\$ 3,198,471</b> | <b>\$ 3,546,666</b> | <b>\$ 3,627,164</b> | <b>\$ 3,790,040</b> |
| <b>Business-Type Activities</b>                                 |                     |                     |                     |                     |
| Capital Leases  | \$ 128              | \$ 304              | \$ 477              | \$ 215              |
| <b>Total Business-Type Activities</b>                           | <b>\$ 128</b>       | <b>\$ 304</b>       | <b>\$ 477</b>       | <b>\$ 215</b>       |
| <b>Total Primary Government</b>                                 | <b>\$ 3,198,599</b> | <b>\$ 3,546,970</b> | <b>\$ 3,627,641</b> | <b>\$ 3,790,255</b> |
| Personal Income   | \$ 261,547,770      | \$ 257,338,334      | \$ 252,482,438      | \$ 245,771,389      |
| Debt as a Percentage of<br>Personal Income <sup>1</sup>         | 1.2%                | 1.4%                | 1.4%                | 1.5%                |
| Debt Per Capita <sup>1</sup>                                    | \$ 526              | \$ 583              | \$ 598              | \$ 627              |
| <b>Legal Debt Margin Calculation for Fiscal Year 2016:</b>      |                     |                     |                     |                     |
| General Obligation Bonds Authorized<br>(Legislative Debt Limit) | \$ 1,726,395        |                     |                     |                     |
| Unforeseen Emergency or<br>Casual Deficiency                    | 1,000               |                     |                     |                     |
| Less: General Obligation Issued                                 | (1,489,494)         |                     |                     |                     |
| Legal Debt Margin   | <u>\$ 237,901</u>   |                     |                     |                     |
| <b>Legal Debt Margin Summary by Fiscal Year:</b>                |                     |                     |                     |                     |
| Legislative Debt Limit  | \$ 1,726,395        | \$ 1,726,395        | \$ 1,726,395        | \$ 1,726,395        |
| Total Net Debt Applicable to Limit                              | (1,488,494)         | (1,488,494)         | (1,488,494)         | (1,488,494)         |
| Legal Debt Margin   | <u>\$ 237,901</u>   | <u>\$ 237,901</u>   | <u>\$ 237,901</u>   | <u>\$ 237,901</u>   |
| Legal Debt Margin to Debt Limit Ratio                           | 13.78%              | 13.78%              | 13.78%              | 13.78%              |

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

| 2013                | 2012                | 2011                | 2010                | 2009                | 2008                |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 378,150          | \$ 432,765          | \$ 487,090          | \$ 528,910          | \$ 600,075          | \$ 666,165          |
| 3,562,775           | 3,735,920           | 3,880,975           | 4,060,855           | 3,102,685           | 3,084,670           |
| 32,995              | 32,780              | 33,880              | 34,935              | 35,955              | 36,935              |
| 76,910              | 76,910              | 76,910              | 87,550              | 96,235              | 105,325             |
| 75,535              | 78,455              | 103,543             | 97,423              | 113,147             | 108,815             |
| <u>\$ 4,126,365</u> | <u>\$ 4,356,830</u> | <u>\$ 4,582,398</u> | <u>\$ 4,809,673</u> | <u>\$ 3,948,097</u> | <u>\$ 4,001,910</u> |
| <u>\$ 284</u>       | <u>\$ 356</u>       | <u>\$ 66</u>        | <u>\$ 116</u>       | <u>\$ 210</u>       | <u>\$ 244</u>       |
| <u>\$ 284</u>       | <u>\$ 356</u>       | <u>\$ 66</u>        | <u>\$ 116</u>       | <u>\$ 210</u>       | <u>\$ 244</u>       |
| <u>\$ 4,126,649</u> | <u>\$ 4,357,186</u> | <u>\$ 4,582,464</u> | <u>\$ 4,809,789</u> | <u>\$ 3,948,307</u> | <u>\$ 4,002,154</u> |
| \$ 235,153,679      | \$ 228,218,407      | \$ 218,778,293      | \$ 216,049,019      | \$ 223,548,498      | \$ 209,131,189      |
| 1.8%                | 1.9%                | 2.1%                | 2.2%                | 1.8%                | 1.9%                |
| \$ 685              | \$ 725              | \$ 764              | \$ 807              | \$ 666              | \$ 680              |
| \$ 1,726,395        | \$ 1,726,395        | \$ 1,726,395        | \$ 1,726,395        | \$ 1,726,395        | \$ 1,726,395        |
| (1,488,494)         | (1,488,494)         | (1,488,494)         | (1,488,494)         | (1,488,494)         | (1,488,494)         |
| <u>\$ 237,901</u>   | <u>\$ 237,901</u>   | <u>\$ 237,901</u>   | <u>\$ 237,901</u>   | <u>\$ 237,901</u>   | <u>\$ 237,901</u>   |
| 13.78%              | 13.78%              | 13.78%              | 13.78%              | 13.78%              | 13.78%              |

**STATE OF MISSOURI  
 PLEDGED REVENUE COVERAGE  
 FISCAL YEARS 2008-2017  
 (In Thousands of Dollars)**

| Fiscal Year               | Gross Revenues <sup>1</sup> | Less: Operating Expenses <sup>2</sup> | Net Available Revenues | Debt Service |            | Coverage <sup>3</sup> |
|---------------------------|-----------------------------|---------------------------------------|------------------------|--------------|------------|-----------------------|
|                           |                             |                                       |                        | Principal    | Interest   |                       |
| <b>Missouri Road Fund</b> |                             |                                       |                        |              |            |                       |
| 2017                      | \$ 1,852,570                | \$ 388,116                            | \$ 1,464,454           | \$ 190,770   | \$ 103,917 | 5                     |
| 2016                      | 1,831,126                   | 372,800                               | 1,458,326              | 168,470      | 111,751    | 5.2                   |
| 2015                      | 1,721,615                   | 373,739                               | 1,347,876              | 169,550      | 114,878    | 4.7                   |
| 2014                      | 1,773,033                   | 348,537                               | 1,424,496              | 162,050      | 130,641    | 4.9                   |
| 2013                      | 1,822,318                   | 333,327                               | 1,488,991              | 153,525      | 135,511    | 5.2                   |
| 2012                      | 1,761,382                   | 342,240                               | 1,419,142              | 133,190      | 140,202    | 5.2                   |
| 2011                      | 2,237,700                   | 305,649                               | 1,932,051              | 137,015      | 146,326    | 6.8                   |
| 2010                      | 1,760,497                   | 281,320                               | 1,479,177              | 88,285       | 128,851    | 6.8                   |
| 2009                      | 997,990                     | 279,971                               | 718,019                | 84,896       | 113,591    | 3.6                   |
| 2008                      | 1,049,645                   | 279,823                               | 769,822                | 62,515       | 105,117    | 4.6                   |

N/A = not available

<sup>1</sup> Revenues for Missouri Road Fund consist of a portion of the taxes and fees received by the State from the motor fuel tax, sales tax on motor vehicles, use tax on motor vehicles, revenue derived from motorists for their usage of the highways of the State, federal grants, and bond proceeds.

<sup>2</sup> Operating Expenses do not include depreciation/amortization.

<sup>3</sup> Coverage equals net available revenue divided by debt service.

Source: Missouri Department of Transportation



**STATE OF MISSOURI  
DEMOGRAPHIC INDICATORS  
CALENDAR YEARS 2007-2016**

|                                      | <u>2016</u>       | <u>2015</u>       | <u>2014</u>       | <u>2013</u>       | <u>2012</u>       |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Population</b>                    |                   |                   |                   |                   |                   |
| Missouri (In Thousands)              | 6,093             | 6,084             | 6,064             | 6,044             | 6,022             |
| Change                               | 0.1%              | 0.3%              | 0.3%              | 0.4%              | 0.2%              |
| National (In Thousands)              | 323,128           | 321,419           | 318,857           | 316,129           | 313,914           |
| Change                               | 0.5%              | 0.8%              | 0.9%              | 0.7%              | 0.7%              |
| <b>Total Personal Income</b>         |                   |                   |                   |                   |                   |
| Missouri                             |                   |                   |                   |                   |                   |
| (In Thousands of Dollars)            | \$ 261,547,770    | \$ 257,338,334    | \$ 252,482,438    | \$ 245,771,389    | \$ 235,153,679    |
| Change                               | 1.6%              | 1.9%              | 2.7%              | 4.5%              | 3.0%              |
| National                             |                   |                   |                   |                   |                   |
| (In Thousands of Dollars)            | \$ 15,912,777,000 | \$ 15,463,981,000 | \$ 14,683,147,000 | \$ 14,151,427,000 | \$ 13,401,868,693 |
| Change                               | 2.9%              | 5.3%              | 3.8%              | 5.6%              | 3.5%              |
| <b>Per Capita Personal Income</b>    |                   |                   |                   |                   |                   |
| Missouri                             | \$ 42,926         | \$ 42,300         | \$ 41,639         | \$ 40,663         | \$ 39,049         |
| Change                               | 1.5%              | 1.6%              | 2.4%              | 4.1%              | 2.8%              |
| National                             | \$ 49,246         | \$ 48,112         | \$ 46,049         | \$ 44,765         | \$ 42,693         |
| Change                               | 2.4%              | 4.5%              | 2.9%              | 4.9%              | 2.7%              |
| <b>Resident Civilian Labor Force</b> |                   |                   |                   |                   |                   |
| Civilian Labor Force                 |                   |                   |                   |                   |                   |
| (In Thousands)                       | 3,112             | 3,114             | 3,058             | 3,018             | 2,993             |
| Employed (In Thousands)              | 2,971             | 2,958             | 2,871             | 2,821             | 2,785             |
| Unemployed (In Thousands)            | 141               | 156               | 187               | 197               | 207               |
| Unemployment Rate                    | 4.5%              | 5.0%              | 6.1%              | 6.5%              | 6.9%              |
| National Unemployment Rate           | 4.9%              | 5.3%              | 6.2%              | 7.4%              | 8.1%              |

Continues Below

|                                      | <u>2011</u>       | <u>2010</u>       | <u>2009</u>       | <u>2008</u>       | <u>2007</u>       |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Population</b>                    |                   |                   |                   |                   |                   |
| Missouri (In Thousands)              | 6,011             | 5,996             | 5,961             | 5,924             | 5,888             |
| Change                               | 0.3%              | 0.6%              | 0.6 %             | 0.6%              | 0.8%              |
| National (In Thousands)              | 311,592           | 309,330           | 306,772           | 304,094           | 301,231           |
| Change                               | 0.7%              | 0.8%              | 0.9 %             | 1%                | 1%                |
| <b>Total Personal Income</b>         |                   |                   |                   |                   |                   |
| Missouri                             |                   |                   |                   |                   |                   |
| (In Thousands of Dollars)            | \$ 228,218,407    | \$ 218,778,293    | \$ 216,049,019    | \$ 223,548,498    | \$ 209,131,189    |
| Change                               | 4.3%              | 1.3%              | (3.4)%            | 6.9%              | 5.2%              |
| National                             |                   |                   |                   |                   |                   |
| (In Thousands of Dollars)            | \$ 12,949,905,000 | \$ 12,308,496,000 | \$ 11,916,808,000 | \$ 12,451,599,000 | \$ 11,900,562,000 |
| Change                               | 5.2%              | 3.3%              | (4.3)%            | 4.6%              | 5.7%              |
| <b>Per Capita Personal Income</b>    |                   |                   |                   |                   |                   |
| Missouri                             | \$ 37,969         | \$ 36,406         | \$ 36,243         | \$ 37,737         | \$ 35,521         |
| Change                               | 4.3%              | 0.4%              | (4)%              | 6.2%              | 4.4%              |
| National                             | \$ 41,560         | \$ 39,791         | \$ 38,846         | \$ 40,947         | \$ 39,506         |
| Change                               | 4.4%              | 2.4%              | (5.1)%            | 3.6%              | 4.7%              |
| <b>Resident Civilian Labor Force</b> |                   |                   |                   |                   |                   |
| Civilian Labor Force                 |                   |                   |                   |                   |                   |
| (In Thousands)                       | 3,022             | 3,053             | 3,051             | 3,046             | 3,050             |
| Employed (In Thousands)              | 2,767             | 2,767             | 2,768             | 2,861             | 2,896             |
| Unemployed (In Thousands)            | 255               | 286               | 283               | 186               | 155               |
| Unemployment Rate                    | 8.4%              | 9.4%              | 9.3 %             | 6.1%              | 5.1%              |
| National Unemployment Rate           | 8.9%              | 9.6%              | 9.3 %             | 5.8%              | 4.6%              |

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

**STATE OF MISSOURI  
ECONOMIC INDICATORS  
CALENDAR YEARS 2007-2016**

|   | <u>2016-17</u> | <u>2015-16</u> | <u>2014-15</u> | <u>2013-14</u> | <u>2012-13</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>School Enrollment (In Thousands)</b> |                |                |                |                |                |
| Elementary and Secondary Education      | 884            | 885            | 886            | 888            | 888            |
| Higher Education - Private Institutions | 92             | 93             | 95             | 90             | 91             |
| Total Enrollment (In thousands)         | 976            | 978            | 981            | 978            | 979            |
| % Change from Prior Year                | -0.2%          | -0.3%          | 0.3%           | -0.1%          | -0.5%          |
| <b>Higher Education</b>                 |                |                |                |                |                |
| <b>Public Community Colleges</b>        |                |                |                |                |                |
| Number of Campuses                      | 19             | 19             | 19             | 19             | 19             |
| Number of Students (FTE*)               | 57,568         | 57,247         | 61,671         | 65,773         | 67,721         |
| <b>State Technical College</b>          |                |                |                |                |                |
| Number of Campuses                      | 1              | 1              | 1              | 1              | 1              |
| Number of Students (FTE)                | 1,226          | 1,273          | 1,276          | 1,325          | 1,236          |
| <b>State Colleges/Universities</b>      |                |                |                |                |                |
| Number of Campuses                      | 14             | 14             | 14             | 14             | 14             |
| Number of Students (FTE)                | 119,127        | 121,827        | 121,358        | 118,669        | 118,055        |

**Continues Below**

|   | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> | <u>2008-09</u> | <u>2007-08</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>School Enrollment (In Thousands)</b> |                |                |                |                |                |
| Elementary and Secondary Education      | 886            | 890            | 892            | 893            | 894            |
| Higher Education - Private Institutions | 98             | 95             | 93             | 89             | 88             |
| Total Enrollment                        | 984            | 985            | 985            | 982            | 982            |
| % Change from Prior Year                | -0.1%          | 0.0%           | 0.3%           | 0.0%           | -0.2%          |
| <b>Higher Education</b>                 |                |                |                |                |                |
| <b>Public Community Colleges</b>        |                |                |                |                |                |
| Number of Campuses                      | 19             | 19             | 20             | 19             | 19             |
| Number of Students (FTE*)               | 70,964         | 70,320         | 65,034         | 56,365         | 54,900         |
| <b>State Technical College</b>          |                |                |                |                |                |
| Number of Campuses                      | 1              | 1              | 1              | 1              | 1              |
| Number of Students (FTE)                | 1,161          | 1,133          | 1,116          | 976            | 891            |
| <b>State Colleges/Universities</b>      |                |                |                |                |                |
| Number of Campuses                      | 14             | 14             | 14             | 14             | 14             |
| Number of Students (FTE)                | 117,609        | 114,655        | 112,539        | 108,159        | 106,056        |

\*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 2007 AND 2016**

**2016**

| <b>Employer</b>                     | <b>Number of Employees</b> | <b>Percent of Total State Employment</b> |
|-------------------------------------|----------------------------|--|
| State of Missouri <sup>1</sup>      | 56,000                     | 1.89%                                    |
| Wal-Mart Associates, Inc.           | 40,000+                    | 1.35%                                    |
| MHM Support Services                | 20,000 - 25,000            | 0.67% - 0.84%                            |
| University of Missouri              | 20,000 - 25,000            | 0.67% - 0.84%                            |
| Washington University               | 15,000 - 20,000            | 0.50% - 0.67%                            |
| US Post Office                      | 15,000 - 20,000            | 0.50% - 0.67%                            |
| Boeing Corporation                  | 12,500 - 15,000            | 0.42% - 0.50%                            |
| Cerner Corporation                  | 7,500 - 10,000             | 0.25% - 0.34%                            |
| Barnes-Jewish Hospitals             | 7,500 - 10,000             | 0.25% - 0.34%                            |
| U.S. Department of Veterans Affairs | 7,500 - 10,000             | 0.25% - 0.34%                            |
| Total                               | <u>201,000 - 231,000</u>   | <u>6.75% - 7.78%</u>                     |
| <b>Total Missouri Employment</b>    |                            | <b>2,970,702</b>                         |

**2007**

| <b>Employer</b>                  | <b>Number of Employees</b> | <b>Percent of Total State Employment</b> |
|----------------------------------|----------------------------|--|
| State of Missouri <sup>1</sup>   | 63,000                     | 2.19%                                    |
| Wal-Mart Associates, Inc.        | 40,000+                    | 1.39%                                    |
| University of Missouri           | 20,000 +                   | 0.69%                                    |
| US Post Office                   | 15,000 - 20,000            | 0.52% - 0.69%                            |
| Boeing Corporation               | 10,000 - 15,000            | 0.35% - 0.52%                            |
| Washington University            | 10,000 - 15,000            | 0.35% - 0.52%                            |
| Schnuck Markets, Inc.            | 7,500 - 10,000             | 0.26% - 0.35%                            |
| Barnes-Jewish Hospitals          | 7,500 - 10,000             | 0.26% - 0.35%                            |
| U.S. Department of Defense       | 7,500 - 10,000             | 0.26% - 0.35%                            |
| City of St. Louis                | 7,500 - 10,000             | 0.26% - 0.35%                            |
| Total                            | <u>188,000 - 213,000</u>   | <u>6.53% - 7.40%</u>                     |
| <b>Total Missouri Employment</b> |                            | <b>2,878,399</b>                         |

All figures are based on a calendar-year average.

<sup>1</sup>Number of state employees includes only full-time personnel and does not include college or university employees.

Sources: Missouri Economic Research and Information Center, State of Missouri CAFR-Fiscal Year 2008, State Employee Headcount report

**STATE OF MISSOURI  
STATE EMPLOYEES BY FUNCTION  
FISCAL YEARS 2008-2017  
FULL-TIME EQUIVALENTS\***

|   | 2017          | 2016          | 2015          | 2014          | 2013          | 2012          | 2011          | 2010          | 2009          | 2008          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>General Government</b>                                       |               |               |               |               |               |               |               |               |               |               |
| Legislature   | 663           | 670           | 667           | 671           | 670           | 683           | 703           | 725           | 716           | 719           |
| Judiciary   | 3,558         | 3,543         | 3,519         | 3,530         | 3,470         | 3,369         | 3,393         | 3,626         | 3,755         | 3,731         |
| Public Defender   | 579           | 577           | 573           | 575           | 565           | 595           | 578           | 570           | 558           | 555           |
| Governor  | 18            | 21            | 22            | 23            | 26            | 28            | 32            | 33            | 24            | 32            |
| Lt. Governor  | 6             | 7             | 6             | 5             | 5             | 6             | 6             | 6             | 6             | 6             |
| Secretary of State  | 217           | 235           | 233           | 228           | 244           | 244           | 253           | 261           | 272           | 277           |
| State Auditor   | 109           | 108           | 113           | 113           | 111           | 116           | 116           | 119           | 124           | 128           |
| State Treasurer   | 46            | 45            | 46            | 49            | 48            | 49            | 50            | 49            | 51            | 51            |
| Attorney General  | 351           | 359           | 373           | 376           | 363           | 350           | 371           | 408           | 420           | 451           |
| Office of Administration  | 1,907         | 1,881         | 1,871         | 1,933         | 2,132         | 2,161         | 2,139         | 2,040         | 2,091         | 2,046         |
| Revenue   | 1,289         | 1,283         | 1,288         | 1,347         | 1,344         | 1,364         | 1,383         | 1,421         | 1,487         | 1,523         |
| Total General Government  | <u>8,743</u>  | <u>8,729</u>  | <u>8,711</u>  | <u>8,850</u>  | <u>8,978</u>  | <u>8,965</u>  | <u>9,024</u>  | <u>9,258</u>  | <u>9,504</u>  | <u>9,519</u>  |
| <b>Education</b>  |               |               |               |               |               |               |               |               |               |               |
| Elementary and Secondary Education                              | 2,555         | 2,663         | 2,639         | 2,678         | 2,631         | 2,714         | 2,635         | 2,662         | 2,760         | 2,650         |
| Higher Education  | 55            | 57            | 57            | 57            | 64            | 61            | 65            | 75            | 73            | 67            |
| Total Education   | <u>2,610</u>  | <u>2,720</u>  | <u>2,696</u>  | <u>2,735</u>  | <u>2,695</u>  | <u>2,775</u>  | <u>2,700</u>  | <u>2,737</u>  | <u>2,833</u>  | <u>2,717</u>  |
| <b>Natural and Economic Resources</b>                           |               |               |               |               |               |               |               |               |               |               |
| Agriculture   | 476           | 495           | 495           | 464           | 456           | 467           | 535           | 617           | 494           | 479           |
| Insurance, Financial Institutions and Professional Registration | 762           | 770           | 765           | 762           | 759           | 755           | 744           | 734           | 741           | 748           |
| Conservation  | 1,898         | 1,871         | 1,895         | 1,896         | 1,901         | 1,872         | 1,894         | 1,982         | 2,085         | 2,065         |
| Economic Development  | 812           | 800           | 810           | 786           | 822           | 891           | 947           | 1,019         | 994           | 1,024         |
| Labor and Industrial Relations                                  | 742           | 796           | 827           | 881           | 967           | 998           | 987           | 924           | 777           | 810           |
| Natural Resources   | 1,981         | 2,023         | 1,974         | 2,075         | 2,047         | 2,042         | 1,934         | 1,903         | 2,121         | 2,102         |
| Total Natural and Economic Resources                            | <u>6,671</u>  | <u>6,755</u>  | <u>6,766</u>  | <u>6,864</u>  | <u>6,952</u>  | <u>7,025</u>  | <u>7,041</u>  | <u>7,179</u>  | <u>7,212</u>  | <u>7,228</u>  |
| <b>Transportation and Law Enforcement</b>                       |               |               |               |               |               |               |               |               |               |               |
| Transportation  | 5,545         | 5,444         | 5,591         | 5,502         | 5,410         | 5,804         | 6,399         | 6,970         | 6,969         | 6,961         |
| Public Safety   | 5,316         | 5,240         | 5,193         | 5,220         | 5,320         | 5,309         | 5,281         | 5,336         | 5,412         | 5,294         |
| Total Transportation and Law Enforcement                        | <u>10,861</u> | <u>10,684</u> | <u>10,784</u> | <u>10,722</u> | <u>10,730</u> | <u>11,113</u> | <u>11,680</u> | <u>12,306</u> | <u>12,381</u> | <u>12,255</u> |
| <b>Human Services</b>   |               |               |               |               |               |               |               |               |               |               |
| Health and Senior Services                                      | 1,831         | 1,825         | 1,830         | 1,793         | 1,798         | 1,753         | 1,706         | 1,826         | 1,927         | 1,885         |
| Mental Health   | 7,728         | 7,605         | 7,742         | 8,076         | 8,101         | 8,089         | 8,256         | 8,961         | 9,613         | 9,500         |
| Social Services   | 6,735         | 6,952         | 7,147         | 7,145         | 7,244         | 7,371         | 7,562         | 8,138         | 8,584         | 8,624         |
| Corrections   | 10,866        | 10,929        | 11,051        | 11,069        | 10,880        | 10,864        | 10,990        | 11,175        | 11,364        | 11,020        |
| Total Human Services  | <u>27,160</u> | <u>27,311</u> | <u>27,770</u> | <u>28,083</u> | <u>28,023</u> | <u>28,077</u> | <u>28,514</u> | <u>30,100</u> | <u>31,488</u> | <u>31,029</u> |
| State Total   | <u>56,045</u> | <u>56,199</u> | <u>56,727</u> | <u>57,254</u> | <u>57,378</u> | <u>57,955</u> | <u>58,959</u> | <u>61,580</u> | <u>63,418</u> | <u>62,748</u> |

\*Based on a four quarter average.

Source: Office of Administration, Division of Accounting, Statewide Indirect Cost Allocation Plan

**STATE OF MISSOURI  
OPERATING INDICATORS BY FUNCTION  
FISCAL YEARS 2008-2017**

|   | 2017       | 2016       | 2015       | 2014       |
|---|------------|------------|------------|------------|
| <b>General Government</b>   |            |            |            |            |
| Individual Income Tax Returns Processed<br>(In Thousands)   | 3,060      | 3,098      | 3,058      | 2,848      |
| Sales and Use Tax Returns Processed<br>(In Thousands)   | 707        | 707        | 705        | 703        |
| Driver Licenses Processed (In Thousands)  | 1,487      | 1,123      | 1,600      | 1,415      |
| Motor Vehicle Registrations Processed<br>(In Thousands)   | 3,770      | 3,993      | 4,479      | 4,215      |
| Audit Reports Issued  | 147        | 135        | 143        | 150        |
| Statewide Court Filings (In Thousands)  | 2,098      | 2,370      | 2,624      | 2,652      |
| Archives Website Hit  |            |            |            |            |
| Secretary of State Web Page (In<br>Thousands)   | 28,714     | 18,232     | 72,045     | 87,436     |
| Checks Issued (In Thousands)  | 1,592      | 1,697      | 1,550      | 1,363      |
| Unclaimed Property Returned (In<br>Thousands)   | \$ 44,369  | \$ 42,038  | \$ 41,720  | \$ 40,042  |
| <b>Education</b>  |            |            |            |            |
| High School Drop Out Rate   | 2.4%       | 2.5%       | 2.5%       | 2.8%       |
| Accredited Elementary and Secondary<br>School Districts*  | 512        | 518        | 507        | 507        |
| Clients Achieving Employment after<br>Vocational Rehabilitation Services                            | 60.1%      | 60.9%      | 61.7%      | 60.0%      |
| Student Loan Recovery Rate  | 26.04%     | 23.3%      | 26.4%      | 31.2%      |
| Scholarships/Grants Awarded to Eligible<br>Missouri Residents (In Thousands)                        | \$ 129,623 | \$ 119,948 | \$ 111,342 | \$ 107,413 |
| <b>Natural and Economic Resources</b>   |            |            |            |            |
| Job Placement Rate of Unemployed<br>Individuals that Registered on<br>MissouriCareerSource Web Page | 64.9%      | 65.7%      | 60.7%      | 56.0%      |
| Insurance Policies Filed Electronically   | 100.0%     | 99.7%      | 99.5%      | 99.4%      |
| Initial Unemployment Claims (In<br>Thousands)   | 239        | 259        | 295        | 355        |
| International Export Certificates Issued  | 8,110      | 6,773      | 7,926      | 6,453      |
| Hunting License Holders (In Thousands)  | 603        | 607        | 610        | 612        |
| Visitors to Missouri State Parks and<br>Historic Sites (In Thousands)                               | 21,273     | 19,205     | 18,568     | 17,468     |
| <b>Transportation and Law Enforcement</b>   |            |            |            |            |
| Methamphetamine Labs Seized   | 11         | 7          | 70         | 129        |
| State - Licensed Fire Safety Inspections  | 18,459     | 19,459     | 13,434     | 15,348     |
| Buildings Served by Missouri Capitol Police   | 71         | 74         | 72         | 72         |
| Alcohol Licenses Issued   | 32,319     | 31,404     | 31,400     | 30,743     |
| Missouri Major Roads Rated in Good<br>Difference Between Awarded and Actual                         | 90.0%      | 90.4%      | 89.2%      | 89.7%      |
| Transportation Construction Costs   | 0.1%       | 1.1%       | 0.6%       | 0.8%       |
| <b>Human Services</b>   |            |            |            |            |
| Medicaid Enrollees  | 983,835    | 982,776    | 944,257    | 825,974    |
| Food Stamp Recipients   | 754,062    | 782,374    | 844,851    | 839,734    |
| Doses of Vaccine Issued by Vaccines for<br>Children Providers (In Thousands)                        | 1,243      | 1,226      | 1,174      | 1,192      |
| Incarcerated Offenders  | 32,537     | 32,837     | 32,284     | 31,905     |
| Individuals Served in State Comprehensive<br>Psychiatric Service Facilities                         | 1,652      | 1,683      | 1,628      | 1,649      |

\*Department of Elementary and Secondary Education presented no accreditation classifications to the Board of Education during fiscal year 2013. Charter schools are not included in the statistics.

Sources: State agencies

| 2013       | 2012      | 2011      | 2010      | 2009       | 2008      |
|------------|-----------|-----------|-----------|------------|-----------|
| 2,945      | 2,969     | 2,917     | 2,877     | 2,946      | 3,013     |
| 730        | 760       | 773       | 785       | 772        | 788       |
| 1,308      | 1,208     | 1,160     | 1,090     | 1,179      | 964       |
| 4,050      | 3,905     | 3,828     | 3,844     | 3,502      | 3,866     |
| 146        | 123       | 168       | 151       | 101        | 91        |
| 2,685      | 2,565     | 2,525     | 2,359     | 2,322      | 2,196     |
| 98,233     | 91,257    | 70,384    | 53,835    | 79,599     | 46,085    |
| 1,722      | 1,971     | 2,216     | 2,465     | 2,667      | 2,807     |
| \$ 39,509  | \$ 38,239 | \$ 36,373 | \$ 35,014 | \$ 26,672  | \$ 34,531 |
| 3.0%       | 3.5%      | 4.0 %     | 4.1 %     | 3.9%       | 4.2%      |
|            | 506       | 510       | 510       | 511        | 512       |
| 62.7%      | 61.0%     | 56.0 %    | 61.0 %    | 67.1%      | 67.7%     |
| 34.2%      | 36.5%     | 30.0 %    | 28.2 %    | 30.5%      | 36.4%     |
| \$ 104,265 | \$ 97,077 | \$ 91,146 | \$ 98,593 | \$ 108,981 | \$ 89,728 |
| 55.4%      | 55.2%     | 58.2 %    | 57.9 %    | 64.0%      | 66.0%     |
| 99.4%      | 99.5%     | 96.0 %    | 96.0 %    | 94.7%      | 50.0%     |
| 364        | 427       | 502       | 582       | 565        | 396       |
| 7,819      | 7,821     | 6,301     | 4,924     | 3,865      | 2,904     |
| 606        | 593       | 588       | 592       | 591        | 580       |
| 18,093     | 17,846    | 16,363    | 15,891    | 15,307     | 15,577    |
| 244        | 274       | 340       | 245       | 165        | 274       |
| 15,680     | 15,177    | 11,487    | 10,603    | 11,008     | 11,998    |
| 72         | 72        | 73        | 75        | 83         | 82        |
| 30,723     | 30,498    | 29,960    | 29,051    | 28,437     | 28,199    |
| 88.5%      | 88.1%     | 85.8 %    | 86.5 %    | 83.4%      | 78.0%     |
| 0.5%       | 0.2%      | (0.4)%    | (1.9)%    | 1.1%       | 0.9%      |
| 868,226    | 889,159   | 897,306   | 892,691   | 850,722    | 833,112   |
| 927,927    | 943,835   | 949,136   | 909,139   | 827,639    | 899,332   |
| 1,385      | 1,354     | 1,420     | 1,384     | 1,317      | 1,360     |
| 31,408     | 31,057    | 30,771    | 30,418    | 30,476     | 30,803    |
| 1,694      | 1,716     | 2,170     | 4,120     | 6,759      | 6,882     |

**STATE OF MISSOURI  
CAPITAL ASSET STATISTICS  
BY FUNCTION  
FISCAL YEARS 2008-2017**

|   | 2017      | 2016      | 2015      | 2014      |
|---|-----------|-----------|-----------|-----------|
| <b>General Government</b>                 |           |           |           |           |
| Parcels of Land                           | 21        | 21        | 20        | 20        |
| Land Improvements                         | 61        | 61        | 59        | 58        |
| Square Footage of Buildings               | 1,066,968 | 1,068,854 | 1,032,098 | 1,035,704 |
| Equipment                                 | 39,396    | 36,159    | 34,548    | 35,055    |
| Software                                  | 2,717     | 2,260     | 1,961     | 1,625     |
| <b>Education</b>                          |           |           |           |           |
| Parcels of Land                           | 31        | 31        | 31        | 31        |
| Land Improvements                         | 55        | 56        | 54        | 54        |
| Square Footage of Buildings               | 157,190   | 156,710   | 136,074   | 136,203   |
| Equipment                                 | 4,249     | 4,357     | 5,039     | 6,286     |
| Trademarks                                | 1         | 1         | 1         | 1         |
| <b>Natural and Economic Resources</b>     |           |           |           |           |
| Parcels of Land                           | 880       | 847       | 835       | 826       |
| Land Improvements                         | 456       | 427       | 426       | 408       |
| Temporary Easements                       | 1         | 1         | 1         | 1         |
| Square Footage of Buildings               | 582,846   | 582,847   | 574,076   | 575,485   |
| Equipment                                 | 14,535    | 15,168    | 26,859    | 34,028    |
| Software                                  | 91        | 80        | 68        | 57        |
| State Parks and Historic Sites            | 91        | 88        | 87        | 87        |
| State Conservation Areas                  | 1,198     | 1,190     | 1,186     | 1,189     |
| <b>Transportation and Law Enforcement</b> |           |           |           |           |
| Parcels of Land                           | 620       | 623       | 628       | 650       |
| Land Improvements                         | 486       | 476       | 474       | 439       |
| Permanent Easements                       | 674       | 638       | 593       | 548       |
| Temporary Easements                       | 542       | 654       | 797       | 867       |
| Square Footage of Buildings               | 183,676   | 181,743   | 179,183   | 181,880   |
| Equipment                                 | 72,030    | 67,114    | 67,103    | 66,095    |
| Software                                  | 798       | 710       | 616       | 529       |
| Miles of State Highway                    | 33,856    | 33,873    | 33,892    | 33,890    |
| State-Owned Bridges and Culverts          | 10,394    | 10,394    | 10,376    | 10,371    |
| Highway Patrol Stations                   | 9         | 9         | 9         | 9         |
| <b>Human Services</b>                     |           |           |           |           |
| Parcels of Land                           | 81        | 81        | 81        | 81        |
| Land Improvements                         | 178       | 174       | 175       | 173       |
| Square Footage of Buildings               | 916,936   | 917,901   | 926,098   | 924,164   |
| Equipment                                 | 36,481    | 41,777    | 43,545    | 44,712    |
| Software                                  | 86        | 82        | 70        | 59        |
| Correctional Facilities                   | 29        | 29        | 30        | 30        |

Source: State of Missouri capital asset records by agency.

| 2013      | 2012      | 2011      | 2010      | 2009      | 2008      |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 20        | 20        | 20        | 20        | 21        | 21        |
| 50        | 40        | 38        | 38        | 37        | 37        |
| 1,014,621 | 1,006,449 | 1,013,314 | 1,011,732 | 1,015,214 | 1,001,281 |
| 36,050    | 35,651    | 35,316    | 35,333    | 36,813    | 35,171    |
| 826       | 293       | 213       | 168       | 88        | ---       |
| 31        | 31        | 31        | 31        | 31        | 31        |
| 54        | 46        | 43        | 43        | 32        | 31        |
| 140,159   | 136,465   | 136,465   | 133,494   | 135,230   | 135,230   |
| 6,175     | 6,102     | 5,984     | 5,911     | 6,031     | 6,010     |
| 1         | 1         | 1         | ---       | ---       | ---       |
| 826       | 826       | 825       | 824       | 823       | 815       |
| 386       | 328       | 324       | 323       | 325       | 323       |
| 1         | 1         | 1         | 1         | ---       | ---       |
| 602,174   | 611,550   | 616,729   | 622,181   | 622,285   | 625,779   |
| 35,159    | 35,064    | 36,097    | 36,881    | 38,807    | 41,145    |
| 51        | 36        | 20        | 12        | 3         | ---       |
| 87        | 85        | 85        | 85        | 85        | 84        |
| 1,197     | 1,193     | 1,196     | 1,179     | 1,169     | 1,165     |
| 682       | 790       | 805       | 819       | 831       | 836       |
| 420       | 349       | 307       | 264       | 245       | 198       |
| 467       | 382       | 254       | 221       | ---       | ---       |
| 875       | 833       | 961       | 1,086     | ---       | ---       |
| 180,140   | 175,664   | 175,138   | 164,119   | 164,119   | 151,533   |
| 65,813    | 66,994    | 67,649    | 67,959    | 67,100    | 65,074    |
| 429       | 358       | 202       | 146       | ---       | ---       |
| 33,885    | 33,845    | 33,702    | 33,639    | 33,676    | 33,685    |
| 10,364    | 10,405    | 10,405    | 10,335    | 10,249    | 10,276    |
| 9         | 9         | 9         | 9         | 9         | 9         |
| 81        | 83        | 83        | 83        | 84        | 84        |
| 168       | 161       | 157       | 154       | 130       | 118       |
| 919,900   | 900,749   | 924,380   | 932,827   | 952,117   | 962,710   |
| 46,221    | 50,229    | 63,442    | 70,684    | 78,543    | 91,178    |
| 32        | 28        | 13        | 10        | 7         | ---       |
| 30        | 30        | 30        | 30        | 30        | 28        |



STATE OF MISSOURI  
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