

Missouri
Department of
Transportation

An agency of the State of Missouri



Comprehensive Annual Financial Report

for the fiscal year ended **June 30, 2020**



Missouri Department of Transportation
www.modot.org

Comprehensive Annual Financial Report

for the fiscal year ended
June 30, 2020

Prepared by the Financial Services Division
under the direction of
Patrick McKenna, MoDOT Director,
Brenda Morris, CPA, Chief Financial Officer
and Todd Grosvenor, Financial Services Director

Missouri Department of Transportation
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**Missouri Department
of Transportation**
an agency of the State of Missouri

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Introductory Section



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September 30, 2020

The Honorable Michael L. Parson, Governor
Members of the Missouri Legislature
Members of the Missouri Highways and Transportation Commission
Citizens of the State of Missouri

The Missouri Department of Transportation (MoDOT or the Department) is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Department for the fiscal year ended June 30, 2020.

Revised Statutes of Missouri, Section 21.795, require the Department, an agency of the state of Missouri, to have a financial statement audit performed annually by an independent certified public accountant. In fulfillment of this requirement, as well as bond requirements, the Department prepared this CAFR and contracted with the independent auditing firm of BKD, LLP to audit the financial statements.

The objective of the independent audit is to provide reasonable assurance the financial statements are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the Department's financial statements for the fiscal year ended June 30, 2020, are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Their report is presented as the first component in the financial section of this report.

GAAP requires management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to complement Management's Discussion and Analysis, which can be found immediately following the report of the independent auditors, and should be read in conjunction with it.

The CAFR comprises all funds from which MoDOT spends including certain other state agencies' spending as allowed by Missouri law. Only MoDOT appropriations are reported for other state of Missouri funds. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Department.

To provide a reasonable basis for making these representations, the Department has established a comprehensive internal control framework designed to protect the Department's assets from loss, theft or misuse and to compile reliable information for the preparation of the financial statements in conformity with GAAP. The Department's internal control includes both automated controls, which are an integral component of the financial accounting system, and comprehensive policies and procedures. In addition, the Department's Audits and Investigations Division is an independent audit unit that performs audits of the various districts and divisions of the Department.

Because the cost of internal controls should not outweigh their benefits, the Department's comprehensive framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatements.

To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds. All disclosures necessary to enable the reader to gain an understanding of the Department's financial activities have been included.

Profile of the Department

MoDOT works to provide a world-class transportation system that is safe, innovative, reliable and dedicated to a prosperous Missouri. The Department is responsible for designing, building, operating and maintaining Missouri's transportation system - the seventh largest in the United States with approximately 33,832 miles of highway and 10,397 bridges. The Department also works to improve airports, river ports, railroads, public transit systems and pedestrian and bicycle travel.

In 1979, voters of the State passed a constitutional amendment merging the State Highway Department with the Department of Transportation, becoming the Missouri Highways and Transportation Department. In 1996, the Missouri Highways and Transportation Department became the Missouri Department of Transportation by legislative action. The Missouri Highways and Transportation Commission (MHTC or Commission), a six-member bipartisan board, governs the Department. Commission members are appointed by the governor and are confirmed by the Missouri Senate. No more than three commission members may be of the same political party. The Commission appoints the MoDOT director.

The Commission is responsible for the annual update of the Department's five-year Statewide Transportation Improvement Program (STIP) and awards contracts for highway projects. The Commission has authority to issue bonds secured by highway revenues.

As shown on the organizational chart following this letter, the Department is organized by divisions and districts. The divisions represent a variety of disciplines and provide direction and oversight of the activities in the districts and support to the Department. These activities include the design and construction of highways and facilities, transportation planning including the five-year STIP, maintenance and safety of the existing highway system and activities related to other modes of transportation, such as aviation, railways, river ports, freight, transit, and bicycle and pedestrian facilities. The districts represent seven geographical regions of the state of Missouri and are responsible for providing projects and services to the citizens of Missouri.

Budgetary Controls

The Commission approves the appropriation request submitted to the State Legislature for all governmental funds reported by MoDOT with the exception of those funds appropriated to other state agencies and to the Office of Administration for certain fringe benefits. The request is developed with input from the districts and divisions. In accordance with article IV, § 30(b), the Commission has the sole discretion to spend moneys in the State Road Fund. In recent history, additional spending authority limitations have been added through the legislative budget process. **These limitations, which could be considered unconstitutional, have reduced the Commission and Department's flexibility to adjust spending due to weather, emergency and market conditions of construction and operations and could, if continued, lead to organizational difficulties fulfilling its mission. In recent years, this budgetary limitation inhibits the Commission from paying market rates to MoDOT staff and has contributed to excessive staff turnover, nearly 50 percent in the past four years. This path is not sustainable.** Other state funds administered by the Commission are subject to appropriation by the General Assembly. All appropriations are approved by the legislature during the legislative session ending in May to be effective in the subsequent budget year.

The Department relies on the statewide accounting system to control total expenditures by appropriation utilizing features in the system to ensure budgetary compliance. An additional budgetary control in place includes management using reports to monitor spending by program, division and appropriation.

Missouri Economy

Missouri's transportation system impacts the state's economy. Missouri businesses depend on roadways, railways, waterways and airports to move their products and services both nationally and globally. An efficient, well-connected transportation system helps attract new businesses to our communities and helps existing businesses maintain a competitive edge with easy customer access, minimal shipping costs and strong links to a diverse workforce. The Department believes investments in transportation creates jobs and provides opportunities for advancement to all Missouri citizens.

The impact of the global pandemic did not spare transportation in Missouri. Reduced traffic volumes in the early months have impacted state transportation revenues and operations.

Missouri employment decreased significantly in the spring of 2020 as thousands of Missourians filed for unemployment. Per the Missouri Economic and Research Information Center (MERIC), in fiscal year 2020, the unemployment rate increased to 7.9 percent in June 2020. This compares to an unemployment rate of 3.3 percent in June 2019. Compared to the national trend, the Missouri unemployment rate increased as did the United States rate, but ended 3.2 percentage points lower in June of 2020 than the national rate of 11.1 percent. Also, per MERIC, employment losses occurred over the previous year in most areas including manufacturing; trade, transportation and utilities; information; financial activities; professional and business services; education and health services; leisure and hospitality and government. The one exception was the construction industry saw slight employment gains over the previous year. Personal income in the first quarter of 2020 is continuing to show steady growth over the previous year at 2.9 percent. Consumer confidence declined in fiscal year 2020, which indicates that consumers are not as optimistic about the economy as they have been in recent years.

MoDOT contributes to the economy in the areas of job creation, personal income growth and new value added to the economy. Please see the summary chart below for the last five STIPs:

| STIP Year | Road and Bridge Investment (in millions) | Investment other Modes (in millions) | Total Investment (in millions) | Additional annual jobs created | Average salary per job created | New personal income (in millions) | New value added to the economy (in millions) |
|------------|--|--------------------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------------|--|
| 2020-2024 | \$5,773.1 (\$4,620.0 are awards) | \$390.2 | \$6,163.3 | 4,940 | \$53,846 | \$266.0 | \$379.0 |
| 2019-2023 | \$5,525.4 (\$4,500.0 are awards) | \$385.2 | \$5,910.6 | 4,746 | \$53,839 | \$255.5 | \$363.7 |
| 2018-2022 | \$5,608.4 (\$4,450.0 are awards) | \$418.5 | \$6,026.9 | 4,578 | \$55,377 | \$253.5 | \$353.2 |
| 2017-2021* | | | \$5,451.5 | 4,343 | \$52,452 | \$227.8 | \$316.0 |
| 2016-2020* | | | \$3,040.7 | 2,836 | \$53,074 | \$150.5 | \$188.1 |

*Only total investment is available for this STIP.

These statistics show the impact to the economy by the increased STIP investment.

Federal funds are the largest source of transportation revenue. The Department's share of state fuel tax receipts, the second largest revenue source, decreased 2.0 percent in 2020. The 2020 state fuel tax receipts are still less than receipts in 2006, the year with the highest collections. The motor fuel tax rate was last raised in 1996 and is not indexed to keep pace with inflation. Motor vehicle and driver licensing fees decreased 2.9 percent from 2019. Vehicle and driver licensing fees, similar to motor fuel taxes, are not indexed to keep pace with inflation and for most annual registration fees no increases have occurred since 1984. Motor vehicle sales tax receipts increased 1.0 percent from 2019. Overall, state revenues for the Department decreased 1.3 percent in 2020 compared to 2019.

In December 2015, Congress passed the Fixing America's Surface Transportation (FAST) Act, which is a five-year, \$305 billion transportation bill for the nation's transportation projects. Prior to the FAST Act, Congress had not passed a long-term highway authorization act since 2005. The FAST Act is funded with receipts into the Highway Trust Fund, a transfer from the General Fund and additional funding offsets. This bill is set to expire at the end of federal fiscal year 2020. While much discussion regarding a reauthorization act has occurred, Congress needs to continue to work on a long-term source of transportation revenue to support the nation's infrastructure needs. On July 30, 2019, the U.S. Senate Environment and Public Works (EPW) Committee passed America's Transportation Infrastructure Act (ATIA). On July 1, 2020, the House

passed the Investing in a New Vision for the Environment and Surface Transportation in America (INVEST in America) Act, a \$494 billion surface transportation reauthorization bill. Given the other priorities of Congress, the Department anticipates continuing resolutions will be passed until a new authorization bill is agreed upon.

House passage of HR 8337, should it be adopted by the United States Senate and signed into law, provides a one-year programmatic extension of the FAST Act, appropriation extension through December 11, 2020 and, most importantly, a \$10.4 billion General Fund backstop to the Highway Trust Fund.

Construction and Condition of the System

The annual update to the STIP is normally presented in draft form to the Commission in May, with the final STIP presented to the Commission in July. Due to the uncertain nature of the COVID-19 pandemic and its effect on transportation funding, the annual STIP update was postponed for 2020. The department continues to use the 2020-2024 STIP as amended in April 2020 for fiscal year 2021. The established amendment process to make additions or changes to the STIP continues to be used in fiscal year 2021. Missouri's 2020-2024 STIP was approved by the Commission in July 2019. The STIP awards for road and bridge projects total \$4,620.0 million and makes maintaining the existing system a priority in an effort to keep Missouri's transportation system in its current condition. The Missouri legislature in 2000, and Missouri voters in 2004, approved bonding authority that directed MoDOT to sell bonds and use the proceeds to improve roads and bridges. Missouri's major roads went from 47.4 percent in good condition in 2004 to 88.5 percent in December 2012. The improvement during this period can be attributed to debt financing and the impacts of the American Recovery and Reinvestment Act of 2009; although, debt service since and no progress to increase revenue is contributing to condition declines or the ability to address primary concerns such as bridge condition, as inflation erodes the purchasing power of stagnant revenue.

In December 2019, Missouri's major roads were 91.1 percent in good condition. Minor roads with greater than 400 vehicles traveling on them per day are 80.6 percent in good condition as of December 2019, a significant improvement from December 2012 when only 69.3 percent were in good condition. Low volume highways, having less than 400 vehicles traveling on them per day, are 70.3 percent in good condition. Perhaps the greatest variation in condition by District exists with low volume roads attributable to extreme weather and flooding. Approximately, 5,252 of 10,957 miles of low volume roads which are funded by MoDOT's operating budget are not eligible for federal reimbursement because they function to serve the local community rather than to connect communities. In addition, another 2,016 of minor roads are also not eligible for federal reimbursement for a total of 7,268 miles. This places great strain on limited operating budgets and results in local dissatisfaction with inconsistent conditions. Also, as of December 2019, 893 of the 10,397 bridges are in poor condition.

Major Projects

During the 2019 legislative session, Governor Parson recommended, and the legislature approved a concurrent resolution to fund 250 bridge projects, bridges that were already programmed for repair or replacement in the current STIP. This program has been titled, Focus on Bridges. The legislation authorized the use of General Revenue to repay the Commission issued debt of \$301.0 million in bonds to repair or replace 215 bridges, contingent on the department receiving funding in the form of a federal Infrastructure for Rebuilding America (INFRA) grant. The bonds would be paid back over a seven-year period. In July 2019, the Department learned that it had been awarded \$81.2 million for the grant application to help fund the \$255.8 million project for improvements to the I-70 freight corridor – specifically to replace the I-70 Missouri River Bridge at Rocheport, Missouri and the addition of climbing lanes at Mineola Hill in Montgomery County. The acceptance of the grant in October 2019 triggered the issuance of bonds. In addition, the legislature appropriated \$50.0 million of General Revenue to address additional bridges.

The MHTC selected a contractor in December 2017 to design and build improvements to I-435 from Kansas state line to I-49 in the Kansas City area. Construction on the \$74.8 million project began in the summer of 2018 and will last through the spring of 2020. The I-435 corridor was originally constructed in 1966 as a six-lane freeway, and an additional lane was added in phases from 1983 to 1994. Improvements have been made over the past 20 years by both MoDOT and the Kansas Department of Transportation, but overall this corridor has been left virtually unchanged. This project addresses congestion as well as the aging bridges. The project was completed in May 2020.

The MHTC selected a contractor in August 2018 to replace the bridges within the I-435 and I-70 interchange in the Kansas City area. Improvements include full bridge replacements, removal of left exits, improvements to loop ramp configuration and congestion relief. Construction on the \$47.0 million project began in March 2019 and is expected to be completed in December 2020.

MoDOT is replacing the I-44 bridges over the Meramec River in the St. Louis area. The project was awarded in June 2018 for \$51.1 million and is expected to be completed in the spring of 2022.

Construction began in the spring of 2019 on the I-44 Rebuild Bridge Project which will improve 19 bridges along the 30-mile tract of I-44 between Sarcoxie and Halltown. This project will replace 13 bridges and rehabilitate 6 bridges that are deteriorating as part of the original I-44 construction in the 1960s. The project is estimated to cost \$36.0 million and is expected to be completed in December 2021.

The I-270 North Project, costing \$278.0 million, will address safety, congestion and system condition issues in the I-270 north corridor in the St. Louis area from I-70 to the Chain of Rocks Bridge. A design-build team selected a contractor in November 2019 and construction began in the spring of 2020. The project is expected to be completed by December 2023.

The I-70 INFRA Discretionary Grant improvements to the Rocheport Bridge and Mineola Hill has begun. The Mineola Hill project to add climbing lanes to I-70 in the area of Mineola Hill to help accommodate slower traffic on the hills is estimated to cost \$14.4 million and was awarded in April 2020. The project is expected to be completed in August of 2021. The Rocheport Bridge replacement is scheduled to begin in early 2021 and will have a budget of \$240.0 million.

Major Operation Challenges

The Department has faced some challenges in the last few years. As mentioned previously, additional spending authority limitations have been added through the legislative budget process. These limitations have reduced the Commission and Department's flexibility to adjust spending due to weather, emergency and market conditions of construction and operations and could, if continued, lead to organizational difficulties fulfilling its mission. In addition, in the last 6 months, the world has been responding to a global pandemic and the effect that has had on the economy and the specific impacts on how the Department conducts business. The state of Missouri saw significant decreases in traffic volumes in April and May, which can impact the Department's revenue streams. In addition, the Department has had to review all of its operations to ensure social distancing and to adjust to a remote work environment where possible.

Despite these other challenges, the department continues to try and address issues with employee pay. MoDOT's employee turnover rate for fiscal year 2020 was 12.57 percent, down from 13.27 percent in fiscal year 2019. The estimated cost of turnover for fiscal year 2020 was \$33.8 million, down from \$34.7 million in fiscal year 2019. In addition to those costs, the cost of leave payouts related to turnover totaled \$2.2 million, the same as fiscal year 2019. The Commission has implemented a pay strategy to mitigate salary compression issues, improve employee satisfaction and morale, increase employee retention and reduce costs associated with employee turnover. Unfortunately, given the state of the economy this last spring, the legislature did not pass any pay increases to become effective in fiscal year 2021. More work is needed in this area.

The Department continues the dialogue with stakeholders regarding the need for additional funding to be able to meet the unfunded needs of the state, including the need for additional funding to provide the level of service Missourians have come to expect. In addition, the Department continues to pursue when available discretionary funds like the U.S. Department of Transportation's Competitive Highway Bridge Program, which the Department was awarded \$20.2 million the end of August 2019.

Long-term Financial Planning

The Department made a few changes to its budget for fiscal year 2021 to better align the budget with its organizational structure. Budget categories were changed to reflect current names and the amounts presented equal the amount approved by the legislature. This results in a more consistent and transparent way to operate the budget. The Department's 2021 budget, \$3.2 billion, approved by the Commission in June, is approximately \$147.4 million more than the Department's 2020 budget, primarily because of additional anticipated expenditures associated with the construction program, including

increased contractor payments, local pass-through payments, design and right of way costs and grants awarded to the department, and multimodal, due to funding provided by the Coronavirus Aid, Relief and Emergency Security (CARES) Act for emergency relief for rural transit providers and for airports. The construction program has grown over the last several years to ensure all federal funds allocated to Missouri are invested in the transportation system. As the multi-year FAST Act is nearing its end, the federal funds reimbursement risk that Missouri and all states face will begin to increase. Based on estimates developed prior to the global pandemic, starting in federal fiscal year 2021, a \$14.8 billion gap exists between the current federal funding provided to states and the Highway Trust Fund revenues. In the coming years despite this increase in risk, the construction program is expected to remain stable as the Department spends down the cash balance in the State Road Fund to fully match the federal funds allocated to Missouri, but that cannot continue forever. The Department projects the annual construction program will remain relatively stable over the next several years. This projection is entirely dependent upon congressional action to reauthorize the FAST Act and provide associated funding. The funds spent will be focused on maintaining the current transportation system.

Other Information

The Department is required to undergo an annual Single Audit in accordance with the provisions of the Single Audit Act Amendments of 1996 and the Office of Management and Budget published 2 CFR (Code of Federal Regulations) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The Department's information will be included in the state of Missouri's Single Audit for the fiscal year ended June 30, 2020.

Acknowledgements

This CAFR is published to demonstrate our intention to maintain the highest quality standards of public accountability. This report could not have been prepared without the dedicated efforts of MoDOT employees. The commitment and professionalism of the Financial Services Division staff contributed significantly to the timely preparation of the 2020 report.

Respectfully submitted,


Patrick K. McKenna
Director


Brenda Morris, CPA
Chief Financial Officer



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Principal Officials

as of June 30, 2020

Commission

| | |
|-------------------------------------|------------|
| John W. Briscoe ¹ | Chairman |
| Michael T. Waters, Jr. ² | Vice Chair |
| Robert G. Brinkmann | Member |
| Gregg C. Smith | Member |
| Terry L. Ecker | Member |
| Vacant | Member |
| Pamela Harlan | Secretary |

MoDOT

| | |
|---------------------|---|
| Patrick K. McKenna | Director |
| Ed Hassinger | Deputy Director/Chief Engineer |
| Eric Schroeter | Assistant Chief Engineer |
| Lester Woods | Chief Administrative Officer |
| Brenda Morris | Chief Financial Officer |
| Becky Allmeroth | Chief Safety and Operations Officer |
| Rich Tiemeyer | Chief Counsel |
| Misty Volkart | Audits and Investigations Director |
| Dennis Heckman | State Bridge Engineer |
| David Ahlvers | State Construction and Materials Engineer |
| Vacant | Communications Director |
| Travis Koestner | State Design Engineer |
| Rudy Nickens | Equal Opportunity and Diversity Director |
| Melissa Stuedle | External Civil Rights Director |
| Todd Grosvenor | Financial Services Director |
| Vacant ³ | General Services Director |
| Jay Wunderlich | Governmental Relations Director |
| Stephen Meystrik | Human Resources Director |
| Beth Ring | Information Systems Director |
| Natalie Roark | State Maintenance Director |
| Jerica Holtsclaw | Motor Carrier Services Director |
| Michelle Kratzer | Multimodal Operations Director |
| Nicole Hood | State Highway Safety and Traffic Engineer |
| Eric Curtit | Transportation Planning Director |

Districts

| | |
|---------------------|-------------------------------------|
| Chris Redline | Northwest District Engineer |
| Paula Gough | Northeast District Engineer |
| Dave Silvester | Kansas City District Engineer |
| Machelle Watkins | Central District Engineer |
| Tom Blair | St. Louis District Engineer |
| Steve Campbell | Southwest District Interim Engineer |
| Vacant ⁴ | Southeast District Engineer |

¹ Michael T. Waters, Jr. became Chairman effective September 1, 2020.

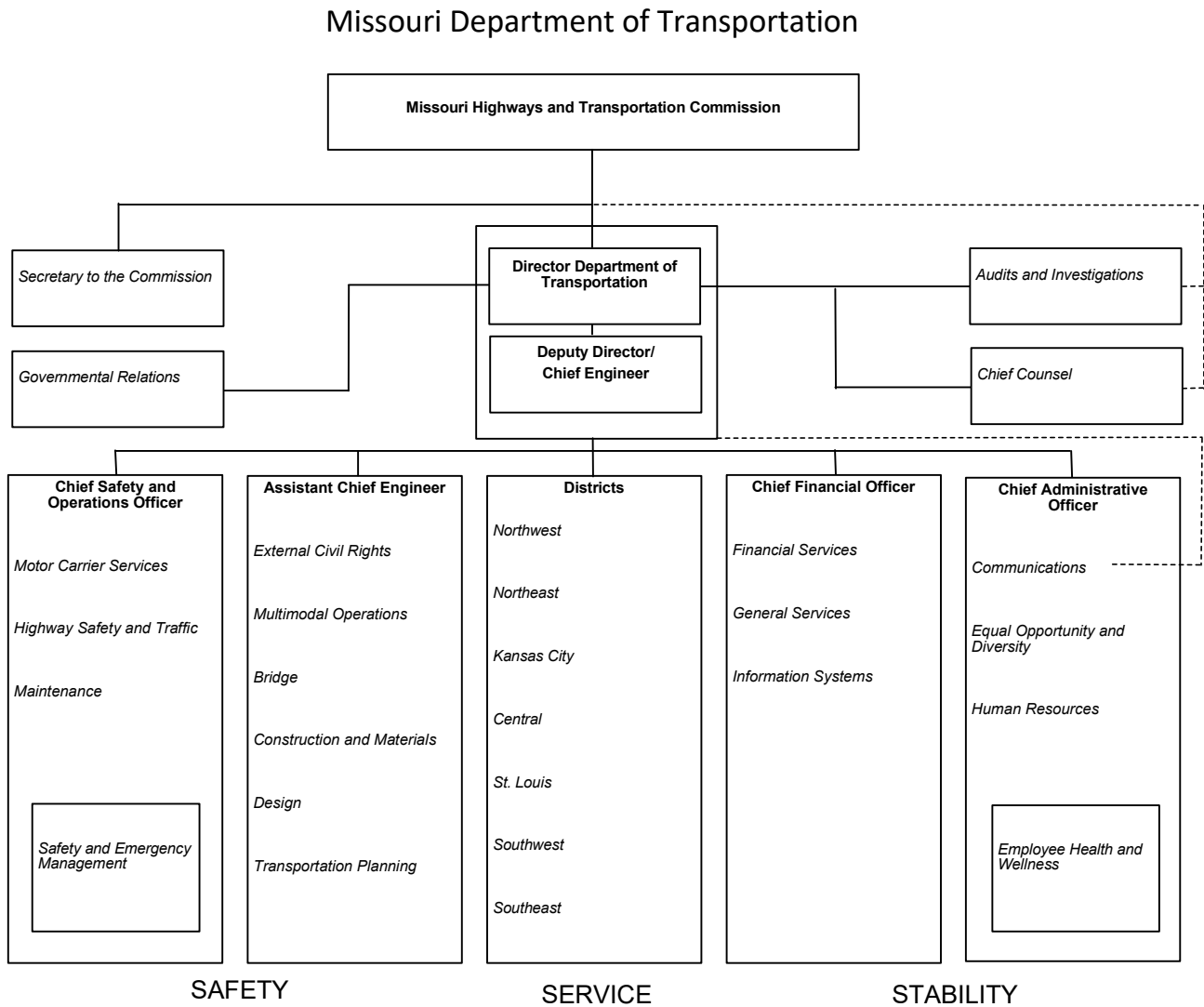
² John W. Briscoe became Vice Chair effective September 1, 2020.

³ Ben Reeser became General Services Director effective September 1, 2020.

⁴ Mark Croarkin became Southeast District Engineer effective September 1, 2020.

Organizational Chart

June 30, 2020





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Financial Section



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Independent Auditor's Report

Missouri Highways and Transportation Commission
Missouri Department of Transportation
Jefferson City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Missouri Department of Transportation (the "Department"), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Department'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 audits. We conducted our audits 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.

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 audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Missouri Department of Transportation, as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Financial Reporting Entity

As discussed in *Note 1*, the financial statements of the Missouri Department of Transportation are intended to present the financial position, the changes in financial position, and cash flows, where applicable, of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Missouri that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Missouri as of June 30, 2020 and 2019, and the changes in its financial position and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Emphasis of Matter

As discussed in *Note 14* to the financial statements, in 2020, the Department adopted GASB Statement No. 84, *Fiduciary Activities*. 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, budgetary comparisons, pension schedules, and other postemployment benefit information 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The combining financial statements, the budgetary comparison schedules, and reconciliations – debt service and nonmajor governmental funds and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements, the budgetary comparison schedules, and reconciliations – debt service and nonmajor governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, the budgetary comparison schedules, and reconciliations – debt service and nonmajor governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated September 30, 2020, on our consideration of the Department'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. The purpose of that 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 Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

BKD, LLP

Springfield, Missouri
September 30, 2020



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Management's Discussion and Analysis

Management's Discussion and Analysis

The following section of our annual financial report presents our discussion and analysis of the Department's (or MoDOT's) financial performance during the year. It is intended to assist you in understanding how the various statements relate to each other and provide an objective and easily readable analysis of the Department's financial activities based on currently known facts, decisions and conditions. We encourage readers to consider the information presented here in conjunction with the letter of transmittal included in the introductory section and information presented in the Department's financial statements and notes, which follow this section. The Department implemented GASB Statement 84, *Fiduciary Funds*. No other new GASB standards with financial statement impact were applicable to MoDOT for fiscal year 2020.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

- The net position of the Department at the close of the fiscal year was \$28.9 billion compared to \$28.2 billion at 2019. The Department's net position increased 2.4 percent for fiscal year 2020 from 2019 and increased 1.9 percent for fiscal year 2019 from 2018. Of the fiscal year 2020 and 2019 amounts, \$0.6 billion and \$0.8 billion, respectively, are negative unrestricted amounts which are offset by the department's investment in capital assets. The negative unrestricted net position of the governmental activities first occurred when the Department adopted GASB 68 and GASB 71 in fiscal year 2015 requiring the Department to report its proportionate share of the net pension liability. In fiscal year 2018, the Department adopted GASB 75, which required the Department to report its share of the other postemployment benefit (OPEB) liability. The addition of the net pension and total OPEB liabilities result in assets no longer exceeding other obligations.
- The majority of the Department's assets are capital assets, which totaled \$31.1 billion and \$30.7 billion for fiscal years 2020 and 2019, respectively. This represents a 1.4 percent increase for 2020 from 2019 and a 0.9 percent increase for 2019 from 2018.
- Non-current liabilities of the Department total \$3.3 billion at June 30, 2020 compared to \$3.4 billion at June 30, 2019, a \$0.1 billion decrease. In fiscal year 2020, noncurrent liabilities decreased because of scheduled debt repayments being less as bonds are paid off. Pension and OPEB liabilities decreased in fiscal year 2020 due to changes in actuarial estimates, such as the difference between projected and actual economic and demographic assumptions, and the amortization of liabilities.

Fund Highlights

- At the close of the fiscal year, the Department's governmental funds combined ending fund balance is \$1.1 billion for fiscal years 2020 compared to \$0.9 billion for fiscal years 2019 and 2018.
- For fiscal year 2020, 96.8 percent of the Department's governmental fund balance is available for spending at the Department's discretion in accordance with the purpose of the funds compared to 96.3 percent in fiscal year 2019. The nonspendable fund balance related to inventories increased from \$32.9 million in fiscal year 2019 to \$36.2 million in fiscal year 2020.
- The proprietary funds combined net position is \$97.8 million at the close of the fiscal year, compared to \$74.5 million in 2019. Restricted investments at the close of both years totaled \$0.3 million, resulting in unrestricted net position of \$97.5 million and \$74.2 million for fiscal years 2020 and 2019, respectively. The increase in the net position of the proprietary funds can be attributed to a decrease in the dollar amount of medical claims and the change in incurred but not reported medical claims.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the Department's basic financial statements, which include three components: (1) **government-wide financial statements**, (2) **fund financial statements** and (3) **notes to the financial statements**. This section also contains required supplementary information and combining financial statements.

Government-wide Financial Statements (Reporting the Department as a Whole)

The government-wide financial statements are designed to provide readers an overall picture of the Department's financial position. The statements provide both current and noncurrent information about the Department's financial status, which assists the reader in assessing the Department's economic condition at the end of the fiscal year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which are similar to methods followed by most private-sector businesses. These statements take into account all of the current year's revenues and expenses, even if the related cash has not been received or paid. The government-wide financial statements include two statements: The Statements of Net Position and the Statements of Activities. These statements take a much longer view of the Department's finances than do the fund-level statements.

- The *Statements of Net Position* combine and consolidate all of the Department's assets and deferred outflows and liabilities and deferred inflows, except fiduciary funds, with the difference between the two reported as "net position". This includes current financial resources, capital assets and long-term obligations. Over time, increases or decreases in net position indicate whether the Department's financial health is improving or deteriorating, respectively. Fiduciary fund resources are not reported as they are not available to support Department programs.
- The *Statements of Activities* present information showing how the Department's net position changed during the fiscal year. The Department reports changes in net position as soon as the event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statements for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The Department's basic services are reported as governmental activities, including administration; fleet, facilities and information systems; maintenance; construction; other modal systems; and other activities. Taxes, fees and federal grants finance most of these activities.

This report includes two schedules that reconcile the amounts reported on the governmental fund financial statements (prepared using the modified accrual basis of accounting and current financial resources measurement focus) with the governmental activities on the appropriate government-wide statements (prepared using the accrual basis of accounting and economic resources measurement focus). The following summarizes the impact of utilizing GASB Statement 34 reporting:

- Other long-term assets that are not available to pay for current period expenditures are not reported on governmental fund statements.
- Internal service fund activities are reported as governmental activities on the government-wide statements, but reported separately as proprietary funds in the fund financial statements.
- Unless currently due and payable, long-term liabilities, such as capital lease obligations, compensated absences and others, appear as liabilities only on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the governmental fund statements.
- Bond, note and capital lease issuances result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.
- Certain other outlays represent either increases or decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental fund statements.

In addition, deferred inflows and outflows of resources are related to transactions that have occurred, but are not yet recognized in the financial statements as revenues or expenses, are also included in these schedules.

Fund Financial Statements (Reporting the Department's Major Funds)

The fund financial statements provide detailed information about the major individual funds. A fund is an accounting entity with a self-balancing set of accounts the Department uses to keep track of specific sources of funding and spending for a particular purpose. The Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal and contractual requirements. All of the funds of the Department can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. It is important to note these fund categories use different accounting approaches and should be interpreted differently.

- **Governmental Funds** Most of the basic services provided by the Department are reported in governmental funds. Reporting focuses on how financial resources flow in and out of the funds and amounts remaining at year-end for future spending. Governmental funds are accounted for using the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. These statements provide a detailed short-term view of the Department's general governmental operations and the basic services it provides. This information should help determine whether there are more or less current financial resources available for the Department's current needs. Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare these statements with the governmental activities information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund Balance Sheets and the governmental fund Statements of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate a comparison between governmental funds and governmental activities in the government-wide statements. These reconciliations are presented on the page immediately following the governmental fund financial statements.

The Department reports three major governmental funds. Information is presented separately in the governmental funds Balance Sheets and the governmental funds Statements of Revenues, Expenditures and Changes in Fund Balances for the State Highways and Transportation Department Fund (Highway Fund), the State Road Fund (Road Fund) and the State Road Bond Fund. The Highway and Road funds are special revenue funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State Road Bond Fund is a debt service fund, which was constitutionally established to receive monies from the state's motor vehicle sales tax and is used to fund the repayment of bonds. Data from other funds are combined into a single, aggregated presentation as nonmajor governmental funds. Examples of the nonmajor funds include statutorily established funds for multimodal activities. Individual fund data for each of these nonmajor governmental funds is provided within combining financial statements following the Notes to the Financial Statements.

- **Proprietary Funds** When the Department charges customers for some of the services it provides, whether to outside customers, other agencies, or to units within the Department, these funds are reported in proprietary funds. These funds are used to show activities that operate more like those found in the private sector and utilize full accrual accounting, like the government-wide statements.

The Department has two internal service funds: Missouri Highways and Transportation Commission (MHTC) Self Insurance Plan and the MoDOT and Missouri State Highway Patrol (MSHP) Medical and Life Insurance Plan. Individual data for each of these funds is provided within the combining financial statements following the Notes to the Financial Statements. Internal service fund activities are reported as governmental activities on the government-wide statements with eliminations made to remove the effect of the interfund activity.

- **Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the Department. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Department's activities. These fiduciary funds account for monies held on behalf of various political subdivisions and other interested parties.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements, which discuss particular accounts in more detail, can be found immediately following the fiduciary funds Statements of Assets and Liabilities.

Required Supplementary Information

A section of *Required Supplementary Information* follows the Notes to the Financial Statements. This section includes budgetary comparisons and a separate reconciliation between the fund balances for budgetary purposes and the fund balances as presented for the major special revenue funds in the governmental fund financial statements. The Budgetary Comparison has been provided for the Department's two major special revenue funds to demonstrate compliance with this budget. The legal authority for approval of the Department's budget and amendments for all funds, except the Road Fund, rests with the State Legislature. The authority for the Road Fund rests with the Commission.

Also included are schedules that report information about the pension plan and OPEB liability, contributions and the funding progress of the MoDOT and MSHP Medical and Life Insurance Plan.

Combining Statements

The *Combining Statements* section presents statements reporting individual and total columns for nonmajor governmental funds and proprietary (internal service) funds. This information is presented only in summary form in the basic financial statements.

Budgetary Comparison Schedules and Reconciliations

The *Budgetary Comparison Schedules and Reconciliations* section includes budgetary comparisons and reconciliations between the fund balances for budgetary purposes and the fund balances as presented for the major debt service and nonmajor special revenue funds in the governmental fund financial statements. The legal authority for approval of these budgets and amendments rests with the State Legislature.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statements of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Department's financial health. The following tables, graphs and analyses discuss the financial position and changes in financial position for the Department as a whole as of and for the fiscal years ended June 30, 2020, 2019 and 2018. The Department's combined net position increased \$663.9 million over the course of this fiscal year's operations, an increase of 2.4 percent. This compares to an increase of \$514.5 million in 2019 (as restated) from 2018.

The following table reflects the condensed financial information derived from the Statements of Net Position as of June 30, 2020, 2019 and 2018:

| (Amounts in millions) | | | | |
|--|-----------------|------------------------------|-----------------|---|
| | <u>2020</u> | <u>2019</u> (as restated) | <u>2018</u> | <u>Percent Change 2020-2019</u> |
| Assets | | | | |
| Current and other assets | \$ 1,484 | \$ 1,239 | \$ 1,228 | 19.8% |
| Capital assets, net | <u>31,118</u> | <u>30,700</u> | <u>30,430</u> | <u>1.4</u> |
| Total assets | <u>32,602</u> | <u>31,939</u> | <u>31,658</u> | <u>2.1</u> |
| Deferred Outflows of Resources | | | | |
| Deferred bond refunding | 19 | 28 | 39 | (32.1) |
| Pension related items | 182 | 204 | 134 | (10.8) |
| Other postemployment benefits | <u>17</u> | <u>17</u> | <u>17</u> | <u>---</u> |
| Total deferred outflows of resources | <u>218</u> | <u>249</u> | <u>190</u> | <u>(12.4)</u> |
| Liabilities | | | | |
| Current liabilities | 512 | 456 | 449 | 12.3 |
| Noncurrent liabilities | <u>3,277</u> | <u>3,389</u> | <u>3,584</u> | <u>(3.3)</u> |
| Total liabilities | <u>3,789</u> | <u>3,845</u> | <u>4,033</u> | <u>(1.5)</u> |
| Deferred Inflows of Resources | | | | |
| Deferred bond refunding | 1 | 1 | --- | --- |
| Pension obligations | 32 | 43 | 46 | (25.6) |
| Other postemployment benefits | <u>142</u> | <u>107</u> | <u>92</u> | <u>32.7</u> |
| Total deferred inflows of resources | <u>175</u> | <u>151</u> | <u>138</u> | <u>15.9</u> |
| Net Position | | | | |
| Net Investment in capital assets | 29,429 | 29,025 | 28,532 | 1.4 |
| Restricted (internal service fund requirements set by legislation and highways and transportation uses)* | --- | --- | --- | --- |
| Unrestricted | <u>(573)</u> | <u>(833)</u> | <u>(855)</u> | <u>(31.2)</u> |
| Total net position | <u>\$28,856</u> | <u>\$28,192</u> | <u>\$27,677</u> | <u>2.4%</u> |

*Due to rounding Restricted Net Position does not show on this table.

The total assets of the Department were \$32.6 billion with deferred outflows of resources of \$218.0 million, while total liabilities were \$3.8 billion, with deferred inflows of resources of \$175.0 million, resulting in a net position of \$28.9 billion. Total assets increased \$662.7 million in 2020, compared to a \$280.9 million increase in 2019 from 2018. Total liabilities decreased \$56.3 million in 2020, compared to a \$187.5 million decrease in 2019 from 2018. The decrease in total liabilities in 2020 is due to debt repayment being less as bonds are paid off. Pension and OPEB liabilities also decreased in fiscal year 2020 due to changes to actuarial estimates and the amortization of liabilities. The decrease in total liabilities in 2019 is due to debt repayment. The largest portion of the Department's net position, \$29.4 billion, is the investment in capital assets (i.e., land, buildings, equipment, infrastructure and other) less any related debt outstanding needed to acquire or construct the asset. The Department uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. The negative unrestricted net position of the governmental activities first occurred when the Department adopted GASB 68 and GASB 71 in fiscal year 2015 requiring the Department to report its proportionate share of the net pension liability. In fiscal year 2018, the Department adopted GASB 75, which required the Department to report its share of the other postemployment benefit (OPEB) liability. The addition of the net pension and total OPEB liabilities results in assets no longer being available to meet other obligations.

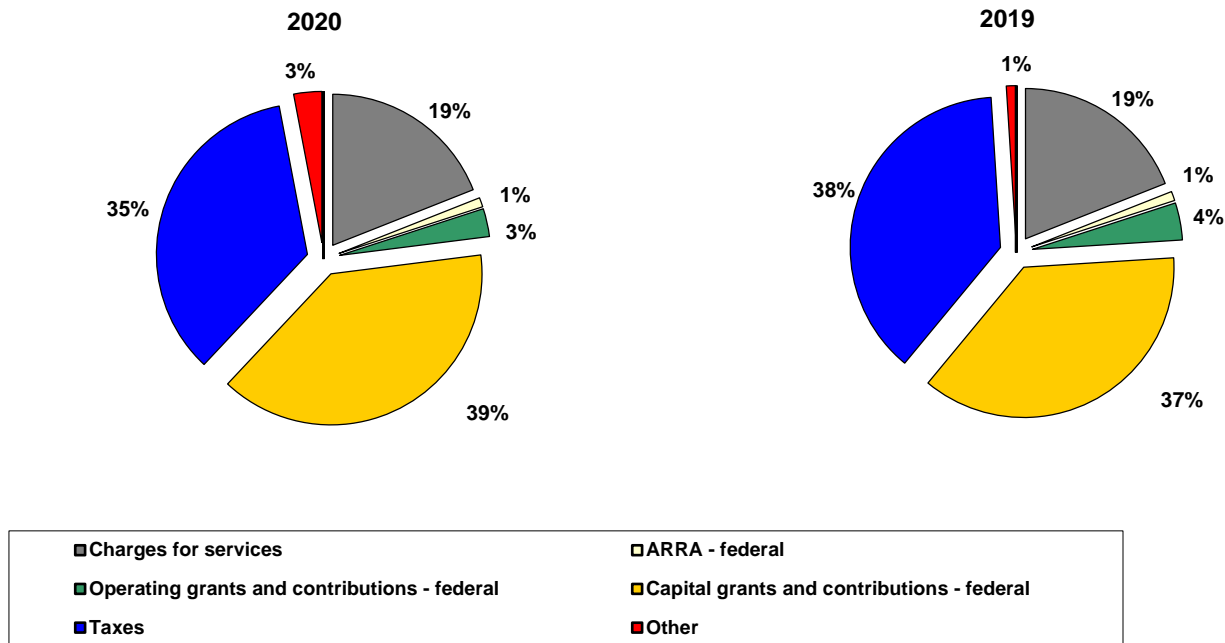
Statements of Activities

The following condensed financial information was derived from the government-wide Statements of Activities and reflects how the Department's net position changed during the year, compared to the prior years. The information is for the fiscal years ended June 30, 2020, 2019 and 2018:

| (Amounts in millions) | | | | Percent Change 2020-2019 |
|--|-----------------|--------------------|-----------------|--------------------------------|
| | 2020 | 2019 (restated) | 2018 | |
| Revenues | | | | |
| Program revenues | | | | |
| Charges for services | \$ 465 | \$ 434 | \$ 448 | 8.1% |
| American Recovery and Reinvestment Act | 12 | 12 | 13 | 0.0 |
| Operating grants and contributions – federal government | 74 | 80 | 69 | (12.5) |
| Capital grants and contributions – federal government | 974 | 874 | 949 | 11.4 |
| General revenues | | | | |
| Taxes | 874 | 876 | 900 | (0.2) |
| Investment earnings (loss) | 26 | 30 | 9 | (13.3) |
| Miscellaneous | 65 | 5 | 2 | 1,200.0 |
| Total revenues | <u>2,490</u> | <u>2,311</u> | <u>2,390</u> | <u>7.7</u> |
| Expenses | | | | |
| Program expenses | | | | |
| Administration | 12 | 14 | 9 | (14.3) |
| Fleet, facilities and information systems | 31 | 33 | 31 | (6.1) |
| Maintenance | 361 | 356 | 362 | 1.4 |
| Construction | 185 | 196 | 229 | (5.6) |
| Multimodal operations | 82 | 93 | 86 | (11.8) |
| Interest on debt | 67 | 75 | 83 | (10.7) |
| Other state agencies | 239 | 229 | 225 | 4.4 |
| Self insurance (workers' compensation and liability) | 13 | 12 | 21 | 8.3 |
| Medical and life insurance | 141 | 135 | 144 | 4.4 |
| Pension | 108 | 86 | 77 | 25.6 |
| Other postemployment benefits | 19 | 29 | 38 | (34.5) |
| Depreciation on assets | 568 | 546 | 520 | 4.0 |
| Total expenses | <u>1,826</u> | <u>1,804</u> | <u>1,825</u> | <u>1.2</u> |
| Changes in net position | <u>664</u> | <u>507</u> | <u>565</u> | <u>31.0</u> |
| Net position, beginning of year, as previously reported | 28,192 | 27,677 | 27,512 | 1.9 |
| Restatement of net position | --- | 8 | (400) | (100.0) |
| Net position, beginning of year, as restated | <u>28,192</u> | <u>27,685</u> | <u>27,112</u> | <u>1.8</u> |
| Net position, end of year | <u>\$28,856</u> | <u>\$28,192</u> | <u>\$27,677</u> | <u>2.4%</u> |

Governmental Activities

The following chart depicts revenues of the governmental activities, as a percent, for the fiscal years ended June 30, 2020 and 2019:



Revenues for the year increased \$177.9 million compared to a decrease of \$78.6 million in 2019 from 2018. Federal grants revenue, including capital grants and contributions, increased \$93.1 million from fiscal year 2019. The increase in federal revenue is attributed to an increase in contractor payments and the timing of reimbursements related to project expenditures associated with advance construction conversions. Advance construction is a Federal Highway Administration financing technique that allows states to initiate a project using non-federal funds and claim reimbursement at a later time when additional federal funds are available. Additionally, miscellaneous revenue increased by \$60.0 million. The majority of this increase is the \$50.0 million of General Revenue funding for the Focus on Bridges Program, a program to repair or replace 250 bridges.

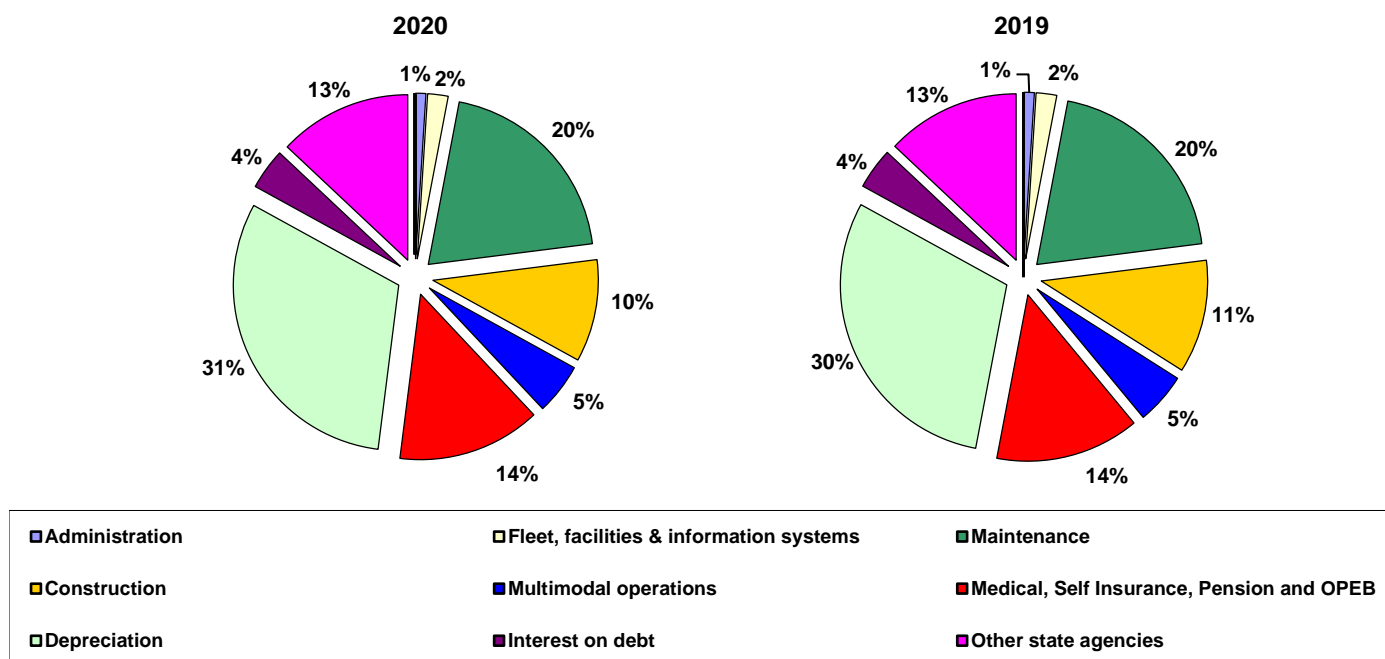
The following three revenue sources provided \$2.3 billion, or 92.9 percent, of the Department's revenues:

- Charges for services, including licenses, fees, permits and cost reimbursements: \$465.0 million
- Federal Highway Administration capital grants: \$974.0 million
- Sales and fuel taxes: \$874.0 million

In 2019, these same revenue sources provided \$2.2 billion (as restated), or 94.5 percent, of the Department's revenues.

Taxes remained one of the larger portions of revenue for the Department. Taxes overall decreased 0.2 percent with fuel taxes decreasing 2.9 percent. Sales tax revenues increased 3.6 percent in fiscal year 2020 from 2019.

The following chart depicts expenses of the governmental activities for the fiscal years ended June 30, 2020 and 2019:



Expenses for the year increased \$20.5 million, or 1.1 percent. The majority of the increase in expenses is for depreciation on assets, which is larger because the Department's construction program is growing. These increases were offset by decreases in the other categories like construction and multimodal operations.

The Department's expenses for construction and maintenance of the state's highway system totaled \$546.0 million and \$553.0 million in 2020 and 2019, respectively. This represents 29.9 percent and 30.6 percent of the total expenses for 2020 and 2019, respectively.

FUND FINANCIAL ANALYSIS

As previously mentioned, the Department uses fund accounting to ensure and demonstrate compliance with budgetary and legal requirements. The following is a brief discussion of highlights from the fund financial statements. The purpose of the Department's governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources.

Governmental Funds

The fund balances of the governmental funds were \$1.1 billion at the end of fiscal year 2020 and \$0.9 billion in both fiscal years 2019 and 2018. Revenues from the federal government increased \$81.9 million from 2019. Federal government revenues increased in federal revenue due to an increase in contractor payments and the timing of reimbursements related to project expenditures associated with advance construction conversions. The Department spent \$103.8 million more in 2020.

State Highways and Transportation Department Fund: The Highway Fund was established by statute to receive revenues derived from the use of state highways. The fund pays the costs incurred to collect revenues received and to administer and enforce state motor vehicle laws and traffic regulations. As shown on the Balance Sheets, the fund ended the fiscal year with assets of \$107.4 million, liabilities of \$13.6 million, deferred inflows of resources \$1.3 million and a restricted fund balance of \$92.5 million. The Constitution requires the balance of funds remaining after other state agency expenditures be transferred to the Road Fund.

As shown on the Statements of Revenues, Expenditures and Changes in Fund Balances of the governmental funds, the Highway Fund had \$708.5 million in revenues, compared to \$733.9 million from 2019. The decrease is from lower fuel tax and motor vehicle and drivers' license receipts. In 2019, revenues were \$2.9 million more than 2018.

State Road Fund: The Road Fund was constitutionally established to receive monies from highway user fees transferred from the Highway Fund, the motor vehicle sales tax, the federal government and other revenues. This is the primary operating fund of the Department and pays to construct, improve and maintain the state highway system and to administer the Commission and the Department. The fund ended the year with assets of \$1.1 billion, an increase of \$248.1 million from 2019. This compares to a decrease in 2019 of \$1.2 million from 2018. Deferred inflows of resources for the fund were \$10.1 million compared to \$15.5 million in fiscal year 2019. Liabilities totaled \$169.7 million, an increase of \$43.7 million from 2019, and fund balances totaled \$921.8 million, an increase of \$241.8 million from 2019 compared to a decrease of \$23.4 million in 2019 from 2018.

State Road Bond Fund: The Road Bond Fund was constitutionally established to receive monies from the state's motor vehicle sales tax. Monies are used to fund the repayment of bonds issued by the Commission. The fund was established in fiscal year 2006 as a debt service fund. At the end of this fiscal year, total assets were \$54.8 million, compared to \$55.9 million in 2019. The American Recovery and Reinvestment Act of 2009 (ARRA) revenue represents the federal government subsidy received for the Build America Bonds issued in 2010. Sales tax revenue increased \$7.3 million in 2020. Expenditures of the Road Bond Fund were \$200.2 million in 2020 compared to \$201.3 million in 2019.

Proprietary Funds

The Department's internal service funds consist of the MHTC Self Insurance Fund (workers' compensation, fleet liability and general liability) and the MoDOT and MSHP Medical and Life Insurance Plan. The self-insurance fund receives premiums from the Department for fleet and general liability claims and from the Department, MSHP and MoDOT and Patrol Employees' Retirement System (MPERS) for workers' compensation claims. The Department, MSHP, MPERS and plan members pay premiums to the medical and life insurance fund.

As shown on the Statements of Net Position – Proprietary Funds, total assets increased \$16.2 million in 2020 compared to an increase of \$21.8 million in 2019. Total current liabilities of the proprietary funds at the end of 2020 were \$43.4 million, a decrease of \$1.9 million from 2019. Total pending self-insurance claims and incurred but not reported claims decreased \$5.5 million compared to a \$9.1 million decrease in 2019 from 2018.

Total net position of the internal service funds increased at the end of the current fiscal year to \$97.8 million, compared to \$74.5 million in fiscal year 2019. Highway workers' compensation and general liability expenses increased \$3.8 million.

The largest operating expenses of the proprietary funds, medical and prescription drug benefits, totaled \$125.4 million compared to \$120.9 million in 2019. This accounts for 81.5 percent of the total operating expenses, compared to 82.1 percent in 2019. This \$4.5 million increase compares to a \$8.6 million decrease in 2019 from 2018. The change in net position of the Self Insurance Fund was an increase of \$10.6 million in fiscal year 2020 compared to a change in net position of a positive \$11.9 million in fiscal year 2019. Operating income for the MHTC Self Insurance Fund decreased from \$7.3 million in 2019 to \$6.9 million in 2020. The decrease in operating income can be attributed to an increase in highway general liability claims. The change in net position of the medical and life insurance plan was a positive \$12.7 million in fiscal year 2020 compared to a positive change in net position of \$18.5 million in fiscal year 2019. The operating income can be attributed to a decrease in the dollar amount of medical claims and the change in the incurred but not reported claims.

Fiduciary Funds

The Department's fiduciary funds are used to account for monies held on behalf of various political subdivisions and other interested parties. These funds act as clearing accounts and thus have a net position of zero.

SIGNIFICANT EVENTS FOR THE YEAR ENDED JUNE 30, 2020

In March 2020, the global pandemic occurred impacting the global economy including the economy in Missouri. The impact of the pandemic was noticed in the Department's revenue sources as traffic volumes were reduced by 50 percent and businesses and governmental entities were closed for periods of time. The Department responded by ensuring only critical expenditures were being made, only critical job fills were completed and adjusting our operations to protect our employees and the public. With reduced traffic volumes and favorable spring weather, construction projects were moved forward in the spring of 2020. In response to the uncertain future revenues, the Department implemented for 12-weeks a Shared Work Program offered by the Missouri Department of Labor, in which 80 percent of the staff reduced their hours by 20 percent and then qualified to receive 20 percent of the unemployment weekly benefit they would have received if unemployed. In addition, employees receiving unemployment also received an additional \$600 weekly payment from the Coronavirus Aid, Relief, and Economic Security (CARES) Act for the first six weeks of the program and eligible employees received an additional \$300 weekly payment for the following six weeks. The program ended September 5, 2020. In addition to the Shared Work Program, the remaining 20 percent of employees had their pay reduced by 5 percent. The salary reduction was originally for a five pay period time frame; however, because the declines in revenue were not as significant as originally anticipated and other cost savings measures were taken, the salary reduction ended after two pay periods. These two efforts saved the department approximately \$13.8 million in personal service costs.

During the 2019 legislative session, Governor Parson recommended, and the legislature approved a concurrent resolution to fund 250 bridge projects, bridges that were already programmed for repair or replacement in the current STIP. This program has been titled, Focus on Bridges. The legislation authorized the use of General Revenue to repay the Commission issued debt of \$301.0 million in bonds to repair or replace 215 bridges, contingent on the department receiving funding in the form of a federal Infrastructure for Rebuilding America (INFRA) grant. The bonds would be paid back over a seven-year period. In July 2019, the Department learned that it had been awarded \$81.2 million for the grant application to help fund the \$255.8 million project for improvements to the I-70 freight corridor – specifically to replace the I-70 Missouri River Bridge at Rocheport, Missouri and the addition of climbing lanes at Mineola Hill in Montgomery County. The acceptance of the grant in October 2019 triggered the issuance of bonds. In addition, the legislature appropriated \$50.0 million of General Revenue to address additional bridges.

Related to the project above, on November 6, 2019, the Commission authorized the issuance of up to \$201.0 million in Third Lien State Road Bonds, Series B 2019. On November 13, 2019, the Commission sold \$178.4 million of the authorized bonds to get \$201.0 million in proceeds. The bonds bear interest payable semiannually with a true-interest-cost of 1.247 percent. The bonds are due in annual installments beginning on November 1, 2020. The bonds were issued with ratings of Aa1, AA+ and AA+ from Moody's Investor Services, Inc., S&P Global Ratings and Fitch Ratings, Inc., respectively. The bonds are payable from and secured primarily from General Revenue appropriated by the legislature.

During the 2019 legislative session, Governor Parson recommended, and the legislature passed \$50.0 million of General Revenue funds for a new Transportation Cost-Share program. This program, a cooperative effort between the Department and the Department of Economic Development, allowed local communities to apply for cost-share funds for transportation projects on public roads that generate economic benefit to the state. The Department received 48 applications requesting \$91.7 million in funds. Projects were initially selected by the Commission in January 2020 and an additional project was approved in April 2020.

The MHTC selected a contractor in December 2017 to design and build improvements to I-435 from Kansas state line to I-49 in the Kansas City area. Construction on the \$74.8 million project began in the summer of 2018 and will last through the spring of 2020. The I-435 corridor was originally constructed in 1966 as a six-lane freeway, and an additional lane was added in phases from 1983 to 1994. Improvements have been made over the past 20 years by both MoDOT and the Kansas Department of Transportation, but overall this corridor has been left virtually unchanged. This project will address congestion as well as the aging bridges. The project was completed in May 2020.

The MHTC selected a contractor in August 2018 to replace the bridges within the I-435 and I-70 interchange in the Kansas City area. Improvements include full bridge replacements, removal of left exits, improvements to loop ramp configuration and congestion relief. Construction on the \$47.0 million project began in March 2019 and is expected to be completed in December 2020.

MoDOT is replacing the I-44 bridges over the Meramec River in the St. Louis area. The project was awarded in June 2018 for \$51.1 million and is expected to be completed in the spring of 2022.

Construction began in the spring of 2019 on the I-44 Rebuild Bridge Project which will improve 19 bridges along the 30-mile tract of I-44 between Sarcosie and Halltown. This project will replace 13 bridges and rehabilitate 6 bridges that are deteriorating as part of the original I-44 construction in the 1960s. The project is estimated to cost \$36.0 million and is expected to be completed in December 2021.

The I-270 North Project, costing \$278.0 million, will address safety, congestion and system condition issues in the I-270 north corridor in the St. Louis area from I-70 to the Chain of Rocks Bridge. A design-build team selected a contractor in November 2019 and construction began in the spring of 2020. The project is expected to be completed by December 2023.

The I-70 INFRA Discretionary Grant improvements to the Rocheport Bridge and Mineola Hill has begun. The Mineola Hill project to add climbing lanes to I-70 in the area of Mineola Hill to help accommodate slower traffic on the hills is estimated to cost \$14.4 million and was awarded in April 2020. The project is expected to be completed in August of 2021. The Rocheport Bridge replacement is scheduled to begin in early 2021 and will have a budget of \$240.0 million

In fiscal year 2020, the construction award amount was more than the budgeted amount as it was in fiscal years 2019, 2018, 2017 and 2016. The Department has successfully used a variety of innovations, which focus on getting the most value for each tax dollar, to minimize the impacts of rising costs. These innovations include:

- practical design, governed by three ground rules – safety, communication and quality – delivers “good” projects everywhere, instead of “perfect” projects somewhere;
- value engineering, a systematic process to review and provide recommendations to improve value while addressing the project's purpose and need;
- alternate bidding of materials on specific projects;
- alternate technical concepts allowing the bidder to propose design changes with bid submittal; and
- packaging of bids to increase competition among bidders.

The Department is recognized nationally by other departments of transportation for its performance management system and practical design efforts. In fact, the Federal Highway Administration has acknowledged the Department's performance management system as a noteworthy practice because it achieves accountability and transparency, aligns performance measures and strategic goals and is an outcome-based performance management tool.

CAPITAL ASSETS AND LONG-TERM OBLIGATION ADMINISTRATION

Capital Assets

The Department's investment in capital assets for its governmental activities as of June 30, 2020, totals \$57.5 billion, with accumulated depreciation of \$26.4 billion and a net value of \$31.1 billion. The net value represents an increase of \$418.0 million from fiscal year 2019, compared to an increase of \$270.0 million in 2019 from 2018. These assets are summarized in the table below. Additional information about the Department's capital assets is presented in the Notes to the Financial Statements.

| (Amounts in millions) | | | | Percent Change 2020-2019 |
|------------------------------|------------------------|------------------------|------------------------|--------------------------------|
| | 2020 | 2019 | 2018 | |
| Land and permanent easements | \$ 2,626 | \$ 2,625 | \$ 2,634 | --- |
| Software in progress | 7 | 5 | 5 | 40.0 |
| Construction in progress | 32 | 21 | 14 | 52.4 |
| Infrastructure in progress | 1,882 | 1,700 | 1,550 | 10.7 |
| Land improvements | 12 | 13 | 14 | (7.7) |
| Buildings | 143 | 147 | 150 | (2.7) |
| Software | 6 | 9 | 9 | (33.3) |
| Vehicles and equipment | 212 | 208 | 206 | 1.9 |
| Temporary easements | 1 | 1 | 1 | --- |
| Infrastructure | <u>26,197</u> | <u>25,971</u> | <u>25,847</u> | <u>0.9</u> |
| Total | <u>\$31,118</u> | <u>\$30,700</u> | <u>\$30,430</u> | <u>1.4%</u> |

As provided by generally accepted accounting principles (GAAP), the Department records its infrastructure assets at actual or estimated historical cost. Included in infrastructure are 33,832 miles of highways and 10,397 bridges that the Department is responsible for maintaining.

The Statewide Transportation Improvement Program (STIP) sets the specific construction projects the Department will undertake in the next five years. It covers highways and bridges, transit, aviation, rail, waterways, enhancements and other projects. The program, updated annually, is dynamic with adjustments made to project plans during the life of the STIP based on needs and goals of the Department. The Commission approves amendments during the fiscal year as circumstances require.

Long-Term Obligation Administration

The following table presents a summary of the Department's long-term obligations for governmental activities. Additional information about the Department's long-term obligations is presented in the Notes to the Financial Statements.

| (Amounts in millions) | | | | Percent Change 2020-2019 |
|-------------------------------------|----------------|----------------|----------------|--------------------------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | |
| State road bonds | \$1,624 | \$1,614 | \$1,832 | 0.6% |
| Premium on bonds | 82 | 86 | 104 | (4.7) |
| Advances from other entities | 1 | 1 | 1 | --- |
| Capital lease obligations* | --- | --- | --- | --- |
| Compensated absences | 35 | 34 | 33 | 2.9 |
| Other liabilities | --- | 1 | 2 | (100.0) |
| Total obligations | <u>1,742</u> | <u>1,736</u> | <u>1,972</u> | 0.3 |
| Current portion of obligations | <u>239</u> | <u>193</u> | <u>234</u> | <u>23.8</u> |
| Total noncurrent obligations | <u>\$1,503</u> | <u>\$1,543</u> | <u>\$1,738</u> | <u>(2.6)%</u> |

*Due to rounding, other liabilities do not show on this table.

The Department's total noncurrent obligations, excluding pending self insurance claims, incurred but unreported claims, pension and other postemployment benefit obligations decreased \$40.0 million from 2019, compared to a decrease of \$195.0 million in 2019 from 2018. At the end of the current fiscal year, state road bonds total \$1.6 billion, or 93.0 percent, of the total obligations. Revenues collected under Article IV, Section 30(a) and (b) of the Missouri Constitution, revenues collected from federal highway reimbursements and appropriations of General Revenue made by the legislature for the repayment of bonds. These revenues are state highway user fees, including fuel taxes, sales taxes, licenses and fees and federal highway reimbursements. Principal payments are due on various dates through fiscal year 2033.

The advances from other entities are related to construction projects accelerated to meet the needs of the users. Principal payments are due on various dates through fiscal year 2021.

The Department has zero capital lease obligations at the end of fiscal year 2020.

RECENT EVENTS AND FUTURE BUDGETS

The Department's fiscal year 2021 budget for all funds was approved by the Legislature in May 2020 and signed into law by the Governor in June 2020. The fund level is the legal level of control for the State Road Fund, with approval of the State Road Fund budget by the Commission. The Commission approved the budget for all funds in June 2020, with a total spending plan of \$3.2 billion, which equals the amount approved by the legislature. The fiscal year 2021 budget is more than the fiscal year 2020 budget by \$147.4 million. Program funds over the next several years will continue to focus on taking care of the existing transportation system with few expansion projects.

In December 2015, Congress passed the Fixing America's Surface Transportation (FAST) Act, which is a five-year, \$305.0 billion transportation bill for the nation's transportation projects. Prior to the FAST Act, Congress had not passed a long-term highway authorization act since 2005. The FAST Act is funded with receipts into the Highway Trust Fund, a transfer from the General Fund and additional funding offsets. This bill is set to expire at the end of federal fiscal year 2020. While much discussion regarding a reauthorization act has occurred, Congress needs to continue to work on a long-term source of transportation revenue to support the nation's infrastructure needs. On July 30, 2019, the U.S. Senate Environment and Public Works (EPW) Committee passed America's Transportation Infrastructure Act (ATIA). On July 1, 2020, the House passed the Investing in a New Vision for the Environment and Surface Transportation in America (INVEST in America) Act, a \$494.0 billion surface transportation reauthorization bill. Given the other priorities of Congress, the Department anticipates continuing resolutions will be passed until a new authorization bill is agreed upon.

Annually, the Department prepares a financial forecast that is used to develop its STIP. The annual update to the STIP is normally presented in draft form to the Commission in May, with the final STIP presented to the Commission in July. Due to the uncertain nature of the COVID-19 pandemic and its effect on transportation funding, the annual STIP update has been delayed. The department continues to use the 2020-2024 STIP as amended in April 2020 for fiscal year 2021. MoDOT's 2020-2024 STIP presents a multi-year plan that uses available cash balances to meet current federal funding investment levels. The result is an increase in construction awards. Even with the higher contractor awards, the funds available will be focused primarily on maintaining the current transportation system. This

means more maintenance-related activities like resurfacing and bridge repair projects rather than expansion projects. The financial forecast will be refreshed in the fall and will determine the projected awards for the upcoming years.

In July 2020, the design build procurement for the Buck O'Neil Bridge replacement and interchange improvements began with an anticipated award date of February 2021. This project's budget is \$247.5 million with \$72.5 million provided by the City of Kansas City along with a \$25.0 million Better Utilizing Investments to Leverage Development (BUILD) Transportation Discretionary Grant obtained by the City. The project completion date is anticipated in December 2024.

In August 2020, a contractor was selected for the Bootheel Bridge Bundle design build project. This project will improve by replacing or rehabilitating 17 bridges, 13 of which are included in the Focus on Bridges Program. The estimated cost of the project is \$25.5 million and is expected to be completed by December 2023.

ECONOMIC CONDITIONS

The current economic environment presents government entities, including state transportation departments, with challenges. The National and Missouri's economy was interrupted in the spring of 2020 because of a global pandemic. The global pandemic resulted in many citizens that were not serving in critical functions being asked to shelter in place. The impacts to the economy will be felt for months to come and is reflected in key indicators. Consumer confidence declined in fiscal year 2020, which indicates that consumers are not as optimistic about the economy as they have been in recent years. The unemployment rate in Missouri has risen. While declines in the three primary state revenue sources have not been as significant as originally anticipated, a certain amount of uncertainty exists as to the stability of the three primary state revenue sources for transportation. The bidding environment for fiscal year 2020 was favorable, but was less so in fiscal year 2019. During the previous five fiscal years, 2016-2020, 2,040 highway and bridge construction projects estimated at \$4.1 billion were awarded for \$3.9 billion, a 6.2 percent difference.

CONTACTING THE DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Missouri Department of Transportation's interested parties, including citizens, taxpayers, customers, investors and creditors, with a general overview of the Department's finances and to demonstrate the Department's accountability for the money it receives. Questions about this report or requests for additional financial information should be addressed to the Missouri Department of Transportation, Financial Services Division, P.O. Box 270, Jefferson City, MO 65102. This report is also included in the Report to the Joint Committee on Transportation Oversight and is available on the Department's website at www.modot.org.



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Government-wide Financial Statements

Statements of Net Position

June 30, 2020 and 2019

| | Governmental Activities | |
|---|--------------------------------|--------------------------------|
| | 2020 | 2019 |
| | | (as restated) |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 999,926,858 | \$ 775,280,918 |
| Investments | 13,399,560 | 26,405,247 |
| Restricted cash and investments | 18,645,000 | 18,658,500 |
| State taxes and fees receivables | 156,895,923 | 155,403,326 |
| Federal government receivables | 102,042,158 | 80,277,043 |
| Miscellaneous receivables, net | 16,764,298 | 25,096,652 |
| Loans receivable | 149,831 | 195,973 |
| Inventories | <u>36,171,482</u> | <u>32,865,425</u> |
| Total current assets | <u>1,343,995,110</u> | <u>1,114,183,084</u> |
| Noncurrent assets | | |
| Investments | 139,472,987 | 120,582,936 |
| Restricted cash and investments | 200,000 | 200,000 |
| Miscellaneous receivables, net | --- | 3,517,630 |
| Loans receivable | 671,446 | 963,857 |
| Capital assets | | |
| Assets not being depreciated | 4,547,749,980 | 4,352,120,484 |
| Assets being depreciated, net | <u>26,569,994,757</u> | <u>26,347,856,531</u> |
| Total noncurrent assets | <u>31,258,089,170</u> | <u>30,825,241,438</u> |
| Total assets | <u>32,602,084,280</u> | <u>31,939,424,522</u> |
| Deferred Outflows of Resources | | |
| Bond refunding | 18,920,800 | 27,700,484 |
| Pension related items | 182,100,338 | 203,935,488 |
| Other postemployment benefits obligation | 17,233,493 | 17,623,418 |
| Asset retirement obligations | <u>43,955</u> | <u>43,955</u> |
| | <u>218,298,586</u> | <u>249,303,345</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | 140,487,523 | 122,023,909 |
| Accrued payroll | 23,702,228 | 25,838,467 |
| Accrued interest payable | 17,372,936 | 14,167,988 |
| Deposits | 1,713,575 | 2,102,908 |
| Unearned revenue | 39,147,615 | 47,595,850 |
| Pending self insurance claims | 16,981,000 | 17,461,000 |
| Incurred but not reported claims | 16,203,000 | 16,033,000 |
| Other postemployment benefits obligation | 17,570,000 | 17,558,000 |
| Financing and other obligations | <u>239,112,720</u> | <u>192,823,219</u> |
| Total current liabilities | <u>512,290,597</u> | <u>455,604,341</u> |
| Noncurrent liabilities | | |
| Pending self insurance claims | 34,555,193 | 37,528,093 |
| Incurred but not reported claims | 11,606,000 | 13,824,000 |
| Net pension liability | 1,006,396,262 | 1,040,233,956 |
| Other postemployment benefits obligation | 721,215,055 | 755,173,539 |
| Financing and other obligations | <u>1,503,046,375</u> | <u>1,543,073,546</u> |
| Total noncurrent liabilities | <u>3,276,818,885</u> | <u>3,389,833,134</u> |
| Total liabilities | <u>3,789,109,482</u> | <u>3,845,437,475</u> |
| Deferred Inflows of Resources | | |
| Deferred bond refunding | 919,269 | 1,390,307 |
| Pension related items | 31,792,769 | 42,754,061 |
| Other postemployment benefits obligation | <u>142,405,099</u> | <u>106,936,095</u> |
| Total deferred inflows of resources | <u>175,117,137</u> | <u>151,080,463</u> |
| Net Position | | |
| Net investment in capital assets | 29,428,984,774 | 29,025,481,179 |
| Restricted for: | | |
| Internal service fund requirements set by legislation | 300,000 | 300,000 |
| Unrestricted | <u>(573,128,527)</u> | <u>(833,571,250)</u> |
| Total net position | <u>\$28,856,156,247</u> | <u>\$28,192,209,929</u> |

Statements of Activities

Years Ended June 30, 2020 and 2019

| | Governmental Activities | |
|---|--------------------------------|--------------------------|
| | 2020 | 2019 |
| | | (as restated) |
| Transportation Program Expenses | | |
| Administration | \$ 11,317,765 | \$ 14,132,903 |
| Fleet, facilities and information systems | 31,080,003 | 33,329,244 |
| Maintenance | 360,737,146 | 356,188,946 |
| Construction | 185,287,426 | 196,632,563 |
| Multimodal operations | 82,201,714 | 92,945,179 |
| Interest | 66,973,202 | 75,580,651 |
| Other state agencies | 239,306,447 | 228,881,201 |
| Self insurance | 13,154,721 | 12,456,431 |
| Medical and life insurance | 140,749,328 | 134,871,388 |
| Pension | 107,972,816 | 85,991,243 |
| Other postemployment benefits | 19,104,238 | 28,668,711 |
| Depreciation | 568,020,992 | 545,752,607 |
| Total transportation program expenses | 1,825,905,798 | 1,805,431,067 |
| Transportation Program Revenues | | |
| Charges for services | | |
| Licenses, fees and permits | 317,564,600 | 324,714,272 |
| Intergovernmental/cost reimbursements/miscellaneous | 100,452,798 | 61,633,188 |
| Interest | --- | 5,105 |
| Member insurance premiums | 47,366,126 | 47,665,381 |
| Total charges for services | 465,383,524 | 434,017,946 |
| Federal government | | |
| American Recovery and Reinvestment Act | 12,142,261 | 12,379,401 |
| Operating | 73,684,324 | 80,079,170 |
| Capital | 973,625,494 | 873,876,510 |
| Total federal government | 1,059,452,079 | 966,335,081 |
| Total transportation program revenues | 1,524,835,603 | 1,400,353,027 |
| Net expense of transportation program | (301,070,195) | (405,078,040) |
| General Revenues | | |
| Fuel taxes | 497,661,349 | 512,453,532 |
| Sales taxes | 376,818,209 | 363,664,306 |
| Unrestricted investment earnings (loss) | 25,787,603 | 30,468,018 |
| State appropriations | 63,477,556 | 19,493,781 |
| Gain (loss) on sale of capital assets | 1,271,796 | (14,519,409) |
| Total general revenues | 965,016,513 | 911,560,228 |
| Changes in Net Position | 663,946,318 | 506,482,188 |
| Net Position, beginning of year, as restated | 28,192,209,929 | 27,685,727,741 |
| Net Position, end of year | \$ 28,856,156,247 | \$ 28,192,209,929 |

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



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Fund Financial Statements

Balance Sheets

Governmental Funds

June 30, 2020 and 2019

| | 2020 | | | | |
|---|--|-------------------------|----------------------------|-----------------------------------|--------------------------------|
| | State Highways and Transportation Department Fund | State Road Fund | State Road Bond Fund | Nonmajor Governmental Funds | Total Governmental Funds |
| Assets | | | | | |
| Cash and cash equivalents | \$ 3,697,928 | \$ 909,087,750 | \$32,039,156 | \$ 23,683,185 | \$ 968,508,019 |
| State taxes and fees receivables | 102,419,706 | 31,093,164 | 22,595,235 | 787,818 | 156,895,923 |
| Federal government receivables | --- | 94,316,188 | --- | 7,725,970 | 102,042,158 |
| Miscellaneous receivables, net | 1,260,325 | 12,303,955 | 174,462 | 287,546 | 14,026,288 |
| Loans receivable | --- | --- | --- | 821,277 | 821,277 |
| Due from other funds | --- | 98,754 | --- | --- | 98,754 |
| Inventories | --- | 36,171,482 | --- | --- | 36,171,482 |
| Restricted cash and investments | --- | 18,545,000 | --- | --- | 18,545,000 |
| Total assets | \$ 107,377,959 | \$ 1,101,616,293 | \$54,808,853 | \$ 33,305,796 | \$1,297,108,901 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 5,281,270 | \$ 124,495,514 | \$ --- | \$ 9,890,795 | \$ 139,667,579 |
| Accrued payroll | 8,291,321 | 15,302,470 | --- | 108,437 | 23,702,228 |
| Deposits | --- | 1,713,575 | --- | --- | 1,713,575 |
| Unearned revenue | --- | 28,144,762 | --- | 1,622,945 | 29,767,707 |
| Due to other funds | --- | --- | --- | 98,754 | 98,754 |
| Total liabilities | 13,572,591 | 169,656,321 | --- | 11,720,931 | 194,949,843 |
| Deferred Inflows of Resources | | | | | |
| Unavailable Revenues | 1,269,601 | 10,145,721 | --- | 129,045 | 11,544,367 |
| Total deferred inflows of resources | 1,269,601 | 10,145,721 | --- | 129,045 | 11,544,367 |
| Fund balances | | | | | |
| Nonspendable – inventories | --- | 36,171,482 | --- | --- | 36,171,482 |
| Unassigned | --- | --- | --- | (1,063,587) | (1,063,587) |
| Restricted – highways and transportation | 92,535,767 | 885,642,769 | 54,808,853 | 22,519,407 | 1,055,506,796 |
| Total fund balances | 92,535,767 | 921,814,251 | 54,808,853 | 21,455,820 | 1,090,614,691 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 107,377,959 | \$ 1,101,616,293 | \$54,808,853 | \$ 33,305,796 | \$ 1,297,108,901 |

2019

| State Highways and Transportation Department Fund (as restated) | State Road Fund (as restated) | State Road Bond Fund | Nonmajor Governmental Funds | Total Governmental Funds (as restated) |
|---|-------------------------------------|----------------------------|-----------------------------------|---|
| \$ 6,685,965 | \$ 685,516,895 | \$ 38,445,008 | \$23,863,122 | \$ 754,510,990 |
| 111,473,412 | 25,884,669 | 17,249,301 | 795,944 | 155,403,326 |
| --- | 72,718,790 | --- | 7,558,253 | 80,277,043 |
| 1,226,537 | 17,899,730 | 210,869 | 6,221,306 | 25,558,442 |
| --- | --- | --- | 1,159,830 | 1,159,830 |
| --- | 72,732 | --- | --- | 72,732 |
| --- | 32,865,425 | --- | --- | 32,865,425 |
| --- | 18,558,500 | --- | --- | 18,558,500 |
| <u>\$ 119,385,914</u> | <u>\$ 853,516,741</u> | <u>\$ 55,905,178</u> | <u>\$39,598,455</u> | <u>\$ 1,068,406,288</u> |
| | | | | |
| \$ 1,470,803 | \$ 101,355,092 | \$ --- | \$16,714,998 | \$ 119,540,893 |
| 8,104,233 | 17,618,837 | --- | 115,397 | 25,838,467 |
| --- | 2,102,908 | --- | --- | 2,102,908 |
| --- | 36,868,608 | --- | 1,410,394 | 38,279,002 |
| --- | --- | --- | 72,732 | 72,732 |
| <u>9,575,036</u> | <u>157,945,445</u> | <u>---</u> | <u>18,313,521</u> | <u>185,834,002</u> |
| <u>76,418</u> | <u>15,521,860</u> | <u>---</u> | <u>38,923</u> | <u>15,637,201</u> |
| <u>76,418</u> | <u>15,521,860</u> | <u>---</u> | <u>38,923</u> | <u>15,637,201</u> |
| --- | 32,865,425 | --- | --- | 32,865,425 |
| --- | --- | --- | (677,799) | (677,799) |
| <u>109,734,460</u> | <u>647,184,011</u> | <u>55,905,178</u> | <u>21,923,810</u> | <u>834,747,459</u> |
| <u>109,734,460</u> | <u>680,049,436</u> | <u>55,905,178</u> | <u>21,246,011</u> | <u>866,935,085</u> |
| <u>\$ 119,385,914</u> | <u>\$ 853,516,741</u> | <u>\$ 55,905,178</u> | <u>\$39,598,455</u> | <u>\$ 1,068,406,288</u> |

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



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Reconciliation of the Governmental Funds Balance Sheets to the Statements of Net Position

Governmental Funds

June 30, 2020 and 2019

| | Total | |
|--|-------------------------|-------------------------------------|
| | 2020 | 2019 (as restated) |
| Fund balances – total governmental funds | \$ 1,090,614,691 | \$ 866,935,085 |
| Amounts reported for governmental activities in the statements of net position are different because: | | |
| Capital assets, net of accumulated depreciation of \$26,405,525,785 and \$25,934,393,424 in 2020 and 2019 respectively, used in governmental activities are not financial resources, and therefore, are not reported in the funds. | 31,117,744,737 | 30,699,977,015 |
| Amounts resulting from the difference calculated between the reacquisition price and the net carrying amount of refunded bonds, reported as deferred outflows of resources, are not reported in the funds. | 18,920,800 | 27,700,484 |
| Amounts resulting from the difference calculated between the reacquisition price and the net carrying amount of refunded bonds, reported as deferred inflows of resources, are not reported in the funds. | (919,269) | (1,390,307) |
| Some revenue will be collected after the availability period and is deferred in the fund statements; however, it is recognized in the government-wide statements. | 11,544,367 | 15,637,201 |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included only in the statements of net position. | | |
| Medical and life insurance plan | 50,453,340 | 37,730,527 |
| Self insurance plan | 47,331,011 | 36,737,467 |
| Certain changes in the net pension liability, other postemployment benefits liability and asset retirement obligations are amortized over time and are not reported in the funds. | | |
| Net pension liability | 150,307,569 | 161,181,427 |
| Other postemployment benefits obligations | (125,171,606) | (89,312,677) |
| Asset retirement obligations | 43,955 | 43,955 |
| Certain liabilities, including bonds payable, are not due and payable in the current period, and, therefore, are not reported in the funds. | | |
| Financing and other obligations | (1,742,159,095) | (1,735,896,765) |
| Net pension liability | (1,006,396,262) | (1,040,233,956) |
| Other postemployment benefits obligations | (738,785,055) | (772,731,539) |
| Accrued interest payable | (17,372,936) | (14,167,988) |
| Total net position – governmental activities | \$28,856,156,247 | \$28,192,209,929 |

Statements of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Years Ended June 30, 2020 and 2019

| | 2020 | | | | |
|--|---|-----------------------|----------------------------|-----------------------------------|--------------------------------|
| | State Highways and Transportation Department Fund | State Road Fund | State Road Bond Fund | Nonmajor Governmental Funds | Total Governmental Funds |
| Revenues | | | | | |
| Fuel taxes | \$ 497,329,306 | \$ 97,140 | \$ --- | \$ 234,903 | \$ 497,661,349 |
| Sales taxes | 1,958,285 | 180,245,383 | 185,191,760 | 9,422,781 | 376,818,209 |
| Licenses, fees and permits | 207,004,132 | 107,885,485 | --- | 2,534,374 | 317,423,991 |
| Intergovernmental/cost reimbursements/miscellaneous | 987,518 | 93,428,416 | --- | 1,958,401 | 96,374,335 |
| Investment earnings | 1,177,708 | 17,262,386 | 1,745,364 | 236,110 | 20,421,568 |
| American Recovery and Reinvestment Act | --- | --- | 12,142,261 | --- | 12,142,261 |
| State government | --- | --- | --- | 63,477,556 | 63,477,556 |
| Federal government | --- | 971,558,872 | --- | 73,555,890 | 1,045,114,762 |
| Total revenues | <u>708,456,949</u> | <u>1,370,477,682</u> | <u>199,079,385</u> | <u>151,420,015</u> | <u>2,429,434,031</u> |
| Expenditures | | | | | |
| Administration | --- | 57,741,666 | --- | --- | 57,741,666 |
| Fleet, facilities and information systems | --- | 40,578,228 | --- | --- | 40,578,228 |
| Maintenance | --- | 460,484,860 | --- | 18,034,062 | 478,518,922 |
| Construction | --- | 241,051,409 | --- | --- | 241,051,409 |
| Multimodal operations | --- | 874,222 | --- | 82,505,487 | 83,379,709 |
| Capital outlay | --- | 1,003,097,446 | --- | 124,003 | 1,003,221,449 |
| Debt service - principal | --- | 44,460,000 | 124,140,000 | --- | 168,600,000 |
| Debt service - interest | --- | 6,377,945 | 76,035,710 | --- | 82,413,655 |
| Other state agencies | 270,466,500 | --- | --- | --- | 270,466,500 |
| Total expenditures | <u>270,466,500</u> | <u>1,854,665,776</u> | <u>200,175,710</u> | <u>100,663,552</u> | <u>2,425,971,538</u> |
| Excess of revenues over (under) expenditures | <u>437,990,449</u> | <u>(484,188,094)</u> | <u>(1,096,325)</u> | <u>50,756,463</u> | <u>3,462,493</u> |
| Other Financing Sources (Uses) | | | | | |
| Payment to escrow agent | --- | --- | --- | --- | --- |
| Refunding bonds issued | --- | --- | --- | --- | --- |
| Bonds issued | --- | 178,370,000 | --- | --- | 178,370,000 |
| Premium on bonds | --- | 23,142,582 | --- | --- | 23,142,582 |
| Capital asset sales | --- | 18,704,531 | --- | --- | 18,704,531 |
| Transfers in | --- | 505,735,796 | --- | --- | 505,735,796 |
| Transfers out | (455,189,142) | --- | --- | (50,546,654) | (505,735,796) |
| Total other financing sources (uses) | <u>(455,189,142)</u> | <u>725,952,909</u> | <u>---</u> | <u>(50,546,654)</u> | <u>220,217,113</u> |
| Net Changes in Fund Balances | <u>(17,198,693)</u> | <u>241,764,815</u> | <u>(1,096,325)</u> | <u>209,809</u> | <u>223,679,606</u> |
| Fund Balances, beginning of year as restated | <u>109,734,460</u> | <u>680,049,436</u> | <u>55,905,178</u> | <u>21,246,011</u> | <u>866,935,085</u> |
| Fund Balances, end of year | <u>\$ 92,535,767</u> | <u>\$ 921,814,251</u> | <u>\$ 54,808,853</u> | <u>\$ 21,455,820</u> | <u>\$ 1,090,614,691</u> |

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

2019

| State Highways and Transportation Department Fund (as restated) | State Road Fund (as restated) | State Road Bond Fund | Nonmajor Governmental Funds | Total Governmental Funds (as restated) |
|--|-------------------------------------|----------------------------|-----------------------------------|---|
| \$ 512,096,886 | \$ 111,570 | \$ --- | \$ 245,076 | \$ 512,453,532 |
| 1,967,991 | 173,137,348 | 177,857,331 | 10,701,636 | 363,664,306 |
| 215,670,230 | 106,016,206 | --- | 3,027,836 | 324,714,272 |
| 2,854,099 | 49,435,908 | --- | 1,420,530 | 53,710,537 |
| 1,334,963 | 20,377,346 | 2,222,515 | 284,681 | 24,219,505 |
| --- | --- | 12,379,401 | --- | 12,379,401 |
| --- | --- | --- | 19,493,781 | 19,493,781 |
| --- | 879,022,017 | --- | 80,079,170 | 959,101,187 |
| <u>733,924,169</u> | <u>1,228,100,395</u> | <u>192,459,247</u> | <u>115,252,710</u> | <u>2,269,736,521</u> |
| --- | 61,251,448 | --- | --- | 61,251,448 |
| --- | 43,427,837 | --- | --- | 43,427,837 |
| --- | 451,493,502 | --- | 19,418,320 | 470,911,822 |
| --- | 254,928,573 | --- | --- | 254,928,573 |
| --- | 622,367 | --- | 93,560,372 | 94,182,739 |
| --- | 834,922,483 | --- | 136,983 | 835,059,466 |
| --- | 90,780,000 | 118,575,000 | --- | 209,355,000 |
| --- | 10,183,590 | 82,686,266 | --- | 92,869,856 |
| <u>260,140,438</u> | <u>---</u> | <u>---</u> | <u>---</u> | <u>260,140,438</u> |
| <u>260,140,438</u> | <u>1,747,609,800</u> | <u>201,261,266</u> | <u>113,115,675</u> | <u>2,322,127,179</u> |
| <u>473,783,731</u> | <u>(519,509,405)</u> | <u>(8,802,019)</u> | <u>2,137,035</u> | <u>(52,390,658)</u> |
| --- | (111,483,004) | --- | --- | (111,483,004) |
| --- | 102,705,000 | --- | --- | 102,705,000 |
| --- | --- | --- | --- | --- |
| --- | 9,148,442 | --- | --- | 9,148,442 |
| --- | 5,307,370 | --- | --- | 5,307,370 |
| --- | 487,871,787 | --- | --- | 487,871,787 |
| <u>(487,871,787)</u> | <u>---</u> | <u>---</u> | <u>---</u> | <u>(487,871,787)</u> |
| <u>(487,871,787)</u> | <u>493,549,595</u> | <u>---</u> | <u>---</u> | <u>5,677,808</u> |
| (14,088,056) | (25,959,810) | (8,802,019) | 2,137,035 | (46,712,850) |
| <u>123,822,516</u> | <u>706,009,246</u> | <u>64,707,197</u> | <u>19,108,976</u> | <u>913,647,935</u> |
| <u>\$ 109,734,460</u> | <u>\$ 680,049,436</u> | <u>\$ 55,905,178</u> | <u>\$ 21,246,011</u> | <u>\$ 866,935,085</u> |

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



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Reconciliation of the Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances to the Statements of Activities

Years Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> (as restated) |
|--|----------------------|------------------------------|
| Net changes in fund balances – total governmental funds | \$ 223,679,606 | \$ (46,712,850) |
| Amounts reported for governmental activities in the statements of activities are different because: | | |
| Governmental funds report capital outlays as expenditures; however, in the statements of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and donated assets (\$1,003,221,449 and \$835,059,466 for 2020 and 2019, respectively) exceed depreciation (\$568,020,992 and \$545,752,607 for 2020 and 2019, respectively) in the current period. | 435,200,457 | 289,306,859 |
| In the statements of activities, only the gain (loss) on the sale of the assets is reported, whereas, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold. | (17,432,735) | (19,826,779) |
| Certain revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the governmental funds. | (4,092,834) | (7,011,570) |
| Certain pension related expenses, not applicable to the current period, are reported as deferred outflows of resources in the government-wide financial statements. | 130,936,652 | 131,131,377 |
| Certain OPEB related expenses, not applicable to the current period, are reported as deferred outflows of resources in the government-wide financial statements. | 17,191,792 | 17,734,072 |
| Proceeds from the issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | | |
| Principal Repayments | 168,601,024 | 209,390,798 |
| Bonds issued | (178,370,000) | (102,705,000) |
| Bond reacquisition price | --- | 111,483,004 |
| Bond premium | (23,142,582) | (9,148,442) |
| Some expenses reported in the statements of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds. | | |
| Compensated absences | (747,802) | (1,128,496) |
| Interest expense recognition | 15,442,484 | 17,253,407 |
| Claims and judgments | 440,953 | 1,063,900 |
| Pension expense | (107,972,816) | (85,991,243) |
| Other postemployment benefits obligations | (19,104,238) | (28,668,711) |
| Internal service funds are used by management for the medical and life insurance plan and the self insurance plan. The net revenue (expense) of certain internal service funds is reported with governmental activities. | | |
| Medical and life insurance plan | 12,722,813 | 18,458,770 |
| Self insurance plan | <u>10,593,544</u> | <u>11,853,092</u> |
| Changes in net position – governmental activities | <u>\$663,946,318</u> | <u>\$506,482,188</u> |

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

Statements of Net Position

Proprietary Funds

June 30, 2020 and 2019

| | Internal Service Funds | |
|----------------------------------|-------------------------------|-----------------------------|
| | 2020 | 2019 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 31,418,839 | \$ 20,769,929 |
| Investments | 13,399,560 | 26,405,247 |
| Restricted investments | 100,000 | 100,000 |
| Miscellaneous receivables | 2,738,010 | 3,055,840 |
| Total current assets | <u>47,656,409</u> | <u>50,331,016</u> |
| Noncurrent assets | | |
| Investments | 139,472,987 | 120,582,936 |
| Restricted investments | 200,000 | 200,000 |
| Total noncurrent assets | <u>139,672,987</u> | <u>120,782,936</u> |
| Total assets | <u>\$187,329,396</u> | <u>\$171,113,952</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 819,944 | \$ 2,483,016 |
| Unearned revenue | 9,379,908 | 9,316,849 |
| Pending self insurance claims | 16,981,000 | 17,461,000 |
| Incurred but not reported claims | <u>16,203,000</u> | <u>16,033,000</u> |
| Total current liabilities | <u>43,383,852</u> | <u>45,293,865</u> |
| Noncurrent liabilities | | |
| Pending self insurance claims | 34,555,193 | 37,528,093 |
| Incurred but not reported claims | <u>11,606,000</u> | <u>13,824,000</u> |
| Total noncurrent liabilities | <u>46,161,193</u> | <u>51,352,093</u> |
| Total liabilities | <u>\$89,545,045</u> | <u>\$96,645,958</u> |
| Net Position | | |
| Restricted net position | \$ 300,000 | \$ 300,000 |
| Unrestricted net position | <u>97,484,351</u> | <u>74,167,994</u> |
| Total net position | <u>\$97,784,351</u> | <u>\$74,467,994</u> |

Statements of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Years Ended June 30, 2020 and 2019

| | Internal Service Funds | |
|--|-------------------------------|----------------------|
| | 2020 | 2019 |
| Operating Revenues | | |
| Self insurance premiums | | |
| Highway workers' compensation | \$ 6,000,000 | \$ 6,000,000 |
| Highway patrol workers' compensation | 2,400,000 | 2,400,000 |
| Highway fleet vehicle liability | 2,000,000 | 2,000,000 |
| Highway general liability | 9,000,000 | 9,000,000 |
| Medical insurance premiums | | |
| State | 94,007,947 | 94,206,827 |
| Member | 47,366,126 | 47,665,381 |
| Other | 11,050,559 | 10,083,161 |
| Total operating revenues | 171,824,632 | 171,355,369 |
| Operating Expenses | | |
| Self insurance programs | | |
| Highway workers' compensation | 10,769,467 | 9,132,232 |
| Highway patrol workers' compensation | 3,298,735 | 2,984,337 |
| Highway fleet vehicle liability | (2,539,091) | 888,293 |
| Highway general liability | 586,004 | (1,606,046) |
| Other | 1,039,606 | 1,057,615 |
| Medical and life insurance program | | |
| Insurance premiums | 7,650,863 | 6,584,534 |
| Medical benefits | 90,733,645 | 88,849,447 |
| Prescription drug benefits | 34,708,343 | 32,054,913 |
| Professional fees | 1,050,429 | 1,123,360 |
| Administrative services | 6,606,048 | 6,259,135 |
| Total operating expenses | 153,904,049 | 147,327,820 |
| Operating income (loss) | 17,920,583 | 24,027,549 |
| Nonoperating Revenues | | |
| Net appreciation and investment income | 5,395,774 | 6,284,313 |
| Total nonoperating revenues | 5,395,774 | 6,284,313 |
| Changes in Net Position | 23,316,357 | 30,311,862 |
| Net Position, beginning of year | 74,467,994 | 44,156,132 |
| Net Position, end of year | \$ 97,784,351 | \$ 74,467,994 |

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

Statements of Cash Flows

Proprietary Funds

Years Ended June 30, 2020 and 2019

| | Internal Service Funds | |
|---|-------------------------------|----------------------|
| | 2020 | 2019 |
| Cash Flows From Operating Activities | | |
| Receipts from interfund services provided | \$ 172,120,561 | \$ 171,290,042 |
| Payments for interfund services used | (150,645,807) | (148,405,194) |
| Payments to suppliers | (10,359,155) | (7,469,159) |
| Net cash provided by (used in) operating activities | <u>11,115,599</u> | <u>15,415,689</u> |
| Cash Flows From Investing Activities | | |
| Proceeds from sale and maturities of investments | 160,576,846 | 40,438,719 |
| Purchases of investments | (164,494,775) | (57,297,378) |
| Interest received | 3,592,142 | 3,408,604 |
| Investment fees | (140,902) | (132,411) |
| Net cash provided by (used in) investing activities | <u>(466,689)</u> | <u>(13,582,466)</u> |
| Net increase (decrease) in cash and cash equivalents | 10,648,910 | 1,833,223 |
| Cash and Cash Equivalents, beginning of year | <u>20,769,929</u> | <u>18,936,706</u> |
| Cash and Cash Equivalents, end of year | <u>\$ 31,418,839</u> | <u>\$ 20,769,929</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | |
| Operating income (loss) | \$ 17,920,583 | \$ 24,027,549 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | |
| Receivables | 295,929 | (65,328) |
| Accounts and claims payable | (7,163,972) | (8,126,681) |
| Unearned revenue | 63,059 | (419,851) |
| Net cash provided by (used in) operating activities | <u>\$ 11,115,599</u> | <u>\$ 15,415,689</u> |
| Noncash Items Impacting Recorded Assets | | |
| Increase (decrease) in fair value of investments | <u>\$ 1,966,435</u> | <u>\$ 2,970,270</u> |

Statements of Fiduciary Net Position

Fiduciary Funds

June 30, 2020 and 2019

Custodial Funds

| | <u>2020</u> | <u>2019</u> (as restated) |
|--------------------------------|--------------------|------------------------------|
| Assets | | |
| Cash and cash equivalents | \$7,618,062 | \$7,002,874 |
| Miscellaneous receivables, net | <u>506,088</u> | <u>478,989</u> |
| Total assets | <u>\$8,124,150</u> | <u>\$7,481,863</u> |
| Liabilities | | |
| Deposits | \$1,242,901 | \$1,118,218 |
| Due to Non-MoDOT state funds | 506,088 | 856,419 |
| Due to other jurisdictions | <u>6,375,161</u> | <u>5,507,226</u> |
| Total liabilities | <u>\$8,124,150</u> | <u>\$7,481,863</u> |
| Net Position | <u>\$ ---</u> | <u>\$ ---</u> |

Statements of Changes in Fiduciary Net Position

Fiduciary Funds

Years Ended June 30, 2020 and 2019

| | Custodial Funds | |
|--|------------------------|----------------------|
| | 2020 | 2019 |
| | | (as restated) |
| Additions | | |
| Licenses, fees and permit collections for other governments | \$ 79,437,529 | \$ 77,933,008 |
| Fuel taxes for other governments | 41,723,792 | 37,756,085 |
| Carrier refunds | <u>1,618,352</u> | <u>1,173,420</u> |
| Total additions | <u>122,779,673</u> | <u>116,862,513</u> |
| Deductions | | |
| Licenses, fees and permit collections due to other governments | 79,437,529 | 77,933,008 |
| Fuel taxes due to other governments | 41,723,792 | 37,756,085 |
| Carrier refunds | <u>1,618,352</u> | <u>1,173,420</u> |
| Total deductions | <u>122,779,673</u> | <u>116,862,513</u> |
| Net increase (decrease) in Fiduciary Net Position | --- | --- |
| Net Position, beginning of year | --- | --- |
| Net Position, end of year | \$ <u>---</u> | \$ <u>---</u> |

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

Notes to the Financial Statements



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Note 1: Summary of Significant Accounting Policies

The State Highway Department was created in 1913 to act as the agent of the state of Missouri (the state) for public roads. The State Highway Commission was created in 1921 with the passage of the Centennial Road Law and was charged with the administration of the network of connecting state highways, including their location, design, construction and maintenance.

In 1979, Missouri voters passed a constitutional amendment merging the State Highway Department with the Department of Transportation. By statute, the resulting department was named the Missouri Highways and Transportation Department. The constitutional amendment gave the Highways and Transportation Commission (the MHTC or Commission) the authority over all state transportation programs and facilities. The Commission is a bipartisan body of six members appointed by the Governor, with the consent of the Senate, for a term of six years. In 1996, by legislative action, the Missouri Highways and Transportation Department became the Missouri Department of Transportation (MoDOT or Department).

In 2002, several functions from other state agencies were combined with MoDOT. This consolidation was the result of legislative action and the Governor's Executive Order, which created the "One-Stop Shop" for motor carrier services (MCS), railroad operators and overdimension and overweight permitting. In 2003, by Governor's Executive Order, the Division of Highway Safety was transferred from the Department of Public Safety to MoDOT. Legislation passed in 2014 to recognize that 2003 reorganization, transferring all the authority, powers, duties, and functions of the Division of Highway Safety relating to the motorcycle safety program, the driver improvement program, the ignition interlock program, and other state highway safety programs from the Department of Public Safety to the Commission and Department. In 2006, the unit that audits motor carrier operators was transferred to MoDOT from the Department of Revenue. This unit is responsible for auditing International Fuel Tax Agreement tax returns and International Registration Plan applications.

(A) Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, as amended by GASB Statements 39, 61, and 80, establishes the criteria to be used for defining primary governments, component units and related organizations. The Department does not meet the GASB's criteria to be reported as its own primary government or other stand-alone government and is part of the primary government of the state. Like other state agencies, the Department is included in the financial statements of the state. These financial statements report the funds from which MoDOT spends; therefore, these financial statements do not purport to, and do not present fairly the financial position of the State of Missouri and the changes in its financial position and cash flows, where applicable. The nonmajor Multimodal Fund includes only MoDOT appropriations from the state's General fund. The nonmajor MCS Federal Fund is the Motor Carrier Safety Assistance Program.

Certain legally separate organizations are involved in transportation-related projects, such as the Missouri Transportation Finance Corporation (MTFC) and other transportation corporations. Although these organizations cooperate with the Department to meet their objectives and are included in the financial statements of the state as blended or discretely presented component units, they are not part of the Department's defined reporting entity.

The state's Comprehensive Annual Financial Report may be obtained by writing to the state of Missouri, Office of Administration, Division of Accounting, P. O. Box 809, Jefferson City, MO 65102, or may be accessed online at www.oa.mo.gov/acct.

(B) Government-wide and Fund Financial Statements

1. Government-wide Financial Statements

The government-wide statements of net position and statements of activities report the overall financial activities of the Department, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The financial activities of the Department consist only of governmental activities, which are primarily supported by state taxes and intergovernmental revenues.

The Department administers a single program – transportation. The statements of activities demonstrate the degree to which the direct expenses of that function are offset by program revenues. Direct expenses are those that are clearly identifiable with the function. Program revenues include (a) charges paid by the recipients of goods or services offered by the program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of the program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the Department's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Department reports the following governmental funds:

State Highways and Transportation Department Fund (Highway Fund) – This special revenue fund was established by Section 226.200, Revised Statutes of Missouri (RSMo.) to receive revenues derived from the use of state highways. This fund pays the costs incurred to collect that revenue, to administer and enforce any state motor vehicle laws or traffic regulations and to provide other related functions.

State Road Fund (Road Fund) – This special revenue fund was constitutionally established to receive monies from the state's motor vehicle sales tax, the federal government, transfers from the Highway Fund and other related revenues. Disbursements consist of costs incurred to construct, improve and maintain the state highway system and for debt service payments.

State Road Bond Fund – This debt service fund was constitutionally established to receive monies from the state's motor vehicle sales tax. Monies are used for the repayment of bonds issued by the Commission to fund the construction and reconstruction of the state highway system or for refunded bonds.

Nonmajor Funds – The remaining funds are considered nonmajor. They are special revenue funds, which account for grants and other resources whose use is restricted for a particular purpose.

The Department reports the following additional fund types:

Internal Service Funds – These proprietary funds account for the financing of services provided to other funds within the Department and other participating agencies on a cost-reimbursement basis. These funds are used to account for medical and life insurance coverage and self insurance activities. Department activity comprises the majority of these funds. These funds are included in the government-wide statements by eliminating off-setting revenues and expenses.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Department. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Department's activities. These fiduciary funds account for monies held on behalf of various political subdivisions and other interested parties.

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

1. Government-wide Financial Statements

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange include fuel taxes, sales taxes, Medicare Part D gap coverage federal subsidies, grants, entitlements and donations. On an accrual basis, revenues from fuel taxes and sales taxes are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenues from Medicare Part D gap coverage, based on the current funding levels from the federal government, are recognized in the fiscal year in which the revenue-generating transactions occur. Because potential retroactive adjustments to the federal subsidies are not measurable, revenue impacts are recognized in the fiscal period in which adjustments are made by the federal government. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

2. Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, all revenue sources are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department, consistent with the state of Missouri, considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are recorded as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The Department's operating revenues and expenses generally result from providing services in connection with the internal service funds' principal ongoing operations. The principal operating revenues are charges for insurance premiums. Operating expenses include self insurance claims, benefits claims, insurance premiums and administrative expenses. Investment income is reported as nonoperating revenue.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources as needed.

Fiduciary funds report the custodial funds of the Department in accordance with GASB 84 *Fiduciary Activities*.

(D) Financial Statement Element Attributes

1. Cash and Cash Equivalents and Investments

Cash and cash equivalents include:

- Cash
- Repurchase agreements, which are investments with original maturities of three months or less
- Pooled monies, including pooled investments, with the State Treasurer's Office

Investments are valued at fair value.

2. Inventories

Inventories, primarily consisting of maintenance materials, are valued at cost using the weighted average method. Inventories are recorded in the governmental funds as expenditures when consumed rather than when purchased.

3. Interfund Transactions

The Department reports the following types of interfund transactions:

Interfund services provided and used – This consists of sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and as expenditures or expenses in purchaser funds. This internal activity is included in the government-wide statements by eliminating off-setting revenues and expenses.

Transfers – This consists of flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

4. Capital Assets

Capital assets, such as land, buildings, equipment and infrastructure assets, are reported at cost (or estimated historical cost) as governmental activities in the government-wide financial statements. Infrastructure assets are those assets that are normally immovable and of value to the citizens of the state of Missouri, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The Department capitalizes assets with an expected useful life of more than one year with a cost greater than \$1,000 for equipment, \$5,000 for software and \$15,000 for buildings and land improvements. No dollar threshold is set for land, easements and infrastructure. Donated capital assets are recorded at their acquisition value at the date of the donation.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense, including amortization of leased capital and intangible assets, is recorded in the government-wide financial statements.

Capital assets are depreciated or amortized on the straight-line method over the asset's estimated useful life. There is no depreciation recorded for land, permanent easements, software in progress, construction in progress and infrastructure in progress. Generally, estimated useful lives are as follows:

| | |
|-----------------------------------|----------------|
| Vehicles, machinery and equipment | 1 to 20 years |
| Buildings and other improvements | 10 to 50 years |
| Infrastructure | 12 to 58 years |
| Software | 5 years |
| Temporary Easements | 3 years |

5. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, financial statements may report a separate section for deferred outflows of resources. Deferred outflows of resources consists of the consumption of net position that is applicable to a future reporting period and so will not be recognized as an outflow of resources until then. Deferred outflows of resources related to refunding long-term debt, certain pension and other postemployment benefits (OPEB) contributions, other pension and OPEB related deferrals and asset retirement obligations are reported in the statement of net position. The deferred bond refunding amount results from the difference in the carrying value of refunded debt and its reacquisition price, and is amortized over the shorter of the life of the refunded or refunding debt. The deferrals related to pension and OPEB obligations include pension and OPEB contributions made to the plan between the measurement date of the pension and OPEB obligations and the end of the fiscal year, differences between projected and actual earnings on pension plan investments and the change in proportional share of MoDOT's participation in the plans. Asset retirement obligations are reported as deferred outflows of resources to be recognized in future years as the disposal costs of nuclear gauges are incurred.

In addition to liabilities, financial statements may report a separate section for deferred inflows of resources. Deferred inflows of resources consists of the acquisition of net position that is applicable to a future reporting period and so will not be recognized as inflow of resources until then. Deferred inflows of resources in the fund financial statements are reported as receivables, when the corresponding revenues are unavailable. Deferred inflows of resources includes federal reimbursements, cost reimbursements and other miscellaneous receivables. For the government-wide financial statements, deferred inflows of resources relate to certain changes in pension and OPEB obligations that are amortized over future periods. Pension-related items that impact deferred inflows of resources in the government-wide financial statements include changes in actuarial assumptions, investment income and demographic/economic assumptions. Other postemployment benefits items that affect deferred inflows of resources include changes in actuarial assumptions. Deferred inflows of resources presented in the government-wide financial statements also include gains on bond refundings amortized over the life of the bond, which is recognized in future periods.

6. Deposits and Unearned Revenue

Deposits consist of amounts held to ensure permit work, such as driveway installations, is completed to MoDOT specifications. Upon approval, the deposits are returned.

Unearned revenue consists of amounts collected in advance of the year in which earned. In the government-wide and governmental funds, local shares of project costs and property sales down-payments are held until work or contract completion. In the internal service funds, employee and employer medical insurance premiums received a month in advance are held for the subsequent month's coverage.

7. Compensated Absences

Under the terms of the Department's personnel policy, Department employees are granted 10 to 14 hours of annual leave per month. Additionally, certain employees can accrue a maximum of 240 hours of compensatory time for unpaid overtime. Employees have accrued annual leave and compensatory time available amounting to \$34,755,599 and \$34,007,798 as of June 30, 2020 and 2019, respectively, recorded in the government-wide financial statements. Because employees are not paid for accumulated sick leave upon retirement or termination, no liability has been recorded for this leave.

8. Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when paid.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources and discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Pollution Remediation Obligations

MoDOT estimates the components of expected pollution remediation activities and determines whether expected outlays for those components should be accrued as a liability and expensed or, if appropriate, capitalized. Pollution remediation obligations are measured at the current cost of future activities and are valued using the expected cash flow method, which measures the liability based on probability-weighted amounts. The determined liabilities could change over time due to changes in costs of goods and services, changes in remediation technology or changes in laws and regulations governing the remediation efforts.

10. Asset Retirement Obligations

The Department's financial statements reflect the accrual of asset retirement obligations. The Department's obligation to retire nuclear gauge capital assets totaled \$43,955 as of June 30, 2020 and 2019. Nuclear gauges are used to measure physical properties of materials during construction projects. Nuclear density gauges are used to measure density of fill materials to ensure that the embankment, subgrade or other earthwork structures are built within specification to support its intended design load. The nuclear asphalt content gauges are used to determine asphalt content of our mixes to ensure contractor mixes meet design specification. All types of nuclear gauges have the anticipated useful life of 15 years.

11. Pensions

Pension-related expenses, liabilities, deferred outflows of resources and deferred inflows of resources have been determined on the same basis as they are reported by the MoDOT and Patrol Employees' Retirement System (MPERS). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit term. Investments are reported at fair value.

12. Other Postemployment Benefits

Other postemployment benefit-related expenses, liabilities, deferred outflows of resources and deferred inflows of resources have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit term.

13. Fund Balances

In the fund financial statements, fund balances are displayed as follows:

Nonspendable – This consists of State Road Fund balances of \$36,171,482 and \$32,865,425 at June 30, 2020 and 2019 respectively, representing inventories held.

Unassigned – This consists of deficit fund balances in the Multimodal Federal Fund of \$1,063,587 and \$677,799 as of June 30, 2020 and 2019, respectively. The deficit fund balance consists of federal funds that have been returned from local entities specifically to be used for aviation projects and transit vehicles.

Restricted – This consists of fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Total restricted fund balances of \$1,055,506,796 and \$834,747,459 (as restated) at June 30, 2020 and 2019, respectively, were restricted by enabling legislation.

14. Net Position

In the government-wide and proprietary fund financial statements, net position is displayed as follows:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted – This consists of assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Total restricted net position at June 30, 2020 and 2019, \$300,000 and \$300,000, respectively, were restricted by enabling legislation or by outside parties.

Unrestricted – This consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The unrestricted net position deficits at June 30, 2020 and June 30, 2019, \$573,128,527 and \$833,571,250 (as restated), respectively, were a result of the inclusion of the net pension liability and other postemployment benefits liability.

15. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses or expenditures and other changes in net position or fund balances during the reporting period. Actual results could differ from those estimates.

16. Revisions

Certain immaterial revisions have been made to the 2019 financial statements to present \$17,558,000 of the other postemployment benefits obligation as a current liability. In 2019, this amount was included with long-term liabilities. These revisions did not have significant impact on the financial statements.

Note 2: Deposits and Investments

Cash and investments include amounts held by the State Treasurer's Office as required by the state constitution for all state funds of the primary government. Interest income earned on cash and investments in the State Treasury is allocated to the funds based on the respective investment and cash balances. In addition, cash and investments also include funds held in depository banks, as allowed by state statute.

By policy, investments may include linked deposits, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements and reverse repurchase agreements, U.S. Treasury obligations and federal agency securities. The Department's investments are reported at fair value. While the majority of the Department's investments are pooled in the State Treasury or with the Department of Revenue, a portion is held at banks outside those state agencies. At June 30, 2020 and 2019, the Department's portfolio of non-pooled funds had \$153,072,547 and \$147,188,183, respectively, of uninsured, unregistered investments held in the Commission's or State's name. Also, at June 30, 2020 and 2019, the Department had book balances of \$31,403,446 and \$20,754,060, respectively, and bank balances of \$34,710,157 and \$22,690,794, respectively, of repurchase agreements. All repurchase agreements were collateralized by securities held by a financial institution's trust department in the Commission's or State's name.

Interest Rate Risk – The State Treasurer's Office policy states it will minimize the risk that the market value of investments will fall due to changes in general interest rates by maintaining an effective duration of less than 2.5 years and holding at least 25.0 percent of the portfolio's total market value in securities with a maturity of 12 months or less. MoDOT's policy for the investment portfolios of non-pooled funds states they are to be structured so securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. At June 30, 2020 and June 30, 2019, the total non-pooled investments of \$152,852,054 and \$146,969,496, respectively, were highly sensitive to interest rate changes because the investments are callable or subject to prepayment. The effective maturities are disclosed based on assumptions provided by the Department's investment advisor.

Credit Risk – The State Treasurer's Office policy states it will minimize the risk of loss due to the failure of a security issuer or backer by pre-approving financial institutions, companies, brokers and dealers and conducting regular credit monitoring and due diligence. MoDOT's policy for the investment portfolios of non-pooled funds states they are to be limited to the safest types of securities, as described above. The policies for both portfolios require diversification so potential losses on individual securities will be minimized.

Concentration of Credit Risk – The policies of both the State Treasurer’s Office and the Department state investments are to be diversified and limits are set to minimize the risk of loss resulting from excess concentration in a specific maturity, issuer or class of security. The asset allocation is periodically reviewed by the State Treasurer and the Department’s investment advisor. At June 30, 2020 and 2019, no investments in any one organization (other than those issued or sponsored by the U.S. Government and those in pooled investments) represented 5.0 percent of total investments.

At June 30, 2020, the Department's cash and investments consisted of the following:

| | State Highways and Transportation Department Fund | State Road Fund | State Road Bond Fund | Nonmajor Funds | Internal Service Funds | Fiduciary Funds |
|---|--|----------------------------|---------------------------------|---------------------------|---------------------------------------|----------------------------|
| Cash and investments: | | | | | | |
| Cash and investments pooled in the State Treasury | \$ 3,697,928 | \$874,356,591 | \$32,039,156 | \$23,683,185 | \$ --- | \$ --- |
| Cash deposited with banks | --- | 34,731,159 | --- | --- | 15,393 | --- |
| U.S. agency obligations | --- | --- | --- | --- | 152,852,054 | --- |
| U.S. Treasury obligations | --- | --- | --- | --- | 20,493 | --- |
| Repurchase agreements | --- | --- | --- | --- | 31,403,446 | --- |
| Total | <u>\$ 3,697,928</u> | <u>\$909,087,750</u> | <u>\$32,039,156</u> | <u>\$23,683,185</u> | <u>\$184,291,386</u> | <u>\$ ---</u> |
| Restricted assets: | | | | | | |
| Cash and investments pooled in the State Treasury | \$ --- | \$ 18,545,000 | \$ --- | \$ --- | \$ --- | \$ --- |
| Cash and investments pooled with the Mo. Dept. of Revenue | --- | --- | --- | --- | --- | 7,618,062 |
| U.S. Treasury obligations | --- | --- | --- | --- | 200,000 | --- |
| Certificate of deposit | --- | --- | --- | --- | 100,000 | --- |
| Total | <u>\$ ---</u> | <u>\$ 18,545,000</u> | <u>\$ ---</u> | <u>\$ ---</u> | <u>\$ 300,000</u> | <u>\$7,618,062</u> |

At June 30, 2019, as restated, the Department's cash and investments consisted of the following:

| | State Highways and Transportation Department Fund | State Road Fund (as restated) | State Road Bond Fund | Nonmajor Funds | Internal Service Funds | Fiduciary Funds (as restated) |
|---|--|--|---------------------------------|---------------------------|---------------------------------------|--|
| Cash and investments: | | | | | | |
| Cash and investments pooled in the State Treasury | \$ 6,685,965 | \$652,347,617 | \$38,445,008 | \$23,863,122 | \$ --- | \$ --- |
| Cash deposited with banks | --- | 33,169,278 | --- | --- | 13,124 | --- |
| U.S. agency obligations | --- | --- | --- | --- | 146,969,496 | --- |
| U.S. Treasury obligations | --- | --- | --- | --- | 18,687 | --- |
| Repurchase agreements | --- | --- | --- | --- | 20,756,804 | --- |
| Total | <u>\$ 6,685,965</u> | <u>\$685,516,895</u> | <u>\$38,445,008</u> | <u>\$23,863,122</u> | <u>\$167,758,111</u> | <u>\$ ---</u> |
| Restricted assets: | | | | | | |
| Cash and investments pooled in the State Treasury | \$ --- | \$ 18,558,500 | \$ --- | \$ --- | \$ --- | \$ --- |
| Cash and investments pooled with the Mo. Dept. of Revenue | --- | --- | --- | --- | --- | 7,002,874 |
| U.S. Treasury obligations | --- | --- | --- | --- | 200,000 | --- |
| Certificate of deposit | --- | --- | --- | --- | 100,000 | --- |
| Total | <u>\$ ---</u> | <u>\$ 18,558,500</u> | <u>\$ ---</u> | <u>\$ ---</u> | <u>\$ 300,000</u> | <u>\$7,002,874</u> |

The maturities of mortgage-backed investments have been estimated based on the weighted average life of the investment type. Estimated maturities will differ from actual maturities because issuers may have the right to call or prepay obligations.

The Department categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs comprised of quoted prices for similar assets or liabilities in active markets. Level 3 inputs are significant unobservable inputs. The Department's participation in the State Treasurer's Office cash and investment pool is reported at fair value based on the Department's proportional share of the pool's assets, which is the equivalent of net asset value. Accordingly, the cash and investments within the State Treasurer's Office pool are not categorized as being level 1, 2 or 3. The State Treasurer's Office redeems securities upon request.

At June 30, 2020, MoDOT's investments held in depository banks have the following average maturities and ratings:

| Investment by Type | Rating | | Total Investments | Investment Maturities (in years) | | | Fair Value Measurements | |
|---------------------------|---------|-----|----------------------|----------------------------------|----------------------|---------------|-------------------------|----------------------|
| | Moody's | S&P | | Less than 1 year | 1-5 years | 6-10 years | Level 1 | Level 2 |
| Repurchase agreements | Aaa | AA+ | \$ 31,403,446 | \$31,403,446 | \$ --- | \$ --- | \$ --- | \$ 31,403,446 |
| U.S. Treasury obligations | Aaa | AA+ | 220,493 | --- | 220,493 | --- | 220,493 | --- |
| U.S. agency obligations | Aaa | AA+ | <u>152,852,054</u> | <u>13,399,562</u> | <u>139,452,492</u> | --- | --- | <u>152,852,054</u> |
| | | | <u>\$184,475,993</u> | <u>\$44,803,008</u> | <u>\$139,672,985</u> | <u>\$ ---</u> | <u>\$220,493</u> | <u>\$184,255,500</u> |

At June 30, 2019, MoDOT's investments held in depository banks have the following average maturities and ratings:

| Investment by Type | Rating | | Total Investments | Investment Maturities (in years) | | | Fair Value Measurements | |
|---------------------------|---------|-----|----------------------|----------------------------------|----------------------|---------------|-------------------------|----------------------|
| | Moody's | S&P | | Less than 1 year | 1-5 years | 6-10 years | Level 1 | Level 2 |
| Repurchase agreements | Aaa | AA+ | \$ 20,756,804 | \$20,756,804 | \$ --- | \$ --- | \$ --- | \$ 20,756,804 |
| U.S. Treasury obligations | Aaa | AA+ | 218,687 | --- | 218,687 | --- | 218,687 | --- |
| U.S. agency obligations | Aaa | AA+ | <u>146,969,496</u> | <u>26,405,247</u> | <u>120,564,249</u> | --- | --- | <u>146,969,496</u> |
| | | | <u>\$167,944,987</u> | <u>\$47,162,051</u> | <u>\$120,782,936</u> | <u>\$ ---</u> | <u>\$218,687</u> | <u>\$167,726,300</u> |

Note 3: Receivables

The reimbursement receivables consist of billings to outside entities for repayment of expenditures incurred by MoDOT. Also included are miscellaneous receivables from contractors and others. The reimbursement receivables are shown net of an allowance for doubtful accounts of \$483,642 and \$467,354 at June 30, 2020 and 2019, respectively. The Department provides an allowance based upon a review of the outstanding receivables, historical collection information and existing economic conditions.

The contributions receivable consists of amounts due from participating employers and members in the Department's insurance and risk management plans. The federal government receivable represents funds to be received on federally-participating projects. The loans receivable represents loans to cities and counties for nonhighway-related projects, such as airport improvements.

Receivables at June 30, 2020 for the government's individual major funds, nonmajor funds and internal service funds were as follows (continued on next page):

| | State Highways and Transportation Department Fund | State Road Fund | State Road Bond Fund | Nonmajor Funds |
|----------------------|--|----------------------------|-------------------------------------|---------------------------|
| State taxes and fees | \$102,419,706 | \$ 31,093,164 | \$22,595,235 | \$ 787,818 |
| Federal government | --- | 94,316,188 | --- | 7,725,970 |
| Miscellaneous: | | | | |
| Reimbursements | 1,132,205 | 10,061,506 | --- | 251,852 |
| Interest | 128,120 | 2,242,449 | 174,462 | 35,694 |
| Contributions | --- | --- | --- | --- |
| Total miscellaneous | <u>1,260,325</u> | <u>12,303,955</u> | <u>174,462</u> | <u>287,546</u> |
| Loans | --- | --- | --- | 821,277 |
| Total receivables | <u>\$103,680,031</u> | <u>\$137,713,307</u> | <u>\$22,769,697</u> | <u>\$ 9,622,611</u> |

Receivables at June 30, 2019, as restated, for the government's individual major funds, nonmajor funds and internal service funds were as follows (continued on next page):

| | State Highways and Transportation Department Fund (as restated) | State Road Fund (as restated) | State Road Bond Fund | Nonmajor Funds |
|----------------------|--|--|-------------------------------------|---------------------------|
| State taxes and fees | \$111,473,412 | \$ 25,884,669 | \$17,249,301 | \$ 795,944 |
| Federal government | --- | 72,718,790 | --- | 7,558,253 |
| Miscellaneous: | | | | |
| Reimbursements | 1,008,806 | 15,313,312 | --- | 6,185,155 |
| Interest | 217,731 | 2,586,418 | 210,869 | 36,151 |
| Contributions | --- | --- | --- | --- |
| Total miscellaneous | <u>1,226,537</u> | <u>17,899,730</u> | <u>210,869</u> | <u>6,221,306</u> |
| Loans | --- | --- | --- | 1,159,830 |
| Total receivables | <u>\$112,699,949</u> | <u>\$116,503,189</u> | <u>\$17,460,170</u> | <u>\$15,735,333</u> |

Receivables at June 30, 2020 for the government's individual major funds, nonmajor funds and internal service funds were as follows (continued from prior page):

| | Internal Service Funds | Total | Due Within One Year |
|----------------------|---------------------------------------|----------------------|--------------------------------|
| State taxes and fees | \$ --- | \$156,895,923 | \$156,895,923 |
| Federal government | --- | 102,042,158 | 102,042,158 |
| Miscellaneous: | | | |
| Reimbursements | 360,040 | 11,805,603 | 11,805,603 |
| Interest | 394,161 | 2,974,886 | 2,974,886 |
| Contributions | <u>1,983,809</u> | <u>1,983,809</u> | <u>1,983,809</u> |
| Total miscellaneous | <u>2,738,010</u> | <u>16,764,298</u> | <u>16,764,298</u> |
| Loans | --- | <u>821,277</u> | <u>149,831</u> |
| Total receivables | <u>\$2,738,010</u> | <u>\$276,523,656</u> | <u>\$275,852,210</u> |

Receivables at June 30, 2019, as restated, for the government's individual major funds, nonmajor funds and internal service funds were as follows (continued from prior page):

| | Internal Service Funds | Total (as restated) | Due Within One Year (as restated) |
|----------------------|---------------------------------------|--------------------------------|--|
| State taxes and fees | \$ --- | \$155,403,326 | \$155,403,326 |
| Federal government | --- | 80,277,043 | 80,277,043 |
| Miscellaneous: | | | |
| Reimbursements | 653,903 | 23,161,176 | 19,643,546 |
| Interest | 416,062 | 3,467,231 | 3,467,231 |
| Contributions | <u>1,985,875</u> | <u>1,985,875</u> | <u>1,985,875</u> |
| Total miscellaneous | <u>3,055,840</u> | <u>28,614,282</u> | <u>25,096,652</u> |
| Loans | --- | <u>1,159,830</u> | <u>195,973</u> |
| Total receivables | <u>\$3,055,840</u> | <u>\$265,454,481</u> | <u>\$260,972,994</u> |

Note 4: Capital Assets

Changes in capital assets for the year ended June 30, 2020 are summarized below:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions/ Retirements</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|---|------------------------------|----------------------|-----------------------------------|----------------------|---------------------------|
| Nondepreciable capital assets | | | | | |
| Land and permanent easements | \$ 2,625,904,093 | \$ 1,911,784 | \$ 2,241,837 | \$ 284,059 | \$ 2,625,858,099 |
| Software in progress | 4,672,808 | 2,389,447 | --- | --- | 7,062,255 |
| Construction in progress | 21,184,852 | 13,745,959 | --- | (2,519,468) | 32,411,343 |
| Infrastructure in progress | <u>1,700,358,731</u> | <u>945,973,057</u> | <u>---</u> | <u>(763,913,505)</u> | <u>1,882,418,283</u> |
| Total nondepreciable capital assets | <u>4,352,120,484</u> | <u>964,020,247</u> | <u>2,241,837</u> | <u>(766,148,914)</u> | <u>4,547,749,980</u> |
| Depreciable/amortizable capital assets | | | | | |
| Land improvements | 30,397,027 | --- | --- | 32,758 | 30,429,785 |
| Buildings | 286,928,993 | 1,289,124 | 240,868 | 2,202,651 | 290,179,900 |
| Software | 35,906,226 | 705,032 | 5,765,486 | --- | 30,845,772 |
| Equipment and vehicles | 562,041,342 | 35,949,584 | 20,255,464 | --- | 577,735,462 |
| Temporary easements | 520,097 | 1,257,462 | 234,251 | --- | 1,543,308 |
| Infrastructure | <u>51,366,456,270</u> | <u>---</u> | <u>85,583,460</u> | <u>763,913,505</u> | <u>52,044,786,315</u> |
| Total depreciable/amortizable capital assets | <u>52,282,249,955</u> | <u>39,201,202</u> | <u>112,079,529</u> | <u>766,148,914</u> | <u>52,975,520,542</u> |
| Accumulated depreciation/amortization | | | | | |
| Land improvements | 17,672,336 | 1,137,225 | --- | --- | 18,809,561 |
| Buildings | 139,814,390 | 7,946,168 | 116,385 | --- | 147,644,173 |
| Software | 27,155,004 | 3,206,027 | 5,685,653 | --- | 24,675,378 |
| Equipment and vehicles | 353,878,373 | 31,533,678 | 19,300,587 | --- | 366,111,464 |
| Temporary easements | 251,450 | 256,288 | 234,251 | --- | 273,487 |
| Infrastructure | <u>25,395,621,871</u> | <u>523,941,606</u> | <u>71,551,755</u> | <u>---</u> | <u>25,848,011,722</u> |
| Total accumulated depreciation/amortization | <u>25,934,393,424</u> | <u>568,020,992</u> | <u>96,888,631</u> | <u>---</u> | <u>26,405,525,785</u> |
| Total depreciable/amortizable capital assets, net | <u>26,347,856,531</u> | <u>(528,819,790)</u> | <u>15,190,898</u> | <u>766,148,914</u> | <u>26,569,994,757</u> |
| Total net capital assets | <u>\$30,699,977,015</u> | <u>\$435,200,457</u> | <u>\$ 17,432,735</u> | <u>\$ ---</u> | <u>\$31,117,744,737</u> |

Changes in capital assets for the year ended June 30, 2019, are summarized below:

| <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions/ Retirements</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|------------------------------|----------------------|-----------------------------------|----------------------|---------------------------|
| \$ 2,634,208,246 | \$ 329,190 | \$ 9,457,275 | \$ 823,932 | \$ 2,625,904,093 |
| 4,670,249 | 1,349,889 | --- | (1,347,330) | 4,672,808 |
| 13,802,273 | 10,508,427 | --- | (3,125,848) | 21,184,852 |
| <u>1,550,463,759</u> | <u>783,729,677</u> | <u>---</u> | <u>(633,834,705)</u> | <u>1,700,358,731</u> |
| <u>4,203,144,527</u> | <u>795,917,183</u> | <u>9,457,275</u> | <u>(637,483,951)</u> | <u>4,352,120,484</u> |
| 30,613,300 | 65,657 | 281,930 | --- | 30,397,027 |
| 284,352,046 | 2,856,049 | 2,581,018 | 2,301,916 | 286,928,993 |
| 33,046,135 | 1,581,555 | 68,794 | 1,347,330 | 35,906,226 |
| 549,831,770 | 34,639,022 | 22,429,450 | --- | 562,041,342 |
| 1,491,872 | --- | 971,775 | --- | 520,097 |
| <u>50,808,506,591</u> | <u>---</u> | <u>75,885,026</u> | <u>633,834,705</u> | <u>51,366,456,270</u> |
| <u>51,707,841,714</u> | <u>39,142,283</u> | <u>102,217,993</u> | <u>637,483,951</u> | <u>52,282,249,955</u> |
| 16,628,869 | 1,168,749 | 125,282 | --- | 17,672,336 |
| 133,688,700 | 7,892,986 | 1,767,296 | --- | 139,814,390 |
| 24,013,121 | 3,210,677 | 68,794 | --- | 27,155,004 |
| 344,019,972 | 31,124,893 | 21,266,492 | --- | 353,878,373 |
| 725,934 | 497,291 | 971,775 | --- | 251,450 |
| <u>24,961,412,710</u> | <u>501,858,011</u> | <u>67,648,850</u> | <u>---</u> | <u>25,395,621,871</u> |
| <u>25,480,489,306</u> | <u>545,752,607</u> | <u>91,848,489</u> | <u>---</u> | <u>25,934,393,424</u> |
| <u>26,227,352,408</u> | <u>(506,610,324)</u> | <u>10,369,504</u> | <u>637,483,951</u> | <u>26,347,856,531</u> |
| <u>\$30,430,496,935</u> | <u>\$289,306,859</u> | <u>\$ 19,826,779</u> | <u>\$ ---</u> | <u>\$30,699,977,015</u> |

Note 5: Risk Management

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition, various lawsuits against the Department arise incident to the Department's normal operations. These risks have been classified as workers' compensation, vehicle liability, general liability, condemnation and inverse condemnation, contractor suits, employment suits, environmental regulatory liability and levy and drainage district suits. It is the policy of the Department to manage its risks internally, with the exception of purchased earthquake and major building insurance policies. No insurance settlements exceeded coverage in the last three years. In addition, all state employees and officers are covered by the state's Legal Expense Fund.

(A) Workers' Compensation, Vehicle and General Liabilities

The Department sets aside assets for the settlement of workers' compensation, vehicle liability and general liability claims in an internal service fund, the MHTC Self Insurance Fund. Section 537.610, RSMo. limits the liability of the state and its public entities on claims within the scope of Sections 537.600 to 537.650, RSMo., except for those claims governed by the provisions of the Missouri Workers' Compensation Law, Chapter 287, RSMo. The limits were \$2,905,664 and \$2,865,330 for all claims arising out of a single accident or occurrence, and \$435,849 and \$429,799 for any one person in a single accident or occurrence, at June 30, 2020 and 2019, respectively, as set by the Missouri Department of Insurance.

Estimated pending self insurance claims represent the expected losses to be realized on known claims pending and include minor non-incremental claims adjustment expenses. Estimated unreported claims represent expected losses or claims incurred but not reported. Amounts are reported based on actuarial calculations. Liabilities for incurred losses related to workers' compensation and general and vehicle liability claims are reported at their discounted value, assuming an investment yield of 2.0 percent.

Changes in pending self insurance claims and incurred but not reported claims for workers' compensation, vehicle and general liability during the past three years are:

| | <u>Beginning Balance</u> | <u>Current Claims and Estimate Changes</u> | <u>Claim Payments</u> | <u>Ending Balance</u> |
|------|------------------------------|--|---------------------------|---------------------------|
| 2020 | \$75,246,093 | \$12,115,115 | \$18,516,015 | \$68,845,193 |
| 2019 | 81,443,727 | 11,398,816 | 17,596,450 | 75,246,093 |
| 2018 | 82,576,362 | 20,180,005 | 21,312,640 | 81,443,727 |

(B) Other Claims

Claims for condemnation and inverse condemnation, contractor suits, levy and drainage district suits, environmental regulatory liability and employment suits are paid from the State Road Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. As listed in the Financing and Other Obligations note disclosure, the Department has approximately \$594,047 and \$1,035,000 in claims and judgments payable at June 30, 2020 and 2019, respectively. The Department is involved in other such suits for which no liability has been recorded, as a probable loss has not occurred. The aggregate potential liability of all claims deemed probable or possible to result in a loss was estimated to be approximately \$3,801,000 and \$3,675,000 as of June 30, 2020 and 2019, respectively. These estimates are within a range of \$1,806,000 to \$11,959,000 and \$1,750,000 to \$9,112,200 as of June 30, 2020 and 2019, respectively.

Note 6: Medical and Life Insurance Plan

The MoDOT and Missouri State Highway Patrol (MSHP) Insurance Plan (the Medical and Life Insurance Plan) Internal Service Fund accounts for the medical coverage provided on a self insured basis and life insurance benefits underwritten by commercial insurance companies. These benefits are available to employees, retirees, certain disabled employees, spouses, certain dependents and survivors of deceased employees and retirees of the Department, the MSHP and the MoDOT and Patrol Employees' Retirement System (MPERS). Changes to plan benefits and funding are required to be approved by the Commission. Incurred but not reported claims of \$10,500,000 and \$9,600,000 were reported in the Medical and Life Insurance Plan as of June 30, 2020 and 2019, respectively.

Claims incurred but not reported represent estimated unreported claims. This liability is established from an actuarial report, which is based on data provided by the Department and claims administrators. Changes in the incurred but not reported claims liability during the past three years are:

| | <u>Beginning Balance</u> | <u>Current Claims and Estimate Changes</u> | <u>Claim Payments</u> | <u>Ending Balance</u> |
|------|------------------------------|--|---------------------------|---------------------------|
| 2020 | \$ 9,600,000 | \$125,441,989 | \$124,541,989 | \$10,500,000 |
| 2019 | 12,500,000 | 120,904,359 | 123,804,359 | 9,600,000 |
| 2018 | 12,300,000 | 129,546,056 | 129,346,056 | 12,500,000 |

Note 7: Pension Plan

(A) General Information about the Pension Plan

1. Plan Description

MPERS provides retirement, death and disability benefits. MPERS was established in accordance with Section 104.020, RSMo., and is administered by an 11-member Board of Trustees. The plan is administered in accordance with the requirements of a cost sharing, multiple-employer, public employee retirement plan under the Revised Statutes of Missouri. MPERS is a part of the state of Missouri financial reporting entity and is included in the State's financial reports as a component unit shown as a pension trust fund. As a separate legal entity, MPERS issues its own stand-alone financial report, which provides detailed information regarding actuarial assumptions and funding progress. Copies may be requested from the MoDOT and Patrol Employees' Retirement System, P.O. Box 1930, Jefferson City, Missouri 65102, or can be found online at www.mpers.org.

2. Benefits Provided

Employees eligible to be members of MPERS are those working in a position that normally requires the performance of duties for at least 1,040 hours annually. Benefits are designated by state statute. Any amendments to the plan require changes in state statute. MPERS has three benefit structures known as the Closed Plan, the Year 2000 Plan and the Year 2000 Plan -2011 Tier.

Closed Plan - Employees covered by the Closed Plan are fully vested for benefits upon receiving five years of creditable service. The base benefit in the Closed Plan is equal to 1.6 percent multiplied by the final average pay multiplied by years of creditable service. For members employed prior to August 28, 1997, Cost of Living Allowances (COLAs) are provided annually based on 80.0 percent of the increase in the Consumer Price Index for all urban consumers for the United States (CPI-U). The minimum rate is 4.0 percent and the maximum rate is 5.0 percent, until the cumulative amount of COLAs equals 65.0 percent of the original benefit. Thereafter, the 4.0 percent minimum rate is eliminated and the annual COLA rate will be equal to 80.0 percent of the increase in the CPI-U (annual maximum of 5.0 percent). For members employed on or after August 28, 1997, COLAs are provided annually based on 80.0 percent of the increase in the CPI-U, up to a maximum rate of 5.0 percent. This benefit structure is closed to new entrants.

Year 2000 Plan - Employees covered by the Year 2000 Plan are fully vested for benefits upon earning five years of creditable service. The base benefit in the Year 2000 Plan is equal to 1.7 percent multiplied by the final average pay multiplied by years of creditable service. Members retiring under the Rule of 80 receive an additional temporary benefit until age 62. The temporary benefit is equivalent to 0.8 percent multiplied by final average pay multiplied by years of creditable service. COLAs are provided annually based on 80.0 percent of the increase in the CPI-U, up to a maximum rate of 5.0 percent. This benefit structure is closed to new entrants.

Year 2000 Plan - 2011 Tier - Employees covered by the Year 2000 Plan – 2011 Tier are fully vested for benefits upon earning 10 years of creditable service. Legislation passed during the 2017 legislative session reduced the 10-year vesting period for 2011 Tier members to 5 years effective July 1, 2018. The base benefit in the 2011 Tier is equal to 1.7 percent multiplied by the final average pay multiplied by years of creditable service. Members retiring under the Rule of 90 receive an additional temporary benefit until age 62. The temporary benefit is equivalent to 0.8 percent multiplied by final average pay multiplied by years of creditable service. COLAs are provided annually based on 80.0 percent of the change in the CPI-U, up to a maximum rate of 5.0 percent.

3. Contributions

Employer contributions paid to the system are determined by an actuary and are set by the Board. Annual contribution amounts are designed to fund in advance the benefits designated by state statute. Employee contribution amounts are designated by state statute. New employees hired for the first time on or after January 1, 2011 (Year 2000 Plan-2011 Tier) contribute 4.0 percent of their pay. The Department's contributions to MPERS for fiscal years 2020 and 2019 were 58.0 percent and 58.0 percent, respectively, of eligible (covered) payroll. Required employer contributions totaling \$130,321,026 and \$130,420,220 for fiscal years 2020 and 2019, respectively, represent funding of normal costs and amortization of the unfunded accrued liability. Actual contributions made were 100.0 percent of required contributions. The fiscal year 2020 contribution rate was based on a 6-year closed amortization period for unfunded retiree liabilities and a 21-year closed amortization period for other unfunded liabilities.

(B) Actuarial Information

The total pension liability was determined by actuarial valuations as of June 30, 2019 and 2018, using the following actuarial assumptions, applied to all prior periods included in the measurements:

| | <u>2019</u> | <u>2018</u> |
|----------------------------|-----------------|-----------------|
| Inflation | 2.25% | 2.25% |
| Salary increases | 3.00% to 12.45% | 3.00% to 12.45% |
| Investment rate of return | 7.00% | 7.00% |
| Cost-of-living adjustments | 1.80% compound | 1.80% compound |

The mortality tables for postretirement mortality, used in evaluating allowances to be paid to non-disabled pensioners, were the RP2000 Combined Healthy Mortality Tables projected 16 years and set back one year for males and females. Pre-retirement mortality used was 70 percent for males and 50 percent for females of the postretirement tables, set back one year for males and females. Disabled pension mortality was based on Pension Benefit Guaranty Corporation's Disabled Mortality Tables. The healthy mortality tables include a margin for mortality improvement. The margin is in the 16-year projection. The disabled mortality tables do not include a margin for mortality improvement.

The actuarial assumptions used in the 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2012 – June 30, 2017.

The Board of Trustees establishes MPERS' policy in regard to the allocation of invested assets and may amend the policy. The following is MPERS' asset allocation policy as of June 30, 2019 and 2018:

| <u>Asset Class</u> | <u>2019</u> | <u>2018</u> |
|--------------------|-------------|-------------|
| Global equity | 40.0% | 30.0% |
| Private equity | 10.0 | 15.0 |
| Fixed income | 22.5 | 20.0 |
| Real assets | 10.0 | 7.5 |
| Real estate | 10.0 | 10.0 |
| Hedge funds | 0.0 | 10.0 |
| Opportunistic debt | 7.5 | 7.5 |
| Cash | 0.0 | 0.0 |

The long-term (30-year) expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges 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 arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(ies). The estimated long-term expected real rates of return for each major asset class included in MPERS' target asset allocation as of June 30, 2019 and 2018 are summarized in the following table:

| <u>Asset Class</u> | <u>2019</u> | <u>2018</u> |
|--------------------|-------------|-------------|
| Global equity | 6.00% | 4.75% |
| Private equity | 8.90 | 6.50 |
| Fixed income | 2.10 | 0.25 |
| Opportunistic debt | 5.90 | 4.00 |
| Real assets | 5.90 | 4.75 |
| Real estate | 4.60 | 2.75 |
| Hedge funds | 0.00 | 2.75 |

A single discount rate of 7.0 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.0 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member 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 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.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Department's proportional share of the plan's net pension liability, calculated using a single discount rate of 7.0 percent, as well as what the Department's proportional share of the plan's net pension liability would be if it were calculated using a single discount rate that is one-percentage point lower or one-percentage point higher for the valuations as of June 30, 2019 and 2018.

| | <u>1 Percent Decrease (6.00%)</u> | <u>Current Discount Rate (7.00%)</u> | <u>1 Percent Increase (8.00%)</u> |
|--|--|---|--|
| The Department's proportionate share of the net pension liability 2019 | \$1,302,478,543 | \$1,006,396,262 | \$759,289,446 |
| The Department's proportionate share of the net pension liability 2018 | \$1,335,538,645 | \$1,040,233,956 | \$793,884,727 |

(C) **Liabilities, Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The Department reported a liability of \$1,006.4 million and \$1,040.2 million for its proportionate share of the net pension liability at June 30, 2020 and 2019, respectively. The net pension liability was measured as of June 30, 2019 and June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates. The Department's proportion of the net pension liability was based on the Department's contributions to the pension plan relative to the contributions of all participating departments, for the respective periods. At June 30, 2019 and 2018, the Department's proportion was 62.35 percent and 62.39 percent, respectively, which was a decrease of 0.04 percent from the measurement period of June 30, 2018 to June 30, 2019 and an increase from the measurement period of June 30, 2017 to June 30, 2018 of 0.38 percent. The Department recognized pension expense of \$108.0 million and \$85.9 million for the years ended June 30, 2020 and 2019, respectively.

The Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>2020</u> | | <u>2019</u> | |
|---|--|---|--|---|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference between expected and actual experience | \$ 96,661 | \$21,855,940 | \$ --- | \$38,779,374 |
| Changes in proportion and differences between employer contributions and share of contributions | 3,459,362 | 896,725 | 4,917,777 | 3,266,165 |
| Net difference between projected and actual investment earnings on pension plan investment | --- | 9,040,104 | --- | 708,522 |
| Changes in Actuarial Assumptions | 48,223,289 | --- | 68,597,491 | --- |
| Contributions subsequent to measurement date | <u>130,321,026</u> | --- | <u>130,420,220</u> | --- |
| Total | <u>\$182,100,338</u> | <u>\$31,792,769</u> | <u>\$203,935,488</u> | <u>\$42,754,061</u> |

Deferred outflows and inflows of resources resulting from contributions subsequent to the measurement date will be recognized as a change to the net pension liability in each subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending</u> | <u>2020 Net Deferred Outflows of Resources</u> |
|--------------------|--|
| 2021 | \$ 13,589,567 |
| 2022 | 2,822,207 |
| 2023 | 2,839,752 |
| 2024 | <u>735,017</u> |
| Total | <u>\$ 19,986,543</u> |

Note 8: Other Postemployment Benefits (OPEB)

(A) General Information about the OPEB Plan

1. Plan Description

The Department provides a portion of healthcare insurance through the Medical and Life Insurance Plan, as discussed in Note 6, Medical and Life Insurance Plan, in accordance with Section 104.270, RSMo. As part of the Medical and Life Insurance Plan, health care benefits are provided to both active employees and retirees. For purposes of reporting OPEB costs and obligations in accordance with GASB Statement 75, the OPEB Insurance Plan (the Plan) is disclosed within the state of Missouri reporting entity as a single employer plan. In the Department's financial report the Plan is reported as a cost sharing multiple employer plan, as it includes the Department; Missouri State Highway Patrol; and the MoDOT and Patrol Employees Retirement System (MPERS). Only the Department's proportionate share is shown on the Department's financial statements.

The Plan is not a separate legal entity and is self-insured. The Plan does not maintain assets in a trust and pays expenses on a pay-as-you-go basis. The criteria for a special funding situation are not met. The plan assets are neither legally protected from creditors nor are they dedicated to providing OPEB benefits. The Department has no legal obligation to pay the benefits, therefore, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

2. Benefits Provided

Eligible members are employees who retire from the Department who participated in the Medical and Life Insurance Plan when they were an active employee and had a minimum of five years creditable service. The Plan provides healthcare insurance benefits. Coverage categories include retirees, certain disabled employees, spouses, certain dependents and survivors of deceased employees and retirees.

| | |
|--|--------------|
| Participants covered by the Plan at June 30, 2019: | |
| Retirees or beneficiaries currently receiving benefit payments | 4,701 |
| Retirees entitled to but not yet receiving benefit payments | 81 |
| Active employees | <u>5,177</u> |
| Total participants | <u>9,959</u> |

3. Contributions

The medical insurance benefits and employer and member contribution amounts are recommended by the Medical and Life Insurance Plan's Board of Trustees and are approved by the Commission. The Commission contributes a percentage of medical premiums for retirees. For those who retired on or prior to January 1, 2015, an amount ranging from 40-57 percent of the premium is contributed, dependent on the level of coverage. Medical premiums for employees who retire on or after January 1, 2015 are based on total years of service with the Commission contributing 2.0 percent per year of service, not to exceed 50 percent of the total premium, with the retiree responsible for the remaining balance of the premiums. Required employer contributions totaling \$17,558,395 and \$17,623,418 were made for fiscal years 2020 and 2019, respectively.

(B) Actuarial Information

The total OPEB liability in the July 1, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

| | <u>2020</u> | <u>2019</u> |
|---|---|---|
| Inflation | 2.00% | 2.00% |
| Salary increases | 2.50% | 2.50% |
| Discount rate | 3.51% | 3.87% |
| Healthcare cost trend rates: | 6.00% for 2019, decreasing to 4.50% through 2025 | 7.70% for 2018, decreasing to 4.60% through 2025 |
| Retirees' share of benefit-related costs: | 43-90% of projected health insurance premiums for retirees. | 43-90% of projected health insurance premiums for retirees. |

The inflation rate was based on the actuary's long-term estimate of inflation as of July 1, 2017 and 2018. The salary increases were based on projected salaries, which include COLA's, provided by the Department. The discount rate was based on Bond Buyer General Obligation 20-Bond Municipal Bond Index. Mortality rates were based on the 2018 Pub-2010 Public Retirement Plans Safety Employees Mortality Table weighted by Headcount project by MP-2018 and the RP 2014 Employees and Health Annuitants Mortality table, headcount weighted, fully generational projected by Scale MP-2016 for July 1, 2019 and July 1, 2018, respectively. The actuarial assumptions used in July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2019. Changes of assumptions and other inputs reflect a change in the discount rate from 3.87 percent in 2019 to 3.51 percent in 2020.

The following presents the impact of interest rate sensitivity on the total OPEB liability for the fiscal years ended June 30, 2020 and 2019 for discount rates of 3.51 percent and 3.87 percent, respectively, using a discount rate that is one-percentage-point lower or one-percentage-point higher than the discount rate for each respective year.

| | <u>1 Percent Decrease (2.51%)</u> | <u>Current Discount Rate (3.51%)</u> | <u>1 Percent Increase (4.51%)</u> |
|---------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Total OPEB liability 2020 | \$879,284,474 | \$738,785,055 | \$629,437,901 |
| | <u>1 Percent Decrease (2.87%)</u> | <u>Current Discount Rate (3.87%)</u> | <u>1 Percent Increase (4.87%)</u> |
| Total OPEB liability 2019 | \$923,196,579 | \$772,731,539 | \$656,597,342 |

The following illustrates the impact of healthcare cost trend sensitivity on the total OPEB liability for the Department for fiscal year ended June 30, 2020.

| <u>Measurement Date</u> <u>July 1, 2019</u> | <u>1 Percent Decrease (5.00%)</u> | <u>Current Trend Rates (6.00%)</u> | <u>1 Percent Increase (7.00%)</u> |
|--|-----------------------------------|------------------------------------|-----------------------------------|
| Total OPEB liability | \$616,380,985 | \$738,785,055 | \$899,481,255 |

The following illustrates the impact of healthcare cost trend sensitivity on the total OPEB liability for the Department for fiscal year ended June 30, 2019.

| <u>Measurement Date</u> <u>July 1, 2018</u> | <u>1 Percent Decrease (6.70%)</u> | <u>Current Trend Rates (7.70%)</u> | <u>1 Percent Increase (8.70%)</u> |
|--|-----------------------------------|------------------------------------|-----------------------------------|
| Total OPEB liability | \$656,829,737 | \$772,731,539 | \$955,201,587 |

(C) Liabilities, Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Department's total OPEB Liability is \$738,785,055 and \$772,731,539 at June 30, 2020 and 2019, respectively. The measurement date of the liability for June 30, 2020 and 2019 was July 1, 2019 and 2018, respectively. The liability was based on the population of each employer.

| | <u>2020</u> | <u>2019</u> |
|--|-----------------------|-----------------------|
| Beginning Balance | \$ 772,731,539 | \$ 776,186,564 |
| Changes for the year | | |
| Service Cost | 24,600,075 | 25,560,565 |
| Changes of benefit terms | --- | --- |
| Differences between expected and actual experience | (36,657,381) | (1,758,191) |
| Interest | 30,519,757 | 27,481,298 |
| Changes in assumptions or other inputs | (34,827,218) | (37,481,882) |
| Benefit payments | (17,581,717) | (17,256,815) |
| Net changes | <u>(33,946,484)</u> | <u>(3,455,025)</u> |
| Balance, June 30 | <u>\$ 738,785,055</u> | <u>\$ 772,731,539</u> |

A breakout of the current and noncurrent portion of the total OPEB liability at June 30, 2020 and 2019 is listed below:

| | <u>2020</u> | <u>2019</u> |
|--|-----------------------|-----------------------|
| Other postemployment benefit obligation - current | \$ 17,570,000 | \$ 17,558,000 |
| Other postemployment benefit obligation - noncurrent | <u>721,215,055</u> | <u>755,173,539</u> |
| Total | <u>\$ 738,785,055</u> | <u>\$ 772,731,539</u> |

(D) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020 and 2019, the Department recognized total OPEB expense of \$19,104,238 and \$28,688,711, respectively. A breakdown of the OPEB expense is provided below.

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Reconciliation of OPEB Expense | | |
| Beginning Balance | \$ --- | \$ --- |
| Service Cost | 24,600,075 | 25,560,565 |
| Interest | 30,519,757 | 27,481,298 |
| Amortization of Deferred Inflow Changes in Assumptions | (29,758,987) | (24,086,802) |
| Amortization of Deferred Inflow Changes in Liability | | |
| (Gain)/Loss | <u>(6,256,607)</u> | <u>(286,350)</u> |
| Total OPEB expenses | <u>\$ 19,104,238</u> | <u>\$ 28,668,711</u> |

The Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>2020</u> | | <u>2019</u> | |
|--|---|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ --- | \$ 31,872,614 | \$ --- | \$ 1,471,841 |
| Changes of assumptions or other inputs | --- | 110,532,485 | --- | 105,464,254 |
| Benefit payments subsequent to measurement date | <u>17,233,493</u> | --- | <u>17,623,418</u> | --- |
| Total | <u>\$17,233,493</u> | <u>\$142,405,099</u> | <u>\$17,623,418</u> | <u>\$106,936,095</u> |

Benefit payments subsequent to the measurement date are recognized as a reduction in the total OPEB liability in the Department's subsequent year reporting.

Amounts reported as deferred inflows of resources related to OPEB will be recognized as a reduction of OPEB expense as follows:

| <u>Year</u> | <u>2020</u> |
|-------------|------------------------|
| 2021 | \$ (36,015,594) |
| 2022 | (36,015,594) |
| 2023 | (36,015,594) |
| 2024 | (20,191,202) |
| 2025 | (12,537,169) |
| 2026-2030 | <u>(1,629,946)</u> |
| Total | <u>\$(142,405,099)</u> |

Note 9: Financing and Other Obligations

Changes in long-term obligations for the year ended June 30, 2020 were as follows:

| <u>Obligation</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|------------------------------|--------------------------|----------------------|----------------------|------------------------|----------------------------|
| State road bonds | \$1,614,420,000 | \$178,370,000 | \$168,600,000 | \$1,624,190,000 | \$215,475,000 |
| Notes issued | 644,499 | --- | --- | 644,499 | 644,499 |
| Capital leases | 1,024 | --- | 1,024 | --- | --- |
| Claims and judgments | 1,035,000 | 444,047 | 885,000 | 594,047 | 400,000 |
| Compensated absences | 34,007,798 | 23,341,022 | 22,593,221 | 34,755,599 | 22,593,221 |
| Pollution remediation | 4,000 | --- | --- | 4,000 | --- |
| Asset retirement obligations | 43,955 | --- | --- | 43,955 | --- |
| | <u>\$1,650,156,276</u> | <u>\$202,155,069</u> | <u>\$192,079,245</u> | <u>\$1,660,232,100</u> | <u>\$239,112,720</u> |
| Unamortized premium | | | | <u>81,926,995</u> | |
| | | | | <u>\$1,742,159,095</u> | |

Changes in long-term obligations for the year ended June 30, 2019 were as follows:

| <u>Obligation</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|------------------------------|--------------------------|----------------------|----------------------|------------------------|----------------------------|
| State road bonds | \$1,832,370,000 | \$102,705,000 | \$320,655,000 | \$1,614,420,000 | \$168,600,000 |
| Notes issued | 644,499 | --- | --- | 644,499 | --- |
| Capital leases | 36,822 | --- | 35,798 | 1,024 | 1,024 |
| Claims and judgments | 2,098,900 | 50,000 | 1,113,900 | 1,035,000 | 600,000 |
| Compensated absences | 32,879,302 | 24,750,691 | 23,622,195 | 34,007,798 | 23,622,195 |
| Pollution remediation | 4,000 | --- | --- | 4,000 | --- |
| Asset retirement obligations | --- | 43,955 | --- | 43,955 | --- |
| | <u>\$1,868,033,523</u> | <u>\$127,549,646</u> | <u>\$345,426,893</u> | <u>\$1,650,156,276</u> | <u>\$192,823,219</u> |
| Unamortized premium | | | | <u>85,740,489</u> | |
| | | | | <u>\$1,735,896,765</u> | |

Information related to claims and judgments and compensated absences can be found in the Summary of Significant Accounting Policies Note and the Risk Management Note.

Payments on State Road bonds are made from the State Road Fund and the State Road Bond Fund. Compensated absences are made by the governmental funds from which the related salaries are paid. All other long-term obligation payments are liquidated from the State Road Fund.

House Bill 1742, signed by the Governor on May 30, 2000, authorized the Department to issue bonds of \$2.25 billion through 2006, with no more than \$500.0 million issued in any one year. Under Constitutional Amendment 3, approved by Missouri voters on November 2, 2004, the authority of the Commission to issue State Road bonds is not subject to statutory provisions.

Senate Concurrent Resolution 14, signed by the Governor on June 10, 2019, authorized MoDOT to issue \$301.0 million in bonds to repair or replace 215 bridges. The bonds will be paid back with General Revenue funds appropriated by the legislature over a seven-year period.

(A) State Road Bonds**1. Bonded Debt Detail**

| | <u>2020</u> | <u>2019</u> |
|---|------------------------|------------------------|
| Series B 2009 Federal Reimbursement State Road bonds, originally issued for \$404,375,000, to finance federally-eligible projects, including the Safe and Sound bridge program, due in annual installments of \$23,175,000 to \$43,250,000 beginning in 2022 through 2033; interest varying from 4.80 percent to 5.45 percent, exclusive of expected U.S. Treasury subsidy; secured by revenues collected from federal highway reimbursements. | \$ 404,375,000 | \$ 404,375,000 |
| Series C 2009 State Road bonds, originally issued for \$300,000,000, to finance projects pursuant to Amendment 3 due in annual installments of \$19,070,000 to \$28,015,000 beginning in 2017 through 2029; interest varying from 4.31 percent to 5.63 percent, exclusive of expected U.S. Treasury subsidy; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution. | 220,365,000 | 241,145,000 |
| Series A 2010 Federal Reimbursement State Road bonds, originally issued for \$128,865,000, to finance federally-eligible projects, including the new Mississippi River Bridge in St. Louis and the Safe and Sound bridge program, due in annual installments of \$2,745,000 to \$13,610,000 beginning in 2011 through 2022; interest varying from 1.50 percent to 5.00 percent; secured by revenues collected from federal highway reimbursements. | 16,355,000 | 29,505,000 |
| Series B 2010 Federal Reimbursement State Road bonds, originally issued for \$56,135,000, to finance federally-eligible projects, including the new Mississippi River Bridge in St. Louis and the Safe and Sound bridge program, due in annual installments of \$11,290,000 to \$15,425,000 beginning in 2022 through 2025; interest varying from 4.72 percent to 5.02 percent, exclusive of expected U.S. Treasury subsidy; secured by revenues collected from federal highway reimbursements. | 56,135,000 | 56,135,000 |
| Series C 2010 Refunding State Road bonds, originally issued for \$130,390,000, to advance refund certain portions of Series A 2001 through 2003 State Road bonds; due in annual installments of \$1,205,000 to \$31,145,000 beginning February 1, 2013 through 2023; interest varying from 3.00 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution. | 50,500,000 | 65,770,000 |
| Series A 2014 First Lien Refunding State Road bonds, originally issued for \$589,015,000, to advance refund certain portions of Series A & B 2006 First Lien State Road bonds; due in annual installments of \$18,810,000 to \$104,510,000 beginning May 1, 2017 through 2026; interest varying from 2.00 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution. | 507,405,000 | 529,265,000 |
| Series B 2014 Second Lien Refunding State Road bonds, originally issued for \$311,975,000, to advance refund certain portions of Series 2007 Second Lien State Road bonds; due in annual installments of \$3,130,000 to \$68,350,000 beginning May 1, 2018 through 2025; interest varying from 3.00 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution. | 117,170,000 | 185,520,000 |
| Series A 2019 Federal Reimbursement Refunding State road bonds, originally issued for \$102,705,000, to current refund certain portions of Series A 2008 and Series A 2009 Federal Reimbursement State Road bonds; due in annual installments of \$10,000,000 to \$30,410,000 beginning May 1, 2020 through 2025; interest of 5.00 percent; secured by revenues collected from federal highway reimbursements. | 73,515,000 | 102,705,000 |
| Series B 2019 Third Lien State Road bonds, originally issued for \$178,370,000, to finance a portion of the Focus on Bridges Program, due in annual installments of \$19,335,000 to \$37,285,000 beginning November 1, 2020 through 2026; interest rate at 5.00 percent; secured by revenues collected from the State Road Fund and State Road Bond Fund. | <u>178,370,000</u> | <u>---</u> |
| | <u>\$1,624,190,000</u> | <u>\$1,614,420,000</u> |

2. Tax Status of Bonds

Tax-Exempt issuances: The Series C 2010 Refunding bonds are Senior Bonds and would take priority in payment over other bonds. Refunding Series A 2014 bonds are First Lien bonds. The Refunding Series B 2014 are Second Lien bonds. The Series A 2008, A 2009, A 2010 and A 2019 bonds are liens on federal highway reimbursement revenues. The Series B 2019 bonds are Third Lien Bonds. As tax-exempt issuances, these bonds are subject to federal arbitrage regulations.

Taxable issuances: The Series B 2009 and B 2010 bonds are liens on federal highway reimbursement revenues. The Series C 2009 bonds are Third Lien bonds. These bonds are taxable Build America Bonds as established under the American Recovery and Reinvestment Act of 2009.

3. Bond Debt Maturity

Annual debt service requirements to maturity are indicated in the following schedule. The interest payments for the Build America Bonds are shown excluding the expected receipt of interest subsidy payments from the U.S. Treasury.

| <u>Fiscal Year</u> | <u>Principal Due</u> | <u>Interest Due</u> | <u>Total Due</u> |
|--------------------|------------------------|-----------------------|------------------------|
| 2021 | \$ 215,475,000 | \$ 85,471,544 | \$ 300,946,544 |
| 2022 | 232,500,000 | 71,228,367 | 303,728,367 |
| 2023 | 217,885,000 | 60,227,909 | 278,112,909 |
| 2024 | 193,525,000 | 49,391,817 | 242,916,817 |
| 2025 | 200,785,000 | 39,711,203 | 240,496,203 |
| 2026-2030 | 438,670,000 | 87,243,124 | 525,913,124 |
| 2031-2035 | <u>125,350,000</u> | <u>13,809,337</u> | <u>139,159,337</u> |
| | <u>\$1,624,190,000</u> | <u>\$ 407,083,301</u> | <u>\$2,031,273,301</u> |

4. Pledged Revenues

Pledged revenues for the year ended June 30, 2020 were as follows:

(Amounts in thousands)

| <u>Bond Lien Type</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> | <u>Pledged Revenue Type⁴</u> | <u>Net Pledged Revenue</u> | <u>Term of Commitment</u> |
|--|------------------|-----------------|---------------------------|--|----------------------------|---------------------------|
| Senior Lien ¹ | \$ 15,270 | \$ 3,288 | \$ 18,558 | Article IV, Section 30(b) of the Missouri Constitution | \$ 584,267 | 2020 – 2023 |
| Federal Reimbursement ² | 42,340 | 22,436 | 64,776 | Federal Highway Reimbursements | 862,490 | 2020 – 2033 |
| First, Second, Third Lien ³ | <u>110,990</u> | <u>43,995</u> | <u>154,985</u> | Article IV, Section 30(b) of the Missouri Constitution | <u>745,554</u> | 2020 – 2029 |
| | <u>\$168,600</u> | <u>\$69,719</u> | <u>\$238,319</u> | | <u>\$2,192,311</u> | |

¹ Bonds issued 2010 (2010 C)

² Bonds issued 2009 (2009 B), 2010 (2010 A, 2010 B), 2019 (2019 A)

³ Bonds issued 2014 (2014 A, 2014 B), 2009 (2009 C), 2019 (2019 B)

⁴ Pledged revenues include collections of motor vehicle sales tax, motor fuel sales tax, licensing fees and permits and appropriations of General Revenue for repayment of bonds.

Pledged revenues for the year ended June 30, 2019 were as follows:

(Amounts in thousands)

| <u>Bond Lien Type</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> | <u>Pledged Revenue Type⁴</u> | <u>Net Pledged Revenue</u> | <u>Term of Commitment</u> |
|--|------------------|-----------------|---------------------------|--|----------------------------|---------------------------|
| Senior Lien ¹ | \$ 61,200 | \$ 6,347 | \$ 67,547 | Article IV, Section 30(b) of the Missouri Constitution | \$ 607,676 | 2019 – 2023 |
| Federal Reimbursement ² | 42,235 | 24,849 | 67,084 | Federal Highway Reimbursements | 780,220 | 2019 – 2033 |
| First, Second, Third Lien ³ | <u>105,920</u> | <u>48,836</u> | <u>154,756</u> | Article IV, Section 30(b) of the Missouri Constitution | <u>718,133</u> | 2019 – 2029 |
| | <u>\$209,355</u> | <u>\$80,032</u> | <u>\$289,387</u> | | <u>\$2,106,029</u> | |

¹ Bonds issued 2006 (2006 Ref), 2010 (2010 C)

² Bonds issued 2008 (2008 A), 2009 (2009 A, 2009 B), 2010 (2010 A, 2010 B)

³ Bonds issued 2014 (2014 A, 2014 B), 2009 (2009 C)

⁴ Pledged revenues include collections of motor vehicle sales tax, motor fuel sales tax, licensing fees and permits and appropriations of General Revenue for repayment of bonds.

5. Defeased Debt – Fiscal Year 2019

In May 2019, the Commission issued \$102.7 million in State Road Bonds with an interest rate of 5.00 percent to refund \$111.3 million of outstanding 2008 A and 2009 A Series State Road Bonds with average interest rates of 4.91 percent and 4.50 percent, respectively. The net proceeds of \$111.5 million were deposited into an irrevocable trust with an escrow agent to purchase State and Local Government Securities (SLGS) and U. S. Treasury Notes to provide for future debt service payments of portions of the Series A 2008 and Series A 2009 bonds. As a result, those portions of the bonds are considered defeased and the liability for those bonds has been removed from the Department's government-wide statements of net position. The net carrying amount of the old debt (\$112.9 million) exceeded the reacquisition price (\$111.5 million) is by \$1.4 million. This difference, reported in the accompanying financial statements as a deferred inflow of resources, is being charged against interest expense through 2025 using the effective-interest method. This current refunding was undertaken to reduce total debt service payments by \$10.0 million and resulted in an economic gain (net present value savings) of \$9.5 million. The amounts of outstanding bonds considered defeased at June 30, 2019 are as follows:

| <u>Bond Series</u> | <u>Principal Due</u> |
|--------------------|----------------------|
| Series A 2008 | \$ 68,605,000 |
| Series A 2009 | <u>42,695,000</u> |
| Total | <u>\$111,300,000</u> |

(B) Notes Issued

1. Notes Issued Detail

| | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|
| County of St. Charles; to provide a location, needs and cost study of a river crossing on Highway 40 between St. Louis County and St. Charles County; principal due July 1, 2021; no interest will accrue. | <u>\$644,499</u> | <u>\$644,499</u> |
| | <u>\$644,499</u> | <u>\$644,499</u> |

2. Notes Issued Debt Maturity

Annual debt service requirements to maturity for all notes issued are indicated in the following schedule.

| <u>Fiscal Year</u> | <u>Principal Due</u> | <u>Interest Due</u> | <u>Total Due</u> |
|--------------------|----------------------|---------------------|------------------|
| 2021 | \$644,499 | \$ --- | \$644,499 |
| 2022 | --- | --- | --- |
| 2023 | --- | --- | --- |
| 2024 | --- | --- | --- |
| 2025 | --- | --- | --- |
| | <u>\$644,499</u> | <u>\$ ---</u> | <u>\$644,499</u> |

(C) Capital Lease Obligations

The Department has no commitments under capital leases to finance the acquisition of equipment. Lease-purchase agreements for equipment grant a security interest in the related capital assets. The assets acquired through these capital leases are included in capital assets as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------|---------------|---------------|
| Equipment | \$ --- | \$41,999 |
| Less: accumulated depreciation | <u>---</u> | <u>41,202</u> |
| Capital leased assets, net | <u>\$ ---</u> | <u>\$ 797</u> |

(D) Pollution Remediation Obligations

MoDOT is involved in remediation activities related to buildings and grounds caused by contamination and a fuel leak. The potential for additional pollution remediation exists; however, any future remediation obligations are not yet estimable.

(E) Asset Retirement Obligations

MoDOT is required by the Nuclear Regulatory Commission – NUREG 1556 Volume 1 Rev 2 to properly dispose of all nuclear gauges used in its operations. Nuclear gauges are used to measure physical properties of materials during construction projects. Nuclear density gauges are used to measure density of fill materials to ensure that the embankment, subgrade or other earthwork structures are built within specification to support its intended design load. The nuclear asphalt content gauges are used to determine asphalt content of our mixes to ensure contractor mixes meet design specification. All types of nuclear gauges have the anticipated useful life of 15 years. As of June 30, 2020 and 2019, the Department had an asset retirement obligation of \$43,955.

Note 10: Tax Revenues

Tax revenues for the fiscal years 2020 and 2019 were as follows:

| | State Highways and Transportation Department Fund | State Road Fund | State Road Bond Fund | Nonmajor Funds | Total 2020 |
|-------------------|--|----------------------------|---------------------------------|---------------------------|-----------------------|
| Fuel taxes | \$497,329,306 | \$ 97,140 | \$ --- | \$ 234,903 | \$497,661,349 |
| Sales taxes | <u>1,958,285</u> | <u>180,245,383</u> | <u>185,191,760</u> | <u>9,422,781</u> | <u>376,818,209</u> |
| Total tax revenue | <u>\$499,287,591</u> | <u>\$180,342,523</u> | <u>\$185,191,760</u> | <u>\$9,657,684</u> | <u>\$874,479,558</u> |

| | State Highways and Transportation Department Fund | State Road Fund | State Road Bond Fund | Nonmajor Funds | Total 2019 |
|-------------------|--|----------------------------|---------------------------------|---------------------------|-----------------------|
| Fuel taxes | \$512,096,886 | \$ 111,570 | \$ --- | \$ 245,076 | \$512,453,532 |
| Sales taxes | <u>1,967,991</u> | <u>173,137,348</u> | <u>177,857,331</u> | <u>10,701,636</u> | <u>363,664,306</u> |
| Total tax revenue | <u>\$514,064,877</u> | <u>\$173,248,918</u> | <u>\$177,857,331</u> | <u>\$10,946,712</u> | <u>\$876,117,838</u> |

Taxes are remitted by the Missouri Department of Revenue to the Department subsequent to collection. The Department receives the following taxes:

- **Fuel taxes** are paid on the sale of gasoline, aviation fuel used in propelling aircraft with reciprocating engines and diesel fuel. The taxes are authorized by Sections 142.010 – 142.350, 155.080 and 155.090, and 142.362 – 142.621, RSMo. The tax rate on gasoline and diesel fuels is \$0.17 per gallon. The State receives 75.0 percent of the first \$0.11 and 70.0 percent of the next \$0.06. The remaining tax is distributed to cities and counties. In addition, the Department receives the entire tax on aviation fuel of \$0.09 per gallon.
- **Sales taxes** are paid on the purchase of any new or used motor vehicle or trailer, on vehicles purchased out of state and titled in Missouri and on the sale of a vehicle between individuals within Missouri. The taxes are authorized by Sections 144.070 and 144.440, RSMo. The general sales tax rate is 3.0 percent and Proposition C tax (Section 144.701, RSMo.) is 1.0 percent, for a total of 4.0 percent. The Department receives 75.0 percent of the motor vehicle sales tax. The remainder is distributed to cities, counties and school districts. In addition, the Department receives sales tax on jet fuel, limited to a maximum of \$10.0 million annually.

Note 11: Interfund Transactions

State statute (226.200, RSMo.) requires the transfer of unspent monies in the Highway Fund to the State Road Fund on a monthly basis. Transfers for the years ended June 30, 2020 and 2019, including were as follows:

| | <u>2020</u> | | <u>2019</u> | |
|---|----------------------|----------------------|----------------------|----------------------|
| | <u>Transfers In</u> | <u>Transfers Out</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
| State Highways and Transportation Department Fund | \$ --- | \$455,189,142 | \$ --- | \$487,871,787 |
| State Road Fund | 505,735,796 | --- | 487,871,787 | --- |
| Nonmajor Funds | --- | 50,546,654 | --- | --- |
| Total transfers | <u>\$505,735,796</u> | <u>\$505,735,796</u> | <u>\$487,871,787</u> | <u>\$487,871,787</u> |

The due to/from amounts in the Road Fund and non-major funds represent interfund services provided and used. Amounts receivable/payable as of June 30, 2020 and 2019 were as follows:

| | <u>2020</u> | | <u>2019</u> | |
|-------------------|-------------------|-----------------|-------------------|-----------------|
| | <u>Receivable</u> | <u>Payable</u> | <u>Receivable</u> | <u>Payable</u> |
| State Road Fund | \$98,754 | \$ --- | \$72,732 | \$ --- |
| Nonmajor Funds | --- | 98,754 | --- | 72,732 |
| Total due to/from | <u>\$98,754</u> | <u>\$98,754</u> | <u>\$72,732</u> | <u>\$72,732</u> |

Note 12: Commitments and Contingencies**(A) Unemployment Benefits**

The Department is subject to the Missouri Employment Security Law. Department employees who qualify are entitled to benefit payments during periods of unemployment. The Department is required to reimburse the Division of Employment Security for benefit payments made to its former employees. The Department has identified no practical method of estimating the amount of future benefit payments that may be made to former employees for wage credits earned prior to June 30, 2020 and 2019. Consequently, this potential obligation is not included in the accompanying basic financial statements. Total reimbursements made by the Department were \$118,550 and \$113,695 for fiscal years 2020 and 2019, respectively.

(B) Construction Commitments

The State Road Fund had construction awards outstanding for both state and federal participating projects at June 30, 2020 and 2019 amounting to approximately \$996,525,240 and \$718,534,519, respectively. The federal portion of this total was \$775,772,071 and \$597,671,895, or approximately 77.85 percent and 83.18 percent, for 2020 and 2019, respectively.

(C) Operating Leases

The Department is committed under operating leases for buildings, as well as various office and maintenance equipment. Lease expenditures for the years ended June 30, 2020 and 2019 amounted to \$3,110,516 and \$2,527,853, respectively. Future minimum lease payments for these leases are as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------|------------------|------------------|
| Year ending: | | |
| 2020 | \$ --- | \$318,838 |
| 2021 | 465,541 | 6,846 |
| 2022 | 6,846 | 6,846 |
| 2023 | 6,846 | 5,544 |
| 2024 | 5,544 | 5,544 |
| 2025 | 5,544 | --- |
| | <u>\$490,321</u> | <u>\$343,618</u> |

(D) Federal Funding

The Department receives federal grants that are subject to review and audit by federal grantor agencies. This could result in requests for reimbursement by the grantor agency for any expenditures disallowed under grant terms. The Department believes such disallowances, if any, would be immaterial.

Note 13: Accounting Pronouncements

MoDOT implemented the following GASB Statement with no impact to the financial statements:

- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*

MoDOT also implemented GASB Statement No. 84, *Fiduciary Activities*. Under the new requirements, an activity meeting the criteria of a fiduciary activity should be reported as a fiduciary fund in the basic financial statements. Fiduciary funds should be presented with a statement of fiduciary net position and a statement of changes in fiduciary net position. The implementation of this statement has resulted in changing the presentation of the financial statements for the Motor Carrier Services (MCS) fund and the Local fund, which were previously reported as agency funds. The MCS fund holds monies collected by MoDOT from motor carriers for oversize/overweight permits, hazardous waste/waste tire licenses, interstate operating authority, the International Registration Plan (IRP), International Fuel Tax Agreement (IFTA) and the Unified Carrier Registration (UCR) program. The funds are then transferred from the MCS fund to the appropriate state fund, or the money is retained in the MCS fund to ultimately transmit to the other jurisdictions for the International Registration Plan (IRP) or International Fuel Tax Agreement (IFTA). The portion of the funds held on behalf of the motor carrier that are due to other governments and jurisdictions are now presented as a custodial fund in the fiduciary fund statements. The Local fund holds deposits made by cities and counties for work they would like to do in conjunction with work MoDOT is doing or for the local entities' portion of the costs of the project being completed. As expenditures are made for the projects out of the State Road Fund, the money is transferred out of the Local fund to reimburse the State Road Fund. Because this activity does not meet the criteria of a fiduciary fund under the new guidance, it is now reported in the State Road Fund. The Department has restated its financial statements as of and for the year ended June 30, 2019 for the adoption of GASB 84.

Note 14: Restatement***GASB 84, Fiduciary Activities***

The following tables present a summary of the restatement of the June 30, 2019 financial statements related to the implementation of GASB 84 during fiscal year 2020:

Government-wide financial statements

| | <u>As Originally Stated</u> <u>(see Note 1 revision)</u> | <u>Restatement</u> | <u>As Restated</u> |
|---------------------------------|---|--------------------|--------------------|
| Statement of Net Position | | | |
| Cash and cash equivalents | \$ 742,111,640 | \$ 33,169,278 | \$ 775,280,918 |
| State taxes and fees receivable | 147,244,808 | 8,158,518 | 155,403,326 |
| Miscellaneous receivables, net | 26,245,815 | (1,149,163) | 25,096,652 |
| Total current assets | 1,074,004,451 | 40,178,633 | 1,114,183,084 |
| Total assets | 31,899,245,889 | 40,178,633 | 31,939,424,522 |
| Unearned revenue | 15,575,735 | 32,020,115 | 47,595,850 |
| Total current liabilities | 423,584,226 | 32,020,115 | 455,604,341 |
| Total liabilities | \$ 3,813,417,360 | \$ 32,020,115 | \$ 3,845,437,475 |
| Statement of Activities | | | |
| Licenses, fees and permits | \$ 324,592,201 | \$ 122,071 | \$ 324,714,272 |
| Changes in Net Position | 506,360,117 | 122,071 | 506,482,188 |
| Net Position, beginning of year | 27,677,691,294 | 8,036,447 | 27,685,727,741 |
| Net Position, end of year | \$ 28,184,051,411 | \$ 8,158,518 | \$ 28,192,209,929 |

Fund financial statements

| | <u>As Originally Stated</u> | <u>Restatement</u> | <u>As Restated</u> |
|---|-----------------------------|--------------------|--------------------|
| State Highways and Transportation Department Fund | | | |
| Balance Sheet | | | |
| State taxes and fees receivable | \$ 105,884,151 | \$ 5,589,261 | \$ 111,473,412 |
| Total assets | 113,796,653 | 5,589,261 | 119,385,914 |
| Fund balance - Restricted | 104,145,199 | 5,589,261 | 109,734,460 |
| Total fund balance | 104,145,199 | 5,589,261 | 109,734,460 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 113,796,653 | \$ 5,589,261 | \$ 119,385,914 |
| Statement of Revenues, Expenditures and Changes in and Changes in Fund Balance | | | |
| Licenses, fees and permits | \$ 215,586,601 | \$ 83,629 | \$ 215,670,230 |
| Total revenues | 733,840,540 | 83,629 | 733,924,169 |
| Net Changes in Fund Balance | (14,171,685) | 83,629 | (14,088,056) |
| Fund Balance, beginning of year | 118,316,884 | 5,505,632 | 123,822,516 |
| Fund Balance, end of year | \$ 104,145,199 | \$ 5,589,261 | \$ 109,734,460 |
| State Road Fund | | | |
| Balance Sheet | | | |
| Cash and cash equivalents | \$ 652,347,617 | \$ 33,169,278 | \$ 685,516,895 |
| State taxes and fees receivable | 23,315,412 | 2,569,257 | 25,884,669 |
| Miscellaneous receivables, net | 19,048,893 | (1,149,163) | 17,899,730 |
| Total assets | 818,927,369 | 34,589,372 | 853,516,741 |
| Unearned revenue | 4,848,493 | 32,020,115 | 36,868,608 |
| Fund balance - Restricted | 644,614,754 | 2,569,257 | 647,184,011 |
| Total fund balance | 677,480,179 | 2,569,257 | 680,049,436 |
| Total liabilities, deferred inflows of resources and fund balances | \$818,927,369 | \$ 34,589,372 | \$ 853,516,741 |
| Statement of Revenues, Expenditures and Changes in and Changes in Fund Balance | | | |
| Licenses, fees and permits | \$ 105,977,764 | \$ 38,442 | \$ 106,016,206 |
| Total revenues | 1,228,061,953 | 38,442 | 1,228,100,395 |
| Net Changes in Fund Balance | (25,998,252) | 38,442 | (25,959,810) |
| Fund Balance, beginning of year | 703,478,431 | 2,530,815 | 706,009,246 |
| Fund Balance, end of year | \$ 677,480,179 | \$ 2,569,257 | \$ 680,049,436 |

The restatement also included a change to the presentation of the MCS Fund and Local Fund. Both the MCS Fund and Local fund were previously reported as Agency Funds. After implementation of GASB 84, Agency Funds no longer exist and the MCS Fund is the only remaining custodial fund in fiduciary funds. Adjustments to the Fiduciary Fund financial statements include a reduction to cash and cash equivalents totaling \$3,663,597, a reduction to other assets totaling \$21,417, addition of miscellaneous receivables, net totaling \$478,989, a reduction to due to other governments in the amount of \$10,687,888, addition of liabilities including deposits totaling \$1,118,218, due to non-MoDOT state funds totaling \$856,419 and due to other jurisdictions totaling \$5,507,226. Additionally, as a result of implementing GASB 84, the financial statements now include a Statement of Changes in Fiduciary Net Position for the years ended June 30, 2020 and 2019 which was not previously required for the Agency Funds.

Note 15: CARES Act Funding

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Department. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time. In 2020, the Department received federal stimulus funding provided from the Coronavirus Aid, Relief and Emergency Security (CARES) Act for emergency relief for rural transit providers and for airports. Revenue and expenditures related to this funding is included in the nonmajor - Multimodal Federal Fund. The Department has also included federal funding provided from the CARES Act for a state fund that is administered by the Office of Administration (OA). The Department has included any revenue and expenditures related to this source of funding in the State Road Fund.

Required Supplementary Information

Required Supplementary Information

Budgetary Comparison Schedules – State Highways and Transportation Department Fund

Year Ended June 30, 2020
With Summarized Financial Information for 2019

| | Budgeted Amounts | | Actual | Variances Between Final Budget and Actual | |
|--|------------------------|------------------------|----------------------|--|----------------------|
| | Original | Final | | 2020 | 2019 |
| Budgetary fund balance, beginning of year | \$ 6,688,088 | \$ 6,688,088 | \$ 6,688,088 | \$ --- | \$ --- |
| Resources (inflows) | | | | | |
| Fuel taxes | 508,334,436 | 508,334,436 | 506,590,653 | (1,743,783) | 21,352,604 |
| License, fees and permits | 213,478,000 | 213,478,000 | 206,925,134 | (6,552,866) | 10,633,099 |
| Vehicle sales taxes | 1,648,000 | 1,648,000 | 2,007,703 | 359,703 | 20,382 |
| Interest | 708,236 | 708,236 | 1,258,651 | 550,415 | 588,141 |
| Intergovernmental/cost reimbursements/miscellaneous | <u>3,801,000</u> | <u>3,801,000</u> | <u>1,986,952</u> | <u>(1,814,048)</u> | <u>(984,047)</u> |
| Amount available for appropriation | <u>734,657,760</u> | <u>734,657,760</u> | <u>725,457,181</u> | <u>(9,200,579)</u> | <u>31,610,179</u> |
| Charges to appropriations (outflows) | | | | | |
| Appropriations spent by other state agencies | <u>316,325,421</u> | <u>316,325,421</u> | <u>266,509,916</u> | <u>49,815,505</u> | <u>48,564,878</u> |
| Total charges to appropriations | <u>316,325,421</u> | <u>316,325,421</u> | <u>266,509,916</u> | <u>49,815,505</u> | <u>48,564,878</u> |
| Transfers to State Road Fund | <u>(510,000,000)</u> | <u>(510,000,000)</u> | <u>(455,189,142)</u> | <u>54,810,858</u> | <u>22,128,213</u> |
| Budgetary fund balance, end of year | <u>\$ (91,667,661)</u> | <u>\$ (91,667,661)</u> | <u>\$ 3,758,123</u> | <u>\$95,425,784</u> | <u>\$102,303,270</u> |

Required Supplementary Information
Budgetary Comparison Schedules – State Road Fund
 Year Ended June 30, 2020
 With Summarized Financial Information for 2019

| | Budgeted Amounts | | | Variances Between Final Budget and Actual | |
|--|-------------------------|-----------------------|-----------------------|--|----------------------|
| | Original | Final | Actual | 2020 | 2019 |
| Budgetary fund balance, beginning of year | \$ 670,588,316 | \$ 670,588,316 | \$ 670,588,316 | \$ --- | \$ --- |
| Resources (inflows) | | | | | |
| Fuel taxes | 126,000 | 126,000 | 97,140 | (28,860) | 2,570 |
| License, fees and permits | 94,271,000 | 94,271,000 | 107,922,686 | 13,651,686 | 15,817,634 |
| Vehicle sales taxes | 181,276,000 | 181,276,000 | 175,054,343 | (6,221,657) | (17,846,760) |
| Interest | 9,996,584 | 9,996,584 | 15,041,304 | 5,044,720 | 6,093,842 |
| Intergovernmental/cost reimbursements/miscellaneous | 101,199,000 | 101,199,000 | 152,164,799 | 50,965,799 | (39,226,559) |
| Bond proceeds | --- | 201,000,000 | 201,000,000 | --- | --- |
| Federal government | <u>974,319,000</u> | <u>974,319,000</u> | <u>952,026,074</u> | <u>(22,292,926)</u> | <u>(110,070,469)</u> |
| Amount available for appropriation | <u>2,031,775,900</u> | <u>2,232,775,900</u> | <u>2,273,894,662</u> | <u>41,118,762</u> | <u>(145,229,742)</u> |
| Charges to appropriations (outflows) | | | | | |
| Administration | | | | | |
| Personal service | 18,670,607 | 18,760,459 | 17,500,901 | 1,259,558 | 1,100,130 |
| Fringe benefits | 33,986,468 | 34,054,814 | 31,255,713 | 2,799,101 | 3,145,315 |
| Expense and equipment | 13,663,663 | 12,747,731 | 8,838,948 | 3,908,783 | 2,164,536 |
| Maintenance | | | | | |
| Personal service | 148,070,404 | 147,702,950 | 141,168,957 | 6,533,993 | 3,288,013 |
| Fringe benefits | 134,740,894 | 134,740,894 | 128,154,319 | 6,586,575 | 6,392,583 |
| Expense and equipment | 227,780,106 | 222,417,868 | 202,121,145 | 20,296,723 | 10,546,429 |
| Construction | | | | | |
| Personal service | 67,049,451 | 63,877,883 | 60,637,671 | 3,240,212 | 1,707,577 |
| Fringe benefits | 55,750,579 | 53,305,545 | 48,592,226 | 4,713,319 | 4,268,012 |
| Expense and equipment | 19,438,415 | 18,978,832 | 14,873,498 | 4,105,334 | 1,188,902 |
| Contracts | 1,041,668,919 | 1,058,674,348 | 1,002,155,108 | 56,519,240 | 167,447,861 |
| Focus on Bridges | 50,000,000 | 256,504,249 | 46,716,162 | 209,788,087 | --- |
| Right of way purchase | 10,000,000 | 10,000,000 | 10,302,887 | (302,887) | 5,266,694 |
| Fleet, facilities and information systems | | | | | |
| Personal service | 10,853,375 | 10,853,375 | 10,028,159 | 1825,216 | 1,371,291 |
| Fringe benefits | 9,381,298 | 9,381,298 | 8,361,094 | 1,020,204 | 1,319,591 |
| Expense and equipment | 59,844,968 | 67,333,037 | 57,281,633 | 10,051,404 | 9,041,766 |
| Multimodal operations | | | | | |
| Personal service | 463,656 | 469,856 | 489,591 | (19,735) | (17,634) |
| Fringe benefits | 381,520 | 381,520 | 361,026 | 20,494 | 34,228 |
| Expense and equipment | 39,852 | 39,852 | 112,370 | (72,518) | (285,034) |
| Program | 176,000 | 176,000 | 176,000 | --- | --- |
| Bond principal and interest payments | <u>50,324,050</u> | <u>50,324,050</u> | <u>50,317,379</u> | <u>6,671</u> | <u>2,174</u> |
| Total charges to appropriations | <u>1,952,284,225</u> | <u>2,170,724,561</u> | <u>1,839,444,787</u> | <u>331,279,774</u> | <u>217,982,434</u> |
| Transfers from Highway Fund | 510,000,000 | 510,000,000 | 455,189,142 | (54,810,858) | (22,128,213) |
| Transfers from Multimodal Funds ^{1,2} | --- | --- | 546,654 | 546,654 | --- |
| Total Transfers | <u>510,000,000</u> | <u>510,000,000</u> | <u>455,735,796</u> | <u>(54,264,204)</u> | <u>(22,128,213)</u> |
| Budgetary fund balance, end of year | <u>\$ 589,491,675</u> | <u>\$ 572,051,339</u> | <u>\$ 890,185,671</u> | <u>\$ 318,134,332</u> | <u>\$ 50,624,479</u> |

¹ The transfers from Multimodal Funds reimburses the State Road Fund for the use of MoDOT employees and equipment funded by the State Road Fund in providing support to the Multimodal Division as it carries out its transportation responsibilities in the areas of aviation, railroads, transit, freight and waterways. Transfers are accounting entries only and will allow the Multimodal Division to reimburse the State Road Fund from other non-highway funds without double counting expenditures.

Required Supplementary Information

Budget Basis to GAAP Reconciliations and Disclosure

Years Ended June 30, 2020 and 2019

The following are reconciliations of the differences between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis for 2020:

| | State Highways and Transportation Department Fund | State Road Fund |
|-------------------------------------|--|------------------------|
| Fund balance, budgetary basis | \$ 3,758,123 | \$890,185,671 |
| Receivables | 103,680,031 | 137,713,307 |
| Due from other funds | --- | 98,754 |
| Inventories | --- | 36,171,482 |
| Payables | (13,644,664) | (139,797,984) |
| Deposits | --- | (1,713,575) |
| Unearned revenue | --- | (28,144,762) |
| Unavailable revenues | (1,269,601) | (10,145,721) |
| Cash adjustments – Local Fund | --- | 34,731,159 |
| Change in fair value of investments | <u>11,878</u> | <u>2,715,920</u> |
| Fund balance, GAAP basis | <u>\$ 92,535,767</u> | <u>\$921,814,251</u> |

The following are reconciliations of the differences between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis for 2019:

| | State Highways and Transportation Department Fund | State Road Fund |
|-------------------------------------|--|------------------------|
| Fund balance, budgetary basis | \$ 6,688,088 | \$ 670,588,316 |
| Receivables | 107,110,688 | 115,083,095 |
| Due from other funds | --- | 72,732 |
| Inventories | --- | 32,865,425 |
| Payables | (9,580,370) | (118,986,636) |
| Deposits | --- | (2,102,908) |
| Unearned revenue | --- | (4,848,493) |
| Unavailable revenues | (76,418) | (15,521,860) |
| Change in fair value of investments | <u>3,211</u> | <u>330,508</u> |
| Fund balance, GAAP basis | <u>\$104,145,199</u> | <u>\$ 677,480,179</u> |

Budgetary Principles and Presentation

The budgetary comparison schedules are presented on the State's budgetary basis of accounting. Under this basis, revenues are recognized when cash is received. Expenditures are recognized for cash disbursements made during the fiscal year and for cash adjustments made in the lapse period, as defined by the Office of Administration.

All governmental funds reported by MoDOT have legally adopted annual budgets. The legal authority for approval of the Department's budget and amendments for the State Highways and Transportation Department Fund rests with the State Legislature. The Commission approves the State Road Fund budget and amendments. The fund level is the legal level of control for the State Road Fund. However, at any time, the Commission may approve the Department to spend more or less than the State Legislature or the fund level of the State Road Fund, which will drive the Department's budget to be higher or lower than the other legal limits.

The Department develops its budget through processes involving the districts and the central office divisions. Upon Commission approval, the legislative budget request is sent to the Office of Administration by October 1 and is forwarded to the Governor's Office. The Governor develops a recommendation regarding the budget and forwards both the budget request and the recommendation to the Legislature. The Legislature generally acts on budget matters between January and May. The Governor has veto authority and generally acts on those matters in June. Upon Commission approval in June, the Department then internally distributes available funds based on input and feedback from the districts and central office divisions.

Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability (NPL)*

| <u>Actuarial Valuation Date</u> | <u>MoDOT's Proportion of NPL</u> | <u>MoDOT's Share of NPL</u> | <u>MoDOT's Covered Payroll</u> | <u>MoDOT's NPL as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</u> |
|---|--|---------------------------------|------------------------------------|---|---|
| 6/30/2019 | 62.35% | \$1,006,396,262 | \$226,173,147 | 444.97% | 60.02% |
| 6/30/2018 | 62.39 | 1,040,233,956 | 219,256,041 | 474.44 | 58.13 |
| 6/30/2017 | 62.01 | 1,012,417,855 | 219,668,222 | 460.88 | 57.06 |
| 6/30/2016 | 62.03 | 1,097,719,514 | 212,224,044 | 517.25 | 52.96 |
| 6/30/2015 | 62.23 | 1,061,941,581 | 212,044,879 | 500.81 | 54.08 |
| 6/30/2014 | 63.79 | 1,079,844,816 | 213,845,536 | 504.96 | 53.63 |

*This schedule will ultimately present ten years of data when available.

Required Supplementary Information

Schedule of Pension Contributions

| <u>Fiscal Year</u> | <u>Actuarially Determined Contributions</u> | <u>Actual Contributions</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Payroll</u> | <u>Contributions as of Percentage of Covered Payroll</u> |
|------------------------|---|---------------------------------|---|----------------------------|--|
| 2020 | \$130,321,026 | \$130,321,026 | \$ --- | \$224,691,424 | 58.00% |
| 2019 ¹ | 130,420,220 | 130,420,220 | --- | 224,862,449 | 58.00 |
| 2018 | 127,168,503 | 127,168,503 | --- | 219,256,041 | 58.00 |
| 2017 | 127,407,569 | 127,407,569 | --- | 219,668,223 | 58.00 |
| 2016 | 123,196,057 | 123,196,057 | --- | 212,224,044 | 58.05 |
| 2015 | 124,597,572 | 124,597,572 | --- | 212,044,881 | 58.76 |
| 2014 ² | 116,000,251 | 116,000,251 | --- | 213,845,536 | 54.24 |
| 2013 ³ | 107,190,383 | 107,190,383 | --- | 210,507,429 | 50.92 |
| 2012 ⁴ | 102,014,954 | 102,014,954 | --- | 224,455,344 | 45.45 |
| 2011 | 99,109,317 | 99,109,317 | --- | 251,164,672 | 39.46 |

¹ For the plan year ended June 30, 2018, there were no changes to the plan's benefit terms. Assumed rates of withdrawal, disability, retirement and wage increases due to merit and longevity were adjusted to more closely track experience. Mortality tables were updated to use the RP-2014 Healthy Annuitant, Employee and Disabled Retiree Annuitant tables projected to 2022 using scale MP-2017. Economic assumptions lowered to 7.00% investment return, 3.00% wage inflation and 2.25% price inflation. Other miscellaneous changes were made for potential survivor benefits, sick leave, etc.

² For the plan year ended June 30, 2013, there were no changes to the plan's benefit terms. The assumptions and methods used were those adopted by the Board from the July 1, 2007 through June 30, 2012 Experience Study. The changes resulted in an increase in computed the computed contribution rate of 4.60% for Non-Uniform and 6.02% for Uniform employees.

³ For the plan year ended June 30, 2012, the Governmental Accounting Standards Board issued Statements No. 67 and 68. To minimize the difference between what is used for funding and what is used for reporting, the Board adopted the traditional entry age normal cost method for future valuations beginning with the June 30, 2014 valuation. The effect of these changes decreased the Non-Uniform contribution rate by 0.04% and increased the Uniform contribution rate by 3.33%. The amortization of the unfunded actuarial accrued liability was revised pursuant to the Department's estimates of future payroll.

⁴ For the plan year ended June 30, 2012, there were no changes in the assumptions and methods for the June 30, 2011 valuation, other than the method change to reflect the near term downsizing of MoDOT in the financing of the unfunded actuarial accrued liability.

Required Supplementary Information

Schedule of Proportionate Share of Total OPEB Liability Last 10 Fiscal Years*

(Dollar amounts in thousands)

| <u>Fiscal Year</u> | <u>Department's Proportion of Total OPEB Liability</u> | <u>Department's Proportionate Share of the Total OPEB Liability</u> | <u>Department's Covered Employee Payroll</u> | <u>Department's Proportionate Share of The Total OPEB Liability as a Percentage of its Covered Employee Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u> |
|--------------------|--|---|--|---|--|
| 2020 | 100.0% | \$738,785 | \$232,227 | 318% | n/a |
| 2019 | 100.0 | 772,732 | 226,598 | 341 | n/a |
| 2018 | 100.0 | 776,187 | 226,826 | 342 | n/a |
| 2017 | 100.0 | 845,952 | 220,401 | 383 | n/a |

*The amounts presented for each fiscal year were determined as of the measurement date. This schedule will ultimately present ten years of data when available.

The Insurance Plan is an internal service fund of the Department and is funded on a pay-as-you-go basis. The Plan is not a trust and does not have a fiduciary net position.

Required Supplementary Information

Schedule of Proportionate Share of Total OPEB Contributions Last 10 Fiscal Years*

(Dollar amounts in thousands)

| <u>Fiscal Year</u> | <u>Required Contributions</u> | <u>Actual Contributions</u> | <u>Contribution Deficiency/Excess</u> | <u>Department's Covered Employee Payroll</u> | <u>Contributions as a Percentage of Covered Employee Payroll</u> |
|--------------------|-------------------------------|-----------------------------|---------------------------------------|--|--|
| 2020 | \$--- | \$17,558 | \$--- | \$232,227 | 7.6% |
| 2019 | --- | 17,623 | --- | 226,598 | 7.8 |
| 2018 | --- | 17,146 | --- | 226,826 | 8.0 |
| 2017 | --- | 15,985 | --- | 220,401 | 7.0 |

*The amounts presented for each year were determined as of the fiscal year end. This schedule will ultimately present ten years of data when available.

The Insurance Plan is an internal service fund of the Department and is financed on a pay-as-you go basis. The Plan's funding is not based on covered payroll; the required information is displayed for information purposes. Refer to the Medical and Life Insurance Plan and Other Postemployment Benefits disclosures in the Notes to the Financial Statements for further information on the Insurance Plan.

No assets have been accumulated in a trust to pay related benefits.

Required Supplementary Information

Schedule of Changes in the Department's Total OPEB Liability and Related Ratios* (Dollar amounts in thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-----------------|-----------------|-----------------|
| Service cost | 24,600 | 25,561 | 31,492 |
| Interest | 30,520 | 27,481 | 24,779 |
| Changes of benefit terms | --- | --- | --- |
| Difference between expected and actual experience | (36,658) | (1,758) | --- |
| Changes of assumptions or other inputs | (34,827) | (37,482) | (110,051) |
| Benefit payments | <u>(17,582)</u> | <u>(17,257)</u> | <u>(15,985)</u> |
| Net change in total OPEB liability | (33,947) | (3,455) | (69,765) |
| Total OPEB liability beginning | 772,732 | 776,187 | 845,952 |
| Total OPEB liability ending | 738,785 | 772,732 | 776,187 |
| Covered employee payroll | 232,227 | 226,598 | 226,826 |
| Total OPEB liability as a percentage of covered employee payroll | 318% | 341% | 342% |

There were no changes in benefit terms. The change in assumption was the discount rate.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each fiscal year. Discount rates used for fiscal years 2020 and 2019 were 3.51 percent and 3.87 percent, respectively.

No assets have been accumulated in a trust to pay related benefits.

* This schedule will ultimately present ten years of data when available.



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Combining Financial Statements Nonmajor Governmental Funds

Combining Balance Sheets

Nonmajor Governmental Funds – Special Revenue

June 30, 2020
With Summarized Financial Information for 2019

| | Multimodal Federal and State Fund | State Transportation Fund | Aviation Trust Fund | State Transportation Assistance Revolving Fund | MCS Federal Fund |
|---|--|--|------------------------------------|---|---------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$2,225,398 | \$4,732,206 | \$8,901,478 | \$3,522,011 | \$132,195 |
| State taxes and fees receivable | --- | 602,536 | 20,566 | --- | --- |
| Federal government receivable | 5,416,926 | --- | --- | --- | 788,363 |
| Miscellaneous receivables, net | 243,044 | --- | 16,959 | 18,735 | --- |
| Loans receivable | --- | --- | --- | 821,277 | --- |
| Total assets | <u>\$7,885,368</u> | <u>\$5,334,742</u> | <u>\$8,939,003</u> | <u>\$4,362,023</u> | <u>\$920,558</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$7,291,016 | \$ 5,577 | \$ 597,827 | \$ --- | \$ 382,002 |
| Accrued payroll | 20,118 | 9,353 | 31,983 | --- | --- |
| Unearned revenue | 1,622,945 | --- | --- | --- | --- |
| Due to other funds | 14,876 | 5,738 | 25,933 | --- | --- |
| Total liabilities | <u>8,948,955</u> | <u>20,668</u> | <u>655,743</u> | <u>---</u> | <u>382,002</u> |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenues | --- | --- | --- | --- | 61,703 |
| Total deferred inflows of resources | <u>---</u> | <u>---</u> | <u>---</u> | <u>---</u> | <u>61,703</u> |
| Fund Balances | | | | | |
| Unassigned | (1,063,587) | --- | --- | --- | --- |
| Restricted – highways and transportation | --- | 5,314,074 | 8,283,260 | 4,362,023 | 476,853 |
| Total fund balances | <u>(1,063,587)</u> | <u>5,314,074</u> | <u>8,283,260</u> | <u>4,362,023</u> | <u>476,853</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$7,885,368</u> | <u>\$5,334,742</u> | <u>\$8,939,003</u> | <u>\$4,362,023</u> | <u>\$920,558</u> |

| Grade Crossing Safety Fund | Railroad Expense Fund | Highway Safety Fund | Motorcycle Safety Fund | Total | |
|----------------------------------|--------------------------|------------------------|---------------------------|---------------------|---------------------|
| | | | | 2020 | 2019 |
| \$3,205,724 | \$604,049 | \$ 338,001 | \$22,123 | \$23,683,185 | \$23,863,122 |
| 164,716 | --- | --- | --- | 787,818 | 795,944 |
| --- | --- | 1,520,681 | --- | 7,725,970 | 7,558,253 |
| 611 | --- | 8,197 | --- | 287,546 | 6,221,306 |
| --- | --- | --- | --- | 821,277 | 1,159,830 |
| <u>\$3,371,051</u> | <u>\$604,049</u> | <u>\$1,866,879</u> | <u>\$22,123</u> | <u>\$33,305,796</u> | <u>\$39,598,455</u> |
| | | | | | |
| \$ 222,783 | \$ 3,981 | \$1,387,609 | \$ --- | \$ 9,890,795 | \$16,714,998 |
| --- | 27,869 | 19,114 | --- | 108,437 | 115,397 |
| --- | --- | --- | --- | 1,622,945 | 1,410,394 |
| --- | <u>52,207</u> | --- | --- | <u>98,754</u> | <u>72,732</u> |
| <u>222,783</u> | <u>84,057</u> | <u>1,406,723</u> | <u>---</u> | <u>11,720,931</u> | <u>18,313,521</u> |
| | | | | | |
| 611 | --- | 66,731 | --- | 129,045 | 38,923 |
| <u>611</u> | <u>---</u> | <u>66,731</u> | <u>---</u> | <u>129,045</u> | <u>38,923</u> |
| | | | | | |
| --- | --- | --- | --- | (1,063,587) | (677,799) |
| <u>3,147,657</u> | <u>519,992</u> | <u>393,425</u> | <u>22,123</u> | <u>22,519,407</u> | <u>21,923,810</u> |
| <u>3,147,657</u> | <u>519,992</u> | <u>393,425</u> | <u>22,123</u> | <u>21,455,820</u> | <u>21,246,011</u> |
| <u>\$3,371,051</u> | <u>\$604,049</u> | <u>\$1,866,879</u> | <u>\$ 22,123</u> | <u>\$33,305,796</u> | <u>\$39,598,455</u> |

Combining Statements of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds – Special Revenue

Year Ended June 30, 2020

With Summarized Financial Information for 2019

| | Multimodal Federal and State Fund | State Transportation Fund | Aviation Trust Fund | State Transportation Assistance Revolving Fund | MCS Federal Fund |
|---|---|---------------------------------|---------------------------|---|------------------------|
| Revenues | | | | | |
| Fuel taxes | \$ --- | \$ --- | \$ 234,903 | \$ --- | \$ --- |
| Sales taxes | --- | 4,938,426 | 4,484,355 | --- | --- |
| Licenses, fees and permits | --- | --- | --- | 2,020 | --- |
| Intergovernmental/cost reimbursements/miscellaneous | 1,942,917 | --- | 7,569 | --- | 65 |
| Investment earnings | --- | 3,798 | 147,689 | 83,503 | --- |
| State government | 63,477,556 | --- | --- | --- | --- |
| Federal government | 55,300,493 | --- | --- | --- | 2,960,078 |
| Total revenues | <u>120,720,966</u> | <u>4,942,224</u> | <u>4,874,516</u> | <u>85,523</u> | <u>2,960,143</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Maintenance | --- | --- | --- | --- | 2,615,624 |
| Multimodal operations | 70,916,779 | 4,234,980 | 5,481,990 | 645 | --- |
| Capital outlay | 124,003 | --- | --- | --- | --- |
| Total expenditures | <u>71,040,782</u> | <u>4,234,980</u> | <u>5,481,990</u> | <u>645</u> | <u>2,615,624</u> |
| Excess of revenues over (under) expenditures | <u>49,680,184</u> | <u>707,244</u> | <u>(607,474)</u> | <u>84,878</u> | <u>344,519</u> |
| Other Financing Sources (Uses) | | | | | |
| Capital asset sales | --- | --- | --- | --- | --- |
| Transfers out | (50,065,972) | (22,692) | (111,417) | --- | --- |
| Total other financing sources (uses) | <u>(50,065,972)</u> | <u>(22,692)</u> | <u>(111,417)</u> | <u>---</u> | <u>---</u> |
| Net Changes in Fund Balances | (385,788) | 684,552 | (718,891) | 84,878 | 344,519 |
| Fund Balances, beginning of year | <u>(677,799)</u> | <u>4,629,522</u> | <u>9,002,151</u> | <u>4,277,145</u> | <u>132,334</u> |
| Fund Balances, end of year¹ | <u>\$ (1,063,587)</u> | <u>\$5,314,074</u> | <u>\$8,283,260</u> | <u>\$4,362,023</u> | <u>\$ 476,853</u> |

¹ The Multimodal Federal and State Fund is showing a deficit balance due to federal funds being returned from local entities specifically to be used for aviation projects and transit vehicles.

| Grade Crossing Safety Fund | Railroad Expense Fund | Highway Safety Fund | Motorcycle Safety Fund | Total | |
|----------------------------------|--------------------------|------------------------|---------------------------|----------------------|----------------------|
| | | | | 2020 | 2019 |
| \$ --- | \$ --- | \$ --- | \$ --- | \$ 234,903 | \$ 245,076 |
| --- | --- | --- | --- | 9,422,781 | 10,701,636 |
| 1,373,711 | 961,401 | --- | 197,242 | 2,534,374 | 3,027,836 |
| 551 | --- | 7,299 | --- | 1,958,401 | 1,420,530 |
| 1,120 | --- | --- | --- | 236,110 | 284,681 |
| --- | --- | --- | --- | 63,477,556 | 19,493,781 |
| --- | --- | 15,295,319 | --- | 73,555,890 | 80,079,170 |
| <u>1,375,382</u> | <u>961,401</u> | <u>15,302,618</u> | <u>197,242</u> | <u>151,420,015</u> | <u>115,252,710</u> |
| --- | --- | 15,203,438 | 215,000 | 18,034,062 | 19,418,320 |
| 1,054,502 | 816,591 | --- | --- | 82,505,487 | 93,560,372 |
| --- | --- | --- | --- | 124,003 | 136,983 |
| <u>1,054,502</u> | <u>816,591</u> | <u>15,203,438</u> | <u>215,000</u> | <u>100,663,552</u> | <u>113,115,675</u> |
| <u>320,880</u> | <u>144,810</u> | <u>99,180</u> | <u>(17,758)</u> | <u>50,756,463</u> | <u>2,137,035</u> |
| --- | --- | --- | --- | --- | --- |
| --- | (346,573) | --- | --- | (50,546,654) | --- |
| --- | (346,573) | --- | --- | (50,546,654) | --- |
| 320,880 | (201,763) | 99,180 | (17,758) | 209,809 | 2,137,035 |
| <u>2,826,777</u> | <u>721,755</u> | <u>294,245</u> | <u>39,881</u> | <u>21,246,011</u> | <u>19,108,976</u> |
| <u>\$3,147,657</u> | <u>\$519,992</u> | <u>\$ 393,425</u> | <u>\$ 22,123</u> | <u>\$ 21,455,820</u> | <u>\$ 21,246,011</u> |



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Combining Financial Statements Proprietary Funds

Combining Statements of Net Position

Proprietary Funds – Internal Service

June 30, 2020

With Summarized Financial Information for 2019

| | MoDOT & MSHP Medical and Life Insurance Plan | MHTC Self Insurance Plan | Total | |
|----------------------------------|--|--------------------------------|----------------------|----------------------|
| | | | 2020 | 2019 |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$20,986,321 | \$ 10,432,518 | \$ 31,418,839 | \$ 20,769,929 |
| Investments | 5,498,091 | 7,901,469 | 13,399,560 | 26,405,247 |
| Restricted investments | 100,000 | --- | 100,000 | 100,000 |
| Miscellaneous receivables | <u>2,465,327</u> | <u>272,683</u> | <u>2,738,010</u> | <u>3,055,840</u> |
| Total current assets | <u>29,049,739</u> | <u>18,606,670</u> | <u>47,656,409</u> | <u>50,331,016</u> |
| Noncurrent assets | | | | |
| Investments | 42,070,553 | 97,402,434 | 139,472,987 | 120,582,936 |
| Restricted investments | --- | 200,000 | 200,000 | 200,000 |
| Total noncurrent assets | <u>42,070,553</u> | <u>97,602,434</u> | <u>139,672,987</u> | <u>120,782,936</u> |
| Total assets | <u>71,120,292</u> | <u>116,209,104</u> | <u>187,329,396</u> | <u>171,113,952</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | 787,044 | 32,900 | 819,944 | 2,483,016 |
| Unearned revenue | 9,379,908 | --- | 9,379,908 | 9,316,849 |
| Pending self insurance claims | --- | 16,981,000 | 16,981,000 | 17,461,000 |
| Incurred but not reported claims | <u>10,500,000</u> | <u>5,703,000</u> | <u>16,203,000</u> | <u>16,033,000</u> |
| Total current liabilities | <u>20,666,952</u> | <u>22,716,900</u> | <u>43,383,852</u> | <u>45,293,865</u> |
| Noncurrent liabilities | | | | |
| Pending self insurance claims | --- | 34,555,193 | 34,555,193 | 37,528,093 |
| Incurred but not reported claims | --- | 11,606,000 | 11,606,000 | 13,824,000 |
| Total noncurrent liabilities | <u>---</u> | <u>46,161,193</u> | <u>46,161,193</u> | <u>51,352,093</u> |
| Total liabilities | <u>20,666,952</u> | <u>68,878,093</u> | <u>89,545,045</u> | <u>96,645,958</u> |
| Net Position | | | | |
| Restricted net position | 100,000 | 200,000 | 300,000 | 300,000 |
| Unrestricted net position | <u>50,353,340</u> | <u>47,131,011</u> | <u>97,484,351</u> | <u>74,167,994</u> |
| Total net position | <u>\$50,453,340</u> | <u>\$ 47,331,011</u> | <u>\$ 97,784,351</u> | <u>\$ 74,467,994</u> |

Combining Statements of Revenues, Expenses and Changes in Net Position

Proprietary Funds – Internal Service

Year Ended June 30, 2020

With Summarized Financial Information for 2019

| | MoDOT & MSHP Medical and Life Insurance Plan | MHTC Self Insurance Plan | Total | |
|--|--|--------------------------------|----------------------|----------------------|
| | | | 2020 | 2019 |
| Operating Revenues | | | | |
| Self insurance premiums | | | | |
| Highway workers' compensation | \$ --- | \$ 6,000,000 | \$ 6,000,000 | \$ 6,000,000 |
| Highway patrol workers' compensation | --- | 2,400,000 | 2,400,000 | 2,400,000 |
| Highway fleet vehicle liability | --- | 2,000,000 | 2,000,000 | 2,000,000 |
| Highway general liability | --- | 9,000,000 | 9,000,000 | 9,000,000 |
| Medical insurance premiums | | | | |
| State | 94,007,947 | --- | 94,007,947 | 94,206,827 |
| Member | 47,366,126 | --- | 47,366,126 | 47,665,381 |
| Other | 10,392,250 | 658,309 | 11,050,559 | 10,083,161 |
| Total operating revenues | <u>151,766,323</u> | <u>20,058,309</u> | <u>171,824,632</u> | <u>171,355,369</u> |
| Operating Expenses | | | | |
| Self insurance programs | | | | |
| Highway workers' compensation | --- | 10,769,467 | 10,769,467 | 9,132,232 |
| Highway patrol workers' compensation | --- | 3,298,735 | 3,298,735 | 2,984,337 |
| Highway fleet vehicle liability | --- | (2,539,091) | (2,539,091) | 888,293 |
| Highway general liability | --- | 586,004 | 586,004 | (1,606,046) |
| Other | --- | 1,039,606 | 1,039,606 | 1,057,615 |
| Medical and life insurance program | | | | |
| Insurance premiums | 7,650,863 | --- | 7,650,863 | 6,584,534 |
| Medical benefits | 90,733,645 | --- | 90,733,645 | 88,849,447 |
| Prescription drug benefits | 34,708,343 | --- | 34,708,343 | 32,054,913 |
| Professional fees | 1,050,429 | --- | 1,050,429 | 1,123,360 |
| Administrative services | 6,606,048 | --- | 6,606,048 | 6,259,135 |
| Total operating expenses | <u>140,749,328</u> | <u>13,154,721</u> | <u>153,904,049</u> | <u>147,327,820</u> |
| Operating income (loss) | <u>11,016,995</u> | <u>6,903,588</u> | <u>17,920,583</u> | <u>24,027,549</u> |
| Nonoperating Revenues | | | | |
| Net appreciation and investment income | 1,705,818 | 3,689,956 | 5,395,774 | 6,284,313 |
| Total nonoperating revenues | <u>1,705,818</u> | <u>3,689,956</u> | <u>5,395,774</u> | <u>6,284,313</u> |
| Changes in Net Position | 12,722,813 | 10,593,544 | 23,316,357 | 30,311,862 |
| Net Position, beginning of year | <u>37,730,527</u> | <u>36,737,467</u> | <u>74,467,994</u> | <u>44,156,132</u> |
| Net Position, end of year | <u>\$ 50,453,340</u> | <u>\$ 47,331,011</u> | <u>\$ 97,784,351</u> | <u>\$ 74,467,994</u> |

Combining Statements of Cash Flows

Proprietary Funds – Internal Service

Year Ended June 30, 2020

With Summarized Financial Information for 2019

| | MoDOT & MSHP Medical and Life Insurance Plan | MHTC Self Insurance Plan | Total | |
|---|--|--------------------------------|----------------------|----------------------|
| | | | 2020 | 2019 |
| Cash Flows From Operating Activities | | | | |
| Receipts from interfund services provided | \$ 151,908,043 | \$ 20,212,518 | \$ 172,120,561 | \$ 171,290,042 |
| Payments for interfund services used | (132,129,792) | (18,516,015) | (150,645,807) | (148,405,194) |
| Payments to suppliers | (9,319,549) | (1,039,606) | (10,359,155) | (7,469,159) |
| Net cash provided by (used in) operating activities | <u>10,458,702</u> | <u>656,897</u> | <u>11,115,599</u> | <u>15,415,689</u> |
| Cash Flows From Investing Activities | | | | |
| Proceeds from sale and maturities of investments | 45,307,544 | 115,269,302 | 160,576,846 | 40,438,719 |
| Purchases of investments | (52,325,295) | (112,169,480) | (164,494,775) | (57,297,378) |
| Interest received | 1,145,529 | 2,446,613 | 3,592,142 | 3,408,604 |
| Investment fees | (40,492) | (100,410) | (140,902) | (132,411) |
| Net cash provided by (used in) investing activities | <u>(5,912,714)</u> | <u>5,446,025</u> | <u>(466,689)</u> | <u>(13,582,466)</u> |
| Net increase (decrease) in cash and cash equivalents | 4,545,988 | 6,102,922 | 10,648,910 | 1,833,223 |
| Cash and Cash Equivalents, beginning of year | <u>16,440,333</u> | <u>4,329,596</u> | <u>20,769,929</u> | <u>18,936,706</u> |
| Cash and Cash Equivalents, end of year | <u>\$ 20,986,321</u> | <u>\$ 10,432,518</u> | <u>\$ 31,418,839</u> | <u>\$ 20,769,929</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | | |
| Operating income (loss) | \$ 11,016,995 | \$ 6,903,588 | \$ 17,920,583 | \$ 24,027,549 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | |
| Receivables | 141,720 | 154,209 | 295,929 | (65,328) |
| Accounts and claims payable | (763,072) | (6,400,900) | (7,163,972) | (8,126,681) |
| Unearned revenue | 63,059 | --- | 63,059 | (419,851) |
| Net cash provided by (used in) operating activities | <u>\$ 10,458,702</u> | <u>\$ 656,897</u> | <u>\$ 11,115,599</u> | <u>\$ 15,415,689</u> |
| Noncash Items Impacting Recorded Assets | | | | |
| Increase (decrease) in fair value of investments | <u>\$ 594,811</u> | <u>\$ 1,371,624</u> | <u>\$ 1,966,435</u> | <u>\$ 2,970,270</u> |

Budgetary Comparison Schedules and Reconciliations Debt Service and Nonmajor Governmental Funds

Budgetary Comparison Schedule and Reconciliation

Debt Service – State Road Bond Fund

Year Ended June 30, 2020

With Summarized Financial Information for 2019

| | Final Budgeted Amounts | Actual | Variances Between Final Budget and Actual | |
|--|------------------------------|----------------------|--|------------------------|
| | | | 2020 | 2019 |
| Budgetary fund balance, beginning of year | \$ 38,426,544 | \$ 38,426,544 | \$ --- | \$ --- |
| Resources (inflows) | | | | |
| Vehicle sales taxes | 193,949,000 | 179,845,826 | (14,103,174) | (18,329,659) |
| Interest | 1,203,180 | 1,678,555 | 475,375 | 925,966 |
| Incidentals | --- | 6,071,130 | 6,071,130 | --- |
| Amount available for appropriation | <u>233,578,724</u> | <u>226,022,055</u> | <u>(7,556,669)</u> | <u>(17,403,693)</u> |
| Charges to appropriations (outflows) | | | | |
| Bond principal and interest payments | <u>194,104,954</u> | <u>194,085,542</u> | <u>19,412</u> | <u>58,088</u> |
| Total charges to appropriations | <u>194,104,954</u> | <u>194,085,542</u> | <u>19,412</u> | <u>58,088</u> |
| Budgetary fund balance, end of year | \$ <u>39,473,770</u> | \$ <u>31,936,513</u> | \$ <u>(7,537,257)</u> | \$ <u>(17,345,605)</u> |

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

| Reconciliation to GAAP | Actual 2020 |
|---|---------------------|
| Budgetary fund balance, end of year | \$31,936,513 |
| Receivables | 22,769,697 |
| Change in fair value of investments | <u>102,643</u> |
| GAAP basis fund balance, end of year | <u>\$54,808,853</u> |

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Multimodal Federal and State Fund

Year Ended June 30, 2020

With Summarized Financial Information for 2019

| | Final Budgeted Amounts | Actual | Variances Between Final Budget and Actual | |
|---|------------------------------|---------------------|--|---------------------|
| | | | 2020 | 2019 |
| Budgetary fund balance, beginning of year | \$ 2,210,930 | \$ 2,210,930 | \$ --- | \$ --- |
| Resources (inflows) | | | | |
| State government | 120,865,980 | 19,422,208 | (101,443,772) | (1,869,710) |
| Intergovernmental/cost reimbursement/miscellaneous | --- | 2,163,389 | 2,163,389 | 1,584,285 |
| Federal government | 118,345,063 | 54,966,457 | (63,378,606) | (42,624,079) |
| Amount available for appropriation | <u>241,421,973</u> | <u>78,762,984</u> | <u>(162,658,989)</u> | <u>(42,909,504)</u> |
| Charges to appropriations (outflows) | | | | |
| Multimodal operations | | | | |
| Personal service | 305,620 | 294,771 | 10,849 | 20,529 |
| Fringe benefits | 249,677 | 228,746 | 20,931 | 38,405 |
| Expense and equipment | 189,766 | 99,642 | 90,124 | 263,112 |
| Program | 168,465,980 | 75,914,427 | 92,551,553 | 42,726,487 |
| Total charges to appropriations | <u>169,211,043</u> | <u>76,537,586</u> | <u>92,673,457</u> | <u>43,048,533</u> |
| Budgetary fund balance, end of year | \$ <u>72,210,930</u> | \$ <u>2,225,398</u> | \$ <u>(69,985,532)</u> | \$ <u>139,029</u> |

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

| Reconciliation to GAAP | Actual 2020 |
|---|-----------------------|
| Budgetary fund balance, end of year | \$2,225,398 |
| Receivables | 5,659,970 |
| Payables | (7,311,134) |
| Unearned revenues | (1,622,945) |
| Due to other funds | <u>(14,876)</u> |
| GAAP basis fund balance, end of year | \$ <u>(1,063,587)</u> |

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental - State Transportation Fund

Year Ended June 30, 2020

With Summarized Financial Information for 2019

| | Final Budgeted Amounts | Actual | Variances Between Final Budget and Actual | |
|--|------------------------------|--------------------|--|--------------------|
| | | | 2020 | 2019 |
| Budgetary fund balance, beginning of year | \$4,197,686 | \$4,197,686 | \$ --- | \$ --- |
| Resources (inflows) | | | | |
| Sales taxes | 5,070,000 | 4,795,872 | (274,128) | (488,359) |
| Interest | --- | 3,798 | 3,798 | --- |
| Amount available for appropriation | <u>9,267,686</u> | <u>8,997,356</u> | <u>(270,330)</u> | <u>(488,359)</u> |
| Charges to appropriations (outflows) | | | | |
| Multimodal operations | | | | |
| Personal service | 139,923 | 123,942 | 15,981 | 20,347 |
| Fringe benefits | 112,462 | 101,493 | 10,969 | 18,688 |
| Expense and equipment | 66,452 | 33,501 | 32,951 | 21,742 |
| Program | <u>4,685,353</u> | <u>4,006,214</u> | <u>679,139</u> | <u>141,641</u> |
| Total charges to appropriations | <u>5,004,190</u> | <u>4,265,150</u> | <u>739,040</u> | <u>202,418</u> |
| Budgetary fund balance, end of year | <u>\$4,263,496</u> | <u>\$4,732,206</u> | <u>\$ 468,710</u> | <u>\$(285,941)</u> |

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

| Reconciliation to GAAP | Actual 2020 |
|---|--------------------|
| Budgetary fund balance, end of year | \$4,732,206 |
| Receivables | 602,536 |
| Payables | (14,930) |
| Due to other funds | <u>(5,738)</u> |
| GAAP basis fund balance, end of year | <u>\$5,314,074</u> |

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental - Aviation Trust Fund

Year Ended June 30, 2020

With Summarized Financial Information for 2019

| | Final Budgeted Amounts | Actual | Variances Between Final Budget and Actual | |
|--|------------------------------|---------------------|--|----------------------|
| | | | 2020 | 2019 |
| Budgetary fund balance, beginning of year | \$ 9,361,534 | \$ 9,361,534 | \$ --- | \$ --- |
| Resources (inflows) | | | | |
| Fuel taxes | 268,369 | 238,191 | (30,178) | (7,653) |
| Sales taxes | 7,115,389 | 4,464,002 | (2,651,387) | 2,386,941 |
| Interest | 71,242 | 140,807 | 69,565 | 84,192 |
| Intergovernmental/cost | | | | |
| Reimbursements/miscellaneous | --- | 27,558 | 27,558 | 18,128 |
| Amount available for appropriation | <u>16,816,534</u> | <u>14,232,092</u> | <u>(2,584,442)</u> | <u>2,481,608</u> |
| Charges to appropriations (outflows) | | | | |
| Multimodal operations | | | | |
| Personal service | 510,848 | 494,248 | 16,600 | 6,578 |
| Fringe benefits | 412,907 | 371,125 | 41,782 | 32,412 |
| Expense and equipment | 236,041 | 198,713 | 37,328 | 31,771 |
| Program | <u>10,000,000</u> | <u>4,285,568</u> | <u>5,714,432</u> | <u>7,772,538</u> |
| Total charges to appropriations | <u>11,159,796</u> | <u>5,349,654</u> | <u>5,810,142</u> | <u>7,843,299</u> |
| Budgetary fund balance, end of year | \$ <u>5,656,738</u> | \$ <u>8,882,438</u> | \$ <u>3,225,700</u> | \$ <u>10,324,907</u> |

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

| Reconciliation to GAAP | Actual 2020 |
|---|--------------------|
| Budgetary fund balance, end of year | \$8,882,438 |
| Receivables | 37,525 |
| Payables | (629,810) |
| Due to other funds | (25,933) |
| Change in fair value of investments | <u>19,040</u> |
| GAAP basis fund balance, end of year | <u>\$8,283,260</u> |

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – State Transportation Assistance Revolving Fund

Year Ended June 30, 2020

With Summarized Financial Information for 2019

| | Final Budgeted Amounts | Actual | Variances Between Final Budget and Actual | |
|--|------------------------------|--------------------|--|------------------|
| | | | 2020 | 2019 |
| Budgetary fund balance, beginning of year | \$3,091,932 | \$3,091,932 | \$ --- | \$ --- |
| Resources (inflows) | | | | |
| License fees, and permits | --- | 2,020 | 2,020 | --- |
| Interest | --- | 82,841 | 82,841 | 89,044 |
| Intergovernmental/cost | | | | |
| reimbursements/miscellaneous | 1,000,645 | 338,553 | (662,092) | (702,675) |
| Amount available for appropriation | <u>4,092,577</u> | <u>3,515,346</u> | <u>(577,231)</u> | <u>(613,631)</u> |
| Charges to appropriations (outflows) | | | | |
| Multimodal operations | | | | |
| Expense and equipment | 645 | 645 | --- | --- |
| Program | 1,000,000 | --- | 1,000,000 | 991,856 |
| Total charges to appropriations | <u>1,000,645</u> | <u>645</u> | <u>1,000,000</u> | <u>991,856</u> |
| Budgetary fund balance, end of year | <u>\$3,091,932</u> | <u>\$3,514,701</u> | <u>\$ 422,769</u> | <u>\$378,225</u> |

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

| Reconciliation to GAAP | Actual 2020 |
|---|--------------------|
| Budgetary fund balance, end of year | \$3,514,701 |
| Receivables | 840,012 |
| Change in fair value of investments | <u>7,310</u> |
| GAAP basis fund balance, end of year | <u>\$4,362,023</u> |

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – MCS Federal Fund

Year Ended June 30, 2020

With Summarized Financial Information for 2019

| | Final Budgeted Amounts | Actual | Variances Between Final Budget and Actual | |
|--|------------------------------|-------------------|--|-------------------|
| | | | 2020 | 2019 |
| Budgetary fund balance, beginning of year | \$ 504,243 | \$ 504,243 | \$ --- | \$ --- |
| Resources (inflows) | | | | |
| Intergovernmental/cost | | | | |
| reimbursements/miscellaneous | --- | 65 | 65 | 111 |
| Federal government | <u>3,299,725</u> | <u>2,596,619</u> | <u>(703,106)</u> | <u>(810,573)</u> |
| Amount available for appropriation | <u>3,803,968</u> | <u>3,100,927</u> | <u>(703,041)</u> | <u>(810,462)</u> |
| Charges to appropriations (outflows) | | | | |
| Maintenance | | | | |
| Program | <u>3,299,725</u> | <u>2,968,732</u> | <u>330,993</u> | <u>1,186,808</u> |
| Total charges to appropriations | <u>3,299,725</u> | <u>2,968,732</u> | <u>330,993</u> | <u>1,186,808</u> |
| Budgetary fund balance, end of year | <u>\$ 504,243</u> | <u>\$ 132,195</u> | <u>\$(372,048)</u> | <u>\$ 376,346</u> |

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

| Reconciliation to GAAP | Actual 2020 |
|---|------------------|
| Budgetary fund balance, end of year | \$132,195 |
| Receivables | 788,363 |
| Payables | (382,002) |
| Deferred Revenue | <u>(61,703)</u> |
| GAAP basis fund balance, end of year | <u>\$476,853</u> |

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Grade Crossing Safety Fund

Year Ended June 30, 2020

With Summarized Financial Information for 2019

| | Final Budgeted Amounts | Actual | Variances Between Final Budget and Actual | |
|--|------------------------------|--------------------|--|--------------------|
| | | | 2020 | 2019 |
| Budgetary fund balance, beginning of year | \$2,979,715 | \$2,979,715 | \$ --- | \$ --- |
| Resources (inflows) | | | | |
| License, fees and permits | 1,419,000 | 1,482,791 | 63,791 | (21,684) |
| Intergovernmental/cost | | | | |
| reimbursements/miscellaneous Interest | --- | 1,120 | 1,120 | 38,312 |
| Interest | --- | 551 | 551 | --- |
| Amount available for appropriation | <u>4,398,715</u> | <u>4,464,177</u> | <u>65,462</u> | <u>16,628</u> |
| Charges to appropriations (outflows) | | | | |
| Multimodal operations | | | | |
| Expense and equipment | 14,049 | 14,049 | --- | --- |
| Program | 3,000,000 | 1,244,404 | 1,755,596 | 1,635,476 |
| Total charges to appropriations | <u>3,014,049</u> | <u>1,258,453</u> | <u>1,755,596</u> | <u>1,635,476</u> |
| Budgetary fund balance, end of year | <u>\$1,384,666</u> | <u>\$3,205,724</u> | <u>\$1,821,058</u> | <u>\$1,652,104</u> |

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

| Reconciliation to GAAP | Actual 2020 |
|---|--------------------|
| Budgetary fund balance, end of year | \$3,205,724 |
| Receivables | 165,327 |
| Payables | (222,783) |
| Unavailable revenues | (611) |
| GAAP basis fund balance, end of year | <u>\$3,147,657</u> |

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Railroad Expense Fund

Year Ended June 30, 2020

With Summarized Financial Information for 2019

| | Final Budgeted Amounts | Actual | Variances Between Final Budget and Actual | |
|--|------------------------------|-------------------|--|------------------|
| | | | 2020 | 2019 |
| Budgetary fund balance, beginning of year | \$ 776,460 | \$ 776,460 | \$ --- | \$ --- |
| Resources (inflows) | | | | |
| License, fees and permits | <u>959,000</u> | <u>961,401</u> | <u>2,401</u> | <u>323,289</u> |
| Amount available for appropriation | <u>1,735,460</u> | <u>1,737,861</u> | <u>2,401</u> | <u>323,289</u> |
| Charges to appropriations (outflows) | | | | |
| Multimodal operations | | | | |
| Personal service | 422,028 | 388,467 | 33,561 | 23,194 |
| Fringe benefits | 356,028 | 312,091 | 43,937 | 48,234 |
| Expense and equipment | <u>441,500</u> | <u>433,254</u> | <u>8,246</u> | <u>407,659</u> |
| Total charges to appropriations | <u>1,219,556</u> | <u>1,133,812</u> | <u>85,744</u> | <u>479,087</u> |
| Budgetary fund balance, end of year | <u>\$ 515,904</u> | <u>\$ 604,049</u> | <u>\$88,145</u> | <u>\$802,376</u> |

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

| Reconciliation to GAAP | Actual 2020 |
|---|------------------|
| Budgetary fund balance, end of year | \$604,049 |
| Payables | (31,850) |
| Due to other funds | <u>(52,207)</u> |
| GAAP basis fund balance, end of year | <u>\$519,992</u> |

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Highway Safety Fund

Year Ended June 30, 2020

With Summarized Financial Information for 2019

| | Final Budgeted Amounts | Actual | Variances Between Final Budget and Actual | |
|--|------------------------------|-------------------|--|--------------------|
| | | | 2020 | 2019 |
| Budgetary fund balance, beginning of year | \$ 602,986 | \$ 602,986 | \$ --- | \$ --- |
| Resources (inflows) | | | | |
| Intergovernmental/cost | | | | |
| reimbursements/miscellaneous | --- | 7,299 | 7,299 | 4,889 |
| Federal government | <u>19,603,177</u> | <u>15,953,531</u> | <u>(3,649,646)</u> | <u>(3,382,232)</u> |
| Amount available for appropriation | <u>20,206,163</u> | <u>16,563,816</u> | <u>(3,642,347)</u> | <u>(3,377,343)</u> |
| Charges to appropriations (outflows) | | | | |
| Maintenance | | | | |
| Personal service | 296,790 | 295,731 | 1,059 | 34,169 |
| Fringe benefits | 251,994 | 249,495 | 2,499 | 27,163 |
| Expense and equipment | 54,393 | 47,078 | 7,315 | 11 |
| Program | <u>19,000,000</u> | <u>15,633,511</u> | <u>3,366,489</u> | <u>3,796,267</u> |
| Total charges to appropriations | <u>19,603,177</u> | <u>16,225,815</u> | <u>3,377,362</u> | <u>3,857,610</u> |
| Budgetary fund balance, end of year | <u>\$ 602,986</u> | <u>\$ 338,001</u> | <u>\$ (264,985)</u> | <u>\$ 480,267</u> |

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

| Reconciliation to GAAP | Actual 2020 |
|---|-------------------|
| Budgetary fund balance, end of year | \$ 338,001 |
| Receivables | 1,528,878 |
| Payables | (1,406,723) |
| Deferred revenues | <u>(66,731)</u> |
| GAAP basis fund balance, end of year | <u>\$ 393,425</u> |

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Motorcycle Safety Fund

Year Ended June 30, 2020

With Summarized Financial Information for 2019

| | Final Budgeted | | Variances Between Final Budget and Actual | |
|--|-------------------|------------------|--|------------------|
| | Amounts | Actual | 2020 | 2019 |
| Budgetary fund balance, beginning of year | \$108,503 | \$108,503 | \$ --- | \$ (1) |
| Resources (inflows) | | | | |
| License, fees and permits | <u>243,768</u> | <u>197,242</u> | <u>(46,526)</u> | <u>(63,096)</u> |
| Amount available for appropriation | <u>352,271</u> | <u>305,745</u> | <u>(46,526)</u> | <u>(63,097)</u> |
| Charges to appropriations (outflows) | | | | |
| Maintenance | | | | |
| Expense and equipment | 2,842 | 2,842 | --- | --- |
| Program | <u>325,000</u> | <u>280,780</u> | <u>44,220</u> | <u>146,626</u> |
| Total charges to appropriations | <u>327,842</u> | <u>283,622</u> | <u>44,220</u> | <u>146,626</u> |
| Budgetary fund balance, end of year | <u>\$ 24,429</u> | <u>\$ 22,123</u> | <u>\$ (2,306)</u> | <u>\$ 83,529</u> |

The following reconciliation is the difference between the state's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

| Reconciliation to GAAP | Actual 2020 |
|---|------------------|
| Budgetary fund balance, end of year | \$ 22,123 |
| Payables | --- |
| GAAP basis fund balance, end of year | <u>\$ 22,123</u> |



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Statistical Section



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Statistical Section

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Page

These schedules are intended to assist in understanding and assessing the Department's financial performance over time.

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Revenue Capacity

These schedules are intended to assist in understanding and assessing the factors affecting Missouri's fuel tax, the Department's largest source of state income.

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These schedules are intended to assist in understanding the environment in which the Department's financial activities take place.

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Sources:

Unless otherwise stated, information in the following tables is derived from the Missouri Department of Transportation (MoDOT) annual financial reports for the years shown.

Note:

The objective of this statistical section is to provide users with historical perspective by presenting information for multiple years. Schedules originate with the year that the Department began tracking the information, the tracking process or data collection system changed, or it became administratively feasible to report retroactively.



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Financial Trends

Net Position – Government-wide

Years Ended June 30

(Amounts in Thousands)

| <u>Year</u> | <u>Net Investment in Capital Assets</u> | <u>Restricted</u> | <u>Unrestricted</u> | <u>Total</u> |
|-------------|---|-------------------|---------------------|--------------|
| 2020 | \$29,428,985 | \$ 300 | \$(573,129) | \$28,856,156 |
| 2019 | 29,025,481 | 300 | (833,571) | 28,192,210 |
| 2018 | 28,532,242 | 300 | (854,851) | 27,677,691 |
| 2017 | 28,001,891 | 300 | (489,615) | 27,512,576 |
| 2016 | 27,470,765 | 300 | (424,498) | 27,046,567 |
| 2015 | 27,079,459 | 300 | (475,196) | 26,604,563 |
| 2014 | 26,636,056 | 782,346 | --- | 27,418,402 |
| 2013 | 26,077,114 | 875,904 | --- | 26,953,018 |
| 2012 | 25,383,369 | 1,027,111 | --- | 26,410,480 |
| 2011 | 24,603,720 | 1,390,363 | --- | 25,994,083 |
| 2010 | 24,396,695 | 985,705 | --- | 25,382,400 |

Notes:

Amounts for fiscal years 2012, 2013 and 2014 were restated due to the implementation of GASB 65, *Items Previously Reported as Assets and Liabilities*, and to correct errors related to infrastructure in progress, infrastructure and infrastructure depreciation.

Amounts for 2015 include restatement of beginning balances due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*, and to correct errors related to infrastructure in progress, infrastructure and infrastructure depreciation.

Amounts for fiscal years 2015, 2016, 2017 and 2018 were restated to correct errors related to infrastructure in progress, infrastructure and depreciation.

Amounts for fiscal year 2018 beginning balances were restated due to the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Amounts for fiscal year 2019 were restated due to the implementation of GASB 84, *Fiduciary Activities*.

Financial Trends

Changes in Net Position – Government-wide

Years Ended June 30

(Amounts in Thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| Transportation Program Expenses | | | | |
| Administration | \$ 11,318 | \$ 14,133 | \$ 8,890 | \$ 24,255 |
| Fleet, facilities and information systems | 31,080 | 33,329 | 30,820 | 28,961 |
| Maintenance | 360,737 | 356,189 | 362,107 | 345,807 |
| Construction | 185,287 | 196,633 | 229,248 | 210,252 |
| Multimodal operations | 82,202 | 92,945 | 86,224 | 100,952 |
| Interest | 66,973 | 75,581 | 82,922 | 93,643 |
| Other state agencies | 239,307 | 228,881 | 224,811 | 234,614 |
| Self insurance | 13,155 | 12,456 | 21,315 | 9,671 |
| Medical and life insurance | 140,749 | 134,871 | 143,637 | 123,668 |
| Pension obligations | 107,973 | 85,991 | 76,746 | 87,675 |
| Other postemployment benefit obligations | 19,104 | 28,669 | 38,289 | 43,615 |
| Depreciation | <u>568,021</u> | <u>545,753</u> | <u>520,620</u> | <u>498,595</u> |
| Total transportation program expenses | <u>1,825,906</u> | <u>1,805,431</u> | <u>1,825,629</u> | <u>1,801,708</u> |
| Transportation Program Revenues | | | | |
| Charges for services | | | | |
| Licenses, fees and permits | 317,564 | 324,714 | 314,074 | 304,982 |
| Member insurance premiums | 47,366 | 47,665 | 47,072 | 44,803 |
| Other | <u>100,453</u> | <u>61,638</u> | <u>87,171</u> | <u>74,825</u> |
| Total charges for services | 465,383 | 434,017 | 448,317 | 424,610 |
| Federal government | | | | |
| American Recovery and Reinvestment Act | 12,142 | 12,379 | 12,617 | 19,450 |
| Operating | 73,685 | 80,079 | 69,465 | 78,484 |
| Capital | <u>973,625</u> | <u>873,877</u> | <u>949,145</u> | <u>847,191</u> |
| Total federal government | <u>1,059,452</u> | <u>966,335</u> | <u>1,031,227</u> | <u>945,125</u> |
| Total transportation program revenues | <u>1,524,835</u> | <u>1,400,352</u> | <u>1,479,544</u> | <u>1,369,735</u> |
| Net expense of transportation program | <u>(301,071)</u> | <u>(405,079)</u> | <u>(346,085)</u> | <u>(431,973)</u> |
| General Revenues | | | | |
| Fuel taxes | 497,662 | 512,454 | 521,273 | 512,713 |
| Sales and use taxes | 376,818 | 363,664 | 378,765 | 363,279 |
| Unrestricted investment earnings | 25,787 | 30,468 | 8,662 | 3,854 |
| State appropriations | 63,478 | 19,494 | 13,912 | 22,136 |
| Gain (loss) on sale of capital assets | <u>1,272</u> | <u>(14,519)</u> | <u>(11,675)</u> | <u>(13,028)</u> |
| Total general revenues | <u>965,017</u> | <u>911,561</u> | <u>910,937</u> | <u>888,954</u> |
| Changes in Net Position | <u>\$ 663,946</u> | <u>\$ 506,482</u> | <u>\$ 564,852</u> | <u>\$ 456,981</u> |

Notes:

Government-wide financial statements are prepared on a full accrual basis and include transactions related to capital assets and long-term obligations. These statements also include the effects of eliminating off-setting revenues and expenses related to the Department's internal service funds.

Amounts for fiscal years 2012, 2013 and 2014 were restated due to the implementation of GASB 65, Items Previously Reported as Assets and Liabilities, and to correct errors related to infrastructure in progress, infrastructure and infrastructure depreciation.

Amounts for 2015, 2017 and 2018 include restatements to correct errors related to infrastructure in progress, infrastructure and infrastructure depreciation.

Amounts for fiscal year 2018 beginning balances were restated due to the implementation of GASB 75, *Accounting and Financial Reporting For Postemployment Benefits Other Than Pensions*.

Amounts for fiscal year 2019 were restated due to the implementation of GASB 84, *Fiduciary Activities*.

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 25,374 | \$ 24,672 | \$ 32,791 | \$ 32,244 | \$ 30,040 | \$ 33,168 |
| 18,088 | 29,865 | 32,790 | 34,905 | 37,268 | 44,866 |
| 328,987 | 329,098 | 420,000 | 398,274 | 389,803 | 412,469 |
| 258,846 | 274,462 | 194,552 | 222,767 | 321,048 | 318,551 |
| 93,500 | 84,259 | 89,148 | 89,184 | 68,282 | 64,873 |
| 104,190 | 112,690 | 129,873 | 136,493 | 140,710 | 147,720 |
| 225,148 | 226,370 | 208,610 | 199,660 | 214,696 | 198,814 |
| 21,604 | 21,376 | 19,407 | 15,336 | 13,894 | 29,222 |
| 111,561 | 106,453 | 97,483 | 94,695 | 97,137 | 94,472 |
| 78,196 | 91,858 | --- | --- | --- | --- |
| 44,005 | 50,179 | 50,586 | 75,152 | 75,896 | 79,025 |
| <u>474,320</u> | <u>454,219</u> | <u>442,734</u> | <u>413,382</u> | <u>323,238</u> | <u>747,674</u> |
| <u>1,783,819</u> | <u>1,805,501</u> | <u>1,717,974</u> | <u>1,712,092</u> | <u>1,712,012</u> | <u>2,170,854</u> |
| 310,073 | 290,319 | 290,153 | 283,022 | 284,677 | 274,673 |
| 41,989 | 39,870 | 38,169 | 37,328 | 35,636 | 32,591 |
| <u>68,200</u> | <u>55,454</u> | <u>85,389</u> | <u>108,043</u> | <u>131,371</u> | <u>150,871</u> |
| 420,262 | 385,643 | 413,711 | 428,393 | 451,684 | 458,135 |
| 18,160 | 14,628 | 28,765 | 49,912 | 99,266 | 248,894 |
| 77,468 | 82,521 | 87,531 | 87,689 | 73,930 | 57,953 |
| <u>826,329</u> | <u>763,952</u> | <u>839,912</u> | <u>892,031</u> | <u>860,754</u> | <u>1,228,181</u> |
| <u>921,957</u> | <u>861,101</u> | <u>956,208</u> | <u>1,029,632</u> | <u>1,033,950</u> | <u>1,535,028</u> |
| <u>1,342,219</u> | <u>1,246,744</u> | <u>1,369,919</u> | <u>1,458,025</u> | <u>1,485,634</u> | <u>1,993,163</u> |
| <u>(441,600)</u> | <u>(558,757)</u> | <u>(348,055)</u> | <u>(254,067)</u> | <u>(226,378)</u> | <u>(177,691)</u> |
| 517,366 | 493,076 | 489,984 | 486,529 | 496,608 | 499,416 |
| 350,372 | 335,420 | 311,761 | 304,163 | 291,279 | 269,336 |
| 9,101 | 10,569 | 13,755 | (1,157) | 13,309 | 13,950 |
| 14,216 | 15,010 | 14,347 | 11,630 | 11,130 | 11,132 |
| <u>(7,451)</u> | <u>(15,212)</u> | <u>(14,408)</u> | <u>(4,560)</u> | <u>(3,223)</u> | <u>(4,460)</u> |
| <u>883,604</u> | <u>838,863</u> | <u>813,439</u> | <u>796,605</u> | <u>809,103</u> | <u>789,374</u> |
| <u>\$ 442,004</u> | <u>\$ 280,106</u> | <u>\$ 465,384</u> | <u>\$ 542,538</u> | <u>\$ 582,725</u> | <u>\$ 611,683</u> |

Financial Trends

Changes in Fund Balances – Governmental Funds

Years Ended June 30

(Amounts in Thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------------|--------------------|------------------|---------------------|
| Revenues | | | | |
| Fuel taxes | \$ 497,661 | \$ 512,454 | \$ 521,273 | \$ 512,714 |
| Sales and use taxes | 376,818 | 363,664 | 378,765 | 363,279 |
| Licenses, fees and permits | 317,424 | 324,714 | 314,073 | 305,001 |
| Intergovernmental/cost reimbursements/miscellaneous | 96,374 | 53,711 | 77,023 | 63,372 |
| Investment earnings | 20,422 | 24,220 | 8,553 | 3,565 |
| American Recovery and Reinvestment Act | 12,142 | 12,379 | 12,617 | 19,449 |
| State government | 63,478 | 19,494 | 13,912 | 22,136 |
| Federal government | <u>1,045,115</u> | <u>959,101</u> | <u>1,019,594</u> | <u>923,970</u> |
| Total revenues | <u>2,429,434</u> | <u>2,269,737</u> | <u>2,345,810</u> | <u>2,213,486</u> |
| Expenditures | | | | |
| Administration | 57,742 | 61,251 | 55,773 | 50,824 |
| Fleet, facilities and information systems | 40,578 | 43,428 | 40,278 | 38,272 |
| Maintenance | 478,519 | 470,912 | 474,914 | 456,464 |
| Construction | 241,051 | 254,929 | 283,592 | 278,781 |
| Multimodal operations | 83,380 | 94,183 | 87,452 | 102,144 |
| Capital outlay | 1,003,221 | 835,059 | 854,871 | 711,180 |
| Debt service - principal | 168,600 | 209,355 | 200,237 | 308,650 |
| Debt service - interest | 82,414 | 92,870 | 102,274 | 117,312 |
| Other state agencies | <u>270,467</u> | <u>260,140</u> | <u>255,141</u> | <u>262,666</u> |
| Total expenditures | <u>2,425,972</u> | <u>2,322,127</u> | <u>2,354,532</u> | <u>2,326,293</u> |
| Excess of revenues over (under) expenditures | 3,462 | (52,390) | (8,722) | (112,807) |
| Other Financing Sources (Uses) | | | | |
| Notes issued | --- | --- | --- | --- |
| Bonds issued | 178,370 | --- | --- | --- |
| Refunding bonds issued | --- | 102,705 | --- | --- |
| Refunding bonds escrow payment | 23,143 | (111,483) | --- | --- |
| Premium on bonds | --- | 9,148 | --- | --- |
| Capital leases issued | --- | --- | --- | 17 |
| Capital asset sales | 18,705 | 5,307 | 9,089 | 5,442 |
| Transfers in | 505,736 | 487,872 | 461,293 | 459,141 |
| Transfers out | <u>(505,736)</u> | <u>(487,872)</u> | <u>(461,293)</u> | <u>(459,141)</u> |
| Total other financing sources (uses) | <u>220,218</u> | <u>5,677</u> | <u>9,089</u> | <u>5,459</u> |
| Net Changes in Fund Balances | <u>\$ 223,680</u> | <u>\$ (46,713)</u> | <u>\$ 367</u> | <u>\$ (107,348)</u> |
| Debt service as a percentage of noncapital expenditures | 18% | 20% | 20% | 26% |
| Debt service as a percentage of total revenues | 10% | 13% | 13% | 19% |

Notes:

Governmental fund financial statements are prepared on a modified accrual basis to report changes in net current financial resources. These statements differ from cash-based budget reports primarily because revenues are recognized if they are collected within 60 days of the end of the fiscal year and expenditures are recorded when the related liability is incurred, except that certain long-term obligations are recognized to the extent they have matured.

Some amounts have been recategorized for comparability and implementation of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in fiscal year 2011.

Amounts for 2015 include restatements of capital outlay and construction expenses related to adjustments made to infrastructure.

Amounts for fiscal year 2019 were restated due to the implementation of GASB 84, *Fiduciary Activities*.

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|------------------|---------------------|--------------------|--------------------|---------------------|------------------|
| \$ 517,366 | \$ 493,076 | \$ 489,984 | \$ 486,529 | \$ 496,608 | \$ 499,416 |
| 350,372 | 335,420 | 311,761 | 304,163 | 291,279 | 269,336 |
| 310,073 | 290,319 | 290,158 | 283,022 | 284,614 | 274,709 |
| 67,565 | 51,017 | 84,753 | 138,732 | 138,629 | 131,809 |
| 6,359 | 8,655 | 11,679 | (1,149) | 11,011 | 11,548 |
| 18,160 | 14,758 | 28,635 | 49,912 | 99,265 | 248,834 |
| 14,216 | 15,010 | 14,346 | 11,630 | 11,131 | 11,132 |
| <u>907,421</u> | <u>841,855</u> | <u>926,170</u> | <u>985,071</u> | <u>928,718</u> | <u>1,283,838</u> |
| <u>2,191,532</u> | <u>2,050,110</u> | <u>2,157,486</u> | <u>2,257,910</u> | <u>2,261,255</u> | <u>2,730,622</u> |
| 51,365 | 50,713 | 48,547 | 46,936 | 46,636 | 48,833 |
| 38,744 | 38,980 | 35,904 | 38,058 | 41,133 | 49,110 |
| 435,964 | 434,328 | 450,577 | 454,740 | 440,357 | 450,103 |
| 296,946 | 327,776 | 216,563 | 241,931 | 354,259 | 338,482 |
| 94,647 | 85,363 | 89,332 | 89,404 | 68,481 | 65,112 |
| 690,878 | 714,888 | 849,897 | 956,489 | 1,112,769 | 1,249,787 |
| 175,103 | 188,913 | 178,903 | 165,332 | 143,582 | 166,854 |
| 125,274 | 128,536 | 148,936 | 150,721 | 155,534 | 162,911 |
| <u>251,143</u> | <u>251,408</u> | <u>233,470</u> | <u>226,683</u> | <u>240,086</u> | <u>223,667</u> |
| <u>2,160,064</u> | <u>2,220,905</u> | <u>2,252,129</u> | <u>2,370,294</u> | <u>2,602,837</u> | <u>2,754,859</u> |
| 31,468 | (170,795) | (94,643) | (112,384) | (341,582) | (24,237) |
| --- | 3,619 | 13,240 | 9,493 | 9,097 | 10,095 |
| --- | --- | --- | --- | --- | --- |
| --- | --- | 900,990 | --- | --- | 130,390 |
| --- | --- | (1,082,245) | --- | --- | (150,477) |
| --- | --- | 185,693 | --- | --- | 20,972 |
| 114 | 18 | (2,044) | 116 | 12 | 4,869 |
| 11,889 | 5,422 | 7,488 | 13,301 | 10,591 | 9,358 |
| 460,974 | 460,003 | 476,745 | 511,732 | 496,854 | 515,181 |
| <u>(460,974)</u> | <u>(460,003)</u> | <u>(476,745)</u> | <u>(511,732)</u> | <u>(496,854)</u> | <u>(515,181)</u> |
| <u>12,003</u> | <u>9,059</u> | <u>23,122</u> | <u>22,910</u> | <u>19,700</u> | <u>25,207</u> |
| \$ <u>43,471</u> | \$ <u>(161,736)</u> | \$ <u>(71,521)</u> | \$ <u>(89,474)</u> | \$ <u>(321,882)</u> | \$ <u>970</u> |
| 20% | 21% | 23% | 22% | 20% | 22% |
| 14% | 15% | 15% | 14% | 13% | 12% |

Financial Trends

Fund Balances – Governmental Funds

Years Ended June 30

(Amounts in Thousands)

| <u>Year</u> | <u>Nonspendable - Inventories</u> | <u>Restricted - Highways and Transportation</u> | <u>Unassigned</u> | <u>Total</u> |
|-------------|---------------------------------------|---|-------------------|--------------|
| 2020 | \$36,172 | \$1,055,507 | \$(1,064) | \$ 1,090,615 |
| 2019 | 32,866 | 834,747 | (678) | 866,935 |
| 2018 | 33,738 | 872,201 | (328) | 905,611 |
| 2017 | 38,790 | 866,455 | --- | 905,245 |
| 2016 | 39,614 | 972,979 | --- | 1,012,593 |
| 2015 | 37,574 | 931,548 | --- | 969,122 |
| 2014 | 29,135 | 1,103,299 | (1,576) | 1,130,858 |
| 2013 | 34,841 | 1,167,773 | (234) | 1,202,380 |
| 2012 | 45,790 | 1,248,963 | (2,899) | 1,291,854 |
| 2011 | 46,731 | 1,567,005 | --- | 1,613,736 |

Notes:

Amounts were reclassified in fiscal year 2011 due to implementation of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Amounts for fiscal year 2019 were restated due to the implementation of GASB 84, *Fiduciary Activities*.

Financial Trends

Expenditures of Federal Awards

Years Ended June 30

(Amounts in Thousands)

| <u>Year</u> | <u>Roads and Bridges</u> | <u>Multimodal</u> | <u>Motor Carriers</u> | <u>Highway Safety</u> | <u>Total</u> |
|-------------|------------------------------|-------------------|-----------------------|-----------------------|--------------|
| 2019 | \$ 871,863 | \$57,930 | \$4,226 | \$15,739 | \$ 949,758 |
| 2018 | 946,350 | 59,464 | 4,688 | 13,713 | 1,024,215 |
| 2017 | 844,971 | 61,564 | 4,627 | 16,782 | 927,944 |
| 2016 | 823,800 | 63,301 | 4,157 | 17,170 | 908,428 |
| 2015 | 761,537 | 56,670 | 3,828 | 35,039 | 857,074 |
| 2014 | 843,571 | 65,095 | 3,374 | 31,199 | 943,239 |
| 2013 | 912,736 | 61,776 | 3,225 | 40,381 | 1,018,118 |
| 2012 | 940,436 | 44,769 | 2,838 | 24,523 | 1,012,566 |
| 2011 | 1,459,615 | 43,409 | 1,576 | 18,517 | 1,523,117 |
| 2010 | 1,244,642 | 69,158 | 1,701 | 21,925 | 1,337,426 |
| 2009 | 858,715 | 52,741 | 1,207 | 25,377 | 938,040 |

Source:

MoDOT Schedule of Expenditures of Federal Awards prepared for inclusion in the State Auditor's single audit report for the state of Missouri

Notes:

Expenditures include State Emergency Management Agency amounts.

Fiscal year 2020 data is not yet available.

Revenue Capacity

Revenue Base – State Motor Fuel Taxes

Years Ended June 30

(Amounts in Thousands)

| <u>Year</u> | <u>Gallons</u> | <u>Net State Receipts</u> | <u>Distribution</u> | | |
|-------------|----------------|-----------------------------------|---------------------|-----------------|--------------|
| | | | <u>Cities</u> | <u>Counties</u> | <u>MoDOT</u> |
| 2020 | 4,078,058 | \$692,372 | \$104,067 | \$81,617 | \$506,688 |
| 2019 | 4,161,176 | 706,383 | 106,010 | 83,142 | 517,231 |
| 2018 | 4,145,912 | 705,833 | 105,364 | 82,637 | 517,832 |
| 2017 | 4,129,221 | 699,355 | 105,590 | 82,815 | 510,950 |
| 2016 | 4,107,558 | 697,580 | 104,130 | 81,663 | 511,787 |
| 2015 | 4,009,046 | 680,045 | 103,909 | 81,487 | 494,649 |
| 2014 | 3,925,826 | 667,361 | 100,077 | 78,484 | 488,800 |
| 2013 | 3,919,121 | 666,106 | 99,433 | 77,980 | 488,693 |
| 2012 | 3,976,007 | 676,601 | 100,994 | 79,206 | 496,401 |
| 2011 | 4,033,033 | 685,447 | 103,065 | 80,851 | 501,531 |

Source:

MoDOT Financial Services Division

Notes:

Amounts are provided on a cash basis.

Dollar amounts are shown net of motor fuel tax refunds.

Revenue Capacity

Revenue Rates – State Motor Fuel Taxes

Years Ended June 30

(Cents per Gallon)

| <u>Year</u> | <u>Total Fuel Tax Rate</u> | <u>Local Governments</u> | <u>MoDOT</u> |
|-------------|--------------------------------|------------------------------|--------------|
| 2020 | 17.00 | 4.55 | 12.45 |
| 2019 | 17.00 | 4.55 | 12.45 |
| 2018 | 17.00 | 4.55 | 12.45 |
| 2017 | 17.00 | 4.55 | 12.45 |
| 2016 | 17.00 | 4.55 | 12.45 |
| 2015 | 17.00 | 4.55 | 12.45 |
| 2014 | 17.00 | 4.55 | 12.45 |
| 2013 | 17.00 | 4.55 | 12.45 |
| 2012 | 17.00 | 4.55 | 12.45 |
| 2011 | 17.00 | 4.55 | 12.45 |

Source:

MoDOT Financial Services Division

Note:

Motor fuel tax rates are established by Chapter 142, RSMo. Increases in these rates require a statutory change.

Revenue Capacity

Principal Revenue Suppliers – State Motor Fuel Taxes

Year Ended June 30

(Amounts in Thousands)

| | <u>2020</u> | <u>2011</u> |
|------------------------------------|-------------|-------------|
| Gallons from top ten suppliers | 3,501,944 | 3,404,168 |
| Net revenue from top ten suppliers | \$ 595,330 | \$ 578,708 |
| Net revenue from all suppliers | \$ 692,371 | \$ 685,447 |
| Percentage from top ten suppliers | 86% | 84% |

Sources:

Net revenue from top ten suppliers: Missouri Department of Revenue

Net revenue from all suppliers: MoDOT Financial Services Division

Remainder of information is extrapolated

Notes:

Top ten supplier information is released by the Department of Revenue only in the aggregate. Information on individual suppliers is not available. There are 116 total suppliers.



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Debt Capacity Ratios of Outstanding Debt

Years Ended June 30

(Amounts in Thousands Except Per Capita)

| Debt Outstanding at June 30 | | | | |
|-----------------------------|-------------------|---------------------|-----------------------|--------------|
| <u>Year</u> | <u>Road Bonds</u> | <u>Notes Issued</u> | <u>Capital Leases</u> | <u>Total</u> |
| 2020 | \$1,624,190 | \$ 644 | \$ 0 | \$1,624,834 |
| 2019 | 1,614,420 | 644 | 1 | 1,615,065 |
| 2018 | 1,832,370 | 644 | 37 | 1,833,051 |
| 2017 | 2,032,555 | 644 | 89 | 2,033,288 |
| 2016 | 2,341,150 | 644 | 127 | 2,341,921 |
| 2015 | 2,509,620 | 7,230 | 60 | 2,516,910 |
| 2014 | 2,679,170 | 22,923 | 93 | 2,702,186 |
| 2013 | 2,918,000 | 26,404 | 2,269 | 2,946,673 |
| 2012 | 3,071,525 | 28,405 | 2,466 | 3,102,396 |
| 2011 | 3,204,715 | 23,678 | 8,476 | 3,236,869 |

Sources:

Personal Income: United States Department of Commerce, Bureau of Economic Analysis

Population: United States Department of Commerce, Census Bureau

Notes:

Personal income and population are reported on a calendar year basis within the applicable fiscal year.

| <u>Ratio of Debt to Income</u> | | <u>Ratio of Debt to Population</u> | |
|--------------------------------|----------------------|------------------------------------|-------------------|
| <u>Personal</u> | <u>Percentage of</u> | | |
| <u>Income</u> | <u>Personal</u> | <u>Population</u> | <u>Per Capita</u> |
| | <u>Income</u> | | |
| \$308,154,100 | 0.53% | 6,137 | \$264 |
| 289,111,800 | 0.56 | 6,126 | 264 |
| 269,859,000 | 0.68 | 6,114 | 300 |
| 268,379,000 | 0.76 | 6,093 | 334 |
| 263,751,000 | 0.89 | 6,084 | 385 |
| 255,748,000 | 0.98 | 6,064 | 415 |
| 238,095,000 | 1.13 | 6,044 | 447 |
| 223,049,000 | 1.32 | 6,022 | 490 |
| 229,986,000 | 1.35 | 6,011 | 516 |
| 217,486,000 | 1.49 | 6,012 | 538 |

Debt Capacity

Pledged Revenue Coverage Related to Revenue Bonds

Years Ended June 30

(Amounts in Thousands Except Coverage)

| | | | | <u>Senior Lien Bonds</u> | | |
|-------------|---------------------------------|-------------------------------|--|--------------------------|-----------------|-----------------|
| <u>Year</u> | <u>Senior Bond Revenues (1)</u> | <u>Operating Expenses (2)</u> | <u>Senior Net Pledged Revenues Available</u> | <u>Principal</u> | <u>Interest</u> | <u>Coverage</u> |
| 2020 | \$979,849 | \$395,582 | \$584,267 | \$15,270 | \$ 3,288 | 31.48 |
| 2019 | 977,222 | 389,546 | 587,676 | 61,200 | 6,347 | 9.00 |
| 2018 | 994,132 | 383,969 | 610,162 | 58,455 | 9,270 | 9.01 |
| 2017 | 973,349 | 388,116 | 585,233 | 54,545 | 16,534 | 8.23 |
| 2016 | 968,300 | 372,800 | 595,500 | 51,965 | 19,090 | 8.38 |
| 2015 | 934,340 | 373,739 | 560,601 | 50,395 | 21,555 | 7.79 |
| 2014 | 914,514 | 348,537 | 565,977 | 47,815 | 23,877 | 7.89 |
| 2013 | 937,165 | 333,327 | 603,838 | 44,255 | 25,467 | 8.66 |
| 2012 | 935,399 | 342,240 | 593,159 | 31,790 | 26,868 | 10.11 |
| 2011 | 929,143 | 324,416 | 604,727 | 56,795 | 28,443 | 7.09 |

| | | | | <u>Federal Reimbursement</u> | | |
|-------------|---|-----------------|---|------------------------------|---------------------|-----------------|
| <u>Year</u> | <u>Federal Reimbursement Revenues (5)</u> | <u>Expenses</u> | <u>Federal Reimbursement Bonds Net Pledged Revenues</u> | <u>Principal</u> | <u>Interest (6)</u> | <u>Coverage</u> |
| 2020 | \$ 862,489 | \$ --- | \$ 862,489 | \$42,340 | \$22,436 | 13.31 |
| 2019 | 780,220 | --- | 780,220 | 42,235 | 24,849 | 11.63 |
| 2018 | 823,757 | --- | 823,757 | 40,470 | 26,663 | 12.27 |
| 2017 | 699,433 | --- | 699,433 | 38,795 | 28,374 | 10.41 |
| 2016 | 692,366 | --- | 692,366 | 37,325 | 29,840 | 10.31 |
| 2015 | 624,417 | --- | 624,417 | 36,000 | 31,203 | 9.29 |
| 2014 | 708,726 | --- | 708,726 | 34,825 | 32,453 | 10.53 |
| 2013 | 771,710 | --- | 771,710 | 33,450 | 33,161 | 11.59 |
| 2012 | 719,532 | --- | 719,532 | 32,725 | 33,889 | 10.80 |
| 2011 | 1,226,128 | --- | 1,226,128 | 30,595 | 36,026 | 18.40 |

Source:
MoDOT Financial Services Division

Notes:

(1) Senior Bond Revenues consist of various percentages of the state motor fuel tax, sales and use taxes and motor vehicle fees, as set by the state's constitution and statutes. Revenues are reported net of refunds and exclude sales tax revenue deposited into the State Road Bond Fund.

(2) Operating Expenses consist of retirement benefit costs, the cost of enforcement of motor vehicle laws and the cost of collection of taxes and fees. The cost of collection reflects actual expenditures and does not reflect any Missouri Department of Revenue refunds associated with spending over the three percent cap during previous years.

(3) First, Second, Third Lien Revenues consist of sales taxes deposited into the State Road Bond Fund and appropriations of General Revenue for repayment of bonds.

(4) First, Second, Third Lien Net Pledged Revenues consist of excess Senior Net Pledged Revenues and sales tax deposited into the State Road Bond Fund.

(5) Federal Reimbursement Revenues exclude American Recovery and Reinvestment Act revenue and amounts passed through to other political entities. For debt service coverage calculation purposes, excess First, Second, Third Lien Net Revenues are not included.

(6) Federal reimbursement interest is reported net of federal subsidies associated with Build America Bonds.

| First, Second, Third Lien Revenues (3) | First, Second, Third Lien Net Pledged Revenues (4) | First Lien | | | Second Lien | | | Third Lien | | |
|---|--|------------|----------|----------|-------------|----------|----------|------------|----------|----------|
| | | Principal | Interest | Coverage | Principal | Interest | Coverage | Principal | Interest | Coverage |
| \$179,845 | \$745,554 | \$21,860 | \$26,363 | 15.46 | \$68,350 | \$ 9,164 | 5.93 | \$20,780 | \$12,636 | 4.81 |
| 178,003 | 718,133 | 20,985 | 27,335 | 14.86 | 64,755 | 12,393 | 5.72 | 20,180 | 9,108 | 4.64 |
| 182,763 | 725,200 | 19,955 | 28,314 | 15.02 | 61,700 | 15,461 | 5.78 | 19,605 | 9,715 | 4.69 |
| 179,788 | 693,943 | 18,810 | 29,009 | 14.51 | 59,550 | 19,721 | 5.46 | 19,070 | 10,279 | 4.44 |
| 170,460 | 694,905 | 22,520 | 30,039 | 13.22 | 56,660 | 22,507 | 5.28 | --- | 10,276 | 4.89 |
| 162,858 | 651,509 | 53,940 | 30,044 | 7.76 | 13,555 | 21,768 | 5.46 | 15,660 | 10,308 | 4.48 |
| 149,793 | 644,078 | 52,330 | 38,643 | 7.08 | 12,055 | 25,316 | 5.02 | 15,025 | 10,352 | 4.19 |
| 113,443 | 647,559 | 50,805 | 41,111 | 7.05 | 10,605 | 25,798 | 5.05 | 14,410 | 9,974 | 4.24 |
| 106,451 | 640,952 | 49,385 | 43,432 | 6.91 | 5,465 | 26,024 | 5.16 | 13,825 | 9,989 | 4.33 |
| 100,945 | 620,434 | 48,025 | 45,721 | 6.62 | 1,600 | 26,088 | 5.11 | --- | 10,048 | 4.72 |

Demographic and Economic Information

Population, Personal Income and Unemployment Rate

Years Ended December 31

(Amounts in Thousands)

| <u>Year</u> | <u>Population</u> | <u>Personal Income</u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate</u> |
|-------------|-------------------|------------------------|-----------------------------------|--------------------------|
| 2019 | 6,137 | \$308,467,400 | \$50 | 3.4% |
| 2018 | 6,126 | 289,111,800 | 47 | 2.3 |
| 2017 | 6,114 | 269,859,000 | 44 | 3.3 |
| 2016 | 6,093 | 268,379,000 | 44 | 4.0 |
| 2015 | 6,084 | 263,751,000 | 43 | 3.9 |
| 2014 | 6,064 | 255,748,000 | 42 | 5.1 |
| 2013 | 6,044 | 238,095,000 | 39 | 7.4 |
| 2012 | 6,022 | 223,049,000 | 39 | 7.6 |
| 2011 | 6,011 | 229,986,000 | 38 | 7.7 |
| 2010 | 6,012 | 217,486,000 | 36 | 9.2 |

Sources:

Population: United States Department of Commerce, Census Bureau

Personal Income, Per Capita Personal Income and Unemployment Rate: United States Department of Commerce, Bureau of Economic Analysis

Demographic and Economic Information

Employment Sectors

Years Ended December 31

(Amounts in Thousands)

| | <u>2019</u> | | | <u>2010</u> | | |
|--|------------------|-------------|-------------------|------------------|-------------|-------------------|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage</u> |
| Trade, transportation and utilities | 552 | 1 | 19% | 519 | 1 | 20% |
| Education and health services | 486 | 2 | 17 | 411 | 2 | 15 |
| Government | 446 | 3 | 15 | 456 | 3 | 17 |
| Professional and business services | 380 | 4 | 13 | 316 | 4 | 12 |
| Leisure and hospitality | 301 | 5 | 10 | 262 | 6 | 10 |
| Manufacturing | 277 | 6 | 10 | 246 | 5 | 9 |
| Financial activities | 175 | 7 | 6 | 165 | 7 | 6 |
| Construction, natural resources and mining | 130 | 8 | 4 | 106 | 8 | 4 |
| Other services | 118 | 9 | 4 | 117 | 9 | 5 |
| Information | <u>47</u> | 10 | <u>2</u> | <u>58</u> | 10 | <u>2</u> |
| Total | <u>2,912</u> | | <u>100%</u> | <u>2,656</u> | | <u>100%</u> |

Source:

United States Department of Labor, Bureau of Labor Statistics

Note:

Information on employers is provided at the more general level of employment sectors, rather than the top ten specific employers of the state of Missouri. This data is more relevant to the mission of a transportation system.

Demographic and Economic Information

Licensed Drivers with Population Data

Years Ended June 30

(Amounts in Thousands)

| <u>Year</u> | <u>Licensed Drivers</u> | <u>Change in Licensed Drivers</u> | <u>Population</u> | <u>Change in Population</u> |
|-------------|-------------------------|---------------------------------------|-------------------|---------------------------------|
| 2019 | 4,274 | 1 | 6,126 | 12 |
| 2018 | 4,273 | (2) | 6,114 | 21 |
| 2017 | 4,275 | 25 | 6,093 | 9 |
| 2016 | 4,250 | 37 | 6,084 | 20 |
| 2015 | 4,213 | (82) | 6,064 | 20 |
| 2014 | 4,295 | 15 | 6,044 | 22 |
| 2013 | 4,280 | (8) | 6,022 | 11 |
| 2012 | 4,288 | 11 | 6,011 | (1) |
| 2011 | 4,277 | 31 | 6,012 | 24 |
| 2010 | 4,246 | 28 | 5,988 | 76 |

Sources:

Licensed Drivers: Missouri Department of Revenue for federal reporting

Population: United States Department of Commerce, Census Bureau

Notes:

Fiscal year 2020 licensed drivers' data is not yet available.

Population is reported on a calendar year basis within the applicable fiscal year.

Demographic and Economic Information

Vehicle Registrations with Fuel Tax Receipts

Years Ended June 30

(Amounts in Thousands Except Fuel Tax Receipts per Registration)

| <u>Fiscal Year</u> | <u>Registrations</u> | <u>Percentage Change in Registrations</u> | <u>Net State Fuel Tax Receipts</u> | <u>Percentage Change in Fuel Tax Receipts</u> | <u>Fuel Tax Receipts per Registration</u> |
|--------------------|----------------------|---|------------------------------------|---|---|
| 2019 | 6,562 | (0.8)% | \$692,372 | (1.9)% | \$106 |
| 2018 | 6,511 | (1.0) | 705,833 | 0.9 | 108 |
| 2017 | 6,580 | (3.2) | 699,355 | 0.3 | 106 |
| 2016 | 6,795 | 1.6 | 697,580 | 2.6 | 103 |
| 2015 | 6,689 | 4.7 | 680,045 | 2.6 | 104 |
| 2014 | 6,390 | (6.1) | 667,361 | 1.9 | 106 |
| 2013 | 6,807 | 2.2 | 666,106 | 0.2 | 98 |
| 2012 | 6,659 | 8.7 | 676,601 | (2.8) | 100 |
| 2011 | 6,124 | (8.5) | 685,447 | 0.2 | 112 |
| 2010 | 6,691 | 10.5 | 684,164 | 0.5 | 102 |

Sources:

Registrations: Missouri Department of Revenue, Missouri State Highway Patrol and MoDOT for federal reporting

Fuel Tax Receipts: MoDOT Financial Services Division, cash basis

Note:

Fiscal year 2020 registrations data is not yet available.

Operating Information

Demand and Level of Service Indicators

Years Ended December 31

| <u>Year</u> | <u>Daily Vehicle Miles Traveled (Amounts in Thousands)</u> | | | <u>Population (Amounts in Thousands)</u> | <u>Average Daily Miles Per Capita</u> |
|-------------|--|-------------------------------|----------------------------------|--|---|
| | <u>State Highways</u> | <u>Non-State Highways</u> | <u>Total Public Highways</u> | | |
| 2019 | 142,330 | 73,309 | 215,639 | 6,137 | 35.1 |
| 2018 | 140,915 | 67,462 | 208,377 | 6,126 | 34.0 |
| 2017 | 141,938 | 66,038 | 207,976 | 6,114 | 34.0 |
| 2016 | 139,361 | 64,807 | 204,169 | 6,093 | 33.5 |
| 2015 | 136,129 | 60,849 | 196,978 | 6,084 | 32.4 |
| 2014 | 134,056 | 60,293 | 194,349 | 6,064 | 32.1 |
| 2013 | 131,064 | 58,871 | 189,935 | 6,044 | 31.4 |
| 2012 | 130,518 | 56,887 | 187,405 | 6,022 | 31.1 |
| 2011 | 129,512 | 58,948 | 188,460 | 6,011 | 31.4 |
| 2010 | 130,628 | 62,879 | 193,507 | 6,012 | 32.2 |

Sources:

Daily Vehicle Miles Traveled: MoDOT Transportation Planning Division

Population: United States Department of Commerce, Census Bureau



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Operating Information

Demand and Level of Service Indicators

Years Ended June 30

| Freight Tonnage By Mode (Amounts In Thousands) (1) (2) | | | | | Travel Information by Mode | | |
|---|-----------------|--------------------------|-----------------|-------------|---|---|---|
| <u>Year</u> | <u>Port (4)</u> | <u>Motor Carrier</u> | <u>Aviation</u> | <u>Rail</u> | <u>Number of Transit Passengers</u> | <u>Number of River Runner Rail Passengers</u> | <u>Number of Airline Passengers (Amounts in Millions) (2)</u> |
| 2020 | n/a-cy | n/a-cy | n/a-cy | n/a-cy | n/a-src | n/a-src | n/a-src |
| 2019 | n/a-cy | n/a-cy | n/a-cy | n/a-cy | 56,100,000 | 156,000 | n/a-src |
| 2018 | 39,000 | 532,000 | 192 | 360,000 | 58,600,000 | 173,000 | 14.1 |
| 2017 | 32,000 | 500,000 | 184 | 350,000 | 62,500,000 | 171,000 | 13.5 |
| 2016 | 35,000 | 462,000 | 186 | 352,000 | 59,100,000 | 172,000 | 12.8 |
| 2015 | 37,000 | 485,000 | 186 | 397,000 | 62,800,000 | 185,600 | 11.9 |
| 2014 | 39,000 | 485,000 | 196 | 431,000 | 63,100,000 | 189,200 | 11.7 |
| 2013 | 35,000 | 464,000 | 198 | 420,000 | 62,500,000 | 197,000 | 11.6 |
| 2012 | 30,000 | 409,000 | 195 | 438,000 | 63,400,000 | 193,000 | 11.6 |
| 2011 | 33,000 | 400,000 | 197 | 449,000 | 58,600,000 | 191,000 | 11.7 |

Source:

MoDOT Tracker – Measures of Departmental Performance

Notes:

(1) Data is estimated and provides generalized trends and movements.

(2) Measured on a calendar year basis.

(3) Negative numbers mean final project cost was less than the amount budgeted for the project.

(4) Prior years data may be updated for information received in subsequent years.

n/a-cy: Not available - calendar year basis.

n/a-src: Not available - external source provides data.

| <u>Road and Bridge Projects</u> | | <u>Safety</u> | | |
|---|--|--|--|--|
| <u>Percent of Programmed Project Cost As Compared To Final Project Cost (3)</u> | <u>Percent of Projects Completed on Time</u> | <u>Number of Fatalities from Traffic Crashes (2) (4)</u> | <u>Number of Serious Injuries from Traffic Crashes (2) (4)</u> | <u>Percent of Stripes on Major Roads In Good Condition (2)</u> |
| (9.20)% | 76% | n/a-cy | n/a-cy | n/a-cy |
| (4.10) | 75 | 880 | 4,476 | n/a-cy |
| (6.00) | 75 | 921 | 4,703 | 31.9% |
| (0.50) | 68 | 931 | 4,858 | 77.0 |
| (2.65) | 68 | 949 | 4,698 | 89.8 |
| (5.56) | 67 | 870 | 4,402 | 53.8 |
| (7.70) | 73 | 766 | 4,657 | 83.0 |
| (12.47) | 80 | 757 | 4,938 | 92.1 |
| (10.43) | 75 | 826 | 5,506 | 96.4 |
| (15.37) | 74 | 786 | 5,643 | 92.4 |

Operating Information

Capital Asset Indicators ⁽¹⁾

Years Ended December 31

| <u>Year</u> | <u>Centerline Miles</u> | <u>Percentage of Major Highways In Good Condition</u> | <u>Number of Bridges in Poor Condition (2), (3)</u> |
|-------------|-----------------------------|---|---|
| 2019 | 33,832 | 91.1% | 893 |
| 2018 | 33,838 | 91.5 | 909 |
| 2017 | 33,859 | 91.6 | 922 |
| 2016 | 33,856 | 90.1 | 883 |
| 2015 | 33,873 | 90.4 | 866 |
| 2014 | 33,892 | 89.2 | 852 |
| 2013 | 33,890 | 89.7 | 842 |
| 2012 | 33,885 | 88.5 | 817 |
| 2011 | 33,845 | 88.1 | 2,208 |
| 2010 | 33,702 | 85.8 | 2,486 |

Sources:

MoDOT Tracker – Measures of Departmental Performance

Centerline miles provided by Transportation Planning Division

Notes:

(1) Assets of non-highway modes are not owned by the state. MoDOT administers funds to those entities, primarily through federal and state grants.

(2) The Safe and Sound Bridge Improvement program, completed in October 2012, rehabilitated 248 and replaced 554 bridges.

(3) In 2017, MoDOT revised the definition of bridges in 'poor condition' to better align with FHWA standards. Fiscal years 2012-2016 have been restated to reflect the revision.

Operating Information

Capital Asset Indicators

Years Ended December 31

| <u>Functional Classification</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Rural | | | | | | | | | | |
| Interstate | 842 | 842 | 842 | 842 | 842 | 842 | 841 | 867 | 723 | 722 |
| Freeway/expressway | 1,125 | 1,125 | 1,125 | 1,020 | 926 | 920 | 923 | 878 | 967 | 953 |
| Principal arterial | 1,877 | 1,876 | 1,876 | 1,958 | 2,029 | 2,043 | 2,037 | 2,103 | 2,157 | 2,171 |
| Minor arterial | 3,980 | 3,980 | 3,976 | 3,935 | 3,959 | 3,953 | 3,964 | 3,962 | 3,959 | 3,944 |
| Major collector | 15,971 | 15,972 | 15,977 | 16,138 | 16,137 | 16,134 | 16,164 | 16,191 | 16,181 | 16,185 |
| Minor collector | 5,979 | 5,978 | 5,979 | 5,940 | 5,943 | 5,946 | 5,953 | 5,961 | 5,954 | 5,944 |
| Local | 983 | 980 | 980 | 925 | 927 | 923 | 934 | 965 | 963 | 935 |
| Urban | | | | | | | | | | |
| Interstate | 538 | 538 | 538 | 538 | 538 | 538 | 538 | 512 | 482 | 459 |
| Freeway/expressway | 483 | 483 | 483 | 476 | 468 | 461 | 446 | 434 | 455 | 470 |
| Principal arterial | 638 | 640 | 643 | 646 | 654 | 689 | 708 | 719 | 730 | 730 |
| Minor arterial | 577 | 584 | 587 | 591 | 597 | 582 | 571 | 565 | 549 | 527 |
| Major collector | 477 | 485 | 487 | 520 | 523 | 517 | 485 | 446 | 445 | 414 |
| Minor collector | 56 | 56 | 56 | 22 | 22 | 23 | 14 | 2 | --- | --- |
| Local | 306 | 299 | 310 | 305 | 308 | 321 | 312 | 280 | 280 | 248 |
| Total centerline miles | <u>33,832</u> | <u>33,838</u> | <u>33,859</u> | <u>33,856</u> | <u>33,873</u> | <u>33,892</u> | <u>33,890</u> | <u>33,885</u> | <u>33,845</u> | <u>33,702</u> |
| Statewide Composite | | | | | | | | | | |
| Interstate | 1,380 | 1,380 | 1,380 | 1,379 | 1,380 | 1,380 | 1,379 | 1,379 | 1,206 | 1,181 |
| Freeway/expressway | 1,608 | 1,608 | 1,609 | 1,496 | 1,394 | 1,381 | 1,369 | 1,312 | 1,421 | 1,423 |
| Arterial | 7,072 | 7,080 | 7,081 | 7,130 | 7,239 | 7,267 | 7,280 | 7,349 | 7,394 | 7,372 |
| Collector | 22,483 | 22,491 | 22,499 | 22,621 | 22,625 | 22,620 | 22,616 | 22,600 | 22,580 | 22,542 |
| Local | 1,289 | 1,279 | 1,290 | 1,230 | 1,235 | 1,244 | 1,246 | 1,245 | 1,244 | 1,184 |
| Total centerline miles | <u>33,832</u> | <u>33,838</u> | <u>33,859</u> | <u>33,856</u> | <u>33,873</u> | <u>33,892</u> | <u>33,890</u> | <u>33,885</u> | <u>33,845</u> | <u>33,702</u> |

Operating Information

Employee Full-Time Equivalents (FTE)*

Years Ended June 30

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District offices | 4,334 | 4,655 | 4,572 | 4,597 | 4,493 | 4,610 | 4,653 | 4,501 | 4,685 | 5,183 |
| Central office | <u>711</u> | <u>754</u> | <u>759</u> | <u>755</u> | <u>763</u> | <u>771</u> | <u>765</u> | <u>765</u> | <u>886</u> | <u>1,028</u> |
| Total | <u>5,045</u> | <u>5,409</u> | <u>5,331</u> | <u>5,352</u> | <u>5,256</u> | <u>5,381</u> | <u>5,418</u> | <u>5,266</u> | <u>5,571</u> | <u>6,211</u> |

*A full-time equivalent is the total amount of hours worked or paid leave divided by 2,080 hours.

Other Information



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**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of the Financial Statements Performed in Accordance with
Government Auditing Standards**

Independent Auditor's Report

Missouri Highways and Transportation Commission
Missouri Department of Transportation
Jefferson City, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Missouri Department of Transportation (the "Department"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements and have issued our report thereon dated September 30, 2020. Our report contained an Emphasis of Matter paragraph regarding the implementation of GASB Statement 84, *Fiduciary Activities* as described in *Note 14* and a paragraph relating to the financial reporting entity as described in *Note 1*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Department's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Missouri Highways and Transportation Commission
Missouri Department of Transportation

Compliance and Other Matters

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

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Springfield, Missouri
September 30, 2020