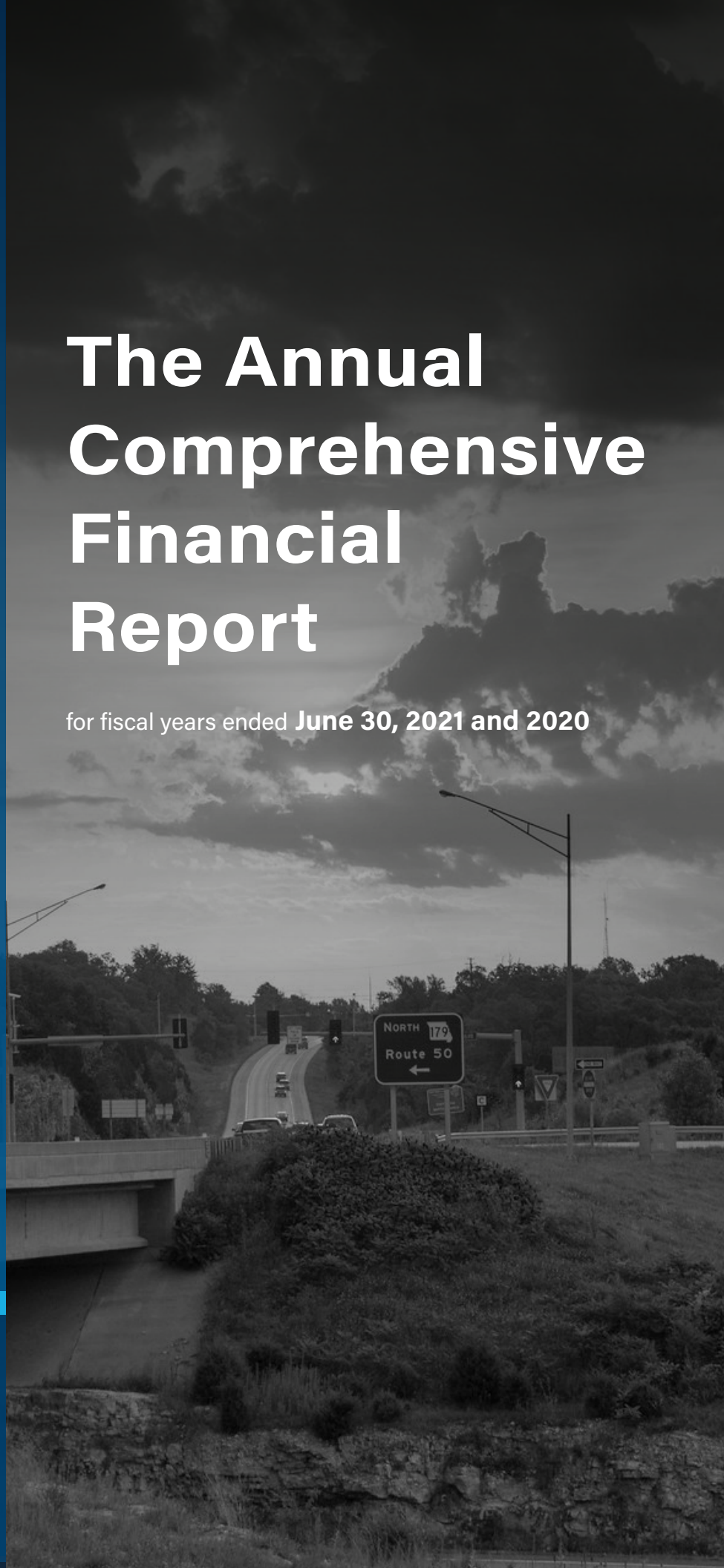




Missouri Transportation
Finance Corporation
a Component Unit of the State of Missouri

The Annual Comprehensive Financial Report

for fiscal years ended **June 30, 2021 and 2020**



Annual Comprehensive Financial Report

for fiscal years ended
June 30, 2021 and 2020

Patrick K. McKenna, MoDOT Director
Brenda Morris, CPA, Executive Director
Todd Grosvenor, Treasurer

Prepared by the Financial Services Division
Missouri Department of Transportation

Missouri Transportation Finance Corporation
P.O. Box 270
Jefferson City, MO 65102
573-526-8106



**Missouri Transportation
Finance Corporation**
a Component Unit of the State of Missouri

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Introductory Section

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August 27, 2021

Board of Directors
Missouri Transportation Finance Corporation
Jefferson City, Missouri

The Missouri Transportation Finance Corporation (MTFC) is pleased to submit the Annual Comprehensive Financial Report (ACFR) of the MTFC for the fiscal years ended June 30, 2021 and 2020.

The Transportation Equity Act of the Twenty-first Century (TEA-21) Cooperative Agreement between the Federal Highway Administration, the Federal Transit Administration and the Federal Railroad Administration, agencies of the United States Department of Transportation, the Missouri Highways and Transportation Commission (MHTC) and the MTFC requires the MTFC to have an annual independent financial and compliance audit. In fulfillment of this requirement, the MTFC prepared this ACFR and contracted with the independent auditing firm of Williams-Keepers LLC to audit the financial statements.

Generally accepted accounting principles (GAAP) require management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MTFC's MD&A can be found on page 19, immediately following the report of the independent auditors.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the MTFC. 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 MTFC's net position and changes in net position. All disclosures necessary to enable the reader to gain an understanding of the MTFC's financial activities have been included.

Profile of the MTFC

The MTFC, incorporated in August 1996 as a not-for-profit corporation, derived its authority to form and operate from the TEA-21. The Cooperative Agreement provided the original capitalization for the entity, a mixture of federal and state funds, to administer a program focused on funding Missouri highway and transportation projects by offering financing options such as low interest direct loans to private and public entities. An eight member Board of Directors administers the MTFC and is responsible for the direction of the entity, including approval of all loans.

Internal Control

The MTFC assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The MTFC believes the corporation's internal control provides reasonable assurance that the financial statements are free from any material misstatement.

Economic Outlook

Federal funding continues to be uncertain. 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 five-year bill was set to expire on September 30 2020; however, Congress took action to provide \$13.6 billion to the Highway Trust Fund and to extend the FAST Act until September 30, 2021. On May 26, 2021, The Senate Committee on Environment and Public Works passed the Surface Transportation Reauthorization Act of 2021 (STRA-21). This act would invest \$304 billion in our nation's highway programs over five years. On June 16, 2021, the Senate Commerce Science and Transportation Committee passed the Surface Transportation Investment Act of 2021 (STIA-21). This act would invest \$78 billion in multimodal and freight, rail, highway and vehicle safety, motor carrier safety, research and innovation and hazardous materials over five years. On August 10, 2021, the Senate approved a \$1 trillion bipartisan infrastructure bill, the Infrastructure Investment and Jobs Act (IIJA). The legislation includes nearly \$550 million in new spending over the next five years. On July 1, 2021, the House of Representatives passed the Investing in a New Vision for the Environment and Surface Transportation (INVEST) in America Act.

August 27, 2021
Board of Directors
Page 2

This act invests \$547 billion in highway, highway safety, transit and rail programs over five years. 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.

From fiscal year 2020 to 2021, state revenues designated for transportation increased from \$1,159.6 million to \$1,267.5 million, or 9.3 percent. Motor fuel taxes of \$492.1 million were collected in fiscal year 2021, which is a decrease of 2.9 percent compared to fiscal year 2020. Fiscal year 2021 motor fuel tax collections are less than fiscal year 2006 when collections were \$520.8 million. Motor vehicle sales taxes increased by 24.3 percent, while motor vehicle and driver licensing fees increased 12.1 percent from fiscal year 2020 to fiscal year 2021.

Future of MTFC

The MHTC's Cost Share Program, which sets aside monies for which local entities could compete to accomplish transportation projects that were a local priority, was suspended by in January 2014. The program allowed local priority projects to be completed with a mixture of local funds and monies from the Cost Share Program. The local entities would often accelerate their project using a MTFC loan.

In January 2017, the MHTC approved re-activating the Cost Share Program in fiscal year 2018. The Cost Share Committee meets approximately 3 times a year to select Cost Share projects and can meet as needed if an investment in critical infrastructure warrants. As the funds for the Cost Share Program become committed and the availability of funds is pushed to future years, the expectation is the number of loan applications will increase to accelerate those funds.

In addition, the Missouri General Assembly passed Senate Bill 262 during the 2021 legislative session. In July 2021, the Governor signed it into law. This legislation increases the state motor fuel tax beginning with 2.5 cents in October 2021 and increasing by 2.5 cents on July 1 each fiscal year until reaching an additional 12.5 cents per gallon on July 1, 2025. In addition, the legislation increases the fees for alternative fuel decals by 20 percent each fiscal year for five years. Part of this increase in revenue is shared with cities and counties. In anticipation of receiving this increase in revenues, cities and counties may have an increased need to finance future projects and could seek loans from the bank.

The MTFC's net position has increased over the last three years primarily as a result of income derived from interest earned on loans and investments. The amount of growth in net position dropped in fiscal year 2021 because of reduced interest rates on both loans and investments. We anticipate continued growth in the future; however, the amount will be dictated by interest rates.

Initiatives

MoDOT's Financial Services staff is responsible for marketing MTFC loans as a transportation project funding option. They accomplish this activity by:

- Maintaining information about the MTFC on the Partnership Development Website;
- Attending and presenting at meetings throughout the state to educate partners; and
- Preparing newsletters to communicate activity to potential customers.

The MTFC did approve updates to the loan, conflicts of interest and execution of documents policies in fiscal year 2021; however, there were no updates to the policies that significantly impacted the financial statements for the fiscal year ended June 30, 2021.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the MTFC for its ACFR for the fiscal year ended June 30, 2020. This was the thirteenth consecutive year the MTFC received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

August 27, 2021
Board of Directors
Page 3

A Certificate of Achievement is valid for a period of one year. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

Acknowledgements

The timely preparation of this report was achieved by the dedicated service of MoDOT's Financial Services Division staff whom are responsible for MTFC administrative activities. We would like to express appreciation to members of the staff who assisted and contributed to this report.

Sincerely,



Patrick McKenna
MoDOT Director



Brenda Morris, CPA
Executive Director



Todd Grosvenor
Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Missouri Transportation Finance Corporation

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

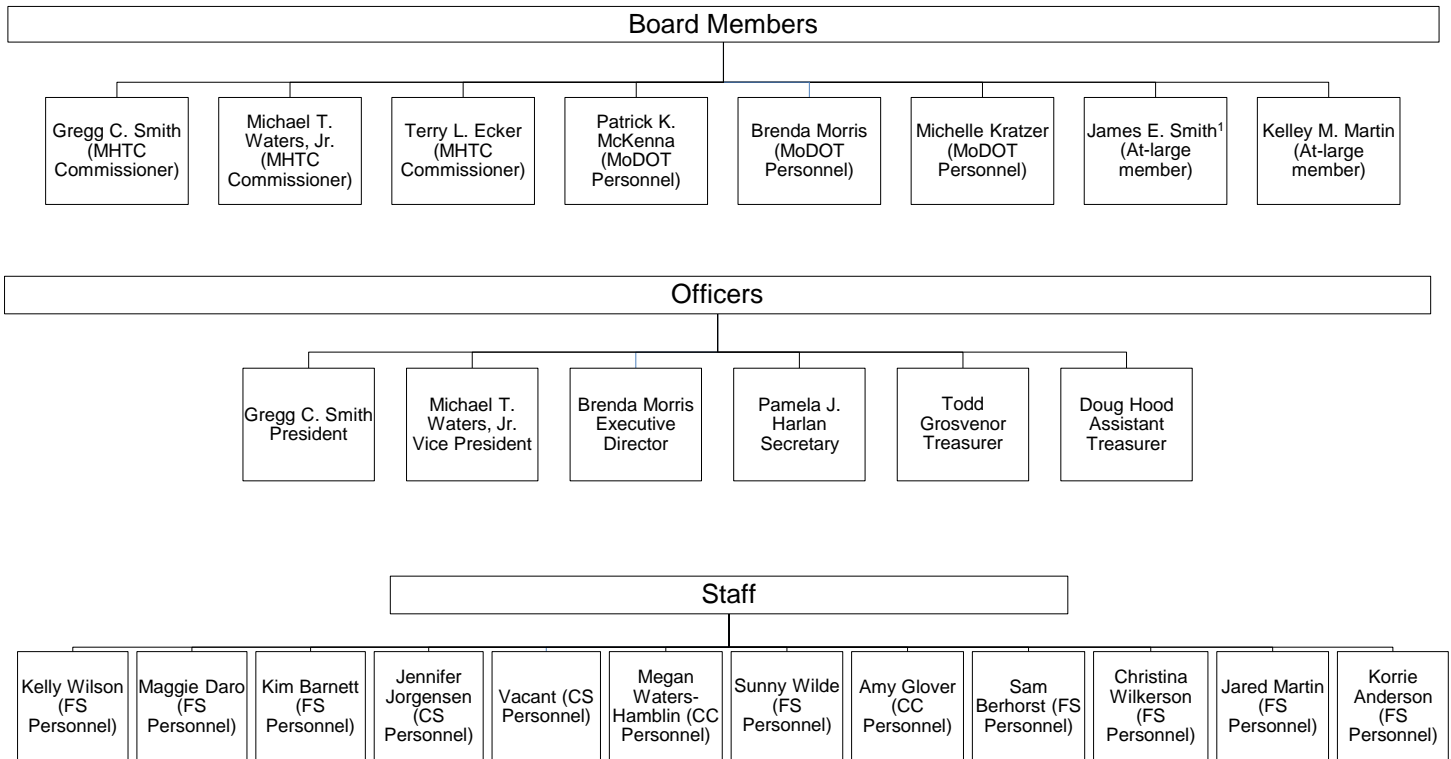
Christopher P. Morrill

Executive Director/CEO

Organizational Chart

June 30, 2021

Missouri Transportation Finance Corporation (MTFC) Organizational Chart



¹ On June 2, 2021, the MHTC re-elected James E. Smith to the MTFC Board of Directors as an at-large member for a two-year term beginning July 1, 2021 and expiring June 30, 2023.

MoDOT – Missouri Department of Transportation

MHTC – Missouri Highways and Transportation Commission

FS – Financial Services

CS – Commission Secretary's Office

CC – Chief Counsel's Office



Principal Officials

Fiscal Year 2021

MTFC Title

Name

President	Gregg C. Smith, MHTC Commissioner
Vice President	Michael T. Waters, Jr., MHTC Commissioner
Executive Director	Brenda Morris, MoDOT Chief Financial Officer
Secretary	Pamela J. Harlan, MHTC Secretary
Treasurer	Todd Grosvenor, MoDOT Financial Services Director
Assistant Treasurer	Doug Hood, MoDOT Assistant Financial Services Director

Financial Section

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Missouri Transportation Finance Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Missouri Transportation Finance Corporation (the Corporation), a component unit of the State of Missouri, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Corporation'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 U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Corporation as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require the management's discussion and analysis on pages 19 through 22 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 U.S. generally accepted auditing standards, 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 Corporation's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 have also issued our report dated August 27, 2021, on our consideration of the Corporation'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

William K. Kepler, LLC

August 27, 2021

Management's Discussion and Analysis

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Management's Discussion and Analysis

The following section of our annual financial report presents our discussion and analysis of the MTFC's financial performance during the year. This section is intended to provide an objective and easily readable analysis of the MTFC's financial activities based on currently known facts, decisions and conditions. Readers should consider the information presented here in conjunction with the information presented in the financial statements and notes, which follow this section.

FINANCIAL HIGHLIGHTS

- During fiscal year 2021, the MTFC approved two loans totaling \$3.4 million. By comparison, in fiscal year 2020, the MTFC approved four loans totaling \$64.8 million. In fiscal year 2019, the MTFC approved three loans totaling \$2.6 million. MHTC's Cost Share Program sets aside monies for which local entities could compete to accomplish transportation projects that were a local priority. Loan activity for the MTFC typically lags behind the actions taken related to the MHTC's Cost Share Program. The two loans approved in fiscal year 2021 were to finance the local entities portion of a Cost Share Program project.
- Loan disbursements totaling \$1.7 million were made to three entities in fiscal year 2021. In fiscal year 2020, loan disbursements totaling \$6.7 million were made to four entities with some entities having multiple disbursements either for the same loan or for different loans. In fiscal year 2019, loan disbursements totaling \$981,000 were made to three entities.
- The MTFC's net loans receivable decreased \$5.8 million and increased \$3.0 million from fiscal year 2020 to 2021 and from fiscal year 2019 to 2020, respectively. For fiscal year 2021, loan repayments exceeded loan disbursements and for fiscal year 2020, loan disbursements exceeded loan repayments, which explains the changes in net loan receivables.
- Operating income decreased by \$238,000 from fiscal year 2020 to 2021 and increased by \$47,000 from fiscal year 2019 to 2020. In fiscal year 2021, the decrease in operating income is related to reduced revenues from interest income on loans and program fees and increased expenses from administrative fees. In fiscal year 2020, the increase in operating income is due to the program fees collected for loan applications.
- Total nonoperating revenues decreased \$2.1 million, 96.0 percent, from fiscal year 2020 to 2021 due to a decrease in investment earnings. From fiscal year 2019 to 2020, total nonoperating revenues decreased \$569,000, 21.0 percent, due to a decrease in investment earnings.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the MTFC's basic financial statements, which are comprised of two components: 1) financial statements and 2) notes to the financial statements.

Financial Statements report information about the MTFC through accounting methods used by private-sector companies, the economic resources measurement focus and accrual basis of accounting. These statements provide short- and long-term information about the financial status of the MTFC.

The *Statements of Net Position* include all MTFC assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the MTFC is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Position* account for all revenues and expenses of the MTFC 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 this statement for some items that will result in cash flows in future fiscal periods.

The *Statements of Cash Flows* provide readers the sources and uses of cash and the changes in the cash balance during the year.



Notes to the Financial Statements provide additional information and discuss particular accounts in more detail. The Notes are essential to a full understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS

MTFC Net Position June 30, 2021, 2020 and 2019 (dollars in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets			
Cash and investments	\$ 94,719	\$ 88,212	\$ 88,279
Interest receivable on loans and investments	287	477	522
Loans receivable, net	<u>20,063</u>	<u>25,820</u>	<u>22,859</u>
Total assets	<u>115,069</u>	<u>114,509</u>	<u>111,660</u>
Liabilities			
Accounts payable	<u>4</u>	<u>2</u>	<u>3</u>
Net Position			
Restricted for lending purposes	82,742	82,656	80,516
Unrestricted net position	<u>32,323</u>	<u>31,851</u>	<u>31,141</u>
Total net position	<u>\$115,065</u>	<u>\$114,507</u>	<u>\$111,657</u>

Assets

Cash and investments increased \$6.5 million from June 30, 2020 to June 30, 2021, and decreased \$67,000 between June 30, 2019 and June 30, 2020. At June 30, 2021, net loans receivable were \$5.8 million less than at June 30, 2020. Net loans receivable at June 30, 2020 were \$3.0 million more than the prior year. In fiscal year 2021, loan repayments of \$7.5 million exceeded loan disbursements of \$1.7 million. In fiscal year 2020, loan disbursements of \$6.7 million exceeded loan repayments of \$3.8 million.

Net Position

Net position increased \$558,000 in fiscal year 2021 and \$2.9 million in fiscal year 2020. The primary reason for the net position increase at June 30, 2021 is \$511,000 in loan interest and total nonoperating revenues of \$86,000. At June 30, 2020, net position increased \$2.9 million as a result of loan interest of \$644,000, other income of \$102,000 and total nonoperating revenues of \$2.1 million. Net position restricted for lending purposes includes federal grants received to capitalize the MTFC, the required state transportation funding match and the accumulated net investment earnings (loss).

MTFC Changes in Net Position
Years ended June 30, 2021, 2020 and 2019
(dollars in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues			
Interest income on loans	\$ 511	\$ 643	\$ 692
Other income	<u>5</u>	<u>102</u>	<u>4</u>
Total operating revenues	<u>516</u>	<u>745</u>	<u>696</u>
Operating Expenses			
Administrative fees	32	23	21
Other operating expenses	<u>12</u>	<u>12</u>	<u>12</u>
Total operating expenses	<u>44</u>	<u>35</u>	<u>33</u>
Operating Income	<u>472</u>	<u>710</u>	<u>663</u>
Nonoperating Revenues (Expenses)			
Investment earnings	153	2,211	2,782
Nonoperating expenses	<u>(67)</u>	<u>(71)</u>	<u>(73)</u>
Total nonoperating revenues (expenses)	<u>86</u>	<u>2,140</u>	<u>2,709</u>
Change in net position	558	2,850	3,372
Net position at beginning of year	<u>114,507</u>	<u>111,657</u>	<u>108,285</u>
Net position at end of year	<u>\$115,065</u>	<u>\$114,507</u>	<u>\$111,657</u>

Revenues

In fiscal year 2021, the primary source of income was interest earned on loans while in fiscal years 2020 and 2019, the primary source of income was investment earnings and interest earned on loans. In fiscal year 2021, interest income on loans, recognized as operating revenue, decreased \$132,000 compared to fiscal year 2020 and decreased \$49,000 in fiscal year 2020 compared to fiscal year 2019. These decreases can be attributed to the repayment of loans and lower interest rates on the loans being disbursed in the last couple of years. The average loans receivable balance was \$21.2 million in fiscal year 2021 compared to \$23.9 million in fiscal year 2020 and \$23.3 million in fiscal year 2019. Program fees, included in other income in the schedule above, are received at the time applications are submitted and are calculated based upon a percentage of the requested loan amount. In fiscal year 2021, program fees were \$5,000 compared to fiscal year 2020 and 2019, which were \$102,000 and \$4,000, respectively.

Nonoperating revenue is recognized on investments. The primary reason for the decrease of nonoperating revenue in fiscal year 2021 is the decrease of investment earnings and the depreciation of investments held.

Expenses

In fiscal year 2021, administrative fees totaled \$32,000, an increase of \$9,000 from fiscal year 2020. Administrative fees in fiscal year 2020 increased \$2,000 from fiscal year 2019. The increase in administrative fees between fiscal years 2021 and 2020 is due to turnover in staff and higher paid employees completing the work. The increase in administrative fees between fiscal years 2020 and 2019 is due to the number of loan applications in the respective year. The other operating expenses stayed essentially the same for fiscal years 2021, 2020 and 2019.

ECONOMIC AND OTHER FACTORS

For fiscal year 2021, loan activity decreased slightly. This decrease can be attributed to local entities scaling back their operations during the global pandemic focusing only on critical functions. In addition, the Missouri Department of Transportation did not update their Statewide Transportation Improvement Program for fiscal year 2021, which could be another source of potential loans.

In January 2017, the MHTC re-activated its Cost Share program. The Missouri Department of Transportation sets aside monies for which local entities can compete to accomplish transportation projects on the state system that are a local priority. These projects are completed with a mixture of local funds and monies from the Cost Share Program. MTFC loan activity will lag behind the actions taken related to the MHTC's Cost Share Program. Prior to the suspension of the Cost Share Program in January 2014, local entities would often accelerate the Cost Share projects selected using a MTFC loan or finance their portion of the cost share project. The reactivation of this program is one of the reasons we have seen activity in the bank over the last several years.

In addition, the Missouri General Assembly passed Senate Bill 262 during the 2021 legislative session. In July 2021, the Governor signed it into law. This legislation increases the state motor fuel tax beginning with 2.5 cents in October 2021 and increasing by 2.5 cents on July 1 each fiscal year until reaching an additional 12.5 cents per gallon on July 1, 2025. In addition, the legislation increases the fees for alternative fuel decals by 20 percent each fiscal year for five years. Part of this increase in revenue is shared with cities and counties. In anticipation of receiving this increase in revenues, cities and counties may have an increase need to finance future projects and could seek loans from the bank.

The MTFC's net position has increased over the last three years primarily as result of income derived from interest earned on loans and investments. The amount of growth in net position dropped in fiscal year 2021 because of reduced interest rates on both loans and investments. We anticipate continued growth in the future; however, the amount will be dictated by interest rates.

CONTACTING THE MTFC

This financial report is designed to provide the Missouri Transportation Finance Corporation's interested parties, including citizens, taxpayers, customers, potential investors and creditors, with a general overview of the MTFC's finances and to demonstrate the MTFC's accountability for the money it receives. Questions about this report or requests for additional financial information should be addressed to Missouri Transportation Finance Corporation, P.O. Box 270, Jefferson City, Missouri 65102

Financial Statements



Statements of Net Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 25,459,001	\$ 19,160,301
Investments	11,087,036	16,465,797
Interest receivable on loans	167,092	225,283
Interest receivable on investments	120,134	251,281
Loans receivable, net	<u>3,532,631</u>	<u>4,515,393</u>
Total current assets	<u>40,365,894</u>	<u>40,618,055</u>
Noncurrent assets		
Investments	58,173,437	52,586,178
Loans receivable, net	<u>16,529,965</u>	<u>21,304,868</u>
Total noncurrent assets	<u>74,703,402</u>	<u>73,891,046</u>
Total Assets	<u>115,069,296</u>	<u>114,509,101</u>
Liabilities		
Current liabilities		
Accounts payable	<u>4,593</u>	<u>2,421</u>
Total current liabilities	<u>4,593</u>	<u>2,421</u>
Total Liabilities	<u>4,593</u>	<u>2,421</u>
Net Position		
Restricted for lending purposes	82,741,931	82,655,748
Unrestricted net position	<u>32,322,772</u>	<u>31,850,932</u>
Total Net Position	<u>\$115,064,703</u>	<u>\$114,506,680</u>

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Interest income on loans	\$ 510,611	\$ 643,566
Program fees	<u>5,109</u>	<u>101,767</u>
Total Operating Revenues	<u>515,720</u>	<u>745,333</u>
Operating Expenses		
Administrative fees	31,745	23,515
Professional fees	11,675	11,500
Other	<u>460</u>	<u>460</u>
Total Operating Expenses	<u>43,880</u>	<u>35,475</u>
Operating Income	<u>471,840</u>	<u>709,858</u>
Nonoperating Revenue (Expenses)		
Investment earnings (loss)	153,033	2,210,624
Investment fees	<u>(66,850)</u>	<u>(70,963)</u>
Net Nonoperating Revenues (Expenses)	<u>86,183</u>	<u>2,139,661</u>
Change in net position	558,023	2,849,519
Net Position, beginning of year	<u>114,506,680</u>	<u>111,657,161</u>
Net Position, end of year	<u>\$115,064,703</u>	<u>\$114,506,680</u>



Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Fees received for services	\$ 5,109	\$ 101,767
Payments for administrative services	(29,573)	(23,554)
Other payments	<u>(12,135)</u>	<u>(11,960)</u>
Net cash provided by (used in) operating activities	<u>(36,599)</u>	<u>66,253</u>
Cash Flows From Investing Activities		
Interest received	914,480	1,841,713
Principal received	7,483,666	3,763,422
Sale of investments	110,279,300	110,118,038
Interest received on loans	568,802	655,831
Loan disbursements	(1,726,000)	(6,725,000)
Purchase of investments	(111,118,099)	(102,409,288)
Investment fees	<u>(66,850)</u>	<u>(70,963)</u>
Net cash provided by (used in) investing activities	<u>6,335,299</u>	<u>7,173,753</u>
Net increase (decrease) in cash and cash equivalents	6,298,700	7,240,006
Cash and Cash Equivalents, Beginning of Year	<u>19,160,301</u>	<u>11,920,295</u>
Cash and Cash Equivalents, End of Year	<u>\$ 25,459,001</u>	<u>\$ 19,160,301</u>
Reconciliation of Operating Income to Net Cash Provided by (used in) Operating Activities		
Operating income	\$ 471,840	\$ 709,858
Interest income on loans	(510,611)	(643,566)
Adjustments to operating cash flows for net change in accounts payable	<u>2,172</u>	<u>(39)</u>
Net Cash Provided by (used in) Operating Activities	<u>\$ (36,599)</u>	<u>\$ 66,253</u>
Noncash Items Impacting Recorded Assets		
Increase (decrease) in fair value of investments	<u>\$ (630,300)</u>	<u>\$ 402,107</u>

Notes to the Financial Statements

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

The Missouri Transportation Finance Corporation (MTFC) was created by the Missouri Highways and Transportation Commission (MHTC), under Missouri Nonprofit Corporation Law Act, Chapter 355 of the Revised Statutes of Missouri (RSMo), on August 23, 1996. The entity administers a program, in conformity with federal transportation laws, to provide financing and other assistance to public and private entities for highway and transportation projects in the state of Missouri.

(A) *Reporting Entity*

The MTFC is a discretely presented component unit of the state of Missouri. The MHTC has authority to remove any board member for cause, and therefore, may impose its will on the MTFC. The accompanying basic financial statements include only those operations related to the MTFC.

(B) *Basis of Accounting*

MTFC accounts for its activities as an Enterprise Fund, a type of Proprietary Fund. Proprietary Funds are used to account for ongoing activities that are similar to activities found in the private sector. The measurement focus is upon determination of net income. In reporting its financial activity, the MTFC applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. The accrual basis of accounting is utilized under which revenues are recognized when earned and expenses are recorded when liabilities are incurred. In applying the accrual concept to federal grant revenues and contributions, the legal and contractual requirements of the individual programs are used for guidance.

(C) *Cash, Cash Equivalents and Investments*

Cash and cash equivalents include:

- Cash
- Overnight repurchase agreements, which are investments with original maturities of three months or less. MTFC requires that securities underlying overnight repurchase agreements must have a fair value of at least 100 percent of the cost of the agreement. The fair values of the repurchase agreements are determined daily.

Investments are reported at fair value.

(D) *Loans Receivable*

Program loans are made and collected to fulfill the MTFC's responsibility to provide financing and other assistance to public and private entities for highway and transportation projects in the state of Missouri. Management has determined, based on prior experience and collateral pledged on the loans, that an allowance for uncollectible loans is not necessary.

(E) *Net Position*

Equity is categorized in the statements of net position as restricted and unrestricted. Restricted net position is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. In general, restricted net position is composed of the original federal and state grant funds provided to establish the loan program and net investment income earned on those funds not currently loaned. When both restricted and unrestricted resources are available for use, generally it is the MTFC's policy to use restricted resources first for program loans to provide financing and other assistance to public and private entities for highway and transportation projects in the state of Missouri. Unrestricted resources are used for operating expenses and loans as needed.

(F) Classification of Operating and Nonoperating Revenues and Expenses

The MTFC has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, including interest income on program loans made to entities as provided by federal transportation laws and program fees.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, including federal, state and local grants and contracts. Investment earnings are also classified as nonoperating revenue.

Operating expenses: Operating expenses primarily include administrative fees and professional services. The administrative fees are reimbursements to the Missouri Department of Transportation for personal service costs related to the support of the MTFC.

Nonoperating expenses: Nonoperating expenses consist of investment fees.

(G) Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

(H) Income Taxes

The MTFC submitted a request for ruling to the Internal Revenue Service (IRS). In response to that request, the IRS ruled the income of the MTFC is excludable from gross income for federal income tax purposes under Section 115 of the Code. The MTFC is required to file an annual income tax return on Form 1120.

Note 2: Cash and Investments

(A) Deposits

The carrying amounts of deposits and repurchase agreements of the MTFC at June 30, 2021 and 2020 were \$25,459,001 and \$19,135,302, respectively. Cash and cash equivalents on Statements of Net Position were \$25,459,001 and \$19,160,301 at June 30, 2021 and 2020, respectively. The difference between deposits at June 30, 2020 is due to timing. The bank balances were covered by federal depository insurance and by collateral held by a third-party bank under a joint custody agreement.

(B) Investments

The MTFC's investment policy is approved by the Board. This policy supports the MTFC's conservative and prudent approach to investment management. The policy also addresses authorized financial dealers and institutions, internal controls, suitable and authorized investments, collateralization, diversification of the portfolio, maximum maturities, performance standards and reporting requirements.

The policy allows funds to be invested in time deposits, linked deposits, certificates of deposit, commercial paper, bankers' acceptances, repurchase and reverse repurchase agreements and United States Treasury and federal agency securities. The MTFC's investments are reported at fair value. At June 30, 2021 and 2020, the MTFC had \$69,260,473 and \$69,051,975, respectively, of unregistered government sponsored securities for which a financial institution's trust department holds the securities in the MTFC's name.

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 MTFC has categorized 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. As defined by generally accepted accounting principles, Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs comprised of fair value quoted prices for similar, but not identical, assets or liabilities in active markets or inactive markets. Level 3 inputs are significant unobservable inputs.

At June 30, 2021, the MTFC's investments have the following ratings, fair value measurements and maturities:

<u>Investment by Type</u>	<u>Rating</u>		<u>Fair Value</u>	<u>Investment Maturities</u>		
	<u>Moody's</u>	<u>Standard and Poor's</u>	<u>Measurements</u>	<u>Less than</u>		
			<u>Level 2</u>	<u>1 year</u>	<u>1-3 years</u>	<u>4-5 years</u>
Repurchase agreements	Aaa	AA+	\$25,458,931	\$25,458,931	\$ ---	\$ ---
Government agency obligations	Aaa	AA+	50,720,569	5,238,069	36,035,421	9,447,079
U.S. agency obligations	Aaa	AA+	18,539,904	5,848,967	7,755,962	4,934,975
			<u>\$94,719,404</u>	<u>\$36,545,967</u>	<u>\$43,791,383</u>	<u>\$14,382,054</u>

At June 30, 2020, the MTFC's investments have the following ratings, fair value measurements and maturities:

<u>Investment by Type</u>	<u>Rating</u>		<u>Fair Value</u>	<u>Investment Maturities</u>		
	<u>Moody's</u>	<u>Standard and Poor's</u>	<u>Measurements</u>	<u>Less than</u>		
			<u>Level 2</u>	<u>1 year</u>	<u>1-3 years</u>	<u>4-5 years</u>
Repurchase agreements	Aaa	AA+	\$19,135,196	\$19,135,196	\$ ---	\$ ---
Government agency obligations	Aaa	AA+	46,134,317	13,713,537	30,666,767	1,754,013
U.S. agency obligations	Aaa	AA+	22,917,658	2,752,260	18,861,798	1,303,600
			<u>\$88,187,171</u>	<u>\$35,600,993</u>	<u>\$49,528,565</u>	<u>\$3,057,613</u>

Investment earnings consisted of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest income on deposits	\$ 26,585	\$ 204,858
Interest income on investments	756,748	1,603,659
Net appreciation (depreciation) in fair value of investments	(630,300)	402,107
Total investment earnings (loss)	<u>\$153,033</u>	<u>\$2,210,624</u>

(C) Interest Rate Risk

Interest rate risk is the risk that the fair value of securities in the portfolio will fall due to changes in general interest rates. The MTFC policy states interest rate risk will be managed by the following objectives:

Safety: The investment portfolio is developed to avoid the need to sell securities on the open market prior to maturity, with securities scheduled to mature to meet cash requirements for ongoing operations.

Liquidity: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so the securities mature concurrent with cash needs to meet anticipated demands (static liquidity).

Yield: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

(D) Credit Risk

The MTFC minimizes credit risk by limiting investments to the safest types of securities as defined in Note 2: Cash and Investments, Section (B) Investments.

(E) Concentration of Credit Risk

The MTFC diversifies its investments to minimize the risk of loss resulting from over-concentration of assets in a specific maturity, issuer or class of securities. The asset allocation is periodically reviewed by management.

(F) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the MTFC will not be able to recover collateralized securities in the possession of an outside party. The MTFC’s policy is to collateralize demand deposits and repurchase agreements with securities held by the financial institution’s agent in the MTFC’s name. The MTFC policy also states security transactions are settled “delivery versus payment.” This means payment is made simultaneously with the receipt of the security. These securities are delivered to the MTFC’s safekeeping bank.

Note 3: Loans Receivable

Loans are entered into to provide financing for highway and transportation projects. Future revenues primarily secure public entity loans. Irrevocable letters of credit or designated funds secure loans for private entities. The receivable balance as of June 30, 2021 and 2020 consists of the following:

(amounts in thousands)

<u>Customer and Project Description</u>	<u>Loan Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2021</u>	<u>2020</u>
Principal and Interest Paid Semi-annually					
City of Columbia* Finance the city’s portion of the cost share project to construct improvements on Route 740, also known as Stadium Boulevard. The project consists of widening Route 740 from a five-lane undivided roadway to a six-lane divided roadway.	03/01/12	03/01/22	3.92%	\$ ---	\$ 1,874
City of Wentzville Finance the city’s project to construct a new I-70 interchange west of the existing Wentzville Parkway.	01/02/20	01/01/25	1.00	4,020	5,000
City of Holts Summit Finance the city’s project to widen Halifax Road to reduce a slight curve, install curb, gutter and sewer for drainage and construct a pedestrian sidewalk.	04/15/16	12/31/25	2.26	245	297
City of Clinton Finance the city’s portion of the cost share project to relocate the Gaines Drive and Route 13 intersection, widen Gaines Drive, add a curb and gutter and extend Gaines Drive to Route 52.	04/02/19	04/30/34	3.00	447	474

<u>Customer and Project Description</u>	<u>Loan Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2021</u>	<u>2020</u>
Principal and Interest Paid Semi-annually (continued)					
City of Warrenton Finance the city's project to construct a new I-70 interchange and extend Route MM to the north across I-70 to the North Outer Road.	12/01/16	03/31/35	2.64%	\$ 9,234	\$11,928
Principal and Interest Paid Annually					
City of St. Clair Finance the city's portion of a cost share project to relocate the I-44 North Outer Road at Route 47.	10/03/11	10/01/21	2.93	187	369
City of Poplar Bluff Accelerate the MHTC's portion and finance the city's portion of a cost share project to improve the interchange at Route 67 and Oak Grove Road and the intersection at Business Route 67 and Oak Grove Road.	03/01/12	03/01/22	4.15	388	886
Barton County Finance the county's portion of a cost share project to improve Route 71 at 30 th Road and First Street.	08/01/12	08/01/22	2.17	116	172
City of O'Fallon Construct Crusher Street extension and improve Elaine Drive.	11/01/12	11/01/22	2.69	673	996
Village of Innsbrook Construct shoulders on Route F.	10/01/13	08/15/23	2.29	65	85
City of Waynesville Finance the city's portion of a cost share project to improve Route 17 inside the city limits.	10/01/14	06/30/24	2.28	253	333
City of Park Hills Finance the city's project to improve East Main Street from View Street to Strauss Street and Strauss Street from East Main Street to St. Joe Drive.	06/15/16	08/31/24	3.26	97	119
City of Park Hills Finance the city's project to extend Fairgrounds Drive to a proposed trail head serving the St. Joe State Park.	06/15/16	10/31/24	3.26	411	505
City of Cottleville Finance the city's cost apportionment project to widen Route N to three lanes with a center turn lane, add shoulders and a shared-use path.	07/01/16	07/30/26	2.57	532	613

<u>Customer and Project Description</u>	<u>Loan Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2021</u>	<u>2020</u>
Principal and Interest Paid Annually (continued)					
City of Warsaw Finance the city's cost apportionment project to provide intersection improvements at Route 7 and Commercial Street.	11/28/18	07/31/28	2.64	\$228	\$254
City of Warrenton Finance the city's portion of a cost share project to install sidewalks along Route 47.	06/17/19	07/15/29	2.93	1,051	650
City of Sunrise Beach** Finance the city's portion of the cost share project to widen Route 5 to three lanes from Route F to the city of Laurie.	07/01/15	08/31/30	2.55	226	226
City of St. Charles Finance part of the city's portion of a cost share project to provide improvements to the Route 94/Route 364 and Muegge Road interchange.	12/16/19	06/30/29	1.40	443	495
City of St. Charles Finance the city's project to reconstruct and relocate Boschertown Road from Hecker Street to Route B.	12/16/19	06/30/29	1.40	68	196
City of St. Charles Finance the city's project to construct a roundabout at Little Hills Expressway and Mel Wetter Parkway.	12/16/19	06/30/29	1.40	398	48
City of Ashland Finance the city's portion of a cost share project to construct a roundabout at Route M and Henry Clay Boulevard.	02/21/20	07/15/29	2.64	<u>981</u>	<u>300</u>
Total				<u>\$20,063</u>	<u>\$25,820</u>

*City of Columbia paid off their loan in August 2020, which is prior to the maturity date of March 1, 2022.

**City of Sunrise Beach MTFC loan agreement specifies interest only payments annually until August 31, 2021; after which, principal and interest shall be paid annually.

Annual loans receivable to maturity are indicated in the following schedule.
(amounts in thousands)

<u>Fiscal Year</u>	<u>Principal</u>
2022	\$3,533
2023	2,923
2024	2,574
2025	2,514
2026	1,367
2027-2031	6,283
2032-2035	<u>869</u>
Total principal	<u>\$20,063</u>

Loans receivable are included in the accompanying statements of net position, as follows:
(amounts in thousands)

	<u>2021</u>	<u>2020</u>
Current loans receivable	\$ 3,533	\$ 4,515
Noncurrent loans receivable	<u>16,530</u>	<u>21,305</u>
Total loans receivable	<u>\$20,063</u>	<u>\$25,820</u>

Note 4: Administrative Expenses

Administrative expenses and accounts payable represent reimbursements to the Missouri Department of Transportation (MoDOT) for personnel and administrative costs.

Note 5: Restricted Net Position

The MTFC received money from federal grants, which is restricted for lending purposes only. Those grants required a state transportation funding match, which, with net investment earnings (loss), is also restricted for lending purposes. Restricted net position increased due to the net investment gain for the years ended June 30, 2021 and 2020, included in net nonoperating revenues (expenses).

(amounts in thousands)

	<u>2021</u>	<u>2020</u>
Federal grant	\$49,410	\$49,410
State grant	10,250	10,250
Cumulative net investment earnings	<u>23,082</u>	<u>22,996</u>
Total restricted net position available for lending purposes	<u>\$82,742</u>	<u>\$82,656</u>

Note 6: Risk Management

The MTFC is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets. The MTFC does not carry commercial insurance but takes additional internal control steps to ensure safekeeping of assets. The State's Legal Expense Fund covers all state employees for the risks of errors and omissions. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. No liabilities of loss related to torts were reported at June 30, 2021 or 2020. The MTFC has had no settlements in the last three years.

Note 7: Loan Commitments and Loans Approved

At June 30, 2021, the MTFC had loan commitments totaling \$75.6 million that were approved and executed, but not disbursed.

(amounts in thousands)

<u>Customer and Project Description</u>	<u>Approved Date</u>	<u>Executed Date</u>	<u>Projected Disbursement Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Principal and Interest Paid Annually					
City of St. Charles Finance the city's project to reconstruct and relocate Boschertown Road from Hecker Street to Route B.	10/16/19	12/06/19	01/14/22	1.40	\$925
Missouri Highways & Transportation Commission Finance the Infrastructure for Rebuilding America (INFRA) grant project that replaces the Rocheport Bridge and constructs climbing lanes at Mineola Hill.	10/01/19	03/13/20	08/01/22 08/01/23 08/01/24	1.06	24,396 24,828 <u>13,276</u> 62,500
City of Poplar Bluff Finance the city's portion of a cost share project to reconstruct Route 67 to a divided, multi-lane interstate highway facility from Route 160 south to County Road 338.	05/01/20	08/17/20	07/01/21 01/03/22 05/02/22 01/03/23	2.09	1,498 2,725 991 <u>3,567</u> 8,781
Saline County Finance the county's portion of a cost share project to relocate the median crossing of Route 65 and County Road 226/237.	08/14/20	02/10/21	02/15/22	1.45	1,406
Lincoln County Finance the county's portion of a cost share project to remove two at-grade crossings on Route 61 and construct new Route 61 outer road.	05/05/21	06/24/21	07/01/21 07/01/22	1.09	221 <u>1,779</u> <u>2,000</u>
Total loan commitments*					<u>\$75,612</u>

*Unrestricted and restricted net position are sufficient to meet loan commitments and loans approved.

Note 8: Accounting Pronouncements

GASB Statements implemented during the current fiscal year that had no financial impact on the MTFC financial statements include:

- 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61; and
- 84, Fiduciary Activities.

GASB Statements that will be implemented in future fiscal years that will not affect the MTFC financial statements include:

- 91, Conduit Debt Obligations;
- 89, Accounting for Interest Cost Incurred before the End of a Construction Period; and
- 87, Leases.

Statistical Section

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Statistical Section

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Financial Trends

Changes in Net Position

Years Ended June 30
(amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenues				
Interest income on loans	\$ 511	\$ 643	\$ 692	\$ 936
Program fees	<u>5</u>	<u>102</u>	<u>4</u>	<u>1</u>
Total Operating Revenues	<u>516</u>	<u>745</u>	<u>696</u>	<u>937</u>
Operating Expenses				
Administrative fees	32	23	21	20
Professional fees	12	12	12	9
Other	<u>---</u>	<u>---</u>	<u>---</u>	<u>1</u>
Total Operating Expenses	<u>44</u>	<u>35</u>	<u>33</u>	<u>30</u>
Operating Income	<u>472</u>	<u>710</u>	<u>663</u>	<u>907</u>
Nonoperating Revenues (Expenses)				
Investment earnings (loss)	153	2,211	2,782	645
Investment fees	<u>(67)</u>	<u>(71)</u>	<u>(73)</u>	<u>(59)</u>
Net Nonoperating Revenues (Expenses)	<u>86</u>	<u>2,140</u>	<u>2,709</u>	<u>586</u>
Change in Net Position	<u>\$ 558</u>	<u>\$2,850</u>	<u>\$3,372</u>	<u>\$1,493</u>

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$1,205	\$1,310	\$1,570	\$2,005	\$2,632	\$2,523
<u>52</u>	<u>8</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>37</u>
<u>1,257</u>	<u>1,318</u>	<u>1,572</u>	<u>2,007</u>	<u>2,634</u>	<u>2,560</u>
28	29	23	21	27	36
9	9	9	9	10	10
<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>2</u>	<u>2</u>
<u>37</u>	<u>38</u>	<u>32</u>	<u>30</u>	<u>39</u>	<u>48</u>
<u>1,220</u>	<u>1,280</u>	<u>1,540</u>	<u>1,977</u>	<u>2,595</u>	<u>2,512</u>
408	662	449	326	(99)	111
<u>(52)</u>	<u>(54)</u>	<u>(44)</u>	<u>(24)</u>	<u>(9)</u>	<u>(14)</u>
<u>356</u>	<u>608</u>	<u>405</u>	<u>302</u>	<u>(108)</u>	<u>97</u>
<u>\$1,576</u>	<u>\$1,888</u>	<u>\$1,945</u>	<u>\$2,279</u>	<u>\$2,487</u>	<u>\$2,609</u>

Financial Trends

Net Position

Years Ended June 30
(amounts in thousands)

<u>Fiscal Year</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
2021	\$82,742	\$32,323	\$115,065
2020	82,656	31,851	114,507
2019	80,516	31,141	111,657
2018	77,807	30,478	108,285
2017	77,221	29,571	106,792
2016	76,865	28,351	105,216
2015	76,257	27,071	103,328
2014	75,852	25,531	101,383
2013	75,550	23,554	99,104
2012	75,658	20,959	96,617

Amounts for 2012 include restatements of restricted and unrestricted net position to meet the definition of restricted net position. These restatements had no effect on total net position.

Revenue Capacity Average Fair Value of Investments and Average Yields on Investments Held on Behalf of the MTFC

Years Ended June 30
(amounts in thousands)

<u>Fiscal Year</u>	<u>Average Monthly Fair Value of Investments</u>	<u>Average Monthly Yield on Investments</u>
2021	\$ 70,450	0.89%
2020	72,967	2.08
2019	73,575	2.22
2018	60,852	1.56
2017	51,090	1.08
2016	54,322	1.18
2015	45,066	0.91
2014	23,717	0.82
2013	8,816	1.25
2012	11,910	1.92

Source: Investment summary of funds held at MTFC calculated by Missouri Department of Transportation, Financial Services staff.

Revenue Capacity

Net Loans Receivable by Fiscal Year

Years Ended June 30
(amounts in thousands)

<u>Fiscal Year</u>	<u>Net Loans Receivable</u>	<u>Weighted Average Interest Rate</u>
2021	\$20,063	2.31%
2020	25,820	2.45
2019	22,859	2.91
2018	24,824	2.96
2017	28,092	3.51
2016	33,327	3.72
2015	37,547	3.81
2014	54,290	3.45
2013	75,230	3.15
2012	76,956	3.59

Source: Weighted average interest rate calculated by Missouri Department of Transportation, Financial Services staff.

Demographic and Economic Information

Population, Personal Income and Unemployment Rate – State of Missouri

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>
2020	6,152	\$312,530,400	\$51	5.0%
2019	6,137	308,467,400	50	3.4
2018	6,126	289,111,800	47	2.3
2017	6,114	269,858,887	44	3.3
2016	6,093	268,379,357	44	4.0
2015	6,084	263,751,344	43	3.9
2014	6,064	255,747,928	42	5.1
2013	6,044	238,095,204	39	7.4
2012	6,022	233,049,000	39	7.6
2011	6,011	229,986,000	38	7.7

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 – State of Missouri

Years Ended December 31
(amounts in thousands)

	<u>2020</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage</u>
Trade, transportation and utilities	553	1	19%	519	1	19%
Education and health services	484	2	17	410	3	15
Government	430	3	15	455	2	17
Professional and business services	369	4	13	323	4	12
Manufacturing	269	5	10	253	6	10
Leisure and Hospitality	243	6	9	260	5	10
Financial activities	176	7	6	161	7	6
Construction, natural resources and mining	129	8	5	102	9	4
Other services	111	9	4	116	8	5
Information	<u>44</u>	10	<u>2</u>	<u>54</u>	10	<u>2</u>
Total	<u>2,808</u>		<u>100%</u>	<u>2,653</u>		<u>100%</u>

Source: United States Department of Labor, Bureau of Labor Statistics

Demographic and Economic Information

Gross Domestic Product by Industry

Years Ended December 31

(Amounts in Millions)

	2020			2011		
	<u>GDP</u>	<u>Rank</u>	<u>Percentage</u>	<u>GDP</u>	<u>Rank</u>	<u>Percentage</u>
Financial activities	\$ 50,567	1	19%	\$63,464	1	10%
Trade, transportation and utilities	45,007	2	17	56,857	2	18
Government	32,836	3	13	38,999	4	12
Professional and business services	31,348	4	12	43,424	3	13
Manufacturing	31,045	5	12	37,972	5	12
Education and health services	25,860	6	10	34,072	6	11
Information	13,157	7	5	11,628	8	4
Leisure and hospitality	10,087	8	4	11,033	9	3
Construction, natural resources and mining	9,574	9	4	13,692	7	4
Other services	6,124	10	2	7,383	10	2
Agriculture, forestry, fishing and hunting	4,040	11	2	3,185	11	1
Total	<u>\$259,645</u>		<u>100%</u>	<u>\$321,709</u>		<u>100%</u>

Source:

United States Department of Commerce, Bureau of Economic Analysis

Operating Information

Approved Loans by Fiscal Years Ended June 30

(dollar amounts in thousands)

<u>Fiscal Year</u>	<u>Number of Loans Approved</u>	<u>Total Approved Loan Amount</u>
2021	2	\$ 3,406
2020	4	64,800
2019	3	2,557
2018	1	500
2017	5	34,546
2016	6	6,567
2015	1	226
2014	---	---
2013	2	1,546
2012	11	34,458

Source: Missouri Department of Transportation, Financial Services database

Not all loans approved by the MTFC board are executed or disbursed.

Other Information

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

To the Board of Directors
Missouri Transportation Finance Corporation

We have audited, in accordance with U.S. generally accepted auditing standards 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 business-type activities of the Missouri Transportation Finance Corporation (the Corporation), a component unit of the State of Missouri, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated August 27, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williams Keeler LLC

August 27, 2021