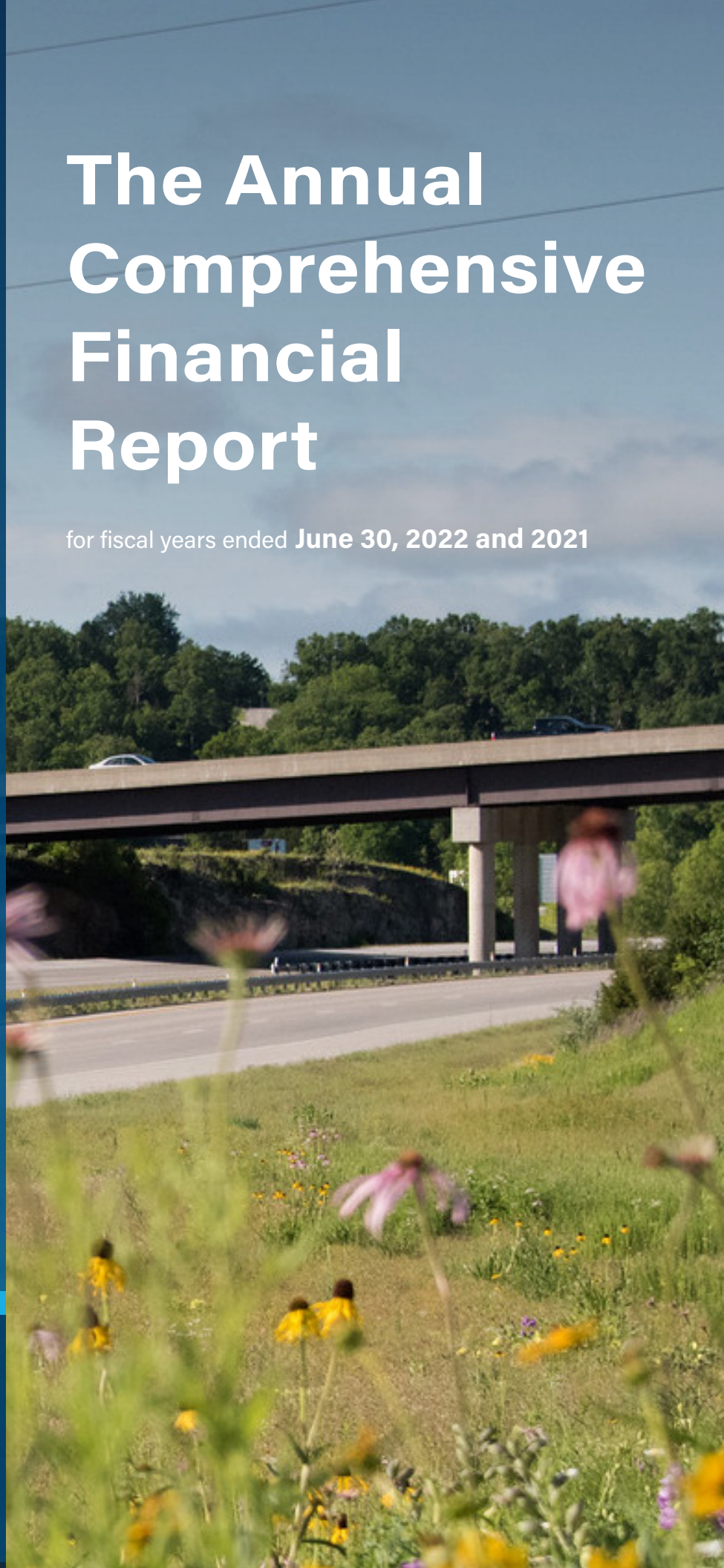




Missouri Transportation
Finance Corporation
a Component Unit of the State of Missouri

The Annual Comprehensive Financial Report

for fiscal years ended **June 30, 2022 and 2021**



Annual Comprehensive Financial Report

for fiscal years ended
June 30, 2022 and 2021

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

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Introductory Section

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August 30, 2022

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, 2022 and 2021.

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 21, 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

On November 15, 2021, the President signed into law the Infrastructure Investment and Jobs Act (IIJA), also referred to as the Bipartisan Infrastructure Law (BIL), which authorizes the federal surface transportation programs for highways, highway safety, transit and rail for the five-year period from 2022 through 2026. The IIJA is funded with receipts into the Highway Trust Fund, transfers from the General Fund and additional funding offsets. The IIJA is five-year legislation to improve the Nation's surface transportation infrastructure, including roads, bridges, transit systems, and rail transportation network. The act reforms and strengthens transportation programs, refocuses on national priorities, provides long-term funding certainty and more flexibility for states and local governments, streamlines project approval processes, and maintains a strong commitment to safety. Missouri's annual apportionments are estimated to increase 26 percent compared to the last year of the prior transportation act, the Fixing America's Surface Transportation (FAST) Act.

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 in effect on August 28, 2021, by 20 percent each fiscal year for a period of 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.

August 30, 2022
Board of Directors
Page 3

From fiscal year 2021 to 2022, state collections designated for transportation increased from \$1,267.6 million to \$1,286.9 million, or 1.5 percent. Motor fuel taxes of \$570.4 million were collected in fiscal year 2022, which is an increase of 15.9 percent compared to fiscal year 2021 and includes an additional 2.5 cents per gallon collected since October 1, 2021, as enacted by Senate Bill 262 by the Missouri General Assembly. Motor vehicle sales taxes decreased by 9.3 percent and motor vehicle and driver licensing fees decreased 5.4 percent from fiscal year 2021 to fiscal year 2022. These revenue sources returned to more normal collections after a spike in fiscal year 2021, but both are higher than pre-COVID levels of revenue.

Future of MTFC

The MHTC's Cost Share Program, which sets aside monies for which local entities can compete to accomplish transportation projects that are a local priority, allows local priority projects to be completed with a mixture of local funds and monies from the Cost Share Program. After a suspension of the program in January 2014, 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. All new loans approved in fiscal year 2022 were requested by local entities for their share of matching funds for the Cost Share Program. 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 continue to increase.

Historically, the MTFC's net position has increased primarily as a result of income derived from interest earned on loans and investments. Net position declined in fiscal year 2022 because rising interest rates resulted in the market value of investments decreasing. As investments mature and we procure new investments, we anticipate the effects of interest rates on the market value of investments will normalize. Due to increased loan activity, we anticipate continued net position growth in the future; however, the amount will be dictated by interest rates and fluctuations in the market value of investments.

Initiatives

MoDOT's Financial Services staff is responsible for educating stakeholders about 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 made no updates to policies that significantly impacted the financial statements for the fiscal year ended June 30, 2022.

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, 2021. This was the fourteenth 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.

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.

August 30, 2022
Board of Directors
Page 3

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

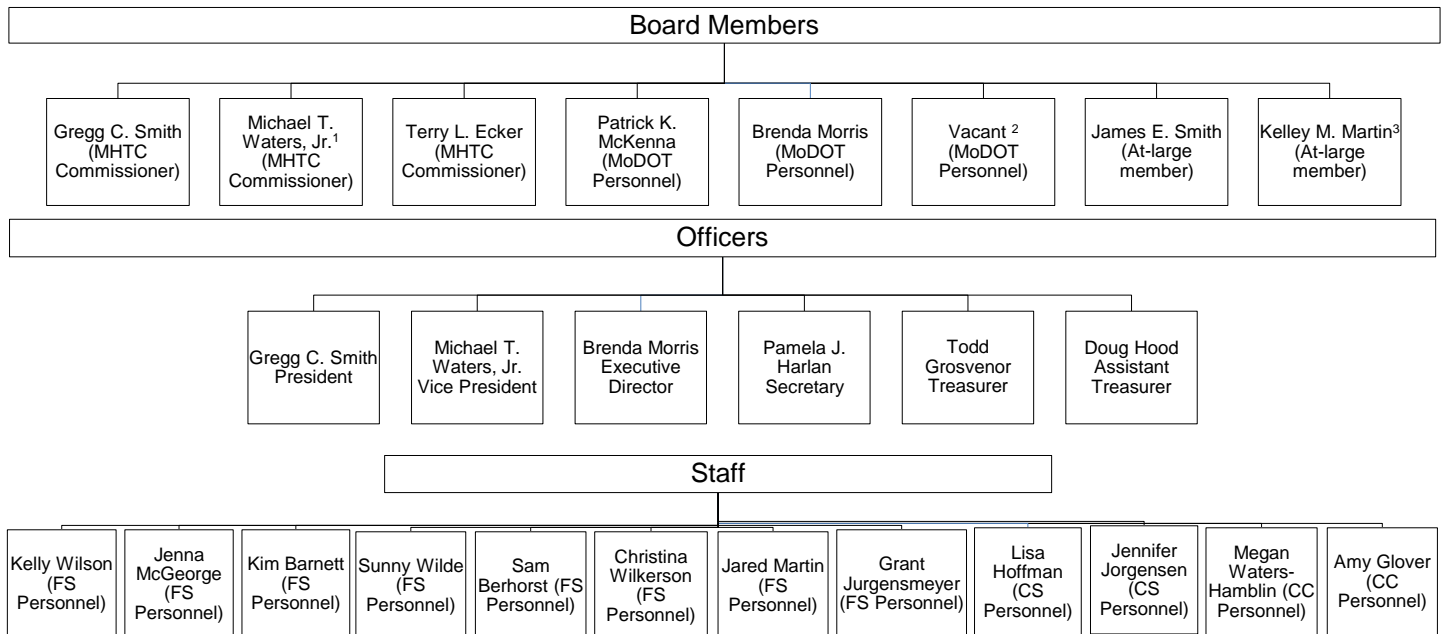
Christopher P. Morill

Executive Director/CEO

Organizational Chart

June 30, 2022

Missouri Transportation Finance Corporation (MTFC) Organizational Chart



¹Michael T. Waters, Jr. resigned from the Missouri Highways and Transportation Commission effective August 3, 2022.

²Jerica Holtsclaw became the Multimodal Operations Director effective August 1, 2022.

³On June 2, 2022, the MHTC re-elected Kelley M. Martin to the MTFC Board of Directors as an at-large member for a two-year term beginning July 1, 2022 and expiring June 30, 2024.

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 ¹
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

¹Michael T. Waters, Jr. resigned from the Missouri Highways and Transportation Commission effective August 3, 2022.

Financial Section

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Missouri Transportation Finance Corporation

Report on the Audit of the Financial Statements

Opinions

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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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, 2022 and 2021, 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.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an (or update our) understanding of internal control relevant to the audit 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require the management's discussion and analysis on pages 21 through 24 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 30, 2022, 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 F. Keepers UC

Jefferson City, Missouri
August 30, 2022

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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 2022, the MTFC approved five loans totaling \$37.8 million. By comparison, in fiscal year 2021, the MTFC approved two loans totaling \$3.4 million. In fiscal year 2020, the MTFC approved four loans totaling \$64.8 million. MHTC's Cost Share Program sets aside monies for which local entities can compete to accomplish transportation projects that are a local priority. Loan activity for the MTFC typically lags behind the actions taken related to the MHTC's Cost Share Program. All of the loans approved in fiscal year 2022 were to finance the local entities' portion of a Cost Share Program project. Four of the loans approved were for MHTC Cost Share projects, and the other loan was for a project included in the Governor's Cost Share Program.
- Loan disbursements totaling \$17.7 million were made to five entities in fiscal year 2022 with some entities having multiple disbursements either for the same loan or for different loans. In fiscal year 2021, loan disbursements totaling \$1.7 million were made to three entities. 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.
- The MTFC's net loans receivable increased \$12.7 million from fiscal year 2021 to 2022 and decreased \$5.8 million from fiscal year 2020 to 2021. For fiscal year 2022, loan disbursements exceeded loan repayments and for fiscal year 2021, loan repayments exceeded loan disbursements, which explains the changes in net loan receivables.
- Operating income increased by \$18,000 from fiscal year 2021 to 2022 and decreased by \$238,000 from fiscal year 2020 to 2021. In fiscal year 2022, the increase in operating income is related to higher revenues from interest income on loans as the loans receivable balance increases. The increase in operating income can also be attributed to more program fees as the number of loan applications increases. 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.
- Total nonoperating revenues (expenses) decreased \$1.4 million, 1,678.5 percent, from fiscal year 2021 to 2022 due to a decrease in investment earnings. From fiscal year 2020 to 2021, total nonoperating revenues decreased \$2.1 million, 96.0 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, 2022, 2021 and 2020 (dollars in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets			
Cash and investments	\$ 81,208	\$ 94,719	\$ 88,212
Interest receivable on loans and investments	270	287	477
Loans receivable, net	<u>32,728</u>	<u>20,063</u>	<u>25,820</u>
Total assets	<u>114,206</u>	<u>115,069</u>	<u>114,509</u>
Liabilities			
Accounts payable	<u>12</u>	<u>4</u>	<u>2</u>
Net Position			
Restricted for lending purposes	81,382	82,742	82,656
Unrestricted net position	<u>32,812</u>	<u>32,323</u>	<u>31,851</u>
Total net position	<u>\$114,194</u>	<u>\$115,065</u>	<u>\$114,507</u>

Assets

Cash and investments decreased \$13.5 million from June 30, 2021 to June 30, 2022, and increased \$6.5 million between June 30, 2020 and June 30, 2021. At June 30, 2022, net loans receivable were \$12.7 million more than at June 30, 2021. Net loans receivable at June 30, 2021 were \$5.8 million less than the prior year. In fiscal year 2022, loan disbursements of \$17.7 million exceeded loan repayments of \$5.0 million. In fiscal year 2021, loan repayments of \$7.5 million exceeded loan disbursements of \$1.7 million.

Net Position

Net position decreased \$871,000 in fiscal year 2022 and increased \$558,000 in fiscal year 2021. The primary reason for the net position decrease at June 30, 2022 is the decrease in the market value of investments adjustment. Market value is the amount that securities can be sold in the market on any given day, and as interest rates rise, the market value of investments decreases. No actual losses have been realized since most investments are held to maturity and only sold if a gain is realized or cash is needed. At June 30, 2021, net position increased \$558,000 as a result of loan interest of \$511,000 and total nonoperating revenues (expenses) of \$86,000. 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, 2022, 2021 and 2020
(dollars in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating Revenues			
Interest income on loans	\$ 541	\$ 511	\$ 643
Other income	<u>29</u>	<u>5</u>	<u>102</u>
Total operating revenues	<u>570</u>	<u>516</u>	<u>745</u>
Operating Expenses			
Administrative fees	68	32	23
Other operating expenses	<u>12</u>	<u>12</u>	<u>12</u>
Total operating expenses	<u>80</u>	<u>44</u>	<u>35</u>
Operating Income	<u>490</u>	<u>472</u>	<u>710</u>
Nonoperating Revenues (Expenses)			
Investment earnings	(1,303)	153	2,211
Nonoperating expenses	<u>(58)</u>	<u>(67)</u>	<u>(71)</u>
Total nonoperating revenues (expenses)	<u>(1,361)</u>	<u>86</u>	<u>2,140</u>
Change in net position	(871)	558	2,850
Net position at beginning of year	<u>115,065</u>	<u>114,507</u>	<u>111,657</u>
Net position at end of year	<u>\$114,194</u>	<u>\$115,065</u>	<u>\$114,507</u>

Revenues

In fiscal years 2022 and 2021, the primary source of income was interest earned on loans while in fiscal year 2020, the primary source of income was investment earnings and interest earned on loans. In fiscal year 2022, interest income on loans, recognized as operating revenue, increased \$30,000 compared to fiscal year 2021 and decreased \$132,000 in fiscal year 2021 compared to fiscal year 2020. The increase can be attributed to a higher loans receivable balance. The average loans receivable balance was \$27.2 million in fiscal year 2022 compared to \$21.2 million in fiscal year 2021 and \$23.9 million in fiscal year 2020. 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 2022, program fees were \$29,000 compared to fiscal years 2021 and 2020, which were \$5,000 and \$102,000, respectively.

Nonoperating revenue (expense) is recognized on investments. The primary reason for the decrease of nonoperating revenue (expense) in fiscal year 2022 is due to the market value of investments adjustment to investment earnings because of the depreciation of investments held. Market value is the amount that securities can be sold in the market on any given day, and as interest rates rise, the market value of investments decreases. No actual losses have been realized since most investments are held to maturity and only sold if a gain is realized or cash is needed.

Expenses

In fiscal year 2022, administrative fees totaled \$68,000, an increase of \$36,000 from fiscal year 2021. Administrative fees in fiscal year 2021 increased \$9,000 from fiscal year 2020. The increase in administrative fees between fiscal years 2022 and 2021 is due to the implementation of a compensation plan approved by the MTFC which provides staff completing MTFC work an additional \$2,400 each year. 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 other operating expenses stayed essentially the same for fiscal years 2022, 2021 and 2020.

ECONOMIC AND OTHER FACTORS

For fiscal year 2022, loan activity increased due to an increase in funding available through the MHTC's Cost Share Program. 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 increase 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 in effect on August 28, 2021, by 20 percent each fiscal year for a period of 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 decreased in fiscal year 2022, while previous years showed an increase. While income derived from interest earned on loans and program fees increased compared to the prior fiscal year, this increase was offset by a decrease of \$1.3 million due to the market value of investments adjustment. As investments mature and we procure new investments, we anticipate the effects of interest rates on our market value will normalize. Due to increased loan activity, we anticipate continued net position growth in the future; however, the amount will be dictated by interest rates and fluctuations in the market value of investments.

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 32,547,781	\$ 25,459,001
Investments	23,065,617	11,087,036
Interest receivable on loans	188,186	167,092
Interest receivable on investments	81,951	120,134
Loans receivable, net	<u>5,812,471</u>	<u>3,532,631</u>
Total current assets	<u>61,696,006</u>	<u>40,365,894</u>
Noncurrent assets		
Investments	25,594,614	58,173,437
Loans receivable, net	<u>26,915,749</u>	<u>16,529,965</u>
Total noncurrent assets	<u>52,510,363</u>	<u>74,703,402</u>
Total Assets	<u>114,206,369</u>	<u>115,069,296</u>
Liabilities		
Current liabilities		
Accounts payable	<u>12,570</u>	<u>4,593</u>
Total current liabilities	<u>12,570</u>	<u>4,593</u>
Total Liabilities	<u>12,570</u>	<u>4,593</u>
Net Position		
Restricted for lending purposes	81,381,512	82,741,931
Unrestricted net position	<u>32,812,287</u>	<u>32,322,772</u>
Total Net Position	<u>\$114,193,799</u>	<u>\$115,064,703</u>

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Interest income on loans	\$ 540,456	\$ 510,611
Program fees	<u>29,179</u>	<u>5,109</u>
Total Operating Revenues	<u>569,635</u>	<u>515,720</u>
Operating Expenses		
Administrative fees	67,950	31,745
Professional fees	11,675	11,675
Other	<u>495</u>	<u>460</u>
Total Operating Expenses	<u>80,120</u>	<u>43,880</u>
Operating Income	<u>489,515</u>	<u>471,840</u>
Nonoperating Revenues (Expenses)		
Investment earnings (loss)	(1,302,087)	153,033
Investment fees	<u>(58,332)</u>	<u>(66,850)</u>
Net Nonoperating Revenues (Expenses)	<u>(1,360,419)</u>	<u>86,183</u>
Change in net position	(870,904)	558,023
Net Position, beginning of year	<u>115,064,703</u>	<u>114,506,680</u>
Net Position, end of year	<u>\$114,193,799</u>	<u>\$115,064,703</u>



Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Fees received for services	\$ 29,179	\$ 5,109
Payments for administrative services	(59,973)	(29,573)
Other payments	(12,170)	(12,135)
Net cash provided by (used in) operating activities	<u>(42,964)</u>	<u>(36,599)</u>
Cash Flows From Investing Activities		
Interest received	654,674	914,480
Principal received	5,028,559	7,483,666
Sale of investments	41,508,626	110,279,300
Interest received on loans	519,362	568,802
Loan disbursements	(17,694,183)	(1,726,000)
Purchase of investments	(22,826,962)	(111,118,099)
Investment fees	(58,332)	(66,850)
Net cash provided by (used in) investing activities	<u>7,131,744</u>	<u>6,335,299</u>
Net increase (decrease) in cash and cash equivalents	7,088,780	6,298,700
Cash and Cash Equivalents, Beginning of Year	<u>25,459,001</u>	<u>19,160,301</u>
Cash and Cash Equivalents, End of Year	<u>\$ 32,547,781</u>	<u>\$ 25,459,001</u>
Reconciliation of Operating Income to Net Cash Provided by (used in) Operating Activities		
Operating income	\$ 489,515	\$ 471,840
Interest income on loans	(540,456)	(510,611)
Adjustments to operating cash flows for net change in accounts payable	7,977	2,172
Net Cash Provided by (used in) Operating Activities	<u>\$ (42,964)</u>	<u>\$ (36,599)</u>
Noncash Items Impacting Recorded Assets		
Increase (decrease) in fair value of investments	<u>\$ (1,918,578)</u>	<u>\$ (630,300)</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, 2022 and 2021 were \$32,547,781 and \$25,459,001, respectively, which agrees to cash and cash equivalents on Statements of Net Position. 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, 2022 and 2021, the MTFC had \$48,660,231 and \$69,260,473, 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, 2022, the MTFC's investments have the following ratings, fair value measurements and maturities:

Investment by Type	Rating		Fair Value	Investment Maturities		
	Moody's	Standard and Poor's	Measurements	Less than		
			Level 2	1 year	1-3 years	4-5 years
Repurchase agreements	Aaa	AA+	\$32,546,176	\$32,546,176	\$ ---	\$ ---
Government agency obligations	Aaa	AA+	40,336,430	21,407,246	12,475,052	6,454,132
U.S. agency obligations	Aaa	AA+	<u>8,323,801</u>	<u>1,658,371</u>	<u>2,567,069</u>	<u>4,098,361</u>
			<u>\$81,206,407</u>	<u>\$55,611,793</u>	<u>\$15,042,121</u>	<u>\$10,552,493</u>

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

Investment by Type	Rating		Fair Value	Investment Maturities		
	Moody's	Standard and Poor's	Measurements	Less than		
			Level 2	1 year	1-3 years	4-5 years
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+	<u>18,539,904</u>	<u>5,848,967</u>	<u>7,755,962</u>	<u>4,934,975</u>
			<u>\$94,719,404</u>	<u>\$36,545,967</u>	<u>\$43,791,383</u>	<u>\$14,382,054</u>

Investment earnings consisted of the following for the years ended June 30, 2022 and 2021:

	2022	2021
Interest income on deposits	\$ 122,661	\$ 26,585
Interest income on investments	493,830	756,748
Net appreciation (depreciation) in fair value of investments	<u>(1,918,578)</u>	<u>(630,300)</u>
Total investment earnings (loss)	<u>\$(1,302,087)</u>	<u>\$ 153,033</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, 2022 and 2021 consists of the following:

(amounts in thousands)

Customer and Project Description	Loan Date	Maturity Date	Interest Rate	2022	2021
Principal and Interest Paid Semi-annually					
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%	\$ 3,030	\$ 4,020
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	193	245
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
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	03/31/32	2.64	8,482	9,234

<u>Customer and Project Description</u>	<u>Loan Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2022</u>	<u>2021</u>
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
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
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	58	116
City of O'Fallon Construct Crusher Street extension and improve Elaine Drive.	11/01/12	11/01/22	2.69	340	673
Village of Innsbrook Construct shoulders on Route F.	10/01/13	08/15/23	2.29	43	65
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	170	253
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	74	97
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	313	411
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	449	532
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	202	228
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	936	1,051
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	206	226

<u>Customer and Project Description</u>	<u>Loan Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2022</u>	<u>2021</u>
Principal and Interest Paid Annually (continued)					
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%	\$ 390	\$ 443
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	869	68
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	351	398
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	768	981
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.	07/01/21	06/15/31	1.09	200	---
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.	07/01/21	09/01/35	2.09	5,448	---
City of St. Charles Finance part of the city's portion of Phase II of a Cost Share project to provide improvements to the Route 94/364 and Muegge Road interchange.	10/01/21	06/30/31	1.05	6,995	---
Saline County Finance the county's portion of a Cost Share project to relocate a median crossing at Route 65 and County Road 226/237.	02/01/22	08/15/31	1.45	1,406	---
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 County Road 338 to County Road 352.	04/01/22	09/01/35	1.45	1,119	---
City of Republic Finance the city's portion of a Cost Share project to widen Route MM to four lanes plus a center turn lane from Route 360 (James River Freeway) to Interstate 44.	06/01/22	04/15/32	1.40	<u>686</u>	<u>---</u>
Total				<u>\$32,728</u>	<u>\$20,063</u>

*City of Clinton paid off their loan in February 2022, which is prior to the maturity date of April 30, 2034.

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

<u>Fiscal Year</u>	<u>Principal</u>
2023	\$5,812
2024	4,747
2025	4,052
2026	2,928
2027	2,957
2028-2032	<u>12,232</u>
Total principal	<u>\$32,728</u>

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

	<u>2022</u>	<u>2021</u>
Current loans receivable	\$ 5,812	\$ 3,533
Noncurrent loans receivable	<u>26,916</u>	<u>16,530</u>
Total loans receivable	<u>\$32,728</u>	<u>\$20,063</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 decreased due to the loss on net investments for the fiscal year ended June 30, 2022 and increased due to the net investment gain for the year ended June 30 2021.

(amounts in thousands)

	<u>2022</u>	<u>2021</u>
Federal grant	\$ 49,410	\$ 49,410
State grant	10,250	10,250
Cumulative net investment earnings	<u>21,722</u>	<u>23,082</u>
Total restricted net position available for lending purposes	<u>\$ 81,382</u>	<u>\$ 82,742</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, 2022 or 2021. The MTFC has had no settlements in the last three years.

Note 7: Loan Commitments and Loans Approved

At June 30, 2022, the MTFC had five loan commitments totaling \$79.4 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					
Missouri Highways & Transportation Commission	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.	10/22/21	03/10/22	01/03/23	2.09	3,196
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.	05/04/21	11/01/21	11/01/22	1.09	1,780
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 County Road 338 to County Road 352.	10/22/21	11/23/21	01/03/23	1.45	8,416
City of Republic Finance the city's portion of a Cost Share project to widen Route MM to four lanes plus a center turn lane from Route 360 (James River Freeway) to Interstate 44.	02/28/22	05/26/22	01/15/23 04/01/24	1.40	2,007 <u>1,507</u> <u>3,514</u>
Total loan commitments*					<u>\$79,406</u>

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



At June 30, 2022, the MTFC had one loan agreement totaling \$7.5 million that was approved but not executed; therefore, funds have not been 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. Peters	05/04/22	07/18/22	08/01/22	2.22%	\$1,195
Finance the city's portion of a Cost Share project to construct additional ramps to convert existing partial interchange at Route 370 and Salt River Road to a full interchange.			06/01/23		<u>6,305</u>
					<u>7,500</u>
Total loan commitments*					<u>\$7,500</u>

Note 8: Accounting Pronouncements

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

- 87, Leases; and
- 89, Accounting for Interest Cost Incurred before the End of a Construction Period; and
- 92, Omnibus 2020; and
- 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB No. 32.

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

- 91, Conduit Debt Obligations; and
- 96, Subscription-Based Information Technology Arrangements; and
- 93, Replacement of Interbank Offered Rates; and
- 94, Public-Private and Public-Public Partnerships and Availability of Payment Arrangements; and
- 99, Omnibus 2022; and
- 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62; and
- 101, Compensated Absences.

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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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues				
Interest income on loans	\$ 541	\$ 511	\$ 643	\$ 692
Program fees	<u>29</u>	<u>5</u>	<u>102</u>	<u>4</u>
Total Operating Revenues	<u>570</u>	<u>516</u>	<u>745</u>	<u>696</u>
Operating Expenses				
Administrative fees	68	32	23	21
Professional fees	12	12	12	12
Other	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total Operating Expenses	<u>80</u>	<u>44</u>	<u>35</u>	<u>33</u>
Operating Income	<u>490</u>	<u>472</u>	<u>710</u>	<u>663</u>
Nonoperating Revenues (Expenses)				
Investment earnings (loss)	(1,303)	153	2,211	2,782
Investment fees	<u>(58)</u>	<u>(67)</u>	<u>(71)</u>	<u>(73)</u>
Net Nonoperating Revenues (Expenses)	<u>(1,361)</u>	<u>86</u>	<u>2,140</u>	<u>2,709</u>
Change in Net Position	<u>\$ (871)</u>	<u>\$ 558</u>	<u>\$2,850</u>	<u>\$3,372</u>

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 936	\$1,205	\$1,310	\$1,570	\$2,005	\$2,632
<u>1</u>	<u>52</u>	<u>8</u>	<u>2</u>	<u>2</u>	<u>2</u>
<u>937</u>	<u>1,257</u>	<u>1,318</u>	<u>1,572</u>	<u>2,007</u>	<u>2,634</u>
20	28	29	23	21	27
9	9	9	9	9	10
<u>1</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>2</u>
<u>30</u>	<u>37</u>	<u>38</u>	<u>32</u>	<u>30</u>	<u>39</u>
<u>907</u>	<u>1,220</u>	<u>1,280</u>	<u>1,540</u>	<u>1,977</u>	<u>2,595</u>
645	408	662	449	326	(99)
<u>(59)</u>	<u>(52)</u>	<u>(54)</u>	<u>(44)</u>	<u>(24)</u>	<u>(9)</u>
<u>586</u>	<u>356</u>	<u>608</u>	<u>405</u>	<u>302</u>	<u>(108)</u>
<u>\$1,493</u>	<u>\$1,576</u>	<u>\$1,888</u>	<u>\$1,945</u>	<u>\$2,279</u>	<u>\$2,487</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>
2022	\$81,382	\$32,812	\$114,194
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

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>
2022	\$ 59,603	0.60%
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

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>
2022	\$32,728	1.88%
2021	20,063	2.31
2020	25,820	2.45
2019	22,859	2.91
2018	24,824	2.96
2017	29,092	3.51
2016	33,327	3.72
2015	37,547	3.81
2014	54,290	3.45
2013	75,230	3.15

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>
2021	6,168	\$335,960,100	\$54	3.4%
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	223,049,000	39	7.6

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>2021</u>			<u>2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage</u>
Trade, transportation and utilities	566	1	20%	521	1	19%
Education and health services	480	2	17	432	3	16
Government	435	3	15	441	2	17
Professional and business services	384	4	13	352	4	13
Leisure and Hospitality	283	5	10	261	5	10
Manufacturing	270	6	9	250	6	9
Financial activities	177	7	5	161	7	6
Construction, natural resources and mining	141	8	5	104	9	4
Other services	115	9	4	111	8	4
Information	<u>47</u>	10	<u>2</u>	<u>55</u>	10	<u>2</u>
Total	<u>2,898</u>		<u>100%</u>	<u>2,688</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)

	<u>2021</u>			<u>2012</u>		
	<u>GDP</u>	<u>Rank</u>	<u>Percentage</u>	<u>GDP</u>	<u>Rank</u>	<u>Percentage</u>
Financial activities	\$ 72,049	1	20%	\$51,412	1	20%
Trade, transportation and utilities	63,976	2	18	47,043	2	17
Professional and business services	46,157	3	13	32,324	5	12
Manufacturing	43,373	4	12	34,778	3	13
Government	40,589	5	11	33,134	4	12
Education and health services	35,981	6	10	27,216	6	10
Construction, natural resources and mining	17,369	7	5	10,073	9	4
Leisure and hospitality	13,517	8	4	10,390	8	4
Information	12,198	9	3	12,875	7	5
Other services	7,936	10	2	6,276	10	2
Agriculture, forestry, fishing and hunting	6,806	11	2	3,341	11	1
Total	<u>\$359,951</u>		<u>100%</u>	<u>\$268,862</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>
2022	5	\$37,769
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

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, 2022, 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 30, 2022.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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.

William F. Keppel UC

Jefferson City, Missouri
August 30, 2022