REPORT OF

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

JUNE 30, 2018

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

For the Year Ended June 30, 2018

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WILLIAMS KEEPERS LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2005 West Broadway, Suite 100, Columbia, MO 65203
OFFICE (573) 442-6171 FAX (573) 777-7800
3220 West Edgewood, Suite E, Jefferson City, MO 65109
OFFICE (573) 635-6196 FAX (573) 644-7240
www.williamskeepers.com

INDEPENDENT AUDITORS' REPORT

Members of the Board of the State
Environmental Improvement and
Energy Resources Authority

We have audited the accompanying financial statements of the governmental activities and each major fund for the State Environmental Improvement and Energy Resources Authority (the Authority) as of and for the year ended June 30, 2018, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the accompanying 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 audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 Authority'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 Authority'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 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 governmental activities and each major fund of the State Environmental Improvement and Energy Resources Authority as of June 30, 2018, and the respective changes in financial position for the year then ended, in accordance with U.S. generally accepted accounting principles.

Change in Accounting Principle

As discussed in Note 14 to the financial statements, for the year ended June 30, 2018, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, the pension plan schedules, the other post-employment benefit plan (OPEB) schedules, and the budgetary comparison schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Except as noted in the following paragraph, such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The financial statements of State Environmental Improvement and Energy Resources Authority for the year ended June 30, 1992, were audited by other auditors whose report dated August 14, 1992, expressed an unqualified opinion on those financial statements. Their report, as of the same date, on certain accompanying supplementary information which has also been included on pages 41-46 stated that, in their opinion, such information was fairly presented in all material respects in relation to the general purpose financial statements for the year ended June 30, 1992, taken as a whole.

Williams-Keepers LLC

December 11, 2018

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

The following Management's Discussion and Analysis (MD&A) of the State Environmental Improvement and Energy Resources Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2018. The information contained in the MD&A should be considered in conjunction with the information presented as part of the Authority's Basic Financial Statements. Following this MD&A are the basic financial statements of the Authority with the notes thereto which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

The government-wide financial statements are designed to provide the readers with a broad overview of the Authority's finances in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the Authority's 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 Authority is improving or deteriorating. The Statement of Activities presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods. The government-wide financial statements present information about the Authority as a whole. All of the activities of the Authority are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Authority's programs.

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

CONDENSED FINANCIAL INFORMATION

The following condensed financial information is presented from the Authority's government-wide financial statements:

Summary of Net Position as of June 30, 2018 and 2017

	2018	2017
Current and other assets	$ 3,637,586	$ 3,902,646
Capital assets, net	3,238	4,257
Total assets	3,640,824	3,906,903
Total deferred outflows of resources	349,282	344,404
Total liabilities	1,402,571	893,098
Total deferred inflows of resources	24,539	7,601
Net assets		
Invested in capital assets	3,238	4,257
Restricted for market development programs	356,982	356,750
Restricted for Brownfields program	655,538	524,066
Unrestricted	1,547,238	2,465,535
Total net position	$ 2,562,996	$ 3,350,608

Summary of Changes in Net Position from Operating Results
for the Years Ended June 30, 2018 and 2017

	2018	2017
Program revenues:		
General operations	$ 159,091	$ 225,498
Market development	664,901	783,913
Missouri Brownfields Revolving Loan Fund	190,535	224,432
General revenues:		
Investment income	23,672	20,040
Other	18,951	-
Total revenues	1,057,150	1,253,883
Expenses:		
Personnel services	551,348	573,411
Contractual services	719,921	790,318
Other operating costs	205,720	187,410
Depreciation	1,019	893
Total expenses	1,478,008	1,552,032
Increase (decrease) in net position	(420,858)	(298,149)
Net position, beginning of year (as restated for 2018)	2,983,854	3,648,757
Net position, end of year	$ 2,562,996	$ 3,350,608

For the year ended June 30, 2018, net position decreased by $787,612, from $3.35 million to $2.56 million. This was a combination of total assets decreasing by $266,079 or 6.8% from the prior year, and total liabilities increasing $509,473 or 57.0%. Also, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Accordingly, the Authority has restated the balance of net position - beginning for fiscal year 2018, but did not restate the fiscal year 2017 information presented above. See footnote number 13 for further explanation of the OPEB plan, along with footnote 14 for the change in accounting principle.

In fiscal year 2018, the Authority's total net pension liability increased by $96,237 from $851,010 to $947,247 and deferred outflows changed overall by a net increase of $4,878. As a result of the implementation of GASB Statement No. 75, the Authority has recorded a net OPEB liability of $389,983 at June 30, 2018. Deferred outflows changed overall by a net increase of $4,878 and deferred inflows changed overall by a net increase of $16,938. These increases are attributed to the implementation of GASB Statement No. 75 and fluctuations of the Authority's pension plan.

Revenues from general operations decreased by $66,407, or 29.4%, from $225,498 to $159,091. This decrease was due to fewer reimbursement requests from the Missouri Department of Natural Resources (DNR) during fiscal year 2018 which was mainly a result of a decrease in Natural Resource Damages program (NRD) activity. The Market Development Program revenue decreased $119,012, or 15.2%, from the previous year as a result of smaller project expenditures. The Brownfields Program saw a small decrease in project expenditures and related revenue.

Total revenues for the year decreased $196,733, or 15.7%. As a percent of total revenues, general operations revenue decreased from approximately 18.0% of total revenues in fiscal year 2017 to 15.0% in fiscal year 2018. As a percent of total revenues, Market Development revenue increased from 62.5% in fiscal year 2017 to 62.9% in fiscal year 2018. As a percentage of total revenues, Brownfields revenue increased from approximately 17.9% in fiscal year 2017 to approximately 18.0% in fiscal year 2018.

Total expenses for fiscal year 2018 decreased by $74,110 or 4.8% over those of the prior year, primarily due to fewer project expenditures in the Market Development program.

FINANCIAL ANALYSIS OF FUNDS

Total fund balances for the governmental funds decreased to $3,115,251 from the prior year total of $3,336,492, reflecting a decrease of $221,241. This was primarily due to total expenses continuing to outpace total revenues during fiscal year 2018.

The Brownfields Revolving Loan Program revenues decreased 15.1% in fiscal year 2018, not including loan repayments in the amount of $67,072. Decreased activity in the program, which operates primarily on a reimbursement basis, is largely due to a decrease in project clean-up expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Authority maintains certain furnishings and office equipment for its corporate purposes. As of June 30, 2018, the Authority had net capital assets of $3,238, compared to $4,257 as of June 30, 2017.

The Authority has no long-term debt but does issue tax-exempt bonds on behalf of public entities, political subdivisions of the State of Missouri and public and private companies to finance certain eligible projects. These bonds are considered to be non-recourse conduit debt obligations and, as such, are not included in the Authority's financial statements. As of June 30, 2018, approximately $924 million of these bonds were outstanding.

BUDGET VARIATIONS

General Operations revenues for the Authority continue to be affected by the lack of demand for new-money State Revolving Fund (SRF) bonds, as the SRF program continues to make direct loans using available program equity. Market conditions also continue to limit demand for Private Activity Bond (PAB) issuances. The Authority continues to expand its work in other areas, many of which are offered as fee for service activities to offset less predictable bond revenues. Overall, general fund expenditures fell below budgeted expectations with a 28% variance. The most significant expenditure that was less than the budgeted amount was in Office Salaries, showing a positive variance of $106,252. The most significant expenditure in excess of budget was in general legal fees. The budgeted amount was $14,000 yet actual expenses were $31,043. This was a result of the Authority's status change with the state retirement system and the consequences of trying to mitigate the effects on staffing and healthcare coverage.

Revenues and expenditures for the Market Development Program were considerably lower than budgeted. Revenues and expenditures are budgeted based on the total project funds available plus a reasonable amount of unexpended funds carried over from previous awards; however, all project funds may not be awarded that year and those awarded may not be expended in that fiscal year.

Similarly, revenues and expenditures for the Brownfields Revolving Loan Program were also lower than budgeted. Revenues and expenditures are budgeted based on all available project funds being awarded. However, these are 5-year federal grants and all funds that are awarded may not be expended in that fiscal year.

ECONOMIC FACTORS AND SUBSEQUENT EVENTS

Historically, a substantial portion of the Authority's annual revenues are derived from fees related to bond issuances under the SRF Program and the PAB Program. Revenues earned under these bond issuance programs are subject to influences outside the control of the Authority. Annual participation is unpredictable and highly variable as was evidenced during the past several fiscal years.

The State Revolving Fund program has sufficient equity to manage current cash needs. Until demand increases, SRF issuances will continue to be smaller in size, and be less frequent than in the past and, consequently, lower revenues are anticipated for future years.

Public interest in water and wastewater infrastructure construction appears to remain at current levels. Future federal appropriations for the SRF program appear to be secure under the current administration that has voiced continued support for the program.

STAFF RETENTION AGREEMENTS

The State of Missouri fiscal year 2019 (FY19) Budget passed without an appropriation for the Authority. As such, the Authority is not eligible to participate in the State retirement system, referred to as MOSERS, effective July 1, 2018. Employees will not lose any retirement benefit they have accrued to date; however, they will not get additional service time or future raises factored into their retirement benefits. They will also not be eligible for life or long-term disability insurance or the deferred compensation plan provided through MOSERS.

Missouri Consolidated Health Care Plan (MCHCP), the State health insurance provider (health, dental and vision), has determined that without being in MOSERS, Authority employees are not eligible for health insurance under the State plan. MCHCP is willing to allow the Authority to participate in the State plan if the Office of Administration (OA) provides assurance that it will seek a Supplemental FY19 Appropriation from the General Assembly next session and that OA will treat Authority employees as State employees for insurance purposes in the meantime.

The Office of Administration has expressed its desire to do so and has discussed the situation with other decision makers who all appear supportive. With those assurances, the Authority's employees will be able to continue healthcare coverage without interruption. Without the Supplemental Appropriation, the Authority will need to make other arrangements for healthcare coverage.

Without guaranteed access to a retirement benefit, employees are unlikely to take the financial risk of remaining at the Authority. Given the small number of employees and complex subject matters involved, it is in the Authority's best interest to make efforts to retain its current work force. Consequently, the Board has opted to offer a Retention Agreement Payment to staff that choose to stay. This payment is contingent upon the Authority not receiving a Supplemental Appropriation (and, therefore, not eligible to participate in MOSERS retroactive to July 1, 2018).

The payment would increase incrementally if the employee stayed past certain milestone dates. The payment would not be made if the employee was fired for cause. The payment would be payable in July 2019, and would be taxable to the employee. The amount will relate to what would have been paid to the MOSERS retirement system on the employee's behalf. Employees will each be paid:

- 20% of the total compensation they received between July 1, 2018, and May 30, 2019, if they stay until June 1;
- 15% if they stayed until March 15;
- 10% if they stayed until January 1; and
- No payment if they leave prior to January 1, 2019.

Assuming current salary and staffing levels, the total cost to the Authority would be $57,044. The range of payments between employees would be $5,418 to $18,869.

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

STATEMENT OF NET POSITION
June 30, 2018

ASSETS	
Cash	$ 570,193
Investments	2,360,241
Accounts and grants receivable	237,749
Brownfields advances and loans receivable	456,994
Accrued interest	6,828
Prepaid and other assets	5,581
Capital assets, net	3,238
Total assets	3,640,824
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	336,011
OPEB related	13,271
Total deferred outflows of resources	349,282
LIABILITIES	
Accounts payable	35,022
Accrued liabilities	30,319
Net pension liability	947,247
Net OPEB liability	389,983
Total liabilities	1,402,571
DEFERRED INFLOWS OF RESOURCES	
Pension related	20,770
OPEB related	3,769
Total deferred inflows of resources	24,539
NET POSITION	
Net investment in capital assets	3,238
Restricted for market development programs	356,982
Restricted for Brownfields program	655,538
Unrestricted	1,547,238
Total net position	$ 2,562,996

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

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

		Program Revenues		Net Revenue (Expense) and Changes in Net Assets
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	
General operations	$ 634,052	$ 159,091	$ -	$ (474,961)
Market Development	619,834	-	664,901	45,067
Missouri Brownfields:				
Revolving Loan Fund	224,122	-	190,535	(33,587)
Total governmental activities	$ 1,478,008	$ 159,091	$ 855,436	(463,481)
General revenues:				
Investment income				23,672
Other				18,951
Total general revenues				42,623
Change in net position				(420,858)
Net position, beginning of year (as restated)				2,983,854
Net position, end of year				$ 2,562,996

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

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	Major Funds			
	General	Market Development Program	Missouri Brownfields Revolving Loan Fund	Total Governmental Funds
ASSETS				
Cash	$ 91,728	$ 278,255	$ 200,210	$ 570,193
Investments	2,360,241	-	-	2,360,241
Accounts and grants receivable	34,780	114,063	88,906	237,749
Due from other funds	116,221	-	-	116,221
Accrued interest	6,828	-	-	6,828
Prepaid and other assets	5,388	193	-	5,581
Total assets	$ 2,615,186	$ 392,511	$ 289,116	$ 3,296,813
LIABILITIES				
Accounts payable	$ 25,142	$ 5,099	$ 4,781	$ 35,022
Accrued liabilities	30,319	-	-	30,319
Due to other funds	-	30,430	85,791	116,221
Total liabilities	55,461	35,529	90,572	181,562
FUND BALANCES				
Nonspendable: prepaids	5,388	-	-	5,388
Restricted for market development programs	-	356,982	-	356,982
Restricted for Brownfields program	-	-	198,544	198,544
Committed to:				
Brownfields Revolving Loan Fund cost share	217,633	-	-	217,633
Unassigned	2,336,704	-	-	2,336,704
Total fund balances	2,559,725	356,982	198,544	3,115,251
Total liabilities and fund balances	$ 2,615,186	$ 392,511	$ 289,116	$ 3,296,813

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

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds		$ 3,115,251
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	124,210	
Less accumulated depreciation	(120,972)	
Capital assets, net		3,238
Deferred outflows of resources are not financial resources and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources - pension contributions	60,519	
Deferred outflows of resources - pension other	275,492	
Deferred outflows of resources - OPEB contributions	13,271	
Total deferred outflows of resources		349,282
Long-term liabilities, including deferred inflows of resources, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds:		
Net pension liability	(947,247)	
Net OPEB liability	(389,983)	
Deferred inflows of resources - pension related	(20,770)	
Deferred inflows of resources - OPEB related	(3,769)	
Total long-term liabilities		(1,361,769)
Other long term assets are not available to pay for current period expenditures and, therefore, are not recorded in the governmental funds:		
Brownfields advances and loans, net of repayments of $348,174		456,994
Net Position of Governmental Activities		$ 2,562,996

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

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

	Major Funds			
	General	Market Development Program	Missouri Brownfields Revolving Loan Fund	Total Governmental Funds
REVENUES				
General operations	$ 204,091	$ -	$ -	$ 204,091
Market development intergovernmental revenue	-	664,901	-	664,901
Brownfields grants	-	-	185,598	185,598
Brownfields loan repayments, including interest payments of $4,937	-	-	72,009	72,009
Investment income	23,507	165	-	23,672
Other	18,951	-	-	18,951
Total revenues	246,549	665,066	257,607	1,169,222
EXPENDITURES				
Personnel services	366,792	54,518	43,512	464,822
Contractual services	-	539,311	180,610	719,921
Operating expenditures	134,715	71,005	-	205,720
Total expenditures	501,507	664,834	224,122	1,390,463
Excess (deficiency) of revenues over expenditures	(254,958)	232	33,485	(221,241)
OTHER FINANCING SOURCES AND (USES)				
Transfers in	-	-	36,871	36,871
Transfers (out)	(36,871)	-	-	(36,871)
Total other financing sources and (uses)	(36,871)	-	36,871	-
Net change in fund balances	(291,829)	232	70,356	(221,241)
Fund balances, beginning of year	2,851,554	356,750	128,188	3,336,492
Fund balances, end of year	$ 2,559,725	$ 356,982	$ 198,544	$ 3,115,251

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

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds		$ (221,241)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense		(1,019)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Pension expense	(117,799)	
OPEB expense	(13,727)	
Total		(131,526)
Governmental funds report long-term loan repayments as revenues, which are not reported as revenues in the Statement of Activities		
Brownfields loan repayments		(67,072)
Change in Net Position of Governmental Activities		$ (420,858)

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

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2018

	Weatherization Fund	Natural Resource Damages Program Fund	Total Agency Funds
ASSETS			
Cash	$ 1,329,227	$ 2,582,791	$ 3,912,018
Total assets	$ 1,329,227	$ 2,582,791	$ 3,912,018
LIABILITIES			
Accounts payable	$ 439	$ -	$ 439
Funds held for others	$ 1,328,788	$ 2,582,791	$ 3,911,579
Total liabilities	$ 1,329,227	$ 2,582,791	$ 3,912,018

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

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

1. BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

Background and purpose: The State Environmental Improvement and Energy Resources Authority (the "Authority"), created in 1972, is an independent, self-supporting, quasi-governmental agency, governed by a five-member Board appointed by the Governor of the State of Missouri (the "State"). The Authority is administratively placed in the Missouri Department of Natural Resources. The State's accountability for the Authority does not extend beyond making the Board appointments.

Due to the special independent status, as "a body corporate and politic," the Authority is authorized to finance, acquire, construct and equip projects for the purpose of reducing, preventing or controlling pollution and to provide for the development of energy resources of the State of Missouri. The usual method of financing is through the issuance of tax-exempt revenue bonds and notes. The Authority receives fees for services provided in the issuance process.

The Authority is also empowered to conduct environmental and energy research and development activities, develop alternative methods of financing environmental and energy projects, and assist Missouri communities, organizations, and businesses in obtaining low-cost funds and other financial assistance for projects related to the Authority's purposes.

The Authority has also been mandated by the General Assembly (RSMo 260.005 through 260.125) to implement a number of projects in cooperation with the Department of Natural Resources and the Department of Economic Development, including administering the Missouri Market Development Program which provides market development assistance through technical and financial support to businesses and organizations that develop marketable end-products from recycled materials. Funding for this program is provided through the Solid Waste Management Fund created by Senate Bill #530, passed in 1990 and subsequently amended.

The Authority, in cooperation with the Department of Natural Resources and other agencies, established and operates the State Revolving Fund (SRF), which provides financing to communities and districts for construction of clean water and drinking water projects.

The Authority is also a provider of technical research for the State of Missouri. Studies have been requested by the General Assembly and have been conducted on numerous energy and environmental issues, including energy usage and efficiency and solid and hazardous waste. Partnerships have also been created with entities, both public and private, to promote and educate Missouri's citizens on a variety of environmental and energy related topics.

The basic financial statements of the Authority include all of the funds relevant to the operations of the Authority. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Authority that have been determined not to be component units.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of the relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading if excluded.

As required by generally accepted accounting principles, the Authority has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The Authority does not have any component units that meet the above criteria.

Basis of presentation: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the overall information on the Authority without displaying individual funds. These statements exclude information about fiduciary activities where the Authority holds assets in an agency capacity for others since these funds cannot be used to support the Authority's own programs. The effect of interfund activities has also been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Investment income and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Authority uses funds to report its financial position and results of its operations in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary.

The Authority reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the Authority. It is used to account for all financial resources and activities of its basic operations except those required to be accounted for in another fund.

Market Development Program Fund (Special Revenue Fund) - The Market Development Program Fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. This fund specifically accounts for activities of the Missouri Market Development Program as described in Note 6.

Missouri Brownfields Revolving Loan Fund (Special Revenue Fund) – The Missouri Brownfields Revolving Loan Fund is used to administer grant awards and cooperative agreements to states, political subdivisions and tribes as described in Note 6.

Additionally, the Authority reports the following fiduciary type agency funds:

> Weatherization Program Fund – This agency fund is used to account for the flow of funds from AmerenUE, AmerenUE Gas, Laclede Gas, and Liberty Utilities to recipient weatherization agencies within each company's service area as further described in Note 7.
>
> Natural Resources Damages Program Fund – This agency fund is used to account for the flow of settlement funds used to acquire, rehabilitate and/or preserve natural resources as further described in Note 7.

Basis of accounting: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

The governmental fund and fiduciary fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. As such, the Authority recognizes revenue on application fees when received since the fees are nonrefundable and the earnings process is complete in a short period of time.

The Authority recognizes revenue on issuance fees at the time of issuance of the related bonds since, until actual issuance, the amount or the certainty of receiving the issuance fee is not determinable. The Authority considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures related to bond issuances are recognized when incurred as there is no reasonable method of allocating them to issuance revenues because of the above-mentioned uncertainties. Grant revenues are recognized when reimbursable grant expenditures are made.

The Authority's general spending prioritization policy is to consider restricted resources to have been used first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Income taxes: The Authority is exempt from federal income taxes under Section 115 of the Internal Revenue Code.

Investments: Missouri Statutes and legal opinions authorize the Authority to invest in certain types of investments including, but not limited to, certificates of deposit, U.S. Treasury and federal agency securities, and obligations of Missouri. The Authority reports investments at fair value in the financial statements, with changes in fair value reported as an item of revenue or expense in the statement of revenues, expenditures, and changes in fund balances. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Advances and loans receivable: Advances and loans receivable consist of advances and loans made to participants under the Brownfields Revolving Loan Fund Program. Management assesses the allowance for estimated uncollectible accounts on a loan by loan basis. All advances and loans are deemed fully collectible as of June 30, 2018.

Capital assets: Capital assets with a cost of more than $1,000 on an individual basis are capitalized and reported at historical cost in the government-wide financial statements. Depreciation is calculated using the straight-line method over the estimated useful life of the capital assets and reported in the Statement of

Activities. Equipment is depreciated over a period of five to ten years. Capital expenditures are recorded as expenditures in the governmental funds financial statements.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri State Employees' Retirement System (MOSERS) and additions to/deductions from MOSERS' fiduciary net position have been determined on the same basis as they are reported by MOSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other post-employment benefits (OPEB): During the fiscal year ended June 30, 2018, the Authority implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported. For this purpose, employer contributions are recognized as revenue when due and payable. Benefits are recognized when due and payable in accordance with the terms of the Plan.

Deferred outflows/inflows of resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. Items that qualify for reporting in this category include pension contributions and other related activity in connection with the defined benefit pension plan and the OPEB plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until that time. Items that qualify for reporting in this category include activity in connection with the defined benefit pension plan and the OPEB plan.

Fund balance: In the governmental fund financial statements, fund balance is displayed in five components as follows:

> Nonspendable - This consists of amounts that are not in a spendable form or are legally or contractually required to be maintained intact.
>
> Restricted – This consists of amounts that are constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation.
>
> Committed - This consists of amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (the Board of Directors). The Board of Directors can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation.
>
> Assigned - This consists of amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Directors can assign fund balance; however, an additional formal action does not have to be taken for the removal of the assignment.
>
> Unassigned – This consists of amounts that are available for any purpose and can only be reported in the General Fund.

The Authority did not have any assigned fund balance as of June 30, 2018.

In the government-wide financial statements, equity is displayed in three components as follows:

> Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
>
> Restricted – This consists of amounts that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.
>
> Unrestricted – This consists of net amounts that do not meet the definition of "restricted" or "net investment in capital assets, net of related debt."

Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Conduit debt obligations: Notes and bonded indebtedness issued by the Authority to pay for the costs of projects which provide for the conservation of air, land and water resources, and reduce the pollution thereof, and for proper methods of disposing of solid waste materials are not liabilities of the Authority or the State, but are the liability of the organization to which title of the project passes. Accordingly, such conduit debt obligations are not reported as liabilities in the accompanying statement of net position. As of June 30, 2018, the aggregate principal amount of such obligations payable totaled approximately $924 million.

2. DEPOSITS AND INVESTMENTS

Deposits:

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of investments or collateral securities that are in possession of the outside party. As of June 30, 2018, no investments were uninsured and unregistered, and all securities were held by the counterparty or by its trust department or agent in the Authority's name.

The Authority's cash balance consisted of cash deposits and certificates of deposit. The carrying amount of the Authority's deposits, including certificates of deposit, with financial institutions at June 30, 2018, was $1,680,193 and the bank balance was $1,720,482. As of June 30, 2018, the Authority's bank balance was exposed to custodial credit risk as follows:

Amount insured by the Federal Deposit Insurance Corporation (FDIC)	$ 1,000,000
Amount collateralized with securities held by financial institutions pledged in the Authority's name	720,482
Total bank balance	$ 1,720,482

As required by Missouri law, the depository bank is to pledge securities in addition to FDIC coverage to equal the amount on deposit at all times. As of June 30, 2018, all deposits were fully collateralized.

Investment Policy:

Missouri Statutes and legal opinions authorize the Authority to invest in certain types of investments including, but not limited to, certificates of deposit, U.S. Treasury and federal agency securities, and obligations of Missouri.

Investments were as follows as of June 30, 2018:

	Fair Value
Certificates of deposit	$ 1,110,000
U.S. government and agency securities	1,716
U.S. treasury note	1,248,525
Total investments	$ 2,360,241

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. As of June 30, 2018, the Authority held no single issue exceeding 5% of the portfolio, excluding U.S. government securities.

Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Authority. As of June 30, 2018, all U.S. government and agency securities were guaranteed by the U.S. Government.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. Duration is a measure of a debt instrument's exposure to a change in interest rates and the related sensitivity of market price to parallel shifts in the yield curve. It uses the present value of cash flows as a percentage of the instruments' full price. The Authority's interest rate risk is mitigated through the duration of investments outlined in its investment policy.

Foreign Currency Risk:

In accordance with its investment policy, the Authority held no foreign investments or currency as of June 30, 2018.

3. BROWNFIELDS ADVANCES AND LOANS RECEIVABLE

As of June 30, 2018, there were no scheduled loans receivable repayments. Advances of $456,994 on one project in progress have not yet been converted into a loan receivable as of June 30, 2018. Monthly principal and interest payments were required to be paid for this project beginning on November 1, 2015. For the year ended June 30, 2018, $67,072 was paid on the principal balance of this project.

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2018 is as follows:

	Balance, June 30, 2017	Additions	Disposals	Balance, June 30, 2018
Office furniture and equipment	$ 119,939	$ -	$ -	$ 119,939
Leasehold improvements	4,271	-	-	4,271
	124,210	-	-	124,210
Less: Accumulated depreciation	(119,953)	(1,019)	-	(120,972)
Equipment and leasehold improvements, net	$ 4,257	$ (1,019)	$ -	$ 3,238

5. FAIR VALUE MEASUREMENTS

For assets and liabilities required to be reported at fair value, U.S. generally accepted accounting principles prescribes a framework for measuring fair value and financial statement disclosures about fair value measurements. A fair value hierarchy has been established that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The fair value hierarchy as prescribed by U.S. generally accepted accounting principles is as follows:

Level 1 Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access.

Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 Valuation is generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Authority's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The Authority's assets and liabilities measured at fair value on a recurring basis as of June 30, 2018, aggregated by the level in the fair value hierarchy within which those measurements fall, are as follows:

Description	Total	Level 1	Level 2	Level 3
Measured at fair value:				
Certificates of deposit	$ 1,110,000	$ -	$ 1,110,000	$ -
U.S. government and agency securities	1,716	-	1,716	-
U.S. treasury notes	1,248,525	-	1,248,525	-
	$ 2,360,241	$ -	$ 2,360,241	$ -

6. PROGRAMS

The Authority conducts a variety of programs which include the following:

State Revolving Fund Program

The Missouri State Revolving Fund (SRF) Program was initiated cooperatively by the Authority and the Missouri Department of Natural Resources (DNR) in November, 1987. The SRF Program was developed pursuant to Title VI of the Clean Water Act and was formally approved in 1990 by the Missouri Clean Water Commission and the U.S. Environmental Protection Agency (EPA). Amendments to the federal Safe Drinking Water Act in 1996 authorized a drinking water revolving loan program. Missouri developed its program and corresponding regulations around the Clean Water program. The new program was approved by the Missouri Safe Drinking Water Commission and the EPA.

The SRF Program is primarily a low-interest loan program; however, federal appropriations have also provided for subgrants beginning in 2009 with the American Recovery and Reinvestment Act. The program provides funding to communities for water and wastewater infrastructure at subsidized interest rates. Currently, interest rates are approximately 30% of tax-exempt municipal rates. Loans are amortized a maximum of 20 years. The monies in the fund can be reloaned or revolve in perpetuity for the benefit of other communities.

The SRF Program is funded through a combination of federal capitalization grants (83.33%) and State matching funds (16.67%). Historically, the State match for the Clean Water program was funded through the sale of general obligation Water Pollution Control Bonds, while the match for the Drinking Water program came from appropriated general revenue. Currently, state match for both programs is provided primarily through the sale of match bonds issued by the Authority.

Missouri Market Development Program

Pursuant to Senate Bill #530, Section 260.335, in March 1992, the Authority entered into an interagency agreement with the DNR and the Missouri Department of Economic Development to promote markets for recycled materials and to provide financial assistance for businesses which use recycled materials in making new products. The statute provides $800,000 from solid waste tipping fees for the program annually; however, appropriations can vary from year to year. Solid waste tipping fees are a per ton fee levied on solid waste disposed at landfills and transported out of state for disposal through transfer stations.

The Authority's Market Development Program Fund is reimbursed by DNR for Authority program expenses. The Market Development Program Fund reimburses the Authority for staff time and overhead expenses incurred on behalf of the program. Such amounts totaled $45,000 for the fiscal year 2018 and are included in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds in the Market Development Program Fund as both market development revenue and operating expenditures and in the General Fund as general operations revenues.

Missouri Brownfields Revolving Loan Fund

The Brownfields Revolving Loan Program is an EPA initiative under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA, 42 U.S.C. Section 9601) as amended by the Small Business Relief and Brownfields Revitalization Act. Under the program, funds are made available through grant awards and cooperative agreements to states, political subdivisions and tribes. These grant funds are to provide for the establishment, administration/management and funding of a revolving loan and sub grant program to clean up contaminated properties known as brownfields. The EPA defines brownfields as real property for which the expansion, redevelopment or re-use may be complicated by the presence or potential presence of a hazardous substance, pollutant or contaminant.

The State of Missouri's program is a cooperative effort between the EPA, the Authority and the DNR. An initial grant of $1,000,000 was awarded by the EPA in late 2005, with supplemental awards in 2011, 2013, 2014 and 2016 providing an additional $2,500,000 in federal funds. The Authority is providing the required matching funds for these awards. A second grant of $1,160,000 was awarded through the American Recovery and Reinvestment Act in 2010.

The 2005 program is funded through a combination of federal grants (83.33%) and Authority matching funds (16.67%), whereas the 2010 program is fully federally funded. The program enables participants to borrow cleanup funds for relatively short periods of time at low interest rates. In limited, exceptional circumstances, sub-grant funds may be available to eligible entities. Loan repayments will be made available to loan to additional applicants.

7. AGENCY FUNDS

Weatherization Program

On July 16, 2002, AmerenUE entered into a Stipulation and Agreement to resolve the issues pending in Case Number EC-2002-1 before the Missouri Public Service Commission. As part of such agreement, AmerenUE agreed to create a weatherization fund for its low-income electric utility customers. The Weatherization Fund was to be initially funded with $2,000,000 on September 1, 2002 and additional contributions of $500,000 made each year for the following four years. A collaborative committee was established to develop plans by which the fund would be utilized.

The collaborative committee, consisting of staff of the Public Service Commission, Office of Public Counsel, AmerenUE and the DNR/Division of Energy (Division of Energy (DE) was subsequently moved to the Department of Economic Development), determined the funds would be deposited into an account established by the Authority (which would act as paying agent) and disbursed to weatherization agencies within the AmerenUE service area. Subsequently, the Authority, the DNR, the Public Service Commission and AmerenUE entered into a Cooperation and Funding Agreement outlining the responsibilities of DE, the Authority and AmerenUE relating to program administration.

Pursuant to a process similar to that described above, in 2007, Cooperation and Funding agreements were entered into with regard to three new weatherization funding programs and the funding level from Ameren UE Electric was increased to $1,200,000 per year. Spire Inc. (formerly named Laclede Gas Company) provides $950,000 per year for weatherization activities for the benefit of natural gas space-heating customers. AmerenUE provides $263,000 per year for weatherization activities for the benefit of its natural gas space-heating customers. Liberty Utilities (formerly named Atmos Energy Corporation) provided $100,000 for the initial year and $105,000 in successive years for weatherization activities for the benefit of its gas space-heating residential customers.

On October 30, 2017, an agreement with The Empire District Electric Company (Empire Electric) and The Empire District Gas Company (Empire Gas) was established. Empire Electric will provide $250,000 for the benefit of its electric customers. Empire Gas will provide $71,500 for the benefit of its natural gas space-heating customers. Pursuant to the effective date of the agreement, Empire Electric issued prorated funds for the last two months of the previous grant year and funding for the new program year, totaling $291,667. Empire Electric issued prorated funds for the last two months of the previous grant year and funding for the new program year, totaling $83,417.

Annually, on or before October first, Empire shall remit a management payment of five (5) percent of its weatherization programs' total annual reported expenditures, not to exceed twelve-thousand five hundred dollars ($12,500), to the Authority for DED-DE's administration and monitoring of the Weatherization Programs. The Authority may charge Department of Economic Development – Division of Energy (DED-DE) $1,150 for paying agent services and fees relating to the Empire Electric fund and $525 for Empire Gas fund. The Authority's fee will be assessed against the $12,500 and the balance transmitted to DED-DE.

The Authority was required to deposit all payments of the fund into an interest bearing and collateralized account and to disburse funds to the appropriate weatherization agency upon the receipt of a complete and signed disbursement request from the Division of Energy. The funds are to be distributed to weatherization agencies in each utility's service territory according to a formula established by the collaborative committee and are to be spent in a manner consistent with the Federal Weatherization Assistance Program as administered by the Division of Energy.

All weatherization funds are administered in the same manner as described above. Weatherization monies are held in one bank account with each entity's monies accounted for separately. Interest earned is divided on a pro rata basis between each fund based upon its balance at the end of the month. Expenses are allocated between the funds on a pro rata basis according to each utility's annual contribution. Those expenses allocated to AmerenUE Electric, AmerenUE Natural Gas, Spire and Liberty Utilities are paid from that utility's fund. Because of the Authority paying agent fee charged to DED-DE for services and expenses relating to the Empire funds, expenses allocated to Empire will be paid by the Authority.

Funds held by the Authority at June 30, 2018, under the terms of the agreement totaled $1,328,788.

Natural Resource Damage Assessment and Restoration Program

The mission of the DNR's Natural Resource Damage Assessment and Restoration (NRD) Program is to restore natural resources damaged as a result of oil spills or hazardous substance releases into the environment. In partnership with affected federal trustee agencies, the NRD Program conducts damage assessments which are the first step toward resource restoration and used to provide the basis for determining restoration needs that address the public's loss and use of natural resources.

Once the damages are assessed, the NRD Program negotiates legal settlements or takes other legal actions against the responsible parties for the spill or release. Funds collected from these settlements are then used to restore or replace the damaged resources at no expense to the taxpayer.

DNR and certain federal agencies act as Joint Trustees of funds collected from polluters. The funds may be used to purchase property, restore and maintain habitat and protect the resource into the future with a conservation easement; or acquire other land which may be restored, maintained and protected to replace what was lost or damaged. The Joint Trustees solicit participants who will acquire, restore, maintain and protect the land parcels and the natural resources involved with NRD funds. The Trustees determine project priorities and direct the release of funds. The Authority assists the State Trustee by providing paying agent services.

Under a general NRD Memorandum of Understanding and specific Project Work Plans between the State Trustee and the Authority, certain NRD project funds are being held by the Authority which acts as a paying agent. Under the Project Work Plans, the Authority is required to deposit all NRD project funds into a collateralized account and to disburse amounts upon the receipt of a signed Authorization to Pay from the State Trustee. All project funds held by the Authority are accounted for separately by Project Work Plan or Resolution and interest earned is tracked on a pro rata basis between each based upon its balance at the end of the month.

Funds held for others by the Authority at June 30, 2018, under the terms of the agreement totaled $2,582,791.

8. COMMITMENTS

The Missouri Market Development Program Financial Assistance Awards are Board-approved and may be drawn upon throughout the agreement term. As of June 30, 2018, $666,446 had been approved but not yet distributed.

The Authority has entered into a lease agreement for its office space through October 31, 2021. Payments are due monthly and require the following commitment for each of the years ending June 30:

2019	$	33,212
2020		34,892
2021		35,936
2022		12,096
Total	$	116,136

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; and workers' compensation claims. The Authority carries commercial insurance for property and theft of assets and workers' compensation. The Authority is self-insured for all other risks of loss.

The Authority had no material unpaid claims, liabilities, or settlements related to any loss in any of the past three years. There were no substantive changes made in the types and amounts of the Authority's insurance coverage during fiscal 2018.

10. INTERGOVERNMENTAL REVENUE

The Authority receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants. Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements or the individual fund-types included herein or on the overall financial position of the Authority as of June 30, 2018.

11. EMPLOYEES' RETIREMENT BENEFITS – DEFINED BENEFIT PENSION PLAN

(a) General Information about the Pension Plan

Plan description. Benefit eligible employees of the Authority are provided with pensions through the Missouri State Employees' Plan (MSEP) - a cost-sharing multiple-employer defined benefit pension plan administered by MOSERS. The plan is referred to as MOSERS in the notes. Chapter 104.320 of the Revised Statutes of Missouri grants the authority to establish a defined benefit plan for eligible state and other related agency employees. MOSERS issues an annual Comprehensive Annual Financial Report (CAFR), a publicly available financial report that can be obtained at www.mosers.org.

Benefits provided. MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of creditable service. The factor is based on the specific plan in which the employee participates, which is based on the employee's hire date. Information on the three plans administered by MOSERS (MSEP, MSEP 2000, and MSEP 2011 retirement plans) and how eligibility and the benefit amount is determined for each plan may be found in the Notes to the Financial Statements of MOSERS' CAFR.

Contributions. Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP 2011 Plan are required to contribute 4.0 percent of their annual pay. The Authority's required contribution rate for the year ended June 30, 2018 was 16.97 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the pension plan from the Authority were $60,763 for the year ended June 30, 2018.

Net Pension Liability. At June 30, 2018, the Authority reported a liability of $947,247 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was offset by the fiduciary net position obtained from MOSERS CAFR as of June 30, 2017, to determine the net pension liability.

The Authority's proportion of the net pension liability was based on the Authority's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for MOSERS plan year ended June 30, 2017. At the June 30, 2017 measurement date, the Authority's proportion was 0.0182 percent, a decrease from its proportion of 0.0183 percent as of the June 30, 2016, measurement date.

During MOSERS plan year ended June 30, 2017, there were changes to the MSEP 2011 benefit provisions that reduced the actuarial accrued liability. There were no other changes to the benefit terms during the MOSERS plan year ended June 30, 2017, that affected the measurement of total pension liability.

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation, which is also the measurement date, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 8.75%, including inflation
Wage inflation	3.00%
Investment rate of return	7.5%, compounded annually, net after investment expenses and including inflation

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015. In addition, the Board reaffirmed its previous decision to reduce the investment return assumption from 7.65% to 7.5% for the June 30, 2017 valuation. There were no other changes in assumptions.

Mortality. Mortality rates for the post-retirement mortality were based on the RP-2014 Healthy Annuitant mortality table, projected to 2026 with Scale MP-2015 and scaled by 120%. The pre-retirement mortality table used is the RP-2014 Employee mortality table, projected to 2026 with Scale MP-2015 and scaled by 95% for males and 90% for females.

Long-term investment rate of return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate rates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the MOSERS target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Policy Allocation	Long-term Expected Real Rate of Return*	Weighted Average Long-Term Expected Real Rate of Return
Opportunistic global equity	38.0%	5.5%	2.1%
Nominal bonds	44.0%	1.0%	0.5%
Commodities	20.0%	4.5%	0.9%
Inflation-linked bonds	39.0%	0.8%	0.3%
Alternative beta	31.0%	4.5%	1.4%
Total	172.0%		5.2%

* Represent best estimates of geometric rates of return for each major asset class included.

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability	$ 1,219,596	$ 947,247	$ 718,159

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued MOSERS CAFR.

Pension expense. For the year ended June 30, 2018, the Authority recognized pension expense of $160,842.

Deferred outflows of resources and deferred inflows of resources. At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,248	$ (14,919)
Changes in assumptions	83,120	(2,377)
Net difference between projected and actual earnings on pension plan investments	158,678	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	28,446	(3,474)
Authority contributions subsequent to the measurement date of June 30, 2017	60,519	-
Total	$ 336,011	$ (20,770)

$60,519 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019, of the Authority's financial statements. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the Authority's fiscal year following MOSERS' fiscal year as follows:

Plan year ending June 30:	
2019	$ 92,250
2020	111,892
2021	38,521
2022	12,059
Net	$ 254,722

Payables to the pension plan. The Authority did not report any payables to MOSERS as of June 30, 2018.

12. DEFERRED COMPENSATION PLAN

The Authority sponsors a deferred compensation plan for all eligible employees. Authority contributions to the deferred compensation plan are made monthly. Employees are eligible to participate in the plan upon their hire date and are immediately 100% vested in all matching contributions. The Authority matches 100% of employee contributions to the deferred compensation plan up to a maximum of $35 per month. The matching contributions totaled $2,100 for the year ended June 30, 2018.

13. OTHER POST-EMPLOYMENT (OPEB) PLAN

Plan description: MOSERS participates as an employer in a cost-sharing, multiple-employer, defined benefit, other post-employment benefits plan, the State Retiree Welfare Benefit Trust (SRWBT), operated by Missouri Consolidated Health Care Plan (MCHCP). Employees may participate at retirement if eligible to receive a monthly retirement benefit from MOSERS. The terms and conditions governing post-employment benefits are vested with the MCHCP Board of Trustees within the authority granted under Chapter 103 of the Revised Statutes of Missouri (2000) as amended ("RSMo") 103.003 through 103.178. The SRWBT does not issue a separate stand-alone financial report. Financial activity of the SRWBT is included in the *MCHCP Comprehensive Annual Financial Report* as a fiduciary fund and is intended to present only the financial position of the activities attributable to the SRWBT. Additionally, MCHCP is considered a component unit of the state of Missouri reporting entity and is included in the State's CAFR.

The plan's financial statements are available on MCHCP's website at *www.mchcp.org.*

Benefits: The SRWBT was established and organized on June 27, 2008, to provide health and welfare benefits for the exclusive benefit of current and future retired employees of the State and their dependents who meet eligibility requirements, except for those retired members covered by other OPEB plans of the State. MCHCP's three medical plans offer the same basic coverage such as preventative care, freedom to choose care from a nationwide network of primary care providers, specialists, pharmacies and hospitals, usually at a lower negotiated group discount and the same covered benefits for both medical and pharmacy. Benefits are the same in all three plans; other aspects differ such as premium, deductible and out of pocket costs. Retiree benefits are the same as for active employees.

Contributions: Contributions are established and may be amended by the MCHCP Board of Trustees. For the fiscal year ended June 30, 2017, employers were required to contribute 4.26% for the period July 1, 2016, through December 31, 2016, and 4.02% for the period January 1, 2017, through June 30, 2017, of gross active employee payroll. Employees do not contribute to this plan. No payables to MCHCP were outstanding at year end.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources: At June 30, 2018, the Authority reported a liability of $389,983 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Authority's proportion was .0221%.

For the year ended June 30, 2018, the Authority recognized OPEB expense of $26,998. As of June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ -	$ 708
Net difference between projected and actual earnings on plan investments	-	38
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,023
Authority contributions subsequent to the measurement date of June 30, 2017	13,271	-
Total	$ 13,271	$ 3,769

In the year ending June 30, 2019, $13,271 reported as deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Plan year ending June 30:	
2019	$ 464
2020	464
2021	464
2022	464
2023	454
Thereafter	1,459
Net	$ 3,769

Actuarial assumptions: The collective total OPEB liability for the June 30, 2017, measurement date was determined by an actuarial valuation as of January 1, 2017, with updated procedures used to roll forward the total OPEB liability to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Valuation year	July 1, 2016 - June 30, 2017
Actuarial cost method	Entry age normal, level percentage of payroll
Asset valuation method	Market value
Discount rate (blended)	5.71%
Projected payroll growth	4.00%
Inflation rate	3.00%
Health care cost trend rate (medical & perscription drugs combined):	
Nonmedicare	6.5% for fiscal year 2017 (rate decreases by 0.25% per year to an ultimate rate of 5.0% in fiscal year 2023 and later)
Medicare	7.5% for fiscal year 2017 (rate decreases by 0.25% per year to an ultimate rate of 5.0% in fiscal year 2027 and later)

Mortality: RP-2016 for Employees/Annuitants without collar adjustments using Scale MIP-2016.

The last experience study was conducted for the period July 1, 2008 through June 30, 2012. The last independent actuarial review of the reasonableness and accuracy of actuarial assumptions, actuarial cost methods, and valuations was conducted as of June 30, 2016.

A discount rate of 5.71% was used to measure the total OPEB liabilities. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and the contributions will be made at statutorily required rates, actuarially determined. This discount rate was determined as a blend of the best estimate of the expected return on plan assets and the 20-year high quality municipal bond rate as of the measurement date. For years where expected benefit payments can be covered by projected trust assets, expected returns are used. For years where payments are not expected to be covered by trust assets, the municipal Bond Buyer 20-Bond General Obligation Index rate is utilized.

Sensitivity of the Authority's proportionate share of the Net OPEB Liability to changes in the Discount Rate: The following table presents the Authority's net OPEB liability, calculated using a discount rate of 5.71%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease in Discount Rate (4.71%)	Current Discount Rate (5.71%)	1% Increase in Discount Rate (6.71%)
Authority's proportionate share of the net OPEB liability	$ 460,579	$ 389,983	$ 334,107

Sensitivity of the Authority's proportionate share of the Net OPEB Liability to changes in the Health Care Cost Trend Rates: The following table presents the Authority's net OPEB liability, calculated using the current trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease in Trend Rates (4.71%)	Current Trend Rates (5.71%)	1% Increase in Trend Rates (6.71%)
Authority's proportionate share of the net OPEB liability	$ 332,402	$ 389,983	$ 462,911

Long-term expected rate of return: The target allocation and expected real rate of return for each major asset class are listed below:

	Target Allocation	Expected Real Rate of Return
Large cap stocks	20.0%	5.7%
Mid cap stocks	10.0%	6.0%
Small cap stocks	10.0%	6.0%
High-yield bonds	10.0%	2.6%
BarCap aggregate bonds	20.0%	1.0%
Long government/credit	25.0%	1.4%
Cash equivalents	5.0%	0.3%

14. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year ended June 30, 2018, the Authority implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions.* This statement established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenditures related to the Authority's OPEB plan. As a result of the implementation, net position as of July 1, 2017, was restated as follows:

Net position, as previously reported	$ 3,350,608
Prior period adjustment:	
Net OPEB liability (measurement date as of June 30, 2017)	(381,681)
Deferred outflows:	
Contributions during the fiscal year ended June 30, 2017	14,927
Total prior period adjustment	(366,754)
Net position, as restated	$ 2,983,854

15. SUBSEQUENT EVENT

The State of Missouri fiscal year 2019 (FY19) Budget passed without an appropriation for the Authority. As such, the Authority is not eligible to participate in the State retirement system, referred to as MOSERS, effective July 1, 2018. The Authority will also not be eligible for life or long-term disability insurance nor the deferred compensation plan provided through MOSERS. MCHCP has determined that, without participating in MOSERS, Authority employees are not eligible for health insurance under the State plan.

Consequently, the Board has opted to offer a Retention Agreement Payment to Authority personnel that choose to stay. This payment is contingent upon the Authority not receiving a Supplemental Appropriation by the State for the fiscal year 2019 budget (and, therefore, not eligible to participate in MOSERS retroactive to July 1, 2018).

The payment would increase incrementally if the employee stayed past certain milestone dates. The payment would not be made if the employee was fired for cause. The payment would be payable in July 2019, and would be taxable to the employee. The amount will relate to what would have been paid to the MOSERS retirement system on the employee's behalf.

As the outcome of amounts that could be paid to employees is contingent upon employees staying with the Authority and the State's fiscal year 2019 budget approvals, no liability has been recorded in the Authority's financial statements for the year ended June 30, 2018.

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL
For the Year Ended June 30, 2018

	Budget	Actual	Variance Positive/ (Negative)
REVENUES			
General operations	$ 227,500	$ 204,091	$ (23,409)
Investment income	13,000	23,507	10,507
Miscellaneous income	200	18,951	18,751
Total revenues	240,700	246,549	5,849
EXPENDITURES			
Personnel services:			
Per diem	500	125	375
Office salaries	350,000	243,748	106,252
Payroll taxes and fringe benefits	150,000	116,131	33,869
Travel-Staff	10,000	6,465	3,535
Travel-Board	800	323	477
Total personnel services	511,300	366,792	144,508
Operating expenditures:			
SRF legal fees	5,000	3,306	1,694
Legal fees - general	14,000	31,043	(17,043)
Legal fees - projects	10,000	-	10,000
Accounting fees	10,900	5,913	4,987
Audit fees	19,500	19,000	500
Miscellaneous professional fees	50,000	24,806	25,194
Telephone	8,800	5,995	2,805
Office supplies and printing	3,500	1,367	2,133
Postage	1,200	487	713

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL
For the Year Ended June 30, 2018
(Continued)

	Budget	Actual	Variance Positive/ (Negative)
Operating expenditures (continued):			
Membership dues	4,000	3,360	640
Conference registration fees	2,000	1,275	725
Publications and subscriptions	200	-	200
Training	3,000	284	2,716
Board meetings	500	260	240
Miscellaneous and administrative	300	75	225
Workers' compensation contingency	4,500	-	4,500
Advertising/legal notices	2,500	-	2,500
Rent	32,000	31,008	992
Insurance	700	599	101
Equipment expense	1,000	-	1,000
Computer equipment	4,500	1,640	2,860
NRD direct costs	4,300	4,297	3
Total operating expenditures	182,400	134,715	47,685
Total expenditures	693,700	501,507	192,193
Excess (deficiency) of revenues over expenditures	(453,000)	(254,958)	198,042
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(254,436)	(36,871)	217,565
Total other financing (uses)	(254,436)	(36,871)	217,565
Net change in fund balance	$ (707,436)	$ (291,829)	$ 415,607

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

MARKET DEVELOPMENT PROGRAM
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL
For the Year Ended June 30, 2018

	Budget	Actual	Variance Positive/ (Negative)
REVENUES			
Market development intergovernmental revenue	$ 1,611,353	$ 664,901	$ (946,452)
Investment income	-	165	165
Total revenues	1,611,353	665,066	(946,287)
EXPENDITURES			
Personnel services:			
Administrative:			
Payroll and related expenses	80,000	54,243	25,757
Travel	1,000	275	725
Total personnel services	81,000	54,518	26,482
Contractual services:			
Business assistance:			
Encumbered direct financial assistance	554,650	451,490	103,160
Current year direct financial assistance	844,703	87,821	756,882
Business initiatives	50,000	-	50,000
Total contractual services	1,449,353	539,311	910,042
Operating expenditures:			
Administrative:			
Legal fees	1,000	371	629
Conference/registration	1,500	250	1,250
Accounting fees	2,500	2,668	(168)
Membership fees	1,500	1,312	188
Direct costs	3,000	2,623	377

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

MARKET DEVELOPMENT PROGRAM
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL
For the Year Ended June 30, 2018
(Continued)

	Budget	Actual	Variance Positive/ (Negative)
Operating expenditures (continued):			
Sponsorships	10,000	3,500	6,500
Authority costs	45,000	45,000	-
Business assistance:			
Legal fees	15,000	14,747	253
Travel expense	1,500	534	966
Total operating expenditures	81,000	71,005	9,995
Total expenditures	1,611,353	664,834	946,519
Excess of revenues over expenditures	-	232	232
Net change in fund balance	$ -	$ 232	$ 232

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

MISSOURI BROWNFIELDS REVOLVING LOAN FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive/ (Negative)
REVENUES			
Brownfields grants	$ 1,272,280	$ 185,598	$ (1,086,682)
Loan repayments	48,675	72,009	(23,334)
Total revenues	1,320,955	257,607	(1,110,016)
EXPENDITURES			
Personnel services:			
Office salaries	339,952	28,876	311,076
Payroll taxes and fringe benefits	-	14,182	(14,182)
Travel	17,513	454	17,059
Total personnel services	357,465	43,512	313,953
Contractual services:			
Loans and subgrants	1,070,677	165,998	904,679
Contracts	146,150	14,612	131,538
Total contractual services	1,216,827	180,610	1,036,217
Operating expenditures:			
Administrative:			
Supplies	1,100	-	1,100
Total operating expenditures	1,100	-	1,100
Total expenditures	1,575,392	224,122	1,351,270
Excess (deficiency) of revenues over expenditures	(254,437)	33,485	287,922
OTHER FINANCING SOURCES (USES)			
Transfers in	(254,436)	36,871	291,307
Total other financing sources (uses)	(254,436)	36,871	291,307
Net change in fund balance	$ (508,873)	$ 70,356	$ 579,229

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	June 30, 2018*	June 30, 2017*	June 30, 2016*	June 30, 2015*
Authority's proportion of the net pension liability	0.0182%	0.0183%	0.0200%	0.0160%
Authority's proportionate share of the net pension liability	$ 947,247	$ 851,010	$ 535,756	$ 376,439
Authority's covered payroll	$ 358,060	$ 355,050	$ 322,981	$ 318,450
Authority's proportionate share of the net pension liability as percentage of its covered payroll	264.55%	239.69%	165.88%	118.21%
Plan fiduciary net position as a percentage of the total pension liability	60.41%	63.60%	72.62%	79.49%

*Based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.

Note: This schedule will ultimately contain 10 years of data.

SCHEDULE OF AUTHORITY CONTRIBUTIONS

	June 30, 2018*	June 30, 2017*	June 30, 2016*	June 30, 2015*
Required contribution	$ 60,763	$ 60,252	$ 54,810	$ 52,107
Contributions in relation to the required contribution	$ 60,763	$ 60,252	$ 54,810	$ 52,107
Authority's covered payroll	$ 358,060	$ 355,050	$ 322,981	$ 318,450
Contributions as a percentage of covered payroll	16.97%	16.97%	16.97%	16.36%

*Based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.

Note: This schedule will ultimately contain 10 years of data.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN

Changes of Benefit Terms or Assumptions

Changes of benefit terms. Senate Bill 62 (SB 62), which contained changes to the benefit structure for MSEP 2011, was passed by the 2017 legislature. The provisions of the bill decreased vesting from ten to five years of service, but also included provisions that essentially offset the cost of the vesting change. As a result, SB 62 had no impact on the employer contribution rate and created a decrease to the Unfunded Actuarial Accrued Liability (UAAL) of $1.6 million.

Changes of assumptions. The Board reduced the investment return assumption used in the June 30, 2017 valuation to 7.5%.

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

		June 30, 2018*
Authority's proportion of the net OPEB liability		0.0221%
Authority's proportionate share of the net OPEB liability	$	389,983
Authority's covered payroll	$	354,575
Authority's proportionate share of the net OPEB liability as percentage of its covered payroll		109.99%
Plan fiduciary net position as a percentage of the total OPEB liability		6.81%

*Based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.

Note: This schedule will ultimately contain 10 years of data.

SCHEDULE OF AUTHORITY CONTRIBUTIONS

		June 30, 2018*
Required contribution	$	14,927
Contributions in relation to the required contribution	$	14,927
Authority's covered payroll	$	354,575
Contributions as a percentage of covered payroll		4.21%

*Based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.

Note: This schedule will ultimately contain 10 years of data.

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

SCHEDULE OF INVESTMENTS HELD
June 30, 2018

Description	Maturity Date	Interest/ Yield Rate	Fair Value
GENERAL FUND			
CERTIFICATES OF DEPOSIT:			
Certificate of deposit	10/13/18	1.24%	$ 210,000
Certificate of deposit	5/16/18	1.20%	600,000
Certificate of deposit	5/16/19	2.00%	300,000
Total certificates of deposit			1,110,000
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION:			
GNMA	5/15/22	8.00%	239
GNMA	5/15/22	7.00%	1,477
Total Government National Mortgage Association			1,716
U.S. TREASURY NOTE:			
U.S. Treasury Note	1/31/19	1.500%	998,917
U.S. Treasury Note	9/30/18	1.375%	249,608
Total U.S. Treasury Note			1,248,525
Total investments - General fund			$ 2,360,241

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

SCHEDULE OF TAX EXEMPT REVENUE BONDS ISSUED AND OUTSTANDING
June 30, 2018

Issued and Outstanding	Series	Closing Date	Original Issue Amount	Balance Outstanding June 30, 2018
Ameren UE	1998A	09/04/98	$ 60,000,000	$ 60,000,000
Ameren UE	1998B	09/04/98	50,000,000	50,000,000
Ameren UE	1998C	09/04/98	50,000,000	50,000,000
Associated Electric Cooperative, Refunding	2008	03/12/08	71,550,000	71,550,000
Henry County Water	2014A	10/30/14	7,515,000	5,855,000
Kansas City Power & Light	2008	05/22/08	23,400,000	23,400,000
Raytown Water Company	2013	02/13/13	1,015,000	530,000
SRF, Multiple Participant	1996D	06/12/96	14,185,000	45,000
SRF, Multiple Participant	1996E	12/18/96	23,600,000	15,000
SRF, Multiple Participant	1997D	06/05/97	24,060,000	10,000
SRF, Multiple Participant	1997E	12/01/97	14,015,000	15,000
SRF, Multiple Participant	1998A	04/01/98	16,480,000	35,000
SRF, Multiple Participant	1998B	12/02/98	45,900,000	75,000
SRF, Multiple Participant	1999A	06/02/99	47,970,000	3,615,000
SRF, Multiple Participant	1999B	12/02/99	13,870,000	195,000
SRF, Multiple Participant	2000A	04/12/00	52,640,000	690,000
SRF, Multiple Participant	2000B	11/21/00	41,485,000	835,000
SRF, Multiple Participant	2001A	04/18/01	13,930,000	185,000
SRF, Multiple Participant	2001B	06/2/6/01	122,060,000	910,000
SRF, Multiple Participant	2001C	05/08/02	112,280,000	9,465,000
SRF, Multiple Participant	2002A	05/08/02	29,545,000	780,000
SRF, Multiple Participant	2002B	10/25/02	103,065,000	3,245,000
SRF, Little Blue Valley Sewer District	2003A	01/30/03	88,915,000	5,110,000
SRF, Multiple Participant	2003B	04/01/03	39,940,000	1,515,000
SRF, Multiple Participant	2003C	11/06/03	27,895,000	950,000
SRF, Multiple Participant	2004A	03/23/04	77,625,000	16,825,000
SRF, Multiple Participant	2004B	05/12/04	179,780,000	17,840,000
SRF, Multiple Participant	2004C	11/19/04	39,895,000	7,320,000
SRF, Multiple Participant	2005A	05/06/05	53,060,000	3,405,000
SRF, Multiple Participant	2005C	11/30/05	85,210,000	17,405,000
SRF, Multiple Participant	2006A	04/27/06	87,505,000	15,105,000
SRF, Multiple Participant	2006B	11/03/06	22,105,000	1,775,000
SRF, Multiple Participant	2007B	11/15/07	56,720,000	5,235,000
SRF, Multiple Participant	2008A	10/30/08	69,435,000	10,285,000
SRF, Multiple Participant Refunding	2010A	02/17/10	205,420,000	119,610,000
SRF, Multiple Participant	2010B	11/17/10	65,920,000	21,895,000
SRF, Multiple Participant Refunding	2011A	11/30/11	106,830,000	82,805,000
SRF, Multiple Participant Refunding	2013A	11/26/13	101,535,000	86,360,000
SRF, Multiple Participant	2015A	02/05/15	29,935,000	22,700,000
SRF, Multiple Participant, Refunding	2015B	12/22/15	136,105,000	124,140,145
Tri-County Water Authority	2010	06/01/10	10,525,000	4,655,000

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

SCHEDULE OF TAX EXEMPT REVENUE BONDS ISSUED AND OUTSTANDING
June 30, 2018
(continued)

Issued and Outstanding	Series	Closing Date	Original Issue Amount	Balance Outstanding June 30, 2018
Tri-County Water Authority	2015	07/08/15	30,070,000	30,070,000
Union Electric	1992	12/03/92	47,500,000	47,500,000
Union Electric	1993A	10/13/93	44,000,000	5,000
			$ 2,544,490,000	$ 923,960,145

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

SCHEDULE OF TAX EXEMPT REVENUE BONDS ISSUED BUT MATURED
June 30, 2018

Issued but Refunded	Closing Date	Original Issue Amount
Alpha Portland Industries, Inc.	04/29/75	$ 1,900,000
Alpha Portland Industries, Inc.	04/29/80	1,450,000
American Cyanamid Company	04/12/94	3,450,000
American Cyanamid Company	09/17/80	3,450,000
American Cyanamid Company	08/30/79	3,700,000
American Cyanamid Company	12/01/76	9,120,000
Ameren UE	03/09/00	63,500,000
Ameren UE	03/09/00	63,000,000
Ameren UE	03/09/00	60,000,000
Armco Corporation	12/17/75	13,350,000
Amoco Division Standard Oil	02/16/77	5,400,000
Associated Electric Cooperative, Inc.	01/25/80	95,000,000
Associated Electric Cooperative, Inc. (D)	03/19/81	36,000,000
Associated Electric Cooperative, Inc.	01/21/82	71,000,000
Associated Electric Cooperative, Inc. (A)	01/21/82	50,000,000
Associated Electric Cooperative, Inc. (J)	05/04/82	73,000,000
Associated Electric Cooperative, Inc. (N)	05/18/82	9,700,000
Associated Electric Cooperative, Inc. (Y)	12/16/82	55,900,000
Associated Electric Cooperative, Inc.	12/15/83	44,100,000
Associated Electric Cooperative, Inc.	11/15/84	153,125,000
Associated Electric Cooperative, Inc.	11/29/93	27,375,000
Associated Electric Cooperative, Inc.	05/01/96	127,415,000
Bayer Corporation	05/27/97	1,600,000
Chrysler Corporation	10/30/85	16,000,000
Chrysler Corporation	06/01/93	16,000,000
Community Development Notes, 1983	10/27/93	18,000,000
Community Development Notes, 1985	04/24/85	15,000,000
Community Development Notes, 1988	06/15/88	15,000,000
Empire District Electric Company	12/20/78	8,000,000
Empire District Electric Company	12/08/93	8,000,000
Energy Efficiency Master	02/07/02	4,910,000
Energy Efficiency Master	10/08/04	13,760,000
Energy Efficiency Master	01/25/06	14,775,000
Grant Anticipation Notes, 1982	12/16/82	24,500,000
Grant Anticipation Notes, 1983	11/17/83	44,100,000
Grant Anticipation Notes, 1985	07/09/85	90,000,000
Grant Anticipation Notes, 1986	07/15/86	65,000,000
Grant Anticipation Notes, 1989	03/02/89	14,850,000
Great Lakes Carbon	09/14/77	7,000,000
Great Lakes Container Corporation	07/24/80	800,000
Gulf & Western Industries, Inc. (Lone Star)	08/01/78	11,000,000
Henry County Water	05/01/96	13,000,000
Henry County Water	08/01/04	465,000

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

SCHEDULE OF TAX EXEMPT REVENUE BONDS ISSUED BUT MATURED
June 30, 2018
(continued)

Issued but Refunded	Closing Date	Original Issue Amount
Henry County Water	08/01/04	11,815,000
Kansas City Power & Light Company	07/19/78	31,000,000
Kansas City Power & Light Company	10/26/77	20,000,000
Kansas City Power & Light, Series 1993	10/13/93	12,366,000
Kansas City Power & Light	09/15/92	31,000,000
Lone Star Industries, Inc.	07/17/84	8,300,000
Lone Star Industries, Inc.	08/29/84	800,000
Metropolitan Sewer District, Series 1991	01/10/91	68,000,000
Metropolitan Sewer District, Series 1992A	01/14/92	85,000,000
Metropolitan Sewer District, Series 1993	12/09/93	50,000,000
Middlefork Water Company, Series 1992	05/28/92	2,000,000
Middlefork Water Company	05/24/01	1,620,000
Missouri-American Water Company	03/18/93	5,000,000
Missouri-American Water Company	07/01/96	6,000,000
Missouri-American Water Company	11/24/98	19,000,000
Missouri-American Water Company	02/01/98	4,500,000
Missouri-American Water Company	03/28/00	29,000,000
Missouri-American Water Company	04/24/02	15,000,000
Missouri-American Water Company	04/27/06	57,480,000
Missouri Cities Water	02/12/91	4,500,000
Mobay Chemical Corporation	04/18/75	7,500,000
Mobay Chemical Corporation	09/11/75	3,500,000
Mobay Chemical Corporation	03/15/78	11,000,000
Mobay Chemical Corporation	05/10/78	825,000
Mobay Chemical Corporation	04/18/79	11,000,000
Mobay Chemical Corporation	12/05/85	1,600,000
Monsanto Company	08/03/78	2,370,000
Monsanto Company	01/09/79	10,250,000
Monsanto Company	09/06/79	2,900,000
Monsanto Company	12/15/82	9,325,000
Monsanto Company	06/09/93	14,520,000
Monsanto Company	11/08/84	2,890,000
Monsanto Company	11/10/88	7,950,000
Monsanto Company	06/09/93	14,520,000
Noranda Aluminum, Inc.	04/27/76	10,500,000
Noranda Aluminum, Inc.	10/29/82	45,000,000
Raytown Water Company	04/23/92	3,000,000
Raytown Water Company	07/30/99	2,670,000
Raytown Water Company	09/26/08	970,000
Reynolds Metal Company	12/31/85	750,000
River Cement Company	05/29/80	5,700,000
SRF, Branson	05/02/95	17,450,000
SRF, Cape Girardeau	06/29/95	11,462,661
SRF, Multiple Participant 1992A	06/16/92	48,295,000
SRF, Kansas City	06/29/95	30,000,000
SRF, Kansas City	04/26/95	24,000,000
SRF, Kansas City	04/24/97	5,730,000
SRF, Kansas City	04/25/95	18,000,000
SRF, Kansas City	04/24/97	22,235,000

STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

SCHEDULE OF TAX EXEMPT REVENUE BONDS ISSUED BUT MATURED
June 30, 2018
(continued)

Issued but Refunded	Closing Date	Original Issue Amount
SRF, Springfield	10/25/90	32,650,000
SRF, Lees Summit	01/06/91	9,695,000
SRF, Multiple Participant, Refunding	06/26/97	15,785,000
SRF, Multiple Participant	01/14/91	13,550,000
SRF, Multiple Participant	09/08/93	22,425,000
SRF, Multiple Participant	08/18/94	12,215,000
SRF, Multiple Participant	06/29/95	30,000,000
SRF, Multiple Participant	12/01/94	43,230,000
SRF, Multiple Participant	10/14/95	26,410,000
SRF, Multiple Participant	04/25/96	4,545,000
SRF, Multiple Participant	06/01/98	2,500,000
SRF, Multiple Participant	04/20/07	57,430,000
SRF - MSD Notes	06/08/00	72,545,000
Standard Oil Company (Amoco Division)	07/22/80	8,300,000
St. Joseph Light & Power Company	12/30/80	5,300,000
St. Joseph Light & Power Company	02/24/83	5,600,000
St. Joseph Light & Power Company	07/21/89	5,600,000
St. Joseph Light & Power Company	06/14/95	5,600,000
St. Joseph Mineral Corporation	12/20/73	7,000,000
St. Louis County Water	02/12/91	25,000,000
St. Louis County Water	02/26/92	25,000,000
St. Louis County Water	03/25/93	15,000,000
St. Louis County Water	06/20/95	12,000,000
St. Louis County Water	11/01/96	20,000,000
St. Louis County Water	03/01/98	25,000,000
St. Louis County Water	03/24/99	40,000,000
Tri-County Water Company	04/30/92	8,365,000
Tri-County Water Company	09/01/99	14,760,000
Union Electric Company (1995 A&B)	02/26/92	126,500,000
Union Electric Company	04/25/74	16,500,000
Union Electric Company	06/11/75	22,000,000
Union Electric Company	05/30/90	60,000,000
Union Electric Company	11/01/77	27,085,000
Union Electric Company	08/20/80	60,000,000
Union Electric Company	10/08/81	45,000,000
Union Electric Company	12/15/82	20,000,000
Union Electric Company (Series A & B, 1984)	06/21/84	160,000,000
Union Electric Company (Series C, 1984)	11/14/84	47,500,000
Union Electric	12/17/91	42,585,000
UtiliCorp United, Inc.	05/26/93	5,000,000
Wentzville, City of	05/08/81	6,350,000
		$ 3,385,013,661