REPORT OF

MISSOURI DEPARTMENT OF TRANSPORTATION AND HIGHWAY PATROL EMPLOYEES' RETIREMENT SYSTEM

SCHEDULES OF PENSION INFORMATION FOR PARTICIPATING EMPLOYERS

JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Missouri Department of Transportation and
Highway Patrol Employees' Retirement System

Opinion

We have audited the schedules of employer allocations of Missouri Department of Transportation and Highway Patrol Employees' Retirement System (the System) as of and for the year ended June 30, 2024, and the related notes (the schedules). We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified column totals) included in the accompanying schedule of pension amounts by employer of the System as of and for the year ended June 30, 2024, and the related notes.

In our opinion, the accompanying schedules present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating entities of the System as of and for the year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

Other Matter

We have audited, in accordance with GAAS, the financial statements of the System as of and for the year ended June 30, 2024, and our report thereon, dated November 4, 2024, expressed an unmodified opinion on those financial statements.

Williams-Keepers LLC

Columbia, Missouri
April 10, 2025

MISSOURI DEPARTMENT OF TRANSPORTATION AND HIGHWAY PATROL EMPLOYEES' RETIREMENT SYSTEM

Schedule of Employer Allocations
As of and for the year ended June 30, 2024

Employer	Contributions	Employer Allocation Percentage
Missouri Department of Transportation	$ 156,891,155	62.10%
Missouri State Highway Patrol	95,738,914	37.90%
Total for All Entities	$ 252,630,069	100.00%

See accompanying notes to the Schedules

MISSOURI DEPARTMENT OF TRANSPORTATION AND HIGHWAY PATROL EMPLOYEES' RETIREMENT SYSTEM

Schedule of Pension Amounts by Employer
As of and for the year ended June 30, 2024

	Net Pension Liability		Pension Expense		
Entity	**Beginning**	**Ending**	**Proportionate Share of Plan Pension Expense**	**Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions**	**Total Pension Expense**
Missouri Department of Transportation	$ 891,638,345	$ 798,398,557	$ 119,293,058	$ (1,866,880)	$ 117,426,178
Missouri State Highway Patrol	536,125,218	487,267,396	72,815,582	1,866,880	74,682,462
Total for All Entities	$ 1,427,763,563	$ 1,285,665,953	$ 192,108,640	$ -	$ 192,108,640

	Deferred Outflows of Resources				
Entity	**Difference between Expected and Actual Experience**	**Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments**	**Change in Assumptions**	**Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions**	**Total Deferred Outflows of Resources**
Missouri Department of Transportation	$ 154,656,684	$ 17,525,543	$ 18,357,100	$ 5,088,825	$ 195,628,152
Missouri State Highway Patrol	94,387,896	10,695,944	11,203,447	3,897,714	120,185,001
Total for All Entities	$ 249,044,580	$ 28,221,487	$ 29,560,547	$ 8,986,539	$ 315,813,153

	Deferred Inflows of Resources				
Entity	**Difference Between Expected and Actual Experience**	**Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments**	**Change in Assumptions**	**Change in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions**	**Total Deferred Inflows of Resources**
Missouri Department of Transportation	$ 571,236	$ 200,877,660	$ -	$ 3,897,714	$ 205,346,610
Missouri State Highway Patrol	348,629	122,596,833	-	5,088,825	128,034,287
Total for All Entities	$ 919,865	$ 323,474,493	$ -	$ 8,986,539	$ 333,380,897

MISSOURI DEPARTMENT OF TRANSPORTATION AND HIGHWAY PATROL EMPLOYEES' RETIREMENT SYSTEM

Notes to the Schedules of Employer Allocations and Pension Amounts by Employer
As of and for the Year Ended June 30, 2024

Note 1 - Plan Descriptions

Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS or "the System") is a body corporate and an instrumentality of the State as a multiple-employer, public employee retirement system with one plan that has three benefit structures known as the Closed Plan, the Year 2000 Plan, and the Year 2000 Plan-2011 Tier (the Plan). The Plan provides retirement, survivor, and disability benefits for employees of Missouri Department of Transportation (MoDOT), Missouri State Highway Patrol (MSHP), and MPERS' staff. The Plan is administered in accordance with the requirements of a cost sharing, multiple-employer, public employee retirement plan under the Revised Statutes of Missouri. In MPERS are vested the powers and duties specified in sections 104.010 to 104.312, 104.601 to 104.805, and 104.1003 to 104.1093, RSMo., and such other powers as may be necessary or proper to enable it, its officers, employees, and agents to carry out fully and effectively all the purposes outlined pursuant to these sections. Responsibility for the operation and administration of the System is vested in the Board of Trustees, which consists of eleven members, four elected by the active and retired plan members, three Highway and Transportation Commissioners, a State Senator appointed by the President Pro-Tem of the Senate, a State Representative appointed by the Speaker of the House, and the Director of the MoDOT and Superintendent of the MSHP who serve as ex-officio members. Due to the nature of MPERS' reliance on funding from MoDOT and MSHP and control of the overall Plan document by the legislative and executive branches of state government, MPERS is considered a part of the State of Missouri financial reporting entity and is included in the State's financial reports as a component unit shown as a pension trust fund.

Generally, all covered employees hired before July 1, 2000, are eligible for membership in the Closed Plan. All covered employees hired on or after July 1, 2000, and before January 1, 2011, are eligible for membership in the Year 2000 Plan. All covered employees hired on or after January 1, 2011, are eligible for membership in the Year 2000 Plan's 2011 Tier.

Further information related to required contributions, pension benefits, other plan terms, and investments and related return and financial information related to MPERS is available as described in Note 4.

Note 2 – Summary of Significant Accounting Policies

MPERS employers are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. The Schedules of Employer Allocations and Schedules of Pension Amounts by Employer provide employers with the required information for financial reporting under that standard.

The underlying financial information used to prepare the pension allocation schedules is based on MPERS' financial statements and its accounting and payroll reporting systems. The financial statements of MPERS were prepared using the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing MPERS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. Total contributions for the fiscal year 2024 were used as the basis for determining each employer's proportionate share of the collective pension amounts reported on the schedules. However, the System is excluded from all allocations. As a result, contributions totaling approximately $1,717,000 related to the System's members were excluded from the Schedules of Employer Allocations.

The net pension liability is based on the Plan's fiduciary net position as reported in its financial statements and the estimated total pension liability estimated by MPERS' actuary as of each fiscal year-end. It is allocated based on each employer's proportionate share of employer contributions.

Deferred inflows and outflows, except for the change in proportion, are allocated based on each employer's proportionate share of contributions for the fiscal year. The difference between expected and actual investment earnings on pension plan investments is amortized as a component of pension expense over 5 years on a straight-line basis while the differences between expected and actual experience and changes in assumptions are amortized as a component of pension expense over the expected average remaining service lifetime (EARSL) of all participants (3.5012 years for the year ended June 30, 2024). Deferred inflows and outflows related to the change in proportion used for allocation purposes from one fiscal year to the next are estimated by reallocating beginning balances using the ending allocation percentage and amortizing the difference over the EARSL as a component of pension expense. The remaining unamortized deferred inflows and outflows are reported in the Schedule of Pension Amounts by Employer.

Pension expense is based on the service cost earned by participants during the fiscal year, interest on the total pension liability, certain changes in plan fiduciary net position, and the current year amortization of deferred inflows and outflows. It is allocated based on each employer's proportionate share of collective plan amounts and its specific amortization of change in proportion deferred item.

The preparation of these schedules in conformity with accounting principles generally accepted in the United States of America requires management to make significant estimates and assumptions that affect the reported amounts during the reporting period. Actual results could differ from those estimates.

Note 3 – Actuarial Assumptions and Methods

The components of the net pension liability of the Systems' employers at June 30, 2024, are as follows:

Total pension liability	$ 4,963,323,460
MPERS fiduciary net position	3,677,657,507
Employers' net pension liability	$ 1,285,665,953
Plan net position as a percentage of the total pension liability	74.10%
Covered payroll - all	$ 438,993,763
Employers' net pension liability as a percentage of covered payroll	292.87%

The total pension liability was calculated by the Systems' independent actuary as of June 30, 2024. The entry age normal cost method was utilized along with an inflation assumption of 2.25%, a long-term expected rate of return on investments of 6.5% (net of investment expenses and including inflation factor), salary increases of 3.00% to 10.50% (including wage inflation of 3.00%) and mortality based on MP-2021 and 90% of scale MP-2021 for years following 2019.

The change in assumption reported in the Schedules of Pension Amounts by Employer is attributed to the System continuing to update actuarial assumptions based on current economic and demographic expectations. This includes changes to the discount rate, salary growth, mortality tables, and other demographic assumptions.

The current funding policy, if actuarial assumptions are met, results in the projected Plan fiduciary net position being sufficient to pay benefits for all future years. Therefore, the current 6.5% discount rate is considered adequate, and the use of the municipal bond rate calculation is not necessary.

Actuarial valuations of the Systems involve estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last 5-year experience study was conducted for the period July 1, 2017 through June 30, 2022. The last independent actuarial review of the reasonableness and accuracy of actuarial assumptions, actuarial cost methods, and valuations was conducted as of June 30, 2019.

Note 4 – Additional Financial and Actuarial Information

Additional financial and actuarial information supporting the preparation of the Schedules of Employer Allocations and Schedules of Pension Amounts by Employer is included in the Systems' Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2024. The ACFR can be obtained at www.mpers.org or at MoDOT and Patrol Employees' Retirement System (MPERS), P.O. Box 1930, Jefferson City, MO 65102-1930.