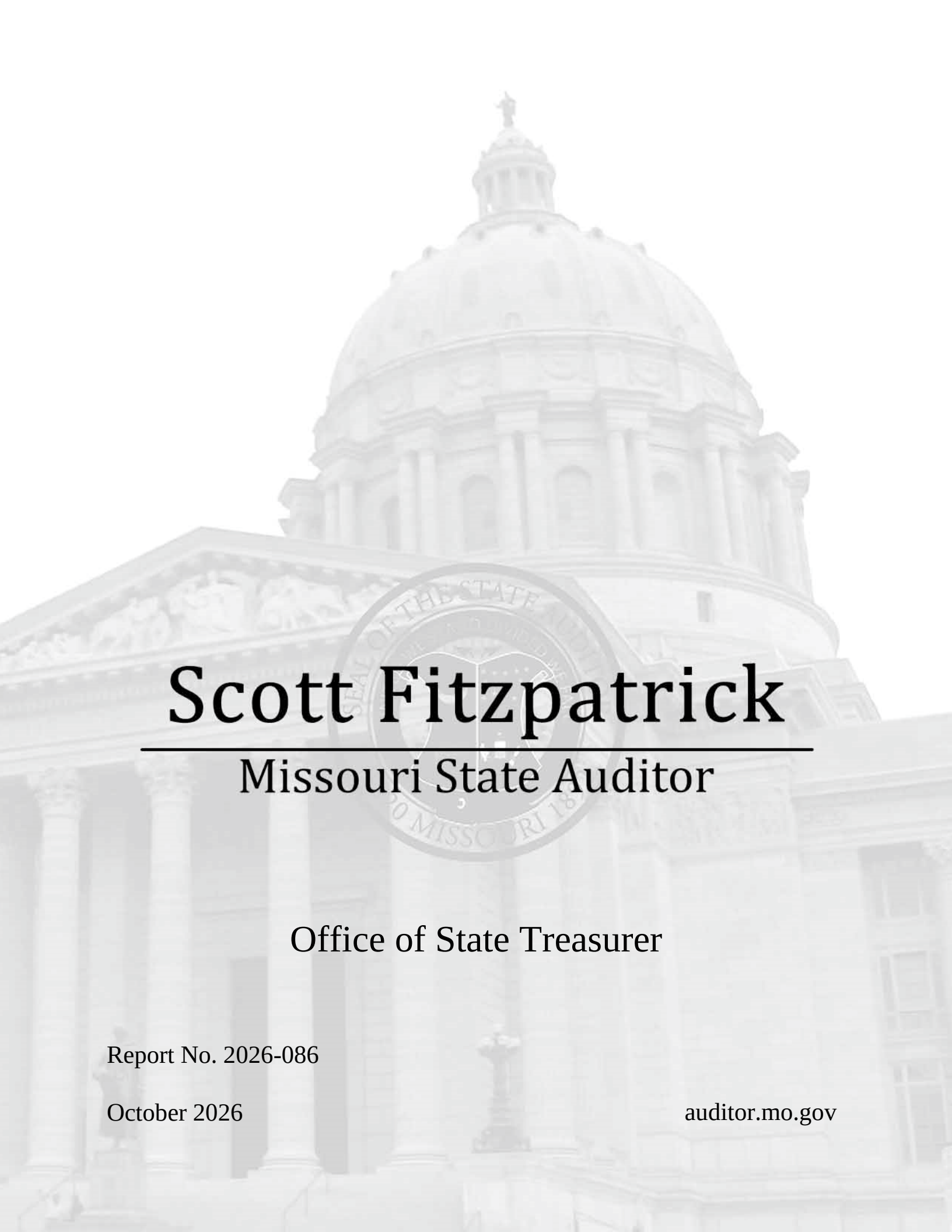




Scott Fitzpatrick

Missouri State Auditor

Office of State Treasurer

Report No. 2026-086

October 2026

auditor.mo.gov



CITIZENS SUMMARY

Findings in the audit of the Office of State Treasurer

Background

The Office of State Treasurer (STO) is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer as defined by Article IV, Section 15 are to be the custodian of all state funds; to determine the amount of state money not needed for current operating expenses; and to invest such money in interest-bearing time deposits at Missouri banking institutions selected by the State Treasurer and approved by the Governor and State Auditor, short-term U.S. government securities, or certain allowable commercial paper and bankers' acceptances.

The STO operates in five major functional areas (1) accounting and banking services, (2) general and administrative services, (3) investments and deposit programs, (4) unclaimed property, and (5) program administration.

Governor Michael L. Parson appointed Vivek Malek as the forty-eighth State Treasurer, and he was sworn in on January 17, 2023. Treasurer Malek was elected to a four-year term of office in November 2024. His term expires in January 2029.

Investment Interest Improperly Retained

As noted in a previous audit report, the Office of State Treasurer (STO) did not handle investment interest income in accordance with state law for 2 funds created during the fiscal year ended June 30, 2024. This issue was also noted for a new fund created during the fiscal year ended June 30, 2025.

The State Road Fund I-70 Project Fund (Fund 0324) and the OA I-70 Project Fund (Fund 0334) were created during the fiscal year ended June 30, 2024, to handle appropriations designated for the Interstate 70 (I-70) expansion project. The STO credited investment interest income to these funds during the fiscal year ended June 30, 2024, totaling approximately \$364,000 and \$34,337,000 for Funds 0324 and 0334, respectively.

State law specifies that unless otherwise provided by law, all interest received from the investment of state moneys shall be credited by the state treasurer to general revenue. Funds 0324 and 0334 were neither constitutionally nor statutorily created, and the STO could provide no legal provision to support that these funds were authorized to retain the investment interest income credited to each fund.

The State Road I-44 Improvement Fund (Fund 0338) was created during the 2024 legislative session to handle appropriations designated for the Interstate 44 (I-44) improvement project. Even though this fund was neither constitutionally nor statutorily created, and no legal authority was provided to support this fund retaining its investment interest income, similar to Fund 0324, the STO credited approximately \$115,000 in investment interest income to Fund 0338 during the fiscal year ended June 30, 2025.

In the areas audited, the overall performance of this entity was **Good**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Office of State Treasurer

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SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

Honorable Vivek Malek, State Treasurer
Jefferson City, Missouri

We have audited certain operations of the Office of State Treasurer in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2024. The objectives of our audit were to:

1. Evaluate the office's internal controls over significant management and financial functions.
2. Evaluate the office's compliance with certain legal provisions.
3. Review the Missouri Empowerment Scholarship Accounts (MOScholars) Program established pursuant to Sections 135.712 to 135.719, RSMo, and Sections 166.700 to 166.720, RSMo.
4. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

For the areas audited, we identified (1) no significant deficiencies in internal controls, (2) noncompliance with legal provisions, (3) no significant deficiencies in the MOScholars Program, and (4) no significant deficiencies in management practices and procedures. The accompanying Management Advisory Report presents our finding arising from our audit of the Office of State Treasurer.

A handwritten signature in black ink that reads "Scott Fitzpatrick". The signature is stylized with a large "S" and "F".

Scott Fitzpatrick
State Auditor

Office of State Treasurer

Introduction

Background

The Office of State Treasurer (STO) is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer as defined by Article IV, Section 15 are to be the custodian of all state funds; to determine the amount of state money not needed for current operating expenses; and to invest such money in interest-bearing time deposits at Missouri banking institutions selected by the State Treasurer and approved by the Governor and State Auditor, short-term U.S. government securities, or certain allowable commercial paper and bankers' acceptances.

Governor Michael L. Parson appointed Vivek Malek as the forty-eighth State Treasurer, and he was sworn in on January 17, 2023. Treasurer Malek was elected to a four-year term of office in November 2024. His term expires in January 2029.

Functional areas

The STO operates in five major functional areas (1) accounting and banking services, (2) general and administrative services, (3) investments and deposit programs, (4) unclaimed property, and (5) program administration.

The accounting and banking services area (1) maintains a fund accounting system to fulfill a statutory responsibility to keep separate accounts of the funds of the state and to allocate investment interest to funds, (2) maintains ledger controls on fund balances and appropriations to assure no check is issued that exceeds the lawful appropriated balances, (3) controls receipt of state money collected by state agencies and deposited in local banks throughout the state, (4) reconciles bank activity to receipt and disbursement activity reflected on the state books, (5) determines the amount of state money not needed for current operating expenses, and (6) confirms daily disbursements with the bank as certified by the Office of Administration.

The general and administrative services area provides processing support to other areas of the office by (1) operating the central check mail service, (2) controlling and processing outlawed and replacement checks, and (3) processing invoices for office expenditures.

The investments and deposit programs area places state money not needed for current operating expenses in interest-bearing time deposits, U.S. government and agency securities, commercial paper, bankers' acceptances, and repurchase agreements. This area also administers the State Treasurer's statutory linked deposit program (MOBUCK\$) and monitors and accounts for the collateralization of state funds.

The unclaimed property area administers Missouri's Unclaimed Property Act of Chapter 447, RSMo. This area is responsible for (1) ensuring unclaimed property is reported, (2) receiving and recording reports of unclaimed property, (3) depositing unclaimed funds to the Abandoned Fund Account Fund, (4) maintaining custody and safekeeping of abandoned or unclaimed



Office of State Treasurer Introduction

physical property, and (5) processing owner claims for abandoned funds or physical property.

The program administration area administers all other programs under the authority of the State Treasurer, including the Missouri Empowerment Scholarship Accounts Program (MOScholars), Missouri's 529 Education Plan (MOST), and Missouri's Achieving a Better Life Experience Program (MO ABLE).

Employees

As of June 30, 2024, the STO had 43 full-time positions to assist in the accomplishment of its mission.

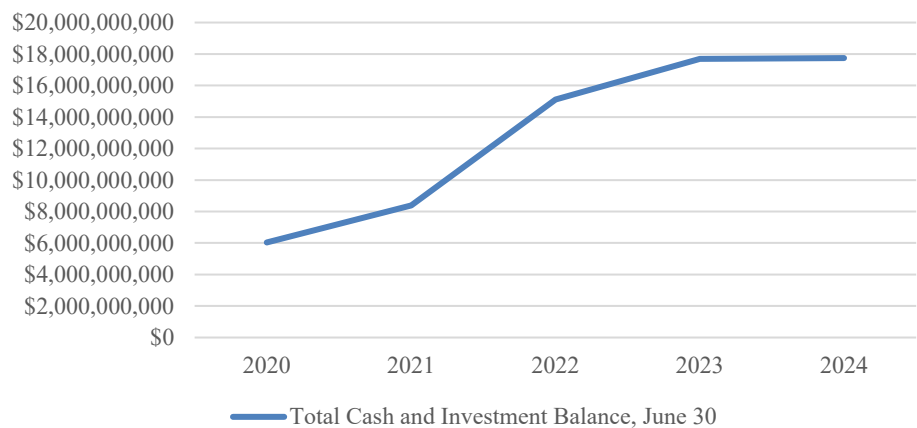
Financial activity

A summary of the office's operating financial activity, cash and investment balances, investment income, and unclaimed property activity is presented in Appendixes A through G.

Trends in cash and investment activity

As shown in Figure 1, total cash and investment balances held by the State Treasurer have significantly increased from \$6.0 billion at June 30, 2020, to \$17.7 billion at June 30, 2024, for a 195% increase during this time period.

Figure 1: Total cash and investment balance at fiscal year end, 2020 to 2024



Source: STO records. See additional detail at Appendix D.

The STO is responsible for determining the amount of state money not needed for current operating expenses and investing such money in certain types of investments, such as time deposits, repurchase agreements, U.S. government securities, and commercial paper and bankers' acceptances, as required by state law and as provided in the STO's written investment policy.¹ Figure 2

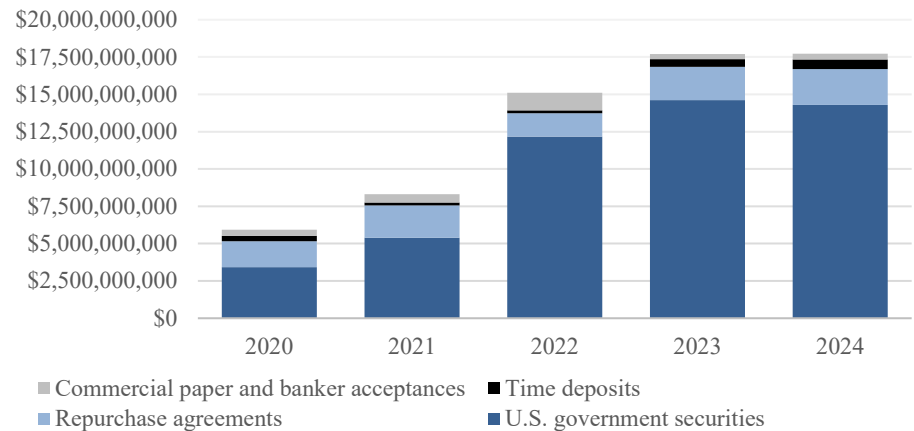
¹Allowable investments of the STO are discussed in Article IV, Section 15, Missouri Constitution; Section 30.260, RSMo; and the STO's written investment policy, available through the STO's website at <<https://treasurer.mo.gov/Invest/Investpolicy.pdf>>, accessed April 16, 2026.



Office of State Treasurer Introduction

shows the state's total pooled investments, by investment type, at June 30 of each year from 2020 to 2024.

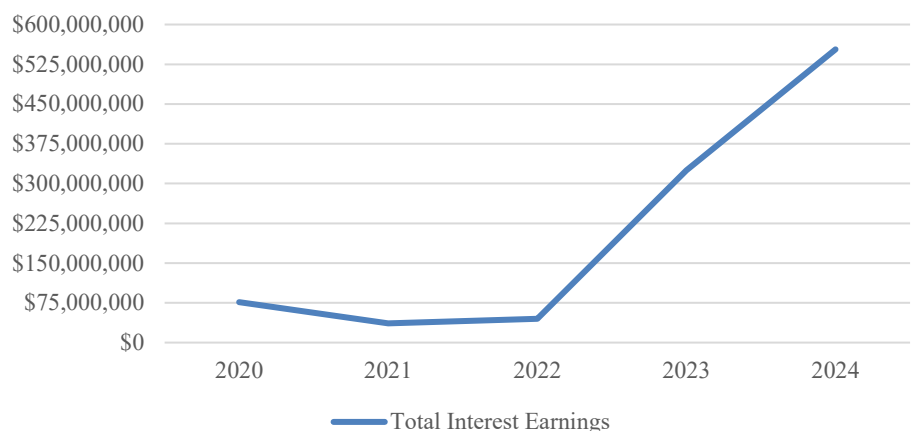
Figure 2: Pooled investments, by investment type, at fiscal year end, 2020 to 2024



Source: STO records. See additional detail at Appendix D.

Figure 3 shows the significant increase in interest earned on pooled investments from fiscal year 2020 through 2024. Historical investment reports maintained by the STO identified the effective interest rate for fiscal years 2020, 2021, 2022, 2023, and 2024, as 1.57%, 0.46%, 0.56%, 2.43%, and 3.18%, respectively. These interest rates, along with the increase in total pooled investments shown in Figure 2, have resulted in interest earnings totaling \$76.1 million, \$36.3 million, \$45.0 million, \$325.2 million, and \$553.1 million for fiscal years 2020 through 2024, respectively, for a 627% increase in interest earnings during this time period.

Figure 3: Interest earned on pooled investments, by fiscal year, 2020 to 2024



Source: STO records. See additional detail at Appendix E.

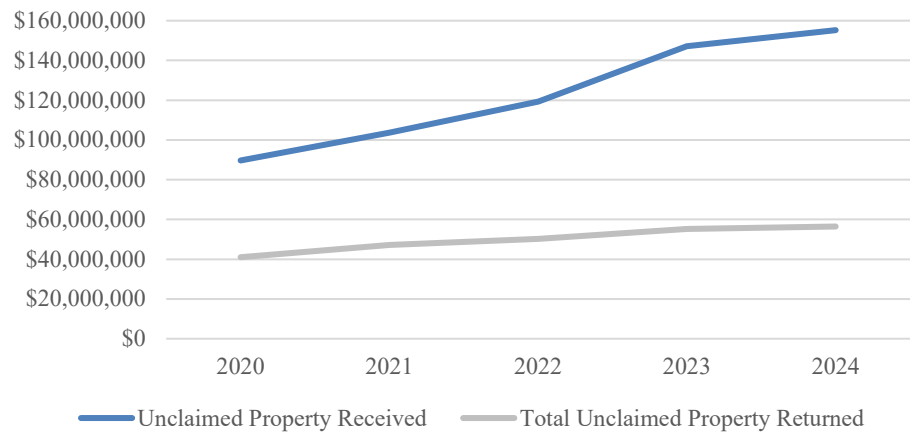


Office of State Treasurer Introduction

Trends in unclaimed property activity

As shown in Figure 4, unclaimed property received and returned to owners by the STO has consistently increased over the past 5 fiscal years. From fiscal year 2020 to fiscal year 2024, unclaimed property received increased from \$89.7 million to \$155.2 million (73%), while unclaimed property returned increased from \$41.0 million to \$56.4 million (38%).

Figure 4: Unclaimed property amounts received and returned, by fiscal year, 2020 to 2024



Source: STO records. See additional detail at Appendix F.

MOBUCK\$ Program

The STO's linked deposit program, MOBUCK\$, has been in place since 1985. Through this program the STO deposits funds with an approved borrower's qualified banking institution at a below-market interest rate. Lowering the market rate on deposits permits lenders to pass along a 30% interest rate deduction on borrowers' loans. The program primarily serves Missouri farmers and ranchers, as well as small business owners.

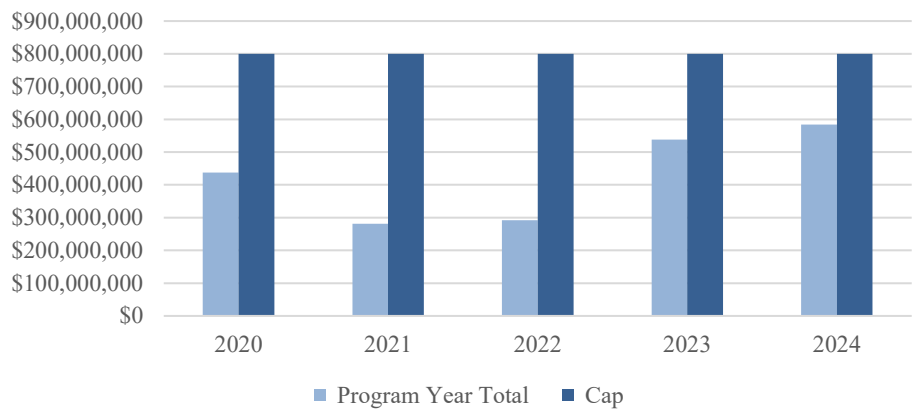
The MOBUCK\$ Program operates on an annual program year of October 1 through September 30. Figure 5 shows the total deposits invested during program years 2020 to 2024, in comparison to the program's statutory cap of \$800 million during this time period.² From program year 2020 to program year 2024, total deposits increased from \$437.5 million to \$583.9 million (33%). However, total deposits have been below the statutory cap of the program by an average of 47% per year.

² Effective August 28, 2024, the statutory cap in Section 30.753, RSMo, increased from \$800 million to \$1.2 billion.



Office of State Treasurer Introduction

Figure 5: MOBUCK\$
Program total compared to
statutory cap, by program
year, 2020 to 2024



Source: Linked Deposits Committee Annual Reports, which are available on the STO's website at <<https://treasurer.mo.gov/content/about-the-office/1committeeannualreports>>, accessed April 20, 2026.

MOScholars Program

The MOScholars Program³ was established by the Missouri General Assembly in 2021 to provide educational opportunities and resources to Missouri students and families. The program provides alternative education options for eligible families ranging from private schools to therapeutic services. The MOScholars Program began on July 1, 2022, for the fall semester of the 2022-2023 school year, and runs on a program year identical to the state fiscal year beginning on July 1 and ending on June 30.

Through the MOScholars Program, scholarships are awarded to Missouri students meeting statutory eligibility criteria, including students with Individual Education Plans (IEPs) and students meeting statutory income requirements. The student scholarships are funded with donations to non-profit Educational Assistance Organizations (EAOs).⁴ Once approved by the STO, an EAO can receive qualified donations from individuals and businesses to establish scholarship accounts for the qualified students.⁵ The EAOs establish and maintain relationships with eligible schools⁶ to create a network of schools students may use scholarship funds⁷ to attend. The MOScholars Program does not reduce the funding received by a student's

³ House Bill 349 and Senate Bill 86, First Regular Session, 101st General Assembly (2021), established the MOScholars Program. The program is governed by Sections 135.712 to 135.719, and Sections 166.700 to 166.720, RSMo. For additional information on the MOScholars Program, see the STO's website at <<https://treasurer.mo.gov/MOScholars/>>, accessed April 17, 2026.

⁴ For fiscal year 2026, the General Assembly appropriated \$50 million from the General Revenue Fund to be used for the purpose of awarding scholarship accounts to qualified students (House Bill 12, First Regular Session, 103rd General Assembly (2025)).

⁵ Qualified students are defined by Section 166.700(9), RSMo.

⁶ Eligible schools are defined by Section 166.700(8), RSMo.

⁷ Appropriate uses of scholarship funds are defined by Section 166.705.1(4), RSMo.



Office of State Treasurer Introduction

resident school district.⁸ Parents and students interested in applying for a MOScholars Program scholarship must do so through an EAO partnered with the school the student wishes to attend.⁹

In return for making qualified donations to an EAO, state law allows for individuals and businesses¹⁰ that file a Missouri income tax return to receive state tax credits. A MOScholars Program tax credit is equal to 100% of an eligible donation, not to exceed 50% of the donor's state tax liability for the tax year the credit is claimed. MOScholars Program tax credits may be carried forward for 4 subsequent tax years. The tax credit is not sellable, transferable, or refundable. State law has been updated periodically to adjust the cumulative cap for program tax credits. Based on calculations provided by the STO, the cumulative cap totaled \$54.0 million, \$75.0 million, and \$79.4 million for program years 2023, 2024, and 2025, respectively.¹¹

During fiscal years 2023, 2024, and 2025, tax credits issued totaled \$8.4 million, \$13.4 million, and \$19.5 million, respectively; while tax credit redemptions totaled \$2.0 million, \$7.3 million, and \$13.6 million, respectively. According to Department of Revenue tax credit data, a total of \$41.3 million in MOScholars Program tax credits have been issued through fiscal year 2025, with a total of \$22.9 million of those credits being redeemed; resulting in tax credits outstanding of \$18.4 million as of the end of fiscal year 2025.

Program activity

Since the MOScholars Program began in July 2022, participation rates have continued to increase each year. For the initial 2022-2023 program year, a total of 1,360 students were awarded scholarships. For the following program years of 2023-2024 and 2024-2025, 1,992 students and 2,677 students were awarded scholarships, respectively.

Six different EAOs¹² have consistently participated in the MOScholars Program each year since inception. Figure 6 shows the number of students awarded scholarships by each EAO in the first 3 years of the MOScholars Program.

⁸ Continued funding to a student's resident school district was required by Section 166.720.4, RSMo, until this provision terminated on August 28, 2026.

⁹ Effective August 28, 2024, Senate Bill 727, Second Regular Session, 102nd General Assembly (2024), modified and expanded provisions of the MOScholars Program.

¹⁰ Eligible donors are defined by Section 135.712.2(7), RSMo.

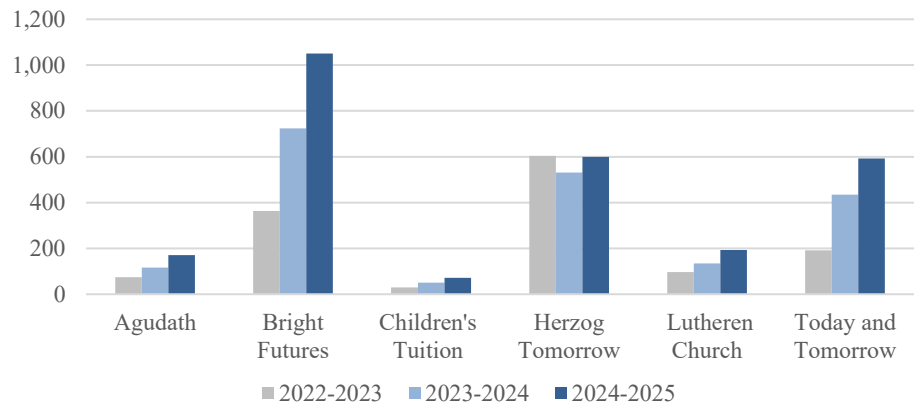
¹¹ Available tax credit amounts are defined by Sections 135.715.1 and 135.713.3, RSMo, which have been updated periodically.

¹² Activate Missouri became the seventh approved EAO in December 2025.



Office of State Treasurer Introduction

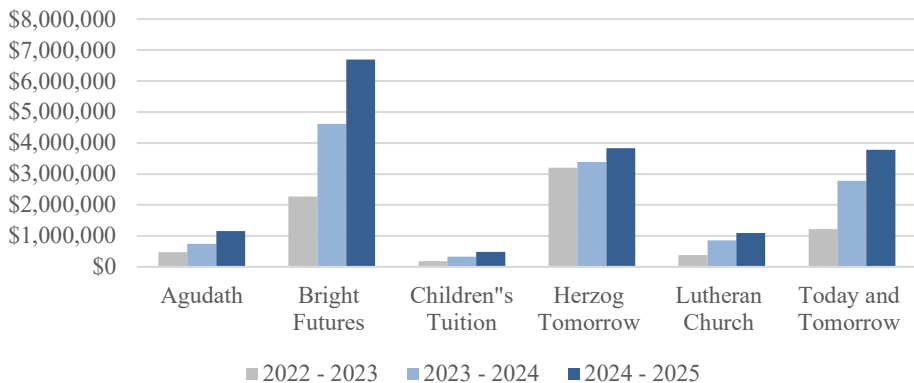
Figure 6: Number of student scholarships per EAO, by program year, 2023 to 2025



Source: STO's MOScholars Program data, which is available on the STO's website at https://treasurer.mo.gov/Content/MOScholars_Information/2022-2025ProgramData.pdf, accessed April 23, 2026.

Figure 7 shows the total dollar amount of scholarships awarded by each EAO during the first 3 years of the MOScholars Program. For the 2022-2023, 2023-2024, and 2024-2025 program years, the MOScholars Program awarded scholarships totaling \$7.7 million, \$12.7 million, and \$17.0 million, respectively, for a total of \$37.4 million.¹³

Figure 7: Total scholarship awards by EAO, by program year, 2022-2023 to 2024-2025



Source: MOScholars Program report. The MOScholars Program report consists of Coleman, K., Parisi, M., Chandler, A., & Hitt, C., (2026), *MOScholars: Program demographics and participation trends, SY 2022-2023 to 2025-2026*, Policy Research in Missouri Education, 8(7), Saint Louis University, and was obtained from the STO's website at https://treasurer.mo.gov/Content/MOScholars_Information/Program%20Demographics%20and%20Participation%20Trends,%20SY%202022-23%20to%202025-26.pdf, accessed April 23, 2026.

¹³ Scholarships awarded totaled \$37.4 million, while tax credits issued totaled \$41.3 million during the first 3 years of the MOScholars Program. The difference is due to marketing and administrative expenses for the State Treasurer's Office (Section 135.715.4, RSMo) and the EAOs (Section 135.714.1(5)(c), RSMo). As indicated in Section 135.714.1(5)(b), RSMo, each EAO must ensure at least 90% of revenues from qualifying contributions is spent on scholarship accounts.



Office of State Treasurer Introduction

Scope and Methodology

The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2024. To follow up on our prior audit recommendation, and to continue our review of concerns regarding the allocation of interest proceeds, we expanded the audit's scope to include interest allocations made by the STO during the year ended June 30, 2025.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, contractual agreements, and other pertinent documents; gathering information regarding office operations through interviewing office personnel and reviewing applicable laws and regulations; and performing sample testing using judgmental and random selection, as appropriate. The results of our sample testing cannot be projected to the entire populations from which the test items were selected.

We obtained an understanding of internal control that is significant to the audit objectives and planned and performed procedures to assess internal control to the extent necessary to address our audit objectives. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

To (1) evaluate the office's internal controls over significant management and financial functions, (2) evaluate the office's compliance with certain legal provisions, (3) review the MOScholars Program, and (4) evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions, we performed the following:

- We reviewed applicable state laws and written policies and procedures; interviewed various office personnel; and evaluated current office operations.
- We reviewed the office's revenue, expenditure, and payroll activity, and applied analytical procedures.
- We evaluated the office's compliance with legal provisions relating to the Sunshine Law, biennial transfers, the linked deposit program; various banking contracts, including compensating balance requirements; and requirements regarding the handling of investment interest income.
- We reviewed the application process and placement of deposits for the linked deposit program, including the random selection and review of 25 linked deposit applications.



Office of State Treasurer
Introduction

- We reviewed interest allocation, distribution, and amortization procedures, including testing the interest handling for a judgmentally selected sample of 14 state funds.
- We evaluated the office's process to collect, record, liquidate, and disburse various types of investment unclaimed properties, such as stocks, bonds, and government securities, for which the owner has not been located. Testing was performed on a randomly selected sample of 15 investment transactions, including investments received, investments liquidated, and dividends received.
- We reviewed the MOScholars Program and evaluated the STO's compliance with program and contract requirements. We reviewed internal controls, policies and procedures, program revenues and expenditures, and statutory requirements of the program. We also reviewed documentation of reporting by the Educational Assistance Organizations (EAOs) for the collection of donations, student counts, amount of scholarships awarded, and program administrative expenses.
- We also reviewed and relied upon audit work completed by our office at the STO as part of our annual statewide audit of the State of Missouri's financial statements for the fiscal year ended June 30, 2024. This audit work¹⁴ included review of \$14.5 billion in cash and investment balances and \$1.3 billion in securities lending collateral and related liabilities in various funds and review of \$142 million in revenue activity for the Abandoned Fund Account (Unclaimed Property) Fund.

¹⁴ For additional information regarding the audit work completed at the STO, see Report No. 2025-081, *STO Statewide Audits Summary Letter*, issued in October 2025, available at <<https://auditor.mo.gov>>.

Office of State Treasurer

Management Advisory Report

State Auditor's Findings

Investment Interest Improperly Retained

As noted in our previous audit report,¹⁵ the Office of State Treasurer (STO) did not handle investment interest income in accordance with state law for 2 funds created during the fiscal year ended June 30, 2024. This issue was also noted for a new fund created during the fiscal year ended June 30, 2025.

State Road Fund I-70 Project Fund and OA I-70 Project Fund interest

The State Road Fund I-70 Project Fund (Fund 0324) and the OA I-70 Project Fund (Fund 0334) were created during the fiscal year ended June 30, 2024, to handle appropriations designated for the Interstate 70 (I-70) expansion project. The STO credited investment interest income to these funds during the fiscal year ended June 30, 2024, totaling approximately \$364,000 and \$34,337,000 for Funds 0324 and 0334, respectively.

Section 30.240, RSMo, specifies that unless otherwise provided by law, all interest received from the investment of state moneys shall be credited by the state treasurer to general revenue. Funds 0324 and 0334 were neither constitutionally nor statutorily created,¹⁶ and the STO could provide no legal provision to support that these funds were authorized to retain the investment interest income credited to each fund. Therefore, we recommended in our previous audit report that the STO work with the General Assembly to ensure all investment interest income is handled in accordance with state law, and the STO should credit the interest earned on Funds 0324 and 0334 during fiscal year ended June 30, 2024, to the general revenue.

During the 2024 legislative session, the General Assembly added language to House Bill 5¹⁷ indicating that any interest and moneys earned on investments shall be deposited to the credit of the OA I-70 Project Fund. Since appropriation bills have specific effective dates (July 1 through June 30), this language addressed the handling of the investment interest income earned on Fund 0334 for only the fiscal year ended June 30, 2025. Such language was also included in House Bill 5¹⁸ during the 2025 legislative session to address the handling of investment interest income for the fiscal year ended June 30, 2026. However, no such provisions were made to address the handling of investment interest income for Fund 0324. The STO credited investment interest income totaling approximately \$524,000 to Fund 0324 during the fiscal year ended June 30, 2025. In addition, no adjustments were made to credit the interest earned on Funds 0324 (\$364,000) and 0334 (\$34,337,000)

¹⁵ Report No. 2025-041, *Office of State Treasurer*, issued in July 2025.

¹⁶ Funds 0324 and 0334 were created by the Office of Administration after the General Assembly appropriated money to these funds during the 2023 legislative session in House Bill 4 and House Bill 5, First Regular Session, 102nd General Assembly (2023).

¹⁷ House Bill 5, Second Regular Session, 102nd General Assembly (2024).

¹⁸ House Bill 5, First Regular Session, 103rd General Assembly (2025).



Office of State Treasurer
Management Advisory Report - State Auditor's Findings

State Road I-44
Improvement Fund
interest

during fiscal year ended June 30, 2024, to the general revenue, as we recommended in our previous audit report.

The State Road I-44 Improvement Fund (Fund 0338) was created during the 2024 legislative session¹⁹ to handle appropriations designated for the Interstate 44 (I-44) improvement project. Even though this fund was neither constitutionally nor statutorily created, and no legal authority was provided to support this fund retaining its investment interest income, similar to Fund 0324, the STO credited approximately \$115,000 in investment interest income to Fund 0338 during the fiscal year ended June 30, 2025.

The STO has stated Funds 0324 and 0338 are "separate funds within the State Road Fund" (Fund 0320) established by Section 226.220, RSMo. The STO further stated the State Road Fund receives all moneys and credits from any source if they are held for expenditure by or under the department of transportation or the state highways and transportation commission, and therefore, investment interest income earned by Funds 0324 and 0338 is credited to these funds. However, the STO has not provided any authority to support its assertion that Funds 0324 and 0338 are considered "separate funds within the State Road Fund" and provided no explanation of why these funds were not credited/deposited directly to the State Road Fund.

Following review of our previous audit report, the Missouri Department of Transportation (MoDOT) and the Office of Administration (OA) communicated to the State Auditor's Office (SAO) that Funds 0324 and 0338 were created with the intention of being "sub-funds" of the State Road Fund and that the General Assembly also created these funds with the intention of them being sub-funds of the State Road Fund. Our follow-up with key members of the General Assembly as well as our review of relevant legislative testimony does not support this conclusion. The legislative history supports the conclusion that the General Assembly created these funds separately from the State Road Fund intentionally.

Recommendation

The STO work with the General Assembly to ensure all investment interest income is handled in accordance with state law; and unless otherwise provided by law, ensure all interest received from the investment of state moneys is credited by the state treasurer to general revenue. In addition, the STO should credit interest earned on Funds 0324 and 0334 during fiscal year ended June 30, 2024, and interest earned on Funds 0324 and 0338 during fiscal year ended June 30, 2025, to the general revenue in compliance with state law.

¹⁹ House Bill 4, Second Regular Session, 102nd General Assembly (2024).



Office of State Treasurer
Management Advisory Report - State Auditor's Findings

Auditee's Response

The State Treasurer's response is included at Appendix H.

Auditor Comment

The State Treasurer's response correctly points out that Section 226.220, RSMo, creates "the State Road Fund," which shall receive all moneys and credits from the sale of state road bonds, federal funds intended for highways, state road bond and interest fund, and any other source if they are held for expenditure by the department of transportation. However, the State Treasurer's response fails to explain why moneys that are not held in the State Road Fund (Fund 0320) should still be treated as though they *are* held in the State Road Fund, why the interest in question was retained in Funds 0324 and 0338 rather than accruing to the State Road Fund (0320), or why the General Assembly would have directed the moneys to be held separately in Funds 0324 and 0338, if it had wanted those moneys to be held in the State Road Fund.

Appendix A

Office of State Treasurer Statement of Receipts, Disbursements, and Changes in Cash and Investments Year Ended June 30, 2024

STATE TREASURER'S GENERAL OPERATIONS FUND (0164)

Receipts	\$	2,958,118
Disbursements		<u>2,754,891</u>
Receipts Over (Under) Disbursements		<u>203,227</u>
Transfers In ¹		251
Transfers Out ²		<u>(1,205,472)</u>
Receipts Over (Under) Disbursements and Transfers		<u>(1,001,994)</u>
Cash and Investments, July 1		<u>2,460,959</u>
Cash and Investments, June 30	\$	<u><u>1,458,965</u></u>

TREASURER'S INFORMATION FUND (0255)

Receipts	\$	493
Disbursements		<u>0</u>
Receipts Over (Under) Disbursements		<u>493</u>
Transfers In		0
Transfers Out		<u>0</u>
Receipts Over (Under) Disbursements and Transfers		<u>493</u>
Cash and Investments, July 1		<u>2,861</u>
Cash and Investments, June 30	\$	<u><u>3,354</u></u>

MISSOURI EMPOWERMENT SCHOLARSHIP ACCOUNTS FUND (0278)

Receipts	\$	865,075
Disbursements		<u>333,956</u>
Receipts Over (Under) Disbursements		<u>531,119</u>
Transfers In		0
Transfers Out ²		<u>(76,917)</u>
Receipts Over (Under) Disbursements and Transfers		<u>454,202</u>
Cash and Investments, July 1		<u>852,248</u>
Cash and Investments, June 30	\$	<u><u>1,306,450</u></u>

CENTRAL CHECK MAILING SERVICE REVOLVING FUND (0515)

Receipts	\$	74,978
Disbursements		<u>69,746</u>
Receipts Over (Under) Disbursements		<u>5,232</u>
Transfers In		0
Transfers Out ²		<u>(10,016)</u>
Receipts Over (Under) Disbursements and Transfers		<u>(4,784)</u>
Cash and Investments, July 1		<u>10,971</u>
Cash and Investments, June 30	\$	<u><u>6,187</u></u>

Appendix A

Office of State Treasurer
Statement of Receipts, Disbursements, and Changes in Cash and Investments
Year Ended June 30, 2024

ABANDONED FUND ACCOUNT FUND (0863)

Receipts	\$ 142,126,419
Disbursements	<u>57,349,131</u>
Receipts Over (Under) Disbursements	<u>84,777,288</u>
Transfers In ³	13,015,338
Transfers Out ⁴	<u>(87,009,930)</u>
Receipts Over (Under) Disbursements and Transfers	<u>10,782,696</u>
Cash and Investments, July 1	<u>62,114,651</u>
Cash and Investments, June 30	<u><u>\$ 72,897,347</u></u>
 Total Cash and Investments, June 30, All Funds	 <u><u>\$ 75,672,303</u></u>

Note: State fund numbers are shown in parentheses after the fund names.

¹ Transfers In consist of net proceeds received from the sale of surplus property.

² Transfers Out generally include payments for fringe benefits and the state's cost allocation plan.

³ Transfers In generally include the receipt of outdated state checks by the Abandoned Fund Account Fund.

⁴ Transfers Out generally include payments for fringe benefits, distribution of excess cash balance of the Abandoned Fund Account Fund to the General Revenue Fund and the State Public School Fund, and distribution of certain unclaimed property values to the Mental Health Trust Fund in accordance with state laws.

The accompanying notes to the appendixes (Appendix G) are an integral part of this statement.

Source: Office of State Treasurer's Fiscal Year Ended June 30, 2024, Fund Activity Report.

Appendix B

Office of State Treasurer Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2023			2024		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND (0101)						
Issuing duplicate/outlawed checks	\$ 13,000,000	9,547,911	3,452,089	13,000,000	8,061,552	4,938,448
Refunds of excess interest from the linked deposit program	2,500	49	2,451	2,500	100	2,400
Total General Revenue Fund	13,002,500	9,547,960	3,454,540	# 13,002,500	8,061,652	4,940,848
STATE TREASURER'S GENERAL OPERATIONS FUND (0164)						
Personal service	2,137,837	1,780,761	357,076	2,395,825	2,150,721	245,104
Expense and equipment	856,195	444,339	411,856	706,202	343,515	362,687
Operation of state-owned facilities, utilities, systems furniture, and structural modifications - expense and equipment	214,609	211,410	3,199	267,249	260,655	6,594
Real Estate personal service	518	518	0	0	0	0
Total State Treasurer's General Operations Fund	3,209,159	2,437,028	772,131	# 3,369,276	2,754,891	614,385
TREASURER'S INFORMATION FUND (0255)						
Preparation and dissemination of information or publications, or for refunding overpayments	8,000	2,732	5,268	8,000	0	8,000
Total Treasurer's Information Fund	8,000	2,732	5,268	8,000	0	8,000
MISSOURI EMPOWERMENT SCHOLARSHIP ACCOUNTS FUND (0278)						
Personal service	198,366	94,483	103,883	221,611	130,693	90,918
Expense and equipment	821,924	395,752	426,172	809,025	203,263	605,762
Total Missouri Empowerment Scholarship Accounts Fund	1,020,290	490,235	530,055	1,030,636	333,956	696,680

Appendix B

Office of State Treasurer Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2023			2024		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
CENTRAL CHECK MAILING SERVICE REVOLVING FUND (0515)						
Personal service	14,624	13,756	868	15,340	13,249	2,091
Expense and equipment	100,000	48,921	51,079	100,000	56,497	43,503
Total Central Check Mailing Service Revolving Fund	114,624	62,677	51,947	115,340	69,746	45,594
ABANDONED FUND ACCOUNT FUND (0863)						
Personal service	758,961	614,160	144,801	880,050	633,284	246,766
Expense and equipment	123,600	122,511	1,089	123,600	122,734	866
Advertising and auctions	1,450,000	1,447,803	2,197	1,370,007	1,369,533	474
Payment of claims for abandoned property transferred by holders to the state	58,000,000	52,471,926	5,528,074	58,000,000	55,236,632	2,763,368
Total Abandoned Fund Account Fund	60,332,561	54,656,400	5,676,161	60,373,657	57,362,183	3,011,474
Total All Funds	\$ 77,687,134	67,197,032	10,490,102	77,899,409	68,582,428	9,316,981

Note: State fund numbers are shown in parentheses after the fund names.

The accompanying notes to the appendixes (Appendix G) are an integral part of this statement.

Source: State accounting records (SAM II).

Appendix C

Office of State Treasurer Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30,				
	2020	2021	2022	2023	2024
Salaries and wages	\$ 2,248,947	2,262,325	2,341,033	2,503,160	2,927,947
Travel, in-state	13,217	1,008	1,676	7,339	8,343
Travel, out-of-state	8,671	484	5,437	7,713	10,035
Supplies	209,143	236,342	258,078	165,674	291,067
Professional development	25,194	20,883	26,718	12,593	30,957
Communication services and supplies	113,161	122,151	163,379	133,219	107,849
Services:					
Professional	1,075,546	940,372	1,239,000	1,884,800	1,349,747
Housekeeping and janitorial	1,980	1,688	7,125	6,170	6,710
Maintenance and repair	84,011	58,260	160,454	210,122	217,981
Equipment:					
Computer	10,610	50,342	33,683	5,604	48,267
Motorized	47,176	0	0	0	0
Office	5,600	0	0	13,136	2,725
Other	0	0	1,007	0	8,256
Property and improvements	0	0	0	3,895	0
Building lease payments	192,981	191,765	210,810	214,032	266,954
Equipment rental and leases	15	0	75	0	0
Miscellaneous expenses	4,263	417	1,788	9,688	7,305
Refunds	198	1,289	30	49	100
Program distributions:					
Abandoned funds claim payments	38,218,447	44,603,810	46,412,390	52,471,927	55,236,633
Replacement of outlawed checks	2,629,571	2,973,294	5,210,291	9,547,911	8,061,552
Total Expenditures	\$ <u>44,888,731</u>	<u>51,464,430</u>	<u>56,072,974</u>	<u>67,197,032</u>	<u>68,582,428</u>

The accompanying notes to the appendixes (Appendix G) are an integral part of this statement.

Source: State accounting records (SAM II).

Appendix D

Office of State Treasurer
Comparative Statement of Funds in Custody of State Treasurer

	June 30,				
	2020	2021	2022	2023	2024
APPROPRIATED FUNDS					
Demand Deposits:					
US Bank	\$ 1,753,729	2,468,047	1,078,825	24,615	10,064,252
Central Bank	(38,912,763)	(81,910,694)	(75,160,060)	(97,808,347)	(81,319,567)
Principal Custody Solutions	0	0	6,757	0	0
Wells Fargo Bank	60,005,009	59,591,941	0	0	0
Commerce Bank	10,758,154	16,129,790	8,170,708	169,909	132,108
UMB Bank	2,369,409	4,602,369	1,016,430	1,095,292	1,003,714
Collection bank accounts	2,801,637	2,321,181	2,536,348	2,718,693	3,868,519
Total Demand Deposits	<u>38,775,175</u>	<u>3,202,634</u>	<u>(62,350,992)</u>	<u>(93,799,838)</u>	<u>(66,250,974)</u>
Pooled Investments:					
Time deposits	366,673,666	193,316,922	178,854,045	511,016,356	648,154,352
U.S. government securities	3,419,134,912	5,403,913,567	12,170,181,129	14,608,490,638	14,297,074,490
Commercial paper and banker acceptances	399,392,194	549,859,611	1,177,602,336	346,901,014	391,754,889
Repurchase agreements	<u>1,738,646,000</u>	<u>2,158,591,000</u>	<u>1,573,062,000</u>	<u>2,231,163,000</u>	<u>2,386,688,000</u>
Total Pooled Investments	<u>5,923,846,772</u>	<u>8,305,681,100</u>	<u>15,099,699,510</u>	<u>17,697,571,008</u>	<u>17,723,671,731</u>
Total Demand Deposits and Pooled Investments	<u>5,962,621,947</u>	<u>8,308,883,734</u>	<u>15,037,348,518</u>	<u>17,603,771,170</u>	<u>17,657,420,757</u>
Special Fund Dedicated Investments:					
U.S. government securities	59,648,576	64,607,356	52,825,715	67,460,685	68,940,565
Donated corporate stock	<u>5,130</u>	<u>5,130</u>	<u>5,130</u>	<u>5,130</u>	<u>5,130</u>
Total Special Fund Dedicated Investments	<u>59,653,706</u>	<u>64,612,486</u>	<u>52,830,845</u>	<u>67,465,815</u>	<u>68,945,695</u>
Total Appropriated Funds	<u>6,022,275,653</u>	<u>8,373,496,220</u>	<u>15,090,179,363</u>	<u>17,671,236,985</u>	<u>17,726,366,452</u>
NONAPPROPRIATED FUNDS					
Demand deposits	<u>13,552,430</u>	<u>12,840,639</u>	<u>13,927,719</u>	<u>16,120,455</u>	<u>16,922,530</u>
Total Nonappropriated Funds	<u>13,552,430</u>	<u>12,840,639</u>	<u>13,927,719</u>	<u>16,120,455</u>	<u>16,922,530</u>
Total Cash and Investments	<u>\$ 6,035,828,083</u>	<u>8,386,336,859</u>	<u>15,104,107,082</u>	<u>17,687,357,440</u>	<u>17,743,288,982</u>

The accompanying notes to the appendixes (Appendix G) are an integral part of this statement.

Source: Office of State Treasurer records.

Appendix E

Office of State Treasurer

Comparative Statement of Interest Received on Pooled Investments

	Year Ended June 30,				
	2020	2021	2022	2023	2024
INTEREST RECEIPTS					
Appropriated funds	\$ 76,066,140	36,264,936	45,014,386	325,171,699	533,140,026
Total Interest Receipts	\$ 76,066,140	36,264,936	45,014,386	325,171,699	533,140,026

The accompanying notes to the appendixes (Appendix G) are an integral part of this statement.

Source: Office of State Treasurer records.

Appendix F

Office of State Treasurer

Comparative Statement of Unclaimed Property Amounts Received, Returned, and Available to Owners

	Year Ended June 30,				
	2020	2021	2022	2023	2024
Total Unclaimed Property Received	\$ 89,672,836	103,685,859	119,327,507	147,080,513	155,219,137
Total Unclaimed Property Returned ¹	\$ 41,008,896	47,180,315	50,234,803	55,298,354	56,449,250
Cumulative Remaining Unclaimed Property Amount Available to Owners ²	\$ 1,211,074,573	1,271,111,475	1,344,672,170	1,440,497,175	1,542,954,546

¹ Total Unclaimed Property Returned includes amount of unclaimed property claims paid and value of securities reissued.

² The Cumulative Remaining Unclaimed Property Amount Available to Owners includes interest earned on certain interest bearing unclaimed properties.

The accompanying notes to the appendixes (Appendix G) are an integral part of this statement.

Source: Office of State Treasurer records.



Appendix G
Office of State Treasurer
Notes to Appendixes A through F

1. Basis of Presentation

Amounts presented in Appendixes A through F are reported on the budgetary or cash basis of accounting. The budgetary basis recognizes revenues as cash is received and expenditures as cash is disbursed. Missouri issues an Annual Comprehensive Financial Report (ACFR) for each fiscal year ended June 30, in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The financial activity of the Office of State Treasurer is included in the ACFR.

The amounts presented in Appendix A represent receipts, disbursements, transfers, and cash and investment balances of funds that are dedicated to the activities and programs of the office.

The amounts presented in Appendixes B and C represent funds appropriated to the office by the Missouri General Assembly and expended by the office.

The amounts presented in Appendixes D and E represent all funds in the state treasury and all trust funds in the custody of the State Treasurer, if any.

The amounts presented in Appendix F represent unclaimed property amounts received, returned, and available for owners. Unclaimed properties are held by the State Treasurer until returned to their rightful owners.

State treasury funds are subject to appropriation; trust funds are not. The appendixes do not include any funds or investments that are not in the custody of the State Treasurer.

2. Cash and Investments

Article IV, Section 15 of the Missouri Constitution establishes the State Treasurer as custodian of all state funds and funds received from the U.S. government. This section further authorizes the State Treasurer to place all such money on time deposit, bearing interest, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and the State Auditor, or in obligations of the U.S. government or any agency or instrumentality thereof maturing or becoming payable not more than 5 years from the date of purchase. In addition, the State Treasurer may enter into repurchase agreements maturing and becoming payable within 90 days, secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law. The State Treasurer may also invest in bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by at least 2 nationally recognized statistical rating organizations and in commercial paper, issued by domestic corporations receiving the highest rating issued by at least 2 nationally recognized statistical rating organizations. Investments in bankers' acceptances and commercial paper shall mature and become payable not more than 180 days from the date of purchase, maintain the highest rating throughout the duration of the investment and meet any other requirements provided by law. The State Treasurer shall prepare, maintain, and adhere to a written investment policy that shall include an asset allocation plan limiting



Appendix G
Office of State Treasurer
Notes to Appendixes A through F

the total amount of state money that may be invested in each investment category authorized by law.

Deposits

The State Treasurer maintains approximately 44 demand deposit bank accounts that serve as the state's primary operating accounts, and 71 additional demand deposit bank accounts throughout the state, some with multiple depositing locations, that serve as collection accounts for various state agencies. Cash balances in the state's operating accounts that are not needed for immediate use are invested.

The demand deposit accounts on Appendix D are used to manage the state's daily receipt, disbursement, and transfer activities and to segregate funds available for investing. The demand deposit accounts consist of the following:

Demand Deposit Accounts

	June 30, 2022		June 30, 2023		June 30, 2024	
	Bank Balance (\$)	Number of Accounts	Bank Balance (\$)	Number of Accounts	Bank Balance (\$)	Number of Accounts
US Bank	1,078,825	1	14,919	3	10,064,252	3
Central Bank	99,235,513	32	91,678,090	32	81,114,078	32
Commerce Bank	8,278,121	8	226,042	8	338,780	8
Principal Custody Solutions	6,757	1	0	0	0	0
UMB Bank	1,016,430	1	1,095,293	1	1,003,714	1
Collection bank accounts ¹	2,611,078	75	2,742,660	72	3,853,915	71

¹ The number of accounts at June 30, 2023, has been restated.

Banking service agreements on the operating demand accounts allow the State Treasurer to invest outstanding checks up until the checks clear the bank, thereby investing an amount in excess of book balances. Negative balances at June 30 (Appendix D) for any bank's appropriated funds demand deposits represent the book balance net of amounts invested.

The State Treasurer's deposits at June 30, 2024, were entirely covered by federal depositary insurance or by collateral securities held by the custodial banks in the State Treasurer's name.

To protect the safety of state deposits, Sections 30.270 and 110.020, RSMo, require depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation.

Investments

The State Treasurer's investments at June 30, 2024, are listed by type in the following table to give an indication of the level of risk assumed by the state at year-end. All investments are insured or registered, or have collateral held by the State Treasurer or a custodial bank in the state's name.



Appendix G
Office of State Treasurer
Notes to Appendixes A through F

Investments in Custody of State
Treasurer as of June 30, 2024

	Reported Amount	Fair Value
Time deposits	\$ 648,154,352	648,146,774
U.S. Government securities	14,366,015,055	13,921,034,694
Commercial paper	391,754,889	395,226,350
Repurchase agreements	2,386,688,000	2,386,688,000
Other investments	5,130	154,365
Total investments	\$ 17,792,617,426	17,351,250,183

Investments are recorded at acquisition cost except "other" investments, which are recorded at par value. Investments in time deposits and repurchase agreements are acquired at face value and earn a stated interest rate. Investments in U.S. government securities are acquired at fair value and mature at face value.

3. Special Fund Dedicated
Investments

The State Treasurer is assigned the authority for recording direct investments of special funds in the accounting system. The amounts presented as special fund dedicated investments in the appropriated funds on Appendix D include funds under the control of certain state agencies that represent specific investments made or held by the State Treasurer on behalf of the Pansy Johnson-Travis Memorial State Gardens Trust Fund and the State Public School Fund. The State Treasurer is responsible for purchasing, custodial, income collection, distribution, and record-keeping duties related to the investments of these funds.

The investments of the Pansy Johnson-Travis Memorial State Gardens Trust Fund are maintained in the instruments transferred to the State Treasurer from the previous trustee of the fund. The investment purchases for the State Public School Fund are made in accordance with the instructions of the State Public School Fund investment committee.

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VIVEK MALEK
MISSOURI STATE TREASURER

August 13, 2026

The Honorable Scott Fitzpatrick
Missouri State Auditor
Missouri State Capitol Building, Room 228
Jefferson City, Missouri

Dear Auditor Fitzpatrick,

The State Treasurer's Office ("STO") disagrees with the finding and recommendation.

At its core, the finding applies the wrong legal test. The relevant question is not how the moneys were appropriated, labeled, tracked, or assigned fund numbers. Rather, the controlling question is whether the interest earned on those moneys was subject to the legal restrictions governing State Road Fund moneys under Section 226.220, RSMo, such that the interest was lawfully retained by the funds rather than transferred to the general revenue. Based on the plain and unambiguous language of Section 226.220, RSMo, the answer is yes: the interest earned on those moneys remained subject to the same legal restrictions and was therefore lawfully retained by the funds.

Section 226.220 is unambiguous. It expressly provides that the "State Road Fund" shall receive "all moneys and credits" from "any other source" if they are "held for expenditure by or under the department of transportation or the state highways and transportation commission." § 226.220.1(4), RSMo. That is the statutory test, and it is the only test the statute provides.

While the finding correctly notes that Funds 0324, 0334, and 0338 were established through the appropriations process and not directly by the Missouri Constitution or by statute, that observation does not resolve the legal issue. Nevertheless, the finding repeatedly asserts that the STO provided no legal authority supporting the retention of interest earnings and no authority supporting its position that the moneys held in those funds are subject to Section 226.220. That assertion is incorrect and unsupported by the record.

The STO provided statutes, case law, financing agreements, and contemporaneous agency documentation supporting its position. That documentation included records and communications from the Office of Administration, MoDOT, and the Missouri Highways and Transportation Commission ("Commission") reflecting the State's contemporaneous understanding, administration, and treatment of these moneys as State Road Fund related moneys subject to Section 226.220. The finding ultimately rejects the STO's interpretation of those authorities, but it cannot reasonably characterize the record as containing no supporting authority. A disagreement regarding the meaning of legal authority is not the same thing as an absence of legal authority.

More significantly, the finding largely avoids addressing the legal authorities submitted by the STO and instead relies on accounting classifications and administrative labels. The finding places substantial weight on the fact that Funds 0324 and 0338 were assigned separate fund numbers during the appropriations process and were not transferred directly into Fund 0320, the accounting fund titled "State Road Fund." Yet the finding identifies no constitutional provision, statute, regulation, case law, or other legal authority requiring State Road Fund moneys to be held under a single fund number, assigned a particular accounting code, maintained within a particular administrative structure, or deposited directly into Fund 0320. The finding's conclusion therefore rests on distinctions that may be relevant for accounting or appropriations purposes but find no support in the text of Section 226.220. Indeed, the finding identifies no authority demonstrating that such accounting distinctions determine whether moneys fall within Section 226.220.

The fundamental flaw in the finding is that it substitutes an extra-statutory accounting and appropriations test for the statutory standard enacted by the General Assembly. The finding never explains why the statutory requirement that moneys be "held for expenditure by or under" MoDOT or the Commission should be disregarded and replaced with a test based on fund numbering conventions, accounting treatment, or appropriations mechanics. Nor does the finding identify any legal authority authorizing such a substitution.

Section 226.220, RSMo, imposes none of the requirements on which the finding relies. Instead, the statute focuses on the source, purpose, and use of the moneys. As relevant here, the State Road Fund consists of moneys and credits received from "any other source" that are held for expenditure by or under MoDOT or the Commission. Under the plain language of the statute, if the moneys are held for expenditure by or under MoDOT or the Commission, Section 226.220 applies.

The appropriation establishing Fund 0324 further undermines the finding's analysis. The General Assembly appropriated moneys to the State Road Fund I-70 Project Fund (Fund 0324), not merely an I-70 Project Fund. While not dispositive, that designation is consistent with the STO's position that the fund was intended to hold State Road Fund moneys subject to Section 226.220. The finding does not meaningfully address this fact. Instead, it assigns controlling significance to the existence of a separate accounting fund number. In effect, the finding treats an accounting or appropriation designation as legally dispositive, even though it identifies no authority permitting such designations to override the statutory standard established by Section 226.220.

The finding correctly notes that Section 30.240, RSMo, generally requires interest earned on state moneys to be credited to the general revenue unless otherwise provided by law. The STO has never disputed that general proposition. Rather, the STO's position has consistently been that other provisions of Missouri law, including Sections 33.543, 226.200, and 226.220, RSMo, provide the governing legal framework for these funds and the interest earned thereon. Indeed, Section 30.240 expressly recognizes that interest need not be credited to the general revenue when "otherwise provided by law." Section 226.220 is such a provision. It provides that the State Road Fund shall receive moneys and credits from "any other source" when those moneys are held for expenditure by or under MoDOT or the Commission. The STO presented legal analysis, financing agreements, and supporting authority explaining why those provisions apply and why the interest earnings should remain with the State Road Fund-related funds. The finding ultimately rejects that analysis, but rejection of an argument is not evidence that the argument lacks legal support. The STO likewise rejects the finding's assertion that no authority supports treating Funds 0324 and 0338 as State Road Fund moneys subject to Section 226.220. Nothing in Section 226.220 conditions its application on

the assignment of a particular fund number, accounting designation, or appropriations classification. The finding identifies no language in any statute imposing such conditions because none exists.

The funds at issue were created solely to receive, hold, and administer moneys dedicated to specific transportation projects and could be expended only for transportation purposes through MoDOT-administered expenditures. Those are the facts that matter under Section 226.220. By contrast, the accounting distinctions emphasized throughout the finding have no identified basis in the statute and do not alter the legal character of the moneys. As a result, the finding elevates accounting form over legal substance, disregards the plain language of Section 226.220, and replaces the statutory test with one found nowhere in Missouri law. Because the finding replaces the statutory standard enacted by the General Assembly with an extra-statutory test based on accounting classifications and fund numbering conventions, the STO disagrees with the finding and recommendation.

Sincerely,

A handwritten signature in black ink that reads "Vivek Malek". The signature is written in a cursive, flowing style.

VIVEK MALEK
Missouri State Treasurer