Cash Management Improvement Act Agreement
between
The State of Missouri
and
The Secretary of the Treasury,
United States Department of the Treasury

The Secretary of the Treasury, United States Department of the Treasury (hereafter 'Secretary'), and State of Missouri (hereafter 'State'), in order to implement Section 5 of the Cash Management Improvement Act of 1990, as amended (hereafter 'Act'), agree as follows:

1.0 AGENTS OF THE AGREEMENT

1.1 The Authorized Official(s) for the State of Missouri shall be the the Director of the Division of Accounting in all matters concerning this Agreement.

1.2 The Assistant Commissioner, Revenue Collections Management, Bureau of the Fiscal Service (Fiscal Service), U.S. Department of the Treasury, shall act as the Secretary's representative in all matters concerning this Agreement.

2.0 AUTHORITY

2.1 The authority for this Agreement is the Cash Management Improvement Act of 1990 (Public Law 101-453), as amended by the Cash Management Improvement Act of 1992 (Public Law 102-589), codified at 31 U.S.C. 6501 and 31 U.S.C. 6503.

2.2 The regulations codified at 31 CFR Part 205 shall apply to all matters pertaining to this Agreement, and are incorporated herein by reference herein. In the event of any inconsistency between this Agreement and 31 CFR Part 205, the regulations shall govern.

3.0 DURATION, AMENDING, TERMINATING, AND MISCELLANEOUS PROVISIONS

3.1 This Agreement shall take effect on 07/01/2014 and shall remain in effect until 06/30/2015.

3.2 This Agreement may be amended at any time by written, mutual consent of the State and the Fiscal Service. This Agreement shall be amended annually to incorporate new programs that qualify as major Federal assistance programs and remove programs that no longer qualify as major Federal assistance programs. A State must notify the Fiscal Service in writing within 30 days of the time the State becomes aware of a change that involves additions or deletions of programs subject to Subpart A, changes in funding techniques, and/or changes in clearance patterns. The notification must include a proposed amendment for review by the Fiscal Service.

3.3 Notwithstanding section 3.2, in the event of Federal or State non-compliance with Subpart B of 31 CFR, Part 205, the Fiscal Service may amend this Agreement at any time to incorporate additional programs and the entities that administer those programs.

3.3.1 The State may also request an amendment to this Agreement at any time to incorporate additional programs and the entities that administer those programs. This provision may only be invoked once all parties to the Agreement have been fully consulted.

3.4 This Agreement may be terminated by either party with 30 days' written notice. If this Agreement is terminated, the Fiscal Service will prescribe the funding techniques, clearance patterns, and methods for calculating interest liabilities to be used by the State.

4.0 PROGRAMS COVERED

4.1 The State's threshold and its major Federal assistance programs shall be determined based on section 205.5 "Thresholds for major federal assistance programs" of the regulations codified at 31 CFR Part 205, as it applies to the programs listed in the State of Missouri Single Audit for fiscal year ending 06/30/2013.

All major Federal assistance programs shall be covered by this Agreement, unless otherwise specified in section 4.4 of this Agreement.

4.2 The State's threshold for major Federal assistance programs is $60,000,000.

The following programs meet or exceed the threshold and are not excluded in Section 4.4:

10.551 Supplemental Nutrition Assistance Program
10.553 School Breakfast Program
10.555 National School Lunch Program
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
17.225S Unemployment Insurance -- State Benefit Account
20.205 Highway Planning and Construction
66.458 Capitalization Grants for State Revolving Funds
84.010 Title I Grants to Local Educational Agencies
84.027 Special Education -- Grants to States
93.558 Temporary Assistance for Needy Families
93.568 Low-Income Home Energy Assistance
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.767 Children's Health Insurance Program
93.778 Medical Assistance Program

4.3 The following programs fall below the State's threshold but have been required to be covered by FMS in accordance with the non-compliance provisions of Subpart B of 31 CFR Part 205:

There are currently no programs listed for Section 4.3.

4.4 The following programs exceed the State's threshold but have been excluded from coverage for the reason indicated:

84.032 Federal Family Education Loans — Exclusion:Non-State
93.268 Immunization Grants — Exclusion:Non-Cash

5.0 ENTITIES COVERED

5.1 State agencies and instrumentalities that meet the definition of a State per 31 CFR Part 205, shall be subject to the terms of this Agreement. The following is a list of such entities that administer funds under the programs listed in Section 4.0 of this Agreement:

Department of Elementary and Secondary Education

Department of Health and Senior Services
Department of Labor and Industrial Relations
Department of Natural Resources
Department of Social Services
Department of Transportation

5.2 Entities that meet the definition of a Fiscal Agent per 31 CFR Part 205 shall be subject to the terms of this Agreement. The following is a list of Fiscal Agents that administer funds under the programs listed in the Section 4.0 of this Agreement:

E-Funds Corporation 10.551 Supplemental Nutrition Assistance Program
Solutran 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

6.0 FUNDING TECHNIQUES

6.0.1 The State's Constitution and Statutes require that funds must be on deposit in the State Treasury prior to the certification and issuance of payments. As a result, the State shall primarily utilize the pre-issuance funding technique.

6.1 General Terms

6.1.1 The State shall request Federal funds in accordance with the appropriate cut-off times shown in Exhibit I to ensure funds will be received and credited to a State account by the times specified in the funding techniques. Exhibit I is incorporated by reference herein.

6.1.2 The State shall schedule the receipt of Federal funds such that the funds are received and credited to a State account in accordance with the clearance patterns specified in Exhibit II - List of State Clearance Patterns. Exhibit II is incorporated by reference herein.

6.1.3 In instances where the receipt of funds is scheduled for a Saturday, the State shall request funds for deposit on Friday. In instances where the receipt of funds is scheduled for a Sunday, the State shall request funds for deposit on Monday. In instances where the receipt of Federal funds is scheduled for deposit on a day when the State is not open for business, the State shall request funds for deposit the day following the scheduled day; in instances where the receipt of Federal funds is scheduled for deposit on a day when the Federal Government is not open for business, the State shall request funds for deposit the day prior to the scheduled day.

6.1.4 Estimates and Reconciliation of Estimates:
Where estimated expenditures are used to determine the amount of the drawdown, the State will indicate in the terms of the State unique funding technique how the estimated amount is determined and when and how the State will reconcile the difference between the estimate and the State's actual expenditures.

6.1.5 Supplemental Funding:
Unless otherwise defined by program rules, Supplemental Funding is the award of additional funds to provide for an increase in costs due to unforeseen circumstances.

The State will comply with all Federal program agency policies and procedures for requesting supplemental grant funding.

The State will comply with the following guidelines when requesting supplemental funding for the Medical Assistance Program and associated administrative payments (CFDA 93.778):

The State must submit a revised Medicaid Program Budget Report (CMS-37) to request supplemental funding. The CMS

guidelines and instructions for completing the CMS-37 are provided in Section 2600F of the State Medicaid Manual (SMM). The CMS/CO must receive the revised Form CMS-37 through the Medicaid Budget Expenditure System/Children's Budget Expenditure System (MBES/CBES) no later than 10 calendar days before the end of the quarter for which the supplemental grant award is being requested.

Additional guidance on this policy is available from the respective CMS Regional Office, U.S. Department of Health & Human Services.

The State will comply with the following guidelines when requesting supplemental funding for TANF (CFDA 93.558), CCDF (CFDA 93.575), CSE (93.563), and the FC/AA (CFDA 93.658 and CFDA 93.659) programs administered by the U.S. Department of Human Services, Administration for Children and Families (HHS/ACF):

a. Timing of the Request
A State should initiate its request for supplemental funding during a quarter as soon as it becomes aware of the fact that a shortfall does/will exist. For the TANF and CCDF grants, supplemental funding requests (estimates) may be submitted by a State, for consideration by ACF, up through and including the 15th day of the third month of the first, second or third quarter of any fiscal year. Since TANF and CCDF are block grant programs, all unawarded portions of the annual allotment will automatically be issued at the beginning of the fourth quarter. Therefore, supplemental funding requests will not be available during the fourth quarter for these programs. For the CSE and FC/AA programs, supplemental funding requests may be submitted by a state, for consideration by ACF, up through and including the 15th day of the third month of any quarter of a fiscal year.

b. Justification for the Request
The request for a supplemental funding for any of the above mentioned programs should contain a justification clearly documenting the need for the additional funding authority during the current quarter. This documentation should be in the form of State accounting records or similar documents that will show the actual expenditures through the most recent month for which such data are available, as well as the State's most accurate projection of its anticipated expenditures during the remaining month(s) of the quarter. For either the TANF or the CCDF program, the State's justification should also include an explanation of the activities requiring the obligation and/or expenditure of amounts that exceed the normal quarterly grant award restrictions and why these activities could not have been delayed until the next quarter.

c. Form Submittal
Supplemental funding requests should be made by completing the appropriate ACF quarterly report of expenditures and estimates applicable to the particular program for which the grant award request is being made.

d. Approval Process
Upon receipt of the state's request for additional funding authority for a quarter, the ACF Regional Office will promptly review the supporting documentation. If the request is properly justified, so long as ACF has adequate funding availability, the State's request will be expedited and supplemental funding will be issued within 5 days of ACF receiving the request. The State will be notified by the Regional Office when the supplemental award has been transmitted to the Payment Management System (PMS) and when it may initiate drawdowns against the supplemental funding.

Additional guidance on this policy is provided in the U.S. Department of Health & Human Services, Administration for Children and Families, letter (May 19, 2004) to State Administrators from the Deputy Assistant Secretary for Administration.

6.2 Description of Funding Techniques

6.2.1 The following are terms under which standard funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Actual Clearance, ZBA - ACH

The State shall request funds such that they are deposited by ACH in a State account on the settlement date of payments issued by the State.The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I.The amount of the request shall be for the amount of funds that clear the State's account on the settlement date. This funding technique is interest neutral.

6.2.2 The following are terms under which funding techniques for administrative costs shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

There are no funding techniques listed in Section 6.2.2

6.2.3 The following are terms under which miscellaneous funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Capitalization Grants for State Revolving Funds

The State shall request funds to minimize the time between the drawdown of funds from Treasury and their deposit into the revolving fund. The timing of the drawdown of Federal funds for deposit to the revolving fund is subject to the interest provisions of 31 CFR Part 205, however there is an interest exemption for the interest the State earns once the funds are deposited into the revolving fund.The request for funds shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I.The amount of the request shall be for the amount of the funds to be used for immediate program purposes. The State will not incur an interest liability for interest earned on revolving fund loans. This funding technique is interest neutral.

6.2.4 The following are terms under which State unique funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Cost Allocation Modified

The State costs incurred under this program component are covered by the Public Assistance Cost Allocation Plan approved by the U.S. Department of Health and Human Services. This schedule involves a weekly drawdown for non-personal service expenditures as incurred and a bi-monthly drawdown for personal services, fringe benefits and indirect costs. This schedule is based on historical spending patterns. The State has scheduled payroll cut-off dates that are used to set the basis for the weekly draws. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request will be based on historical spending patterns and reconciliation to actual costs, which happens approximately 30-45 days after the end of the quarter and future draws adjusted accordingly. The costs drawdown represent costs previously incurred and would result in no interest liability. This funding technique is interest neutral.

Estimated Clearance Modified-Federal

The Department of Labor and Industrial Relations CFDA 17.225F Unemployment Insurance-Federal Benefit Account portion only, shall apply a rolling estimated clearance funding technique that includes drawing down funds from the Unemployment Trust Fund (UTF) on a delayed draw of seven days after checks are issued. Whatever checks cleared during the day are posted by the Department of Labor and Industrial Relations to a cash journal and are drawn down 7

days later. The draws are deposited by ACH in the State's bank account in accordance with the appropriate Federal agency cut-off time specified in Exhibit I and are equal to one day's benefit payments. Federal regulations limit the amount in the benefit account to the amount needed to pay the checks for 1 day. This funding technique therefore does not result in a State interest liability. This funding technique is interest neutral.

Indirect Cost Rate - Monthly (Modified)

The State shall apply the recipient department's indirect cost rate to direct costs and shall request the funds monthly based upon the exact amount of the disbursement when available. The request will be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. These indirect costs are not subject to an interest liability. This funding technique is interest neutral.

Indirect Cost Rate and Network Allocation

The State shall apply the recipient department's indirect cost rate to direct payroll and allocate network costs and will draw down the funds monthly. The request will be made in accordance with cut-off times specified in Exhibit I. The amount of the funds is based on the actual amount of the expense. These costs are not subject to an interest liability. This funding technique is interest neutral.

Pre-Issuance Modified

The State shall request funds such that they are deposited in a State account not more than two days prior to the State's certification and disbursement of a payment. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be for the actual amount of the disbursement when available. If the actual amount is not available, an estimate will be used and reconciled to actual costs approximately 30-45 days after the end of the quarter and future draws adjusted accordingly. This funding technique is not interest neutral.

Note (1): Since November 1, 2000, the Department of Transportation fringe benefit costs are billed to the Federal Highway Administration on or after the payment date. MoDOT bills the FHWA for equipment usage on or after the date the equipment is used on a federally participated project. Therefore, Federal interest liabilities shall only accrue from the time the State submits a request for Federal funds until the time those funds are received. This funding technique is not interest neutral.

Zero Balance Accounting

The Department of Labor and Industrial Relations CFDA 17.225S Unemployment Insurance-State Benefit Account shall apply a zero balance funding method. The State shall request funds daily in accordance with the cut-off time specified in Exhibit I. The amount requested is deposited by ACH in the State's bank account and is equal to one day's estimated disbursements calculated daily based on overnight clearings from the Federal Reserve and the current day's actual disbursements. The daily disbursements estimate is reconciled with the actual disbursements for that day. The subsequent requests are adjusted accordingly. This funding technique is interest neutral.

6.3 Application of Funding Techniques to Programs

6.3.1 The State shall apply the following funding techniques when requesting Federal funds for the component cash flows of the programs listed in sections 4.2 and 4.3 of this Agreement.

6.3.2 Programs

Below are programs listed in Section 4.2 and Section 4.3.

10.551 Supplemental Nutrition Assistance Program
Recipient: Department of Social Services
% of Funds Agency Receives: 100.00
Component: Benefit
Technique: Actual Clearance, ZBA - ACH
Average Day of Clearance: 0 Days

10.553 School Breakfast Program
Recipient: Department of Elementary and Secondary Education
% of Funds Agency Receives: 100.00
Component: Benefit
Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

10.555 National School Lunch Program
Recipient: Department of Elementary and Secondary Education
% of Funds Agency Receives: 100.00
Component: Benefit
Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
Recipient: Department of Health and Senior Services
% of Funds Agency Receives: 1.00
Component: Indirect and Network Cost
Technique: Indirect Cost Rate and Network Allocation
Average Day of Clearance: 2 Days

Recipient: Department of Health and Senior Services
% of Funds Agency Receives: 77.00
Component: Benefit
Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

Recipient: Department of Health and Senior Services
% of Funds Agency Receives: 22.00
Component: Direct Administrative Cost
Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
Recipient: Department of Labor and Industrial Relations
% of Funds Agency Receives: 68.00

Component: Benefit
Technique: Estimated Clearance Modified-Federal
Average Day of Clearance: N/A

Recipient: Department of Labor and Industrial Relations
% of Funds Agency Receives: 5.00
Component: Direct Administrative Non-Payroll
Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

Recipient: Department of Labor and Industrial Relations
% of Funds Agency Receives: 27.00
Component: Direct Administrative Payroll
Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

17.225S Unemployment Insurance -- State Benefit Account
Recipient: Department of Labor and Industrial Relations
% of Funds Agency Receives: 100.00
Component: Benefit
Technique: Zero Balance Accounting
Average Day of Clearance: 0 Days

20.205 Highway Planning and Construction
Recipient: Department of Transportation
% of Funds Agency Receives: 100.00
Component: Benefit - See Pre-Issuance Modified Note (1)
Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

66.458 Capitalization Grants for State Revolving Funds
Recipient: Department of Natural Resources
% of Funds Agency Receives: 100.00
Component: Direct Cost
Technique: Capitalization Grants for State Revolving Funds
Average Day of Clearance: 0 Days

84.010 Title I Grants to Local Educational Agencies
Recipient: Department of Elementary and Secondary Education
% of Funds Agency Receives: 100.00
Component: Benefit
Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

84.027 Special Education -- Grants to States
Recipient: Department of Elementary and Secondary Education
% of Funds Agency Receives: 1.00
Component: Indirect Costs
Technique: Indirect Cost Rate - Monthly (Modified)
Average Day of Clearance: 2 Days

Recipient: Department of Elementary and Secondary Education
% of Funds Agency Receives: 88.00
Component: Benefit
Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

Recipient: Department of Elementary and Secondary Education
% of Funds Agency Receives: 10.00
Component: Direct Administrative Non-Payroll
Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

Recipient: Department of Elementary and Secondary Education
% of Funds Agency Receives: 1.00
Component: Direct Administrative Payroll
Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

93.558 Temporary Assistance for Needy Families
Recipient: Department of Social Services
% of Funds Agency Receives: 21.00
Component: Direct Administrative Non-Payroll
Technique: Cost Allocation Modified
Average Day of Clearance: 3 Days

Recipient: Department of Social Services
% of Funds Agency Receives: 5.00
Component: Direct Administrative Payroll
Technique: Cost Allocation Modified
Average Day of Clearance: 3 Days

Recipient: Department of Social Services
% of Funds Agency Receives: 1.00
Component: Indirect Cost
Technique: Cost Allocation Modified
Average Day of Clearance: 3 Days

Recipient: Department of Social Services
% of Funds Agency Receives: 73.00
Component: Benefit

Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

93.568 Low-Income Home Energy Assistance
Recipient: Department of Social Services
% of Funds Agency Receives: 6.00
Component: Direct Administrative Non-Payroll
Technique: Cost Allocation Modified
Average Day of Clearance: 10 Days

Recipient: Department of Social Services
% of Funds Agency Receives: 0.50
Component: Direct Administrative Payroll
Technique: Cost Allocation Modified
Average Day of Clearance: 10 Days

Recipient: Department of Social Services
% of Funds Agency Receives: 0.50
Component: Indirect Cost
Technique: Cost Allocation Modified
Average Day of Clearance: 10 Days

Recipient: Department of Social Services
% of Funds Agency Receives: 93.00
Component: Benefit
Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Recipient: Department of Social Services
% of Funds Agency Receives: 1.00
Component: Direct Administrative Non-Payroll
Technique: Cost Allocation Modified
Average Day of Clearance: 0 Days

Recipient: Department of Social Services
% of Funds Agency Receives: 4.00
Component: Direct Administrative Payroll
Technique: Cost Allocation Modified
Average Day of Clearance: 0 Days

Recipient: Department of Social Services
% of Funds Agency Receives: 95.00
Component: Benefit
Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

93.767 Children's Health Insurance Program
Recipient: Department of Social Services
% of Funds Agency Receives: 2.00
Component: Direct Administrative Non-Payroll
Technique: Cost Allocation Modified
Average Day of Clearance: 2 Days

Recipient: Department of Social Services
% of Funds Agency Receives: 98.00
Component: Benefit
Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

93.778 Medical Assistance Program
Recipient: Department of Social Services
% of Funds Agency Receives: 1.00
Component: Direct Administrative Non-Payroll
Technique: Cost Allocation Modified
Average Day of Clearance: 2 Days

Recipient: Department of Social Services
% of Funds Agency Receives: 1.00
Component: Direct Administrative Payroll
Technique: Cost Allocation Modified
Average Day of Clearance: 2 Days

Recipient: Department of Social Services
% of Funds Agency Receives: 98.00
Component: Benefit
Technique: Pre-Issuance Modified
Average Day of Clearance: N/A

6.3.3 Materiality Exemptions

Agencies exempt from coverage on the basis of materiality:

Agencies exempt from coverage on the basis of materiality.

7.0 CLEARANCE PATTERNS

7.0.1 For the State of Missouri, a clearance pattern shall be defined as a dollar-weighted frequency distribution identifying the percentage of funds debited against the State's general disbursements account each day subsequent to issuance date.

7.1 The State shall develop separate clearance patterns for each of the following:

Programs or Program Components identified in Section 4.2 and 6.3.2 of this agreement, provided a clearance pattern is required for either drawdown or interest calculation purposes in accordance with the funding technique selected.

7.2 The following shall develop the State's clearance patterns:

The Office of the Missouri State Treasurer.

7.3 The sources of data the State shall use when developing its clearance patterns are as follows:

Check disbursement data provided by each applicable entity to the Office of the Missouri State Treasurer.

7.3.1 Disbursements made by entities receiving program funding below the materiality provisions defined in Section 6.3.3 of this agreement, shall not be included in the development of clearance patterns.

7.4 The State shall use the following methodology when developing its clearance patterns:

When developing each clearance pattern, the State shall track at least 99% of the funds disbursed, from issuance to clearance, for a period of at least three months.

7.4.1 Each reporting entity shall provide to the Office of the State Treasurer, a file containing three months of program disbursement data for each covered program or program component requiring the development of a seperate clearance pattern.

7.5 The State shall identify for each check or warrant (hereafter, check) in the population: (1) the date the check was released for payment; (2) the date the check was debited from the State's account, and, (3) the amount of the check.

7.5.1 In addition, the check number and the CFDA number for each applicable program shall be provided to the Office of the State Treasurer along with the other disbursement data sited in Section 7.5 for their use in developing clearance patterns.

7.6 The State shall use the following method to calculate the dollar-weighted average day of clearance:

To determine the number of days each check was outstanding (clearance time), the issue date shall be subtracted from the date the check cleared the State's account.

To determine the percentage of the disbursement paid out each day following issuance, the amount of the checks that clear the State's account each day shall be summed and then divided by the amount of the total disbursement.

For each day following issuance, the clearance time of the checks paid out that day shall be multiplied by the percentage of the total disbursement those checks represent. This product is the clearance factor.

The dollar-weighted average day of clearance for the disbursement shall be determined by summing the clearance factor of each day following the disbursement.

7.6.1 The Office of the State Treasurer shall run files against both their outstanding check files and paid check files. An error report shall be generated listing all unmatched items. (Unmatched items normally include key entry errors or cancelled checks.) Unmatched items shall be excluded from the sample population at that point, and not considered in any subsequent portion of the clearance pattern development process.

7.6.2 The Office of the State Treasurer shall append clearance dates to each disbursement, and where appropriate, indicate unpaid or outstanding checks.

7.6.3 The final product developed by the Office of the State Treasurer shall be a summary clearance pattern for each applicable program or program component, listing the number of calendar days between issuance date and clearance

date(issuance date = Day 0), and the total funds cleared on any given day subsequent to issuance.

7.6.4 ACH payments related to any applicable program (during the sample time period) shall be compiled and integrated into the overall clearance pattern at an agency level. ACH payments are included in the clearance pattern development. They are identified on the agency disbursement files and assigned a clearance time of 0 days by default.

7.6.5 A composite clearance pattern shall be developed for payroll disbursement, and shall be made available to all entities with programs having payroll expenditures. The composite pattern shall be developed using three months of State payroll data as provided from the Office of Administration. No distinction shall be made between State and Federal funds in the development of this clearance pattern.

7.7 The State shall adjust each clearance pattern to reflect the dollar-weighted proportion of funds paid out by EFT/Direct payroll, with the following exceptions:

None.

The State shall also adjust each clearance pattern to reflect:

None.

7.8 Each of the State's clearance patterns is calculated in calendar days.

7.9 An authorized State official shall certify that each clearance pattern developed by the State accurately corresponds to the clearance activity of the programs to which it is applied. This certification shall be provided to the Fiscal Service prior to the effective date of the Agreement. The State shall recertify its clearance patterns at least every five years.

7.10 The State shall follow the procedures of 31 CFR 205 if it has actual or constructive knowledge, at any time, that a clearance pattern does not correspond to a program's clearance activity.

8.0 INTEREST CALCULATION METHODOLOGY

8.1 General Terms

8.1.1 The State and the Secretary agree that no interest liabilities will be incurred for transfers of funds made in accordance with the procedures specified in section 6 of this Agreement where the following funding techniques are applied:

Actual Clearance, ZBA - ACH
Capitalization Grants for State Revolving Funds
Cost Allocation Modified
Estimated Clearance Modified-Federal
Indirect Cost Rate - Monthly (Modified)
Indirect Cost Rate and Network Allocation
Zero Balance Accounting

8.1.2 The State shall maintain information on disbursements and receipts of funds to verify the implementation of any funding technique and document interest liabilities.

For each disbursement, the State shall be able to identify:
(1) amount of the issuance
(2) date of issuance
(3) date Federal funds are received and credited to a State account

(4) amount of Federal funds received
(5) date funds were requested

8.2 Federal Interest Liabilities

8.2.1 A Federal interest liability shall accrue from the day the State pays out its own funds for program purposes to the day Federal funds are credited to a State account. With regard to funds transferred out of the Federal Highway Trust Fund, if a State does not bill at least weekly for current project costs, the Federal interest liability shall not accrue prior to the day the State submits a request for funds.

8.2.2 The State shall use the following method to calculate Federal interest liabilities:

For all transactions where the State pays out its own funds for program purposes prior to receiving Federal funds, the State shall track each payment from the date it is paid out of a State account to the date Federal funds are subsequently credited to a State account to cover that outlay. The Federal interest liability on each payment shall be based on the difference in whole days between the two events. With Federal-State matching programs, interest shall be calculated on the Federal percentage of the disbursement.

8.3 The Unemployment Trust Fund

8.3.1 The State shall use the following method to calculate State interest liabilities on funds withdrawn from the several accounts in the Unemployment Trust Fund:

The State shall use the following methodology to calculate State interest liabilities on funds withdrawn from the State account in the UTF under the Unemployment Insurance program.

Based on statements provided by its financial institution (or other appropriate sources), the State shall determine the actual interest earnings and the related banking costs attributable to funds withdrawn from its account in the UTF. At the end of the States fiscal year, the State shall calculate the percentage of its total unemployment compensation expenditures for (1) funds withdrawn from the State account in the UTF, or the State %, and (2) funds withdrawn from the Federal Employees Compensation Account (FECA) and the Extended Unemployment Compensation Account (EUCA) and any other accounts of Federal funds in the UTF, or the Federal %.

The actual interest earnings of the benefit payment account on the whole constitute the actual interest earnings attributable to funds withdrawn from the State account in the UTF, since the State shall apply an appropriate interest neutral funding technique, to funds withdrawn from the FECA and EUCA and any other benefit accounts of Federal funds in the UTF from which the State draws.

The State shall calculate the related banking costs attributable to funds withdrawn from the State account in the UTF by multiplying the State % by the amount of the related banking costs of the benefit payment account as a whole. The States liability for interest on funds withdrawn from its account in the UTF shall consist of the actual interest earnings of the benefit payment account on the whole less the related banking costs attributed to such funds.

8.4 Refund Liabilities

8.4.1 The State shall be liable for interest on refunds from the date the refund is credited to a State account until the date the refund is debited from the State account for program purposes. The State shall apply a $50,000 refund transaction threshold below which the State shall not incur or calculate interest liabilities on refunds. A transaction is defined as a single deposit.

8.4.2 For each refund, the State shall maintain information identifying:
(1) date a refund is credited to a State account
(2) date of the subsequent deposit of Federal funds against which the refund is offset
(3) amount of the refund

8.4.3 The State shall use the following methodology to calculate interest liabilities on refunds:

Interest shall be calculated from the time the refund is received until the refund is paid out for program purposes. Typically, the refunded amount shall be offset against a subsequent Federal drawdown. In these instances, interest shall continue accruing until that offset amount has been paid out.

Each State agency shall manually track and document refunds, which shall be offset against subsequent drawdowns of Federal funds, rather than returned to the Federal Government. Each State agency shall maintain a separate account identifying 1) the date the refund is credited to a State account, 2) the date of the subsequent deposit of Federal funds against which the refund is offset, and 3) the amount of the refund.

With programs to which non-interest neutral or Pre-Issuance funding technique shall be applied, the State interest liability shall be based on three periods: 1) the difference in whole days between the date the refund is deposited to a State account and the date the refund is offset against a subsequent deposit of Federal funds; 2) the difference in whole days between the date the refund is offset against a subsequent deposit of Federal funds and the date the related payment is issued (Pre-Issuance Time); and 3)the difference in whole days between the date the related payment is issued and the date the payment is redeemed (Clearance Pattern).

Interest on refunds during period 1 will be calculated using the information recorded in a separate account. Interest on refunds during period 2 and 3 will be captured under the State method for calculating interest under pre-issuance funding. Under this method, interest is calculated on totals disbursed, which includes refunds on hand as well as amounts drawn. The reported interest liability for refunds, therefore, will reflect period 1 only.

8.5 Exemptions

8.5.1 Where more than one State agency is a recipient of Federal funds under a program, a particular State agency's funding may be excluded from interest calculation procedures if the State agency receives an amount of funds less than 5 % of the State's threshold for major Federal assistance programs. Notwithstanding this potential exemption, however, in no case shall less than 90% of a program's total funding be subject to interest calculation procedures.

Proration of calculations: If less than total program funding is subject to interest calculation procedures, the resulting interest liability calculations shall be prorated to 100% of program funding.

8.5.2 Additional Exemptions:

Special Supplemental Food Program for Women, Infants, and Children, CFDA # 10.557

Interest on Special Supplemental Food Program for Women, Infants, and Children (WIC) rebates when used for program purposes shall be exempt from interest liability pursuant to Public Law 103-111.

8.6 State Interest Liabilities

8.6.1 The State shall be liable for interest on Federal funds from the date Federal funds are credited to a State account until the date those funds are paid out for program purposes.

8.6.2 The State shall use the following method to calculate State interest liabilities on Federal funds:

8.6.2.1 Measuring Time Funds Are Held

To determine the total time Federal funds are held, the State shall measure the time between the date Federal funds are received and credit to a State's account and the date those funds are debited from the State's account.

8.6.2.2 Source of Data

The time period from the issuance of the check to the date the check clears the State's account shall be determined from information captured by State's accounting system.

8.6.2.3 Standards Applied

To measure the time Federal funds are held in a State account prior to being disbursed, the State shall use statistical sampling. The sample shall be randomly selected, and shall be of sufficient size to ensure, at a minimum, a 95% confidence interval no wider than ± 0.3 dollar-weighted days about the estimated mean.

For each check in the sample population, the State shall:
1 subtract the deposit date from the issuance date
2 multiply the difference of step 1 by the check amount
3 divide the product of step 2 by the total amount of funds drawn in the sample to determine the dollar-weighted pre-issuance time for that check

The State shall then sum the dollar-weighted pre-issuance time for each check to arrive at the total dollar-weighted average pre-issuance time to be used for calculating State interest liabilities.

8.6.2.4 Calculation Procedure

$I = P \times r \times \{PI + CT\}$, where

I = State's total interest liability

P = Total annual expenditures of Federal funds for program or component cash flow of program

r = Annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during a State's fiscal year divided by 365 days

PI = Dollar-weighted average number of days Federal funds are held by State prior to issuance

CT = Dollar-weighted average number of days Federal funds are held by State between issuance and clearance of checks, as determined by the appropriate clearance pattern in Exhibit II

8.6.7 Because the drawdown and disbursement procedures are similar within each applicable State department, five different Pre-Issuance Times shall be calculated. These shall be for the following departments:

Department of Elementary and Secondary Education

Department of Health and Senior Services
Department of Labor and Industrial Relations
Department of Social Services
Department of Transportation

9.0 REVERSE FLOW PROGRAMS

The State is not required to cover any reverse flow programs under the terms of this Agreement because the State does not participate in the program.

10.0 INTEREST CALCULATION COSTS

10.1 As set forth in 31 CFR 205.27, interest calculation costs are defined as those costs necessary for the actual calculation of interest, including the cost of developing and maintaining clearance patterns in support of the interest calculations. Interest calculation costs do not include expenses for normal disbursing services, such as processing of checks or maintaining records for accounting and reconciliation of cash balances, or expenses for upgrading or modernizing accounting systems. Interest calculation costs in excess of $50,000 in any year are not eligible for reimbursement, unless the State provides justification with the annual report.

10.2 The State expects to incur the following types of interest calculation costs:

Development and Maintenance of Clearance Patterns,
Preparation of Annual Report,
Direct Labor

10.3 The State shall submit all claims for reimbursement of interest calculation costs with its Annual Report in accordance with 31 CFR 205.

11.0 NON-COMPLIANCE

11.1 The provisions of 31 CFR Part 205.29 and 31 CFR Part 205.30 shall apply in cases of non-compliance with the terms of this Agreement.

12.0 AUTHORIZED SIGNATURES

Stacy Neal
Director
Division of Accounting
Office of Administration
State of Missouri

Signature: [redacted] (b) (6) Date Signed: 6/17/14

Date Submitted 05/15/2014

Kristine S. Conrath
Assistant Commissioner
Revenue Collections Management
Bureau of the Fiscal Service
U.S. Department of the Treasury

Signature: Cordell A. McDonald Date Signed: 7/10/14

Exhibit I - Funds Request and Receipt Times Schedule
State of Missouri

Federal Agency	Payment Type	Request Cut-Off Time	Receipt Window
Agriculture-FNS	ACH	11:59 PM	1 day
Agriculture-FNS	Fedwire	5:45 PM	0 day
Agriculture-FS	ACH	3:00 PM	1 day
Air National Guard	ACH	12:00 PM	15 days
Army National Guard	ACH	12:00 PM	15 days
Commerce-NOAA	ACH	2:00 PM	1 day
Dept of Homeland Security (FEMA)	Fedwire	2:00 PM	0 day
Dept of Homeland Security (ODP)	ACH	2:00 PM	2 days
Dept of Homeland Security (ODP)	Fedwire	2:00 PM	2 days
EPA	ACH	2:00 PM	2 days
EPA	Fedwire	2:00 PM	0 day
Education	ACH	3:00 PM	1 day
Education	Fedwire	2:00 PM	0 day
Energy	ACH	4:00 PM	1 day
Energy	Fedwire	3:00 PM	0 day
HHS	ACH	6:30 PM	1 day
HHS	Fedwire	3:00 PM	0 day
HUD	ACH	5:30 PM	2 days
HUD	Fedwire	3:00 PM	0 day
Interior-FWS	ACH	11:59 PM	1 day
Interior-FWS	Fedwire	5:45 PM	0 day
Interior-OSM	ACH	3:00 PM	1 day
Interior-OSM	Fedwire	5:45 PM	0 day
Justice	ACH	11:00 PM	6 days
Justice	Fedwire	2:00 PM	2 days
Labor-Non-UTF	ACH	3:00 PM	1 day
Labor-UTF	ACH	3:00 PM	1 day
Labor-UTF	Fedwire	3:00 PM	0 day
National Science Foundation (NSF)	ACH	8:00 PM	1 day
National Science Foundation (NSF)	Fedwire	5:45 PM	0 day
Social Security Administration	ACH	11:59 PM	1 day
Social Security Administration	Fedwire	5:45 PM	0 day
Transportation (FAA)	ACH	2:00 PM	1 day
Transportation (FHWA)	ACH	12:00 PM	3 days
Transportation (FHWA)	Fedwire	12:00 PM	0 day
Transportation (FTA)	ACH	2:00 PM	1 day
Veterans Administration	ACH	12:00 PM	3 days

Exhibit II - State of Missouri

LIST OF STATE CLEARANCE TIMES

(Rounded Dollar-Weighted Average Day of Clearance)

Clearance Times Where the Timing of A Draw Down Is Based on A Clearance Pattern

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
10.551	Supplemental Nutrition Assistance Program	Department of Social Services	100.00	Benefit	Actual Clearance, ZBA - ACH	0 Days
10.553	School Breakfast Program	Department of Elementary and Secondary Education	100.00	Benefit	Pre-Issuance Modified	N/A
10.555	National School Lunch Program	Department of Elementary and Secondary Education	100.00	Benefit	Pre-Issuance Modified	N/A
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health and Senior Services	22.00	Direct Administrative Cost	Pre-Issuance Modified	N/A
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health and Senior Services	77.00	Benefit	Pre-Issuance Modified	N/A
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health and Senior Services	1.00	Indirect and Network Cost	Indirect Cost Rate and Network Allocation	2 Days
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor and Industrial Relations	27.00	Direct Administrative Payroll	Pre-Issuance Modified	N/A
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor and Industrial Relations	5.00	Direct Administrative Non-Payroll	Pre-Issuance Modified	N/A
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor and Industrial Relations	68.00	Benefit	Estimated Clearance Modified-Federal	N/A
17.225S	Unemployment Insurance -- State Benefit Account	Department of Labor and Industrial Relations	100.00	Benefit	Zero Balance Accounting	0 Days
20.205	Highway Planning and Construction	Department of Transportation	100.00	Benefit - See Pre-Issuance Modified Note (1)	Pre-Issuance Modified	N/A
66.458	Capitalization Grants for State Revolving Funds	Department of Natural Resources	100.00	Direct Cost	Capitalization Grants for State Revolving Funds	0 Days
84.010	Title I Grants to Local Educational Agencies	Department of Elementary and Secondary Education	100.00	Benefit	Pre-Issuance Modified	N/A
84.027	Special Education -- Grants to States	Department of Elementary and Secondary Education	10.00	Direct Administrative Non-Payroll	Pre-Issuance Modified	N/A
84.027	Special Education -- Grants to States	Department of Elementary and Secondary Education	88.00	Benefit	Pre-Issuance Modified	N/A

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
84.027	Special Education -- Grants to States	Department of Elementary and Secondary Education	1.00	Direct Administrative Payroll	Pre-Issuance Modified	N/A
84.027	Special Education -- Grants to States	Department of Elementary and Secondary Education	1.00	Indirect Costs	Indirect Cost Rate - Monthly (Modified)	2 Days
93.558	Temporary Assistance for Needy Families	Department of Social Services	73.00	Benefit	Pre-Issuance Modified	N/A
93.558	Temporary Assistance for Needy Families	Department of Social Services	21.00	Direct Administrative Non-Payroll	Cost Allocation Modified	3 Days
93.558	Temporary Assistance for Needy Families	Department of Social Services	1.00	Indirect Cost	Cost Allocation Modified	3 Days
93.558	Temporary Assistance for Needy Families	Department of Social Services	5.00	Direct Administrative Payroll	Cost Allocation Modified	3 Days
93.568	Low-Income Home Energy Assistance	Department of Social Services	93.00	Benefit	Pre-Issuance Modified	N/A
93.568	Low-Income Home Energy Assistance	Department of Social Services	6.00	Direct Administrative Non-Payroll	Cost Allocation Modified	10 Days
93.568	Low-Income Home Energy Assistance	Department of Social Services	0.50	Indirect Cost	Cost Allocation Modified	10 Days
93.568	Low-Income Home Energy Assistance	Department of Social Services	0.50	Direct Administrative Payroll	Cost Allocation Modified	10 Days
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Department of Social Services	95.00	Benefit	Pre-Issuance Modified	N/A
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Department of Social Services	1.00	Direct Administrative Non-Payroll	Cost Allocation Modified	0 Days
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Department of Social Services	4.00	Direct Administrative Payroll	Cost Allocation Modified	0 Days
93.767	Children's Health Insurance Program	Department of Social Services	98.00	Benefit	Pre-Issuance Modified	N/A
93.767	Children's Health Insurance Program	Department of Social Services	2.00	Direct Administrative Non-Payroll	Cost Allocation Modified	2 Days
93.778	Medical Assistance Program	Department of Social Services	98.00	Benefit	Pre-Issuance Modified	N/A
93.778	Medical Assistance Program	Department of Social Services	1.00	Direct Administrative Non-Payroll	Cost Allocation Modified	2 Days
93.778	Medical Assistance Program	Department of Social Services	1.00	Direct Administrative Payroll	Cost Allocation Modified	2 Days

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I hereby certify that an authorized State official has certified at least every five years that the "Rounded Days of Clearance" listed in Exhibit 2 of this Treasury-State Agreement:

1. Have been prepared in accordance with the standards provided in 31 CFR 205.20;

2. Accurately represent the flow of Federal funds under the Federal assistance programs to which they apply;

3. Reflect seasonal or other periodic variations in the clearance activities; and,

4. Are auditable.

Date: 6/17/14

Printed Name: Stacy Neal

Certifying Signature: (b) (6) [redacted]

Title: Director of Accounting