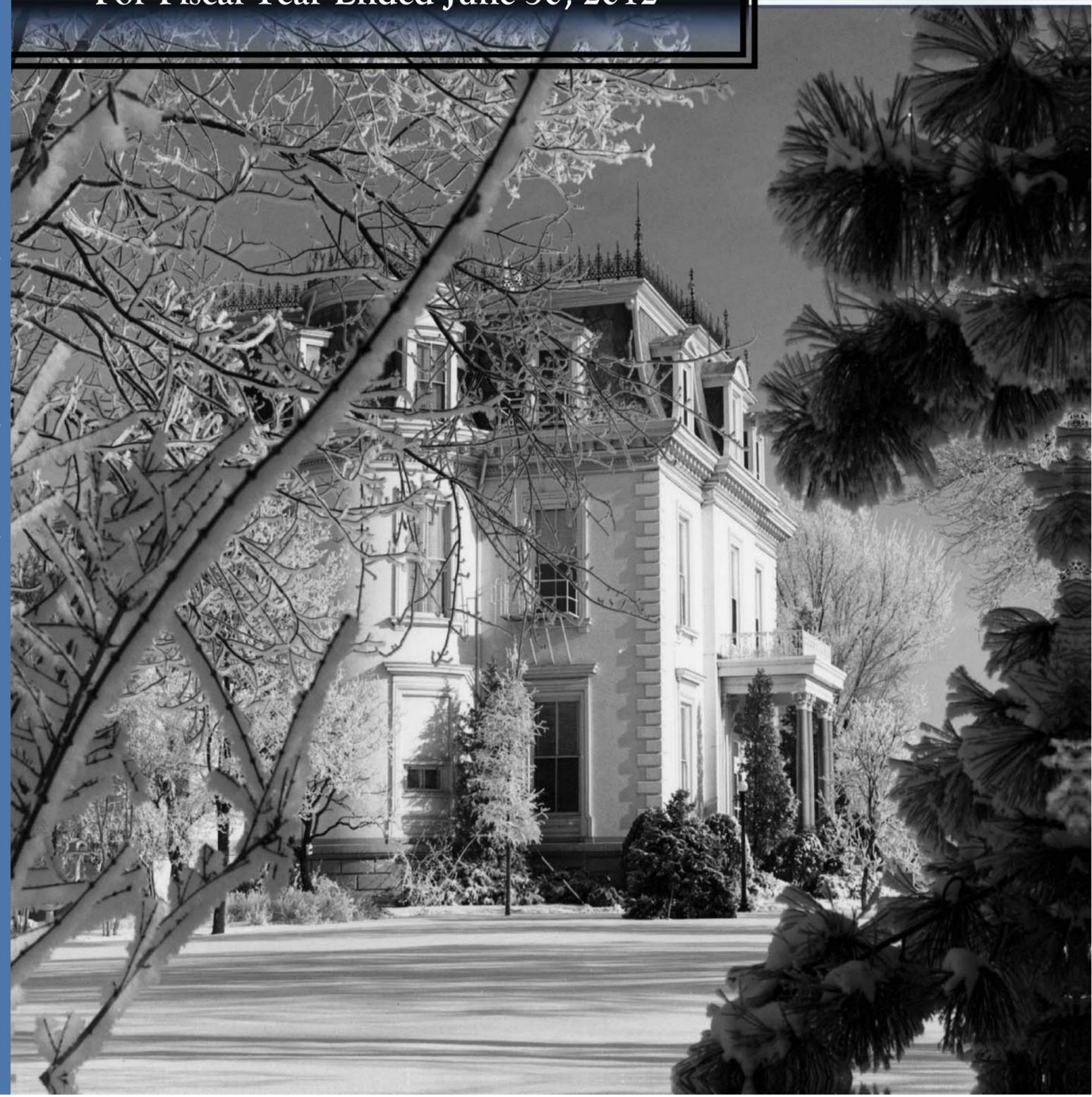




# MISSOURI

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2012



Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2012

***On the Cover:***

Governor's Mansion in the Snow, Gerald Massie, Photographer  
*Courtesy of the Missouri State Archives*

This report can be viewed on the Internet at <http://oa.mo.gov/acct/pdffiles/CAFR2012.pdf>

**STATE OF MISSOURI**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**

*Fiscal Year Ended June 30, 2012*



**JEREMIAH W. (JAY) NIXON**

*Governor*

**DOUG NELSON**

*Acting Commissioner  
Office of Administration*

**STACY NEAL**

*Director  
Division of Accounting*

STATE OF MISSOURI  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2012

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*The **Introductory Section** includes material to familiarize the reader with the organizational structure of the State, the nature and scope of services the State provides, and a summary of the financial activities of the State and the factors that influence these activities.*

**Jeremiah W. (Jay) Nixon**  
Governor



**Doug Nelson**  
Acting Commissioner

State of Missouri  
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**Stacy Neal**  
Director

January 24, 2013

The Honorable Jeremiah W. (Jay) Nixon  
The Honorable Members of the Legislature  
Citizens of the State of Missouri

In accordance with generally accepted accounting principles, I submit to you the Comprehensive Annual Financial Report (CAFR) of the State of Missouri for the fiscal year ended June 30, 2012. This report was prepared by the Office of Administration, Division of Accounting, whose management is responsible for its contents.

The report is prepared to show the financial position and operating results of the State. The State's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefit. We believe the data presented is accurate in all material respects and that all disclosures necessary to enable the reader to gain a reasonable understanding of the State's financial activities have been included.

An annual audit of the basic financial statements is completed each year by the State Auditor's Office. The State Auditor conducts the audit in accordance with generally accepted government auditing standards, and his opinion has been included in this report. The State Auditor conducts a "Single Audit" of all federal funds in accordance with the Federal Single Audit Act of 1984, and the U.S. Office of Management and Budget Circular A-133, "Audit of State and Local Governments and Non-Profit Organizations."

A narrative introduction, overview, and analysis of the basic financial statements is presented in the *Management's Discussion and Analysis (MD&A)* section of this report. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

## **PROFILE OF THE GOVERNMENT**

Missouri was organized as a territory in 1812 and was the second state (after Louisiana) of the Louisiana Purchase to be admitted to the Union. Statehood was granted on August 10, 1821, making Missouri the 24th state. The State encompasses 68,945 square miles.

The State operates under three branches of government: executive, legislative, and judicial. The executive branch consists of the Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, and Attorney General. The legislative branch consists of 34 members of the Senate and 163 members of the House of Representatives. The judicial branch is a three-tier court system: the Supreme Court, the State's highest court, has statewide jurisdiction; a court of appeals that consists of districts established by the General Assembly; and a system of circuit courts that has original jurisdiction over all cases and matters, civil and criminal.

The State provides a range of services in the areas of agriculture, education, health and social services, transportation systems, public safety, judicial systems, economic development, conservation and natural resources, labor relations, and general administration.

The State operates on a legally adopted budget in order to ensure compliance with legal provisions embodied in the annual appropriated budget passed by the General Assembly and approved by the Governor prior to the beginning of the fiscal year. If appropriations are not sufficient for a fiscal year, supplemental amounts are requested during the next legislative session by the same process that original appropriations are requested. Budgets are established at the program level. Expenditures cannot exceed the individual appropriation amount. The Governor has the authority to reduce the allotments of appropriations in any fund if it appears that the revenue estimate will not be met. Unexpended appropriations lapse at the end of each appropriation year, unless reappropriated to the following appropriation year.

The financial reporting entity of the State includes all of the funds of the primary government as well as component units for which the State is financially accountable. The transmittal letter, MD&A, and the financial statements focus on the primary government and its activities. Although information pertaining to the component units is provided, their separately issued financial statements should be read to obtain a complete overview of their financial position.

## **ECONOMIC CONDITION AND OUTLOOK**

### **State Economy**

The economy in Missouri has shown slow but steady improvements during fiscal year 2012. Missouri has been putting a strong focus on promoting industries and development strategies to aid in economic growth and to foster a stronger economic climate for the future. Some of the positive signs of improvement include:

- personal income increased 4.2% in calendar year 2011.
- unemployment dropped to 7.1% in June 2012 compared to 8.7% in June 2011. This is below the national average of 8.2%.
- exports increased by 6% for the second quarter of 2012 compared to the same period in 2011.
- taxable sales increased for the first quarter of 2012 by 2%, which was the third straight quarter to show an increase compared to the same period in the previous year.

Missouri has been focusing on economic growth. Included in this focus is fostering a more advanced and skilled workforce that will be prepared for emerging sectors that require more experience in the fields of science, technology, engineering, and mathematics. The chart shows how Missouri fared in these fields as well as others in the 2010 State New Economy Index. As shown in the chart, Missouri ranked relatively high in Health IT and E-Government indicators. However, overall the state ranked 33<sup>rd</sup>. The highest ranking states are those with large numbers of high-tech firms, entrepreneurships, and workers with two-year degrees or higher.

INDICATOR	U.S. AVERAGE	MISSOURI SCORE	MISSOURI RANK OF ALL STATES	TOP RANKED STATE (SCORE)	BOTTOM RANKED STATE (SCORE)
Workforce Education	36.3	33.2	36th	Massachusetts (51.5)	West Virginia (20.3)
Fastest Growing Firms	0.0128%	0.0029%	37th	Massachusetts (0.0353%)	Wyoming (0.0000%)
Industry Investment R&D	3.31%	2.28%	24th	Delaware (7.82%)	Wyoming (0.40%)
High-Tech Jobs	4.1%	3.3%	29th	Massachusetts (7.7%)	Wyoming (1.4%)
Health IT	8%	35%	6th	Massachusetts (57%)	North Dakota (3%)
E-Government	5.00	6.01	10th	Utah (7.67)	Indiana (3.03)
Entrepreneurial Activity	0.30%	0.20%	48th	Georgia (0.50%)	Pennsylvania (0.17%)
Overall Score	62.0	50.8	<b>33rd</b>	Massachusetts (92.6)	Mississippi (35.3)

*Source: The 2010 State New Economy Index: Benchmarking Economic Transformation in the States.*

Creating new jobs and enhancing the skills of the workforce has been Missouri's statewide focus in the past few years. Included in this effort is a new program called Missouri Works, which was launched in January 2012. The strategy is to create career opportunities in the new economy. Some of the goals of the program includes: attracting next-generation automotive suppliers to the state, expanding the number of exports, training more workers for high-tech careers, hiring more military veterans to work in the state, jumpstarting job creation in science and technology, targeting big-growth industries, and creating jobs in rural communities.

An agreement was made between Missouri State University and Brazil in which students from Brazil will come to Missouri to study science and technology while fostering opportunities for Missouri students to study in Brazil as well. The goal of the exchange is to open ties to the global marketplace and allow Missouri students to get a head start on the jobs and careers of the future.

In addition to creating jobs, there has also been a focus on attracting and retaining businesses in the state. House Bill 1661 expands the eligibility requirements of the New Jobs Deduction Bill passed in 2011. The program provides an income tax deduction for small businesses of \$10,000 for each new full-time job created or \$20,000 for each full-time job created if the business offers health insurance. Small businesses that are pass-through for income tax purposes are also eligible. This could expand participation in the program beyond the current tax year. It is possible that the expansion could reduce general revenue collections by \$4.3 million to \$8.6 million each year in fiscal years 2013 through 2015. The increased economic activity generated by this tax reduction may help offset the loss of revenue collections.

### **Long-Term Financial Planning**

Missouri continues to focus on controlling the growth of mandatory programs though cost-effective alternatives and cost containment initiatives while improving the delivery of services though administrative efficiencies. The State is actively pursuing opportunities to consolidate functions and thrive in a period of reduced financial resources.

The State's Department of Revenue is taking advantage of newer technology to improve efficiency in tax collection and to better manage all tax processes. The department is implementing an integrated tax system that will replace all of its separate and aging tax systems. By implementing the new, integrated system, it is estimated that the State will collect additional revenues of more than \$217 million (\$144 million net to the state after payment of the contract price) total in the first five years and \$33 million each year thereafter, for five years.

In 2011 and 2012, the State experienced multiple natural disasters, including a devastating tornado in Joplin, severe storms, flooding, and droughts. In an effort to rebuild and recover from these disasters, the State has reacted by providing aid to local communities and farmers. The Missouri Disaster Recovery Jobs Program has played a major role in this process by creating jobs in the areas that the natural disasters occurred. The program also works to provide workforce development services to those participants in need of reemployment assistance following the completion of their temporary jobs of assisting with clean-up efforts.

Another focus of the State has been to ensure its employee health care services are provided in a cost effective manner. These efforts have included changes in wellness programs and smoking cessation incentives. Those that participate receive reduced premiums. The wellness program is intended to encourage subscribers to participate in wellness activities such as organized walks and meal planning. As the state workforce becomes healthier, the cost to the State to provide health insurance will go down.

In addition to improving the efficiency of government, the State is actively pursuing opportunities to capitalize on historically low interest rates. In August and September 2012, the State refunded outstanding Board of Public Buildings Bonds as well as water pollution control, and fourth state building general obligation bonds for economic savings. When finalized, the bond sale produced a combined budgetary savings of \$43.6 million in fiscal year 2013 and cash savings of \$71.1 million over the life of the bonds. The present value savings for the two refunding transactions were 14.4% and 15.3%, respectively. As refunding opportunities present themselves, the State will continue to review the potential impact to the State and will continue to review all debt outstanding to ensure that State's debt is managed efficiently.

### **Relevant Financial Policies**

Article X, Sections 16–24 of the Constitution of Missouri (the “Tax Limitation Amendment”), imposes a limit on the amount of taxes that may be imposed by the General Assembly in any fiscal year. This limit is tied to total state revenues for fiscal year 1981, as defined in the Tax Limitation Amendment and adjusted annually based on a formula which is tied to increases in the personal income of Missouri for certain designated periods. If the revenue limit is exceeded by one percent or more in any fiscal year, the excess revenue will be refunded based on the liability reported on state income tax returns. If the excess revenue collected is less than one percent of the revenue limit, the excess revenue shall be transferred to the General Revenue Fund.

The revenue limit can be exceeded by a constitutional amendment duly adopted by the people or if the General Assembly approves by a two-thirds vote an emergency declaration by the Governor. Strong economic growth resulted in revenues above the total state revenue limit in fiscal years 1995–1999. The State has refunded to income taxpayers \$979 million in excess revenue for these fiscal years. The revenue limit was not exceeded in fiscal years 2000 through 2012, inclusive. The State is currently \$4.4 billion below the limit and does not expect the limit to be exceeded in fiscal year 2013.

### **Major Initiatives**

As the economy is slow to recover, the State has continued to focus on reduced spending. Cost-effective alternatives and streamlining government functions will continue to be the focus on controlling the growth of mandatory programs. Operating funding priorities are focused in the areas of education and jobs.

Missouri has focused on improving the economy of the State. The primary areas of focus include increasing exports, job creation, and education in the fields of science and technology.

**Education.** Senate Bill 563 created the Missouri Science, Technology, Engineering, and Mathematics Initiative. The purpose of the initiative is to provide support to increase interest among elementary, secondary, and university students in the above fields and to increase the number of graduates in these fields in Missouri's public two and four-year institutions of higher education. The Department of Higher Education will provide matching funds to public institutions in support of this initiative.

**Social Services.** A new law went into effect during fiscal year 2012 that will require drug testing of applicants or recipients of temporary assistance for needy families (TANF) when there is reasonable cause to believe there may be illegal use of a controlled substance. If the test is positive or the individual refuses to submit to a test, their direct payments will be suspended until certain requirements are met. In addition, the legislation requires that TANF electronic benefit transfer cards include a photograph of the cardholder to provide added protection.

**Economic Development.** In April 2012, an agreement was signed between the State and Brazil to increase exports to Brazil, which was Missouri's 10<sup>th</sup> largest export market in 2011. Missouri set a record in exports in 2011 by selling more than \$14.1 billion in products around the world. Exports to Brazil made up nearly \$323 million of that total. The State's top exports to Brazil include chemicals, minerals and ores, transportation equipment, machinery, electrical equipment and appliances, computer and electrical products, and agricultural products. The agreement calls for identification of new opportunities to expand exports, promote economic growth, and share best practices in education, science and technology, and public safety. Another focus of the agreement is promoting educational, research, and cultural exchanges.

## **ACKNOWLEDGEMENTS**

While the Office of Administration, Division of Accounting, is responsible for the contents of this report, no one division could do it alone. Many people were involved in the compilation of materials necessary to complete the report.

We want to issue a special thanks to all the personnel at the State agencies who provided us with information quickly and accurately so that we could issue the CAFR in a timely manner. We also owe thanks to the professionalism and dedication demonstrated by technical and management personnel within the State Auditor's Office, the State Treasurer's Office, Office of Administration, Information Technology Services Division, and the State Printing Center. We appreciate all their efforts.

Sincerely,

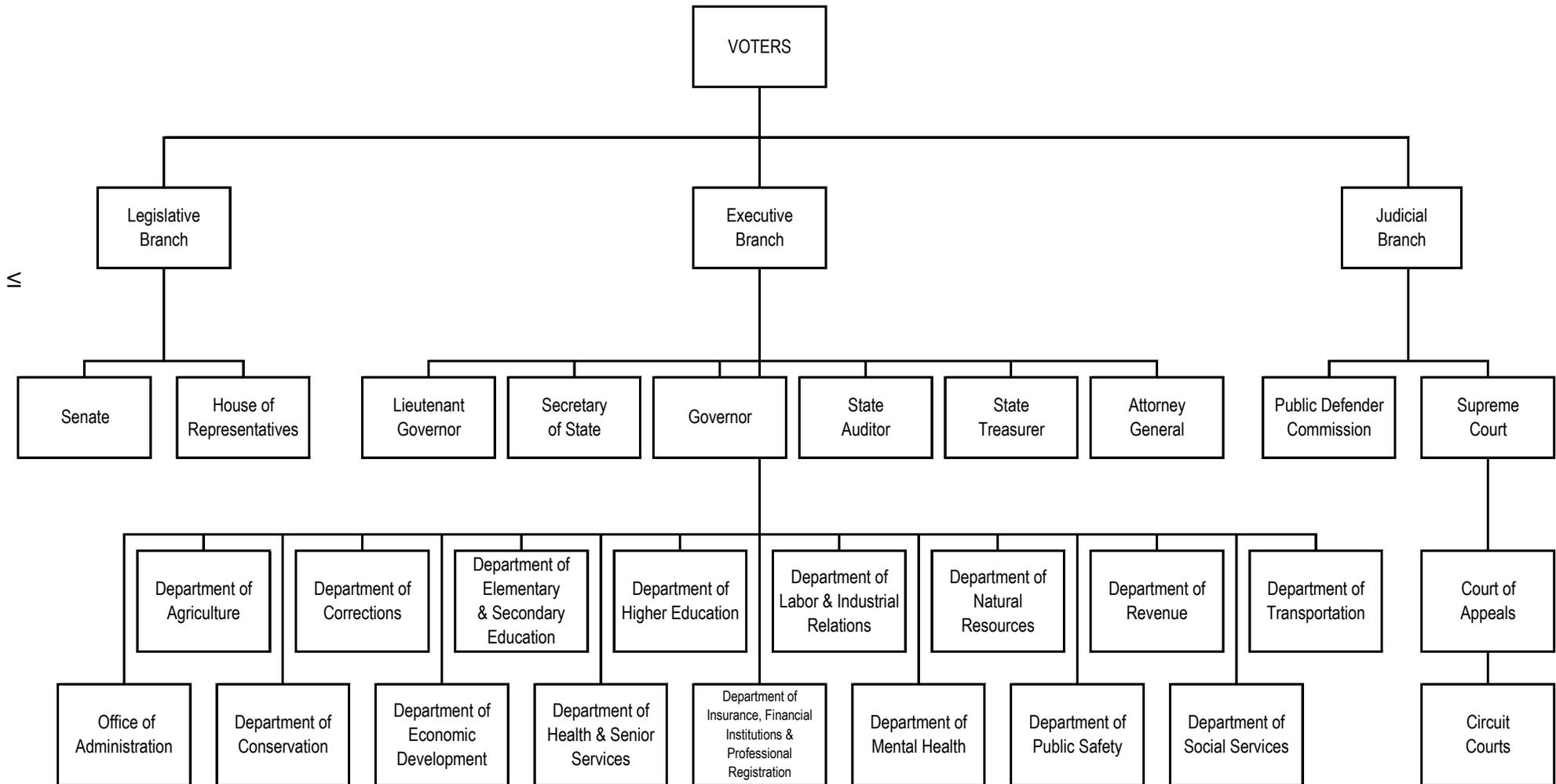
A handwritten signature in black ink that reads "Stacy Neal". The signature is written in a cursive, flowing style.

Stacy Neal, CPA  
Director

# STATE OF MISSOURI

## ORGANIZATIONAL CHART

June 30, 2012



**STATE OF MISSOURI  
PRINCIPAL STATE OFFICIALS  
as of June 30, 2012**

---

**EXECUTIVE**

**Jeremiah W. (Jay) Nixon**  
*Governor*

**Peter Kinder**  
*Lieutenant Governor*

**Robin Carnahan**  
*Secretary of State*

**Tom Schweich**  
*State Auditor*

**Clint Zweifel**  
*State Treasurer*

**Chris Koster**  
*Attorney General*

**LEGISLATIVE**

**Robert Mayer**  
*President Pro Tem of the Senate*

**Steven Tilley**  
*Speaker of the House of Representatives*

**JUDICIAL**

**William Ray Price, Jr.**  
*Chief Justice of the Supreme Court*



*The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, and Supplementary Information.*



# **THOMAS A. SCHWEICH**

## **Missouri State Auditor**

### **INDEPENDENT AUDITOR'S REPORT**

Honorable Jeremiah W. (Jay) Nixon, Governor  
and  
Members of the General Assembly

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2012, which collectively comprise the state's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the state's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of certain entities that comprise the state of Missouri. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based on the reports of the other auditors. Those entities were:

1. The Missouri Road Fund; the Missouri Highway 63 Transportation Corporation, a blended transportation corporation identified in Note 1A.; the Missouri Road Bond Fund; the Conservation Employees' Insurance Plan; the Transportation Self-Insurance Plan; the Missouri State Employees' Insurance Plan; the Missouri Consolidated Health Care Plan; and the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan, which represent 78 percent and 12 percent of the assets and revenues, respectively, of the governmental activities.
2. The State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 37 percent and 42 percent of the assets and revenues, respectively, of the business-type activities.
3. The discretely presented component units.

4. The pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represent 94 percent and 94 percent of the assets and additions, respectively, of the fiduciary funds.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Missouri Highway 63 Transportation Corporation, a blended transportation corporation; the Conservation Employees' Insurance Plan, the Missouri State Employees' Insurance Plan and the Missouri Consolidated Health Care Plan, internal service funds; the Missouri Development Finance Board, a discretely presented component unit; and the pension (and other employee benefit) trust funds were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

We were not allowed access to tax returns and related source documents for income taxes. Access was denied based on the Director of Revenue's interpretation of the decision rendered by the Missouri Supreme Court in the case of *Director of Revenue v. State Auditor* 511 S.W.2d 779 (Mo. 1974). Approximately 24 percent of governmental activity revenues and 28 percent of General Fund revenues are from this source. We were unable to satisfy ourselves by appropriate auditing procedures as to the income tax revenue beyond the amounts recorded.

In our opinion, based on our audit and the reports of other auditors, and except for the effects of such adjustments, if any, as might have been determined to be necessary had we been allowed access to tax returns and related source documents for income taxes, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the state of Missouri implemented Governmental Accounting Standards Board Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*.

In accordance with *Government Auditing Standards*, our report dated January 24, 2013, on our consideration of the state of Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters is issued under separate cover in the Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial

reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1-13 and the Budgetary Comparison Schedule-General Fund, Major Special Revenue Funds on pages 104-105 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state of Missouri's basic financial statements. The supplementary information, as listed in the table of contents, and the other information, such as the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described previously, and the reports of other auditors, and except for the effects on the supplementary information of the matter discussed in paragraph four, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information in the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Thomas A. Schweich  
State Auditor

January 24, 2013



*The Management's Discussion and Analysis provides a narrative overview and analysis of the financial activities of the State.*

# Management's Discussion and Analysis

The following is a discussion and analysis of the State of Missouri's (State's) financial activities for the fiscal year ended June 30, 2012. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal.

## FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

### Government–Wide:

- *Net Assets.* Assets of the State of Missouri exceeded liabilities at the close of fiscal year 2012 by \$29.6 billion. Of the \$29.6 billion, “unrestricted net assets” is reported as a negative \$2.2 billion, offset by \$3.9 billion in “restricted net assets”. A positive balance in unrestricted net assets would represent the amount available to be used to meet the government’s ongoing operations.
- *Changes in Net Assets.* The State’s total net assets increased by \$285.1 million in fiscal year 2012. Net assets for governmental–type activities increased by \$143.3 million.
- *Excess of Revenues over (under) Expenses.* During fiscal year 2012, the State’s total revenues of \$25.5 billion were \$285.1 million greater than total expenses of \$25.2 billion (excluding transfers). Of these expenses, \$15.5 billion were covered by program revenues. General revenues, generated primarily from various taxes, totaled \$10.0 billion.

### Fund–Level:

- *Governmental Funds – Fund Balance.* At the close of fiscal year 2012, the State’s governmental fund assets exceeded liabilities by \$4.7 billion, a decrease of \$542.2 million or 10.4% from the prior year. The decrease was primarily due to a decrease in revenues of \$640.6 million. This was primarily due to a decrease in federal funding received as part of the American Recovery and Reinvestment Act of 2009, which is coming to a close.
- *General Fund – Fund Balance.* At the end of the current fiscal year, the State’s General Fund reported a balance of \$1.2 billion.

Additional information regarding individual funds begins on Page 9.

### Debt Issued and Outstanding:

- The primary government’s total long–term obligations related to bonds payable decreased \$199.4 million or 4.6% over the prior year. The outstanding bonds payable represents 53.7% of financial assets (cash, receivables, and investments) and 10.6% of total assets. The net decrease in bonds payable resulted from a decrease of \$197,110,000 due to bond payments, \$165,415,000 due to bond refunding, and an increase of \$163,145,000 due to issuances of Board of Public Buildings and Educational Facilities Revenue Bonds. Additional detail is available in *Note 12*.

### Revenue Limit:

- The State Constitution limits the State’s ability to retain revenue collected over an amount set by a constitutional amendment known as Article X. Excess revenue of 1.0% or more must be refunded to the taxpayers each year. During fiscal year 2012, the State did not exceed the revenue limit.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The State's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### Government-Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the State's assets and liabilities, with the difference between the two reported as *net assets*. Increases or decreases in net assets may serve as a useful indicator of the State's financial position.

The *Statement of Activities* presents information showing how the State's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of when the cash is received. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report three activities:

*Governmental Activities* are primarily supported by taxes and intergovernmental revenues. They include general government, education, natural and economic resources, transportation and law enforcement, and human services.

*Business-Type Activities* are intended to recover all or a significant portion of their costs through user fees and charges. They include constructing or operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents and insurance coverage. Also included are the operations of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance funds.

*Discretely Presented Component Units* are operations for which the State has financial accountability, but are legally separate. They include the college and universities, Missouri Development Finance Board, Missouri Agricultural and Small Business Development Authority, Missouri Transportation Finance Corporation, and Missouri Wine and Grape Board.

### Fund Financial Statements:

The fund financial statements present more detailed information about the government's operations than the government-wide statements. The State uses fund accounting to ensure and demonstrate compliance with statutory requirements. The funds of the State can be divided into three categories: governmental, proprietary, and fiduciary.

*Governmental funds.* Governmental funds are used to account for most of the basic services provided by the State. Unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of current financial resources and utilize the modified accrual basis of accounting. This presentation focuses on when cash will be received and disbursed making the statements useful in evaluating a government's financing requirements in the near future.

Governmental funds include the general, special revenue, capital projects, debt service, and permanent funds. Major funds include general, public education, conservation and environmental protection, and the Missouri Road Fund which are presented in separate columns. Data from other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in supplementary information.

A user can compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements, a reconciliation to facilitate this comparison is provided on the page immediately following each governmental fund financial statement.

**Proprietary funds.** Proprietary funds are used to account for activities similar to private businesses in which goods and services are sold for specified fees. Generally, the State uses enterprise funds to account for activities that provide goods and services to the general public. These include constructing or operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising and publishing maps and documents. Also included are the operations of the State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance funds. Internal service funds report activities that provide supplies and services for the State's other programs and activities. The State uses internal service funds to account for insurance and health care plans, as well as administrative services for other state agencies, such as fleet management, data processing, and telecommunication services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds focus on economic resources and utilize the full accrual basis of accounting. The proprietary fund financial statements provide separate information for the State Lottery, Unemployment Compensation, and Petroleum Storage Tank Insurance, which are considered major enterprise funds. Non-major enterprise funds are also combined into a single column for aggregated presentation. All internal service funds are combined into a single column in the proprietary fund financial statements. Individual fund data for the non-major enterprise and internal service funds is provided in the form of combining statements in supplementary information.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside State government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the State's own programs. The fiduciary funds are presented using the full accrual basis of accounting.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) including a budgetary comparison schedule for the General Fund and major special revenue funds. Other supplementary information includes the combining statements for the general, non-major governmental, non-major enterprise, internal service, fiduciary, and non-major component unit funds. It also includes the statistical section as well as budgetary comparison schedules for the Missouri Road Fund, non-major special revenue, debt service, and permanent funds.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Assets:

The State's total net assets increased \$285.1 million or 0.9% during fiscal year 2012. This increase resulted primarily from a decrease in bonds payables and bond premiums of \$216.0 million due to the State capitalizing on historically low interest rates by refunding state bonds. Net assets invested in capital assets net of related debt and restricted net assets, which do not represent resources available to pay day-to-day operating expenses, increased by \$841.6 million or 2.7%. The net assets invested in capital assets net of related debt and restricted net assets increase was primarily due to the increase in capital assets of \$840.2 million.

Invested in capital assets net of related debt, such as bonds payable or capital lease obligations, is the largest component of the State's net assets at \$27.9 billion or 94.2%. These assets include land, infrastructure, buildings, and equipment which are not easily converted to cash or readily available to pay state debts as they come due.

Restricted net assets of the primary government totaled \$3.9 billion or 13.2% of total net assets vs. 14.8% from the prior year. Net assets are restricted for several reasons including constitutional, legal, enabling legislation, or external requirements. Examples of restricted net assets include lottery proceeds restricted for public education, funds restricted for debt service, and certain sales taxes restricted for the maintenance of highways or state parks and conservation areas. Also, many federal funds are restricted to funding certain programs.

The following table displays the current and prior year government-wide condensed Statement of Net Assets.

<b>STATEMENT OF NET ASSETS</b>						
(In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011*	2012	2011*	2012	2011*
<b>ASSETS:</b>						
Current and Other Assets	\$ 7,451,838	\$ 8,283,775	\$ 464,232	\$ 442,509	\$ 7,916,070	\$ 8,726,284
Capital Assets, Net	31,479,019	30,636,621	48,189	50,357	31,527,208	30,686,978
<i>Total Assets</i>	<u>38,930,857</u>	<u>38,920,396</u>	<u>512,421</u>	<u>492,866</u>	<u>39,443,278</u>	<u>39,413,262</u>
<b>LIABILITIES:</b>						
Other Liabilities	1,826,890	1,888,258	25,980	25,924	1,852,870	1,914,182
Long-Term Liabilities	7,185,213	7,256,726	773,659	895,924	7,958,872	8,152,650
<i>Total Liabilities</i>	<u>9,012,103</u>	<u>9,144,984</u>	<u>799,639</u>	<u>921,848</u>	<u>9,811,742</u>	<u>10,066,832</u>
<b>NET ASSETS:</b>						
Invested in Capital Assets, Net of Related Debt	27,873,493	26,595,552	47,833	50,291	27,921,326	26,645,843
Restricted	3,902,391	4,339,603	9,675	6,303	3,912,066	4,345,906
Unrestricted	(1,857,130)	(1,159,743)	(344,726)	(485,576)	(2,201,856)	(1,645,319)
<i>Total Net Assets</i>	<u>\$ 29,918,754</u>	<u>\$ 29,775,412</u>	<u>\$ (287,218)</u>	<u>\$ (428,982)</u>	<u>\$ 29,631,536</u>	<u>\$ 29,346,430</u>

\*Fiscal year 2011 amounts have been restated.

## Changes in Net Assets:

The schedule below reflects how the State's net assets changed during the year. The State collected program revenues of \$15.5 billion and general revenues of \$10.0 billion for total revenues of \$25.5 billion during fiscal year 2012. Expenses for the State during fiscal year 2012 were \$25.2 billion. Total net assets, net of contributions and transfers, increased by \$285.1 million.

The following table displays the current and prior year government-wide condensed Statement of Activities.

<b>STATEMENT OF ACTIVITIES</b>						
(In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011*	2012	2011*	2012	2011*
<b>REVENUES:</b>						
Program Revenues:						
Charges for Services	\$ 1,872,569	\$ 1,838,854	\$ 1,165,646	\$ 1,066,208	\$ 3,038,215	\$ 2,905,062
Operating Grants and Contributions	9,889,539	9,802,842	1,507,428	1,725,481	11,396,967	11,528,323
Capital Grants and Contributions	1,096,062	1,814,207	---	---	1,096,062	1,814,207
General Revenues:						
Sales and Use Taxes	2,705,883	2,570,243	---	---	2,705,883	2,570,243
Income Taxes	5,497,109	5,272,555	---	---	5,497,109	5,272,555
Unemployment and Other Taxes	1,501,987	1,493,260	---	---	1,501,987	1,493,260
Other Revenues	267,130	913,023	4,312	(1,050)	271,442	911,973
<i>Total Revenues</i>	<u>22,830,279</u>	<u>23,704,984</u>	<u>2,677,386</u>	<u>2,790,639</u>	<u>25,507,665</u>	<u>26,495,623</u>
<b>EXPENSES:</b>						
General Government	1,028,710	1,089,731	---	---	1,028,710	1,089,731
Education	6,373,671	6,536,907	---	---	6,373,671	6,536,907
Natural and Economic Resources	1,053,573	935,078	---	---	1,053,573	935,078
Transportation and Law Enforcement	2,022,399	2,529,791	---	---	2,022,399	2,529,791
Human Services	12,301,153	11,713,021	---	---	12,301,153	11,713,021
State Lottery	---	---	835,522	755,410	835,522	755,410
Unemployment Compensation	---	---	1,280,157	1,714,276	1,280,157	1,714,276
Petroleum Storage Tank Insurance	---	---	22,171	13,940	22,171	13,940
State Fair Fees	---	---	3,963	3,700	3,963	3,700
State Parks and DNR	---	---	12,903	12,278	12,903	12,278
Historic Preservation	---	---	340	509	340	509
Veterans' Homes	---	---	76,597	76,033	76,597	76,033
Surplus Property	---	---	3,065	2,293	3,065	2,293
Revenue Information	---	---	72	1,199	72	1,199
All Other Expenses	207,919	199,948	---	---	207,919	199,948
<i>Total Expenses</i>	<u>22,987,425</u>	<u>23,004,476</u>	<u>2,234,790</u>	<u>2,579,638</u>	<u>25,222,215</u>	<u>25,584,114</u>
Increase (Decrease) in Net Assets before Transfers and Special Items						
	(157,146)	700,508	442,596	211,001	285,450	911,509
<i>Transfers and Special Items</i>	<u>300,488</u>	<u>255,908</u>	<u>(300,832)</u>	<u>(255,908)</u>	<u>(344)</u>	<u>---</u>
Change in Net Assets	143,342	956,416	141,764	(44,907)	285,106	911,509
<i>Net Assets - July 1</i>	<u>29,775,412</u>	<u>28,818,996</u>	<u>(428,982)</u>	<u>(384,075)</u>	<u>29,346,430</u>	<u>28,434,921</u>
<i>Net Assets - June 30</i>	<u>\$ 29,918,754</u>	<u>\$ 29,775,412</u>	<u>\$ (287,218)</u>	<u>\$ (428,982)</u>	<u>\$ 29,631,536</u>	<u>\$ 29,346,430</u>

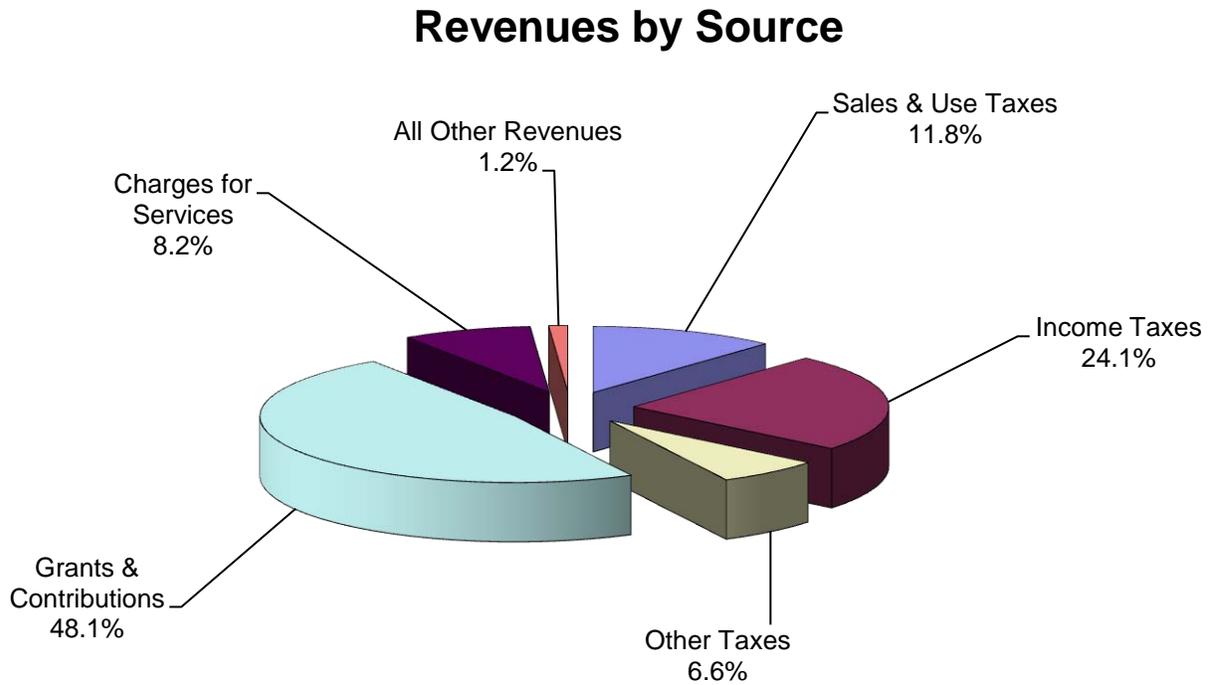
\*Fiscal year 2011 amounts have been restated.

## Governmental Activities

The net assets of governmental activities increased \$143.3 million in fiscal year 2012. Revenues for the governmental activities totaled \$22.8 billion, while expenses totaled \$23.0 billion in 2012.

General and program revenues of governmental activities remained relatively constant during the fiscal year.

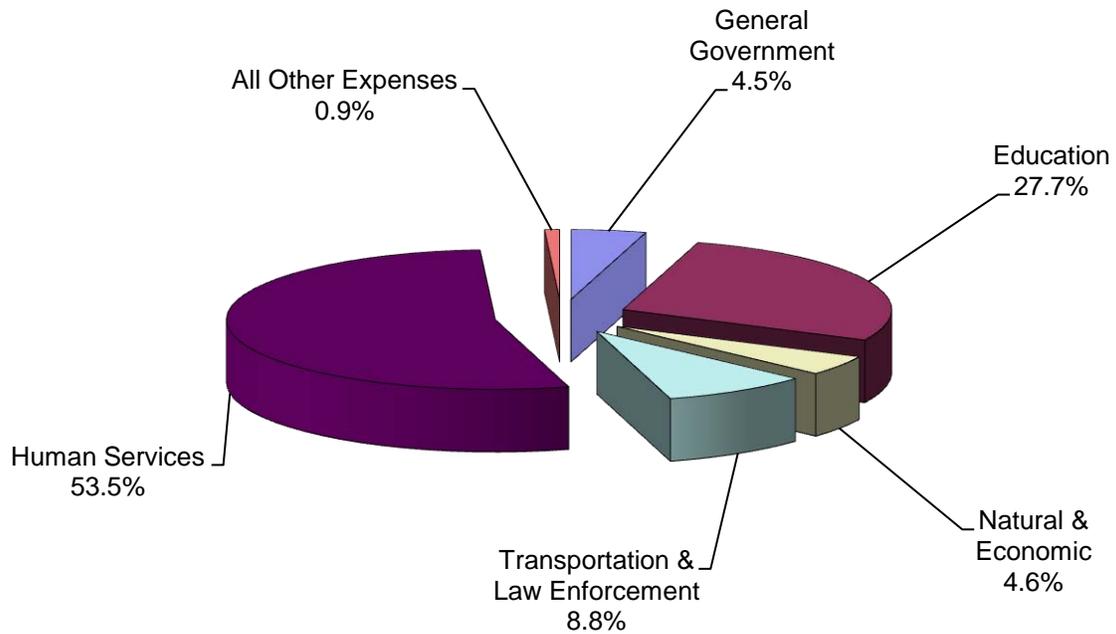
As shown in the Revenues by Source chart below, approximately 42.5% of revenues from all sources earned came from taxes. Grants and contributions, which represents amounts received from other governments/entities, primarily the federal government, provided 48.1% of total revenue. Charges for services contributed 8.2% and various other revenues provided 1.2% of the remaining governmental activity revenue sources.



The State's governmental activities program expenses decreased \$17.1 million during fiscal year 2012. Education expenses decreased \$163.2 million, General Government expenses decreased \$61.1 million, Natural and Economic Resources expenses increased \$118.5 million, Transportation and Law Enforcement expenses decreased \$507.4 million, Human Services expenses increased \$588.1 million, and all Other Expenses increased \$8.0 million.

As shown in the Expenses by Function chart below, expense for Human Services makes up the largest portion - 53.5% - of total governmental activities expenses.

## Expenses by Function

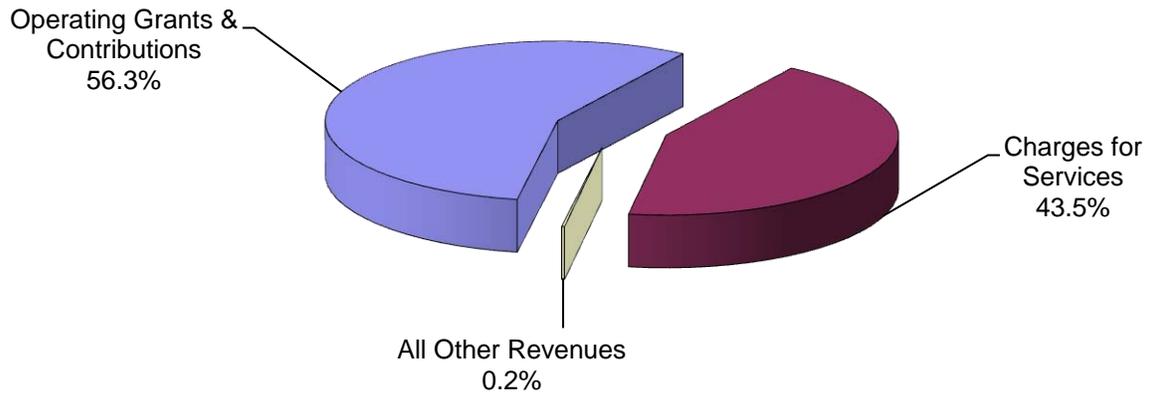


## Business-Type Activities

Net assets of the State's business-type activities increased \$141.8 million in fiscal year 2012. Business-type revenues decreased by \$113.3 million during the current fiscal year. Program expenses of business-type activities decreased \$344.9 million from fiscal year 2011 to 2012 primarily from a decrease in unemployment compensation expense.

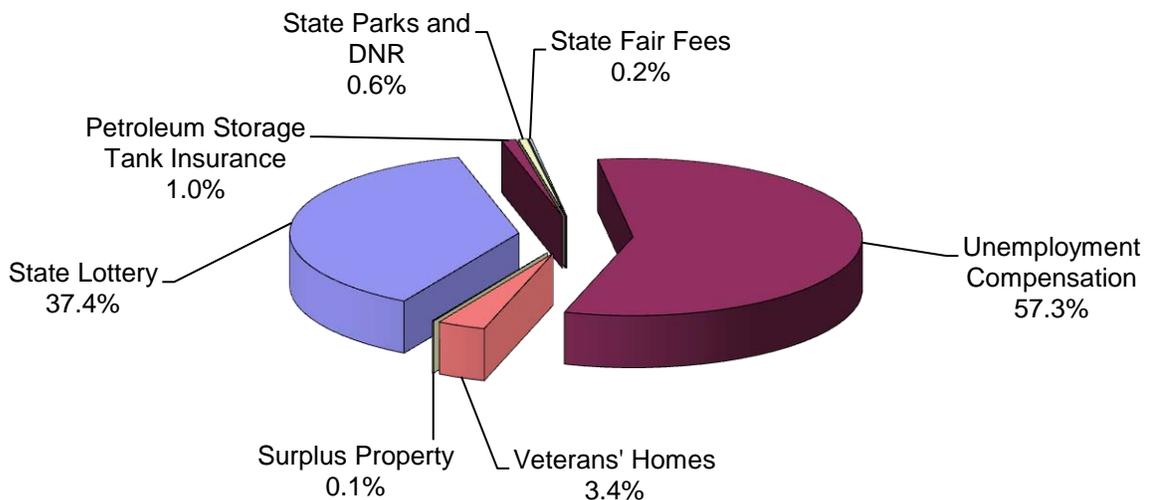
Revenues of business-type activities totaled \$2.7 billion. As shown in the Revenues by Source chart below, 56.3% of the revenues came from operating grants and contributions. Charges for services provided 43.5% of the total revenue and all other revenues provided 0.2%.

## Revenues by Source



Expenses of business-type activities totaled \$2.2 billion. As shown in the Expenses by Fund chart below, the Unemployment Compensation makes up the largest portion with 57.3% of total business-type expenses. State Lottery comes in second at 37.4%, followed by veterans' homes at 3.4%, petroleum storage tank insurance at 1.0%, state parks and DNR at 0.6%, state fair fees at 0.2%, and surplus property at 0.1%.

## Expenses by Fund



## FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

### Governmental Funds:

At the end of fiscal year 2012, the State's governmental funds reported combined ending fund balances of \$4.7 billion. Approximately 30.6% is unrestricted and available for spending at the government's discretion. The remainder of fund balance is nonspendable and restricted to indicate that it is not available for new spending because it has already been allocated for: 1) inventories, 2) to pay debt service, 3) for loans receivable, and 4) for a variety of other purposes.

Fund balances (in thousands) for governmental funds are as follows:

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	Total
Nonspendable	\$ 61,206	\$ 89	\$ 983,233	\$ 45,789	\$ 48,027	\$ 1,138,344
Restricted	336,933	224,389	122,708	1,063,280	342,233	2,089,543
Committed	504,569	8,895	248,138	---	34,705	796,307
Assigned	65,122	38,335	84,881	---	243,596	431,934
Unassigned	195,763	---	---	---	---	195,763
<b>Total</b>	<b>\$ 1,163,593</b>	<b>\$ 271,708</b>	<b>\$ 1,438,960</b>	<b>\$ 1,109,069</b>	<b>\$ 668,561</b>	<b>\$ 4,651,891</b>

The General Fund is the chief operating fund of the State. At the end of fiscal year 2012, the State's General Fund reported a total fund balance of \$1.2 billion. The net decrease in fund balance during fiscal year 2012 was \$252.0 million. Revenues of the General Fund totaled \$18.1 billion in fiscal year 2012, a decrease of \$276.1 million from fiscal year 2011. The major contributing factor was a combination of a decrease in contributions and intergovernmental revenues of \$735.6 million due to a decrease in funding from the federal government relating to the American Recovery and Reinvestment Act which is coming to an end. The decrease in contributions and intergovernmental revenues was offset by an increase of \$424.7 million in taxes relating to a slight recovery in the economy. Expenditures of the General Fund totaled \$15.5 billion in fiscal year 2012, an increase of \$104.1 million from fiscal year 2011. The major contributing factors to this were an increase in expenditures for human services of \$605.0 million related to increased utilization of Medicaid and physician programs as well as an increased rate for managed care.

The Public Education Fund provides general and special education services to the children of the State and other related functions such as library services and student loans. Total fund balance decreased by \$62.0 million. The major contributing factor in the decrease in fund balance was an increase of \$170.3 million in education expenses. Education expenses increased due to additional funding for public k-12 schools. Public education is a high priority payment for the State. In general, funding for k-12 schools either holds steady or increases even in tough economic times. The increase in expenditures was offset by an increase in revenues and transfers in. Revenues of the Public Education Fund went up slightly compared to fiscal year 2011, which was mainly due to an increase in sales and use taxes due to an increase in consumer sales. Transfers in increased by \$17.3 million due to an increased transfer from the State Lottery Fund as a result in higher lottery sales of which a portion goes to public education.

The Conservation and Environmental Protection Fund provides for the preservation of the State's wildlife and environment. The fund balance increased by \$77.5 million due to increases in tax and contribution and intergovernmental revenues. Taxes increased in various sales and use tax categories due to higher consumer sales. While revenues increased, this was offset by a large increase in natural and economic resources expenditures due to an increase in the number of loans given out to local governments.

The Missouri Road Fund accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system. The fund balance decreased by \$336.2 million in fiscal year 2012. The largest change has a decrease in contributions and intergovernmental revenue of \$519.2 million or roughly 35.4%. This is largely due to less funding from the federal government as a result of the series of continuing resolutions passed by Congress since the September 30, 2009, expiration of Safe Accountable Flexible Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU). In addition, a majority of the projects resulting from American Recovery and Reinvestment Act were completed, resulting in less federal funds.

#### Proprietary Funds:

The State has three major proprietary funds: State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance Fund. The State Lottery Fund was established in 1986 to account for the sale of lottery tickets and lottery operations. Since 1992, public education has been the sole beneficiary of lottery proceeds. Unemployment Compensation accounts for contributions and payments collected from Missouri employers under the provision of the "Unemployment Compensation Law." This tax finances benefits for workers who become unemployed through no fault of their own. The Petroleum Storage Tank Insurance Fund accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks. The fund pays cleanup expenses for petroleum leaks or spills from underground storage tanks and certain above ground storage tanks as well as third party property damage or bodily injury resulting from such discharges. This fund is one of the largest insurers of storage tanks in the country.

The State Lottery Fund's net assets increased by \$3.5 million due mainly to increased sales. Sales of scratcher tickets and draw game tickets went up \$97.5 million. This is a result of strong sales of traditional, holiday, and licensed scratcher games as well as an introduction of a new \$20 taxes-paid game. Draw games such as Powerball and Mega Millions also had an increase in sales of approximately \$20.5 million which is attributed to large jackpots during fiscal year 2012. Direct expenses also increased in relation to the increase in sales.

The Unemployment Compensation Fund's net assets increased by \$140.8 million due to a reduction in the number of weekly unemployment claims resulting from a change in the unemployment law. Thereby, reducing the number of weeks that unemployment benefits can be claimed from 26 to 20. As of January 1, 2011, Missouri had an outstanding loan balance with the federal government for two consecutive years resulting in a reduction in the Federal Unemployment Tax Act (FUTA) tax credit that Missouri employers are allowed to claim on their taxes. The additional dollars collected by the federal government will be used to pay down Missouri's loan balance. As of June 30, 2012, the state owes approximately \$563.0 million to the federal government.

The Petroleum Storage Tank Insurance Fund's net assets decreased by \$8.6 million. Operating expenses increased by \$8.2 million primarily due to an increase in program expenses, which increased by 94.5% from fiscal year 2011. The major contributing factor to this increase was related to changes in estimated claims liabilities.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget is the appropriated budget that is truly agreed to and finally passed by the legislature, and signed by the Governor at the beginning of the fiscal year. The final budget includes emergency and supplemental appropriations, reverted and increases to estimated appropriations, which occur during the fiscal year.

Budgeted appropriations for fiscal year 2012 from the General Fund were \$23.2 billion original budget and \$24.8 billion final budget. Actual spending was \$23.2 billion. Reasons for the final budget variances include:

- Appropriation authority exceeded cash available for expenditures.
- Lapse of various appropriations.
- Multiple year grants are appropriated in one year but the expenditures may occur over several years.

Budgeted revenues/transfers in for fiscal year 2012 for the General Fund were \$23.2 billion original budget and \$23.6 billion final budget. Actual revenue/transfers in was \$22.9 billion.

Refer to the *Notes to RSI*, Budgetary Reporting, on page 106 for more information on budgetary variances.

## GOVERNMENT-WIDE CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets:

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2012, was \$31.5 billion (net of accumulated depreciation/amortization). This investment in capital assets includes construction in progress, software in progress, infrastructure in progress, land, permanent easements, land improvements, temporary easements, buildings and improvements, equipment, software, trademarks, and infrastructure.

### Capital Assets of the State include (in thousands):

	Governmental Activities	Business-Type Activities	Total
Construction in Progress	\$ 397,352	\$ 4,822	\$ 402,174
Software in Progress	27,356	---	27,356
Infrastructure in Progress	3,079,286	---	3,079,286
Land	2,910,029	9,462	2,919,491
Permanent Easements	2,174	---	2,174
Land Improvements	187,912	8,915	196,827
Temporary Easements	3,004	50	3,054
Buildings and Improvements	3,196,543	30,890	3,227,433
Equipment	1,206,661	48,699	1,255,360
Software	106,640	1,769	108,409
Trademarks	17	---	17
Infrastructure	45,378,152	---	45,378,152
<i>Subtotal</i>	56,495,126	104,607	56,599,733
Less Accumulated Depreciation/Amortization	(25,016,107)	(56,418)	(25,072,525)
<b>Total Capital Assets, Net</b>	<b>\$ 31,479,019</b>	<b>\$ 48,189</b>	<b>\$ 31,527,208</b>

Additional information on capital assets can be found in *Note 5* of this report.

### Debt Administration:

At the end of fiscal year 2012, the primary government had total general obligation and other bonded debt outstanding of \$4.2 billion. Of this amount, \$432.8 million comprises debt backed by the full faith and credit of the government.

Principal amounts retired in fiscal year 2012 were \$54.3 million for general obligation bonds and \$308.2 million for other bonds.

The State of Missouri is proud to be one of only ten states to maintain a Triple-A credit rating from all three major credit rating agencies (Moody's Investor Services, Inc., Standard and Poor's, and Fitch Ratings, Inc.) on the State's General Obligation Bonds.

### Outstanding Bonds Payable of the State include (in thousands):

	Governmental Activities	Component Units	Total
General Obligation Bonds	\$ 432,765	\$ ---	\$ 432,765
Other Bonds	3,735,920	1,826,628	5,562,548
<b>Total</b>	<b>\$ 4,168,685</b>	<b>\$ 1,826,628</b>	<b>\$ 5,995,313</b>

Additional information on long-term debt can be found in *Notes 11, 12, and 13* of this report.

## ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The State's net general revenue collections continue to make moderate increases. During fiscal year 2012, net general revenue collections increased 3.2% from fiscal year 2011 ending with an amount of \$7.3 billion compared to an increase of 4.9% from fiscal year 2010 to fiscal year 2011. The fiscal year 2013 budget, as appropriated in May 2012, would require growth of 3.9% from fiscal year 2012 in general revenue collections to meet the revenue estimate. The fiscal year 2013 budget has a \$15 million expenditure restriction largely due to the expectation of significant growth in lottery revenue that was built into the budget. However, it is uncertain whether this growth will be realized. As of the end of October 2012, the fiscal year 2013 year-to-date net general revenue collections had increased by 7.5% compared to fiscal year 2012. If this increase remains at the end of the fiscal year, then the fiscal year 2013 budget will be balanced and no further expenditure restrictions will be needed.

The outlook for general revenue for fiscal year 2013 remains uncertain. While most economic forecasts anticipate the eventual return of stronger growth, it remains unclear when this growth may gather speed. Much depends on the timing and details of the federal deficit resolution. Along with domestic fiscal issues, troubles in the European Union continue to vex stateside equity markets, which remain volatile. Meanwhile, despite sitting on elevated amounts of cash, businesses are hesitant to invest in equipment or staff. Consumers remain constrained and little job growth is occurring, especially among public employers hampered by reduced revenues and curtailed stimulus funding. Housing markets continue to struggle with declining prices and foreclosures in much of the country.

Exports continue to be an area of growth in Missouri. Missouri set a record in the second quarter of 2012 reaching the highest second quarter export dollar amount on record in the State with \$7.54 billion in exports. The leading sectors in exports include transportation equipment and chemicals. In addition, the transportation equipment sector had an increase of 75% in aerospace products and parts. The chemical sector also had an increase in the pharmaceuticals and medicines and plastic products sub-sectors by 14% and 16%, respectively. The following graph shows the top exports (in millions of dollars):



Source: Missouri Economic Research and Information Center/Realty Trac

Despite the current national economic situation, Missouri's financial position continues to be strong. Conservative fiscal management, including Missouri's constitutional provisions for the Governor to line item veto and restrict expenditures below appropriated levels, will ensure the fiscal year 2013 budget is balanced. So far in fiscal year 2013, there have been \$15 million in expenditure restrictions. This is largely due to the expectation of significant growth in lottery revenue that is uncertain to materialize.

Missouri sustained several natural disasters in 2011, including flooding and tornadoes. In addition, the State also had a drought in 2012. The State will be aiding in the relief from these disasters with much of the costs being paid during fiscal year 2013. The State and local share of the costs is anywhere from 10 to 25 percent of the total clean-up or restoration costs.

Funding for highways remains uncertain. In July 2012, the president signed a new transportation bill that would give \$105 billion to the states and provide full funding for 27 months. However, federal gas tax receipts are insufficient to fund the bill. The Congressional Budget Office estimates that there will be deficits in federal fiscal year 2015. The impact to Missouri's funding for transportation is unclear. However, it is estimated that the State will receive \$70 million less annually. For this reason, the State must focus on taking care of existing transportation systems until revenues substantially increase.

The State continues to work towards boosting the economy, increasing efficiency, and decreasing costs. During the 2012 legislative session, there were several clean-up bills that passed in an effort to improve efficiencies or save money. House Bill 1608 was passed and is a statutory clean-up bill, which repeals provisions or sections of obsolete or unfunded statutes or establishes expiration dates for specific provisions. This bill covered clean-up of 138 sections/subsections of state statutes and will improve the accuracy and usability of the state statutes. In addition, Senate Bill 625 modified language regarding refunds of employee contributions into the State's retirement system when the employee leaves prior to becoming eligible for normal retirement. Currently, those employees will be refunded their contributions plus 4% interest. Starting July 1, 2015, the interest rate will change to be equal to the rate that is published by the United States Department of Treasury for fifty-two week treasury bills.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the State's finances for all those with an interest in the State's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Administration, Division of Accounting, P.O. Box 809, Jefferson City, MO 65102.



*The **Basic Financial Statements** include the Government-Wide Financial Statements, the Governmental Fund Financial Statements, the Proprietary Fund Financial Statements, the Fiduciary Fund Financial Statements, the Component Unit Financial Statements, and the accompanying notes to the statements.*

**STATE OF MISSOURI**  
**STATEMENT OF NET ASSETS**  
**June 30, 2012**  
**(In Thousands of Dollars)**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and Cash Equivalents (Note 3)	\$ 1,188,819	\$ 73,837	\$ 1,262,656	\$ 382,310
Investments (Note 3)	2,676,259	98,854	2,775,113	1,835,984
Invested Securities Lending Collateral (Note 3)	95,306	2,963	98,269	32,055
Receivables, Net (Note 14)	3,252,408	245,818	3,498,226	553,916
Internal Balances	15,793	(15,793)	---	---
Inventories	94,187	1,572	95,759	53,778
Deposits and Prepaid Expenses	122	144	266	33,872
Restricted Assets:				
Cash and Cash Equivalents (Note 3)	24,058	---	24,058	189,071
Investments (Note 3)	47,543	56,837	104,380	1,159,492
Receivables, Net	---	---	---	82,788
Deferred Costs and Other Assets	57,343	---	57,343	53,139
Capital Assets (Note 5):				
Non-Depreciable	6,416,197	14,284	6,430,481	550,031
Depreciable, Net	25,062,822	33,905	25,096,727	4,119,660
Total Assets	<u>38,930,857</u>	<u>512,421</u>	<u>39,443,278</u>	<u>9,046,096</u>
<b>Liabilities</b>				
Bank Overdraft (Notes 3 and 10)	2	---	2	---
Payables (Note 14)	1,436,683	22,073	1,458,756	714,247
Securities Lending Obligation (Note 3)	95,306	2,963	98,269	32,055
Unearned Revenue (Note 1)	194,712	944	195,656	116,695
Escheat/Unclaimed Property	100,187	---	100,187	---
Long-Term Liabilities (Note 11):				
Due Within One Year	553,658	77,827	631,485	412,982
Due in More Than One Year	6,631,555	695,832	7,327,387	1,869,640
Total Liabilities	<u>9,012,103</u>	<u>799,639</u>	<u>9,811,742</u>	<u>3,145,619</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	27,873,493	47,833	27,921,326	2,717,805
Restricted for:				
Budget Reserve	499,049	---	499,049	---
Debt Service	388,070	---	388,070	---
Grants	330,038	---	330,038	---
Enabling Legislation (Note 1)	522,434	---	522,434	---
Loans Receivable	1,021,923	---	1,021,923	---
Permanent Trusts:				
Expendable	104	---	104	---
Non-Expendable	41,569	---	41,569	---
College and Universities:				
Expendable	---	---	---	459,555
Non-Expendable	---	---	---	809,612
External Parties	1,099,204	9,675	1,108,879	91,425
Unrestricted	(1,857,130)	(344,726)	(2,201,856)	1,822,080
Total Net Assets	<u>\$ 29,918,754</u>	<u>\$ (287,218)</u>	<u>\$ 29,631,536</u>	<u>\$ 5,900,477</u>

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

**STATE OF MISSOURI  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2012  
(In Thousands of Dollars)**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
<b>Primary Government:</b>								
Governmental Activities:								
General Government	\$ 1,028,710	\$ 885,333	\$ 98,061	\$ 42	\$ (45,274)	\$ ---	\$ (45,274)	\$ ---
Education	6,373,671	47,178	1,306,160	---	(5,020,333)	---	(5,020,333)	---
Natural and Economic Resources	1,053,573	217,115	507,030	229	(329,199)	---	(329,199)	---
Transportation and Law Enforcement	2,022,399	240,203	347,118	1,095,766	(339,312)	---	(339,312)	---
Human Services	12,301,153	460,704	7,631,170	25	(4,209,254)	---	(4,209,254)	---
Interest on Debt (Excluding Direct Expense)	207,919	22,036	---	---	(185,883)	---	(185,883)	---
Total Governmental Activities	<u>22,987,425</u>	<u>1,872,569</u>	<u>9,889,539</u>	<u>1,096,062</u>	<u>(10,129,255)</u>	<u>---</u>	<u>(10,129,255)</u>	<u>---</u>
Business-Type Activities:								
State Lottery	835,522	1,109,108	---	---	---	273,586	273,586	---
Unemployment Compensation	1,280,157	---	1,447,968	---	---	167,811	167,811	---
Petroleum Storage Tank Insurance	22,171	12,957	---	---	---	(9,214)	(9,214)	---
State Fair Fees	3,963	3,959	119	---	---	115	115	---
State Parks and DNR	12,903	9,187	3,314	---	---	(402)	(402)	---
Historic Preservation	340	27	---	---	---	(313)	(313)	---
Missouri Veterans' Homes	76,597	25,899	55,989	---	---	5,291	5,291	---
Surplus Property	3,065	3,126	38	---	---	99	99	---
Revenue Information	72	1,383	---	---	---	1,311	1,311	---
Total Business-Type Activities	<u>2,234,790</u>	<u>1,165,646</u>	<u>1,507,428</u>	<u>---</u>	<u>---</u>	<u>438,284</u>	<u>438,284</u>	<u>---</u>
Total Primary Government	<u>\$ 25,222,215</u>	<u>\$ 3,038,215</u>	<u>\$ 11,396,967</u>	<u>\$ 1,096,062</u>	<u>(10,129,255)</u>	<u>438,284</u>	<u>(9,690,971)</u>	<u>---</u>
Component Units:								
College and Universities	\$ 3,782,800	\$ 2,345,661	\$ 1,444,667	\$ 24,022	---	---	---	31,550
Non-Major Component Units	10,615	6,896	---	---	---	---	---	(3,719)
Total Component Units	<u>\$ 3,793,415</u>	<u>\$ 2,352,557</u>	<u>\$ 1,444,667</u>	<u>\$ 24,022</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>27,831</u>
General Revenues:								
Taxes:								
Sales and Use					2,705,883	---	2,705,883	---
Individual Income					5,118,541	---	5,118,541	---
Corporate Income					378,568	---	378,568	---
County Foreign Insurance					168,024	---	168,024	---
Alcoholic Beverage					28,661	---	28,661	---
Corporate Franchise					61,409	---	61,409	---
Inheritance					150	---	150	---
Miscellaneous Taxes					1,243,743	---	1,243,743	---
Grants and Contributions not Restricted to Specific Programs					243,408	---	243,408	4,670
Unrestricted Investment Earnings					23,722	4,312	28,034	41,023
Special Items					(120)	(224)	(344)	42,316
Transfers					300,608	(300,608)	---	---
Total General Revenues, Special Items, and Transfers					<u>10,272,597</u>	<u>(296,520)</u>	<u>9,976,077</u>	<u>88,009</u>
Change in Net Assets					143,342	141,764	285,106	115,840
Net Assets - Beginning					29,775,412	(428,982)	29,346,430	5,784,637
Net Assets - Ending					<u>\$ 29,918,754</u>	<u>\$ (287,218)</u>	<u>\$ 29,631,536</u>	<u>\$ 5,900,477</u>

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

*The Governmental Funds focus on current financial resources.*

## ***Governmental Fund Financial Statements***

### **Major Funds**

**General Fund** – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

#### **Major Special Revenue Funds:**

**Public Education** – Provides general and special education needs of the State and other related areas such as library services and student loans.

**Conservation and Environmental Protection** – Provides for the preservation of the State’s wildlife and environment.

#### **Major Capital Projects Fund:**

**Missouri Road Fund** – Accounts for revenues from highway users’ fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system. This also includes the following blended component unit: Missouri Highway 63 Transportation Corporation.

### **Non-Major Funds**

Non-Major Governmental Funds are presented in the Combining and Individual Fund Statements and Schedules for non-major funds as part of Supplementary Information.

**STATE OF MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2012  
(In Thousands of Dollars)**

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	Totals June 30, 2012
<b>ASSETS</b>						
Cash and Cash Equivalents (Note 3)	\$ 331,404	\$ 43,078	\$ 132,414	\$ 339,995	\$ 168,504	\$ 1,015,395
Investments (Note 3)	965,920	124,600	299,981	713,636	393,259	2,497,396
Invested Securities Lending Collateral (Note 3)	28,399	3,625	23,770	23,676	15,078	94,548
Accounts Receivable, Net	1,704,513	116,415	39,811	119,242	186,561	2,166,542
Interest Receivable	3,969	553	1,642	1,584	750	8,498
Due from Other Funds (Note 15)	---	11,806	---	---	1,478	13,284
Due from Component Units (Note 15)	---	---	677	---	---	677
Inventories	24,793	89	562	45,789	3,619	74,852
Advance to Component Units (Note 15)	---	---	3,742	---	---	3,742
Loans Receivable	36,413	---	982,671	---	2,839	1,021,923
Restricted Assets:						
Cash and Cash Equivalents (Note 3)	---	---	---	22,480	---	22,480
Investments (Note 3)	---	---	---	47,243	---	47,243
Total Assets	<u>\$ 3,095,411</u>	<u>\$ 300,166</u>	<u>\$ 1,485,270</u>	<u>\$ 1,313,645</u>	<u>\$ 772,088</u>	<u>\$ 6,966,580</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	\$ 1,063,662	\$ 775	\$ 3,353	\$ 111,910	\$ 65,989	\$ 1,245,689
Accrued Payroll	57,363	220	4,487	15,400	10,673	88,143
Due to Other Funds (Note 15)	17,615	11	458	286	1,644	20,014
Securities Lending Obligation (Note 3)	28,399	3,625	23,770	23,676	15,078	94,548
Deferred Revenue (Note 1)	664,592	23,827	14,242	44,218	10,143	757,022
Escheat/Unclaimed Property	100,187	---	---	---	---	100,187
Advance from Component Units (Note 15)	---	---	---	9,086	---	9,086
Total Liabilities	<u>1,931,818</u>	<u>28,458</u>	<u>46,310</u>	<u>204,576</u>	<u>103,527</u>	<u>2,314,689</u>
Fund Balances (Note 4):						
Nonspendable	61,206	89	983,233	45,789	48,027	1,138,344
Restricted	336,933	224,389	122,708	1,063,280	342,233	2,089,543
Committed	504,569	8,895	248,138	---	34,705	796,307
Assigned	65,122	38,335	84,881	---	243,596	431,934
Unassigned	195,763	---	---	---	---	195,763
Total Fund Balances	<u>1,163,593</u>	<u>271,708</u>	<u>1,438,960</u>	<u>1,109,069</u>	<u>668,561</u>	<u>4,651,891</u>
Total Liabilities and Fund Balances	<u>\$ 3,095,411</u>	<u>\$ 300,166</u>	<u>\$ 1,485,270</u>	<u>\$ 1,313,645</u>	<u>\$ 772,088</u>	<u>\$ 6,966,580</u>

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

**STATE OF MISSOURI  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
June 30, 2012  
(In Thousands of Dollars)**

Total Fund Balances – Governmental Funds \$ 4,651,891

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental funds are not financial resources and they are not reported in the funds. These assets consist of (Note 5):

Construction in Progress	395,041	
Software in Progress	24,538	
Infrastructure in Progress	3,079,286	
Land	2,902,308	
Permanent Easements	2,174	
Land Improvements	184,798	
Temporary Easements	3,004	
Buildings and Improvements	2,665,869	
Equipment	1,099,183	
Software	96,024	
Trademarks	17	
Infrastructure	45,378,152	
Accumulated Depreciation/Amortization	<u>(24,773,287)</u>	
		31,057,107

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds (Note 1). 596,642

Bonds issued by the State have associated costs that are paid from current available financial resources in the funds. However, these costs are deferred on the Statement of Net Assets. 57,343

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of (Note 11):

Due to Other Entities	(28,787)	
General Obligation and Other Bonds Payable	(4,168,685)	
Unamortized Bond Premium	(142,277)	
Accrued Interest on Bonds	(54,421)	
Obligation under Lease Purchases	(146,077)	
Pollution Remediation	(11,190)	
Compensated Absences	(150,909)	
Claims Liability	(16,887)	
Contingent Liabilities	(1,617,679)	
Net Other Postemployment Benefit Obligation	(594,755)	
Net Pension Obligation	<u>(119,100)</u>	
		(7,050,767)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities are included in governmental activities in the Statement of Net Assets. 606,538

Net Assets of Governmental Activities \$ 29,918,754

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

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	Eliminations	Totals June 30, 2012
<b>Revenues:</b>							
Taxes	\$ 7,440,009	\$ 1,173,932	\$ 183,955	\$ 119,525	\$ 1,042,312	\$ ---	\$ 9,959,733
Licenses, Fees, and Permits	86,851	1,049	77,386	99,061	386,541	---	650,888
Sales	532	---	7,082	---	1,213	---	8,827
Leases and Rentals	42	---	185	---	86	---	313
Services	118,919	---	19	---	138	---	119,076
Contributions and Intergovernmental	9,873,837	75,135	86,185	949,030	244,567	---	11,228,754
Investment Earnings:							
Net Increase (Decrease) in the Fair Value of Investments	5,109	320	867	1,578	723	---	8,597
Interest	14,956	1,214	5,492	8,611	2,774	---	33,047
Penalties and Unclaimed Properties	42,193	3,465	136	---	5,904	---	51,698
Cost Reimbursement/ Miscellaneous	485,707	72,295	3,307	125,502	59,060	---	745,871
Total Revenues	<u>18,068,155</u>	<u>1,327,410</u>	<u>364,614</u>	<u>1,303,307</u>	<u>1,743,318</u>	<u>---</u>	<u>22,806,804</u>
<b>Expenditures:</b>							
Current:							
General Government	658,228	1,198	2,051	---	225,541	---	887,018
Education	2,055,025	4,305,640	19	---	2,683	---	6,363,367
Natural and Economic Resources	445,843	4,132	280,042	---	204,368	---	934,385
Transportation and Law Enforcement	486,049	207	881	849,211	292,450	---	1,628,798
Human Services	11,765,756	18,203	838	---	537,253	---	12,322,050
Capital Outlay:							
General Government	---	---	---	---	3	---	3
Transportation and Law Enforcement	---	---	---	1,112,769	2,685	---	1,115,454
Debt Service:							
Principal	17,389	---	635	113,746	80,713	---	212,483
Interest	31,260	---	---	73,683	103,575	---	208,518
Bond Issuance Costs	425	---	---	8	173	---	606
Underwriter's Discount	2,074	---	---	---	---	---	2,074
Total Expenditures	<u>15,462,049</u>	<u>4,329,380</u>	<u>284,466</u>	<u>2,149,417</u>	<u>1,449,444</u>	<u>---</u>	<u>23,674,756</u>
Excess Revenues (Expenditures)	<u>2,606,106</u>	<u>(3,001,970)</u>	<u>80,148</u>	<u>(846,110)</u>	<u>293,874</u>	<u>---</u>	<u>(867,952)</u>
<b>Other Financing Sources (Uses):</b>							
Proceeds from Capital Leases	1,239	---	---	12	481	---	1,732
Issuance of Refunding Bonds	163,145	---	---	---	---	---	163,145
Escrow Agent	(168,589)	---	---	---	---	---	(168,589)
Bond Premium	7,944	---	---	---	---	---	7,944
Proceeds from Sale of Capital Assets	895	4	27	10,592	5,346	---	16,864
Transfers In (Note 16)	45,550	2,972,308	---	499,302	288,650	(3,505,111)	300,699
Transfers Out (Note 16)	(2,912,546)	(32,430)	(2,668)	---	(557,611)	3,505,111	(144)
Total Other Financing Sources (Uses)	<u>(2,862,362)</u>	<u>2,939,882</u>	<u>(2,641)</u>	<u>509,906</u>	<u>(263,134)</u>	<u>---</u>	<u>321,651</u>
Net Change in Fund Balances	(256,256)	(62,088)	77,507	(336,204)	30,740	---	(546,301)
Fund Balances – Beginning (Note 17)	1,415,640	333,722	1,361,444	1,445,273	637,978	---	5,194,057
Increase (Decrease) in Reserve for Inventory	4,209	74	9	---	(157)	---	4,135
Fund Balances – Ending	<u>\$ 1,163,593</u>	<u>\$ 271,708</u>	<u>\$ 1,438,960</u>	<u>\$ 1,109,069</u>	<u>\$ 668,561</u>	<u>\$ ---</u>	<u>\$ 4,651,891</u>

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

**STATE OF MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES IN  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2012  
(In Thousands of Dollars)**

Net Change in Fund Balances – Total Governmental Funds \$ (546,301)

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

Inventories, which are recorded under the purchases method for governmental fund reporting, are reported under the consumption approach on the Statement of Activities. As a result of this change, the Increase in Reserve for Inventories on the fund statement has been reclassified as a functional expense on the government-wide statement. 4,135

Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount that capital outlays of \$1,295,810 exceeds depreciation/amortization of \$446,392 in the current period. 849,418

The net effect of the donation of capital assets increased net assets. 3,260

Deferred revenues do not provide current financial resources and are not recognized as revenues until available in governmental funds. (254,533)

Proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. In governmental funds, repayment of principal is an expenditure, but the repayment reduces long-term liabilities in the Combined Statement of Net Assets (Note 11):

Bonds Issued	(163,145)	
Bond Premiums, Issuance, and Refunding Costs	(4,344)	
Bonds Retired	362,525	
Capital Leases Issued	(1,732)	
Capital Lease Payments	15,373	
		208,677

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds (Note 11):

Amortization of Bond Premiums, Issuance, and Refunding Costs	14,888	
Increase in Accrued Interest	(17,435)	
Increase in Due to Other Entities	(4,878)	
Increase in Pollution Remediation	(4,261)	
Decrease in Compensated Absences	5,604	
Increase in Contingent Liabilities	(31,710)	
Increase in Claims Liability	(599)	
Increase in Net Other Postemployment Benefit Obligation	(131,276)	
Increase in Net Pension Obligation	(1,945)	
		(171,612)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue and expense of internal service funds are reported with governmental activities. 50,298

Change in Net Assets of Governmental Activities \$ 143,342

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



*The **Proprietary Funds** focus on economic resources and are operated in a manner similar to private business enterprises.*

## ***Proprietary Fund Financial Statements***

### **Major Funds**

**State Lottery** – Accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

**Unemployment Compensation** – Accounts for contributions and payments collected under the provisions of the “Unemployment Compensation Law” to pay benefits.

**Petroleum Storage Tank Insurance** – Accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

### **Non-Major Funds**

Non-major enterprise funds and all internal service funds are presented in our combining non-major fund financial statements as part of Supplementary Information.

**STATE OF MISSOURI  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2012  
(In Thousands of Dollars)**

	Business-Type Activities – Enterprise Funds					
	Major Funds				Totals June 30, 2012	Governmental Activities – Internal Service Funds
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds		
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents (Note 3)	\$ 10,882	\$ 34,497	\$ 17,578	\$ 10,880	\$ 73,837	\$ 173,424
Investments (Note 3)	12,606	---	52,999	33,249	98,854	76,970
Restricted:						
Investments (Note 3)	7,618	---	---	---	7,618	300
Invested Securities Lending Collateral (Note 3)	379	---	1,586	998	2,963	758
Accounts Receivable, Net	43,736	193,411	1,787	6,065	244,999	50,786
Interest Receivable	26	---	165	23	214	239
Due from Other Funds (Note 15)	---	1	---	100	101	20,338
Due from Component Units (Note 15)	---	---	---	---	---	1
Inventories	---	---	---	1,572	1,572	19,335
Prepaid Items	144	---	---	---	144	122
Loans Receivable	---	---	---	605	605	---
Total Current Assets	<u>75,391</u>	<u>227,909</u>	<u>74,115</u>	<u>53,492</u>	<u>430,907</u>	<u>342,273</u>
Non-Current Assets:						
Investments	---	---	---	---	---	101,893
Restricted:						
Cash and Cash Equivalents (Note 3)	---	---	---	---	---	1,578
Investments (Note 3)	49,219	---	---	---	49,219	---
Capital Assets (Note 5):						
Construction in Progress	---	---	---	4,822	4,822	2,311
Software in Progress	---	---	---	---	---	2,818
Land	353	---	---	9,109	9,462	7,721
Land Improvements	---	---	---	8,915	8,915	3,114
Temporary Easements	---	---	---	50	50	---
Buildings	5,221	---	---	25,669	30,890	530,674
Equipment	7,783	---	200	40,716	48,699	107,478
Software	1,763	---	---	6	1,769	10,616
Less Accumulated Depreciation/Amortization	(11,678)	---	(173)	(44,567)	(56,418)	(242,820)
Total Non-Current Assets	<u>52,661</u>	<u>---</u>	<u>27</u>	<u>44,720</u>	<u>97,408</u>	<u>525,383</u>
Total Assets	<u>128,052</u>	<u>227,909</u>	<u>74,142</u>	<u>98,212</u>	<u>528,315</u>	<u>867,656</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Bank Overdraft (Note 3 and 10)	---	---	---	---	---	2
Accounts Payable	3,211	14,335	9	2,028	19,583	37,275
Accrued Payroll	262	---	18	2,210	2,490	2,069
Due to Other Funds (Note 15)	11,842	1,478	1	75	13,396	313
Securities Lending Obligation (Note 3)	379	---	1,586	998	2,963	758
Unearned Revenue (Note 1)	388	---	556	---	944	34,332
Claims Liability (Note 11)	---	---	15,000	---	15,000	70,315
Grand Prize Winner Liability (Note 11)	59,025	---	---	---	59,025	---
Obligations under Lease Purchase (Note 11)	---	---	---	82	82	4,876
Compensated Absences (Note 11)	582	---	36	3,102	3,720	4,391
Total Current Liabilities	<u>75,689</u>	<u>15,813</u>	<u>17,206</u>	<u>8,495</u>	<u>117,203</u>	<u>154,331</u>
Non-Current Liabilities:						
Loans Payable	---	562,805	---	---	562,805	---
Claims Liability (Note 11)	---	---	93,189	---	93,189	64,044
Grand Prize Winner Liability (Note 11)	39,539	---	---	---	39,539	---
Obligations under Lease Purchase (Note 11)	---	---	---	274	274	44,602
Compensated Absences (Note 11)	---	---	---	25	25	639
Total Non-Current Liabilities	<u>39,539</u>	<u>562,805</u>	<u>93,189</u>	<u>299</u>	<u>695,832</u>	<u>109,285</u>
Total Liabilities	<u>115,228</u>	<u>578,618</u>	<u>110,395</u>	<u>8,794</u>	<u>813,035</u>	<u>263,616</u>
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	3,442	---	27	44,364	47,833	372,434
Restricted for:						
Revenue Bonds	---	---	---	---	---	1,007
Other Purposes	9,675	---	---	---	9,675	871
Unrestricted	(293)	(350,709)	(36,280)	45,054	(342,228)	229,728
Total Net Assets	<u>\$ 12,824</u>	<u>\$ (350,709)</u>	<u>\$ (36,253)</u>	<u>\$ 89,418</u>	<u>\$ (284,720)</u>	<u>\$ 604,040</u>
Total Net Assets Reported Above					\$ (284,720)	
Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds					(2,498)	
Net Assets of Business-Type Activities					<u>\$ (287,218)</u>	

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

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	Business-Type Activities – Enterprise Funds					Governmental Activities – Internal Service Funds
	Major Funds				Totals	
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2012	
<b>Operating Revenues:</b>						
Employer Contributions	\$ ---	\$ 761,388	\$ ---	\$ ---	\$ 761,388	\$ 444,295
Employee Contributions	---	---	---	---	---	178,111
Medicare Part D Subsidy	---	---	---	---	---	4,533
Licenses, Fees, and Permits	---	---	12,957	8,330	21,287	19,493
Sales	1,107,814	---	---	5,443	1,113,257	27,909
Leases and Rentals	---	---	---	3,132	3,132	106,764
Charges for Services	---	---	---	25,684	25,684	119,789
Cost Reimbursement/Miscellaneous	1,294	---	---	1,750	3,044	7,197
<b>Total Operating Revenues</b>	<b>1,109,108</b>	<b>761,388</b>	<b>12,957</b>	<b>44,339</b>	<b>1,927,792</b>	<b>908,091</b>
<b>Operating Expenses:</b>						
Cost of Goods Sold	15,319	---	---	2,303	17,622	24,847
Personal Service	9,378	---	1,411	60,603	71,392	77,122
Operations	75,092	---	3,761	19,770	98,623	159,651
Prizes Expense	722,080	---	---	---	722,080	---
Inventories	---	---	---	9,674	9,674	139
Specific Programs	---	---	16,989	981	17,970	29,377
Insurance Benefits	---	---	---	---	---	540,127
Unemployment Benefits	---	1,280,157	---	---	1,280,157	---
Depreciation/Amortization	1,049	---	6	3,546	4,601	23,509
Other Charges	12,693	---	---	371	13,064	1,947
<b>Total Operating Expenses</b>	<b>835,611</b>	<b>1,280,157</b>	<b>22,167</b>	<b>97,248</b>	<b>2,235,183</b>	<b>856,719</b>
<b>Operating Income (Loss)</b>	<b>273,497</b>	<b>(518,769)</b>	<b>(9,210)</b>	<b>(52,909)</b>	<b>(307,391)</b>	<b>51,372</b>
<b>Non-Operating Revenues (Expenses):</b>						
Contributions and Intergovernmental	(22)	686,580	---	59,460	746,018	34
Interest Expense	---	---	---	(2)	(2)	(1,740)
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	3,406	---	141	89	3,636	(452)
Interest	87	45	480	64	676	3,866
Penalties and Unclaimed Properties	---	---	---	---	---	1
Disposal of Capital Assets	6	---	---	165	171	(2,677)
Special Items	---	---	---	(224)	(224)	---
<b>Total Non-Operating Revenues (Expenses)</b>	<b>3,477</b>	<b>686,625</b>	<b>621</b>	<b>59,552</b>	<b>750,275</b>	<b>(968)</b>
Income (Loss) Before Transfers	276,974	167,856	(8,589)	6,643	442,884	50,404
Transfers In (Note 16)	22	---	---	27	49	149
Transfers Out (Note 16)	(273,532)	(26,997)	---	(128)	(300,657)	(767)
Change in Net Assets	3,464	140,859	(8,589)	6,542	142,276	49,786
Total Net Assets – Beginning (Note 17)	9,360	(491,568)	(27,664)	82,876	(426,996)	554,254
<b>Total Net Assets – Ending</b>	<b>\$ 12,824</b>	<b>\$ (350,709)</b>	<b>\$ (36,253)</b>	<b>\$ 89,418</b>	<b>\$ (284,720)</b>	<b>\$ 604,040</b>
					Total Net Change in Net Assets Reported Above	\$ 142,276
					Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds	(512)
					Change in Net Assets of Business-Type Activities	<u>\$ 141,764</u>

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

**STATE OF MISSOURI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2012  
(In Thousands of Dollars)**

	Business-Type Activities – Enterprise Funds					
	Major Funds				Totals	Governmental Activities – Internal Service Funds
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds		
<b>Cash Flows from Operating Activities:</b>						
Receipts from Internal Customers and Users	\$ ---	\$ ---	\$ ---	\$ 2,137	\$ 2,137	\$ 688,283
Receipts from External Customers and Users	1,114,368	765,246	13,042	34,992	1,927,648	204,076
Payments to Suppliers	(89,997)	---	(3,781)	(24,117)	(117,895)	(185,153)
Payments to Employees	(9,425)	---	(1,488)	(66,834)	(77,747)	(77,275)
Payments Made for Program Expense	(720,097)	(1,409,273)	(12,447)	(981)	(2,142,798)	(575,245)
Other Receipts (Payments)	(11,399)	---	---	1,377	(10,022)	5,250
Net Cash Provided (Used) by Operating Activities	<u>283,450</u>	<u>(644,027)</u>	<u>(4,674)</u>	<u>(53,426)</u>	<u>(418,677)</u>	<u>59,936</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Loans Made to Outside Entities	---	---	---	14	14	---
Due to/from Other Funds	(6,511)	---	(2)	(64)	(6,577)	(4,704)
Due to/from Component Units	---	1,178	---	---	1,178	---
Contributions and Intergovernmental	(22)	686,580	---	59,372	745,930	34
Transfers to/from Other Funds	(273,510)	(26,997)	---	(101)	(300,608)	(618)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(280,043)</u>	<u>660,761</u>	<u>(2)</u>	<u>59,221</u>	<u>439,937</u>	<u>(5,288)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Interest Expense	---	---	---	(2)	(2)	(1,740)
Purchases and Construction of Capital Assets	(1,126)	---	(9)	(2,047)	(3,182)	(14,300)
Capital Lease Downpayment/Obligations	---	---	---	(38)	(38)	(6,743)
Disposal of Capital Assets	6	---	---	1,106	1,112	---
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,120)</u>	<u>---</u>	<u>(9)</u>	<u>(981)</u>	<u>(2,110)</u>	<u>(22,783)</u>
<b>Cash Flows from Investing Activities:</b>						
Proceeds from Sales and Investment Maturities	3,006	---	---	78	3,084	1,004,685
Purchase of Investments	---	---	(2,489)	(6,762)	(9,251)	(1,007,719)
Interest and Dividends Received	95	45	451	59	650	4,051
Investment Fees	---	---	---	---	---	(45)
Penalties and Other Receipts	---	---	---	---	---	1
Net Cash Provided (Used) by Investing Activities	<u>3,101</u>	<u>45</u>	<u>(2,038)</u>	<u>(6,625)</u>	<u>(5,517)</u>	<u>973</u>
Net Increase (Decrease) in Cash and Cash Equivalents, Beginning of Year	5,388	16,779	(6,723)	(1,811)	13,633	32,838
Cash and Cash Equivalents, Beginning of Year	5,494	17,718	24,301	12,691	60,204	142,162
Cash and Cash Equivalents, End of Year	<u>\$ 10,882</u>	<u>\$ 34,497</u>	<u>\$ 17,578</u>	<u>\$ 10,880</u>	<u>\$ 73,837</u>	<u>\$ 175,000</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating Income (Loss)	\$ 273,497	\$ (518,769)	\$ (9,210)	\$ (52,909)	\$ (307,391)	\$ 51,372
Depreciation/Amortization Expense	1,049	---	6	3,546	4,601	23,509
Changes in Assets and Liabilities:						
Accounts Receivable	6,166	3,858	72	(5,462)	4,634	(9,603)
Inventories	---	---	---	(2)	(2)	(2,888)
Prepaid Items	22	---	---	---	22	(91)
Accounts Payable	392	247	(20)	810	1,429	2,461
Accrued Payroll	(18)	---	(46)	248	184	(65)
Loans Payable	---	(129,363)	---	---	(129,363)	---
Unearned Revenue	388	---	13	---	401	1,068
Grand Prize Winner Liability	1,983	---	---	---	1,983	---
Claims Liability	---	---	4,542	---	4,542	(5,741)
Compensated Absences	(29)	---	(31)	343	283	(86)
Net Cash Provided (Used) by Operating Activities	<u>\$ 283,450</u>	<u>\$ (644,027)</u>	<u>\$ (4,674)</u>	<u>\$ (53,426)</u>	<u>\$ (418,677)</u>	<u>\$ 59,936</u>
<b>Non-Cash Financing and Investing Activities:</b>						
Capital Lease Issuance	\$ ---	\$ ---	\$ ---	\$ 328	\$ 328	\$ 1,611
Capital Asset Donations	22	---	---	88	110	329
Increase (Decrease) in Fair Value of Investments	3,406	---	141	89	3,636	(452)
Net Non-Cash Financing and Investing Activities	<u>\$ 3,428</u>	<u>\$ ---</u>	<u>\$ 141</u>	<u>\$ 505</u>	<u>\$ 4,074</u>	<u>\$ 1,488</u>

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



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*The **Fiduciary Funds** account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.*

Individual fund financial statements for pension (and other employee benefit) trust funds, private-purpose trust funds, and agency funds are presented as part of Supplementary Information.

**STATE OF MISSOURI**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**June 30, 2012**  
**(In Thousands of Dollars)**

	Pension (and Other Employee Benefit) Trust Funds	Private- Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and Cash Equivalents (Note 3)	\$ 896,544	\$ 7,682	\$ 36,842
Investments at Fair Value (Note 3):			
U.S. Government Securities	900,891	2,135	392,880
U.S. Agency Sponsored Securities	33,921	15,265	77,274
Repurchase Agreements	---	---	12,848
Stocks	1,081,422	58	178
Bonds	189,974	---	---
International Equities	1,168,441	---	---
Mutual and Index Funds	1,574,158	---	560
Venture Capital Limited Partnership	4,270,055	---	---
Other Investments	685,363	6,065	1,689
Invested Securities Lending Collateral (Note 3)	749,974	705	99
Receivables:			
Accounts Receivable	92,098	---	326,107
Interest Receivable	3,764	16	43
Inventories	---	2	---
Prepaid Expenses	48	---	---
Capital Assets:			
Land	351	---	---
Buildings	4,252	---	---
Equipment	1,840	49	---
Software	3,373	8	---
Accumulated Depreciation/Amortization	(3,838)	(49)	---
Total Capital Assets, Net	<u>5,978</u>	<u>8</u>	<u>---</u>
Total Assets	<u>11,652,631</u>	<u>31,936</u>	<u>\$ 848,520</u>
<b>LIABILITIES</b>			
Accounts Payable	42,696	886	31
Accrued Payroll	---	20	---
Due to Other Entities	---	---	808,642
Due to Individuals	---	---	39,748
Securities Lending Obligation (Note 3)	748,138	705	99
Unearned Revenue (Note 1)	5,314	---	---
Claims Liability	10,052	---	---
Compensated Absences	568	---	---
Total Liabilities	<u>806,768</u>	<u>1,611</u>	<u>\$ 848,520</u>
Net Assets Held in Trust for Benefits and Other Purposes	<u>\$ 10,845,863</u>	<u>\$ 30,325</u>	

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

**STATE OF MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	Pension (and Other Employee Benefit) Trust Funds	Private- Purpose Trust Funds
<b>Additions:</b>		
Contributions:		
Employer	\$ 519,945	\$ ---
Plan Member	110,081	---
Other	40,305	---
Investment Earnings:		
Increase (Decrease) in Appreciation of Assets	188,829	61
Interest and Dividends	158,792	47
Securities Lending Income	2,021	---
Total Investment Earnings	349,642	108
Less Investment Expenses:		
Investment Activity Expense	(129,437)	---
Securities Lending Expense	(274)	---
Total Investment Expense	(129,711)	---
Net Investment Earnings	219,931	108
Unclaimed Property	---	42,921
Cost Reimbursement/Miscellaneous	468	13,799
Total Additions	890,730	56,828
<b>Deductions:</b>		
Benefits	999,548	---
Administrative Expenses	16,519	1,724
Program Distributions	69,134	50,316
Service Transfer Payments	588	---
Depreciation/Amortization	610	13
Total Deductions	1,086,399	52,053
Change in Net Assets	(195,669)	4,775
Net Assets held in Trust – Beginning of Year (Note 17)	11,041,532	25,550
Net Assets held in Trust – End of Year	\$ 10,845,863	\$ 30,325

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



*The **Component Units** account for all transactions relating to legally separate entities which, for reporting purposes, are a part of the State.*

## ***Component Unit Financial Statements***

### **Major**

**College and Universities**

### **Non-Major**

Non-Major proprietary component unit statements are found in the combining fund financial statements as part of Supplementary Information.

**STATE OF MISSOURI  
STATEMENT OF NET ASSETS  
COMPONENT UNITS  
June 30, 2012  
(In Thousands of Dollars)**

	College and Universities	Non-Major	Totals June 30, 2012
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 361,205	\$ 21,105	\$ 382,310
Investments	347,787	11,178	358,965
Invested Securities Lending Collateral	32,032	23	32,055
Receivables, Net	377,779	2,276	380,055
Inventories	53,778	---	53,778
Restricted Assets:			
Cash and Cash Equivalents	174,083	4,701	178,784
Investments	38,221	---	38,221
Receivables, Net	13,192	12,988	26,180
Deposits and Prepaid Expenses	32,512	1,360	33,872
Deferred Costs and Other Assets	496	---	496
Total Current Assets	<u>1,431,085</u>	<u>53,631</u>	<u>1,484,716</u>
Non-Current Assets:			
Investments	1,471,185	5,834	1,477,019
Receivables, Net	120,537	44,238	164,775
Advance to Primary Government (Note 15)	---	9,086	9,086
Restricted Assets:			
Cash and Cash Equivalents	4,809	5,478	10,287
Investments	1,115,795	5,476	1,121,271
Receivables, Net	1,672	54,936	56,608
Deferred Costs and Other Assets	52,428	215	52,643
Capital Assets, Net of Accumulated Depreciation/Amortization (Note 5)	4,595,996	73,695	4,669,691
Total Non-Current Assets	<u>7,362,422</u>	<u>198,958</u>	<u>7,561,380</u>
Total Assets	<u>8,793,507</u>	<u>252,589</u>	<u>9,046,096</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	461,799	481	462,280
Due to Primary Government (Note 15)	---	678	678
Securities Lending Obligation	32,032	23	32,055
Unearned Revenue (Note 1)	113,878	---	113,878
Deposits	67,016	---	67,016
Claims Liability (Note 21)	37,723	---	37,723
Compensated Absences	63,756	23	63,779
Other Postemployment Obligations, Net	555	---	555
Capital Lease Obligations (Note 6)	3,524	3	3,527
Bonds and Notes Payable (Note 12)	307,226	172	307,398
Total Current Liabilities	<u>1,087,509</u>	<u>1,380</u>	<u>1,088,889</u>
Non-Current Liabilities:			
Accounts Payable and Accrued Liabilities	176,544	---	176,544
Advance from Primary Government (Note 15)	---	3,742	3,742
Unearned Revenue (Note 1)	853	1,964	2,817
Deposits and Reserves	524	3,463	3,987
Claims Liability (Note 21)	33,147	---	33,147
Compensated Absences	24,146	---	24,146
Other Postemployment Obligations, Net	4,742	---	4,742
Capital Lease Obligations (Note 6)	45,088	12	45,100
Bonds and Notes Payable (Note 12)	1,708,500	54,005	1,762,505
Total Non-Current Liabilities	<u>1,993,544</u>	<u>63,186</u>	<u>2,056,730</u>
Total Liabilities	<u>3,081,053</u>	<u>64,566</u>	<u>3,145,619</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net	2,698,302	19,503	2,717,805
Restricted for:			
Expendable	459,555	---	459,555
Non-Expendable	809,612	---	809,612
Other Purposes	---	91,425	91,425
Unrestricted	1,744,985	77,095	1,822,080
Total Net Assets	<u>\$ 5,712,454</u>	<u>\$ 188,023</u>	<u>\$ 5,900,477</u>

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

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS/STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	College and Universities	Non-Major	Totals June 30, 2012	Adjustments	Statement of Activities
<b>Revenues:</b>					
Operating Revenues:					
Licenses, Fees, and Permits	\$ ---	\$ 1,836	\$ 1,836	\$ ---	\$ 1,836
Student Tuition and Fees (Net of Scholarship Allow.)	895,730	---	895,730	---	895,730
Sales and Services of Educational Departments	42,051	---	42,051	---	42,051
Auxiliary Enterprises	1,331,617	---	1,331,617	---	1,331,617
Leases and Rentals	---	4,062	4,062	---	4,062
Cost Reimbursement/Miscellaneous	76,263	998	77,261	---	77,261
Total Charges for Services					<u>2,352,557</u>
Federal Appropriations, Grants, and Contracts	218,862	---	218,862	207,269	426,131
State Grants and Contracts	75,348	---	75,348	721,447	796,795
Private Gifts, Grants, and Contracts	84,210	---	84,210	111,165	195,375
Additions to Endowments	---	---	---	26,366	26,366
Total Operating Grants and Contributions					<u>1,444,667</u>
Interest Revenue	1,041	3,116	4,157	(4,157)	---
Total Operating Revenues	<u>2,725,122</u>	<u>10,012</u>	<u>2,735,134</u>	<u>1,062,090</u>	
<b>Expenses:</b>					
Operating Expenses:					
Personal Service	2,275,427	1,608	2,277,035	---	2,277,035
Operations	---	2,970	2,970	---	2,970
Specific Programs	---	2,681	2,681	---	2,681
Scholarships and Fellowships	135,277	---	135,277	---	135,277
Utilities	31,295	---	31,295	---	31,295
Supplies and Other Services	945,936	4	945,940	---	945,940
Contracted Services	23,384	---	23,384	---	23,384
Interest Expense	---	---	---	81,470	81,470
Depreciation/Amortization	251,247	1,945	253,192	---	253,192
Bad Debt Expense	---	19	19	---	19
Miscellaneous	30,042	63	30,105	10,047	40,152
Total Operating Expenses	<u>3,692,608</u>	<u>9,290</u>	<u>3,701,898</u>	<u>91,517</u>	<u>3,793,415</u>
Operating Income (Loss)	<u>(967,486)</u>	<u>722</u>	<u>(966,764)</u>	<u>970,573</u>	
<b>Non-Operating Revenues (Expenses):</b>					
Federal Appropriations, Grants, and Contracts	207,269	---	207,269	(207,269)	---
State Appropriations, Grants, and Contracts	721,447	---	721,447	(721,447)	---
Private Gifts, Grants, and Contracts	111,165	---	111,165	(111,165)	---
Contributions and Intergovernmental	---	4,670	4,670	---	4,670
Total Unrestricted Grants and Contributions					<u>4,670</u>
Investment Earnings:					
Increase (Decrease) in the Fair Value of Investments	---	(142)	(142)	---	(142)
Investment and Endowment Income (Loss)	36,418	---	36,418	---	36,418
Interest	---	590	590	4,157	4,747
Interest and Bond Related Expenses	(80,159)	(1,311)	(81,470)	81,470	---
Gain (Loss) on Sale of Capital Assets	(3,495)	---	(3,495)	3,495	---
Miscellaneous Revenues (Expenses)	(6,538)	(14)	(6,552)	6,552	---
Total Unrestricted Investment Earnings					<u>41,023</u>
Total Non-Operating Revenues (Expenses)	<u>986,107</u>	<u>3,793</u>	<u>989,900</u>	<u>(944,207)</u>	
Income Before Other Revenues (Expenses) Or Gains (Losses)	18,621	4,515	23,136	26,366	
State Capital Appropriations	24,022	---	24,022	---	24,022
Total Capital Grants and Contributions					<u>24,022</u>
Additions to Endowments	26,366	---	26,366	(26,366)	---
Special Items	42,316	---	42,316	---	42,316
Change in Net Assets	<u>111,325</u>	<u>4,515</u>	<u>115,840</u>	<u>---</u>	<u>115,840</u>
Net Assets – Beginning of Year (Note 17)	5,601,129	183,508	5,784,637	---	5,784,637
Net Assets – End of Year	<u>\$ 5,712,454</u>	<u>\$ 188,023</u>	<u>\$ 5,900,477</u>	<u>\$ ---</u>	<u>\$ 5,900,477</u>

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



*The Notes to the Financial Statements provide a summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements.*

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 1 – Significant Accounting Policies**

**A. Financial Statements and Reporting Entity**

The accompanying financial statements of the State of Missouri (primary government) and its component units have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The State has elected not to follow the Financial Accounting Standards Board's pronouncements issued after November 30, 1989 for proprietary activities.

The financial statements include the departments, agencies, boards, commissions, and other organizational units over which the State has financial accountability. GASB set forth the following criteria in Statement No. 14 – *The Financial Reporting Entity* for determining financial accountability: appointment of a voting majority of an organization's governing body and either: 1) the ability to impose the State's will on the organization; or 2) the organization's ability to provide specific benefits to, or impose specific burdens on, the primary government. Where the State does not appoint a voting majority of the governing body, the entity would still be included if it is fiscally dependent on the State. Statement No. 39 – *Determining Whether Certain Entities are Component Units* added a requirement to include all entities whose relationship with the State would make it misleading to exclude it.

In addition to the legislative, executive, and judicial branches, the following organizations are included in these financial statements:

Component Units (Blended):

Blended component units are legally separate entities from the State, but are so intertwined with the State that they are, for all practical purposes, the same as the State. They are reported as part of the primary government and blended into the appropriate funds. The following component units are blended because they provide services entirely or almost entirely to the primary government:

Board of Fund Commissioners – The Board was created by state law and is comprised of the Governor, Lieutenant Governor, Attorney General, State Auditor, State Treasurer, and the Commissioner of Administration. The Board's purpose is to issue, redeem, and cancel state general obligation bonds and perform other administrative activities related to state general obligation debt as assigned by law. Separate financial statements are not required or issued for the Board.

Board of Private Investigator and Private Fire Investigator Examiners – The Board was created by state law and is charged with the licensure and regulation of the practice of private investigators and private fire investigators in Missouri. The seven member board shall consist of three private investigators, two private fire investigators, and two public members, appointed by the Governor. Separate financial statements are not required for the Board.

Board of Unemployment Fund Financing – The Board was created by state law to provide a method of providing funds for the payment of unemployment benefits and maintaining an adequate fund balance in the Unemployment Compensation Fund. The Board is comprised of the Governor, Lieutenant Governor, Attorney General, the Director of the Department of Labor and Industrial Relations, and the Commissioner of Administration. Separate financial statements are not required for the Board.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 1 – Significant Accounting Policies (cont.)**

Coordinating Board for Early Childhood – The Board was created by state law within the Missouri Children’s Services Commission. The Board’s purpose is to develop a comprehensive statewide long-range strategic plan for a cohesive early childhood system, and to work with public and private entities for the purpose of promoting and improving the development of Missouri’s children from birth through age five. The 17 member Board is composed of representatives from the Governor’s office; the following departments: Health and Senior Services, Mental Health, Social Services, and Elementary and Secondary Education; the judiciary; the Family and Community Trust Board; the Head Start Program; and nine members appointed by the Governor. Separate financial statements are not required for the Board.

Missouri State Penitentiary Redevelopment Commission – The Commission was established to coordinate the planning and redevelopment of the old Jefferson City Correctional Center. The ten member commission consists of three members appointed by the Jefferson City mayor, three members appointed by the Cole County Commission, and four members appointed by the Governor. Separate financial statements are not required for the Commission.

Capital Projects Funds:

Missouri Highway 63 Transportation Corporation – This is reported as a part of the Missouri Road Fund. This transportation corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The corporation was formed to facilitate the construction of highway projects. When the purpose for which this corporation was formed has been complied with and all obligations of the corporation have been paid, the Board of the corporation shall, with the approval of the Missouri Highways and Transportation Commission, dissolve the corporation. Additional information may be requested from:

Missouri Department of Transportation  
Financial Services Division  
P.O. Box 270  
Jefferson City, Missouri 65102

Internal Service Funds:

Board of Public Buildings – This is reported with the State Facility Maintenance and Operation Fund. The Board was created by state law and its governing body is made up of the Governor, the Lieutenant Governor, and the Attorney General. Its purpose is to provide state buildings by issuing revenue bonds and to supervise the operations of these facilities. All construction contracts must be approved by the Division of Facilities Management, Design and Construction, and its projects must be approved by the General Assembly. The Board can require state agencies to occupy its projects. The General Assembly appropriates to the Board, on behalf of the state agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves, and pay the costs of operations.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 1 – Significant Accounting Policies (cont.)**

Conservation Employees' Insurance Plan – The Plan provides health and life insurance coverage to eligible employees and retirees of the Missouri Department of Conservation. The Plan is administered by a five member board of trustees made up of two members of the Plan appointed by the Conservation Commission, the Chief Financial Officer, the Human Resources Division Chief, and the Internal Auditor. Copies of the Plan's financial statements may be requested from:

Missouri Department of Conservation  
P.O. Box 180  
Jefferson City, Missouri 65102

Transportation Self-Insurance Plan – The Plan provides fleet vehicle liability, workers' compensation, and general liability insurance. The Plan is administered by the Missouri Department of Transportation. Additional information may be requested from:

Missouri Department of Transportation  
Financial Services Division  
P.O. Box 270  
Jefferson City, Missouri 65102

Missouri State Employee's Insurance Plan – The Plan was created to provide basic life insurance to eligible members and is administered through the Missouri State Employees' Retirement System (MOSERS). Death benefits, optional life insurance, and long-term disability benefits are also provided by the Plan for certain members. Furthermore, the Plan administers the State's Deferred Compensation Plan through the MOSERS Board of Trustees. Copies of the System's financial statements may be requested from:

Missouri State Employees' Retirement System  
P.O. Box 209  
907 Wildwood Drive  
Jefferson City, Missouri 65102-0209

Missouri Consolidated Health Care Plan (MCHCP) – The Plan was created by state law to provide medical benefits to its members and is administered by a board of trustees. The Board consists of two members of the Senate; two members of the House; six members appointed by the Governor; the Director of the Department of Health and Senior Services; the Director of the Department of Insurance, Financial Institutions and Professional Registration; and the Commissioner of Administration. The management of MCHCP is the responsibility of the Executive Director who is appointed by the Board. Copies of the Plan's financial statements may be requested from:

Missouri Consolidated Health Care Plan  
P.O. Box 104355  
832 Weathered Rock Court  
Jefferson City, Missouri 65110-4355

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 1 – Significant Accounting Policies (cont.)**

MoDOT and MSHP Medical and Life Insurance Plan – The Plan provides health and life insurance coverage to eligible employees, retirees, and their dependents of the Missouri Department of Transportation (MoDOT) and the Missouri State Highway Patrol (MSHP). The Plan is administered by a board of trustees consisting of four active MoDOT employees, one retired MoDOT employee appointed by the Director of MoDOT, two active MSHP employees, and one retired MSHP employee appointed by the Superintendent of MSHP. Additional information may be requested from:

Missouri Department of Transportation  
Financial Services Division  
P.O. Box 270  
Jefferson City, Missouri 65102

Pension (and other employee benefit) trust funds:

Missouri State Employees' Retirement System (MOSERS) – The System was created by state law and provides retirement, survivor, disability, and life insurance to its members and is administered by a board of trustees. The Board consists of two members of the Senate, two members of the House, two members appointed by the Governor, three members elected by the System's members, the State Treasurer, and the Commissioner of Administration. The management of MOSERS is the responsibility of the Executive Director who is appointed by the Board. Copies of the System's financial statements may be requested from:

Missouri State Employees' Retirement System  
P.O. Box 209  
907 Wildwood Drive  
Jefferson City, Missouri 65102-0209

Missouri Department of Transportation and Highway Patrol Employees' Retirement System – The System provides retirement, death, and disability benefits to qualified employees of the Missouri Highways and Transportation Commission (includes employees of the Department of Transportation) and both uniformed and non-uniformed members of the State Highway Patrol. The System is administered by a board of trustees consisting of three members of the Missouri Highways and Transportation Commission, the Director of the Missouri Department of Transportation, the Superintendent of the State Highway Patrol, one member of the Senate, one member of the House, one member elected by MoDOT employees, one member elected by State Highway Patrol employees, one retired member elected by retired MoDOT employees, and one retired member elected by retired State Highway Patrol employees. Copies of the System's financial statements may be requested from:

Missouri Department of Transportation and  
Highway Patrol Employees' Retirement System  
P.O. Box 1930  
Jefferson City, Missouri 65102-1930

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 1 – Significant Accounting Policies (cont.)**

Missouri Consolidated Health Care Plan (MCHCP) State Retiree Welfare Benefit Trust – The Trust was established on June 27, 2008, to provide health and welfare benefits for the exclusive benefit of current and future retired employees of the State and their dependents who meet eligibility requirements, except those covered by other State sponsored post-employment benefit plans. The Trust is administered by the MCHCP board of trustees, which also administers the benefits for the active participants of the Plan. The net assets and activity related to active participants are reported in an internal service fund. Copies of the Plan's financial statements may be requested from:

Missouri Consolidated Health Care Plan  
P.O. Box 104355  
832 Weathered Rock Court  
Jefferson City, Missouri 65110-4355

Missouri State Public Employees' Deferred Compensation Plan – The Missouri State Public Employees' Deferred Compensation Plan was administered by ING through October 2011. Starting on November 10, 2011, the Plan is administered by ICMA-RC. Oversight of the Plan is provided by the MOSERS board of trustees. Under this Plan, employees are permitted to defer a portion of their current salary until future years. In addition, eligible employees have the opportunity to participate in the Missouri State Employees' Deferred Compensation Incentive Plan. Under this Plan, the State contributes \$25, \$30, or \$35 per month on behalf of any employee who contributes at least that amount to the Missouri State Public Employees' Deferred Compensation Plan and who has been an employee of the State for at least one year. However, due to budget constraints, the State's contribution amount was suspended in March 2010 until further notice. Copies of financial statements for both Plans may be requested from:

Plan Administrator  
c/o MOSERS  
P.O. Box 209  
907 Wildwood Drive  
Jefferson City, Missouri 65102-0209

**Component Units (Discretely Presented):**

Discretely presented component units are legally separate entities for which the State is financially accountable. The financial data for these entities is reported separately from the financial data of the primary government.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 1 – Significant Accounting Policies (cont.)**

Major

College and Universities – The Coordinating Board for Higher Education has certain responsibilities for these institutions and they receive State support. Following are the public college and universities included in the financial statements:

**Harris–Stowe State University**  
3026 Laclede Avenue  
St. Louis, Missouri 63103

**Lincoln University**  
207 Young Hall  
820 Chestnut Street  
Jefferson City, Missouri 65101

**Linn State Technical College**  
1 Technology Drive  
Linn, Missouri 65051

**Missouri Southern State University**  
3950 East Newman Road  
Joplin, Missouri 64801–1595

**Missouri State University**  
901 South National, Room 119  
Springfield, Missouri 65897

**Missouri Western State University**  
4525 Downs Drive  
St. Joseph, Missouri 64507

**Northwest Missouri State University**  
105 Administration Building  
800 University Drive  
Maryville, Missouri 64468–6001

**Southeast Missouri State University**  
One University Plaza, Mail Stop 3200  
Cape Girardeau, Missouri 63701

**Truman State University**  
McClain Hall, Room 105  
100 East Normal  
Kirksville, Missouri 63501

**University of Central Missouri**  
316 Administration Building  
Warrensburg, Missouri 64093

**University of Missouri System**  
1000 West Nifong, Building 7, Suite 300  
Columbia, Missouri 65211

Non-Major

Missouri Development Finance Board – The Board was created by state law as an independent, self-supporting, body corporate and politic to promote economic development of the State and was created within the Department of Economic Development. The Board is empowered to issue taxable, tax-exempt, and public purpose infrastructure industrial revenue bonds or notes; provide loans or loan guarantees to eligible businesses; provide loans and grants to political subdivisions to fund public infrastructure improvements; and issue tax credits against certain state income taxes in exchange for contributions made to the Board. The twelve member board is made up of the Lieutenant Governor and the Directors of the Department of Economic Development, the Department of Natural Resources, and the Department of Agriculture, who serve as ex-officio voting members, and eight members appointed by the Governor and confirmed by the Senate. Copies of the Board's financial statements may be requested from:

Missouri Development Finance Board  
Governor Office Building  
200 Madison Street, Suite 1000  
Jefferson City, Missouri 65101

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 1 – Significant Accounting Policies (cont.)**

Missouri Agricultural and Small Business Development Authority – The Authority was created by state law and is authorized to issue bonds to finance agricultural and small business development loans for property acquisitions/renovations and pollution control facilities throughout the State. If for any reason, the Authority ceases to exist, all rights and properties of the Authority will pass to the State. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements may be requested from:

Missouri Agricultural and Small  
Business Development Authority  
P.O. Box 630  
1616 Missouri Boulevard  
Jefferson City, Missouri 65102

Missouri Transportation Finance Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Nonprofit Corporation Law. The Corporation is financed by federal highway and transit dollars, plus state and local matching funds. It is authorized to issue revenue bonds. The Corporation provides loans to assist public and private entities fund highway and transportation projects throughout the State. The Missouri Highways and Transportation Commission determines which applicants are extended loans from the Missouri Transportation Finance Corporation. Copies of the Corporation's financial statements may be requested from:

Missouri Department of Transportation  
Central Office, Financial Services  
105 West Capitol Avenue  
Jefferson City, Missouri 65101

Missouri Wine and Grape Board – The Board was created by state law to further growth and development of the grape growing industry in Missouri and foster the expansion of the grape market for Missouri grapes. The eleven member board consists of seven members representing the grape and wine industry, food service industry, or media marketing industry. The four other members include the director of the Department of Agriculture and the presidents of the Missouri Grape Growers Association, the Missouri Vintners Association, and the Missouri Wine Marketing and Research Council. Copies of the Board's annual report may be requested from:

Missouri Wine and Grape Board  
P.O. Box 630  
1616 Missouri Boulevard  
Jefferson City, Missouri 65102

**Related Organizations**

Related organizations are excluded from the financial reporting entity because the State's accountability does not extend beyond appointing a voting majority of the organization's board members. Related organizations of the State of Missouri include:

Missouri Health and Educational Facilities Authority – finances health and educational facilities.

Missouri Higher Education Loan Authority – provides a secondary market for loans made under the Federal Family Education Loan Program.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 1 – Significant Accounting Policies (cont.)**

Missouri Housing Development Commission – makes, purchases, and insures mortgage loans which are used to develop new or rehabilitate low and moderate income housing.

Missouri Technology Corporation – promotes the modernization of businesses through the development of science and technology applications.

Missouri Public Entity Risk Management Fund – provides liability protection to participating public entities, their officials, and employees.

State Environmental Improvement and Energy Resources Authority – finances, acquires, constructs, and equips projects to reduce, prevent, and control pollution and develop the energy resources of the State.

Jackson County Sports Complex Authority – responsible for construction, operation, and financing of the Jackson County Sports Complex.

Kansas City Regional Sports Complex Authority – responsible for the study and review of all current major sports leagues, clubs, or franchises in Kansas City.

St. Charles County Convention and Sports Facility Authority – responsible for planning, constructing, and managing convention and sports facilities in the St. Charles area.

Missouri Cotton Growers' Organization – organized for boll weevil eradication.

KCT Intermodal Transportation Corporation – organized to pay for a railroad bridge in the Blue Valley Industrial District in Kansas City.

Lake of the Ozarks Community Bridge Corporation – organized to pay for the acquisition and construction of a toll bridge across the Lake of the Ozarks.

Westside Intermodal Transportation Corporation – organized to pay for rail additions and improvements of the Kansas City Terminal Railway.

Universal Service Board – organized to ensure just, reasonable, and affordable rates for comparable essential local telecommunication services throughout the State.

Interstate Commission for Adult Offender Supervision – responsible for promoting public safety and protecting the rights of victims through the control and regulation of the interstate movement of adults placed under community supervision.

Missouri Health Insurance Pool – organized to provide health care coverage for residents who are unable to obtain individual health coverage.

P-20 Council – organized to create a more efficient and effective education system that more adequately prepares students for the challenges of entering the workforce.

Missouri Propane Gas Commission – responsible for developing comprehensive plans and programs for the prevention, control, and abatement of propane-related accidents in Missouri.

Missouri Family Trust Board of Trustees – provides trust services for persons with disabilities.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 1 – Significant Accounting Policies (cont.)**

**B. Government-Wide and Fund Financial Statements**

Government-Wide Financial Statements:

The government-wide financial statements focus on the government as a whole. The Statement of Net Assets and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Governmental activities include governmental type funds and internal service funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services and consist of enterprise funds.

The **Statement of Net Assets** presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Indirect costs, such as depreciation/amortization expense, are included in the direct expenses reported for individual functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred. Fiduciary funds have been excluded from the government-wide financial statements because, by definition, the resources of these funds cannot be used to support government operations. Generally, interfund transactions have also been eliminated. Some interfund transactions, such as the exchange of services, were not eliminated because doing so would mistakenly understate both expenses of the buyer and revenues of the seller.

The difference between fund assets and liabilities is reported as "Net Assets" on the government-wide, proprietary, and fiduciary fund statements and "Fund Balance" on the governmental fund financial statements.

Fund Financial Statements:

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. For governmental and proprietary fund financial statements, the emphasis is on major individual governmental and enterprise funds, with each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Internal service funds are also aggregated and reported in a separate column on the proprietary fund financial statements.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 1 – Significant Accounting Policies (cont.)**

The governmental fund financial statements are presented using the current financial resources measurement focus and modified accrual basis of accounting. With the current financial resources measurement focus, only current assets and current liabilities are included on the balance sheet. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. Operating statements of governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance. Material revenues susceptible to accrual include federal grants and sales and income taxes. Expenditures are recognized when the related fund liability is incurred except for the following:

- Principal and interest on general long-term debt is recorded as an expenditure when due.
- Compensated absences (accumulated vacation and compensatory time) and sick pay are recorded as expenditures when paid.
- Inventories are reported as expenditures when purchased, except for the Missouri Road Fund, which updates inventory perpetually under the consumption method.

The proprietary, pension (and other employee benefit) trust, and private-purpose trust fund financial statements are presented using the economic resources measurement focus and accrual basis of accounting. With the economic resources measurement focus, assets and liabilities associated with the operation of these funds are included on the Statement of Net Assets. Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary fund-type operating statements present revenues and expenses in total net assets. Operating revenues and expenses in proprietary funds are classified as those activities that make up the primary ongoing operations associated with those funds. Non-operating revenues and expenses in proprietary funds are classified as those activities that are deemed incidental or unusual for those funds.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The agency fund financial statements are presented on the accrual basis of accounting.

The discretely presented component unit financial statements are presented using the economic resources measurement focus and accrual basis of accounting with the following exception in regard to the college and universities. Revenues and related expenditures in connection with the summer sessions in progress at June 30 are deferred at that date.

The State reports the following major funds categories:

General Fund – accounts for all current financial resources not required by law or administrative action to be accounted for in another fund. Major revenues include contributions and taxes.

Public Education – provides general and special education needs of the State and other related areas such as library services and student loans. Major revenues include contributions and taxes.

Conservation and Environmental Protection – provides for the preservation of the State's wildlife and environment. Major revenues include contributions, taxes, licenses, fees, and permits.

Missouri Road Fund – accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system. Major revenues are from contributions.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 1 – Significant Accounting Policies (cont.)**

State Lottery – accounts for proceeds from the sale of lottery tickets and all other moneys credited to this fund. A minimum of 45% of the moneys are used for prizes. Major revenues are from sales of lottery tickets.

Unemployment Compensation – accounts for contributions, payments, and federal loans collected under the provisions of the Unemployment Compensation Law to pay benefits. Major revenues include federal and employer contributions.

Petroleum Storage Tank Insurance – accounts for moneys collected from transport load fees and participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks. Major revenues are from fees.

**C. Basis of Presentation**

The State's financial practices are based upon fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and fund balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The accompanying financial statements are structured into three categories of funds and discretely presented component units:

Primary Government:

Governmental Funds include the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. These funds account for the revenues and expenditures, capital outlay, and certain debt service of the State.

Proprietary Funds include enterprise funds and internal service funds. These funds account for the cost of certain services provided by the State.

Fiduciary Funds include pension (and other employee benefit) trust funds, private-purpose trust funds, and agency funds. These funds account for assets held by the State in a trustee capacity or as an agent for individuals, other governments, and other entities.

Discretely Presented Component Units:

Major

College and Universities account for moneys from student tuition and fees, federal and state grants, debt proceeds, gifts and contributions, state appropriations, investments, and endowments. Assets and liabilities are accounted for on the Statement of Net Assets. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Net Assets/Statement of Activities.

Non-Major

Non-Major Component Units account for moneys from bond proceeds, loans, contributions, gifts, grants, and other revenue sources. Assets and liabilities are accounted for on the Statement of Net Assets. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Net Assets/Statement of Activities.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 1 – Significant Accounting Policies (cont.)**

**D. Cash and Cash Equivalents**

For reporting purposes, cash and cash equivalents include bank accounts, petty cash, and all investments with an original maturity of three months or less, such as certificates of deposit, money market certificates, and repurchase agreements. Cash and cash equivalents on the Proprietary Funds Statement of Cash Flows are also reported under this definition. Cash balances of most state funds are pooled and invested by the State Treasurer (see *Note 3*).

**E. Investments**

These are long-term investments with an original maturity greater than three months which are expected to be held to maturity and redeemed at face value. The majority of investments are reported in pension (and other employee benefit) trust funds, however, investments are held in all fund types. All investments are reported at fair value (see *Note 3*).

There are multiple funds that have income from investments which are directed to the General Fund. These funds consist of special revenue, enterprise, internal service, private-purpose, and agency funds.

**F. Interfund Receivables/Payables**

The State makes various transactions between funds or between the primary government and component units to distribute interest earnings, finance operations, provide services, service debt, and acquire capital assets. These receivables at June 30 are classified as “due from other funds” or “due from primary government/component units” on the Balance Sheet and Statement of Net Assets. Payables are classified as “due to other funds” or “due to primary government/component units” on the Balance Sheet and Statement of Net Assets (see *Note 15*). These receivables/payables are due within one year. Any receivables/payables that are due to and due from an enterprise fund are eliminated on the face of the Proprietary Funds Statement of Net Assets. If any receivables/payables that remain after this elimination are both in the same activity (Governmental), they are eliminated at the Government-Wide Statement of Net Assets. Interfund receivables/payables between the primary government and the component units are reclassified as accounts receivable/payable at the government-wide level. Any remaining interfund receivables/payables are reported as internal balances on the Government-Wide Statement of Net Assets.

**G. Advances to/from Other Funds**

Long-term interfund receivables are classified as “advances to other funds” or “advances to primary government/component units” on the Balance Sheet and Statement of Net Assets. Long-term interfund payables are classified as “advances from other funds” or “advances from primary government/component units” on the Balance Sheet and Statement of Net Assets (see *Note 15*). These receivables/payables are eliminated if both the receivable and payable are in the same activity (Governmental). Advances to/from that are between the primary government and the component units are reclassified as accounts receivable/payable at the government-wide level. Any remaining long-term interfund receivables/payables are reported as internal balances on the Government-Wide Statement of Net Assets.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 1 – Significant Accounting Policies (cont.)**

**H. Inventories**

Inventories in the governmental funds consist of expendable supplies held for consumption, the cost of which is recorded as an expenditure at the time of purchase, except for the Missouri Road Fund, which updates inventory perpetually under the consumption method. Inventory balances for governmental funds are shown in the nonspendable fund balance classification. Inventories in the proprietary funds consist of both expendable supplies held for consumption and the cost of goods held for resale, the cost of which is recorded as an expense as they are used. Inventories are valued at cost using various methods such as moving average; weighted average; and first-in, first-out.

**I. Capital Assets**

Capital assets, which include construction in progress, software in progress, infrastructure in progress, land, land improvements, permanent and temporary easements, buildings and improvements, equipment, software, trademarks, and infrastructure assets, are valued at historical cost or estimated historical cost if actual historical cost is not available. The estimate of historical cost was based on current appraised value indexed to the date of acquisition. Donated capital assets are reported at estimated fair value at the time received. Capital assets acquired through lease agreements are capitalized at the inception of the agreement (see *Notes 5 and 6*).

Infrastructure assets (including highways, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items) are capitalized. Interest costs incurred during construction of capital assets are not capitalized.

The capitalization threshold for all capital assets is as follows: land improvements – \$15,000, buildings and improvements – \$15,000, software and trademarks – \$5,000, and equipment – \$1,000. No dollar threshold is set for land, easements, or infrastructure.

Capital assets are depreciated/amortized using the straight-line method of depreciation/amortization over the following useful lives: buildings – 40 to 50 years, land improvements and building improvements – 15 to 20 years, temporary easements – term of easement, equipment – 5 years, software – 3 to 5 years, trademarks – 10 years, and infrastructure – 12 to 50 years. Construction in progress, software in progress, infrastructure in progress, land, and permanent easements are not depreciated/amortized.

Most works of art and historical treasures are not capitalized or depreciated/amortized. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, monuments, and other art throughout the capitol grounds. Assets that were previously capitalized continue to be reported in the government-wide financial statements.

Component unit capital assets are stated at cost and are depreciated/amortized using the straight-line method of depreciation/amortization over the following useful lives: buildings – 40 years, land improvements and building improvements – 20 years, equipment – 5 to 15 years, and software – 3 to 5 years.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 1 – Significant Accounting Policies (cont.)**

**J. Deferred/Unearned Revenues**

Governmental Funds

Deferred revenues are those for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met for governmental funds, which use the modified accrual basis of accounting. Therefore, such amounts are reported within the governmental fund financial statements as receivables and offset by a deferred revenue account. These amounts include \$516,128,000 within the General Fund, \$37,874,000 within the major special revenue funds, \$32,497,000 within the Missouri Road Fund, \$10,031,000 within the non-major special revenue funds, and \$112,000 within all other non-major governmental funds which totals \$596,642,000 for governmental funds. Such amounts have been deemed to be measurable but not available. All major sources of revenue, including taxes; licenses, fees, and permits; and governmental contributions are susceptible to accrual when available within 60 days.

Deferred revenues also include amounts collected in advance of the year in which earned. The State has reported as such deferred revenues the amount of \$148,464,000 within the General Fund, \$195,000 within major special revenue funds, and \$11,721,000 within the Missouri Road Fund which totals \$160,380,000 for governmental funds.

Proprietary Funds

Unearned revenue amounts collected in advance of the year in which earned are reported in the amount of \$34,332,000 within the internal service funds included in governmental activities. Total unearned revenue for enterprise funds is \$944,000 which includes \$388,000 from the State Lottery Fund and \$556,000 from the Petroleum Storage Tank Insurance Fund. These amounts are included in the business-type activities.

Fiduciary Funds

Unearned revenue amounts collected in advance of the year in which earned are reported in the amount of \$5,314,000 within the pension (and other employee benefits) trust funds.

Component Units

Unearned revenue amounts collected in advance of the year in which earned are reported in the amount of \$114,731,000 within the college and universities and \$1,964,000 in non-major component units which is a total of \$116,695,000 of unearned revenue for component units.

**K. Long-Term Debt**

Long-term liabilities that will be financed from governmental funds are not reported on the fund financial statements. However, the long-term liabilities are reported on the government-wide financial statements. The reconciliation between fund financial statements and government-wide financial statements includes a line item for the long-term liabilities of governmental funds. These long-term liabilities include the following:

1. Due to Other Entities includes outstanding principal on advances from other governments and contractual obligations to other governments. The expenditures are recorded in the appropriate governmental funds when the liability is paid (see *Note 11*).
2. Outstanding principal for general obligation debt. The expenditure for payment of principal and interest for general obligation debt is recorded in the debt service funds when paid (see *Note 12*).

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 1 – Significant Accounting Policies (cont.)**

3. Outstanding principal for bonds issued by the Board of Public Buildings, bonds issued by the Health and Educational Facilities Authority, the Regional Convention and Sports Complex Authority, and the State Road Bonds issued by the Missouri Highways and Transportation Commission. The expenditure for payment of principal and interest for these bonds is recorded in the appropriate governmental funds when paid (see *Note 12*).
4. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. Premiums on debt issuances are reported as other financing sources (see *Note 11*).

5. Obligations under lease/purchases reported include the present value of net minimum future lease payments, which will be paid from the General Fund, various special revenue funds, proprietary funds, and the Missouri Road Fund (see *Notes 6 and 11*).
6. Pollution remediation liabilities are measured based on the pollution remediation outlays expected to be incurred to settle those liabilities. These liabilities include all remediation work that the State expects to perform, including work expected to be performed for other responsible parties or potentially responsible parties, whether or not the State is required to do that work. For goods or services used for pollution remediation activities, amounts that are normally expected to be liquidated with expendable available financial resources are recognized as liabilities upon receipt of those goods and services (see *Note 11 and 22*).
7. Compensated absences include accumulated unpaid vacation and compensatory time accruals and related employer payroll taxes. These amounts are not accrued in the governmental funds but are recorded as expenditures when paid (see *Note 11*).

Vacation leave is accumulated at a rate of 10 to 14 hours per month depending on the number of years of employment. Accumulated vacation leave cannot exceed twice the number of vacation hours earned annually. Compensatory time is accumulated as earned by an individual employee.

Sick leave is accumulated at a rate of 10 hours per month with no limit to the amount which can be accumulated. Accumulated sick leave is not paid upon employee termination and does not represent a liability of the State.

8. Claims and contingent liabilities include estimates of the risk of loss related to tort liability, general liability, motor vehicle liability, contractor liability, and injuries to employees. These liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Expenditures are recorded in the fund from which the liability is paid (see *Notes 11, 21, and 23*).
9. The State provides postemployment health care and life insurance benefits to the majority of employees who either retire from the State or receive long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the MoDOT and MSHP Medical and Life Insurance Plan (MHPML), and the Conservation Employees' Insurance Plan (CEIP). Health care benefits and MOSERS life insurance benefits are funded through both employer and employee contributions. The annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer (see *Note 8*).

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 1 – Significant Accounting Policies (cont.)**

10. The State has two major retirement systems which cover substantially all State employees. These systems are Missouri State Employees' Retirement System (MOSERS) and Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS). The Missouri State Employees' Plan (MSEP) and the Judicial Plan are single-employer defined benefit public employees' retirement plans administered by MOSERS. The annual required contribution (ARC) was determined as a part of an actuarial valuation of the Systems using the entry age normal actuarial cost method (see *Note 7*).

Long-term liabilities of all proprietary, pension (and other employee benefit) trust, and private-purpose trust funds are accounted for in the respective funds.

**L. Net Assets**

Net Assets are reported in three categories:

Invested in Capital Assets, Net of Related Debt – An account used to segregate the portion of net assets attributable to capital assets and related debt. It consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes and other debt that are attributed to acquisition, construction, or improvement of those assets.

Restricted Net Assets – An account used to segregate the portion of net assets that have constraints on their use, which are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation.

Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. At June 30, 2012, net assets restricted by enabling legislation equaled \$522,434,000 for governmental activities.

Unrestricted Net Assets – An account used to segregate the portion of net assets that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, generally the State uses restricted resources first, then unrestricted resources as they are needed. However, there may be instances in which restricted funds may only be spent in proportion to unrestricted funds spent.

**M. Revenues**

The revenues of the General Fund include federal grants and contributions of \$9,815,787,000. Revenues for all funds are reported net of refunds of \$2,071,081,000.

**N. Interfund Transactions**

During the fiscal year the State incurs various transactions between funds, including expenditures and transfers of resources to distribute interest earnings, finance operations, provide services, service debt, and acquire capital assets. Interfund transactions basically consist of these three types:

1. Transactions that would be treated as revenues or expenditures/expenses, if they involved organizations external to the State, are similarly treated when involving other funds of the State. Major transactions that fall into this category include payments to internal service funds from other funds for services rendered and to agency funds for contributions for employee benefits.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 1 – Significant Accounting Policies (cont.)**

2. Transactions that reimburse another fund for an expense reduce the expenses of the fund that is being reimbursed and increase the expenses for the fund doing the reimbursement. Therefore, they are not shown on the face of the statements.
3. Operating subsidies and transfers from funds receiving revenues to funds through which the resources are to be expended are classified as transfers (see *Note 16*). These transactions are eliminated on the face of the financial statements if the transfer in and transfer out are either both in governmental funds or both in enterprise funds. Of the remaining transfers, any transfers in and transfers out that are within the same activity (Governmental) are eliminated at the Government-Wide Statement of Activities.

**O. Expenditures and Expenses**

Expenditures and expenses are reported net of revenue over collections of \$1,450,337,000 and \$606,000, respectively. Expenditures and expenses are reported net of overpayments to vendors, individuals, school districts, and for cost reimbursements of \$618,914,000 and \$1,224,000, respectively.

**P. Property Taxes**

Presently there is a state property tax of three cents on each hundred dollars assessed valuation on all real estate and personal property. The tax collected is deposited into the Blind Pension Fund, which is a component of social assistance.

The property taxes in Missouri are levied by October 31 of each year on assessed valuation as of January 1 of that year. Property taxes are due and payable by December 31 and penalties on unpaid taxes are imposed after that date. Assessed values are established by each county assessor's office and are calculated as a percent of market value except for agricultural land which is calculated on productive capability. The percentage for real property varies according to use: residential at 19%, commercial at 32%, and agricultural at 12%. Personal property is assessed according to type with the majority at 33 1/3% of market value.

**Note 2 – Reporting Changes and Classifications**

The State of Missouri implemented the following new accounting standard issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ending June 30, 2012:

- GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*, which clarifies the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider is replaced. This statement affects the disclosures found in *Note 3 – Deposits and Investments*.

The State of Missouri has reclassified the Breast Cancer Awareness Trust Fund from a special revenue fund to an agency fund as the contributions to this fund are temporarily held by the State Treasurer to be deposited into the Public Health Services Fund to support breast cancer awareness activities.

The Missouri Propane Gas Commission was reclassified from a blended component unit to a related organization upon re-evaluation as this is a legally separate entity, body corporate and politic, with a voting majority appointed by the Governor. The Commission is not subject to appropriation by the General Assembly and there is no financial benefit/burden relationship with the State.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 3 – Deposits and Investments**

The State Treasurer maintains a cash and short-term investment pool that is used by substantially all state funds of the primary government. These funds do not include accrued interest. Certain organizational units are authorized to administer assets designated to their organization in a manner similar to the deposit and investment activities of the State as a whole. Summarized on the following page is the portfolio that represents the “Cash and Cash Equivalents,” “Investments,” “Restricted Assets – Cash and Cash Equivalents,” and “Restricted Assets – Investments” as reported at June 30, 2012.

**A. Deposits**

The State minimizes custodial credit risk by restrictions set forth in state law and stipulations in the State Treasurer’s Office Investment Policy. Custodial credit risk is risk that, in the event of the failure of a depository financial institution, the State will not be able to recover deposits or will not be able to recover collateralized securities that are in the possession of an outside party. Statutes restrict the State Treasurer to deposit funds in financial institutions that are physically located in Missouri, which are selected based on financial stability and community involvement. The financial institution’s loan to deposit ratio must exceed 50% at the time of deposit and deposits must be collateralized at least 100% with approved securities. Deposits must have a maturity of five years or less and earn interest at varying rates based on State law.

Primary Government

At June 30, 2012, the bank balance of the primary government’s deposits was \$892,903,000. Of the bank amount, \$35,922,000 was exposed to custodial credit risk by being uninsured and collateralized with securities held by the pledging financial institution.

Fiduciary

At June 30, 2012, the bank balance of the deposits of the fiduciary funds was \$2,646,000. None of these deposits were exposed to custodial credit risk.

Component Units

Information on the component units deposits is available within their individual financial statements.

**B. Investments**

Statutes authorize the State Treasurer to invest in U.S. Treasury or Agency securities maturing within five years, commercial paper and banker’s acceptances maturing within 180 days, or in repurchase agreements maturing within 90 days secured by U.S. Treasury or Agency securities of any maturity. The internal service funds, the agency and pension (and other employee benefit) trust funds, and the component units, in accordance with statutory authority, invest primarily in U.S. government securities, repurchase agreements, preferred and common stocks, bonds, real estate, and fixed income securities. There have been no violations of these investment restrictions during fiscal year 2012.

The State Treasurer minimizes credit risk, the risk of loss due to the failure of the security issuer or backer, by establishing a pre-approved list of financial institutions and companies that will be used to purchase commercial paper. The State Treasurer also conducts regular credit monitoring, pre-qualifies the financial institutions and brokers/dealers with which the Treasurer’s Office will do business for broker services and repurchase agreements, and diversifies the portfolio to reduce potential losses on individual securities.

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012**

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**Note 3 – Deposits and Investments (cont.)**

Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the State will not be able to recover the value of their investment or collateral securities that are in the possession of an outside party. The State Treasurer minimizes custodial credit risk by requiring that all securities be held in the State's name at the State's custodial bank, Bank of New York.

Primary Government

At June 30, 2012, the reported amount of the primary government's investments was \$3,209,729,000. Of this amount, \$56,798,000 was exposed to custodial credit risk because it was uninsured and unregistered with securities held by the State's counterparty.

Fiduciary

At June 30, 2012, the reported amount of the fiduciary funds investments was \$11,358,263,000.

Component Units

Information on the component units investments is available within their individual financial statements.

The following table (in thousands of dollars) provides information about the interest rate risks associated with the State's investments. The investments include certain short-term cash equivalents, various long-term items, and restricted assets by maturity, or in certain instances, a weighted average maturity in years. The State Treasurer minimizes the risk of the market value of securities falling due to changes in interest rates by maintaining an effective duration of less than 2.5 years, and holding at least 25% of the portfolio's total market value in securities with a maturity of 12 months or less.

	Maturities in Years					Total Fair Value
	Less than 1	1-5	6-10	More than 10	No Maturity	
All Fund Types except Fiduciary Funds and Component Units:						
U.S. Treasury Securities	\$ 105,749	\$ 216,861	\$ 14,512	\$ 14,186	\$ ---	\$ 351,308
U.S. Agency Securities	152	25,741	---	---	---	25,893
U.S. Government Guaranteed Mortgages	332	---	---	---	---	332
U.S. Government Mortgage-Backed Securities	276,465	1,512,366	778	2,466	---	1,792,075
U.S. Agency-Sponsored Securities	10,478	100,792	1,100	---	---	112,370
Repurchase Agreements	913,887	---	---	---	---	913,887
Stocks	---	---	---	---	5,009	5,009
Bonds	206	117	359	---	---	682
Mutual Funds	---	---	---	---	2,220	2,220
Short-Term Securities	2,576	---	---	---	1,448	4,024
Other	---	105	541	1,283	---	1,929
Subtotal	<u>1,309,845</u>	<u>1,855,982</u>	<u>17,290</u>	<u>17,935</u>	<u>8,677</u>	<u>3,209,729</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**Note 3 – Deposits and Investments (cont.)**

	Maturities in Years					Total Fair Value
	Less than 1	1-5	6-10	More than 10	No Maturity	
Fiduciary Funds:						
U.S. Government Securities	64,881	---	10,848	17,592	17,976	111,297
U.S. Treasury Securities	324,322	449,085	252,265	6,002	---	1,031,674
U.S. Agency Securities	110,445	2,537	24,595	15,359	---	152,936
U.S. Government Mortgage-Backed Securities	1,907	15,498	12,428	21,493	---	51,326
U.S. Agency-Sponsored Securities	35,446	39,688	---	---	---	75,134
Repurchase Agreements	32,669	---	---	---	---	32,669
Stocks	---	---	---	---	1,081,657	1,081,657
Bonds	134,789	5,472	20,556	29,157	---	189,974
International Equities	---	---	---	---	1,168,441	1,168,441
Mortgages/Real Estate	134,615	19,420	---	68,467	155,614	378,116
Asset-Backed Securities	---	1,012	1,215	1,856	---	4,083
Short-Term Securities	985,478	---	---	---	---	985,478
Foreign Currencies	3,432	---	---	---	---	3,432
Mutual Funds	---	756,890	4,662	16,064	797,102	1,574,718
Venture Capital Limited Partnership	---	---	---	---	4,270,055	4,270,055
Absolute Return	---	---	---	---	135,414	135,414
Tactical Fixed Income	---	---	---	---	22,156	22,156
Other	75,013	---	---	14,690	---	89,703
Subtotal	<u>1,902,997</u>	<u>1,289,602</u>	<u>326,569</u>	<u>190,680</u>	<u>7,648,415</u>	<u>11,358,263</u>
Total Investments	<u>\$ 3,212,842</u>	<u>\$ 3,145,584</u>	<u>\$ 343,859</u>	<u>\$ 208,615</u>	<u>\$ 7,657,092</u>	<u>\$ 14,567,992</u>

The State minimizes concentration of credit risk, the risk attributed to the magnitude of an investment in a single issuer. State statute prohibits the State Treasurer from investing more than 5% of the total investment portfolio into any single financial institution or issuer, excluding U.S. securities and repurchase agreements. There are no restrictions in the amount that can be invested in U.S. securities, however, there can be no more than 15% of the total portfolio invested in repurchase agreements with a single counterparty. During fiscal year 2012, the State did not have more than 5% of total investments in a single issuer.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**Note 3 – Deposits and Investments (cont.)**

The State Treasurer requires investments in commercial paper and bankers' acceptances to have the highest letter and numerical ranking (A1/P1) as rated by Moody's Investor Service, Inc. (Moody's) and Standard & Poor's Corporation (S & P). The Treasurer does not have any additional policies regarding credit ratings of investments. The following table (in thousands of dollars) provides information on the credit ratings associated with the State's investments in debt securities.

	<u>Moody's</u>	<u>S &amp; P</u>	<u>Fair Value</u>
Primary Government/Fiduciary:			
U.S. Government Securities		Agency	\$ 46,416
U.S. Treasury	AAA Aaa	AA+	84,981 257,939
U.S. Agencies	Aaa AA+	AA+ AAA A AA Agency	32,249 762 15,060 39,621 590
U.S. Government Mortgage- Backed Securities	Aaa AA+	AA+ AAA Agency	5,707 3,025 33,921
Bonds	Aaa Aa3 A1 A1 A2	A2 AAA AA A BBB BB B CCC C Agency Not Rated	238 237 103 13,741 104 9,011 26,596 27,477 10,855 25,420 40,692 14,191 931 83,773 22,028
Repurchase Agreements	Aaa Unrated	AA+ Unrated	113,957 802,225
U.S. Agency-Sponsored Securities	Aaa Aaa Unrated	AA+	308,653 1,991,905 786
Short-Term Securities	Unrated		2,576

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 3 – Deposits and Investments (cont.)**

	<u>Moody's</u>	<u>S &amp; P</u>	<u>Fair Value</u>
Asset-Backed Securities		AAA	1,212
		AA	1,784
		A	2,604
		BB	973
		B	1,449
		CCC	3,837
		CC	2,158
		Agency	15,102
		Not Rated	436
Mutual Funds	AAA		9,123
	AA3		747,412
	BBB		5,017
		3-STAR	16,064
Pooled Investments		AAA	90,597
		Not Rated	43,049
Other	Aaa		349
	Aaa	AA+	19,420
	Aa1		489
	Aa2		357
	Aa3		223
	A1		239
		AAA	13,076
		A	32,747
		A-	14,690
		BBB	45,206
		BB	40,538
		B	70,548
		CCC	30,474
		CC	10,070
		C	9,147
		D	9,683
		Agency	1,629
	Not Rated	19,975	
Total Rated Investments			<u>\$ 5,275,447</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**Note 3 – Deposits and Investments (cont.)**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The State Treasurer's Office does not have any deposits or investments in foreign currency and therefore does not have a policy regarding foreign currency risk. The Missouri State Employees' Retirement System and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System do have foreign currency deposits and investments which may be used for hedging purposes. The following table (in thousands of dollars) provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars.

Currency	Investment Type					Total
	Cash	Equities	Fixed Income	Alternatives	Real Estate	
Argentine Peso	\$ ---	\$ ---	\$ 178	\$ ---	\$ ---	\$ 178
Australian Dollar	36	7,747	---	---	---	7,783
Brazilian Real	35	33,445	8,509	---	---	41,989
Canadian Dollar	27	445	---	---	---	472
Chilean Peso	1	2,663	106	---	---	2,770
Chinese Yuan						
Renminbi	20	1,351	---	---	---	1,371
Colombian Peso	---	1,447	4,541	---	---	5,988
Czech Koruna	---	2,612	---	---	---	2,612
Danish Krone	---	3,562	---	---	---	3,562
Egyptian Pound	---	2,709	---	---	---	2,709
Euro	192	148,522	6,492	80,531	16,474	252,211
Hong Kong Dollar	83	70,670	---	---	---	70,753
Hungarian Forint	---	805	1,853	---	---	2,658
Indian Rupee	115	17,336	---	---	---	17,451
Indonesion Rupiah	95	11,472	5,658	---	---	17,225
Japenese Yen	3,526	334,495	---	---	---	338,021
Malaysian Ringgit	---	7,384	8,454	---	---	15,838
Mexican Peso	229	15,328	7,884	---	---	23,441
Moroccan Dirham	---	277	---	---	---	277
Nigerian Nigeria	---	57	---	---	---	57
Norwegian Krone	---	3,973	---	---	---	3,973
Peruvian Nuevo Sol	---	95	386	---	---	481
Philippine Peso	9	3,252	---	---	---	3,261
Polish Zloty	(4)	4,566	7,893	---	---	12,455
Russian Ruble	---	907	5,078	---	---	5,985
Singapore Dollar	3	27,701	---	---	---	27,704
South African Rand	7	17,293	8,900	---	---	26,200
South Korean Won	4	42,013	2,033	---	---	44,050
Sri Lanka Rupee	1	112	---	---	---	113
Swedish Krona	---	1,555	---	---	---	1,555
Swiss Franc	---	89,910	---	---	---	89,910
Taiwan Dollar	---	33,978	---	---	---	33,978
Thai Baht	(63)	18,256	4,280	---	---	22,473
Turkish Lira	38	9,165	8,262	---	---	17,465
United Kingdom						
Pound Sterling	12	69,283	2,236	---	---	71,531
Venezuelan Bolivar	54	---	---	---	---	54
<b>Total</b>	<b>\$ 4,420</b>	<b>\$ 984,386</b>	<b>\$ 82,743</b>	<b>\$ 80,531</b>	<b>\$ 16,474</b>	<b>\$ 1,168,554</b>

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 3 – Deposits and Investments (cont.)**

**C. Securities Lending Program**

State Treasurer's Office:

The Missouri State Treasurer's Office participates in a securities lending program to augment investment income. Authority to participate rests in Section 30.260.5, RSMo. As of December 2011, Citibank, National Association, began acting as the State Treasurer's custodial bank and securities lending agent. For securities which are received as collateral under a bonds borrowed program, at least 75% of the collateral received must match the maturities of the securities lent with a maximum duration gap between loans and investments of 15 days. The maximum life of term loans shall be 90 days.

Collateral may be in the form of cash, securities issued or guaranteed by the U.S. government or its agencies, or bank letters of credit or equivalent obligation if pre-approved by the State Treasurer's Office. Collateral must be provided in the amount of 102% of the then market value of the loaned securities and accrued interest, if any. The Custodian provides for full indemnification to the State Treasurer's Office for any losses that might occur in the program due to borrower default, insolvency, or failure to return loaned securities.

At June 30, 2012, the State Treasurer's Office had an aggregate fair value of securities lent of \$99,096,000 and an aggregate fair value of collateral received of \$99,096,000.

Missouri State Employees' Retirement System:

The Missouri State Employees' Retirement System's (MOSERS) board of trustees' investment policies permit the pension trust funds to participate in a securities lending program. Certain securities of the pension trust funds are loaned to participating brokers who provide collateral in the form of cash, U.S. Treasury or government agency securities, or letters of credit issued by approved banks. Collateral must be provided in the amount of 102% of market value for domestic loans and 105% of market value for international loans. MOSERS does not have the authority to pledge or sell collateral securities without borrower default. On June 30, 2012, MOSERS had no credit risk exposure to borrowers because the collateral amounts received exceeded amounts out on loan.

Deutsche Bank AG, New York Branch served as the agent for the fixed income, domestic equity, and international equity securities lending programs. MOSERS reduces credit risk by allowing Deutsche Bank to lend these securities to a diverse group of dealers on behalf of MOSERS. Deutsche Bank provides indemnification against dealer default.

Daily monitoring of securities that are on loan ensure proper collateralization levels and mitigate counterparty risk. The majority of the security loans are open loans and can be terminated on demand by either MOSERS or the borrower. Cash collateral is invested in short-term investment funds, managed by Deutsche Bank. On June 30, 2012, the cash collateral fund had a market value of \$692,477,000 and a weighted average maturity of 1 day. At June 30, 2012 and June 30, 2011, MOSERS had earned \$1,537,000 and \$1,534,000, respectively, on the securities lending program.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 3 – Deposits and Investments (cont.)**

Missouri Department of Transportation and Highway Patrol Employees' Retirement System:

In accordance with the investment policies set by the board of trustees, the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (the System), lends its securities to broker-dealers and banks pursuant to a form of loan agreement. The System's custodial bank is authorized to lend available securities to approved broker-dealers and banks subject to the receipt of acceptable collateral.

During the fiscal year, the System lent securities and received cash, securities insured or guaranteed by the U.S. government or its agencies, and irrevocable bank letters of credit as collateral. The System cannot pledge or sell non-cash collateral unless a borrower defaults. Borrowers were required to deliver collateral for each loan equal to: 1) in the case of loaned securities denominated in dollars or whose primary trading market was located in the United States, 102% of the market value of the loaned securities plus any accrued interest; and 2) in the case of loaned securities not denominated in U.S. dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities plus any accrued interest.

The System did not impose any restrictions during the fiscal year on the amount of the loans that the custodial bank made on its behalf. There were no known failures by any borrowers to return loaned securities or pay distributions thereon during the year.

The System and borrowers maintained the right to terminate all securities lending transactions on demand. At June 30, 2012, the cash collateral fund had a market value of \$57,497,000.

At June 30, 2012 and June 30, 2011, the System had earned \$210,000 and \$110,000, respectively, on the securities lending program.

Component Units:

Information on the component units securities lending program is available within their individual financial statements.

**D. Derivatives**

Missouri State Employees' Retirement System (MOSERS), through its external investment managers, has an investment policy which holds investments in futures contracts, swap contracts, and forward foreign currency exchange contracts. MOSERS does not anticipate additional significant market risk from the swap arrangements. The forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign equities. MOSERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. MOSERS anticipates that the counterparties will be able to satisfy their obligation as credit evaluations and credit limits are monitored by the investment managers. MOSERS also invests in mortgage-backed securities to diversify the portfolio and increase the return while minimizing the extent of risk. At June 30, 2012, MOSERS Foreign Currency Forward Contracts had a pending receivable of \$130,082,000 and a pending payable of \$130,583,000 resulting in a final liability of \$501,000.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 3 – Deposits and Investments (cont.)**

The following table (in thousands of dollars) summarizes the various contracts in MOSERS portfolio as of June 30, 2012. The investments are reported at fair value and are included on the Statement of Fiduciary Net Assets of the pension (and other employee benefit) trust funds.

Futures Contracts:

<u>Notional Amount</u>	<u>Exposure</u>
\$ 1,132,000	\$ 12,000

Swaps:

<u>Notional Amount</u>	<u>Counterparty Exposure</u>
\$ 1,220,000	\$ 13,000

Component Units:

Information on the component units derivatives is available within their individual financial statements.

**Note 4 – Governmental Fund Balance**

**A. Governmental Fund Balance Classifications**

The State's fund balances are classified as:

Nonspendable – Amounts that are not expected to be converted to cash or amounts that are legally or contractually required to be maintained intact.

Restricted – Amounts that are restricted for specific purpose due to constraints that are externally imposed by creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the legislature.

Assigned – Amounts that are constrained by the legislature's intent to be used for a specific purpose, but do not meet the criteria for restricted or committed.

Unassigned – Amounts that do not meet the criteria of any of the classifications listed above.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**Note 4 – Governmental Fund Balance (cont.)**

**Fund Balance Classifications by Purpose** – In the basic financial statements, the fund balance classifications are presented in the aggregate. The following displays the fund balances by major purpose (in thousands of dollars):

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
<b>General Fund</b>				
Inventories	\$ 24,793	\$ ---	\$ ---	\$ ---
Loans Receivable	36,413	---	---	---
General Government	---	37,666	---	19,014
Education	---	10,390	---	21,389
Natural and Economic Resources	---	18,961	5,520	18,716
Transportation and Law Enforcement	---	23,215	---	157
Human Services	---	246,701	---	---
Budget Reserve	---	---	499,049	---
Forfeited Financial Instruments	---	---	---	2,078
Taxes	---	---	---	3,768
Total	<u>\$ 61,206</u>	<u>\$ 336,933</u>	<u>\$ 504,569</u>	<u>\$ 65,122</u>
<b>Public Education</b>				
Inventories	\$ 89	\$ ---	\$ ---	\$ ---
Education	---	224,389	8,895	29,148
Human Services	---	---	---	9,187
Total	<u>\$ 89</u>	<u>\$ 224,389</u>	<u>\$ 8,895</u>	<u>\$ 38,335</u>
<b>Conservation and Environmental Protection</b>				
Inventories	\$ 562	\$ ---	\$ ---	\$ ---
Loans Receivable	982,671	---	---	---
Natural and Economic Resources	---	122,708	248,138	82,562
Transportation and Law Enforcement	---	---	---	716
Forfeited Financial Instruments	---	---	---	1,603
Total	<u>\$ 983,233</u>	<u>\$ 122,708</u>	<u>\$ 248,138</u>	<u>\$ 84,881</u>
<b>Missouri Road Fund</b>				
Inventories	\$ 45,789	\$ ---	\$ ---	\$ ---
Transportation and Law Enforcement	---	1,063,280	---	---
Total	<u>\$ 45,789</u>	<u>\$ 1,063,280</u>	<u>\$ ---</u>	<u>\$ ---</u>
<b>Non-Major Special Revenue</b>				
Inventories	\$ 3,612	\$ ---	\$ ---	\$ ---
Loans Receivable	2,839	---	---	---
General Government	---	1,792	224	4,899
Natural and Economic Resources	---	94,717	14,146	45,289
Transportation and Law Enforcement	---	68,047	1,785	191,061
Human Services	---	38,627	18,550	2,243
Total	<u>\$ 6,451</u>	<u>\$ 203,183</u>	<u>\$ 34,705</u>	<u>\$ 243,492</u>

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 4 – Governmental Fund Balance (cont.)**

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
<b>Non-Major Debt Service</b>				
General Government	\$ ---	\$ 78,083	\$ ---	\$ ---
Transportation and Law Enforcement	---	42,333	---	---
Total	<u>\$ ---</u>	<u>\$ 120,416</u>	<u>\$ ---</u>	<u>\$ ---</u>
<b>Non-Major Capital Projects</b>				
Inventories	\$ 7	\$ ---	\$ ---	\$ ---
General Government	---	82	---	---
Transportation and Law Enforcement	---	18,552	---	---
Total	<u>\$ 7</u>	<u>\$ 18,634</u>	<u>\$ ---</u>	<u>\$ ---</u>
<b>Non-Major Permanent Funds</b>				
Trust Principal	\$ 41,569	\$ ---	\$ ---	\$ ---
Natural and Economic Resources	---	---	---	98
Human Services	---	---	---	6
Total	<u>\$ 41,569</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 104</u>

**B. Negative Fund Balance**

A negative fund balance is prohibited in all fund balance classifications except Unassigned. When a negative fund balance exists, the shortfall would be covered by the next fund balance classification for that specific purpose.

**C. Budget Reserve Fund**

The Budget Reserve Fund is established in Article IV, Section 27(a) of the Missouri Constitution. The Commissioner of Administration may transfer amounts from the Budget Reserve Fund to any other fund when necessary to meet the cash requirements of the State. However, the Budget Reserve Fund must be paid back with interest prior to May 16<sup>th</sup> of the fiscal year in which the transfer was made.

Budget stabilization expenditures may occur in a fiscal year in which the governor reduces the expenditures of the State or any of its agencies below their appropriation or in which there is a budget need due to a natural disaster as proclaimed by the governor to be an emergency. An appropriation from the Budget Reserve Fund may be granted by a two-thirds vote of the members elected to each house. The maximum amount which may be appropriated at any one time for budget stabilization purposes is one-half the sum of the balance of the Budget Reserve Fund and any amounts appropriated or otherwise owed to the fund, less all amounts owed to the fund for budget stabilization purposes but not yet appropriated for repayment to the fund. One-third of the amount expended or transferred from the Budget Reserve Fund for budget stabilization purposes plus interest shall stand appropriated to the Budget Reserve Fund during each of the next three fiscal years from the fund which received the budget stabilization appropriation. The balance of the Budget Reserve Fund at June 30, 2012, was \$499,049,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**Note 5 – Capital Assets**

Capital asset activity for the year ended June 30, 2012, was as follows (in thousands of dollars):

	*Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated/Amortized:				
Construction in Progress.....	\$ 298,608	\$ 133,496	\$ (34,752)	\$ 397,352
Software in Progress .....	53,347	24,478	(50,469)	27,356
Infrastructure in Progress .....	3,187,001	1,087,139	(1,194,854)	3,079,286
Land .....	2,904,837	16,575	(11,383)	2,910,029
Permanent Easements .....	1,552	622	---	2,174
<b>Total Capital Assets not being Depreciated/Amortized.....</b>	<b>6,445,345</b>	<b>1,262,310</b>	<b>(1,291,458)</b>	<b>6,416,197</b>
Capital Assets being Depreciated/Amortized:				
Land Improvements .....	185,563	2,493	(144)	187,912
Temporary Easements.....	5,028	845	(2,869)	3,004
Buildings and Improvements.....	3,193,048	17,701	(14,206)	3,196,543
Equipment.....	1,199,937	80,333	(73,609)	1,206,661
Software .....	47,967	58,707	(34)	106,640
Trademarks .....	17	---	---	17
Infrastructure .....	44,255,389	1,194,853	(72,090)	45,378,152
<b>Total Capital Assets being Depreciated/Amortized.....</b>	<b>48,886,949</b>	<b>1,354,932</b>	<b>(162,952)</b>	<b>50,078,929</b>
Less Accumulated Depreciation/Amortization for:				
Land Improvements .....	(89,117)	(4,542)	60	(93,599)
Temporary Easements.....	(2,534)	(1,676)	2,869	(1,341)
Buildings and Improvements.....	(1,260,906)	(97,695)	9,080	(1,349,521)
Equipment.....	(858,540)	(86,039)	65,346	(879,233)
Software .....	(26,729)	(4,546)	22	(31,253)
Trademarks .....	(2)	(2)	---	(4)
Infrastructure .....	(22,457,845)	(275,401)	72,090	(22,661,156)
<b>Total Accumulated Depreciation/Amortization ...</b>	<b>(24,695,673)</b>	<b>(469,901)</b>	<b>149,467</b>	<b>(25,016,107)</b>
<b>Total Capital Assets being Depreciated/Amortized, Net .....</b>	<b>24,191,276</b>	<b>885,031</b>	<b>(13,485)</b>	<b>25,062,822</b>
<b>Governmental Activities Capital Assets, Net.....</b>	<b>\$ 30,636,621</b>	<b>\$ 2,147,341</b>	<b>\$ (1,304,943)</b>	<b>\$ 31,479,019</b>
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated/Amortized:				
Construction in Progress.....	\$ 7,387	\$ 2,322	\$ (4,887)	\$ 4,822
Land .....	9,351	111	---	9,462
<b>Total Capital Assets not being Depreciated/Amortized.....</b>	<b>16,738</b>	<b>2,433</b>	<b>(4,887)</b>	<b>14,284</b>
Capital Assets being Depreciated/Amortized:				
Land Improvements .....	8,834	81	---	8,915
Temporary Easements.....	50	---	---	50
Buildings and Improvements.....	31,016	324	(450)	30,890
Equipment.....	46,510	4,839	(2,650)	48,699
Software .....	1,713	56	---	1,769
<b>Total Capital Assets being Depreciated/Amortized</b>	<b>88,123</b>	<b>5,300</b>	<b>(3,100)</b>	<b>90,323</b>
Less Accumulated Depreciation/Amortization for:				
Land Improvements .....	(4,357)	(260)	---	(4,617)
Temporary Easements.....	(12)	(2)	---	(14)
Buildings and Improvements.....	(16,552)	(779)	226	(17,105)
Equipment.....	(32,149)	(3,401)	2,461	(33,089)
Software .....	(1,434)	(159)	---	(1,593)
<b>Total Accumulated Depreciation/Amortization ...</b>	<b>(54,504)</b>	<b>(4,601)</b>	<b>2,687</b>	<b>(56,418)</b>
<b>Total Capital Assets being Depreciated/Amortized, Net .....</b>	<b>33,619</b>	<b>699</b>	<b>(413)</b>	<b>33,905</b>
<b>Business-Type Activities Capital Assets, Net.....</b>	<b>\$ 50,357</b>	<b>\$ 3,132</b>	<b>\$ (5,300)</b>	<b>\$ 48,189</b>

\*Beginning balances as of July 1, 2011 have been restated (see Note 17).

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012**

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**Note 5 – Capital Assets (cont.)**

Depreciation/amortization expense of governmental activities was charged to functions as follows (in thousands of dollars):

General Government .....	\$ 32,512
Education .....	8,918
Natural and Economic Resources .....	13,275
Transportation and Law Enforcement .....	386,493
Human Services .....	<u>28,703</u>
Total .....	<u>\$ 469,901</u>

**Discretely Presented Component Units**

The following table summarizes net capital assets reported by the discretely presented component units (in thousands of dollars):

	College and Universities	Non-Major Component Units	Total
Capital Assets not being Depreciated/Amortized:			
Construction in Progress.....	\$ 367,487	\$ ---	\$ 367,487
Land.....	153,577	7,220	160,797
Other Non-Depreciable/Amortizable Assets.....	<u>21,747</u>	<u>---</u>	<u>21,747</u>
Total Capital Assets not being Depreciated/Amortized....	<u>542,811</u>	<u>7,220</u>	<u>550,031</u>
Capital Assets being Depreciated/Amortized:			
Land Improvements .....	30,432	---	30,432
Buildings and Improvements .....	5,191,492	75,706	5,267,198
Equipment, Fixtures, and Books .....	1,266,757	261	1,267,018
Software .....	112,870	23	112,893
Infrastructure .....	<u>483,049</u>	<u>---</u>	<u>483,049</u>
Total Capital Assets being Depreciated/Amortized.....	<u>7,084,600</u>	<u>75,990</u>	<u>7,160,590</u>
Less Total Accumulated Depreciation/Amortization .....	<u>(3,031,415)</u>	<u>(9,515)</u>	<u>(3,040,930)</u>
Total Capital Assets being Depreciated/Amortized, Net...	<u>4,053,185</u>	<u>66,475</u>	<u>4,119,660</u>
Discretely Presented Component Units -			
Capital Assets, Net .....	<u>\$ 4,595,996</u>	<u>\$ 73,695</u>	<u>\$ 4,669,691</u>

**Capital Assets Impairment**

Due to lack of funding, software development for projects Health Insurance Rate Review System (HIRRS) and IEP System for State School Severely Handicapped (SSSHI) have stopped. The impairment for project HIRRS and SSSH is \$13,000 and \$33,000, respectively. These would be reported as a program expense in the government-wide financial statements.

Due to flooding, many state park buildings were physically damaged. The impairment amount of \$120,000 and \$224,000 would be reported as a special item in the government-wide Statement of Activities and in the proprietary Statement of Revenues, Expenses, and Changes in Fund Net Assets, respectively.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**Note 6 – Leases**

**Capital**

The State has entered into various agreements to lease land, buildings, and equipment. FASB Statement No. 13, *Accounting for Leases*, requires a lease that transfers substantially all of the benefits and risks of ownership to the lessee to be accounted for as the acquisition of a capital asset and the incurrence of an obligation by the lessee (a capital lease).

Capital leases for the internal service funds, enterprise funds, college and universities, and non-major component units are reported as a long-term obligation in those funds along with the related assets. Capital leases and the related assets are not reported on the fund financial statements of governmental type funds. However, the capital leases and related assets of governmental funds are included on the government-wide financial statements and they are shown on the reconciliation between fund financial statements and government-wide statements.

Following is a summary of the future minimum lease payments for capital leases (in thousands of dollars):

Fiscal Year Ending June 30	Governmental Funds	Internal Service Funds	Enterprise Funds	College and Universities	Non-Major Component Units
2013	\$ 9,980	\$ 4,044	\$ 85	\$ 5,876	\$ 3
2014	9,894	3,970	72	5,875	3
2015	9,868	3,926	67	5,875	3
2016	8,584	3,204	67	5,869	3
2017	8,423	1,993	67	5,801	3
2018-2022	29,472	428	6	23,465	1
2023-2027	1,567	---	---	10,950	---
Total Minimum Lease Payments	77,788	17,565	364	63,711	16
Less Amount Representing Interest	(8,621)	(867)	(8)	(15,099)	(1)
Present Value of Net Minimum Lease Payments	<u>\$ 69,167</u>	<u>\$ 16,698</u>	<u>\$ 356</u>	<u>\$ 48,612</u>	<u>\$ 15</u>

The State has entered into a lease with the Missouri Development Finance Board. The State's obligation under the lease does not constitute a general obligation or other indebtedness of the State. Payments under the lease agreement have been structured in amounts sufficient to pay principal and interest on the Leasehold Revenue Bonds issued by the Board. In November 2005, the Board issued \$28,995,000 of Leasehold Revenue Bonds Series 2005 for the purpose of purchasing buildings in Florissant, St. Louis, and Jennings. In May 2006, the Board issued \$9,865,000 of Leasehold Revenue Bonds Series 2006 for the purpose of purchasing one building in St. Louis. The payments on this lease are subject to annual appropriation by the State legislature.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**Note 6 – Leases (cont.)**

Following is a summary of the future minimum lease payments to pay interest and principal of the Leasehold Revenue Bonds (in thousands of dollars):

Fiscal Year Ending June 30	Internal Service Funds
2013	\$ 2,602
2014	2,593
2015	2,593
2016	2,592
2017	2,579
2018–2022	12,878
2023–2027	12,843
2028–2032	10,266
Total Minimum Lease Payments	48,946
Less Amount Representing Interest	(16,166)
Present Value of Net Minimum Lease Payments	\$ 32,780

Series A 2005 Refunding Certificates of Participation dated March 1, 2005, in the amount of \$120,490,000 refunded \$13,945,000 of Missouri Public Facilities Corporation Certificates of Participation (Acute Care Psychiatric Hospital Project) Series A 1994, \$13,400,000 of Missouri PRC Corporation Certificates of Participation (Psychiatric Rehabilitation Center Project) Series A 1995, \$9,915,000 of Northwest Missouri Public Facilities Corporation Certificates of Participation (Northwest Missouri Psychiatric Rehabilitation Center Project) Series B 1995, and \$83,480,000 of Missouri Public Facilities Corporation II Certificates of Participation (Bonne Terre Prison Project) Series A 1999. The State issued Refunding Certificates of Participation Series A 2011 dated June 7, 2011, in the amount of \$76,910,000. The Refunding Certificates of Participation refunded \$76,065,000 of Series A 2005 Refunding Certificates of Participation.

The State's obligation under these leases does not constitute a general obligation or other indebtedness of the State. The certificates of participation represent proportionate ownership interests of the certificate holders in the lease agreement. The certificates do not constitute a pledge of the full faith and credit of the State. Payments under the lease agreement have been structured in amounts sufficient to pay principal and interest on the certificate, and are subject to annual appropriation by the State legislature.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 6 – Leases (cont.)**

Following is a summary of the future minimum lease payments for the Certificates of Participation (in thousands of dollars):

<u>Fiscal Year Ending June 30</u>	<u>Governmental Funds</u>
2013	\$ 1,307
2014	12,984
2015	13,666
2016	13,666
2017	13,666
2018–2019	<u>27,334</u>
Total Minimum Lease Payments	82,623
Less Amount Representing Interest	<u>(5,713)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 76,910</u>

Assets acquired through these capital lease agreements are recorded as capital assets at the lower of the present value of the minimum lease payments or the fair value at the time of acquisition. The following is the value of the property under capital lease by asset category as of June 30, 2012 (in thousands of dollars):

	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Enterprise Funds</u>	<u>College and Universities</u>	<u>Non-Major Component Units</u>
Buildings	\$ 233,321	\$ 43,162	\$ ---	\$ 8,332	\$ 19
Equipment	<u>5,429</u>	<u>27,048</u>	<u>510</u>	<u>52,825</u>	<u>--</u>
	<u>\$ 238,750</u>	<u>\$ 70,210</u>	<u>\$ 510</u>	<u>\$ 61,157</u>	<u>\$ 19</u>

**Operating**

The State has entered into various operating leases for land, buildings, and equipment. Most of these leases are classified as operating because the lease period is one year with multiple renewal options. Future minimum commitments due under operating leases as of June 30, 2012, were as follows (in thousands of dollars):

<u>Fiscal Year Ending June 30</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Component Units</u>
2013	\$ 25,623	\$ 3,569	\$ 6,754
2014	1,086	3,569	5,273
2015	1,080	3,396	3,221
2016	1,004	49	2,414
2017	771	---	1,640
2018–2022	<u>1,966</u>	<u>---</u>	<u>16</u>
Total Minimum Commitments	<u>\$ 31,530</u>	<u>\$ 10,583</u>	<u>\$ 19,318</u>

Expenditures for rent under operating leases for the years ended June 30, 2012 and June 30, 2011 were \$54,042,000 and \$51,028,000, respectively.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 6 – Leases (cont.)**

**Rental Revenue**

The State leases certain state owned facilities to entities outside the State. These lessor arrangements are generally long-term commitments which either generate revenue from otherwise idle property or better serve Missouri's citizens by providing convenient access to products and services. The total asset value of the leased facilities is \$3.6 million for primary government and \$83.3 million for component units. The Department of Natural Resources (DNR) has \$9,000 in income from easements on DNR property. This income will be received in perpetuity. The contract conditions and amount for each individual easement can change with the sale of the property requiring the easement. New contracts will be negotiated with new property owners. Future minimum receivables, payable from lessor arrangements as of June 30, 2012, were as follows (in thousands of dollars):

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Primary</u> <u>Government</u>	<u>Component</u> <u>Units</u>
2013	\$ 186	\$ 3,651
2014	---	3,474
2015	---	3,583
2016	---	3,612
2017	---	3,617
2018-2022	---	15,895
2023-2027	---	14,137
2028-2032	---	13,231
2033-2037	---	13,602
2038-2042	---	12,157
2043-2047	---	5,066
2048-2052	---	2,112
2053-2057	---	1,788
2058-2062	---	1,767
2063-2067	---	500
2068-2072	---	500
2073-2077	---	500
2078-2082	---	500
2083-2087	---	500
2088-2092	---	450
	<u>\$ 186</u>	<u>\$ 100,642</u>
Total Minimum Receivables	<u>\$ 186</u>	<u>\$ 100,642</u>

**Note 7 – Retirement Systems**

The State has two major retirement systems which cover substantially all state employees. These systems are Missouri State Employees' Retirement System (MOSERS) and Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS). The University of Missouri's Retirement Plan is included because the University is a component unit of the State. The Public School Retirement System of Missouri is included in this note disclosure as the State contributes to it.

**Plan Descriptions**

The Missouri State Employees' Plan (MSEP) and the Judicial Plan are single-employer defined benefit public employees' retirement plans administered by MOSERS. The Plans are administered in accordance with Sections 104.010 and 104.312-104.1215, and 476.445-476.690, RSMo, respectively.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 7 – Retirement Systems (cont.)**

The MSEP has three benefit structures known as MSEP (closed plan), MSEP 2000, and MSEP 2011. The MSEP covers all full-time employees hired before July 1, 2000, who are not covered under another state-sponsored retirement plan. MSEP 2000 covers all full-time employees hired on or after July 1, 2000 and before January 2011. MSEP 2011 covers all full-time employees first hired on or after January 1, 2011. Members of the closed plan have the option at retirement to choose between the benefit structure of the MSEP or MSEP 2000.

The Judicial Plan covers eligible members appointed/elected before January 1, 2011. The Judicial Plan 2011 covers eligible members appointed/elected for the first time on or after January 1, 2011.

MOSERS provides retirement, survivor, and disability benefits to its members. Employees covered by the MSEP and the MSEP 2000 plans are fully vested after 5 years of creditable service (4 years for elected officials and either 4 or 6 years for legislators). Employees covered by the MSEP 2011 plan are fully vested after 10 years of creditable service. The retirement eligibility requirements are as follows:

**MSEP**

Age 65 and active with 4 years of service  
Age 65 with 5 years of service  
Age 60 with 15 years of service  
Age 48 with age and service equaling 80 or more (Rule of 80)  
Employees may retire early at age 55 with at least 10 years of service with reduced benefits.

**MSEP 2000**

Age 62 with 5 years of service  
Age 48 with age and service equaling 80 or more (Rule of 80)  
Employees may retire early at age 57 with at least 5 years of service with reduced benefits.

**MSEP 2011**

Age 67 with 10 years of service  
Age 55 with age and service equaling 90 or more (Rule of 90)  
Employees may retire early at age 62 with at least 10 years of service with reduced benefits.

**Judicial Plan**

Age 62 with 12 years of service  
Age 60 with 15 years of service  
Age 55 with 20 years of service  
Employees may retire early at age 62 with less than 12 years of service or age 60 with less than 15 years of service with a reduced benefit that is based upon years of service relative to 12 or 15 years.

**Judicial Plan 2011**

Age 67 with 12 years of service  
Age 62 with 20 years of service  
Employees may retire early at age 67 with less than 12 years of service with reduced benefits or age 62 with less than 20 years of service with a reduced benefit based on years of service.

For members hired prior to August 28, 1997, cost of living adjustments (COLAs) are provided annually based on 80% of the percentage increase in the average Consumer Price Index (CPI) from one year to the next, with a minimum rate of 4% and a maximum rate of 5%, until the cumulative amount of COLAs equals 65% of the original benefit, thereafter the 4% minimum rate is eliminated. For members hired on or after August 28, 1997, COLAs are provided annually based on 80% of the percentage increase in the average CPI from one year to the next, up to a maximum rate of 5%. Qualified, terminated-vested members of MSEP and the Judicial Plan may make a one-time election to receive the present value of their benefit in a lump sum payment. To qualify, a member must have terminated with at least 5, but less than 10 years of service, be less than age 60, and have a benefit present value of less than \$10,000.

STATE OF MISSOURI  
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**Note 7 – Retirement Systems (cont.)**

The Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) is a single-employer defined benefit public employees' retirement system administered in accordance with Sections 104.010-104.1093, RSMo.

MPERS membership is composed of qualified employees of the Missouri Department of Transportation, uniformed and non-uniformed members of the Missouri State Highway Patrol, and MPERS staff.

MPERS provides retirement, survivor, and disability benefits to its members. The MPERS has three benefit structures known as the Closed Plan, the Year 2000 Plan, and the Year 2000 Plan-2011 Tier. Generally, the Closed Plan covers employees hired before July 1, 2000. The Year 2000 Plan generally covers employees hired on or after July 1, 2000 and before January 2011. The Year 2000 Plan-2011 Tier covers employees hired on or after January 1, 2011. Employees covered by the Closed Plan and the Year 2000 Plan are fully vested after 5 years of creditable service. Employees covered by the 2011 Tier are fully vested after 10 years of creditable service.

The retirement eligibility requirements are as follows:

**Closed Plan**

**MoDOT and non-uniformed patrol members:**

Age 65 and active with 4 or more years of service

Age 65 with 5 or more years of service

Age 60 with 15 or more years of service

Age 48 with sum of age and service equaling 80 or more (Rule of 80)

**Uniformed patrol members:**

Age 55 and active with 4 or more years of service

Age 55 with 5 or more years of service

Age 48 with sum of age and service equaling 80 or more (Rule of 80)

Mandatory retirement at age 60

All non-uniformed members may retire early with reduced benefits at age 55 with at least 10 years of service.

For members employed prior to August 28, 1997, cost of living adjustments (COLAs) are provided annually based on 80% of the change in the Consumer Price Index (CPI) with a minimum rate of 4% and a maximum rate of 5%, until the cumulative amount of COLAs equals 65% of the original benefit, thereafter the 4% minimum rate is eliminated. For members employed on or after August 28, 1997, COLAs are provided annually based on 80% of the increase in the CPI up to a maximum rate of 5%.

**Year 2000 Plan**

**MoDOT and non-uniformed patrol members:**

Age 62 with 5 or more years of service

Age 48 with sum of age and service equaling 80 or more (Rule of 80)

**Uniformed patrol members:**

Age 48 with sum of age and service equaling 80 or more (Rule of 80)

Mandatory retirement at age 60 with 5 or more years of service

All members may retire early with reduced benefits at age 57 with at least 5 years of service. COLAs are provided annually based on 80% of the change in the CPI up to a maximum rate of 5%.

**Year 2000 Plan-2011 Tier**

**MoDOT and non-uniformed patrol members:**

Age 67 with 10 or more years of service

Age 55 with sum of age and service equaling 90 or more (Rule of 90)

**Uniformed patrol members:**

Age 55 and active with 10 or more years of service equaling 80 or more (Rule of 80)

Mandatory retirement at age 60 with no minimum service amount

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 7 – Retirement Systems (cont.)**

Active MoDOT and non-uniformed patrol members may retire early with reduced benefits at age 62 with at least 10 years of service. Terminated and vested uniformed patrol members may retire at age 67 with 10 or more years of service. COLAs are provided annually based on 80% of the change in the CPI up to a maximum rate of 5%.

Copies of financial reports issued by MOSERS and MPERS may be requested from:

Missouri State Employees' Retirement System  
P.O. Box 209  
907 Wildwood Drive  
Jefferson City, Missouri 65102-0209

Missouri Department of Transportation and  
Highway Patrol Employees' Retirement System  
P.O. Box 1930  
Jefferson City, Missouri 65102-1930

Funding Policy

MOSERS administers plans which cover substantially all State of Missouri employees. The State of Missouri is obligated by state law to make all required contributions to the MSEP (closed plan), MSEP 2000, MSEP 2011, and Judicial Plans. Beginning January 1, 2012, employee contributions of 4% of gross pay are required for those covered by the MSEP 2011 and Judicial Plan 2011. The actuarially determined contributions are expressed as a level percentage of covered payroll. Current year actuarially determined contribution rates for the MSEP and the Judicial Plan are 13.97% and 57.30%, respectively. Actual contribution rates are the same as the actuarially determined rates.

The State of Missouri makes required contributions to MPERS. Beginning January 1, 2012, employee contributions of 4% of gross pay are required for those covered by the Year 2000 Plan-2011 Tier. Current year calculated contribution rates are 58.63% for uniformed members of the Highway Patrol and 45.45% for non-uniformed members of the Highway Patrol and employees of the Missouri Department of Transportation. Actual contribution rates are the same as the actuarially determined rates.

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

	MSEP	Judicial Plan	MPERS
Annual required contribution	\$ 263,374	\$ 26,325	\$ 164,880
Interest on net pension obligation	5,550	3,822	---
Actuarial adjustment to annual required contribution	(4,398)	(3,029)	---
Annual pension cost	264,526	27,118	164,880
Contributions made	(263,374)	(26,325)	(164,880)
Increase in net pension obligation	1,152	793	---
Net pension obligation, beginning of year	69,375	47,780	---
Net pension obligation, end of year	\$ 70,527	\$ 48,573	\$ ---

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 7 – Retirement Systems (cont.)**

The annual pension cost, the percentage of annual pension cost contributed to the Plan, and the net pension obligation for three years are as follows (in thousands of dollars):

	MSEP			Judicial Plan		
	Fiscal Year Ending			Fiscal Year Ending		
	06/30/12	06/30/11	06/30/10	06/30/12	06/30/11	06/30/10
Annual Pension Cost (APC)	\$ 264,526	\$ 265,108	\$ 252,875	\$ 27,118	\$ 28,867	\$ 28,164
Percentage of APC Contributed	99.56%	99.36%	99.35%	97.08%	95.97%	95.97%
Net Pension Obligation	\$ 70,527	\$ 69,375	\$ 67,685	\$ 48,573	\$ 47,780	\$ 46,616

	MPERS		
	Fiscal Year Ending		
	06/30/12	06/30/11	06/30/10
Annual Pension Cost (APC)	\$ 164,880	\$ 150,022	\$ 124,053
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ ---	\$ ---	\$ ---

**Funded Status and Funding Progress**

The funded status of the Plans as of June 30, 2012, are as follows (in thousands of dollars):

	MSEP	Judicial Plan	MPERS
Actuarial Value of Assets	\$ 7,897,167	\$ 102,267	\$ 1,531,034
Actuarial Accrued Liability (AAL) Entry Age	\$ 10,793,652	\$ 413,333	\$ 3,306,279
Unfunded Actuarial Accrued Liability (UAAL)	\$ 2,896,484	\$ 311,066	\$ 1,775,245
Funded Ratio	73.2%	24.7%	46.3%
Covered Payroll	\$ 1,864,069	\$ 45,836	\$ 341,638
UAAL as a Percentage of Covered Payroll	155.4%	678.6%	519.6%

**Actuarial Methods and Assumptions**

The annual required contribution for MOSERS for the current year was determined as part of an actuarial valuation of the Systems as of June 30, 2010, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation for MOSERS include: a) rate of return on the investment of present and future assets of 8.5% per year compounded annually, b) projected salary increases of 4.0% per year annually, attributable to inflation, c) additional projected salary increases ranging from 0.3% to 3.5% per year for MSEP and 0% to 1.6% for the Judicial Plan, depending on age, attributable to seniority and/or merit, and d) the assumption that benefits will increase 4.0% per year after retirement.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 7 – Retirement Systems (cont.)**

The actuarial valuation of the System dated June 30, 2012, will set the required contribution rates for the fiscal year ending June 30, 2014. The actuarial value of assets is based on a method that fully recognizes expected investment return and averages unanticipated market return over a 5-year period. The unfunded actuarial accrued liabilities are amortized on an open basis as a level percentage of payroll over 30 years.

The annual required contribution for MPERS for the current fiscal year was determined as part of an actuarial valuation as of June 30, 2010, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation for MPERS include: a) rate of return on the investment of 8.25% per year compounded annually, and b) projected wage inflation rate of 3.75%.

The actuarial valuation of MPERS dated June 30, 2012, will be used to determine the contribution rate for the Plan year ending June 30, 2014. The actuarial value of assets is based on a 3-year smoothed market value method. The total contribution is based on a 12-year closed amortization period for unfunded retiree liabilities and a 27-year closed amortization period for other unfunded liabilities.

**Public School Retirement System of Missouri:**

The State of Missouri also made employer contributions to the Public School Retirement System of Missouri which is a cost-sharing multiple-employer defined benefit public employees' retirement system. The System includes all public school districts within the State except for the two districts covering the major metropolitan areas. It also includes certain public college and universities and some state employees.

The benefit provisions include retirement annuities, death benefits, and disability benefits. A member is vested after acquiring five years of membership credit for Missouri service.

The System was created and is governed by Chapter 169 of the Revised Statutes of Missouri. State employees who elected to remain with the Public School Retirement System under Section 104.342, RSMo, are covered by the System.

Employees of the State are not required to contribute. The State, as employer, contributed \$3,013,000, \$3,458,000, and \$3,972,000 for the years ending June 30, 2012, 2011, and 2010, respectively, to the System, equal to the required contributions for each year.

Copies of the System's June 30, 2012, Comprehensive Annual Financial Report may be requested from:

Public School Retirement System of Missouri  
P.O. Box 268  
3210 West Truman Boulevard  
Jefferson City, Missouri 65102-0268

**College and Universities:**

University of Missouri Retirement System

Plan Description

The University of Missouri Retirement, Disability, and Death Benefit Plan is a single-employer, defined benefit plan for all qualified employees. The University's Board of Curators establishes the terms of the Plan and administers it as authorized by State statute.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 7 – Retirement Systems (cont.)**

Full-time employees vest in the Retirement Plan after five years of credited service and become eligible for benefits based on age and years of service. A vested employee who retires at age 65 or older is eligible for a lifetime annuity calculated at a certain rate times the credited service years times the compensation base (average consumption for the five highest consecutive salary years). The rate is 1.0% if the employee was hired after September 30, 2012. Vested employees who are at least age 55 and have ten years or more of credited service, or age 60 with at least five years of credited service may choose early retirement with a reduced benefit. However, if the employee retires at age 62 and has at least 25 years of credited service, the benefit is not reduced. At retirement, up to 30% of the retirement annuity can be taken in a lump sum payment; also the standard annuity can be exchanged for an actuarially-equivalent annuity.

Separate financial statements are not prepared for the Plan.

Detailed information concerning the Plan is presented in the University's 2012 financial report, which is publicly available. Copies of this report may be requested from:

University of Missouri System  
Office of the Controller  
1000 West Nifong, Building 7, Suite 300  
Columbia, Missouri 65211

Funding Policy

The University's contributions to the Retirement Plan are equal to the actuarially determined employer contribution requirement, which averaged 7.2% of payroll for the year ended June 30, 2012. Employees are required to contribute 1% of their salary up to \$50,000 in a calendar year and 2% of their salary in excess of \$50,000. An actuarial valuation of the Plan is performed annually and the University's contribution rate is updated on July 1 at the beginning of the University's fiscal year, to the actuarially determined amount from the most recent valuation as of the preceding October 1. This actuarial valuation reflects the adoption of any Retirement Plan amendments during the previous fiscal year.

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

	<u>University of Missouri System</u>
Annual required contribution	\$ 74,618
Interest on net pension obligation	---
Actuarial adjustment to annual required contribution	---
Annual pension cost	<u>74,618</u>
Contributions made	<u>74,618</u>
Change in net pension obligation	---
Net pension obligation, beginning of year	<u>---</u>
Net pension obligation, end of year	<u><u>\$ ---</u></u>

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 7 – Retirement Systems (cont.)**

The annual pension cost, the percentage of annual pension cost contributed to the Plan, and the net pension obligation for three years are as follows (in thousands of dollars):

	<u>Fiscal Year Ending</u>		
	<u>06/30/12</u>	<u>06/30/11</u>	<u>06/30/10</u>
Annual Pension Cost (APC)	\$ 74,618	\$ 57,541	\$ 48,040
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ ---	\$ ---	\$ ---

**Funded Status and Funding Progress**

The funded status of the Plan as of June 30, 2012, is as follows (in thousands of dollars):

	<u>Actuarial Valuation October 1, 2011</u>
Actuarial Value of Assets	\$ 2,828,697
Actuarial Accrued Liability (AAL) Entry Age	\$ 3,138,190
Unfunded Actuarial Accrued Liability (UAAL)	\$ 309,493
Funded Ratio	90.14%
Covered Payroll	\$ 1,031,891
UAAL as a Percentage of Covered Payroll	30.00%

**Actuarial Methods and Assumptions**

The annual required contribution for the University for the current fiscal year was determined as part of an actuarial valuation of the System as of October 1, 2011, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include: a) assumed rate of return on investments of 8.0% per year, b) projected salary increases for academic and administrative employees averaging 5.3% per year, c) projected salary increases for clerical and service employees averaging 4.5% per year, and d) assumed no future retiree ad-hoc increases or cost of living adjustments.

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 8 – Other Postemployment Benefits**

In addition to the retirement benefits described in *Note 7*, the State provides postemployment health care and life insurance benefits, in accordance with State statutes, to the majority of employees who either retire from the State or receive long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the MoDOT and MSHP Medical and Life Insurance Plan (MHPML), and the Conservation Employees' Insurance Plan (CEIP). The eligible number of retirees/long-term disability claimants for MCHCP, MHPML, and CEIP for health care benefits are approximately 18,973, 5,932, and 798, respectively. The eligible number of retirees/long-term disability claimants for MOSERS, MHPML, and CEIP for life insurance benefits are 21,026, 3,773, and 473, respectively. Health care benefits and MOSERS life insurance benefits are funded through both employer and employee contributions. MOSERS employer contribution rates are set by the Standard Insurance Company. MHPML and CEIP life insurance benefits are funded through employee contributions. MHPML and CEIP employer contribution rates are set by the Plans Board of Trustees and approved by their respective Commission. Employer contribution rates for MCHCP are set in accordance with Section 103.100, RSMo. Retiree contribution rates are established based on projected claims experience and funding provided by employer contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier. For fiscal year 2012, the State's contributions were 51.67% of the total (employer/employee) contributions made for other postemployment benefits.

During fiscal year 2012, the State contributed the following amounts (in thousands of dollars):

	Health Care	Life Insurance
MCHCP	\$ 57,090	\$ ---
MOSERS	---	1,808
MHPML	17,248	---
CEIP	2,569	---
Total	\$ 76,907	\$ 1,808

During fiscal year 2012, the expenditures recognized by the State for (employer/employee) other postemployment benefits were as follows (in thousands of dollars):

	Health Care	Life Insurance
MCHCP	\$ 109,968	\$ ---
MHPML	38,749	---
CEIP	4,959	328
Total	\$ 153,676	\$ 328

**Funding Policy**

The contribution requirements of MCHCP, MHPML, and CEIP are established and may be amended by the State legislature, Missouri Highways and Transportation Commission, and the Conservation Department Board of Trustees, respectively. The required contribution for MHPML and CEIP is based on an actuarial study and is financed on a pay-as-you-go basis. For fiscal year 2012, MCHCP, MHPML, and CEIP contributed \$57.1, \$28.6, and \$5.0 million, respectively.

**STATE OF MISSOURI**  
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**Note 8 – Other Postemployment Benefits (cont.)**

Annual OPEB Cost and Net OPEB Obligation

The MCHCP, MHPML, and CEIP annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Fiscal Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of MCHCP, MHPML, and CEIP annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the net OPEB obligation (in thousands of dollars):

	<u>MCHCP</u>	<u>MHPML</u>	<u>CEIP</u>
Annual required contribution	\$ 100,800	\$ 109,974	\$ 12,473
Interest on net OPEB contribution	9,023	13,512	976
Adjustments to annual required contribution	<u>(6,394)</u>	<u>(17,642)</u>	<u>(813)</u>
Annual OPEB cost	103,429	105,844	12,636
Contributions made	<u>(57,090)</u>	<u>(28,577)</u>	<u>(4,966)</u>
Increase in net OPEB obligation	46,339	77,267	7,670
Net OPEB obligation, beginning of year	<u>138,811</u>	<u>300,263</u>	<u>24,405</u>
Net OPEB obligation, end of year	<u><u>\$ 185,150</u></u>	<u><u>\$ 377,530</u></u>	<u><u>\$ 32,075</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2012 are as follows (in thousands of dollars):

	<u>MCHCP</u>			<u>MHPML</u>		
	<u>Fiscal Year Ending</u>			<u>Fiscal Year Ending</u>		
	<u>06/30/12</u>	<u>06/30/11</u>	<u>06/30/10</u>	<u>06/30/12</u>	<u>06/30/11</u>	<u>06/30/10</u>
Annual OPEB Cost (AOC)	\$ 103,429	\$ 101,678	\$ 95,334	\$ 105,844	\$ 109,285	\$ 110,385
Percentage of AOC Contributed	55.20%	52.47%	78.03%	27.00%	27.77%	27.49%
Net OPEB Obligation	\$ 185,150	\$ 138,811	\$ 90,487	\$ 377,530	\$ 300,263	\$ 221,324
	<u>CEIP</u>					
	<u>Fiscal Year Ending</u>					
	<u>06/30/12</u>	<u>06/30/11</u>	<u>06/30/10</u>			
Annual OPEB Cost (AOC)	\$ 12,636	\$ 9,899	\$ 9,659			
Percentage of AOC Contributed	39.30%	36.78%	34.36%			
Net OPEB Obligation	\$ 32,075	\$ 24,405	\$ 18,147			

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 8 – Other Postemployment Benefits (cont.)**

Funded Status and Funding Progress

The funded status of the Plans as of June 30, 2012, are as follows (in thousands of dollars):

	<u>MCHCP</u>	<u>MHPML</u>	<u>CEIP</u>
Actuarial Accrued Liability (AAL)	\$ 1,594,500	\$ 1,082,655	\$ 192,190
Less Actuarial Value of Plan Assets	<u>83,599</u>	<u>---</u>	<u>---</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,510,901</u>	<u>\$ 1,082,655</u>	<u>\$ 192,190</u>
Funded Ratio	5.24%	0.00%	0.00%
Covered Payroll	\$ 1,534,200	\$ 341,638	\$ 51,186
UAAL as a Percentage of Covered Payroll	98.48%	316.90%	375.47%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation for fiscal year ending June 30, 2012, MCHCP used the entry-age method while MHPML and CEIP used the projected unit credit cost method. The actuarial assumptions for MCHCP, MHPML, and CEIP include a 6.5%, 4.5%, and 4.0% discount rate, respectively. The projected annual health care cost trend rate for non-Medicare health care is 8.00% initially, then decreasing by 3/5% per year to an ultimate rate of 5.0%. The projected annual health care cost trend rate for Medicare health care is 8.5% initially, then decreasing by 7/10% per year to an ultimate rate of 5.0%. The UAAL is being amortized at a level dollar amount over an open basis, over a 30-year period.

**College and Universities:**

University of Missouri System

In addition to the retirement benefits described in *Note 7*, the University provides postemployment medical care, dental care, and life insurance benefits to eligible employees who retire from the University and to employees receiving long-term disability benefits. Currently, 6,552 retirees/long-term disability claimants meet the eligibility requirements. These postemployment benefits are funded through both employer and employee contributions. For fiscal year 2012, the University's contributions were 65.06% of the total (employer/employee) contributions made for other postemployment benefits.

STATE OF MISSOURI  
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**Note 8 – Other Postemployment Benefits (cont.)**

Currently, the number of retirees/long-term disability claimants participating in medical care, dental care, and life insurance are 5,217, 5,317, and 2,937, respectively. During fiscal year 2012, the University contributed \$25,477,000 for other postemployment benefits. The expenditures recognized by the University for (employer/employee) other postemployment benefits were \$36,766,000.

Funding Policy

In June 2008, the University established its OPEB Trust Fund, the assets of which are irrevocable and legally protected from creditors and dedicated to providing postemployment benefits in accordance with terms of the Plan. Previously, postemployment benefit costs other than long-term disability were funded on a current basis, and expenses were recorded on a pay-as-you-go basis. Long-term disability costs were recognized during the period in which the employee became eligible to receive disability benefits.

The University's OPEB Trust Fund does not issue a separate financial report, but is included in the University's financial report using the economic resources measurement focus and accrual basis of accounting. The University currently plans to contribute to the trust fund an amount that, in addition to the current year premium contributions, is sufficient to fund 50% of the annual required contribution (ARC).

Annual OPEB Cost and Net OPEB Obligation

The University's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the University's net OPEB obligation for fiscal year 2012 (in thousands of dollars):

	University of Missouri System
Annual required contribution	\$ 50,954
Interest on net OPEB obligation	4,790
Adjustment to annual OPEB obligation	(4,077)
Annual OPEB cost	51,667
Contributions made	(25,477)
Increase in net OPEB obligation	26,190
Net OPEB obligation (asset), beginning of year	83,306
Net OPEB obligation, end of year	\$ 109,496

**STATE OF MISSOURI  
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**Note 8 – Other Postemployment Benefits (cont.)**

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2012 was as follows (in thousands of dollars):

	University of Missouri System		
	Fiscal Year Ending		
	06/30/12	06/30/11	06/30/10
Annual OPEB Cost (AOC)	\$ 51,667	\$ 60,935	\$ 52,765
Percentage of AOC Contributed	49.31%	49.63%	45.08%
Net OPEB Obligation	\$ 109,496	\$ 83,306	\$ 52,613

**Funded Status and Funding Progress**

The funded status of the Plan as of June 30, 2012, was as follows (in thousands of dollars):

	University of Missouri System
Actuarial Accrued Liability (AAL)	\$ 542,844
Less Actuarial Value of Plan Assets	45,745
Unfunded Actuarial Accrued Liability (UAAL)	\$ 497,099
Funded Ratio	8.43%
Covered Payroll	\$ 1,041,413
UAAL as a Percentage of Covered Payroll	47.73%

**Actuarial Methods and Assumptions**

In the July 1, 2011, actuarial valuation, University of Missouri System used the projected unit credit cost method. The actuarial assumptions for University of Missouri System included a 5.75% rate of return, net of administrative expenses. The projected annual health care cost trend rate is 5.0% to 9.0% initially, reduced by 0.5% decrements to an ultimate rate of 5.0%. The UAAL is being amortized at a level dollar amount over an open basis, level percent of pay, over a 30-year period.

**Note 9 – Deferred Compensation**

**Missouri State Public Employees' Deferred Compensation Plan:**

In accordance with Internal Revenue Code Section 457, the State offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under the Plan, employees are permitted to defer a portion of their current salary until future years.

All amounts of compensation deferred under the Plan must be held in a trust, custodial account, or annuity contract for the exclusive benefit of Plan participants and their beneficiaries. Investments are managed by the Plan's trustee under one of several investment options, or a combination thereof. The choice between the investment option(s) available by the Plan is made by the participants.

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**Note 9 – Deferred Compensation (cont.)**

Copies of the Plan’s financial statements may be requested from:

Plan Administrator  
c/o MOSERS  
P.O. Box 209  
907 Wildwood Drive  
Jefferson City, Missouri 65102-0209

**Missouri State Public Employees’ Deferred Compensation Incentive Plan:**

The Plan was established by the Missouri State Public Employees’ Deferred Compensation Commission in July 1995 pursuant to Section 401(a) of the Internal Revenue Code.

Under the Plan provisions, any employee of the State is eligible to participate in the Plan if he/she has been an employee of the State for at least 12 consecutive months preceding any employer contributions to the Plan, and is making continuous monthly deferrals of at least \$25 to the Missouri State Public Employees’ Deferred Compensation Plan. The State, subject to appropriation, contributes \$25, \$30, or \$35 per month for each employee that meets these requirements based on employee contribution. As of March 2010, employer incentive (match) associated with the State of Missouri Deferred Compensation Plan was suspended until further notice. Participating employees are 100% vested.

The first employer contributions to the Plan were made in January 1996. The Plan receives contributions from employees as well as rollovers from other qualified plans. During fiscal year 2012, rollover contributions to ICMA-RC were \$35,842,000 and employer contributions to ICMA-RC were \$2,000.

Copies of the Plan’s financial statements may be requested from:

Plan Administrator  
c/o MOSERS  
P.O. Box 209  
907 Wildwood Drive  
Jefferson City, Missouri 65102-0209

**Note 10 – Changes in Short-Term Liabilities**

The State uses a bank overdraft line of credit to compensate for timing in cash payments and receipts.

The following is a summary of the changes in short-term liabilities for the year ended June 30, 2012 (in thousands of dollars):

	<u>Balance</u> <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Governmental Activities:</b>				
Bank Overdraft	\$ 1	\$ 958,122	\$ (958,121)	\$ 2

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 11 – Changes in Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012 (in thousands of dollars):

	*Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
<b>Governmental Activities:</b>					
Due to Other Entities	\$ 23,909	\$ 9,248	\$ (4,370)	\$ 28,787	\$ 9,609
General Obligation Bonds Payable	487,090	---	(54,325)	432,765	58,290
Other Bonds Payable	3,880,975	163,145	(308,200)	3,735,920	179,715
Unamortized Bond Premium	158,870	7,944	(24,537)	142,277	---
Obligations under Lease/Purchases	214,333	3,343	(22,121)	195,555	12,803
Pollution Remediation	6,929	5,007	(746)	11,190	2,404
Compensated Absences	161,629	167,177	(172,867)	155,939	146,277
Claims Liabilities	156,388	383,590	(388,732)	151,246	87,179
Contingent Liabilities	65,880	4,279	(49,927)	20,232	20,232
2 <sup>nd</sup> Injury Fund					
Contingent Liabilities	1,520,089	114,507	(37,149)	1,597,447	37,149
Net Other Postemployment Benefit Obligation	463,479	221,909	(90,633)	594,755	---
Net Pension Obligation	117,155	456,524	(454,579)	119,100	---
Total Governmental Activities	<u>\$ 7,256,726</u>	<u>\$ 1,536,673</u>	<u>\$ (1,608,186)</u>	<u>\$ 7,185,213</u>	<u>\$ 553,658</u>
<b>Business-Type Activities:</b>					
Obligations under Lease/Purchases	\$ 66	\$ 328	\$ (38)	\$ 356	\$ 82
Claims Liabilities	103,647	16,989	(12,447)	108,189	15,000
Grand Prize Winner Liability	96,581	57,611	(55,628)	98,564	59,025
Compensated Absences	3,462	4,003	(3,720)	3,745	3,720
Loans Payable	692,168	---	(129,363)	562,805	---
Total Business-Type Activities	<u>\$ 895,924</u>	<u>\$ 78,931</u>	<u>\$ (201,196)</u>	<u>\$ 773,659</u>	<u>\$ 77,827</u>

\*Beginning balances as of July 1, 2011 have been restated (see *Note 17*).

**STATE OF MISSOURI  
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**Note 12 – Bonds Payable**

Bonds are long-term liabilities and are reconciling items from governmental fund financial statements to government-wide financial statements. On the Government-Wide Statement of Net Assets, the long-term liabilities are shown as the amounts due within one year from the date of the statement and the amounts due in more than one year from the date of the statement.

General Obligation Bonds:

The Board of Fund Commissioners of the State of Missouri, upon voter approval and subsequent authorization of the General Assembly, issues general obligation bonds that are secured by a pledge of the full faith, credit, and resources of the State. The principal and interest amounts are transferred one year in advance from the General Fund or other funds to the debt service funds from which principal and interest payments are made. Four types of general obligation bonds are currently outstanding. Proceeds from the Water Pollution Control Bonds were used to provide funds for the protection of the environment through the control of water pollution. Proceeds from the Third State Building Bonds were used to provide funds for improvements of state buildings and property. Proceeds from the Fourth State Building Bonds were used to provide funds for improvements of buildings and property of higher education institutions, Department of Corrections, and the Division of Youth Services. Proceeds from the Stormwater Control Bonds were used to provide funds to protect the environment through the control of stormwater.

To take advantage of lower interest rates, the Board of Fund Commissioners has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
Water Pollution Control Bonds:				
Series A 1987-Refunding	8/1/87	\$ 49,715	A 1981	\$ 16,940
			B 1983	9,625
			A 1985	19,575
Series B 1991-Refunding	11/1/91	17,435	A 1983	16,415
Series C 1991-Refunding	11/1/91	33,575	B 1987	30,695
Series B 1992-Refunding	8/15/92	50,435	A 1986	46,400
Series B 1993-Refunding	8/1/93	109,415	A 1987-Refunding	33,240
			A 1989	27,280
			A 1991	27,350
			B 1991-Refunding	11,355
Series B 2002-Refunding	10/15/02	147,710	C 1991-Refunding	21,875
			A 1992	26,560
			B 1992-Refunding	33,595
			A 1993	22,350
			A 1995	22,520
			A 1996	25,900
Series A 2003-Refunding	10/29/03	74,655	B 1993-Refunding	76,540
Series A 2005-Refunding	6/29/05	95,100	A 1996	2,160
			A 1998	28,680
			A 1999	17,595
			A 2003-Refunding	51,535
Series A 2010-Refunding	7/27/10	81,450	A 2001	15,030
			A 2002	20,225
			B 2002-Refunding	12,990
			A 2005-Refunding	8,595
			A 2007	31,385

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**Note 12 – Bonds Payable (cont.)**

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
Third State Building Bonds:				
Series A 1987-Refunding	8/1/87	170,115	B 1983	33,675
			A 1984	48,130
			A 1985	73,375
Series A 1991-Refunding	11/1/91	34,870	A 1983	32,835
Series B 1991-Refunding	11/1/91	71,955	B 1987	65,780
Series A 1992-Refunding	8/15/92	273,205	A 1986	251,355
Series A 1993-Refunding	8/1/93	148,480	A 1987-Refunding	113,725
			A 1991-Refunding	22,935
Series A 2002-Refunding	10/15/02	211,630	B 1991-Refunding	47,320
			A 1992-Refunding	181,170
Series A 2003-Refunding	10/29/03	75,650	A 1993-Refunding	79,380
Fourth State Building Bonds:				
Series A 2002-Refunding	10/15/02	154,840	A 1995	56,300
			A 1996	92,485
Series A 2005-Refunding	6/29/05	45,330	A 1996	7,715
			A 1998	40,970
Series A 2010-Refunding	7/27/10	9,060	A 2002-Refunding	8,970
			A 2005-Refunding	1,470
Stormwater Control Bonds:				
Series A 2005-Refunding	6/29/05	17,175	A 1999	17,595
Series A 2010-Refunding	7/27/10	15,150	A 2001	7,320
			A 2002	8,475
			A 2005-Refunding	905

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2012, \$594,494,240 of the Water Pollution Control Bonds; \$600,000,000 of the Third State Building Bonds; \$250,000,000 of the Fourth State Building Bonds; and \$45,000,000 of the Stormwater Control Bonds have been issued. The remaining authorization for the Water Pollution Control Bonds is \$130,505,760 and for Stormwater Control Bonds is \$155,000,000. There is no remaining authorization for the Third State Building Bonds or the Fourth State Buildings Bonds.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**Note 12 – Bonds Payable (cont.)**

General obligation bonds issued and outstanding as of June 30, 2012, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Water Pollution Control Bonds:						
Series A 2002	3.0 – 5.25%	2/1; 8/1	8/02	8/1/15	\$ 30,000	\$ 4,215
Series B 2002–Refunding	3.375 – 5.0%	4/1; 10/1	10/02	10/1/21	147,710	64,080
Series A 2003–Refunding	3.25 – 6.0%	2/1; 8/1	10/03	8/1/16	74,655	20,405
Series A 2005–Refunding	5.0%	10/1; 4/1	6/05	10/1/16	95,100	49,640
Series A 2007	4.0 – 5.0%	6/1; 12/1	11/07	12/1/21	50,000	16,355
Series A 2010–Refunding	4.0 – 5.0%	12/1; 6/1	7/10	12/1/22	81,450	81,450
Third State Building Bonds:						
Series A 2002–Refunding	4.0 – 5.0%	4/1; 10/1	10/02	10/1/12	211,630	4,270
Series A 2003–Refunding	3.25 – 6.0%	2/1; 8/1	10/03	8/1/12	75,650	1,220
Fourth State Building Bonds:						
Series A 2002–Refunding	3.375 – 5.0%	4/1; 10/1	10/02	10/1/21	154,840	110,535
Series A 2005–Refunding	5.0%	10/1; 4/1	6/05	10/1/16	45,330	41,045
Series A 2010–Refunding	4.0 – 5.0%	12/1; 6/1	7/10	12/1/22	9,060	9,060
Stormwater Control Bonds:						
Series A 2002	3.0 – 5.25%	2/1; 8/1	8/02	8/1/15	15,000	2,105
Series A 2005–Refunding	5.0%	10/1; 4/1	6/05	10/1/15	17,175	13,235
Series A 2010–Refunding	4.0 – 5.0%	12/1; 6/1	7/10	12/1/22	15,150	15,150
Total General Obligation Bonds					<u>\$ 1,022,750</u>	\$ 432,765
Less: Amount in Sinking Fund for payment of Principal						<u>(78,083)</u>
						<u>\$ 354,682</u>

As of June 30, 2012, general obligation debt service requirements for principal and interest in future years were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2013	\$ 58,290	\$ 19,056	\$ 77,346
2014	53,200	16,605	69,805
2015	55,870	14,158	70,028
2016	55,600	11,445	67,045
2017	55,220	8,722	63,942
2018–2022	142,495	18,570	161,065
2023	12,090	302	12,392
Totals	<u>\$ 432,765</u>	<u>\$ 88,858</u>	<u>\$ 521,623</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**Note 12 – Bonds Payable (cont.)**

Other Bonds:

The Board of Public Buildings of the State of Missouri, upon the approval of the General Assembly, issues revenue bonds for building projects and commits state agencies to lease space in these buildings. The General Assembly appropriates to the Board, on behalf of the state agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves, and to pay the costs of operations. The total amount authorized for the Board equals \$945,000,000.

To take advantage of lower interest rates, the Board of Public Buildings has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	Date Issued	Amount Issued	Series Refunded	Amount Refunded
Board of Public Buildings:				
Series A 1983-Refunding	10/01/83	\$ 43,445	A 1981	\$ 43,445
Series A 1985-Refunding	12/01/85	150,560	1966	2,160
			1967	825
			A 1978	11,745
			A 1979	2,260
			A 1980	3,795
			A 1983-Refunding	39,875
			A 1984	89,900
Series A 1991-Refunding	12/01/91	148,500	A 1985-Refunding	107,700
			A 1988	19,165
			B 1988	2,550
			C 1988	2,145
Series B 2001-Refunding	10/10/01	83,465	A 1991-Refunding	86,810
Series A 2011-Refunding	09/27/11	143,020	A 2001	126,850
			A 2003	12,620
			A 2006	3,175

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2012, the Board of Public Buildings Bonds had issued \$871,205,000 of the bond authorization. The remaining authorization is \$73,795,000.

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2012, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Board of Public Buildings:						
Series B 2001-Refunding	3.5 – 5.5%	6/1; 12/1	10/01	12/1/12	\$ 83,465	\$ 2,075
Series A 2003	4.0 – 6.0%	4/15; 10/15	4/03	10/15/28	387,425	316,945
Series A 2006	4.0 – 5.0%	4/1; 10/1	10/06	10/1/31	120,000	105,450
Series A 2011-Refunding	2.25 – 5.0%	4/1; 10/1	9/11	10/1/28	143,020	143,020
Total Board of Public Buildings Bonds					<u>\$ 733,910</u>	<u>\$ 567,490</u>

**STATE OF MISSOURI**  
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**Note 12 – Bonds Payable (cont.)**

As of June 30, 2012, the debt service requirements for principal and interest in future years for the Board of Public Buildings Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 18,475	\$ 24,915	\$ 43,390
2014	24,305	23,862	48,167
2015	25,205	22,718	47,923
2016	26,170	21,510	47,680
2017	27,170	20,294	47,464
2018–2022	154,125	81,786	235,911
2023–2027	190,685	42,896	233,581
2028–2032	<u>101,355</u>	<u>6,929</u>	<u>108,284</u>
<b>Totals</b>	<b><u>\$ 567,490</u></b>	<b><u>\$ 244,910</u></b>	<b><u>\$ 812,400</u></b>

The Missouri Health and Educational Facilities Authority (MOHEFA) issued \$35,000,000 of Educational Facilities Revenue Bonds (University of Missouri–Columbia Arena Project) Series 2001, dated November 1, 2001, to fund the design, acquisition, construction, furnishing, and equipping of a sports arena facility and related facilities on the University of Missouri–Columbia campus. The Missouri Health and Educational Facilities Authority (MOHEFA) issued \$20,125,000 of Educational Facilities Refunding Revenue Bonds Series 2011, dated November 17, 2011. The Refunding Educational Facilities Revenue bonds refunded \$22,770,000 of Educational Facilities Revenue Bonds Series 2001. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement, the Office of Administration will request that the Governor’s annual budget request to the General Assembly include the State’s financing amount for principal and interest each year.

The Educational Facilities Revenue Bonds issued and outstanding as of June 30, 2012, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Educational Facilities Revenue Bonds:						
Series 2011–Refunding	2.0 – 5.0%	4/1; 10/1	11/11	10/1/21	<u>\$ 20,125</u>	<u>\$ 20,125</u>

As of June 30, 2012, the debt service requirement of the State for principal and interest in future years for the Educational Facilities Revenue Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 1,675	\$ 849	\$ 2,524
2014	1,720	807	2,527
2015	1,780	745	2,525
2016	1,860	672	2,532
2017	1,930	597	2,527
2018–2022	<u>11,160</u>	<u>1,451</u>	<u>12,611</u>
<b>Totals</b>	<b><u>\$ 20,125</u></b>	<b><u>\$ 5,121</u></b>	<b><u>\$ 25,246</u></b>

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012**

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**Note 12 – Bonds Payable (cont.)**

The Regional Convention and Sports Complex Authority issued \$132,910,000 of Convention and Sports Facility Project Bonds Series A 1991, dated August 15, 1991, to finance the costs of acquiring land and constructing a multi-purpose convention and indoor sports facility in downtown St. Louis, Missouri. On December 15, 1993, the Authority issued \$121,705,000 of Convention and Sports Facility Project Refunding Bonds Series A 1993 for the purpose of refunding the callable portions of the outstanding bonds issued in August 1991 and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was \$101,410,000. On August 1, 2003, the Authority issued \$116,030,000 of Convention and Sports Facility Project Refunding Bonds Series A 2003 for the purpose of refunding Convention and Sports Facility Project Bonds Series A 1991 and Series A 1993 refunding bonds and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was \$2,845,000 for the Series A 1991 bonds and \$113,170,000 for the Series A 1993 refunding bonds. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State.

The Convention and Sports Facility Project Bonds issued and outstanding as of June 30, 2012, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Convention and Sports Facility Project Bonds:						
Series A 2003-Refunding	1.42-5.375%	2/15; 8/15	8/03	8/15/21	\$ 116,030	\$ 76,780

As of June 30, 2012, the debt service requirements for these bonds are as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2013	\$ 6,040	\$ 3,799	\$ 9,839
2014	6,355	3,478	9,833
2015	6,685	3,139	9,824
2016	7,035	2,777	9,812
2017	7,405	2,396	9,801
2018-2022	<u>43,260</u>	<u>5,625</u>	<u>48,885</u>
Totals	<u>\$ 76,780</u>	<u>\$ 21,214</u>	<u>\$ 97,994</u>

Under a financing agreement dated August 1, 1991, the Office of Administration will request that the Governor's annual budget request to the General Assembly include the State's financing amount of \$10,000,000 for principal and interest and \$2,000,000 for maintenance each year. Future payments to the Authority related to the bond repayment are as follows (in thousands of dollars):

Fiscal Year Ended June 30	State Debt Service Payments
2013	\$ 10,000
2014	10,000
2015	10,000
2016	10,000
2017	10,000
2018-2022	<u>45,000</u>
Total	<u>\$ 95,000</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**Note 12 – Bonds Payable (cont.)**

State Road Bonds:

The Missouri Highways and Transportation Commission authorized by Article IV, Section 29–34 of the Missouri Constitution and Section 226.133 of the State Highway Act, issues bonds for highway construction and repairs. Under the Missouri Constitution, the principal and interest of the State Road Bonds are payable solely from the revenues of the Missouri Road Fund. State Road Bonds have the following levels of priority: Senior Bonds, First Lien Bonds, Second Lien Bonds, and Third Lien Bonds. Proceeds from State Road Bonds are used for the purpose of constructing and maintaining the State's highways. As of June 30, 2012, the Missouri Highways and Transportation Commission had issued \$3,812,195,000.

To take advantage of lower interest rates, the Missouri Highways and Transportation Commission has issued Bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Commission (in thousands of dollars):

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
Senior Lien State Road Bonds:				
Series 2006–Refunding	12/12/06	\$ 394,870	A 2000	\$ 135,980
			A 2001	105,075
			A 2002	109,165
			A 2003	57,390
Series C 2010–Refunding	11/10/10	130,390	A 2001	11,135
			A 2002	18,405
			A 2003	111,760

The State Road Bonds issued and outstanding as of June 30, 2012, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Highways and Transportation Commission:						
State Road Bonds						
Series A 2005–First Lien	2.50 – 5.00%	5/1; 11/1	7/05	5/1/15	\$ 278,660	\$ 97,075
Series B 2005–Third Lien	Variable	Variable	7/05	5/1/15	72,000	45,095
Series A 2006–First Lien	3.75 – 5.00%	5/1; 11/1	8/06	5/1/21	296,670	231,670
Series B 2006–First Lien	4.50 – 5.00%	5/1; 11/1	8/06	5/1/26	503,330	503,330
Series 2006–Refunding	4.00 – 5.00%	2/1; 8/1	12/06	2/1/22	394,870	394,870
Series 2007–Second Lien	4.00 – 5.25%	5/1; 11/1	9/07	5/1/27	526,800	504,680
Series A 2008–Second Lien	3.00 – 5.00%	5/1; 11/1	12/08	5/1/25	142,735	128,240
Series A 2009	2.00 – 5.00%	5/1; 11/1	9/09	5/1/21	195,625	165,935
Series B 2009	4.802 – 5.252%	5/1; 11/1	9/09	5/1/33	404,375	404,375
Series C 2009–Third Lien	4.313 – 5.213%	5/1; 11/1	11/09	5/1/29	300,000	300,000
Series A 2010	1.50 – 5.00%	5/1; 11/1	3/10	5/1/22	128,865	109,730
Series B 2010	4.720 – 5.020%	5/1; 11/1	3/10	5/1/25	56,135	56,135
Series C 2010–Refunding	3.00 – 5.00%	2/1; 8/1	11/10	2/1/23	130,390	130,390
Total Missouri Highways and Transportation Commission					<u>\$ 3,430,455</u>	<u>\$ 3,071,525</u>

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012**

**Note 12 – Bonds Payable (cont.)**

As of June 30, 2012, debt service requirements for principal and interest in future years for the Missouri Highways and Transportation Commission were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest <sup>(1)</sup></u>	<u>Totals</u>
2013	\$ 153,525	\$ 149,349	\$ 302,874
2014	162,050	143,402	305,452
2015	169,550	136,783	306,333
2016	168,470	129,749	298,219
2017	195,410	121,908	317,318
2018–2022	1,066,625	458,050	1,524,675
2023–2027	862,630	199,713	1,062,343
2028–2032	250,015	49,044	299,059
2033	43,250	2,355	45,605
<b>Totals</b>	<b>\$ 3,071,525</b>	<b>\$ 1,390,353</b>	<b>\$ 4,461,878</b>

<sup>(1)</sup> The annual debt service schedule assumes an interest rate of 0.18%, representing the interest rate at June 30, 2012, for the Series B 2005 bonds. During the year, interest rates ranged from 0.04% to 0.25%. Interest is reported net of assumed federal subsidies.

**Component Units' Long-Term Debt** – The following bonds are included in the balance sheet of the college and universities and the non-major component units.

Major

College and Universities:

The college and universities of the State issue revenue bonds for various projects on each respective campus. Bonds are payable, both principal and interest, only out of net income and revenues arising from operations of facilities funded by the bonds. As of June 30, 2012, debt service requirements for principal and interest for the college and universities were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 45,693	\$ 84,429	\$ 130,122
2014	49,983	82,861	132,844
2015	51,670	81,062	132,732
2016	56,726	79,047	135,773
2017	58,003	76,866	134,869
2018–2022	374,729	336,253	710,982
2023–2027	316,082	263,213	579,295
2028–2032	279,355	193,080	472,435
2033–2037	220,836	131,456	352,292
2038–2042	349,215	59,705	408,920
<b>Totals <sup>(1)</sup></b>	<b>\$ 1,802,292</b>	<b>\$ 1,387,972</b>	<b>\$ 3,190,264</b>

<sup>(1)</sup> The bond schedule does not include notes payable, therefore, it differs from the bonds and notes payable amount reported in the statements.

**STATE OF MISSOURI  
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June 30, 2012**

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**Note 12 – Bonds Payable (cont.)**

Non-Major

Missouri Development Finance Board:

In December 2000, the Board issued \$6,500,000 in St. Louis Convention Center Hotel Series 2000B, taxable infrastructure facilities revenue bonds and \$14,600,000 in St. Louis Convention Center Hotel Series 2000C, tax-exempt infrastructure facilities revenue bonds, respectively for the purpose of paying the costs of acquiring land and constructing a parking garage. Bonds are payable, both principal and interest, out of revenues derived from the operation of the parking garage.

In April 2010, the Board issued \$9,000,000 in Seventh Street Garage Series 2010A, tax exempt infrastructure facilities revenue bonds.

The Missouri Development Finance Board Revenue Bonds issued and outstanding as of June 30, 2012, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Development Finance Board:						
Revenue Bonds						
Series 2000B	up to 10%	12/1	12/00	12/1/20	\$ 6,500	\$ 3,910
Series 2000C	up to 10%	12/1	12/00	12/1/20	14,600	11,440
Series 2010A	up to 5.264%	monthly	04/10	05/1/40	<u>9,000</u>	<u>8,986</u>
Total Missouri Development Finance Board Revenue Bonds					<u>\$ 30,100</u>	<u>\$ 24,336</u>

As of June 30, 2012, the debt service requirements for principal and interest in future years for the Missouri Development Finance Board Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 172	\$ 166	\$ 338
2014	180	163	343
2015	189	160	349
2016	195	157	352
2017	204	154	358
2018–2022	16,513	690	17,203
2023–2027	1,438	464	1,902
2028–2032	1,779	344	2,123
2033–2037	2,197	197	2,394
2038–2040	<u>1,469</u>	<u>33</u>	<u>1,502</u>
Totals <sup>(1)</sup>	<u>\$ 24,336</u>	<u>\$ 2,528</u>	<u>\$ 26,864</u>

<sup>(1)</sup> The bond schedule does not include notes payable, therefore, it differs from the bonds and notes payable amount reported in the statements.

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012**

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**Note 12 – Bonds Payable (cont.)**

The annual debt service schedule assumes an interest rate of 0.211%, representing the interest rate at June 30, 2012, for the Series 2000B and Series 2000C bonds. The annual debt service also assumes an interest rate of 4.25%, representing the interest rate as of June 30, 2012, for the Seventh Street Garage Series 2010A bonds.

**Bond Transactions of the State of Missouri** – The following schedule is a summary of bond activity for the fiscal year ended June 30, 2012 (in thousands of dollars):

	<u>Governmental Funds</u>		<u>Component Units</u>	
	<u>General Obligation Bonds</u>	<u>Other Bonds</u>	<u>Revenue Bonds</u>	<u>Totals</u>
Bonds Payable at July 1, 2011	\$ 487,090	\$ 3,880,975	\$ ---	\$ 4,368,065
Bond Issuance	---	163,145	---	163,145
Bonds Retired	(54,325)	(308,200)	---	(362,525)
Subtotal	432,765	3,735,920	---	4,168,685
College and Universities <sup>(1)</sup>	---	---	1,802,292	1,802,292
Missouri Development Finance Board	---	---	24,336	24,336
Bonds Payable at June 30, 2012	<u>\$ 432,765</u>	<u>\$ 3,735,920</u>	<u>\$ 1,826,628</u>	<u>\$ 5,995,313</u>

<sup>(1)</sup> Detailed information for college and universities are not shown.

**Note 13 – Defeased Debt**

**A. Current Year Debt Defeasance**

On September 27, 2011, the Board of Public Buildings of the State of Missouri issued \$143,020,000 in Board of Public Buildings Special Obligation Refunding Bonds, Series A 2011, with an interest rate ranging from 2.25% to 5.00%, to refund \$126,850,000 of outstanding Board of Public Buildings, Series A 2001, with interest rates ranging 5.00% to 5.50%, to refund \$12,620,000 of outstanding Board of Public Buildings, Series A 2003, with an interest rate of 5.50%, and \$3,175,000 of Board of Public Buildings, Series A 2006, with an interest rate of 4.25%. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. As a result of the refunding, the Board reduced its total debt service payments by \$12,677,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$19,118,000.

On November 17, 2011, the Health and Educational Facilities Authority of the State of Missouri, issued \$20,125,000 in Educational Facilities Refunding Revenue Bonds (University of Missouri – Columbia Arena Project), Series 2011, with an interest rate ranging from 2.00% to 5.00%, to refund \$22,770,000 of outstanding Educational Facilities Revenue Bonds (University of Missouri – Columbia Arena Project), Series 2001, with interest rates ranging from 4.10% to 5.00%. As a result of the refunding, the Authority reduced its total debt service payments by \$3,645,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$3,226,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 13 – Defeased Debt (cont.)**

On March 29, 2012, University of Central Missouri issued \$6,945,000 in Health and Educational Facilities Revenue bonds with an interest rate ranging from 0.70% to 1.75% to refund \$6,765,000 of outstanding Student Housing System Energy Savings and Library Facility Series 2002 Bonds, with interest rates ranging from 3.75% to 4.35%. As a result of the refunding, the University of Central Missouri reduced its total debt service payments \$395,450 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$382,686.

On August 3, 2011, the University of Missouri System issued \$54,125,000 in Series 2011 System Facilities Revenue Bonds, with an interest rate ranging from 2.00% to 5.00%, to refund \$9,985,000 of Series 1998A System Facility Revenue Bonds, with interest rates ranging from 4.70% to 5.00%, \$40,635,000 of Series 2001B System Facilities Revenue Bonds with interest rates ranging from 5.00% to 5.38%, and \$9,035,000 of Series 2003B System Facilities Revenue Bonds with interest rates ranging from 3.75% to 5.00%. The bond also includes the cost of issuance of the Series 2011 bonds. The all-in-true interest cost of the Series 2011 bonds is 3.20%. As a result of the refunding, the University of Missouri System reduced its total debt service payments \$6,665,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$6,463,000.

On May 2, 2012, the University of Missouri System issued \$105,155,000 in Series 2012A System Facilities Revenue Bonds, with interest rates ranging from 3.00% to 5.00%, to refund \$7,315,000 of Series 2003A Serial Bonds with interest rates ranging from 3.75% to 5.25%, \$75,065,000 of Series 2006A Serial Bonds with interest rates ranging from 3.88% to 5.00%, and \$33,085,000 of Series 2007A Serial Bonds with interest rates of 5.00%. The bond also includes cost of issuance of the 2012A bonds. The all-in-true cost of the Series 2012A bonds is 1.70%. As a result of the refunding, the University of Missouri System reduced its total debt service payments \$32,607,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$17,210,000.

**B. Cumulative Debt Defeasances**

Various bond issues have been defeased by creating separate irrevocable trust funds.

Either new debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds or sufficient funds have been deposited in an irrevocable escrow to pay principal and interest as they become due.

For financial reporting purposes, the following debt has been defeased and therefore removed as a liability from the governmental activities and college and universities Statement of Net Assets.

Governmental Activities – As of June 30, 2012, bonds outstanding of \$218,840,000 are defeased.

College and Universities – As of June 30, 2012 bonds outstanding of \$234,410,000 are defeased.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**Note 14 – Payables and Receivables**

A summary of accounts payable and accounts receivable at June 30, 2012, is shown below (in thousands of dollars):

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Balance June 30, 2012</u>
<b>Accounts Payable:</b>			
Taxpayers	\$ 103,512	\$ 9	\$ 103,521
Other Governments	123,563	5	123,568
Vendors	1,005,385	19,117	1,024,502
Employees	105,487	2,934	108,421
Other	<u>98,736</u>	<u>8</u>	<u>98,744</u>
Total Accounts Payable	<u>\$ 1,436,683</u>	<u>\$ 22,073</u>	<u>\$ 1,458,756</u>
<b>Accounts Receivable with expected date of receipt within one year:</b>			
Taxpayers	\$ 1,959,434	\$ 1,787	\$ 1,961,221
Other Governments	603,202	5,287	608,489
Vendors	742,376	---	742,376
Customers	94,521	237,438	331,959
Other	<u>1,220,026</u>	<u>1,339</u>	<u>1,221,365</u>
	4,619,559	245,851	4,865,410
<b>Accounts Receivable with expected date of receipt greater than one year:</b>			
Vendors	5	---	5
Customers	<u>---</u>	<u>30</u>	<u>30</u>
	5	30	35
Accounts Receivable	4,619,564	245,881	4,865,445
Amounts not expected to be collected	<u>(1,367,156)</u>	<u>(63)</u>	<u>(1,367,219)</u>
Accounts Receivable, net	<u>\$ 3,252,408</u>	<u>\$ 245,818</u>	<u>\$ 3,498,226</u>

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**Note 15 – Interfund Assets and Liabilities**

A summary of interfund assets and liabilities at June 30, 2012, is shown below (in thousands of dollars):

	<u>Due From Other Funds, Component Units, and Primary Government</u>						Totals
	Public Education	Conservation and Environmental Protection	Non-Major Governmental Funds	Unemployment Compensation	Non-Major Enterprise Funds	Internal Service Funds	
<b>Due to Other Funds, Component Units, and Primary Government</b>							
General Fund	\$ ---	\$ ---	\$ ---	\$ ---	\$ 48	\$ 17,567	\$ 17,615
Public Education	---	---	---	---	---	11	11
Conservation and Environmental Protection	---	---	---	---	31	427	458
Missouri Road Fund	---	---	---	---	---	286	286
Non-Major Governmental Funds	---	---	---	1	6	1,637	1,644
State Lottery	11,806	---	---	---	---	36	11,842
Unemployment Compensation	---	---	1,478	---	---	---	1,478
Petroleum Storage Tank Insurance	---	---	---	---	---	1	1
Non-Major Enterprise Funds	---	---	---	---	---	75	75
Internal Service Funds	---	---	---	---	15	298	313
Non-Major Component Units	---	677	---	---	---	1	678
<b>Totals</b>	<u>\$ 11,806</u>	<u>\$ 677</u>	<u>\$ 1,478</u>	<u>\$ 1</u>	<u>\$ 100</u>	<u>\$ 20,339</u>	<u>\$ 34,401</u>

	<u>Advance From Component Units and Primary Government</u>		
	Missouri Road Fund	Non-Major Component Units	Totals
<b>Advance To Component Units and Primary Government</b>			
Conservation and Environmental Protection	\$ ---	\$ 3,742	\$ 3,742
Non-Major Component Units	9,086	---	9,086
<b>Totals</b>	<u>\$ 9,086</u>	<u>\$ 3,742</u>	<u>\$ 12,828</u>

The loans from the component units were for the construction of additional state highways and for animal waste treatment systems.

During the consolidation process for the Government-Wide Statement of Net Assets, interfund payables and receivables were eliminated in governmental activities in the amount of \$20,226,000.

The amount reported as "Due from Other Funds" for fiscal year 2012 is significantly less than what was reported in fiscal year 2011. This was due to the fact that amounts due to the Lottery Proceeds Fund from State Lottery went from monthly transfers to weekly transfers.

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012**

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**Note 16 – Interfund Transfers**

All transfers must be legally authorized by the legislature through transfer appropriations. Interfund transfers for the fiscal year ended June 30, 2012, were as follows (in thousands of dollars):

	<b>Transfers In:</b>			
	General Fund	Public Education	Missouri Road Fund	Non-Major Governmental Funds
<b>Transfers Out:</b>				
General Fund	\$ ---	\$ 2,664,498	\$ ---	\$ 247,904
Public Education	32,424	---	---	6
Conservation and Environmental Protection	637	---	---	2,031
Non-Major Governmental Funds	12,422	34,278	499,302	11,609
State Lottery	---	273,532	---	---
Unemployment Compensation	---	---	---	26,997
Non-Major Enterprise Funds	30	---	---	98
Internal Service Funds	37	---	---	5
<b>Totals</b>	<b>\$ 45,550</b>	<b>\$ 2,972,308</b>	<b>\$ 499,302</b>	<b>\$ 288,650</b>

**Continues Below**

	State Lottery	Non-Major Enterprise Funds	Internal Service Funds	Totals
<b>Transfers Out:</b>				
General Fund	\$ ---	\$ ---	\$ 144	\$ 2,912,546
Public Education	---	---	---	32,430
Conservation and Environmental Protection	---	---	---	2,668
Non-Major Governmental Funds	---	---	---	557,611
State Lottery	---	---	---	273,532
Unemployment Compensation	---	---	---	26,997
Non-Major Enterprise Funds	---	---	---	128
Internal Service Funds	22	27	5	96
<b>Totals</b>	<b>\$ 22</b>	<b>\$ 27</b>	<b>\$ 149</b>	<b>\$ 3,806,008</b>

Principal reasons for interfund transfers include:

- moving general revenue funds to support elementary and secondary education
- moving state lottery funds to support elementary and secondary education
- moving general revenue funds to support social assistance programs reported in non-major governmental funds
- moving funds related to the construction of capital assets

During fiscal year 2012, there were transfers of \$671,000 from internal service funds to the General Fund and non-major governmental funds. These were transfers of capital assets and are therefore not reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances or on the reconciliation above. This is because governmental funds use the modified accrual basis of accounting and therefore do not report capital assets on their financial statements.

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012**

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**Note 17 – Restatements**

During fiscal year 2012, additional information became available which required the restatement of fund equity amounts. The following table presents a summary of these restatements by fund (in thousands of dollars):

	June 30, 2011 Fund Balance/ Net Assets Previously Reported	Prior Period Adjustments	June 30, 2011 Fund Balance/ Net Assets Restated
<b>GOVERNMENTAL FUNDS</b>			
<b>Major Governmental Funds</b>			
General Fund	\$ 1,415,751	\$ (111)	\$ 1,415,640
Public Education	343,094	(9,372)	333,722
Conservation and Environmental Protection	1,361,454	(10)	1,361,444
<b>Non-Major Governmental Funds</b>			
Special Revenue	469,717	(5,304)	464,413
Permanent	39,869	(18)	39,851
<b>PROPRIETARY FUNDS</b>			
<b>Major Enterprise Funds</b>			
Unemployment Compensation	(472,918)	(18,650)	(491,568)
<b>Non-Major Proprietary Funds</b>			
Enterprise	82,888	(12)	82,876
Internal Service	561,110	(6,856)	554,254
<b>DISCRETELY PRESENTED COMPONENT UNITS</b>			
Non-Major	184,006	(498)	183,508

**Breakdown of restatements by type:**

- General Fund, the decrease was due to an increase in cash and cash equivalents of \$18,000 and a decrease in accounts receivable of \$129,000.
- Public Education, the restatement was due to a decrease in due from other funds of \$9,372,000 due from a Major Enterprise Fund – State Lottery.
- Conservation and Environmental Protection, the restatement was a decrease in accounts receivable of \$10,000.
- Non-major special revenue funds, the restatements were an increase in cash and cash equivalents of \$44,000, a decrease in accounts receivable of \$5,000, and an increase in accounts payable of \$5,343,000.
- Non-major permanent funds, the restatement was a decrease in cash and cash equivalents of \$18,000.
- Major enterprise fund unemployment compensation, the restatement was a decrease in accounts receivable of \$23,993,000 and a decrease in accounts payable of \$5,343,000.
- Non-major enterprise funds, the restatement was a decrease in loans receivable of \$13,000 and an increase in capital assets (net of accumulated depreciation/amortization) of \$1,000.
- Non-major internal service funds, the restatement was a decrease in cash and cash equivalents of \$48,000, a decrease in accounts receivable of \$234,000, a decrease in capital assets (net of accumulated depreciation/amortization) of \$3,694,000, an increase in accounts payable of \$1,005,000, an increase in obligations under lease purchase of \$2,880,000, and a decrease in compensated absences of \$1,005,000.
- Discretely presented component units – non-major funds, the restatement was a decrease in inventories of \$1,000, an increase in capital assets (net of accumulated depreciation/amortization) of \$19,000, an increase in accounts payable of \$224,000, an increase in deposits and reserves of \$101,000, an increase in lease obligation of \$17,000, as well as a decrease to fund balance of \$174,000 due to the adoption of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* by the Missouri Development Finance Board.

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**Note 17 – Restatements (cont.)**

**Purpose for restatements:**

The items on the schedule were restated as a result of additional information received this year related to prior year corrections.

On the Government-Wide Statement of Activities, net assets for the governmental activities were restated by the amounts shown on the restatement schedule for governmental funds and internal service funds. In addition, capital assets (net of accumulated depreciation/amortization) decreased by \$1,428,000, the Internal Balance increased by \$72,000, accrued interest decreased by \$732,000, obligations under lease purchase increased by \$1,928,000, and an increase in pollution remediation obligation of \$4,000.

On the Government-Wide Statement of Activities, net assets for the business-type activities were restated by the amounts shown on the restatement schedule for enterprise funds and by a decrease in the Internal Balance of \$72,000.

**Note 18 – Fund Deficit**

The following funds had a deficit balance:

Enterprise Fund – Petroleum Storage Tank Insurance – At June 30, 2012, this fund had a net asset deficit of \$36,253,000. The deficit at June 30, 2011 was \$27,664,000. The deficit occurred when transport load fees collected were not sufficient to cover the estimated claims liability for clean up of petroleum storage tank leaks. This liability amount is the cumulative result of numerous years of petroleum storage tank leaks. Per Section 319.129, RSMo, this fund will not accept new claim liabilities after December 31, 2020, or upon revocation of federal regulation 40 CFR, whichever occurs first, unless extended by action of the General Assembly. Various alternatives are being considered to pay off the claims liability amount of this fund. Per Section 319.131, RSMo, the liability of the Petroleum Storage Tank Insurance Fund is not the liability of the State. Upon dissolution of this fund, the liability would be liquidated.

Enterprise Fund – Unemployment Compensation Insurance – At June 30, 2012, this fund had a net asset deficit of \$350,709,000. The deficit at June 30, 2011 was \$491,568,000. The reason for this deficit is the high unemployment rate associated with the recent national economic climate. The prolonged high unemployment made it necessary for the State of Missouri, along with other states, to borrow from the federal government to pay unemployment benefits. Since Missouri has carried a loan balance through January 1<sup>st</sup> for three consecutive years, the federal government has begun reducing the Federal Unemployment Tax Act (FUTA) tax credit that Missouri employers are allowed to claim on their taxes. Additional tax dollars collected by the federal government as a result of the FUTA tax credit reduction will be used to begin paying down Missouri's loan balance. Missouri projects its current loan balance will be fully repaid in calendar year 2015.

Internal Service Fund – Transportation Self-Insurance Plan Fund – At June 30, 2012, this fund had a net asset deficit of \$8,442,000. The deficit at June 30, 2011 was \$18,299,000. The deficit occurred due to funding being based on annual actuarial studies and budget availability. Increases in appropriations and claims management will eliminate the deficit over time.

STATE OF MISSOURI  
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**Note 19 – Related Party Transactions**

The Missouri State Public Employees' Deferred Compensation Plan was administered by ING Institutional Plan Services. ING Life Insurance and Annuity Company provides affixed earnings investments for plan participants while ING Institutional Plan Services provides variable earnings investments. At June 30, 2012, total investments of the Plan were \$1,140,945,000 and investments in ING Life Insurance and Annuity Company were \$258,157,000.

**Note 20 – Commitments**

**Contracts**

The Department of Conservation had contracts outstanding of \$2,000 for land acquisitions and \$3,467,000 for construction contracts at June 30, 2012. These contracts are funded through the special revenue funds from specific sales tax, fees, and permits.

The Department of Transportation had long-term contracts of \$1,325,264,000 outstanding at June 30, 2012. These contracts are paid from capital projects funds with approximately 75% federal reimbursement expected.

The Office of Administration, Division of Facilities Management, Design and Construction, had construction contracts outstanding at June 30, 2012 of \$7,942,000. Approximately 78% will be paid from the General Fund, 7% from special revenue funds, 10% from capital projects funds, and 5% from enterprise funds.

On March 10, 1988, the State of Missouri entered into a contract with the United States Army Corps of Engineers confirming an assurance agreement of April 8, 1965. The State obtained rights to a portion of the water supply storage from the Clarence Cannon Dam and Mark Twain Lake Project. The State agreed to pay up to \$10.8 million plus interest for the investment costs allocated to the water supply storage, the amount of such payments to be determined by the portion of the water storage space put in use by the State for that purpose. The contract provided a ten year interest free period running from 1984 to 1994. In fiscal year 1995, the State began making interest payments. The interest payment amount for fiscal year 2012 was \$364,000. This payment was made in arrears as it was part of a fiscal year 2012 expenditure restriction plan. Payment of principal and interest must be completed by March 2038.

The Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) purchased a new pension administration software system during fiscal year 2007. Payments totaling \$3,321,000 have been made, leaving \$109,000 outstanding at June 30, 2012.

As of June 30, 2012, the University of Missouri had outstanding commitments for the usage and ongoing support of the University Health System's information technology environment totaling \$139,216,000. The payments are as follows:

2013	\$	16,819,000
2014		17,323,000
2015		17,843,000
2016		18,378,000
2017		18,930,000
thereafter		49,923,000

Truman State University had approximately \$14,053,000 in outstanding commitments for various construction contracts at June 30, 2012.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**Note 20 – Commitments (cont.)**

Southeast Missouri State University had outstanding commitments of approximately \$63,500,000 related to construction contracts at June 30, 2012.

Missouri State University had approximately \$24,900,000 in outstanding commitments for various construction contracts at June 30, 2012.

University of Central Missouri had approximately \$1,620,000 in outstanding commitments related to construction contracts at June 30, 2012.

**Note 21 – Risk Management and Insurance**

The State is exposed to various risks of loss related to tort, general, motor vehicle, and contractor liability and injuries to employees. The State assumes its own liability for risks except for the purchase of surety bond, aircraft, and boiler coverage. The State's Office of Administration (OA), Risk Management Unit, self-insures its workers' compensation program for all state employees, with the exception of the Missouri Department of Transportation (MoDOT) and the State Highway Patrol. Liability insurance is also provided by OA-Risk Management, pursuant to State statute, through the State's legal expense fund, which is a component of the General Fund in this report. This insurance covers all state employees.

The Workers' Compensation and Legal Expense Fund claims liability is based upon actual claims that have been submitted to OA-Risk Management. IBNR (incurred but not reported) liability is not included since workers' compensation and liability insurance claims are reported timely, and therefore any potential IBNR liability amount would be considered immaterial. The State has not had any insurance settlements exceed the coverage during the past three fiscal years. OA-Risk Management also procures property insurance for 3% of the total value of the State's property with the remainder uninsured. The buildings that are insured are mainly the buildings backed with bonded debt through the Board of Public Buildings.

The Transportation Self-Insurance Plan covers workers' compensation for employees of MoDOT and the State Highway Patrol, and covers vehicle liability and general liability insurance for the employees of MoDOT. The Transportation Self-Insurance Plan is presented as an internal service fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Estimated claims payable is based on known claims pending as well as an estimate of IBNR claims from data provided by an actuary. Liabilities are reported at their discounted value, assuming an investment yield of 2%.

The Missouri Consolidated Health Care Plan (MCHCP) provides health care insurance to all state employees, except for MoDOT, the State Highway Patrol, and the Department of Conservation. The Plan is presented as an internal service fund. Estimated claims payable is based on known medical claims pending as well as an estimate of IBNR claims from data provided by an actuary.

The MoDOT and MSHP Medical and Life Insurance Plan (MHPML) accounts for the medical coverage provided on a self-insured basis and life insurance benefits, underwritten by a commercial insurance company, for employees of MoDOT and the State Highway Patrol. The Plan is presented as an internal service fund. Estimated claims payable is based on known insurance claims pending as well as an estimate of IBNR claims from data provided by an actuary.

The Conservation Employees' Insurance Plan (CEIP) provides health care and life insurance to employees of the Department of Conservation. The Plan is presented as an internal service fund. Estimated claims payable is based on known claims pending as well as an estimate of IBNR claims.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**Note 21 – Risk Management and Insurance (cont.)**

The Petroleum Storage Tank Insurance Fund (PSTIF) has claims liability for the cost of contamination cleanup for policyholders and other eligible site owners who have submitted notice of a contamination. The PSTIF is presented as a major enterprise fund.

The University of Missouri System provides workers' compensation, liability, and medical insurance for its employees. The University funds this through a combination of self-insurance and commercially purchased insurance. The amount of coverage is based upon analysis of historical information and actuarial estimates. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The claims liability is the present value of the claims, using discounted rates ranging between 3.7% and 4.5% based on future investment yields. The University of Missouri System is included with college and universities as a major component unit of the State.

Missouri State University is exposed to various risks of loss. These include loss related to torts; business interruption; employee injuries and illnesses; employee health, dental and accidental benefits; natural disasters; damage to and destruction of assets; and errors and omissions. Commercial insurance coverage is purchased for claims arising from such matters other than those related to natural disasters and employee health benefits, general liability, and workers' compensation. Settled claims have not exceeded the commercial coverage in any of the three preceding years. Additional coverage is provided through the State Self-Insurance Program, through the Risk Management Unit of the Office of Administration. The State of Missouri self-insures the workers' compensation benefits for all state employees, including University employees.

Changes in the balances of claims liability (in thousands of dollars) during the current and prior fiscal years are as follows:

<u>Governmental Activities</u>	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2011	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2012
OA Workers Compensation Fund	Workers Comp.	\$ 15,227	\$ 25,382	\$ (26,699)	\$ 13,910
OA Legal Expense Fund	Liability	1,061	4,870	(2,954)	2,977
Transportation Self-Insurance Plan	Workers Comp. and Liability	89,984	13,292	(15,451)	87,825
MCHCP	Health Care	36,390	216,918	(220,924)	32,384
MHPML	Health Care	11,400	105,676	(105,576)	11,500
CEIP	Health Care	2,326	17,452	(17,128)	2,650
<b>Total Governmental Activities</b>		<b>\$ 156,388</b>	<b>\$ 383,590</b>	<b>\$ (388,732)</b>	<b>\$ 151,246</b>
<u>Business-Type Activities</u>					
PSTIF	Contamination Cleanup	\$ 103,647	\$ 16,989	\$ (12,447)	\$ 108,189
<u>Component Units</u>					
University of Missouri System	Workers Comp. and Liability	\$ 72,949	\$ 213,357	\$ (216,837)	\$ 69,469
Missouri State University	Health Care, Workers Comp. and Liability	1,100	16,302	(16,001)	1,401
<b>Total Component Units</b>		<b>\$ 74,049</b>	<b>\$ 229,659</b>	<b>\$ (232,838)</b>	<b>\$ 70,870</b>

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012**

**Note 21 – Risk Management and Insurance (cont.)**

<u>Governmental Activities</u>	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2010	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2011
OA Workers Compensation Fund	Workers Comp.	\$ 21,610	\$ 24,025	\$ (30,408)	\$ 15,227
OA Legal Expense Fund	Liability	1,230	2,168	(2,337)	1,061
Transportation Self-Insurance Plan	Workers Comp. and Liability	81,561	28,563	(20,140)	89,984
MCHCP	Health Care	41,317	255,623	(260,550)	36,390
MHPML	Health Care	11,800	103,234	(103,634)	11,400
CEIP	Health Care	1,245	17,048	(15,967)	2,326
DOR	Southwestern Bell Lawsuit	16,100	2,912	(19,012)	---
<b>Total Governmental Activities</b>		<u>\$ 174,863</u>	<u>\$ 433,573</u>	<u>\$ (452,048)</u>	<u>\$ 156,388</u>
<b><u>Business-Type Activities</u></b>					
PSTIF	Contamination Cleanup	<u>\$ 106,816</u>	<u>\$ 8,733</u>	<u>\$ (11,902)</u>	<u>\$ 103,647</u>
<b><u>Component Units</u></b>					
University of Missouri System	Workers Comp. and Liability	\$ 77,501	\$ 194,051	\$ (198,603)	\$ 72,949
Missouri State University	Health Care, Workers Comp. and Liability	1,382	14,063	(14,345)	1,100
<b>Total Component Units</b>		<u>\$ 78,883</u>	<u>\$ 208,114</u>	<u>\$ (212,948)</u>	<u>\$ 74,049</u>

\*Restated.

**Risk Management Pool:**

The State of Missouri participates in the property program of the Midwestern Higher Education Compact (MHEC) as defined in Section 173.700, RSMo. This program was formed to expand coverage, reduce costs, and stabilize property insurance rates over extended time periods at higher education institutions in all member states. The program offers loss limit coverage tailored to individual institutions as well as self-insured retention by institution. The MHEC Risk Management Oversight Committee directs the major operations of the program overseeing the development of program policies, premium allocations, new program memberships, and selection of program administrators and insurance underwriters.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 22 – Pollution Remediation and Landfill Closure and Postclosure**

The State has an obligation to address current or potential detrimental effects of existing pollution by participating in pollution remediation activities.

The Missouri Department of Natural Resources (DNR) was compelled to assess and oversee the cleanup of contaminated sites subject to federal law under the Resource Conservation and Recovery Act (RCRA), also known as the Superfund Law, administered by the U.S. Environmental Protection Agency (EPA). Under this law, the State is required to pay or ensure payment of 10% of the costs of remediation action and 100% of the costs of operations and maintenance at sites where the party responsible for the contamination is unknown, uncooperative, or insolvent. Similarly, Missouri law 260.371.7 states that the public should bear a portion of the cost to pay for the State's share of Superfund cleanup to be appropriated from general revenue. At the end of fiscal year 2012, the State was participating in the cleanup of eight Superfund sites. Total pollution remediation obligation for these sites totaled approximately \$11.1 million. The basis for these costs are State Superfund contracts that list the estimated cost of cleanup, or actual costs if cleanup is complete, less any payments that have been made to the EPA. Estimated costs will change as actual costs become available. The Hazardous Waste Fund is a component of Conservation and Environmental Protection.

The Missouri Department of Transportation (MoDOT) performed work related to Missouri Department of Natural Resources' requirements for lagoons and a fuel leak. MoDOT is currently involved in remediation activities in three instances related to building and grounds caused by chemical contamination. There is a total remaining obligation of \$51,000 as of June 30, 2012. There are also three additional issues with lagoons at rest areas. The potential for pollution remediation exists; however, any future remediation obligations are not yet estimable.

The Office of Administration (OA), Division of Facilities Management, Design and Construction, continued asbestos, mold, and lead abatement and remediation, and fuel spill cleanup in five State sites during fiscal year 2012. Three new sites were added which required asbestos abatement and mold remediation. At the end of the fiscal year, cleanup was not complete in two of the sites, with a total remaining obligation for fuel and asbestos debris cleanup of \$5,000. These costs were based on contractual pricing estimates and are subject to change if the pollution remediation requires more time or material than was estimated.

The Department of Public Safety, Office of the Adjutant General, has been named as a potentially responsible party in the Pools Prairie Superfund site in Newton County, Missouri. The Resource Conservation and Recovery Act (RCRA), also known as the Superfund Law, is administered by the U.S. Environmental Protection Agency (EPA). This law says the State is required to pay or ensure payment of 10% of the costs of remediation action and 100% of the costs of operations and maintenance at sites where the party responsible for the contamination is unknown, uncooperative, or insolvent. Similarly, Missouri law 260.371.7 states that the public should bear a portion of the cost to pay for the State's share of Superfund cleanup to be appropriated from general revenue. At this time, it cannot be determined the Department of Public Safety's portion of the costs for the cleanup of the Pools Prairie Superfund site.

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012**

**Note 22 – Pollution Remediation and Landfill Closure and Postclosure (cont.)**

Changes in the balances of pollution remediation liability (in thousands of dollars) during the current fiscal year are as follows:

<u>Governmental Activities</u>	<u>Type of Pollution Remediation</u>	<u>Fiscal Year Remediation Liability 6/30/2011 *</u>	<u>Current Year Assessments and Estimated Changes</u>	<u>Payments</u>	<u>Fiscal Year Remediation Liability 6/30/2012</u>	<u>Due Within One Year</u>
DNR-Hazardous Waste Fund	Superfund Sites	\$ 6,724	\$ 4,550	\$ (140)	\$ 11,134	\$ 2,348
MoDOT-Missouri Road Fund	Chemical Contamination	137	6	(92)	51	51
OA-General Revenue Fund	Fuel Spill Remediation	68	---	(64)	4	4
OA-Facilities Maintenance Reserve Fund	Asbestos Abatement and Inspections	---	28	(27)	1	1
OA-Facilities Maintenance Reserve Fund	Mold Remediation and Asbestos Abatement	---	59	(59)	---	---
OA-Adjutant General Federal Fund	Asbestos and Lead Paint Abatement and Demolition	---	341	(341)	---	---
OA-State Highway and Transportation Department Fund	Mold Remediation	---	23	(23)	---	---
Total Governmental Activities		<u>\$ 6,929</u>	<u>\$ 5,007</u>	<u>\$ (746)</u>	<u>\$ 11,190</u>	<u>\$ 2,404</u>

\*Restated.

The State does not own any municipal solid waste landfills (MSWLF), however in the event the owner/operator refuses or is unable to properly maintain the landfill, the owner/operator forfeits the required financial assurance instrument(s) to fund closure and/or post-closure maintenance activities.

Each landfill owner/operator is required to obtain a financial assurance instrument, which is held by the State as security in the case of a default or forfeiture. Financial assurance instruments can include financial guarantee or performance bonds, letters of credit, insurance policies, corporate guarantees, contracts of obligations, trust funds, and escrow accounts. At June 30, 2012, the Missouri Department of Natural Resources, Solid Waste Program tracked the value of the secured financial assurance instruments held by the State to be \$296,922,000. This amount is disclosed, but not reported in the financial statements, because the State does not perform the investment function and does not have significant administrative involvement. While the State maintains possession of the financial assurance instruments, it does not meet criteria to be reported in a fiduciary fund.

At June 30, 2012, ten MSWLFs and two waste tire facilities have defaulted. The owners/operators failed to properly close or maintain post-closure care for these facilities; therefore, the State took possession of the forfeited financial assurance instruments to initiate the closure or post-closure activities as required by Section 260.228, RSMo. The State will monitor and pay post-closure care costs of these facilities for the next 30 years in accordance with Missouri Department of Natural Resources Solid Waste Management Law and Regulations. At June 30, 2012, it is expected that \$2,078,000 will be paid over the remaining monitoring periods. This is the amount of fund balance that has been designated as assigned on the General Fund balance sheet for forfeited assets.

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012**

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**Note 23 – Contingencies**

Contingent claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported including the effects of specific, incremental claim adjustment expenditures/expenses, salvage, subrogation, and other allocated or unallocated claim adjustment expenditures/expenses. Liabilities of governmental funds are reported as a reconciling item to the Government-Wide Statement of Net Assets. Expenditures are recognized as payments are made.

At June 30, 2012, the amount of the contingent liabilities was \$20.2 million. Changes in the reported liability since June 30, 2011, resulted from the following (in thousands of dollars):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance Fiscal Year End
2011-2012	\$ 65,880	\$ (37,309)	\$ (8,339)	\$ 20,232
2010-2011	54,800	14,480	(3,400)	65,880
2009-2010	26,997	31,957	(4,154)	54,800

Section 287.220.6, RSMo, requires that an actuarial study of the Second Injury Fund be made every three years to determine the solvency of the fund. Figures presented below for current year claims and changes in estimates are based on the 2010 actuarial study. At June 30, 2012, the amount of liabilities for the Second Injury Fund was \$1.6 billion. Changes in the reported liability since June 30, 2011, resulted from the following (in thousands of dollars):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance Fiscal Year End
2011-2012	\$ 1,520,089	\$ 114,507	\$ (37,149)	\$ 1,597,447
2010-2011	1,444,064	113,401	(37,376)	1,520,089
2009-2010	1,372,477	111,003	(39,416)	1,444,064

The State receives federal grants which are subject to review and audit by federal grantor agencies. This could result in requests for reimbursements to the grantor agency for expenditures which are disallowed under grant terms. The State believes that such disallowances, if any, would be immaterial in the next fiscal year.

**Loan Guarantees:**

The State appropriates money to the Agricultural and Small Business Development Authority for the purpose of making loan guarantees. Upon default of a guaranteed loan, the Authority makes the payment for default from State appropriations. The Authority administers the Single-Purpose Animal Facilities Loan Program and the Value Added Loan Guarantee Program, which provides a 50% first-loss guarantee on loans up to \$250,000. The total of these two loan programs outstanding at June 30, 2012, for which the Authority has guaranteed payment is, \$838,000 and \$2,710,000, respectively. During 2012, no loans defaulted.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**Note 23 – Contingencies (cont.)**

Sales and Use Tax Lawsuits:

Southwestern Bell Telephone Company vs. Director of Revenue (Case No. SC83859 and follow up Case No. SC86441): the Supreme Court ruled that Southwestern Bell Telephone Company was entitled to a refund of use tax paid on machinery and equipment used to create its digital phone service product. Manufacturing was found to include producing taxable services as well as tangible personal property products. A settlement was reached regarding some claims, filed by multiple taxpayers, related to the Southwestern Bell cases. At this time, no current liability remains as of June 30, 2012. Refund claims related to these cases that were filed by other companies that are still pending verification and exclusive of interest (which could be substantial) could negatively affect the State by \$26.7 million, of which \$14.7 million is related to the General Fund.

The State is also involved in tax litigation not included in the fiscal year 2012 liability amount, where it is reasonably possible that an adverse court decision may incur an estimated loss of \$33.2 million.

Education Lawsuits:

School District of Kansas City, Missouri vs. Missouri Board of Fund Commissioners – The Cole County Circuit Court overturned the April 13, 2005, action of the Board of Fund Commissioners to end an offset collected from funds paid to charter schools to pay for leasehold revenue bonds issued by the School District of Kansas City, Missouri, as part of the desegregation remedy. The State of Missouri has been ordered to recoup the funds previously paid to charter schools and return them to the school district within 12 months of the judgment. The Judge ruled on September 29, 2011, that repayment mandated in his initial order would not begin until appeals are exhausted. On September 26, 2011, a Notice of Appeal was filed on behalf of the state defendants to the Missouri Court of Appeals, Western District.

State of Missouri ex rel. Saint Louis Charter School vs. State Board of Education – Petitioner is requesting a Writ of Mandamus ordering DESE to determine pursuant to Section 160.415.5 RSMo, petitioner's claim of underpayment by St. Louis Public Schools. On April 18, 2011, the Cole County Circuit Court denied the charter school's motion for a writ directing DESE to deduct the amount the school claims it was underpaid from future payments to the district. The Cole County Circuit Court entered a finding on July 15, 2011, that no further relief was required by mandamus. Relator Saint Louis Charter School filed notice of appeal on August 22, 2011. The timeline for the submission of briefs has been extended to April 20, 2012.

Tobacco Master Settlement Agreement:

This is a potential reduction in a liability owed to the State by tobacco manufacturers under the Master Settlement Agreement (MSA). The State is currently involved in national arbitration against the manufacturers participating in the MSA over their pending claim for a downward adjustment to their 2004 settlement payments. The manufacturers challenge the enforcement record of 35 settling states. The State's total exposure depends upon the arbitration panel's determination of whether Missouri and the 34 other challenged states diligently enforced their qualifying statutes in 2003.

Missouri's total potential exposure is up to the entire amount of the 2004 annual payment from the manufacturers (subject to a later 20% reimbursement). The amount of \$0 to \$117 million is an estimate, which depends upon many variables. Should Missouri lose the arbitration, the State would lose almost \$77 million presently held in a dispute account, and the next annual payment could be reduced by nearly \$40 million, plus interest calculated from April 15, 2004. That amount may fluctuate depending on the total number of states found by the arbitration panel to have failed to diligently enforce their qualifying statutes in 2003. Such a loss would be taken as a credit against the manufacturers' MSA payments to Missouri in the next or subsequent years. Furthermore, the tobacco manufacturers may withhold some portion of future payments and seek arbitration of the same issue for subsequent years.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 24 – Joint Ventures**

The Regional Convention and Sports Complex Authority was created by state law for the purpose of financing, constructing, operating, and maintaining a multipurpose convention and sports facility to be located in the City of St. Louis. The Authority operates under a board of commissioners of whom five are appointed by the Governor of the State, three by the County Executive of St. Louis County, and three by the Mayor of the City of St. Louis. The Authority is granted all rights and powers necessary to plan, finance, construct, equip, and maintain the facility.

The Authority is considered a joint venture of the State, County, and City because it constitutes a contractual agreement for public benefit in which the State, County, and City retain an ongoing financial responsibility for the Convention and Sports Facility Project Bonds. In August 1991, the Authority issued \$258,670,000 of Convention and Sports Facility Project Bonds. The bonds were sponsored in the amount of \$132,910,000 by the State (Series A), \$65,685,000 by the County (Series B), and \$60,075,000 by the City (Series C). In December 1993, the Authority issued \$181,885,000 in Convention and Sports Facility Project and Refunding Bonds to advance refund \$101,410,000 and \$50,275,000 of the outstanding 1991 Series A and Series B bonds, respectively, and for additional construction costs. The bonds were sponsored in the amount of \$121,705,000 by the State (Series A) and \$60,180,000 by the County (Series B). In February 1997, the Authority issued \$61,285,000 in Series C refunding bonds to advance refund \$47,155,000 of the outstanding 1991 Series C bonds. In August 2003, the Authority issued \$116,030,000 of Convention and Sports Facility Project and Refunding Bonds Series A 2003 to refund \$2,845,000 and \$113,170,000 of Series A 1991 and Series A 1993 refunding bonds, respectively, and for additional construction costs. In May 2007, the Authority issued \$49,585,000 in Series C 2007 refunding bonds to refund \$61,285,000 of original principal of the Series C 1997 refunding bonds.

Pursuant to a financing agreement entered into in August 1991, and terminating in August 2021, the Authority leased the facility to the sponsors who subleased the facility back to the Authority. The payments made by the State, County, and City under the financing agreement are sufficient to pay the principal and interest on the bonds. In addition, the sponsors provide annual appropriations intended to keep the facility in good repair and competitive with the top 25% of NFL facilities. See *Note 12* for the specific debt service requirements that make up the State's ongoing financial responsibility for this joint venture.

Summary financial information for the Authority as of and for the fiscal year ended December 31, 2011, is presented below (in thousands of dollars):

Total Assets	<u>\$ 258,793</u>
Total Liabilities	\$ 155,443
Total Net Assets	<u>103,350</u>
Total Liabilities and Net Assets	<u>\$ 258,793</u>
Total Revenues	\$ 24,666
Total Expenses	<u>23,999</u>
Net Increase in Net Assets	<u>\$ 667</u>

Copies of the Authority's financial statements may be requested from:

St. Louis Regional Convention  
and Sports Complex Authority  
901 North Broadway  
St. Louis, Missouri 63101

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 25 – Endowments**

Donor-restricted endowments for Missouri reside primarily within the higher education institutions, which are reported as a major component unit of the State. For the college and universities, except the University of Missouri, the net appreciation of the endowments available for expenditure is \$2,448,000, and of this amount, \$983,000 is reported as restricted non-expendable net assets, \$1,296,000 is reported as restricted expendable net assets, and \$169,000 is reported as unrestricted net assets. The University of Missouri reported a net depreciation/amortization of restricted non-expendable net assets in the amount of \$19,271,000, which consisted of both realized and unrealized losses on investment. For detailed information on the college and universities, review the individual financial statements. The Revised Statutes of Missouri authorize the acceptance of donations at State agencies or public institutions. The governing boards of these institutions and the donor agreements determine whether net appreciation can be spent and the acceptable spending rate as detailed in Section 402.035, RSMo. These policies are entity specific and vary with each institution.

**Note 26 – Conduit Debt**

As of June 30, 2012, the Missouri Development Finance Board issued \$1,308,358,000 in Single Issue Industrial Revenue Bonds and \$1,878,705,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2012, were approximately \$645,928,000 and \$889,268,000, respectively.

The Missouri Development Finance Board and the State have no liability for repayment of these revenue bonds and funding notes aside from reserve fund deposits and, accordingly, these bonds and notes have not been recorded as a liability on the financial statements for the Missouri Development Finance Board. The debtor pays all debt service requirements. Security for the bondholders consists of insurance, letters of credit, annual appropriation pledges, and certain funds held through trustees under the various indentures.

The State Environmental Improvement and Energy Resources Authority, a related organization of the State of Missouri, issues Water Pollution Control and Drinking Water Revenue Bonds on behalf of the Department of Natural Resources. The outstanding balance on these bonds as of June 30, 2012, is \$1,088,134,000.

The State of Missouri has no liability for repayment of these revenue bonds beyond the resources provided by related loan programs. The bonds are limited obligations of the State Environmental Improvement and Energy Resources Authority.

**Note 27 – Federal Surplus Commodities Inventory**

The federal surplus commodities inventory for the Department of Social Services was \$21,000 as of June 30, 2012. This inventory is not considered to be an asset of the State and is not included in the financial statements.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**Note 28 – Subsequent Events**

General Obligation Bonds:

On September 27, 2012, the Board of Fund Commissioners of the State of Missouri issued \$62,460,000 of State Water Pollution Control General Obligation Refunding Bonds Series A 2012 and \$100,395,000 in Fourth State Building General Obligation Refunding Bonds Series A 2012. The bonds will bear interest from 2.00% to 5.00%, due in semiannual installments beginning April 1, 2013. These refunded Board of Fund Commissioners Bonds in the following amounts: Water Pollution Control Series A 2002 – \$3,225,000, Water Pollution Control Series B 2002 – \$64,080,000, and Fourth State Building Series A 2002 – \$110,535,000.

Other Bonds:

On August 23, 2012, the Board of Public Buildings of the State of Missouri issued \$278,835,000 of Special Obligation Refunding Bonds Series A 2012. These bonds will bear interest from 2.00% to 5.00%, due in semiannual installments beginning October 1, 2012. This refunded Board of Public Buildings Bonds Series A 2003 outstanding principal in the amount of \$285,380,000.

Missouri Department of Transportation:

The Series B 2005 First Lien State Road Bonds were issued as variable rate instruments with weekly rate changes. Since June 30, the rates varied from 0.13% to 0.21%.

Missouri Western State University:

On November 8, 2012, the Board of Governors issued \$20,895,000 of Auxiliary System Refunding and Improvement Revenue Bonds, Series 2012. This will refund the Auxiliary Refunding and Improvement Bonds, Series 2003. The bonds will be secured by the net revenues available for debt services of the University and other funds pledged to the payment of the bonds.

Unemployment Compensation:

With the continued high unemployment, Missouri is borrowing from the federal government in order to pay unemployment benefits. Since June 30, 2012, \$7,501,000 has been borrowed. Since Missouri has carried a loan balance through January 1 for three consecutive years, the federal government has begun reducing the Federal Unemployment Tax Act (FUTA) tax credit that Missouri employers are allowed to claim on their taxes. The additional tax dollars collected by the federal government as a result of the FUTA tax credit reduction will be used to begin paying down Missouri's loan balance.

Mortgage Settlement Agreement:

State of Missouri has joined a national settlement against five major banks which are Bank of America, Citigroup, JPMorgan Chase, Wells Fargo, and Ally Financial for their role in mortgage abuses of which the filing of settlement took place as of March 12, 2012. The State of Missouri is to receive over \$40 million for penalties and economic harm caused by the unfair and deceptive conduct. This settlement will be implemented over the next three years.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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**Note 28 – Subsequent Events (cont.)**

Medicaid Settlement:

On July 2, 2012, GlaxoSmithKline agreed to pay \$32 million to the State of Missouri for its Medicaid program out of a \$3 billion settlement with the United States Department of Justice. This was a result of illegal schemes related to the marketing and pricing of its drugs.

MOSERS Retirement Plan:

The board of trustees of MOSERS voted on July 19, 2012, to reduce the nominal investment return assumption from 8.5% to 8.0% and to adopt assumptions for wage inflation and price inflation of 3.0% and 2.5% respectively, decreases from 4.0% and 3.2% respectively. Also, in connection with the experience study, the board had previously adopted strengthened mortality tables and revised rates of withdrawal and retirement to better reflect recent experience. Other minor changes in demographic assumptions were also adopted, but their collective impact is expected to be negligible.



*Required Supplementary Information (RSI) includes the Budgetary Comparison Schedule for the General Fund and Major Special Revenue Funds, as well as the Budget to Generally Accepted Accounting Principles (GAAP) reconciliation, and the Notes to RSI on Budgetary Reporting.*

STATE OF MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND, MAJOR SPECIAL REVENUE FUNDS  
For the Fiscal Year Ended June 30, 2012  
(In Thousands of Dollars)

	General Fund*				Public Education				Conservation and Environmental Protection			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 1,544,140	\$ 1,544,140	\$ 1,544,140	\$ ---	\$ 224,086	\$ 224,086	\$ 224,086	\$ ---	\$ 415,084	\$ 415,084	\$ 415,084	\$ ---
Resources (Inflows):												
Taxes:												
Sales and Use	1,930,078	1,900,805	1,873,306	(27,499)	900,612	900,612	751,656	(148,956)	173,960	173,960	181,018	7,058
Individual Income	6,021,907	5,930,578	5,844,778	(85,800)	4,901	4,901	4,090	(811)	---	---	---	---
Corporate Income	445,693	438,933	432,582	(6,351)	---	---	---	---	---	---	---	---
County Foreign Insurance	197,712	194,714	191,897	(2,817)	---	---	---	---	---	---	---	---
Beer	8,399	8,271	8,152	(119)	---	---	---	---	---	---	---	---
Liquor	21,246	20,924	20,621	(303)	---	---	---	---	---	---	---	---
Cigarette	---	---	---	---	81,188	81,188	67,760	(13,428)	---	---	---	---
Corporation Franchise	72,298	71,202	70,171	(1,031)	---	---	---	---	---	---	---	---
Inheritance	176	173	171	(2)	---	---	---	---	---	---	---	---
Reimbursement/Miscellaneous	1,342,958	1,322,590	1,303,456	(19,134)	407,418	407,418	340,034	(67,384)	602	602	627	25
Total Taxes	10,040,467	9,888,190	9,745,134	(143,056)	1,394,119	1,394,119	1,163,540	(230,579)	174,562	174,562	181,645	7,083
Licenses, Fees, and Permits	89,317	87,970	86,698	(1,272)	1,264	1,264	1,055	(209)	75,525	75,525	78,590	3,065
Sales	1,068	1,052	1,037	(15)	---	---	---	---	6,986	6,986	7,269	283
Leases and Rentals	43	42	42	---	---	---	---	---	208	208	217	9
Services	304,564	304,299	125,709	(178,590)	---	---	---	---	---	---	---	---
Contributions and Intergovernmental	8,700,730	8,677,061	8,473,373	(203,688)	133,028	133,028	111,027	(22,001)	92,904	92,904	96,673	3,769
Interest	14,778	14,558	14,348	(210)	1,309	1,309	1,092	(217)	4,450	4,450	4,630	180
Penalties and Unclaimed Property	6,058	5,969	5,883	(86)	4,152	4,152	3,465	(687)	131	131	136	5
Cost Reimbursement/Miscellaneous	1,036,707	1,031,819	1,018,076	(13,743)	77,419	77,419	64,614	(12,805)	62,737	62,737	65,281	2,544
Proceeds from Bonds	1,923	1,895	1,867	(28)	---	---	---	---	---	---	---	---
Transfers In	2,985,110	3,636,778	3,429,007	(207,771)	3,356,608	3,380,576	3,365,364	(15,212)	21	29	27	(2)
Total Resources (Inflows)	23,180,765	23,649,633	22,901,174	(748,459)	4,967,899	4,991,867	4,710,157	(281,710)	417,524	417,532	434,468	16,936
Amount Available for Appropriation	24,724,905	25,193,773	24,445,314	(748,459)	5,191,985	5,215,953	4,934,243	(281,710)	832,608	832,616	849,552	16,936
Charges to Appropriations (Outflows):												
Current:												
General Government	2,123,523	2,157,009	1,849,683	307,326	1,171	1,173	603	570	2,479	2,678	2,467	211
Education	2,134,821	2,166,013	2,049,406	116,607	4,361,580	4,355,662	4,323,573	32,089	---	---	---	---
Natural and Economic Resources	438,597	503,184	406,555	96,629	16,120	16,120	4,130	11,990	340,088	632,025	371,692	260,333
Transportation and Law Enforcement	344,950	535,167	380,428	154,739	155	188	183	5	993	993	783	210
Human Services	11,787,396	12,406,109	11,589,736	816,373	24,512	24,035	21,700	2,335	776	776	625	151
Debt Service	55,046	55,672	48,462	7,210	---	---	---	---	---	---	---	---
Transfers Out	6,314,703	7,002,479	6,847,770	154,709	445,366	429,663	422,473	7,190	49,006	50,063	43,085	6,978
Total Charges to Appropriations	23,199,036	24,825,633	23,172,040	1,653,593	4,848,904	4,826,841	4,772,662	54,179	393,342	686,535	418,652	267,883
Ending Budgetary Fund Balance	\$ 1,525,869	\$ 368,140	\$ 1,273,274	\$ 905,134	\$ 343,081	\$ 389,112	\$ 161,581	\$ (227,531)	\$ 439,266	\$ 146,081	\$ 430,900	\$ 284,819
Reconciling Items:												
Reclassifying Cash Equivalents as Investments			(941,870)				(118,503)				(298,486)	
Investments at Fair Value			965,920				124,600				299,981	
Invested Securities Lending Collateral			28,399				3,625				23,770	
Receivables, Net			1,744,895				116,968				1,024,124	
Due from Other Funds			---				11,806				---	
Due from Component Units			---				---				677	
Inventories			24,793				89				562	
Advance to Component Units			---				---				3,742	
Accounts Payable			(1,063,662)				(775)				(3,353)	
Accrued Payroll			(57,363)				(220)				(4,487)	
Due to Other Funds			(17,615)				(11)				(458)	
Securities Lending Obligation			(28,399)				(3,625)				(23,770)	
Deferred Revenue			(664,592)				(23,827)				(14,242)	
Escheat/Unclaimed Property			(100,187)				---				---	
Adjustments:												
Increase to Revenues: Medicaid			1,138,053				---				---	
Increase to Expenditures: Medicaid			(1,138,053)				---				---	
Fund Balance – GAAP Basis			\$ 1,163,593				\$ 271,708				\$ 1,438,960	

\*Beginning balance was restated due to a restatement of cash and cash equivalents.

**STATE OF MISSOURI  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY REPORTING  
June 30, 2012**

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**Budgetary Presentation:**

A Budgetary Comparison Schedule is presented for the State's Major governmental funds, as well as Major Capital Project Funds. Revenues and expenditures are reported on a budgetary basis where "actual" revenues are recognized when cash is received, and "actual" expenditures are recognized for cash disbursements. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. A reconciliation of the two for the fiscal year ended June 30, 2012, has been presented at the bottom of the Budgetary Comparison Schedule.

The budgetary expenditures are included in the current year's Appropriation Activity Report, which demonstrates legal compliance with the current year's budget. This report can be viewed at <http://oa.mo.gov/acct/pdf/AAR2012.pdf>. The "original budget" expenditures and transfers are for what was originally appropriated for each fund. The "final budget" expenditures and transfers takes into account any increases and decreases to appropriations during the fiscal year less the Governor's amounts reverted (withheld) for each fund less any reappropriations to the next fiscal year.

Once a year, the Office of Administration–Division of Budget and Planning receives budgeted revenues from state agencies for each of their funds as well as a revised revenue estimate in the spring for the State's General Revenue Fund. The revised revenue estimate is used in the "final budget" column for the General Fund and is very comparable to actual revenue resulting in a small negative variance on this Schedule.

In accordance with State statute, all state funds must have an appropriation before amounts can be expended or transferred to another state fund; therefore, variances between "budgeted" and "actual" expenditures on the budgetary schedule will always be positive.

For budget purposes, interfund activity is not eliminated. A summary of interfund eliminations at June 30, 2012, is shown below (in thousands):

	<u>Final Transfer</u>		<u>Actual Transfer</u>	
	<u>In</u>	<u>Out</u>	<u>In</u>	<u>Out</u>
GENERAL FUND	\$ 3,045,769	\$ (3,045,769)	\$ 2,922,264	\$ (2,922,264)
SPECIAL REVENUE FUNDS				
Public Education	<u>392,531</u>	<u>(392,531)</u>	<u>386,542</u>	<u>(386,542)</u>
TOTAL	<u>\$ 3,438,300</u>	<u>\$ (3,438,300)</u>	<u>\$ 3,308,806</u>	<u>\$ (3,308,806)</u>

**Budgetary Control:**

Budgetary control is maintained at the departmental level; each Department of the Missouri government formulates a budget to be submitted for approval by the General Assembly prior to the beginning of the fiscal year. These budgets are prepared essentially on the cash basis. The legislature reviews, revises, and legally adopts these budgets. The Governor then has the authority to approve or veto each budget, subject to legislative override.

Budgeted expenditures cannot exceed estimated revenues and other sources of funding, including beginning fund balances. In the event that actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the legislature to address the issue.

Unexpended appropriations lapse at the end of each appropriation year, unless reappropriated to the following appropriation year.



*Supplementary Information includes the Budgetary Comparison Schedule and Reconciliation for the Major Capital Projects Fund (Missouri Road Fund), as well as the Combining and Individual Fund Statements and Schedules for the General Fund and all Non-Major Funds.*

**STATE OF MISSOURI  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR CAPITAL PROJECTS FUND  
For the Fiscal Year Ended June 30, 2012  
(In Thousands of Dollars)**

	Missouri Road Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 1,458,546	\$ 1,458,546	\$ 1,458,546	\$ ---
Resources (Inflows):				
Taxes:				
Vehicle Sales and Use	108,290	108,290	116,649	8,359
Fuel	107	107	148	41
Total Taxes	<u>108,397</u>	<u>108,397</u>	<u>116,797</u>	<u>8,400</u>
Licenses, Fees, and Permits	86,823	86,823	99,272	12,449
Contributions and Intergovernmental	886,938	830,526	865,166	34,640
Interest	10,209	10,209	8,714	(1,495)
Cost Reimbursement/Miscellaneous	138,352	138,352	141,366	3,014
Transfers In	<u>616,956</u>	<u>616,956</u>	<u>588,810</u>	<u>(28,146)</u>
Total Resources (Inflows)	<u>1,847,675</u>	<u>1,791,263</u>	<u>1,820,125</u>	<u>28,862</u>
Amount Available for Appropriation	<u>3,306,221</u>	<u>3,249,809</u>	<u>3,278,671</u>	<u>28,862</u>
Charges to Appropriations (Outflows):				
Current:				
Transportation and Law Enforcement	802,236	858,592	819,184	39,408
Capital Outlay				
Transportation and Law Enforcement	1,130,608	1,210,031	1,154,493	55,538
Debt Service	<u>183,327</u>	<u>183,327</u>	<u>183,327</u>	<u>---</u>
Total Charges to Appropriations	<u>2,116,171</u>	<u>2,251,950</u>	<u>2,157,004</u>	<u>94,946</u>
Ending Budgetary Fund Balance	<u>\$ 1,190,050</u>	<u>\$ 997,859</u>	<u>\$ 1,121,667</u>	<u>\$ 123,808</u>
Reconciling Items:				
Reclassifying Cash Equivalents as Investments			(759,192)	
Investments at Fair Value			760,879	
Invested Securities Lending Collateral			23,676	
Receivables, Net			120,826	
Inventories			45,789	
Accounts Payable			(111,910)	
Accrued Payroll			(15,400)	
Due to Other Funds			(286)	
Securities Lending Obligation			(23,676)	
Deferred Revenue			(44,218)	
Advance from Component Units			<u>(9,086)</u>	
Fund Balance – GAAP Basis			<u>\$ 1,109,069</u>	



## *The Combining and Individual Fund Statements and Schedules*

### **Major Funds**

**General Fund** – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

### **Non-Major Funds**

This includes all non-major governmental and enterprise funds, as well as the non-major component units. It also includes all internal service and fiduciary funds because the “major fund” classification, created under GASB Statement 34, does not apply to these funds.

A budgetary comparison schedule is provided for all non-major governmental funds with the exception of capital projects funds.

**STATE OF MISSOURI  
BALANCE SHEET  
GENERAL FUND  
June 30, 2012  
(In Thousands of Dollars)**

	<u>General Fund</u>		<u>Totals</u>
	<u>General</u>	<u>Federal</u>	<u>June 30, 2012</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 246,846	\$ 84,558	\$ 331,404
Investments	719,813	246,107	965,920
Invested Securities Lending Collateral	20,998	7,401	28,399
Accounts Receivable, Net	965,613	738,900	1,704,513
Interest Receivable	3,889	80	3,969
Inventories	23,226	1,567	24,793
Loans Receivable	36,413	---	36,413
	<u>36,413</u>	<u>---</u>	<u>36,413</u>
<b>Total Assets</b>	<b><u>\$ 2,016,798</u></b>	<b><u>\$ 1,078,613</u></b>	<b><u>\$ 3,095,411</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 493,535	\$ 570,127	\$ 1,063,662
Accrued Payroll	40,320	17,043	57,363
Due to Other Funds	14,805	2,810	17,615
Securities Lending Obligation	20,998	7,401	28,399
Deferred Revenue	514,965	149,627	664,592
Escheat/Unclaimed Property	100,187	---	100,187
	<u>100,187</u>	<u>---</u>	<u>100,187</u>
<b>Total Liabilities</b>	<b><u>1,184,810</u></b>	<b><u>747,008</u></b>	<b><u>1,931,818</u></b>
Fund Balances:			
Nonspendable	59,639	1,567	61,206
Restricted	6,895	330,038	336,933
Committed	504,569	---	504,569
Assigned	65,122	---	65,122
Unassigned	195,763	---	195,763
	<u>195,763</u>	<u>---</u>	<u>195,763</u>
<b>Total Fund Balances</b>	<b><u>831,988</u></b>	<b><u>331,605</u></b>	<b><u>1,163,593</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 2,016,798</u></b>	<b><u>\$ 1,078,613</u></b>	<b><u>\$ 3,095,411</u></b>

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	General Fund			Totals
	General	Federal	Eliminations	June 30, 2012
<b>Revenues:</b>				
Taxes	\$ 7,440,009	\$ ---	\$ ---	\$ 7,440,009
Licenses, Fees, and Permits	86,341	510	---	86,851
Sales	514	18	---	532
Leases and Rentals	42	---	---	42
Services	6,558	112,361	---	118,919
Contributions and Intergovernmental	1,506,128	8,367,709	---	9,873,837
Investment Earnings:				
Net Increase (Decrease) in the Fair Value of Investments	4,449	660	---	5,109
Interest	14,680	276	---	14,956
Penalties and Unclaimed Properties	41,994	199	---	42,193
Cost Reimbursement/Miscellaneous	279,136	206,571	---	485,707
<b>Total Revenues</b>	<b>9,379,851</b>	<b>8,688,304</b>	<b>---</b>	<b>18,068,155</b>
<b>Expenditures:</b>				
Current:				
General Government	569,305	88,923	---	658,228
Education	976,594	1,078,431	---	2,055,025
Natural and Economic Resources	70,604	375,239	---	445,843
Transportation and Law Enforcement	111,554	374,495	---	486,049
Human Services	5,110,394	6,655,362	---	11,765,756
Debt Service:				
Principal	16,371	1,018	---	17,389
Interest	31,128	132	---	31,260
Bond Issuance Cost	425	---	---	425
Underwriter's Discount	2,074	---	---	2,074
<b>Total Expenditures</b>	<b>6,888,449</b>	<b>8,573,600</b>	<b>---</b>	<b>15,462,049</b>
Excess Revenues (Expenditures)	2,491,402	114,704	---	2,606,106
<b>Other Financing Sources (Uses):</b>				
Proceeds from Capital Leases	182	1,057	---	1,239
Issuance of Refunding Bonds	163,145	---	---	163,145
Payments to Escrow Agents	(168,589)	---	---	(168,589)
Bond Premium	7,944	---	---	7,944
Proceeds from Sale of Capital Assets	797	98	---	895
Transfers In	459,704	256,811	(670,965)	45,550
Transfers Out	(3,006,574)	(576,937)	670,965	(2,912,546)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,543,391)</b>	<b>(318,971)</b>	<b>---</b>	<b>(2,862,362)</b>
Net Change in Fund Balances	(51,989)	(204,267)	---	(256,256)
Fund Balances – Beginning	880,472	535,168	---	1,415,640
Increase (Decrease) in Reserve for Inventory	3,505	704	---	4,209
<b>Fund Balances – Ending</b>	<b>\$ 831,988</b>	<b>\$ 331,605</b>	<b>\$ ---</b>	<b>\$ 1,163,593</b>

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS – BY FUND TYPE  
June 30, 2012  
(In Thousands of Dollars)**

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2012
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 125,911	\$ 37,292	\$ 4,709	\$ 592	\$ 168,504
Investments	265,384	72,443	14,351	41,081	393,259
Invested Securities Lending Collateral	7,768	6,818	437	55	15,078
Accounts Receivable, Net	175,882	10,624	55	---	186,561
Interest Receivable	547	159	43	1	750
Due from Other Funds	1,478	---	---	---	1,478
Inventories	3,612	---	7	---	3,619
Loans Receivable	2,839	---	---	---	2,839
<b>Total Assets</b>	<b>\$ 583,421</b>	<b>\$ 127,336</b>	<b>\$ 19,602</b>	<b>\$ 41,729</b>	<b>\$ 772,088</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 65,898	\$ 22	\$ 69	\$ ---	\$ 65,989
Accrued Payroll	10,465	---	208	---	10,673
Due to Other Funds	1,428	---	216	---	1,644
Securities Lending Obligation	7,768	6,818	437	55	15,078
Deferred Revenue	10,031	80	31	1	10,143
<b>Total Liabilities</b>	<b>95,590</b>	<b>6,920</b>	<b>961</b>	<b>56</b>	<b>103,527</b>
Fund Balances:					
Nonspendable	6,451	---	7	41,569	48,027
Restricted	203,183	120,416	18,634	---	342,233
Committed	34,705	---	---	---	34,705
Assigned	243,492	---	---	104	243,596
<b>Total Fund Balances</b>	<b>487,831</b>	<b>120,416</b>	<b>18,641</b>	<b>41,673</b>	<b>668,561</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 583,421</b>	<b>\$ 127,336</b>	<b>\$ 19,602</b>	<b>\$ 41,729</b>	<b>\$ 772,088</b>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS – BY FUND TYPE**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2012
<b>Revenues:</b>					
Taxes	\$ 933,382	\$ 108,930	\$ ---	\$ ---	\$ 1,042,312
Licenses, Fees, and Permits	386,541	---	---	---	386,541
Sales	1,213	---	---	---	1,213
Leases and Rentals	86	---	---	---	86
Services	138	---	---	---	138
Contributions and Intergovernmental	238,549	5,338	680	---	244,567
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	516	212	38	(43)	723
Interest	1,802	844	125	3	2,774
Penalties and Unclaimed Properties	4,042	---	---	1,862	5,904
Cost Reimbursement/Miscellaneous	59,021	---	39	---	59,060
Total Revenues	<u>1,625,290</u>	<u>115,324</u>	<u>882</u>	<u>1,822</u>	<u>1,743,318</u>
<b>Expenditures:</b>					
Current:					
General Government	225,311	---	230	---	225,541
Education	2,683	---	---	---	2,683
Natural and Economic Resources	201,827	---	2,541	---	204,368
Transportation and Law Enforcement	287,908	---	4,542	---	292,450
Human Services	537,249	---	4	---	537,253
Capital Outlay:					
General Government	---	---	3	---	3
Transportation and Law Enforcement	---	---	2,685	---	2,685
Debt Service:					
Principal	923	79,790	---	---	80,713
Interest	148	103,427	---	---	103,575
Bond Issuance Costs	---	173	---	---	173
Total Expenditures	<u>1,256,049</u>	<u>183,390</u>	<u>10,005</u>	<u>---</u>	<u>1,449,444</u>
Excess Revenues (Expenditures)	<u>369,241</u>	<u>(68,066)</u>	<u>(9,123)</u>	<u>1,822</u>	<u>293,874</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Capital Leases	481	---	---	---	481
Proceeds from Sale of Capital Assets	5,345	---	1	---	5,346
Transfers In	206,126	76,524	6,000	---	288,650
Transfers Out	(557,611)	---	---	---	(557,611)
Total Other Financing Sources (Uses)	<u>(345,659)</u>	<u>76,524</u>	<u>6,001</u>	<u>---</u>	<u>(263,134)</u>
Net Change in Fund Balances	23,582	8,458	(3,122)	1,822	30,740
Fund Balances – Beginning	464,413	111,958	21,756	39,851	637,978
Increase (Decrease) in Reserve for Inventory	(164)	---	7	---	(157)
Fund Balances – Ending	<u>\$ 487,831</u>	<u>\$ 120,416</u>	<u>\$ 18,641</u>	<u>\$ 41,673</u>	<u>\$ 668,561</u>



*The **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State has numerous individual Special Revenue Funds. Therefore, the funds have been combined into specific functional areas.*

## **Non-Major Special Revenue Funds:**

**Professional Registration** – Provides for the control and regulation of various professions. Each profession has its own fund to account for its operation.

**Judicial Protection and Assistance** – Provides for protection of public employees by the Attorney General's Office, conviction of criminal offenders by prosecuting attorneys and assistance to victims of criminal offenses.

**Agriculture and State Fair** – Provides for inspections of products, market development, and awards for competition at the State Fair.

**Social Assistance** – Provides financial, health, and other services to qualifying individuals.

**Transportation and Law Enforcement** – Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

**Unemployment and Workers' Compensation** – Provides for the administration of these laws and benefits to workers who qualify for workers' compensation.

**Reimbursements and Other** – Provides various reimbursements of costs to other governments and various regulatory commissions not included in other functional areas.

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
June 30, 2012  
(In Thousands of Dollars)**

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Transportation and Law Enforcement	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2012
<b>ASSETS</b>								
Cash and Cash								
Equivalents	\$ 12,607	\$ 6,907	\$ 2,419	\$ 23,169	\$ 54,093	\$ 16,909	\$ 9,807	\$ 125,911
Investments	38,503	21,051	9,910	70,270	44,446	51,649	29,555	265,384
Invested Securities								
Lending Collateral	1,158	633	197	2,109	1,230	1,553	888	7,768
Accounts Receivable, Net	---	1,769	132	7,235	154,034	11,447	1,265	175,882
Interest Receivable	---	44	15	160	113	127	88	547
Due from Other Funds	---	---	---	---	---	1,478	---	1,478
Inventories	26	20	8	20	3,416	---	122	3,612
Loans Receivable	---	---	322	---	2,517	---	---	2,839
<b>Total Assets</b>	<b>\$ 52,294</b>	<b>\$ 30,424</b>	<b>\$ 13,003</b>	<b>\$ 102,963</b>	<b>\$ 259,849</b>	<b>\$ 83,163</b>	<b>\$ 41,725</b>	<b>\$ 583,421</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts Payable	\$ 846	\$ 936	\$ 135	\$ 31,674	\$ 3,291	\$ 23,415	\$ 5,601	\$ 65,898
Accrued Payroll	212	357	271	288	6,696	395	2,246	10,465
Due to Other Funds	23	324	32	28	880	59	82	1,428
Securities Lending Obligation	1,158	633	197	2,109	1,230	1,553	888	7,768
Deferred Revenue	---	32	10	143	7,810	1,835	201	10,031
<b>Total Liabilities</b>	<b>2,239</b>	<b>2,282</b>	<b>645</b>	<b>34,242</b>	<b>19,907</b>	<b>27,257</b>	<b>9,018</b>	<b>95,590</b>
Fund Balances:								
Nonspendable	26	20	330	20	5,933	---	122	6,451
Restricted	---	24,740	5,762	47,883	44,256	55,906	24,636	203,183
Committed	13,284	260	755	19,062	1,273	---	71	34,705
Assigned	36,745	3,122	5,511	1,756	188,480	---	7,878	243,492
<b>Total Fund Balances</b>	<b>50,055</b>	<b>28,142</b>	<b>12,358</b>	<b>68,721</b>	<b>239,942</b>	<b>55,906</b>	<b>32,707</b>	<b>487,831</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 52,294</b>	<b>\$ 30,424</b>	<b>\$ 13,003</b>	<b>\$ 102,963</b>	<b>\$ 259,849</b>	<b>\$ 83,163</b>	<b>\$ 41,725</b>	<b>\$ 583,421</b>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Transportation and Law Enforcement	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2012
<b>Revenues:</b>								
Taxes	\$ 159	\$ ---	\$ 3,977	\$ 110,727	\$ 764,064	\$ 54,354	\$ 101	\$ 933,382
Licenses, Fees, and Permits	18,791	35,955	9,293	20,661	195,775	---	106,066	386,541
Sales	---	---	5	734	---	---	474	1,213
Leases and Rentals	---	---	---	86	---	---	---	86
Services	---	126	---	5	---	---	7	138
Contributions and Intergovernmental	---	516	166	236,448	14	1,326	79	238,549
Investment Earnings: Net Increase (Decrease) in the Fair Value of Investments	103	57	(150)	191	97	138	80	516
Interest	---	110	30	516	537	343	266	1,802
Penalties and Unclaimed Properties	197	833	---	63	587	1,903	459	4,042
Cost Reimbursement/ Miscellaneous	195	1,521	124	34,717	1,954	573	19,937	59,021
<b>Total Revenues</b>	<b>19,445</b>	<b>39,118</b>	<b>13,445</b>	<b>404,148</b>	<b>963,028</b>	<b>58,637</b>	<b>127,469</b>	<b>1,625,290</b>
<b>Expenditures:</b>								
Current:								
General Government	172	13,181	70	1,990	199,090	4,368	6,440	225,311
Education	1,049	129	1	1,479	1	20	4	2,683
Natural and Economic Resources	15,791	12	10,868	3,570	432	89,897	81,257	201,827
Transportation and Law Enforcement	---	21,653	10	3,957	237,417	17	24,854	287,908
Human Services	---	---	10	533,096	6	276	3,861	537,249
Debt Service:								
Principal	---	23	---	---	91	168	641	923
Interest	---	3	---	---	13	52	80	148
<b>Total Expenditures</b>	<b>17,012</b>	<b>35,001</b>	<b>10,959</b>	<b>544,092</b>	<b>437,050</b>	<b>94,798</b>	<b>117,137</b>	<b>1,256,049</b>
Excess Revenues (Expenditures)	2,433	4,117	2,486	(139,944)	525,978	(36,161)	10,332	369,241
<b>Other Financing Sources (Uses):</b>								
Proceeds from Capital Leases	---	---	---	---	481	---	---	481
Proceeds from Sale of Capital Assets	2	21	---	---	5,296	1	25	5,345
Transfers In	5	1,224	---	154,155	98	26,997	23,647	206,126
Transfers Out	(920)	---	---	(11,961)	(499,807)	(50)	(44,873)	(557,611)
<b>Total Other Financing Sources (Uses)</b>	<b>(913)</b>	<b>1,245</b>	<b>---</b>	<b>142,194</b>	<b>(493,932)</b>	<b>26,948</b>	<b>(21,201)</b>	<b>(345,659)</b>
Net Change in Fund Balances	1,520	5,362	2,486	2,250	32,046	(9,213)	(10,869)	23,582
Fund Balances – Beginning	48,535	22,804	9,867	66,452	208,012	65,119	43,624	464,413
Increase (Decrease) in Reserve for Inventory	---	(24)	5	19	(116)	---	(48)	(164)
<b>Fund Balances – Ending</b>	<b>\$ 50,055</b>	<b>\$ 28,142</b>	<b>\$ 12,358</b>	<b>\$ 68,721</b>	<b>\$ 239,942</b>	<b>\$ 55,906</b>	<b>\$ 32,707</b>	<b>\$ 487,831</b>

**STATE OF MISSOURI**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	Professional Registration*			Judicial Protection and Assistance			Agriculture and State Fair			Social Assistance*		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>												
Taxes:												
Sales and Use	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Cigarette	---	---	---	---	---	---	---	---	---	39,748	37,158	(2,590)
Fuel	---	---	---	---	---	---	---	---	---	---	---	---
County Foreign Insurance	---	---	---	---	---	---	---	---	---	---	---	---
Liquor/Wine	---	---	---	---	---	---	3,341	3,977	636	---	---	---
Reimbursement/Miscellaneous	161	160	(1)	---	---	---	---	---	---	55,185	51,589	(3,596)
<b>Total Taxes</b>	<b>161</b>	<b>160</b>	<b>(1)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>3,341</b>	<b>3,977</b>	<b>636</b>	<b>94,933</b>	<b>88,747</b>	<b>(6,186)</b>
Licenses, Fees, and Permits	18,935	18,807	(128)	37,925	36,022	(1,903)	7,830	9,319	1,489	22,153	20,709	(1,444)
Leases and Rentals	---	---	---	---	---	---	---	---	---	92	86	(6)
Sales	---	---	---	---	---	---	4	5	1	785	734	(51)
Services	---	---	---	133	126	(7)	---	---	---	5	4	(1)
Contributions and												
Intergovernmental	6	6	---	2,179	2,069	(110)	158	188	30	261,604	244,557	(17,047)
Interest	---	---	---	109	104	(5)	25	30	5	525	491	(34)
Penalties and Unclaimed Property	198	197	(1)	877	833	(44)	---	---	---	29	28	(1)
Cost Reimbursement/												
Miscellaneous	151	150	(1)	1,624	1,543	(81)	105	125	20	46,478	43,452	(3,026)
<b>Total Revenues</b>	<b>19,451</b>	<b>19,320</b>	<b>(131)</b>	<b>42,847</b>	<b>40,697</b>	<b>(2,150)</b>	<b>11,463</b>	<b>13,644</b>	<b>2,181</b>	<b>426,604</b>	<b>398,808</b>	<b>(27,796)</b>
<b>Expenditures:</b>												
Current:												
General Government	19	10	9	16,917	12,305	4,612	124	91	33	6,377	4,577	1,800
Education	1,117	1,052	65	---	---	---	---	---	---	2,883	1,773	1,110
Natural and Economic Resources	9,819	7,603	2,216	290	12	278	11,020	8,621	2,399	4,725	3,474	1,251
Transportation and Law												
Enforcement	---	---	---	36,752	23,070	13,682	---	---	---	6,291	3,481	2,810
Human Services	---	---	---	---	---	---	---	---	---	412,327	373,330	38,997
Debt Service	---	---	---	9	---	9	---	---	---	---	---	---
<b>Total Expenditures</b>	<b>10,955</b>	<b>8,665</b>	<b>2,290</b>	<b>53,968</b>	<b>35,387</b>	<b>18,581</b>	<b>11,144</b>	<b>8,712</b>	<b>2,432</b>	<b>432,603</b>	<b>386,635</b>	<b>45,968</b>
Excess Revenues (Expenditures)	8,496	10,655	2,159	(11,121)	5,310	16,431	319	4,932	4,613	(5,999)	12,173	18,172
<b>Other Financing Sources (Uses):</b>												
Transfers In	46	7	(39)	1,360	1,283	(77)	---	---	---	167,410	159,692	(7,718)
Transfers Out	(12,045)	(9,205)	2,840	(2,108)	(2,031)	77	(2,685)	(2,399)	286	(246,611)	(169,474)	77,137
<b>Total Other Financing Sources (Uses)</b>	<b>(11,999)</b>	<b>(9,198)</b>	<b>2,801</b>	<b>(748)</b>	<b>(748)</b>	<b>---</b>	<b>(2,685)</b>	<b>(2,399)</b>	<b>286</b>	<b>(79,201)</b>	<b>(9,782)</b>	<b>69,419</b>
<b>Net Change in Fund Balances</b>	<b>(3,503)</b>	<b>1,457</b>	<b>4,960</b>	<b>(11,869)</b>	<b>4,562</b>	<b>16,431</b>	<b>(2,366)</b>	<b>2,533</b>	<b>4,899</b>	<b>(85,200)</b>	<b>2,391</b>	<b>87,591</b>
Fund Balances - Beginning	49,550	49,550	---	23,338	23,338	---	6,339	6,339	---	90,739	90,739	---
<b>Fund Balances - Ending</b>	<b>\$ 46,047</b>	<b>\$ 51,007</b>	<b>\$ 4,960</b>	<b>\$ 11,469</b>	<b>\$ 27,900</b>	<b>\$ 16,431</b>	<b>\$ 3,973</b>	<b>\$ 8,872</b>	<b>\$ 4,899</b>	<b>\$ 5,539</b>	<b>\$ 93,130</b>	<b>\$ 87,591</b>
<b>Reconciling Items:</b>												
Reclassifying Cash Equivalents as Investments		(38,400)			(20,993)			(6,453)			(69,961)	
Investments at Fair Value		38,503			21,051			9,910			70,270	
Invested Securities Lending Collateral		1,158			633			197			2,109	
Receivables, Net		---			1,813			469			7,395	
Due from Other Funds		---			---			---			---	
Inventories		26			20			8			20	
Accounts Payable		(846)			(936)			(135)			(31,674)	
Accrued Payroll		(212)			(357)			(271)			(288)	
Due to Other Funds		(23)			(324)			(32)			(28)	
Securities Lending Obligation		(1,158)			(633)			(197)			(2,109)	
Deferred Revenue		---			(32)			(10)			(143)	
<b>Fund Balance per GAAP</b>		<b>\$ 50,055</b>			<b>\$ 28,142</b>			<b>\$ 12,358</b>			<b>\$ 68,721</b>	

\*Beginning balance was restated due to a restatement of cash and cash equivalents.

This schedule is continued on pages 116-117.

	Transportation and Law Enforcement			Unemployment and Workers' Compensation			Reimbursements and Other*			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>												
Taxes:												
Sales and Use	\$ 63,240	\$ 62,884	\$ (356)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 63,240	\$ 62,884	\$ (356)
Cigarette	---	---	---	---	---	---	---	---	---	39,748	37,158	(2,590)
Fuel	712,644	708,630	(4,014)	---	---	---	---	---	---	712,644	708,630	(4,014)
County Foreign Insurance	---	---	---	---	---	---	104	101	(3)	104	101	(3)
Liquor/Wine	---	---	---	---	---	---	---	---	---	3,341	3,977	636
Reimbursement/Miscellaneous	25,389	25,246	(143)	52,161	55,155	2,994	72	69	(3)	132,968	132,219	(749)
<b>Total Taxes</b>	<b>801,273</b>	<b>796,760</b>	<b>(4,513)</b>	<b>52,161</b>	<b>55,155</b>	<b>2,994</b>	<b>176</b>	<b>170</b>	<b>(6)</b>	<b>952,045</b>	<b>944,969</b>	<b>(7,076)</b>
Licenses, Fees and Permits	194,289	193,194	(1,095)	---	---	---	110,050	106,302	(3,748)	391,182	384,353	(6,829)
Leases and Rentals	---	---	---	---	---	---	---	---	---	92	86	(6)
Sales	5,159	5,130	(29)	---	---	---	535	516	(19)	6,483	6,385	(98)
Services	---	---	---	---	---	---	7	7	---	145	137	(8)
Contributions and Intergovernmental	1,363	1,355	(8)	958	1,013	55	101	98	(3)	266,369	249,286	(17,083)
Interest	535	532	(3)	22,821	24,131	1,310	270	261	(9)	24,285	25,549	1,264
Penalties and Unclaimed Property	482	480	(2)	4,871	5,150	279	476	460	(16)	6,933	7,148	215
Cost Reimbursement/Miscellaneous	2,068	2,056	(12)	697	737	40	20,983	20,268	(715)	72,106	68,331	(3,775)
<b>Total Revenues</b>	<b>1,005,169</b>	<b>999,507</b>	<b>(5,662)</b>	<b>81,508</b>	<b>86,186</b>	<b>4,678</b>	<b>132,598</b>	<b>128,082</b>	<b>(4,516)</b>	<b>1,719,640</b>	<b>1,686,244</b>	<b>(33,396)</b>
<b>Expenditures:</b>												
Current:												
General Government	216,017	206,803	9,214	10,014	3,512	6,502	9,228	5,082	4,146	258,696	232,380	26,316
Education	---	---	---	---	---	---	---	---	---	4,000	2,825	1,175
Natural and Economic Resources	---	---	---	57,849	47,591	10,258	78,647	67,027	11,620	162,350	134,328	28,022
Transportation and Law Enforcement	286,151	255,205	30,946	---	---	---	24,537	22,122	2,415	353,731	303,878	49,853
Human Services	---	---	---	---	---	---	3,979	2,388	1,591	416,306	375,718	40,588
Debt Service	58	52	6	28,267	23,254	5,013	90	---	90	28,424	23,306	5,118
<b>Total Expenditures</b>	<b>502,226</b>	<b>462,060</b>	<b>40,166</b>	<b>96,130</b>	<b>74,357</b>	<b>21,773</b>	<b>116,481</b>	<b>96,619</b>	<b>19,862</b>	<b>1,223,507</b>	<b>1,072,435</b>	<b>151,072</b>
Excess Revenues (Expenditures)	502,943	537,447	34,504	(14,622)	11,829	26,451	16,117	31,463	15,346	496,133	613,809	117,676
<b>Other Financing Sources (Uses):</b>												
Transfers In	563,144	531,435	(31,709)	1	1	---	25,487	24,117	(1,370)	757,448	716,535	(40,913)
Transfers Out	(1,100,783)	(1,039,319)	61,464	(7,418)	(6,140)	1,278	(67,643)	(64,065)	3,578	(1,439,293)	(1,292,633)	146,660
<b>Total Other Financing Sources (Uses)</b>	<b>(537,639)</b>	<b>(507,884)</b>	<b>29,755</b>	<b>(7,417)</b>	<b>(6,139)</b>	<b>1,278</b>	<b>(42,156)</b>	<b>(39,948)</b>	<b>2,208</b>	<b>(681,845)</b>	<b>(576,098)</b>	<b>105,747</b>
<b>Net Change in Fund Balances</b>	<b>(34,696)</b>	<b>29,563</b>	<b>64,259</b>	<b>(22,039)</b>	<b>5,690</b>	<b>27,729</b>	<b>(26,039)</b>	<b>(8,485)</b>	<b>17,554</b>	<b>(185,712)</b>	<b>37,711</b>	<b>223,423</b>
Fund Balances – Beginning	64,911	64,911	---	62,729	62,729	---	47,752	47,752	---	345,358	345,358	---
<b>Fund Balances – Ending</b>	<b>\$ 30,215</b>	<b>\$ 94,474</b>	<b>\$ 64,259</b>	<b>\$ 40,690</b>	<b>\$ 68,419</b>	<b>\$ 27,729</b>	<b>\$ 21,713</b>	<b>\$ 39,267</b>	<b>\$ 17,554</b>	<b>\$ 159,646</b>	<b>\$ 383,069</b>	<b>\$ 223,423</b>
<b>Reconciling Items:</b>												
Reclassifying Cash Equivalents as Investments		(40,381)			(51,510)			(29,460)			(257,158)	
Investments at Fair Value		44,446			51,649			29,555			265,384	
Invested Securities Lending Collateral		1,230			1,553			888			7,768	
Receivables, Net		156,664			11,574			1,353			179,268	
Due from Other Funds		---			1,478			---			1,478	
Inventories		3,416			---			122			3,612	
Accounts Payable		(3,291)			(23,415)			(5,601)			(65,898)	
Accrued Payroll		(6,696)			(395)			(2,246)			(10,465)	
Due to Other Funds		(880)			(59)			(82)			(1,428)	
Securities Lending Obligation		(1,230)			(1,553)			(888)			(7,768)	
Deferred Revenue		(7,810)			(1,835)			(201)			(10,031)	
<b>Fund Balance per GAAP</b>		<b>\$ 239,942</b>			<b>\$ 55,906</b>			<b>\$ 32,707</b>			<b>\$ 487,831</b>	

\*Beginning balance was restated due to a restatement of cash and cash equivalents.

This schedule is continued from pages 114-115.



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*The Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.*

## **Debt Service Funds:**

**Water Pollution Control Bond and Interest** – Accounts for moneys used to pay the principal of the Water Pollution Control Bonds and the interest thereon.

**Third State Building Bond Interest and Sinking** – Accounts for moneys used to pay the principal of the Third State Building Bonds and the interest thereon.

**Fourth State Building Bond and Interest** – Accounts for moneys used to pay the principal of the Fourth State Building Bonds and the interest thereon.

**Stormwater Control Bond and Interest** – Accounts for moneys used to pay the principal of the Stormwater Control Bonds and the interest thereon.

**Missouri Road Bond** – Accounts for moneys used to pay bonds issued by the Highway and Transportation Commission.

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
June 30, 2012  
(In Thousands of Dollars)**

	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Missouri Road Bond	Totals June 30, 2012
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 13,945	\$ 1,967	\$ 9,085	\$ 2,082	\$ 10,213	\$ 37,292
Investments	26,250	3,703	17,100	3,920	21,470	72,443
Invested Securities Lending Collateral	3,167	447	2,063	473	668	6,818
Accounts Receivable, Net	---	---	---	---	10,624	10,624
Interest Receivable	58	8	37	8	48	159
<b>Total Assets</b>	<b>\$ 43,420</b>	<b>\$ 6,125</b>	<b>\$ 28,285</b>	<b>\$ 6,483</b>	<b>\$ 43,023</b>	<b>\$ 127,336</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	\$ ---	\$ ---	\$ ---	\$ ---	\$ 22	\$ 22
Securities Lending Obligation	3,167	447	2,063	473	668	6,818
Deferred Revenue	42	5	27	6	---	80
<b>Total Liabilities</b>	<b>3,209</b>	<b>452</b>	<b>2,090</b>	<b>479</b>	<b>690</b>	<b>6,920</b>
Fund Balances:						
Restricted	40,211	5,673	26,195	6,004	42,333	120,416
<b>Total Fund Balances</b>	<b>40,211</b>	<b>5,673</b>	<b>26,195</b>	<b>6,004</b>	<b>42,333</b>	<b>120,416</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 43,420</b>	<b>\$ 6,125</b>	<b>\$ 28,285</b>	<b>\$ 6,483</b>	<b>\$ 43,023</b>	<b>\$ 127,336</b>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Missouri Road Bond	Totals  June 30, 2012
<b>Revenues:</b>						
Taxes	\$ ---	\$ ---	\$ ---	\$ ---	\$ 108,930	\$ 108,930
Contributions and Intergovernmental	---	---	---	---	5,338	5,338
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	87	12	57	13	43	212
Interest	329	41	149	34	291	844
Total Revenues	<u>416</u>	<u>53</u>	<u>206</u>	<u>47</u>	<u>114,602</u>	<u>115,324</u>
<b>Expenditures:</b>						
Debt Service:						
Principal	37,335	5,185	9,415	2,390	25,465	79,790
Interest	11,980	375	7,859	1,542	81,671	103,427
Bond Issuance Costs	---	---	---	---	173	173
Total Expenditures	<u>49,315</u>	<u>5,560</u>	<u>17,274</u>	<u>3,932</u>	<u>107,309</u>	<u>183,390</u>
Excess Revenues (Expenditures)	<u>(48,899)</u>	<u>(5,507)</u>	<u>(17,068)</u>	<u>(3,885)</u>	<u>7,293</u>	<u>(68,066)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers In	<u>39,374</u>	<u>5,414</u>	<u>25,816</u>	<u>5,920</u>	<u>---</u>	<u>76,524</u>
Total Other Financing Sources (Uses)	<u>39,374</u>	<u>5,414</u>	<u>25,816</u>	<u>5,920</u>	<u>---</u>	<u>76,524</u>
Net Change in Fund Balances	(9,525)	(93)	8,748	2,035	7,293	8,458
Fund Balances – Beginning	<u>49,736</u>	<u>5,766</u>	<u>17,447</u>	<u>3,969</u>	<u>35,040</u>	<u>111,958</u>
Fund Balances – Ending	<u>\$ 40,211</u>	<u>\$ 5,673</u>	<u>\$ 26,195</u>	<u>\$ 6,004</u>	<u>\$ 42,333</u>	<u>\$ 120,416</u>

STATE OF MISSOURI  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 DEBT SERVICE FUNDS  
 For the Fiscal Year Ended June 30, 2012  
 (In Thousands of Dollars)

	Water Pollution Control Bond and Interest			Third State Building Bond Interest and Sinking			Fourth State Building Bond and Interest			Stormwater Control Bond and Interest			Missouri Road Bond			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>																		
Vehicle Sales and Use Tax	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 99,446	\$ 106,451	\$ 7,005	\$ 99,446	\$ 106,451	\$ 7,005
Interest	908	321	(587)	262	40	(222)	344	142	(202)	76	32	(44)	---	282	282	1,590	817	(773)
Total Revenues	908	321	(587)	262	40	(222)	344	142	(202)	76	32	(44)	99,446	106,733	7,287	101,036	107,268	6,232
<b>Expenditures:</b>																		
Debt Service	49,315	49,315	---	5,561	5,561	---	17,274	17,274	---	3,932	3,932	---	104,151	101,974	2,177	180,233	178,056	2,177
Total Expenditures	49,315	49,315	---	5,561	5,561	---	17,274	17,274	---	3,932	3,932	---	104,151	101,974	2,177	180,233	178,056	2,177
Excess Revenues (Expenditures)	(48,407)	(48,994)	(587)	(5,299)	(5,521)	(222)	(16,930)	(17,132)	(202)	(3,856)	(3,900)	(44)	(4,705)	4,759	9,464	(79,197)	(70,788)	8,409
<b>Other Financing Sources (Uses):</b>																		
Transfers In	30,629	39,373	8,744	5,618	5,413	(205)	25,986	25,816	(170)	14,871	5,920	(8,951)	---	---	---	77,104	76,522	(582)
Total Other Financing Sources (Uses)	30,629	39,373	8,744	5,618	5,413	(205)	25,986	25,816	(170)	14,871	5,920	(8,951)	---	---	---	77,104	76,522	(582)
Net Change in Fund Balances	(17,778)	(9,621)	8,157	319	(108)	(427)	9,056	8,684	(372)	11,015	2,020	(8,995)	(4,705)	4,759	9,464	(2,093)	5,734	7,827
Fund Balances - Beginning	49,729	49,729	---	5,766	5,766	---	17,445	17,445	---	3,969	3,969	---	26,884	26,884	---	103,793	103,793	---
Fund Balances - Ending	\$ 31,951	\$ 40,108	\$ 8,157	\$ 6,085	\$ 5,658	\$ (427)	\$ 26,501	\$ 26,129	\$ (372)	\$ 14,984	\$ 5,989	\$ (8,995)	\$ 22,179	\$ 31,643	\$ 9,464	\$ 101,700	\$ 109,527	\$ 7,827
<b>Reconciling Items:</b>																		
Reclassifying Cash Equivalents as Investments		(26,163)			(3,691)			(17,044)			(3,907)			(21,430)			(72,235)	
Investments at Fair Value		26,250			3,703			17,100			3,920			21,470			72,443	
Invested Securities																		
Lending Collateral		3,167			447			2,063			473			668			6,818	
Receivables, Net		58			8			37			8			10,672			10,783	
Accounts Payable		---			---			---			---			(22)			(22)	
Securities Lending Obligation		(3,167)			(447)			(2,063)			(473)			(668)			(6,818)	
Deferred Revenues		(42)			(5)			(27)			(6)			---			(80)	
Fund Balances - GAAP Basis	\$ 40,211			\$ 5,673			\$ 26,195			\$ 6,004			\$ 42,333			\$ 120,416		

This schedule is continued on page 122.

This schedule is continued from page 121.



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*The **Capital Projects Funds** account for financial resources to be used for the acquisition or construction of major capital facilities.*

## **Non-Major Capital Projects Funds:**

**Veterans' Homes Capital Improvement** – Accounts for fees collected from the sale of bingo cards to be used for the construction or renovation of veterans' homes and cemeteries in the State.

**Water Pollution Control** – Accounts for bond sale proceeds to be used for the protection of the environment through the control of water pollution.

STATE OF MISSOURI  
 COMBINING BALANCE SHEET  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 June 30, 2012  
 (In Thousands of Dollars)

	Veterans' Homes Capital Improvement	Water Pollution Control	Totals  June 30, 2012
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,681	\$ 28	\$ 4,709
Investments	14,297	54	14,351
Invested Securities Lending Collateral	430	7	437
Accounts Receivable, Net	55	---	55
Interest Receivable	43	---	43
Inventories	7	---	7
	<b>Total Assets</b>	<b>\$ 89</b>	<b>\$ 19,602</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 69	\$ ---	\$ 69
Accrued Payroll	208	---	208
Due to Other Funds	216	---	216
Securities Lending Obligation	430	7	437
Deferred Revenue	31	---	31
	<b>Total Liabilities</b>	<b>7</b>	<b>961</b>
Fund Balances:			
Nonspendable	7	---	7
Restricted	18,552	82	18,634
	<b>Total Fund Balances</b>	<b>82</b>	<b>18,641</b>
	<b>Total Liabilities and Fund Balances</b>	<b>\$ 89</b>	<b>\$ 19,602</b>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	Veterans' Homes Capital Improvement	Water Pollution Control	Totals  June 30, 2012
<b>Revenues:</b>			
Contributions and Intergovernmental	\$ 680	\$ ---	\$ 680
Investment Earnings:			
Net Increase (Decrease) in the Fair Value of Investments	38	---	38
Interest	120	5	125
Cost Reimbursement/ Miscellaneous	4	35	39
<b>Total Revenues</b>	<b>842</b>	<b>40</b>	<b>882</b>
<b>Expenditures:</b>			
Current:			
General Government	230	---	230
Natural and Economic Resources	---	2,541	2,541
Transportation and Law Enforcement	4,542	---	4,542
Human Services	4	---	4
Capital Outlay:			
General Government	3	---	3
Transportation and Law Enforcement	2,685	---	2,685
<b>Total Expenditures</b>	<b>7,464</b>	<b>2,541</b>	<b>10,005</b>
<b>Excess Revenues (Expenditures)</b>	<b>(6,622)</b>	<b>(2,501)</b>	<b>(9,123)</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Capital Assets	1	---	1
Transfers In	6,000	---	6,000
<b>Total Other Financing Sources (Uses)</b>	<b>6,001</b>	<b>---</b>	<b>6,001</b>
<b>Net Change in Fund Balances</b>	<b>(621)</b>	<b>(2,501)</b>	<b>(3,122)</b>
Fund Balances – Beginning	19,173	2,583	21,756
Increase (Decrease) in Reserve for Inventory	7	---	7
<b>Fund Balances – Ending</b>	<b>\$ 18,559</b>	<b>\$ 82</b>	<b>\$ 18,641</b>



*The **Permanent Funds** account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.*

## **Permanent Funds:**

**Arrow Rock State Historic Site Endowment** – Accounts for moneys transferred from the State Parks Earnings Fund, as well as other moneys or property received by grant, gift, donation, or bequest specified for the enhancement of the Arrow Rock State Historic Site.

**Confederate Memorial Park** – Accounts for the income from investments acquired by gifts, donations, and bequests to be used for the maintenance of the Confederate Memorial Park.

**State Public School** – Accounts for all moneys, bonds, lands, and other properties belonging to or donated to the State for public school use in establishing and maintaining free public schools.

**Smith Memorial Endowment Trust** – Accounts for moneys bequeathed for the use and benefit of the Crippled Children's Service.

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
PERMANENT FUNDS  
June 30, 2012  
(In Thousands of Dollars)**

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Totals  June 30, 2012
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 7	\$ 42	\$ 451	\$ 92	\$ 592
Investments	21	131	40,650	279	41,081
Invested Securities Lending Collateral	1	4	42	8	55
Interest Receivable	---	---	---	1	1
<b>Total Assets</b>	<b>\$ 29</b>	<b>\$ 177</b>	<b>\$ 41,143</b>	<b>\$ 380</b>	<b>\$ 41,729</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Securities Lending Obligation	\$ 1	\$ 4	\$ 42	\$ 8	\$ 55
Deferred Revenue	---	---	---	1	1
<b>Total Liabilities</b>	<b>1</b>	<b>4</b>	<b>42</b>	<b>9</b>	<b>56</b>
Fund Balances:					
Nonspendable	28	75	41,101	365	41,569
Assigned	---	98	---	6	104
<b>Total Fund Balances</b>	<b>28</b>	<b>173</b>	<b>41,101</b>	<b>371</b>	<b>41,673</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29</b>	<b>\$ 177</b>	<b>\$ 41,143</b>	<b>\$ 380</b>	<b>\$ 41,729</b>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**PERMANENT FUNDS**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Totals <u>June 30,</u> <u>2012</u>
<b>Revenues:</b>					
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	\$ ---	\$ ---	\$ (43)	\$ ---	\$ (43)
Interest	---	1	---	2	3
Penalties and Unclaimed Properties	---	---	1,862	---	1,862
<b>Total Revenues</b>	<u>---</u>	<u>1</u>	<u>1,819</u>	<u>2</u>	<u>1,822</u>
<b>Net Change in Fund Balances</b>	---	1	1,819	2	1,822
Fund Balances – Beginning	<u>28</u>	<u>172</u>	<u>39,282</u>	<u>369</u>	<u>39,851</u>
Fund Balances – Ending	<u><u>\$ 28</u></u>	<u><u>\$ 173</u></u>	<u><u>\$ 41,101</u></u>	<u><u>\$ 371</u></u>	<u><u>\$ 41,673</u></u>

NOTE: There were no expenditures for the fiscal year ended June 30, 2012.

STATE OF MISSOURI  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 ALL APPROPRIATED PERMANENT FUNDS  
 For the Fiscal Year Ended June 30, 2012  
 (In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment			Confederate Memorial Park*			State Public School			Smith Memorial Endowment Trust			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>															
Interest	\$ ---	\$ ---	\$ ---	\$ 16	\$ 1	\$ (15)	\$ ---	\$ ---	\$ ---	\$ 3	\$ 2	\$ (1)	\$ 19	\$ 3	\$ (16)
Penalties and Unclaimed Property	---	---	---	---	---	---	---	38	38	---	---	---	---	38	38
Reimbursement/Miscellaneous	---	---	---	---	---	---	---	1,080	1,080	---	---	---	---	1,080	1,080
<b>Total Revenues</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>16</b>	<b>1</b>	<b>(15)</b>	<b>---</b>	<b>1,118</b>	<b>1,118</b>	<b>3</b>	<b>2</b>	<b>(1)</b>	<b>19</b>	<b>1,121</b>	<b>1,102</b>
<b>Expenditures:</b>															
<b>Current:</b>															
Human Services	---	---	---	---	---	---	---	---	---	35	---	35	35	---	35
<b>Total Expenditures</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>35</b>	<b>---</b>	<b>35</b>	<b>35</b>	<b>---</b>	<b>35</b>
Excess Revenues (Expenditures)	---	---	---	16	1	(15)	---	1,118	1,118	(32)	2	34	(16)	1,121	1,137
<b>Other Financing Sources (Uses):</b>															
Transfers In	---	---	---	---	---	---	1,825	1,825	---	---	---	---	1,825	1,825	---
<b>Total Other Financing Sources (Uses)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>1,825</b>	<b>1,825</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>1,825</b>	<b>1,825</b>	<b>---</b>
<b>Net Change in Fund Balances</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>16</b>	<b>1</b>	<b>(15)</b>	<b>1,825</b>	<b>2,943</b>	<b>1,118</b>	<b>(32)</b>	<b>2</b>	<b>34</b>	<b>1,809</b>	<b>2,946</b>	<b>1,137</b>
Fund Balances – Beginning	28	28	---	172	172	---	24,296	24,296	---	369	369	---	24,865	24,865	---
Fund Balances – Ending	<u>\$ 28</u>	<u>\$ 28</u>	<u>\$ ---</u>	<u>\$ 188</u>	<u>\$ 173</u>	<u>\$ (15)</u>	<u>\$ 26,121</u>	<u>\$ 27,239</u>	<u>\$ 1,118</u>	<u>\$ 337</u>	<u>\$ 371</u>	<u>\$ 34</u>	<u>\$ 26,674</u>	<u>\$ 27,811</u>	<u>\$ 1,137</u>
<b>Reconciling Items:</b>															
Reclassifying Cash Equivalents as Investments		(21)			(131)			(26,788)			(279)			(27,219)	
Investments at Fair Value		21			131			40,650			279			41,081	
Invested Securities Lending Collateral		1			4			42			8			55	
Interest Receivable		---			---			---			1			1	
Securities Lending Obligation		(1)			(4)			(42)			(8)			(55)	
Deferred Revenue		---			---			---			(1)			(1)	
Fund Balance – GAAP Basis		<u>\$ 28</u>			<u>\$ 173</u>			<u>\$ 41,101</u>			<u>\$ 371</u>			<u>\$ 41,673</u>	

\*Beginning balance was restated due to a restatement of cash and cash equivalents.

This schedule is continued on page 129.

This schedule is continued from page 128.



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*The **Enterprise Funds** account for operations that are financed and operated in a manner similar to private business enterprises.*

## **Non-Major Enterprise Funds:**

**State Fair Fees** – Accounts for the fairground admission fees used to improve the grounds and to pay the operating costs of the State Fair.

**State Parks** – Accounts for park concessions and contributions which are used to acquire and operate state parks.

**Natural Resources Revolving Services** – Accounts for moneys received from the delivery of services and the sale or resale of maps, plats, reports, studies, records, and other publications and documents.

**Historic Preservation Revolving** – Accounts for gifts, grants, and contributions used to acquire, preserve, restore, maintain, or operate any historical properties.

**Missouri Veterans' Homes** – Accounts for fees to provide services for persons confined to one of the veterans' homes.

**State Agency for Surplus Property** – Accounts for the surplus property operation.

**Department of Revenue Information** – Accounts for fees received by the Department of Revenue for publications and used to pay the costs of providing this information.

STATE OF MISSOURI  
 COMBINING STATEMENT OF NET ASSETS  
 NON-MAJOR ENTERPRISE FUNDS  
 June 30, 2012  
 (In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2012
<b>ASSETS</b>								
Current Assets:								
Cash and Cash Equivalents	\$ 123	\$ 7,799	\$ 187	\$ 362	\$ 1,102	\$ 761	\$ 546	\$ 10,880
Investments	375	23,825	570	1,104	3,368	2,325	1,682	33,249
Invested Securities Lending Collateral	11	716	17	33	101	70	50	998
Accounts Receivable, Net	---	520	---	---	5,464	---	81	6,065
Interest Receivable	1	---	---	4	11	7	---	23
Due from Other Funds	6	2	80	---	---	12	---	100
Inventories	4	543	473	---	552	---	---	1,572
Loans Receivable	---	---	---	605	---	---	---	605
Total Current Assets	<u>520</u>	<u>33,405</u>	<u>1,327</u>	<u>2,108</u>	<u>10,598</u>	<u>3,175</u>	<u>2,359</u>	<u>53,492</u>
Non-Current Assets:								
Capital Assets:								
Construction in Progress	---	4,688	---	---	134	---	---	4,822
Land	---	9,109	---	---	---	---	---	9,109
Land Improvements	75	8,444	---	---	182	214	---	8,915
Temporary Easements	---	50	---	---	---	---	---	50
Buildings	3	23,061	---	480	216	1,909	---	25,669
Equipment	416	13,689	17,432	32	7,519	1,424	204	40,716
Software	---	---	---	---	6	---	---	6
Less Accumulated Depreciation/Amortization	(427)	(26,803)	(11,906)	(192)	(3,397)	(1,649)	(193)	(44,567)
Total Non-Current Assets	<u>67</u>	<u>32,238</u>	<u>5,526</u>	<u>320</u>	<u>4,660</u>	<u>1,898</u>	<u>11</u>	<u>44,720</u>
Total Assets	<u>587</u>	<u>65,643</u>	<u>6,853</u>	<u>2,428</u>	<u>15,258</u>	<u>5,073</u>	<u>2,370</u>	<u>98,212</u>
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts Payable	104	142	41	2	1,713	25	1	2,028
Accrued Payroll	20	57	---	6	2,102	25	---	2,210
Due to Other Funds	42	3	9	---	17	3	1	75
Securities Lending Obligation	11	716	17	33	101	70	50	998
Obligations Under Lease Purchase	---	---	82	---	---	---	---	82
Compensated Absences	2	69	---	13	2,984	34	---	3,102
Total Current Liabilities	<u>179</u>	<u>987</u>	<u>149</u>	<u>54</u>	<u>6,917</u>	<u>157</u>	<u>52</u>	<u>8,495</u>
Non-Current Liabilities:								
Obligations Under Lease Purchase	---	---	274	---	---	---	---	274
Compensated Absences	---	25	---	---	---	---	---	25
Total Non-Current Liabilities	<u>---</u>	<u>25</u>	<u>274</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>299</u>
Total Liabilities	<u>179</u>	<u>1,012</u>	<u>423</u>	<u>54</u>	<u>6,917</u>	<u>157</u>	<u>52</u>	<u>8,794</u>
<b>NET ASSETS</b>								
Invested in Capital Assets, Net of Related Debt	67	32,238	5,170	320	4,660	1,898	11	44,364
Unrestricted	341	32,393	1,260	2,054	3,681	3,018	2,307	45,054
Total Net Assets	<u>\$ 408</u>	<u>\$ 64,631</u>	<u>\$ 6,430</u>	<u>\$ 2,374</u>	<u>\$ 8,341</u>	<u>\$ 4,916</u>	<u>\$ 2,318</u>	<u>\$ 89,418</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2012
<b>Operating Revenues:</b>								
Licenses, Fees, and Permits	\$ 2,832	\$ 5,486	\$ 12	\$ ---	\$ ---	\$ ---	\$ ---	\$ 8,330
Sales	---	840	112	---	215	2,893	1,383	5,443
Leases and Rentals	1,117	2,015	---	---	---	---	---	3,132
Charges for Services	---	---	---	---	25,684	---	---	25,684
Cost Reimbursement/Miscellaneous	2	1,379	15	27	---	327	---	1,750
Total Operating Revenues	<u>3,951</u>	<u>9,720</u>	<u>139</u>	<u>27</u>	<u>25,899</u>	<u>3,220</u>	<u>1,383</u>	<u>44,339</u>
<b>Operating Expenses:</b>								
Cost of Goods Sold	---	---	759	---	---	1,544	---	2,303
Personal Service	1,086	1,083	30	217	57,291	896	---	60,603
Operations	2,657	7,905	340	76	8,238	554	---	19,770
Inventories	9	111	26	3	9,457	8	60	9,674
Specific Programs	30	15	---	7	929	---	---	981
Depreciation/Amortization	16	1,533	1,128	10	634	213	12	3,546
Other Charges	172	72	2	29	91	5	---	371
Total Operating Expenses	<u>3,970</u>	<u>10,719</u>	<u>2,285</u>	<u>342</u>	<u>76,640</u>	<u>3,220</u>	<u>72</u>	<u>97,248</u>
Operating Income (Loss)	<u>(19)</u>	<u>(999)</u>	<u>(2,146)</u>	<u>(315)</u>	<u>(50,741)</u>	<u>---</u>	<u>1,311</u>	<u>(52,909)</u>
<b>Non-Operating Revenues (Expenses):</b>								
Contributions and Intergovernmental	119	1,025	2,289	---	55,989	38	---	59,460
Interest Expense	---	---	(2)	---	---	---	---	(2)
<b>Investment Earnings:</b>								
Net Increase (Decrease) in the Fair Value of Investments	1	64	2	3	9	6	4	89
Interest	2	---	---	14	29	19	---	64
Disposal of Capital Assets	---	13	25	---	(20)	147	---	165
Special Items	---	(224)	---	---	---	---	---	(224)
Total Non-Operating Revenues (Expenses)	<u>122</u>	<u>878</u>	<u>2,314</u>	<u>17</u>	<u>56,007</u>	<u>210</u>	<u>4</u>	<u>59,552</u>
Income (Loss) Before Transfers	103	(121)	168	(298)	5,266	210	1,315	6,643
Transfers In	---	---	---	---	27	---	---	27
Transfers Out	---	---	---	---	---	(30)	(98)	(128)
Change in Net Assets	103	(121)	168	(298)	5,293	180	1,217	6,542
Total Net Assets - Beginning	305	64,752	6,262	2,672	3,048	4,736	1,101	82,876
Total Net Assets - Ending	<u>\$ 408</u>	<u>\$ 64,631</u>	<u>\$ 6,430</u>	<u>\$ 2,374</u>	<u>\$ 8,341</u>	<u>\$ 4,916</u>	<u>\$ 2,318</u>	<u>\$ 89,418</u>

**STATE OF MISSOURI  
COMBINING STATEMENT OF CASH FLOWS  
NON-MAJOR ENTERPRISE FUNDS  
For the Fiscal Year Ended June 30, 2012  
(In Thousands of Dollars)**

	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2012
<b>Cash Flows from Operating Activities:</b>								
Receipts from Internal Customers and Users	\$ 94	\$ ---	\$ ---	\$ ---	\$ ---	\$ 662	\$ 1,381	\$ 2,137
Receipts from External Customers and Users	3,857	8,156	125	---	20,560	2,294	---	34,992
Payments to Suppliers	(2,589)	(1,115)	(1,180)	(79)	(16,653)	(2,481)	(20)	(24,117)
Payments to Employees	(1,085)	(8,339)	(30)	(220)	(56,262)	(898)	---	(66,834)
Payments Made for Program Expense	(30)	(15)	---	(7)	(929)	---	---	(981)
Other Receipts (Payments)	(172)	1,307	13	(2)	(91)	322	---	1,377
Net Cash Provided (Used) by Operating Activities	75	(6)	(1,072)	(308)	(53,375)	(101)	1,361	(53,426)
<b>Cash Flows from Non-Capital Financing Activities:</b>								
Loans Made to Outside Entities	---	---	---	14	---	---	---	14
Due to/from Other Funds	(3)	(37)	(25)	---	14	(14)	1	(64)
Contributions and Intergovernmental	119	1,025	2,267	---	55,961	---	---	59,372
Transfers to/from Other Funds	---	---	---	---	27	(30)	(98)	(101)
Net Cash Provided (Used) by Non-Capital Financing Activities	116	988	2,242	14	56,002	(44)	(97)	59,221
<b>Cash Flows from Capital and Related Financing Activities:</b>								
Interest Expense	---	---	(2)	---	---	---	---	(2)
Purchases and Construction of Capital Assets	(19)	---	(876)	---	(1,152)	---	---	(2,047)
Capital Lease Downpayment/Obligations	---	---	(38)	---	---	---	---	(38)
Disposal of Capital Assets	---	1,006	---	---	---	100	---	1,106
Net Cash Provided (Used) by Capital and Related Financing Activities	(19)	1,006	(916)	---	(1,152)	100	---	(981)
<b>Cash Flows from Investing Activities:</b>								
Proceeds from Investment Maturities	---	---	---	78	---	---	---	78
Purchase of Investments	(155)	(3,765)	(229)	---	(1,357)	(217)	(1,039)	(6,762)
Interest and Dividends Received	1	---	---	13	28	17	---	59
Net Cash Provided (Used) by Investing Activities	(154)	(3,765)	(229)	91	(1,329)	(200)	(1,039)	(6,625)
Net Increase (Decrease) in Cash	18	(1,777)	25	(203)	146	(245)	225	(1,811)
Cash and Cash Equivalents, Beginning of Year	105	9,576	162	565	956	1,006	321	12,691
Cash and Cash Equivalents, End of Year	\$ 123	\$ 7,799	\$ 187	\$ 362	\$ 1,102	\$ 761	\$ 546	\$ 10,880
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>								
Operating Income (Loss)	\$ (19)	\$ (999)	\$ (2,146)	\$ (315)	\$ (50,741)	\$ ---	\$ 1,311	\$ (52,909)
Depreciation/Amortization Expense	16	1,533	1,128	10	634	213	12	3,546
Changes in Assets and Liabilities:								
Accounts Receivable	---	(185)	1	---	(5,339)	63	(2)	(5,462)
Inventories	(3)	101	8	---	(170)	---	62	(2)
Accounts Payable	80	(22)	(63)	---	1,212	(375)	(22)	810
Accrued Payroll	1	(90)	---	(1)	338	---	---	248
Compensated Absences	---	(344)	---	(2)	691	(2)	---	343
Net Cash Provided (Used) by Operating Activities	\$ 75	\$ (6)	\$ (1,072)	\$ (308)	\$ (53,375)	\$ (101)	\$ 1,361	\$ (53,426)
<b>Non-Cash Financing and Investing Activities:</b>								
Capital Lease Issuance	\$ ---	\$ ---	\$ 328	\$ ---	\$ ---	\$ ---	\$ ---	\$ 328
Capital Asset Donations	---	---	22	---	28	38	---	88
Increase (Decrease) in Fair Value of Investments	1	64	2	3	9	6	4	89
Net Non-Cash Financing and Investing Activities	\$ 1	\$ 64	\$ 352	\$ 3	\$ 37	\$ 44	\$ 4	\$ 505



*The **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the State on a cost-reimbursement basis.*

## **Internal Service Funds:**

**Natural Resources Cost Allocation** – Accounts for the administrative costs of the Department of Natural Resources.

**Mental Health Interagency Payments** – Accounts for moneys received through interagency agreements for services provided by other agencies.

**State Facility Maintenance and Operation** – Accounts for moneys collected from tenants for rent to cover the costs of operations in state-owned office buildings and institutions, charges to tenants in leased space to cover costs of real estate administrative services, and charges to capital improvement projects to cover the costs of project management services.

**Office of Administration Revolving** – Accounts for the following operations: printing services, flight operations, vehicle management, garage services, data processing and telecommunication services, building and grounds, insurance services, postage, and personnel administration.

**Working Capital Revolving** – Accounts for the operation of correctional industry programs and correctional farm programs.

**General Government Revolving** – Accounts for various service operations of the House of Representatives, Supreme Court, Adjutant General, Senate, Treasurer, and Department of Corrections.

**Social Services Administrative Trust** – Accounts for moneys transferred or paid to the Department of Social Services from any governmental entity or the public for goods and services provided.

**Economic Development Administrative** – Accounts for moneys collected for goods and services provided to other divisions and used to pay the cost of providing such services.

**Professional Registration Fees** – Accounts for moneys received from the professional boards for administrative services.

**Conservation Employees' Insurance Plan** – Accounts for health insurance coverage on a self-insured basis and life insurance coverage by a third party provider for Department of Conservation employees.

**Transportation Self-Insurance Plan** – Accounts for highway and highway patrol moneys used to pay workers' compensation claims. Moneys are also used to pay auto claims against the Department of Transportation.

**Missouri State Employees' Insurance Plan** – Accounts for long-term disability and death benefits provided on a self-insured basis for state employees.

**Missouri Consolidated Health Care Plan** – Accounts for medical care benefits provided on a self-insured basis for active state employees.

**MoDOT and MSHP Medical and Life Insurance Plan** – Accounts for the medical coverage provided on a self-insured basis and death benefits provided on an insured basis to Department of Transportation employees and members of the Missouri State Highway Patrol.

**STATE OF MISSOURI  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
June 30, 2012  
(In Thousands of Dollars)**

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	MoDOT & MSHP Medical and Life Insurance Plan	Totals June 30, 2012
<b>ASSETS</b>															
Current Assets:															
Cash and Cash Equivalents	\$ 226	\$ 483	\$ 1,115	\$ 2,765	\$ 2,640	\$ 311	\$ 40	\$ 59	\$ 71	\$ 478	\$ 10,038	\$ ---	\$ 145,622	\$ 9,576	\$ 173,424
Investments	692	1,475	3,402	10,153	8,064	951	120	179	206	3,787	7,402	3,532	34,917	2,090	76,970
Restricted:															
Investments	---	---	---	---	---	---	---	---	---	---	200	---	---	100	300
Invested Securities Lending Collateral	21	44	102	305	242	29	4	5	6	---	---	---	---	---	758
Accounts Receivable, Net	---	---	---	4,115	706	39,589	---	---	---	694	---	959	3,126	1,597	50,786
Interest Receivable	---	---	---	---	---	---	---	---	---	8	150	---	---	81	239
Due from Other Funds	---	101	13,634	5,994	556	20	32	1	---	---	---	---	---	---	20,338
Due from Component Units	---	---	---	1	---	---	---	---	---	---	---	---	---	---	1
Inventories	147	16	6,850	1,381	10,757	---	168	2	14	---	---	---	---	---	19,335
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	122	---	122
Total Current Assets	1,086	2,119	25,103	24,714	22,965	40,900	364	246	297	4,967	17,790	4,491	183,787	13,444	342,273
Non-Current Assets:															
Investments	---	---	---	---	---	---	---	---	---	---	61,604	---	---	40,289	101,893
Restricted Assets:															
Cash and Cash Equivalents	---	---	1,007	571	---	---	---	---	---	---	---	---	---	---	1,578
Capital Assets:															
Construction in Progress	---	---	33	1,257	1,021	---	---	---	---	---	---	---	---	---	2,311
Software in Progress	454	---	---	---	---	2,364	---	---	---	---	---	---	---	---	2,818
Land	---	---	7,681	---	40	---	---	---	---	---	---	---	---	---	7,721
Land Improvements	---	---	3,052	---	62	---	---	---	---	---	---	---	---	---	3,114
Buildings	4,761	---	514,277	2,950	6,348	---	---	---	2,338	---	---	---	---	---	530,674
Equipment	5,438	2,439	14,027	57,572	20,633	2,254	4	291	1,903	---	---	3	2,914	---	107,478
Software	1,464	603	12	1,159	332	7,040	---	3	---	---	---	3	---	---	10,616
Less Accumulated Depreciation/Amortization	(7,439)	(2,300)	(160,367)	(42,395)	(22,507)	(2,125)	(4)	(276)	(2,837)	---	---	(1)	(2,569)	---	(242,820)
Total Non-Current Assets	4,678	742	379,722	21,114	5,929	9,533	---	18	1,404	---	61,604	5	345	40,289	525,383
Total Assets	5,764	2,861	404,825	45,828	28,894	50,433	364	264	1,701	4,967	79,394	4,496	184,132	53,733	867,656
<b>LIABILITIES</b>															
Current Liabilities:															
Bank Overdraft	---	---	---	---	---	---	---	---	---	---	---	2	---	---	2
Accounts Payable	99	3	3,951	1,458	75	668	3	14	221	374	11	3,703	24,381	2,314	37,275
Accrued Payroll	226	---	1,038	361	243	26	---	31	144	---	---	---	---	---	2,069
Due to Other Funds	21	---	37	15	123	102	---	4	11	---	---	---	---	---	313
Securities Lending Obligation	21	44	102	305	242	29	4	5	6	---	---	---	---	---	758
Unearned Revenue	---	---	---	276	---	---	---	---	---	17	---	---	26,245	7,794	34,332
Claims Liability	---	---	---	---	---	---	---	---	---	2,650	23,781	---	32,384	11,500	70,315
Obligations under Lease Purchase	351	---	1,289	3,181	8	---	---	5	---	---	---	---	42	---	4,876
Compensated Absences	489	---	2,359	678	554	43	---	45	223	---	---	---	---	---	4,391
Total Current Liabilities	1,207	47	8,776	6,274	1,245	868	7	99	610	3,041	23,792	3,705	83,052	21,608	154,331
Non-Current Liabilities:															
Claims Liability	---	---	---	---	---	---	---	---	---	---	64,044	---	---	---	64,044
Obligations under Lease Purchase	711	---	32,002	11,780	41	---	---	---	25	---	---	---	43	---	44,602
Compensated Absences	67	---	70	175	2	---	---	---	64	---	---	---	241	---	639
Total Non-Current Liabilities	778	---	32,072	11,955	43	---	---	---	89	---	64,044	---	284	---	109,285
Total Liabilities	1,985	47	40,848	18,229	1,288	868	7	119	699	3,041	87,836	3,705	83,336	21,608	263,616
<b>NET ASSETS</b>															
Invested in Capital Assets, Net of Related Debt	3,616	742	345,424	5,582	5,880	9,533	---	18	1,374	---	---	5	260	---	372,434
Restricted for:															
Revenue Bonds	---	---	1,007	---	---	---	---	---	---	---	---	---	---	---	1,007
Other Purposes	---	---	---	571	---	---	---	---	---	---	200	---	---	100	871
Unrestricted	163	2,072	17,546	21,446	21,726	40,032	357	127	(372)	1,926	(8,642)	786	100,536	32,025	229,728
Total Net Assets	\$ 3,779	\$ 2,814	\$ 363,977	\$ 27,599	\$ 27,606	\$ 49,565	\$ 357	\$ 145	\$ 1,002	\$ 1,926	\$ (8,442)	\$ 791	\$ 100,796	\$ 32,125	\$ 604,040

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	MoDOT & MSHP Medical and Life Insurance Plan	Totals June 30, 2012
<b>Operating Revenues:</b>															
Employer Contributions	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 9,871	\$ 22,000	\$ ---	\$ 333,672	\$ 78,752	\$ 444,295
Employee Contributions	---	---	---	---	---	---	---	---	---	6,598	---	46,079	89,798	35,636	178,111
Medicare Part D Subsidy	---	---	---	---	---	---	---	---	---	409	---	---	---	4,124	4,533
Licenses, Fees, and Permits	---	---	---	---	---	19,492	---	---	1	---	---	---	---	---	19,493
Sales	---	---	2	---	27,892	11	4	---	---	---	---	---	---	---	27,909
Leases and Rentals	---	---	106,528	---	228	8	---	---	---	---	---	---	---	---	106,764
Charges for Services	13,525	7,264	3,497	87,048	---	720	815	801	6,119	---	---	---	---	---	119,789
Cost Reimbursement/Miscellaneous	64	241	194	2,416	3	15	---	156	3	1,388	229	608	---	1,880	7,197
<b>Total Operating Revenues</b>	<b>13,589</b>	<b>7,505</b>	<b>110,221</b>	<b>89,464</b>	<b>28,123</b>	<b>20,246</b>	<b>819</b>	<b>957</b>	<b>6,123</b>	<b>18,266</b>	<b>22,229</b>	<b>46,687</b>	<b>423,470</b>	<b>120,392</b>	<b>908,091</b>
<b>Operating Expenses:</b>															
Cost of Goods Sold	---	---	---	13,194	11,653	---	---	---	---	---	---	---	---	---	24,847
Personal Service	8,599	---	37,152	12,092	9,134	1,075	---	778	4,751	---	---	546	2,995	---	77,122
Operations	3,599	166	65,041	51,416	5,699	6,162	980	147	1,197	2,546	602	254	14,873	6,969	159,651
Inventories	---	---	---	30	---	52	---	15	42	---	---	---	---	---	139
Specific Programs	12	8,496	67	---	6	3,291	---	---	5	---	---	17,500	---	---	29,377
Insurance Benefits	---	---	---	---	---	---	---	---	---	17,129	13,292	28,556	369,224	111,926	540,127
Depreciation/Amortization	731	9	14,017	7,041	938	368	---	16	206	---	---	1	182	---	23,509
Other Charges	80	1	97	55	1,390	95	---	4	215	10	---	---	---	---	1,947
<b>Total Operating Expenses</b>	<b>13,021</b>	<b>8,672</b>	<b>116,374</b>	<b>83,828</b>	<b>28,820</b>	<b>11,043</b>	<b>980</b>	<b>960</b>	<b>6,416</b>	<b>19,685</b>	<b>13,894</b>	<b>46,857</b>	<b>387,274</b>	<b>118,895</b>	<b>856,719</b>
<b>Operating Income (Loss)</b>	<b>568</b>	<b>(1,167)</b>	<b>(6,153)</b>	<b>5,636</b>	<b>(697)</b>	<b>9,203</b>	<b>(161)</b>	<b>(3)</b>	<b>(293)</b>	<b>(1,419)</b>	<b>8,335</b>	<b>(170)</b>	<b>36,196</b>	<b>1,497</b>	<b>51,372</b>
<b>Non-Operating Revenues (Expenses):</b>															
Contributions and Intergovernmental	---	---	34	---	---	(1)	---	---	---	---	---	---	---	1	34
Interest Expense	(4)	---	(1,528)	(205)	(2)	---	---	---	(1)	---	---	---	---	---	(1,740)
Investment Earnings:															
Net Increase (Decrease) in the Fair Value of Investments	2	4	9	27	22	3	---	---	---	2	(283)	---	---	(238)	(452)
Interest	---	---	7	---	---	---	---	---	---	88	1,805	11	853	1,102	3,866
Penalties and Unclaimed Properties	1	---	---	---	---	---	---	---	---	---	---	---	---	---	1
Disposal of Capital Assets	(2)	---	(5)	---	(2,673)	3	---	---	---	---	---	---	---	---	(2,677)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(3)</b>	<b>4</b>	<b>(1,483)</b>	<b>(178)</b>	<b>(2,653)</b>	<b>5</b>	<b>---</b>	<b>---</b>	<b>(1)</b>	<b>90</b>	<b>1,522</b>	<b>11</b>	<b>853</b>	<b>865</b>	<b>(968)</b>
<b>Income (Loss) Before Transfers</b>	<b>565</b>	<b>(1,163)</b>	<b>(7,636)</b>	<b>5,458</b>	<b>(3,350)</b>	<b>9,208</b>	<b>(161)</b>	<b>(3)</b>	<b>(294)</b>	<b>(1,329)</b>	<b>9,857</b>	<b>(159)</b>	<b>37,049</b>	<b>2,362</b>	<b>50,404</b>
Transfers In	---	144	5	---	---	---	---	---	---	---	---	---	---	---	149
Transfers Out	---	(5)	---	(726)	---	(31)	---	---	(5)	---	---	---	---	---	(767)
<b>Change in Net Assets</b>	<b>565</b>	<b>(1,024)</b>	<b>(7,631)</b>	<b>4,732</b>	<b>(3,350)</b>	<b>9,177</b>	<b>(161)</b>	<b>(3)</b>	<b>(299)</b>	<b>(1,329)</b>	<b>9,857</b>	<b>(159)</b>	<b>37,049</b>	<b>2,362</b>	<b>49,786</b>
Total Net Assets - Beginning	3,214	3,838	371,608	22,867	30,956	40,388	518	148	1,301	3,255	(18,299)	950	63,747	29,763	554,254
<b>Total Net Assets - Ending</b>	<b>\$ 3,779</b>	<b>\$ 2,814</b>	<b>\$ 363,977</b>	<b>\$ 27,599</b>	<b>\$ 27,606</b>	<b>\$ 49,565</b>	<b>\$ 357</b>	<b>\$ 145</b>	<b>\$ 1,002</b>	<b>\$ 1,926</b>	<b>\$ (8,442)</b>	<b>\$ 791</b>	<b>\$ 100,796</b>	<b>\$ 32,125</b>	<b>\$ 604,040</b>

**STATE OF MISSOURI  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2012  
(In Thousands of Dollars)**

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	MoDOT & MSHP Medical and Life Insurance Plan	Totals June 30, 2012
<b>Cash Flows from Operating Activities:</b>															
Receipts from Internal Customers and Users	\$ 13,525	\$ 7,258	\$ 110,027	\$ 85,212	\$ 20,249	\$ 103	\$ 815	\$ 801	\$ 6,120	\$ 9,670	\$ 22,000	\$ ---	\$ 333,751	\$ 78,752	\$ 688,283
Receipts from External Customers and Users	---	6	---	875	7,689	11,422	4	---	---	7,007	---	46,228	89,798	41,047	204,076
Payments to Suppliers	(3,792)	(165)	(65,574)	(64,680)	(18,970)	(6,783)	(1,149)	(158)	(1,083)	(2,251)	(601)	(151)	(11,403)	(8,393)	(185,153)
Payments to Employees	(8,619)	---	(37,264)	(12,071)	(9,174)	(1,100)	---	(757)	(4,760)	---	---	(546)	(2,984)	---	(77,275)
Payments Made for Program Expense	(12)	(8,496)	(67)	---	(6)	(3,291)	---	---	(5)	(16,805)	(15,451)	(46,056)	(373,230)	(111,826)	(575,245)
Other Receipts (Payments)	(16)	240	97	2,361	(1,387)	(80)	---	152	(212)	1,378	229	608	---	1,880	5,250
Net Cash Provided (Used) by Operating Activities	1,086	(1,157)	7,219	11,697	(1,599)	271	(330)	38	60	(1,001)	6,177	83	35,932	1,460	59,936
<b>Cash Flows from Non-Capital Financing Activities:</b>															
Due to/from Other Funds	(63)	189	(2,012)	(3,103)	354	(108)	4	(1)	36	---	---	---	---	---	(4,704)
Contributions and Intergovernmental	---	---	34	---	---	(1)	---	---	---	---	---	---	---	1	34
Transfers to/from Other Funds	---	139	5	(726)	---	(31)	---	---	(5)	---	---	---	---	---	(618)
Net Cash Provided (Used) by Non-Capital Financing Activities	(63)	328	(1,973)	(3,829)	354	(140)	4	(1)	31	---	---	---	---	1	(5,288)
<b>Cash Flows from Capital and Related Financing Activities:</b>															
Interest Expense	(4)	---	(1,528)	(205)	(2)	---	---	---	(1)	---	---	---	---	---	(1,740)
Purchase and Construction of Capital Assets	(627)	---	(633)	(8,756)	(1,768)	(2,369)	---	(1)	(71)	---	---	(6)	(69)	---	(14,300)
Capital Lease Downpayment/Obligations	(351)	---	(3,561)	(2,783)	(8)	---	---	---	---	---	---	---	(40)	---	(6,743)
Net Cash Provided (Used) by Capital and Related Financing Activities	(982)	---	(5,722)	(11,744)	(1,778)	(2,369)	---	(1)	(72)	---	---	(6)	(109)	---	(22,783)
<b>Cash Flows from Investing Activities:</b>															
Proceeds from Sales and Investment Maturities	---	411	---	1,592	1,226	1,417	209	---	---	271	51,105	911,276	14	37,164	1,004,685
Purchase of Investments	(99)	---	(26)	---	---	---	---	(42)	(16)	---	(58,951)	(911,365)	---	(37,220)	(1,007,719)
Interest and Dividends Received	---	---	7	---	---	---	---	---	---	90	1,867	11	853	1,223	4,051
Investment Fees	---	---	---	---	---	---	---	---	---	---	---	---	---	(45)	(45)
Penalties and Other Receipts	1	---	---	---	---	---	---	---	---	---	---	---	---	---	1
Net Cash Provided (Used) by Investing Activities	(98)	411	(19)	1,592	1,226	1,417	209	(42)	(16)	361	(5,979)	(78)	867	1,122	973
Net Increase (Decrease) in Cash	(57)	(418)	(495)	(2,284)	(1,797)	(821)	(117)	(6)	3	(640)	198	(1)	36,690	2,583	32,838
Cash and Cash Equivalents, Beginning of Year	283	901	2,617	5,620	4,437	1,132	157	65	68	1,118	9,840	(1)	108,932	6,993	142,162
Cash and Cash Equivalents, End of Year	\$ 226	\$ 483	\$ 2,122	\$ 3,336	\$ 2,640	\$ 311	\$ 40	\$ 59	\$ 71	\$ 478	\$ 10,038	\$ (2)	\$ 145,622	\$ 9,576	\$ 175,000
<b>Reconciliation of Operating Income (Loss) of Net Cash Provided (Used) by Operating Activities:</b>															
Operating Income (Loss)	\$ 568	\$ (1,167)	\$ (6,153)	\$ 5,636	\$ (697)	\$ 9,203	\$ (161)	\$ (3)	\$ (293)	\$ (1,419)	\$ 8,335	\$ (170)	\$ 36,196	\$ 1,497	\$ 51,372
Depreciation/Amortization Expense	731	9	14,017	7,041	938	368	---	16	206	---	---	1	182	---	23,509
Changes in Assets and Liabilities:															
Accounts Receivable	---	---	---	(1,156)	(182)	(8,706)	---	---	---	(206)	---	---	(943)	1,441	(9,603)
Inventories	(144)	---	(750)	(184)	(1,640)	---	(168)	---	(2)	---	---	---	---	---	(2,888)
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	(91)	---	(91)
Accounts Payable	(49)	1	217	144	22	(569)	(1)	4	156	295	1	103	3,561	(1,424)	2,461
Accrued Payroll	(8)	---	(38)	10	(14)	(13)	---	7	(9)	---	---	---	---	---	(65)
Unearned Revenue	---	---	---	195	---	---	---	---	---	5	---	---	1,022	(154)	1,068
Claims Liability	---	---	---	---	---	---	---	---	---	324	(2,159)	---	(4,006)	100	(5,741)
Compensated Absences	(12)	---	(74)	11	(26)	(12)	---	14	2	---	---	---	11	---	(86)
Net Cash Provided (Used) by Operating Activities	\$ 1,086	\$ (1,157)	\$ 7,219	\$ 11,697	\$ (1,599)	\$ 271	\$ (330)	\$ 38	\$ 60	\$ (1,001)	\$ 6,177	\$ 83	\$ 35,932	\$ 1,460	\$ 59,936
<b>Non-Cash Financing and Investing Activities:</b>															
Capital Lease Issuance	\$ ---	\$ ---	\$ ---	\$ 1,486	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 125	\$ ---	\$ 1,611
Capital Asset Donations	---	---	5	324	---	---	---	---	---	---	---	---	---	---	329
Increase (Decrease) in Fair Value of Investments	2	4	9	27	22	3	---	---	---	2	(283)	---	---	(238)	(452)
Net Non-Cash Financing and Investing Activities	\$ 2	\$ 4	\$ 14	\$ 1,837	\$ 22	\$ 3	\$ ---	\$ ---	\$ ---	\$ 2	\$ (283)	\$ ---	\$ 125	\$ (238)	\$ 1,488



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*The **Fiduciary Funds** account for assets held by the State in a trustee or agent capacity.*

## **Pension (and Other Employee Benefit) Trust Funds:**

### **Missouri State Employees' Retirement System:**

**Missouri State Employees' Plan** – Accounts for retirement, survivor, and disability benefits paid to employees of the State who are not covered under another state-sponsored retirement plan.

**Judicial Plan** – Accounts for retirement, survivor, and disability benefits to judges in the State of Missouri.

**Missouri Department of Transportation and Highway Patrol Employees' Retirement System** – Accounts for retirement, survivor, and disability benefits paid to Department of Transportation employees and members of the Missouri State Highway Patrol.

**Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust** – Accounts for health and welfare benefits paid for the exclusive benefit of current and future retired employees of the State who are not covered under another state-sponsored other post-employment benefit plan.

**Missouri State Public Employees' Deferred Compensation Incentive (IRC 401a) Plan** – Accounts for retirement benefits paid to employees of the State.

**Missouri State Public Employees' Deferred Compensation (IRC 457) Plan** – Accounts for deposits from State employees, which are invested for the benefit of the employees until properly authorized to distribute.

## **Private-Purpose Trust Funds:**

**Alternative Care Trust** – Accounts for all moneys received and spent by the Division of Family Services on behalf of children in their custody.

**Johnson-Travis Memorial Trust** – Accounts for all moneys, stocks, and securities given to the State by Miss Pansy Johnson or for the benefit of the Pansy Johnson-Travis Memorial State Gardens. Moneys will be used solely to establish, develop, and maintain the gardens.

**Unclaimed Property** – Accounts for moneys unpaid or unclaimed within one year after final settlement of any executor or administrator, assignee, sheriff or receiver and all unclaimed deposits, dividends, and interest of banks unable to locate the owners.

## **Agency Funds:**

**Social Security Contributions** – Accounts for the receipt of contributions from various state funds for the State's share of social security contributions, which are due to the Federal Social Security Administration.

**Missouri State Employees' Voluntary Life Insurance** – Accounts for moneys withheld from employees' compensation for the contracts entered into with life insurance companies.

**Program** – Accounts for the receipt of various taxes, refundable deposits, and other moneys to be held until the State has the right or obligation to distribute them to various entities or individuals.

**Institution** – Accounts for deposits to various institutional accounts and other receipts held by the State until there is proper authorization to disburse them directly to others.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**  
**June 30, 2012**  
**(In Thousands of Dollars)**

	Missouri State Employees' Retirement System		Missouri Department of Transportation and Highway Patrol Employees' Retirement System	Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust	Missouri State Public Employees' Deferred Compensation		Totals
	Missouri State Employees' Plan	Judicial Plan			401 (a) Plan	457 Plan	June 30, 2012
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 879,730	\$ 11,473	\$ 104	\$ 4,240	\$ 253	\$ 744	\$ 896,544
Investments at Fair Value	6,670,250	86,991	1,533,376	76,407	396,256	1,140,945	9,904,225
Invested Securities							
Lending Collateral	683,562	8,915	57,497	---	---	---	749,974
Receivables:							
Accounts Receivable	57,456	1,706	13,256	18,586	273	821	92,098
Interest Receivable	---	---	3,764	---	---	---	3,764
Prepaid Expenses	41	1	6	---	---	---	48
Capital Assets:							
Land	264	3	84	---	---	---	351
Buildings	3,623	47	582	---	---	---	4,252
Equipment	1,643	21	176	---	---	---	1,840
Software	123	2	3,248	---	---	---	3,373
Accumulated Depreciation/ Amortization	(2,629)	(34)	(1,175)	---	---	---	(3,838)
Total Capital Assets, Net	3,024	39	2,915	---	---	---	5,978
Total Assets	8,294,063	109,125	1,610,918	99,233	396,782	1,142,510	11,652,631
<b>LIABILITIES</b>							
Accounts Payable	30,068	392	11,816	268	39	113	42,696
Securities Lending Obligation	681,551	8,889	57,698	---	---	---	748,138
Unearned Revenue	---	---	---	5,314	---	---	5,314
Claims Liability	---	---	---	10,052	---	---	10,052
Compensated Absences	561	7	---	---	---	---	568
Total Liabilities	712,180	9,288	69,514	15,634	39	113	806,768
Net Assets Held in Trust for Benefits	\$ 7,581,883	\$ 99,837	\$ 1,541,404	\$ 83,599	\$ 396,743	\$ 1,142,397	\$ 10,845,863

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	Missouri State Employees' Retirement System		Missouri Department of Transportation and Highway Patrol Employees' Retirement System	Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust	Missouri State Public Employees' Deferred Compensation		Totals  June 30, 2012
	Missouri State Employees' Plan	Judicial Plan			401 (a) Plan	457 Plan	
<b>Additions:</b>							
Contributions:							
Employer	\$ 263,374	\$ 26,325	\$ 164,880	\$ 65,366	\$ ---	\$ ---	\$ 519,945
Plan Member	7,825	150	203	50,832	---	51,071	110,081
Other	2,675	---	1,174	---	35,844	612	40,305
Total Contributions	<u>273,874</u>	<u>26,475</u>	<u>166,257</u>	<u>116,198</u>	<u>35,844</u>	<u>51,683</u>	<u>670,331</u>
Investment Earnings:							
Increase (Decrease) in Appreciation of Assets	173,456	2,262	24,342	---	(2,094)	(9,137)	188,829
Interest and Dividends	94,408	1,230	34,245	3,492	7,594	17,823	158,792
Securities Lending Income	1,788	23	210	---	---	---	2,021
Total Investment Earnings	<u>269,652</u>	<u>3,515</u>	<u>58,797</u>	<u>3,492</u>	<u>5,500</u>	<u>8,686</u>	<u>349,642</u>
Less Investment Expenses:							
Investment Activity Expense	(111,280)	(1,451)	(16,706)	---	---	---	(129,437)
Securities Lending Expense	(270)	(4)	---	---	---	---	(274)
Total Investment Expense	<u>(111,550)</u>	<u>(1,455)</u>	<u>(16,706)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(129,711)</u>
Net Investment Earnings	<u>158,102</u>	<u>2,060</u>	<u>42,091</u>	<u>3,492</u>	<u>5,500</u>	<u>8,686</u>	<u>219,931</u>
Cost Reimbursement/ Miscellaneous	448	6	14	---	---	---	468
Total Additions	<u>432,424</u>	<u>28,541</u>	<u>208,362</u>	<u>119,690</u>	<u>41,344</u>	<u>60,369</u>	<u>890,730</u>
<b>Deductions:</b>							
Benefits	611,522	26,821	219,704	109,968	31,533	---	999,548
Administrative Expenses	6,792	88	2,553	6,343	196	547	16,519
Program Distributions	123	---	---	---	---	69,011	69,134
Service Transfer Payments	588	---	---	---	---	---	588
Depreciation/Amortization	225	3	382	---	---	---	610
Total Deductions	<u>619,250</u>	<u>26,912</u>	<u>222,639</u>	<u>116,311</u>	<u>31,729</u>	<u>69,558</u>	<u>1,086,399</u>
Change in Net Assets	(186,826)	1,629	(14,277)	3,379	9,615	(9,189)	(195,669)
Net Assets Held in Trust for Benefits							
Beginning of Year	<u>7,768,709</u>	<u>98,208</u>	<u>1,555,681</u>	<u>80,220</u>	<u>387,128</u>	<u>1,151,586</u>	<u>11,041,532</u>
End of Year	<u>\$ 7,581,883</u>	<u>\$ 99,837</u>	<u>\$ 1,541,404</u>	<u>\$ 83,599</u>	<u>\$ 396,743</u>	<u>\$ 1,142,397</u>	<u>\$ 10,845,863</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**June 30, 2012**  
**(In Thousands of Dollars)**

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Totals June 30, 2012
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,322	\$ 196	\$ 6,164	\$ 7,682
Investments at Fair Value	4,039	657	18,827	23,523
Invested Securities Lending Collateral	121	18	566	705
Interest Receivable	14	2	---	16
Inventories	---	---	2	2
Capital Assets:				
Equipment	---	---	49	49
Software	---	---	8	8
Less: Accumulated Depreciation/Amortization	---	---	(49)	(49)
Total Capital Assets, Net	---	---	8	8
<b>Total Assets</b>	<b>5,496</b>	<b>873</b>	<b>25,567</b>	<b>31,936</b>
<b>LIABILITIES</b>				
Accounts Payable	874	---	12	886
Accrued Payroll	---	---	20	20
Securities Lending Obligation	121	18	566	705
<b>Total Liabilities</b>	<b>995</b>	<b>18</b>	<b>598</b>	<b>1,611</b>
<b>NET ASSETS</b>				
Net Assets Held in Trust for Other Purposes	\$ 4,501	\$ 855	\$ 24,969	\$ 30,325

STATE OF MISSOURI  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PRIVATE-PURPOSE TRUST FUNDS  
For the Fiscal Year Ended June 30, 2012  
(In Thousands of Dollars)

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Totals  June 30, 2012
<b>Additions:</b>				
Increase (Decrease) in Appreciation of Assets	\$ 11	\$ ---	\$ 50	\$ 61
Interest	40	7	---	47
Total Investment Earnings	51	7	50	108
Unclaimed Property	---	---	42,921	42,921
Cost Reimbursement/Miscellaneous	13,798	---	1	13,799
 Total Additions	 13,849	 7	 42,972	 56,828
<b>Deductions:</b>				
Administrative Expenses	---	---	1,724	1,724
Program Distributions	13,900	---	36,416	50,316
Depreciation/Amortization	---	---	13	13
 Total Deductions	 13,900	 ---	 38,153	 52,053
 Change in Net Assets	 (51)	 7	 4,819	 4,775
 Net Assets – Beginning	 4,552	 848	 20,150	 25,550
 Net Assets – Ending	 \$ 4,501	 \$ 855	 \$ 24,969	 \$ 30,325

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
AGENCY FUNDS  
June 30, 2012  
(In Thousands of Dollars)**

	Social Security Contributions	Missouri State Employees' Voluntary Life Insurance	Program	Institution	Totals June 30, 2012
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 25	\$ 39	\$ 4,862	\$ 31,916	\$ 36,842
Investments at Fair Value	76	119	483,657	1,577	485,429
Invested Securities Lending Collateral	2	4	93	---	99
Receivables:					
Accounts Receivable	5,742	---	319,919	446	326,107
Interest Receivable	---	---	43	---	43
Total Assets	<u>\$ 5,845</u>	<u>\$ 162</u>	<u>\$ 808,574</u>	<u>\$ 33,939</u>	<u>\$ 848,520</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ ---	\$ ---	\$ 31	\$ ---	\$ 31
Due to Other Entities	5,843	158	802,641	---	808,642
Due to Individuals	---	---	5,809	33,939	39,748
Securities Lending Obligation	2	4	93	---	99
Total Liabilities	<u>\$ 5,845</u>	<u>\$ 162</u>	<u>\$ 808,574</u>	<u>\$ 33,939</u>	<u>\$ 848,520</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b><u>SOCIAL SECURITY CONTRIBUTIONS</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 33	\$ 144,458	\$ 144,466	\$ 25
Investments at Fair Value	68	76	68	76
Invested Securities Lending Collateral	4	2	4	2
Accounts Receivable	5,932	5,742	5,932	5,742
Total Assets	<u>\$ 6,037</u>	<u>\$ 150,278</u>	<u>\$ 150,470</u>	<u>\$ 5,845</u>
<b>LIABILITIES</b>				
Due to Other Entities	\$ 6,033	\$ 438,083	\$ 438,273	\$ 5,843
Securities Lending Obligation	4	2	4	2
Total Liabilities	<u>\$ 6,037</u>	<u>\$ 438,085</u>	<u>\$ 438,277</u>	<u>\$ 5,845</u>
<b><u>MISSOURI STATE EMPLOYEES'</u></b>				
<b><u>VOLUNTARY LIFE INSURANCE</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 52	\$ 4,000	\$ 4,013	\$ 39
Investments at Fair Value	110	119	110	119
Invested Securities Lending Collateral	6	4	6	4
Total Assets	<u>\$ 168</u>	<u>\$ 4,123</u>	<u>\$ 4,129</u>	<u>\$ 162</u>
<b>LIABILITIES</b>				
Due to Other Entities	\$ 162	\$ 4,052	\$ 4,056	\$ 158
Securities Lending Obligation	6	4	6	4
Total Liabilities	<u>\$ 168</u>	<u>\$ 4,056</u>	<u>\$ 4,062</u>	<u>\$ 162</u>
<b><u>PROGRAM</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 347,918	\$ 6,018,163	\$ 6,361,219	\$ 4,862
Investments at Fair Value	127,487	875,782	519,612	483,657
Invested Securities Lending Collateral	49	93	49	93
Receivables:				
Accounts Receivable	311,977	25,448	17,506	319,919
Interest Receivable	32	196	185	43
Total Assets	<u>\$ 787,463</u>	<u>\$ 6,919,682</u>	<u>\$ 6,898,571</u>	<u>\$ 808,574</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 32	\$ 327	\$ 328	\$ 31
Due to Other Entities	784,354	6,896,814	6,878,527	802,641
Due to Individuals	3,028	19,244	16,463	5,809
Securities Lending Obligation	49	93	49	93
Total Liabilities	<u>\$ 787,463</u>	<u>\$ 6,916,478</u>	<u>\$ 6,895,367</u>	<u>\$ 808,574</u>
<b><u>INSTITUTION</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 27,767	\$ 168,781	\$ 164,632	\$ 31,916
Investments at Fair Value	1,553	109	85	1,577
Accounts Receivable	408	97	59	446
Total Assets	<u>\$ 29,728</u>	<u>\$ 168,987</u>	<u>\$ 164,776</u>	<u>\$ 33,939</u>
<b>LIABILITIES</b>				
Due to Individuals	\$ 29,728	\$ 168,987	\$ 164,776	\$ 33,939
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 375,770	\$ 6,335,402	\$ 6,674,330	\$ 36,842
Investments at Fair Value	129,218	876,086	519,875	485,429
Invested Securities Lending Collateral	59	99	59	99
Receivables:				
Accounts Receivable	318,317	31,287	23,497	326,107
Interest Receivable	32	196	185	43
Total Assets	<u>\$ 823,396</u>	<u>\$ 7,243,070</u>	<u>\$ 7,217,946</u>	<u>\$ 848,520</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 32	\$ 327	\$ 328	\$ 31
Due to Other Entities	790,549	7,338,949	7,320,856	808,642
Due to Individuals	32,756	188,231	181,239	39,748
Securities Lending Obligation	59	99	59	99
Total Liabilities	<u>\$ 823,396</u>	<u>\$ 7,527,606</u>	<u>\$ 7,502,482</u>	<u>\$ 848,520</u>



*The **Component Units** account for all transactions relating to legally separate entities which, for reporting purposes, are a part of the State.*

## **Non-Major Component Units:**

**Missouri Development Finance Board** – Accounts for moneys from bond proceeds, gifts, and grants to make loans for industrial development.

**Missouri Agricultural and Small Business Development Authority** – Accounts for moneys from bond proceeds, gifts, and grants to make loans for property acquisitions/renovations and pollution control facilities.

**Missouri Transportation Finance Corporation** – Accounts for moneys from federal, state or local sources, and from bond proceeds to be used for projects approved by the Missouri Highways and Transportation Commission.

**Missouri Wine and Grape Board** – Accounts for moneys derived from the privilege of selling wine to be used for marketing development in developing programs for growing, selling, and marketing of grape products grown in Missouri.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF NET ASSETS**  
**NON-MAJOR COMPONENT UNITS**  
**June 30, 2012**  
**(In Thousands of Dollars)**

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Missouri Wine and Grape Board	Totals  June 30, 2012
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 14,647	\$ 2,040	\$ 4,174	\$ 244	\$ 21,105
Investments	2,881	4,028	3,522	747	11,178
Invested Securities Lending Collateral	---	1	---	22	23
Interest Receivable	107	---	1,384	3	1,494
Restricted Assets:					
Cash and Cash Equivalents	---	---	4,701	---	4,701
Receivables, Net	---	---	53	---	53
Loans Receivable	---	---	12,935	---	12,935
Prepaid Items	1,360	---	---	---	1,360
Loans Receivable	238	544	---	---	782
Total Current Assets	<u>19,233</u>	<u>6,613</u>	<u>26,769</u>	<u>1,016</u>	<u>53,631</u>
Non-Current Assets:					
Investments	---	---	5,834	---	5,834
Advance to Primary Government	---	---	9,086	---	9,086
Deferred Charges	181	---	---	---	181
Loans Receivable	41,093	3,145	---	---	44,238
Interest Rate Cap Agreement	34	---	---	---	34
Restricted Assets:					
Cash and Cash Equivalents	5,013	465	---	---	5,478
Investments	4,794	682	---	---	5,476
Loans Receivables	---	---	54,936	---	54,936
Capital Assets:					
Land	7,220	---	---	---	7,220
Buildings	75,687	---	---	19	75,706
Equipment	254	---	---	7	261
Software	23	---	---	---	23
Less Accumulated Depreciation/ Amortization	(9,509)	---	---	(6)	(9,515)
Total Non-Current Assets	<u>124,790</u>	<u>4,292</u>	<u>69,856</u>	<u>20</u>	<u>198,958</u>
Total Assets	<u>144,023</u>	<u>10,905</u>	<u>96,625</u>	<u>1,036</u>	<u>252,589</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	244	98	1	4	347
Accrued Payroll	30	---	---	9	39
Due to Primary Government	---	677	---	1	678
Bonds and Notes Payable	172	---	---	---	172
Interest Payable	57	38	---	---	95
Securities Lending Obligation	---	1	---	22	23
Compensated Absences	---	---	---	23	23
Capital Lease Obligations	---	---	---	3	3
Total Current Liabilities	<u>503</u>	<u>814</u>	<u>1</u>	<u>62</u>	<u>1,380</u>
Non-Current Liabilities:					
Advance from Primary Government	---	3,742	---	---	3,742
Deposits and Reserves	3,362	101	---	---	3,463
Bonds and Notes Payable	54,005	---	---	---	54,005
Unearned Revenue	1,957	---	7	---	1,964
Capital Lease Obligations	---	---	---	12	12
Total Non-Current Liabilities	<u>59,324</u>	<u>3,843</u>	<u>7</u>	<u>12</u>	<u>63,186</u>
Total Liabilities	<u>59,827</u>	<u>4,657</u>	<u>8</u>	<u>74</u>	<u>64,566</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net	19,498	---	---	5	19,503
Restricted for:					
Other Purposes	8,668	1,046	81,711	---	91,425
Unrestricted	56,030	5,202	14,906	957	77,095
Total Net Assets	<u>\$ 84,196</u>	<u>\$ 6,248</u>	<u>\$ 96,617</u>	<u>\$ 962</u>	<u>\$ 188,023</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**NON-MAJOR COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Missouri Wine and Grape Board	Totals <u>June 30,</u> <u>2012</u>
<b>Operating Revenues:</b>					
Licenses, Fees, and Permits	\$ 1,632	\$ 167	\$ 37	\$ ---	\$ 1,836
Interest on Receivables	594	---	2,522	---	3,116
Leases and Rentals	4,062	---	---	---	4,062
Cost Reimbursement/Miscellaneous	979	---	---	19	998
Total Operating Revenues	<u>7,267</u>	<u>167</u>	<u>2,559</u>	<u>19</u>	<u>10,012</u>
<b>Operating Expenses:</b>					
Personal Service	812	404	36	356	1,608
Operations	1,748	95	10	1,117	2,970
Inventories	---	---	---	4	4
Specific Programs	1,158	1,520	---	3	2,681
Depreciation/Amortization	1,943	---	---	2	1,945
Bad Debt Expense	19	---	---	---	19
Other Charges	53	2	2	6	63
Total Operating Expenses	<u>5,733</u>	<u>2,021</u>	<u>48</u>	<u>1,488</u>	<u>9,290</u>
Operating Income (Loss)	<u>1,534</u>	<u>(1,854)</u>	<u>2,511</u>	<u>(1,469)</u>	<u>722</u>
<b>Non-Operating Revenues (Expenses):</b>					
Contributions and Intergovernmental	---	3,079	---	1,591	4,670
Investment Earnings:					
Increase (Decrease) in Fair Value of					
Investments	---	11	(155)	2	(142)
Interest	69	247	266	8	590
Interest Expense	(1,227)	(83)	---	(1)	(1,311)
Miscellaneous Expenses	---	---	(14)	---	(14)
Total Non-Operating Revenues					
(Expenses)	<u>(1,158)</u>	<u>3,254</u>	<u>97</u>	<u>1,600</u>	<u>3,793</u>
Change in Net Assets	376	1,400	2,608	131	4,515
Total Net Assets – Beginning	<u>83,820</u>	<u>4,848</u>	<u>94,009</u>	<u>831</u>	<u>183,508</u>
Total Net Assets – Ending	<u>\$ 84,196</u>	<u>\$ 6,248</u>	<u>\$ 96,617</u>	<u>\$ 962</u>	<u>\$ 188,023</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands of Dollars)**

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Missouri Wine and Grape Board	Totals June 30, 2012
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customers and Users	\$ 6,058	\$ 167	\$ 2,456	\$ ---	\$ 8,681
Loans to Outside Entities	---	1,232	(8,065)	---	(6,833)
Payments to Vendors and Suppliers	(7,934)	(340)	(11)	(1,120)	(9,405)
Payments to Employees	(812)	(404)	(36)	(367)	(1,619)
Payments Made for Program Expense	---	---	---	(3)	(3)
Net Payments/Receipts for Tax Credit Projects	(282)	---	---	---	(282)
Other Receipts (Payments)	---	(1,522)	(2)	13	(1,511)
Net Cash Provided (Used) by Operating Activities	(2,970)	(867)	(5,658)	(1,477)	(10,972)
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Loans Receivable Principal Receipts	530	---	---	---	530
Loans Receivable Issuance	(588)	---	---	---	(588)
Due to/from Primary Government	---	11	---	---	11
Advance to/from Primary Government	---	(676)	(5,234)	---	(5,910)
Contributions and Intergovernmental	---	3,079	---	1,591	4,670
Net Cash Provided (Used) by Non-Capital Financing Activities	(58)	2,414	(5,234)	1,591	(1,287)
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Interest Expense	(1,229)	(90)	---	---	(1,319)
Purchases and Construction of Capital Assets	(2,095)	---	---	(2)	(2,097)
Capital Lease Downpayment/Obligations	---	---	---	(2)	(2)
Principal Payments on Capital Debt	(15,014)	---	---	---	(15,014)
Net Cash Provided (Used) by Capital and Related Financing Activities	(18,338)	(90)	---	(4)	(18,432)
<b>Cash Flows from Investing Activities:</b>					
Proceeds from Investment Maturities	8,611	---	45,690	---	54,301
Purchase of Investments	---	(958)	(37,066)	(155)	(38,179)
Interest	124	247	266	7	644
Investment Fees	---	---	(14)	---	(14)
Net Cash Provided (Used) by Investing Activities	8,735	(711)	8,876	(148)	16,752
Net Increase (Decrease) in Cash	(12,631)	746	(2,016)	(38)	(13,939)
Cash and Cash Equivalents, Beginning of Year	32,291	1,759	10,891	282	45,223
Cash and Cash Equivalents, End of Year	\$ 19,660	\$ 2,505	\$ 8,875	\$ 244	\$ 31,284
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 1,534	\$ (1,854)	\$ 2,511	\$ (1,469)	\$ 722
Depreciation/Amortization Expense	1,943	---	---	2	1,945
Changes in Assets and Liabilities:					
Accounts Receivable	(194)	---	---	---	(194)
Interest Receivable	(13)	---	(110)	---	(123)
Deferred Charges	(94)	---	7	---	(87)
Prepaid Items	41	---	---	---	41
Loans Receivable	---	1,232	(8,065)	---	(6,833)
Accounts Payable	(5,015)	(245)	(1)	1	(5,260)
Accrued Payroll	---	---	---	(1)	(1)
Deposit and Reserve	(1,172)	---	---	---	(1,172)
Compensated Absences	---	---	---	(10)	(10)
Net Cash Provided (Used) by Operating Activities	\$ (2,970)	\$ (867)	\$ (5,658)	\$ (1,477)	\$ (10,972)
<b>Non-Cash Investing Activities:</b>					
Increase (Decrease) in Fair Value of Investments	\$ ---	\$ 11	\$ (155)	\$ 2	\$ (142)
Net Non-Cash Investing Activities	\$ ---	\$ 11	\$ (155)	\$ 2	\$ (142)



*The Statistical Section presentations include Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information, and Operating Information trends. The statistical data presented is intended to provide report users with a broader understanding of the environment in which the State operates.*

## **Index and Overview**

This part of the State's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

### **Financial Trends**

*These schedules contain trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.*

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Changes in Net Assets .....	152
Fund Balances – Governmental Funds .....	154
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### **Revenue Capacity**

*These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.*

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Personal Income Tax Revenue .....	160
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### **Debt Capacity**

*These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.*

Ratios of Outstanding Debt .....	164
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### **Demographic and Economic Information**

*These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.*

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### **Operating Information**

*These schedules contain operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.*

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*Sources: Unless otherwise noted, the information in these schedules is derived from the State of Missouri Comprehensive Annual Financial Report for the years shown.*

**STATE OF MISSOURI  
NET ASSETS BY COMPONENT  
FISCAL YEARS 2005–2012  
(In Thousands of Dollars)**

	2012	2011*	2010	2009
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 27,873,493	\$ 26,595,552	\$ 25,850,787	\$ 26,247,223
Restricted	3,902,391	4,339,603	3,907,120	3,537,444
Unrestricted	(1,857,130)	(1,159,743)	(940,675)	(1,260,231)
<b>Total Governmental Activities Net Assets</b>	<b>\$ 29,918,754</b>	<b>\$ 29,775,412</b>	<b>\$ 28,817,232</b>	<b>\$ 28,524,436</b>
<b>Business-Type Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 47,833	\$ 50,291	\$ 45,990	\$ 48,442
Restricted	9,675	6,303	7,949	6,771
Unrestricted	(344,726)	(485,576)	(437,995)	(1,050)
<b>Total Business-Type Activities Net Assets</b>	<b>\$ (287,218)</b>	<b>\$ (428,982)</b>	<b>\$ (384,056)</b>	<b>\$ 54,163</b>
<b>Primary Government</b>				
Invested in Capital Assets, Net of Related Debt	\$ 27,921,326	\$ 26,645,843	\$ 25,896,777	\$ 26,295,665
Restricted	3,912,066	4,345,906	3,915,069	3,544,215
Unrestricted	(2,201,856)	(1,645,319)	(1,378,670)	(1,261,281)
<b>Total Primary Government Net Assets</b>	<b>\$ 29,631,536</b>	<b>\$ 29,346,430</b>	<b>\$ 28,433,176</b>	<b>\$ 28,578,599</b>
<b>Continues Below</b>				
	2008	2007	2006	2005
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 25,324,173	\$ 25,475,504	\$ 25,840,886	\$ 25,572,008
Restricted	6,003,212	5,032,619	3,824,769	3,250,204
Unrestricted	(2,327,482)	(1,909,993)	(1,453,203)	(1,321,738)
<b>Total Governmental Activities Net Assets</b>	<b>\$ 28,999,903</b>	<b>\$ 28,598,130</b>	<b>\$ 28,212,452</b>	<b>\$ 27,500,474</b>
<b>Business-Type Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 42,360	\$ 40,922	\$ 39,669	\$ 43,304
Restricted	45,362	9,517	3,942	12,407
Unrestricted	329,265	185,453	33,993	(151,323)
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 416,987</b>	<b>\$ 235,892</b>	<b>\$ 77,604</b>	<b>\$ (95,612)</b>
<b>Primary Government</b>				
Invested in Capital Assets, Net of Related Debt	\$ 25,366,533	\$ 25,516,426	\$ 25,880,555	\$ 25,615,312
Restricted	6,048,574	5,042,136	3,828,711	3,262,611
Unrestricted	(1,998,217)	(1,724,540)	(1,419,210)	(1,473,061)
<b>Total Primary Government Net Assets</b>	<b>\$ 29,416,890</b>	<b>\$ 28,834,022</b>	<b>\$ 28,290,056</b>	<b>\$ 27,404,862</b>

\*Fiscal year 2011 amounts have been restated.

**STATE OF MISSOURI  
CHANGES IN NET ASSETS  
FISCAL YEARS 2005-2012  
(In Thousands of Dollars)**

	2012	2011*	2010	2009	2008	2007	2006	2005
<b>Governmental Activities:</b>								
<b>Expenses</b>								
General Government	\$ 1,028,710	\$ 1,089,731	\$ 1,129,030	\$ 1,182,233	\$ 1,210,044	\$ 1,092,613	\$ 981,614	\$ 1,035,396
Education	6,373,671	6,536,907	6,815,521	6,589,358	6,379,189	6,042,581	5,773,048	5,669,627
Natural and Economic	1,053,573	935,078	1,082,526	1,043,449	1,006,560	928,873	867,915	834,269
Transportation and Law Enforcement	2,022,399	2,529,791	2,699,070	2,375,104	2,258,653	2,303,272	2,025,341	2,189,839
Human Services	12,301,153	11,713,021	11,740,145	10,898,796	9,876,132	9,191,994	9,890,652	9,771,651
Interest on Debt (Excluding Direct Expense)	207,919	199,948	196,413	210,342	174,011	149,987	130,438	126,202
<b>Total Expenses</b>	<u>22,987,425</u>	<u>23,004,476</u>	<u>23,662,705</u>	<u>22,299,282</u>	<u>20,904,589</u>	<u>19,709,320</u>	<u>19,669,008</u>	<u>19,626,984</u>
<b>Program Revenues</b>								
Charges for Services:								
General Government	885,333	705,914	875,161	756,969	775,528	669,640	724,442	705,241
Transportation and Law Enforcement	240,203	267,875	319,941	400,842	400,134	474,086	308,743	134,297
Human Services	460,704	550,690	653,463	531,250	363,644	302,002	422,912	422,706
Other Activities	286,329	314,375	380,133	369,976	277,190	239,907	154,925	191,423
Operating Grants and Contributions	9,889,539	9,802,842	9,489,240	8,317,356	7,697,736	7,828,289	7,758,885	7,767,831
Capital Grants and Contributions	1,096,062	1,814,207	1,454,811	966,394	971,801	306	---	---
<b>Total Program Revenues</b>	<u>12,858,170</u>	<u>13,455,903</u>	<u>13,172,749</u>	<u>11,342,787</u>	<u>10,486,033</u>	<u>9,514,230</u>	<u>9,369,907</u>	<u>9,221,498</u>
<b>Total Governmental Activities</b>								
<b>Net Program (Expense) Revenue</b>	<u>(10,129,255)</u>	<u>(9,548,573)</u>	<u>(10,489,956)</u>	<u>(10,956,495)</u>	<u>(10,418,556)</u>	<u>(10,195,090)</u>	<u>(10,299,101)</u>	<u>(10,405,486)</u>
<b>General Revenues and Other Changes in Net Assets</b>								
Taxes:								
Sales and Use	2,705,883	2,570,243	2,572,491	2,635,068	2,871,465	2,929,398	3,047,305	3,003,405
Individual Income	5,118,541	4,878,166	4,840,809	5,169,741	5,447,817	5,140,588	5,271,506	4,821,500
Corporate Income	378,568	394,389	360,764	377,801	463,826	496,378	520,324	351,116
County Foreign Insurance	168,024	182,679	171,497	177,393	186,566	178,507	186,647	163,952
Alcoholic Beverage	28,661	27,247	27,657	26,689	27,754	28,074	29,068	28,045
Corporate Franchise	61,409	70,743	82,182	82,114	82,360	69,704	76,574	118,343
Inheritance	150	1,833	233	2,671	3,073	5,351	15,319	41,832
Miscellaneous Taxes	1,243,743	1,210,758	1,207,501	1,160,700	1,173,076	1,164,171	1,307,727	1,334,595
Grants and Contributions not Restricted to Specific Programs	243,408	889,742	1,301,531	499,542	196,397	195,662	158,745	158,140
Unrestricted Investment Earnings	23,722	23,281	28,870	69,339	136,782	145,879	146,234	80,161
Special Items	(120)	---	---	---	---	---	---	---
Transfers	300,608	255,908	258,947	257,441	264,416	256,687	258,773	207,159
<b>Total General Revenues and Other Changes in Net Assets</b>	<u>10,272,597</u>	<u>10,504,989</u>	<u>10,852,482</u>	<u>10,458,499</u>	<u>10,853,532</u>	<u>10,610,399</u>	<u>11,018,222</u>	<u>10,308,248</u>
<b>Total Governmental Activities Change in Net Assets</b>	<u>\$ 143,342</u>	<u>\$ 956,416</u>	<u>\$ 362,526</u>	<u>\$ (497,996)</u>	<u>\$ 434,976</u>	<u>\$ 415,309</u>	<u>\$ 719,121</u>	<u>\$ (97,238)</u>
<b>Business-Type Activities:</b>								
<b>Expenses</b>								
State Lottery	\$ 835,522	\$ 755,410	\$ 724,915	\$ 726,106	\$ 740,189	\$ 689,426	\$ 665,848	\$ 575,667
Unemployment Compensation	1,280,157	1,714,276	2,216,078	1,292,531	498,318	444,962	412,937	501,098
Petroleum Storage Tank Insurance	22,171	13,940	13,925	17,186	21,516	16,249	13,243	25,944
State Fair Fees	3,963	3,700	3,843	4,303	3,648	4,189	4,060	3,800
State Parks and DNR	12,903	12,278	9,042	14,211	8,178	7,686	12,656	5,456
Historic Preservation	340	509	1,145	714	403	256	93	267
Missouri Veterans' Homes	76,597	76,033	70,884	62,378	57,075	53,215	46,662	58,756
Surplus Property	3,065	2,293	2,542	1,759	3,530	3,152	3,086	2,635
Revenue Information	72	1,199	1,513	5,345	1,090	1,234	871	1,191
<b>Total Expenses</b>	<u>2,234,790</u>	<u>2,579,638</u>	<u>3,043,887</u>	<u>2,124,533</u>	<u>1,333,947</u>	<u>1,220,369</u>	<u>1,159,456</u>	<u>1,174,814</u>
<b>Program Revenues</b>								
Charges for Services:								
State Lottery	1,109,108	1,011,055	984,187	981,431	1,005,421	946,017	925,079	793,750
Other Activities	56,538	55,153	56,659	60,015	101,062	65,390	64,624	63,924
Operating Grants and Contributions	1,507,428	1,725,481	1,823,732	967,324	657,534	618,071	603,727	542,984
<b>Total Program Revenues</b>	<u>2,673,074</u>	<u>2,791,689</u>	<u>2,864,578</u>	<u>2,008,770</u>	<u>1,764,017</u>	<u>1,629,478</u>	<u>1,593,430</u>	<u>1,400,658</u>
<b>Total Business-Type Activities</b>								
<b>Net Program (Expense) Revenue</b>	<u>438,284</u>	<u>212,051</u>	<u>(179,309)</u>	<u>(115,763)</u>	<u>430,070</u>	<u>409,109</u>	<u>433,974</u>	<u>225,844</u>
<b>General Revenues and Other Changes in Net Assets</b>								
Unrestricted Investment Earnings	4,312	(1,050)	2,533	10,152	15,424	5,684	(2,189)	3,213
Special Items	(224)	---	---	---	---	---	---	---
Extraordinary Items	---	---	---	---	---	---	35	---
Transfers	(300,608)	(255,908)	(258,947)	(257,441)	(264,416)	(256,687)	(258,773)	(207,159)
<b>Total General Revenues and Other Changes in Net Assets</b>	<u>(296,520)</u>	<u>(256,958)</u>	<u>(256,414)</u>	<u>(247,289)</u>	<u>(248,992)</u>	<u>(251,003)</u>	<u>(260,927)</u>	<u>(203,946)</u>
<b>Total Business-Type Activities Change in Net Assets</b>	<u>\$ 141,764</u>	<u>\$ (44,907)</u>	<u>\$ (435,723)</u>	<u>\$ (363,052)</u>	<u>\$ 181,078</u>	<u>\$ 158,106</u>	<u>\$ 173,047</u>	<u>\$ 21,898</u>
<b>Total Primary Government Change in Net Assets</b>	<u>\$ 285,106</u>	<u>\$ 911,509</u>	<u>\$ (73,197)</u>	<u>\$ (861,048)</u>	<u>\$ 616,054</u>	<u>\$ 573,415</u>	<u>\$ 892,168</u>	<u>\$ (75,340)</u>

\*Fiscal year 2011 amounts have been restated.

STATE OF MISSOURI  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2005–2012**  
(In Thousands of Dollars)

	2012	2011*	2010
<b>General Fund</b>			
Nonspendable	\$ 61,206	\$ 42,906	\$ 44,158
Restricted	336,933	475,205	186,737
Committed	504,569	512,623	534,620
Assigned	65,122	59,783	51,734
Unassigned	195,763	325,123	423,227
<b>Total General Fund</b>	<u>1,163,593</u>	<u>1,415,640</u>	<u>1,240,476</u>
<b>All Other Governmental Funds</b>			
Nonspendable	1,077,138	1,016,981	986,201
Restricted	1,752,610	2,137,789	2,021,223
Committed	291,738	284,455	219,557
Assigned	366,812	339,192	355,202
<b>Total All Other Governmental Funds</b>	<u>3,488,298</u>	<u>3,778,417</u>	<u>3,582,183</u>
<b>Total Fund Balances, Governmental Funds</b>	<u>\$ 4,651,891</u>	<u>\$ 5,194,057</u>	<u>\$ 4,822,659</u>

\*Fiscal year 2011 amounts have been restated.

	2009	2008	2007	2006	2005
<b>General Fund</b>					
Reserved	\$ 589,532	\$ 584,516	\$ 567,880	\$ 526,159	\$ 577,561
Unreserved	716,371	1,310,239	1,289,033	988,240	326,920
<b>Total General Fund</b>	<u>1,305,903</u>	<u>1,894,755</u>	<u>1,856,913</u>	<u>1,514,399</u>	<u>904,481</u>
<b>All Other Governmental Funds</b>					
Reserved	1,218,019	1,112,262	1,068,533	988,493	876,859
Unreserved, Reported in:					
Special Revenue Funds	1,182,724	1,314,796	1,184,853	1,192,431	1,043,965
Capital Projects Funds	540,554	927,694	542,038	213,026	251,124
Permanent Funds	124	116	88	96	87
<b>Total All Other Governmental Funds</b>	<u>2,941,421</u>	<u>3,354,868</u>	<u>2,795,512</u>	<u>2,394,046</u>	<u>2,172,035</u>
<b>Total Fund Balances, Governmental Funds</b>	<u>\$ 4,247,324</u>	<u>\$ 5,249,623</u>	<u>\$ 4,652,425</u>	<u>\$ 3,908,445</u>	<u>\$ 3,076,516</u>

**STATE OF MISSOURI  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FISCAL YEARS 2005-2012  
(In Thousands of Dollars)**

	2012	2011*	2010	2009	2008	2007	2006	2005
<b>Revenues:</b>								
Taxes	\$ 9,959,733	\$ 9,398,840	\$ 8,987,066	\$ 9,503,743	\$ 10,220,623	\$ 10,030,906	\$ 10,648,213	\$ 9,646,452
Licenses, Fees, and Permits	650,888	630,944	637,078	657,725	638,048	574,873	622,911	591,530
Sales	8,827	10,131	8,917	10,301	12,064	34,973	11,321	16,849
Leases and Rentals	313	665	934	448	438	373	155	2,143
Services	119,076	155,498	243,998	244,557	231,509	230,173	240,857	182,112
Contributions and Intergovernmental	11,228,754	12,500,062	12,265,891	9,763,754	8,865,962	8,025,979	7,930,499	7,901,109
Investment Earnings:								
Net Increase (Decrease) in the Fair Value of Investments	8,597	(53)	1,734	(9,565)	6,172	15,758	(113)	3,152
Interest	33,047	34,496	44,954	103,068	203,782	185,163	136,876	69,698
Penalties and Unclaimed Properties	51,698	54,812	60,284	48,730	64,004	63,151	83,174	25,854
Cost Reimbursement/Miscellaneous	745,871	662,070	963,030	739,288	507,021	478,419	427,916	441,555
Total Revenues	<u>22,806,804</u>	<u>23,447,465</u>	<u>23,213,886</u>	<u>21,062,049</u>	<u>20,749,623</u>	<u>19,639,768</u>	<u>20,101,809</u>	<u>18,880,454</u>
<b>Expenditures:</b>								
Current:								
General Government	887,018	883,953	889,467	952,780	1,021,589	923,316	850,355	852,997
Education	6,363,367	6,525,986	6,809,217	6,582,393	6,373,671	6,044,098	5,776,495	5,668,542
Natural and Economic Resources	934,385	832,855	974,260	894,815	853,872	819,326	759,733	792,650
Transportation and Law Enforcement	1,628,798	1,758,410	1,814,485	1,515,903	1,429,102	1,394,597	1,206,611	1,174,113
Human Services	12,322,050	11,627,776	11,632,371	10,829,000	9,835,109	9,158,585	9,796,523	9,795,983
Capital Outlay:								
General Government	3	1	5	---	---	321	386	245
Education	---	---	---	---	---	18,042	21,687	13,769
Transportation and Law Enforcement	1,115,454	1,253,100	1,409,557	1,308,229	1,144,171	1,250,233	1,231,092	903,776
Human Services	---	---	4	306	3,133	10,248	12,319	7,821
Debt Service:								
Principal	212,483	242,497	227,307	219,496	196,669	197,212	170,295	127,264
Interest	208,518	225,858	209,428	191,684	186,432	165,470	121,301	120,982
Bond Issuance Costs	606	1,552	8,101	1,278	2,694	5,775	1,821	---
Underwriter's Discount	2,074	437	---	---	390	247	---	326
Arbitrage	---	42	374	583	---	---	---	---
Total Expenditures	<u>23,674,756</u>	<u>23,352,467</u>	<u>23,974,576</u>	<u>22,496,467</u>	<u>21,046,832</u>	<u>19,987,470</u>	<u>19,948,618</u>	<u>19,458,468</u>
Excess Revenues (Expenditures)	<u>(867,952)</u>	<u>94,998</u>	<u>(760,690)</u>	<u>(1,434,418)</u>	<u>(297,209)</u>	<u>(347,702)</u>	<u>153,191</u>	<u>(578,014)</u>
<b>Other Financing Sources (Uses):</b>								
Proceeds from Capital Leases	1,732	6,300	6,675	26,317	52,245	8,794	41,924	53,025
Capital Lease Termination Payment	---	---	---	---	(22,559)	---	---	---
Debt Issuance	---	---	1,085,000	142,735	576,800	920,000	350,660	---
Issuance of Refunding Bonds	163,145	312,960	---	---	---	394,870	---	157,605
Swap Termination Payment	---	---	---	---	(11,118)	---	---	---
Payments to Escrow Agent	(168,589)	(351,599)	---	---	---	(433,477)	---	(175,553)
Bond Premium	7,944	40,468	30,631	2,835	28,361	77,099	21,336	18,274
Proceeds from Capital Asset Sale	16,864	14,703	12,938	11,087	13,142	8,675	6,634	5,920
Transfers In	300,699	255,959	259,810	258,568	266,263	257,287	260,967	239,465
Transfers Out	(144)	---	(738)	(902)	(6,476)	(120,586)	(1,598)	(19,420)
Total Other Financing Sources (Uses)	<u>321,651</u>	<u>278,791</u>	<u>1,394,316</u>	<u>440,640</u>	<u>896,658</u>	<u>1,112,662</u>	<u>679,923</u>	<u>279,316</u>
Net Change in Fund Balances	(546,301)	373,789	633,626	(993,778)	599,449	764,960	833,114	(298,698)
Increase (Decrease) in Reserve for Inventory	4,135	(2,389)	(279)	(105)	(2,251)	838	(129)	327
<b>Net Change in Fund Balances</b>	<u>\$ (542,166)</u>	<u>\$ 371,400</u>	<u>\$ 633,347</u>	<u>\$ (993,883)</u>	<u>\$ 597,198</u>	<u>\$ 765,798</u>	<u>\$ 832,985</u>	<u>\$ (298,371)</u>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	1.89%	2.14%	1.99%	1.96%	1.96%	1.99%	1.59%	1.35%

\*Fiscal year 2011 amounts have been restated.

**STATE OF MISSOURI  
REVENUE BASE – TAXABLE SALES BY INDUSTRY  
FISCAL YEARS 2005–2012**

<b>Taxable Sales by Industry</b>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Agricultural/Forestry, Fishing, and Other	\$ 221,013,601	\$ 201,234,995	\$ 202,810,606	\$ 209,980,903
Mining	74,803,209	73,001,501	85,194,876	88,867,589
Construction	861,403,612	794,578,753	786,022,254	889,561,095
Manufacturing	3,761,027,682	2,916,005,779	2,994,039,718	3,203,288,128
Transportation and Public Utilities	7,836,415,362	8,377,819,035	8,347,862,197	8,247,781,684
Wholesale Trade	8,205,030,046	7,636,707,697	5,708,391,048	7,019,606,804
Retail Trade	45,578,697,317	43,451,150,211	42,667,031,160	44,820,794,586
Finance, Insurance, and Real Estate	577,095,000	573,590,035	562,957,084	592,136,070
Services	9,239,885,195	8,712,983,898	8,676,719,865	8,648,622,385
State and Local Government	167,737,492	150,984,890	135,174,330	158,765,152
Non-Classifiable	15,869,773	13,130,346	14,230,874	21,079,516
<b>Total Taxable Sales</b>	<u>\$ 76,538,978,289</u>	<u>\$ 72,901,187,140</u>	<u>\$ 70,180,434,012</u>	<u>\$ 73,900,483,912</u>
<b>Direct Sales Tax Rate</b>	4.225%	4.225%	4.225%	4.225%

**Continues Below**

<b>Taxable Sales by Industry</b>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Agricultural/Forestry, Fishing, and Other	\$ 192,024,683	\$ 198,564,812	\$ 190,183,959	\$ 173,064,997
Mining	106,892,575	128,534,001	148,041,999	144,360,458
Construction	887,618,876	929,753,447	929,146,007	781,324,533
Manufacturing	2,995,302,916	2,862,904,859	3,217,299,757	3,033,835,702
Transportation and Public Utilities	7,130,631,754	7,673,318,253	7,285,790,054	6,950,561,788
Wholesale Trade	8,028,332,745	8,338,189,598	8,604,467,502	8,136,436,052
Retail Trade	46,413,720,906	46,166,130,737	44,878,694,872	42,950,724,459
Finance, Insurance, and Real Estate	538,271,852	529,797,617	533,582,629	507,350,286
Services	9,212,468,960	8,787,849,846	8,433,450,983	8,015,509,010
State and Local Government	162,520,783	161,631,024	156,947,658	84,808,852
Non-Classifiable	19,669,233	15,518,372	16,694,236	16,301,552
<b>Total Taxable Sales</b>	<u>\$ 75,687,455,283</u>	<u>\$ 75,792,192,566</u>	<u>\$ 74,394,299,656</u>	<u>\$ 70,794,277,689</u>
<b>Direct Sales Tax Rate</b>	4.225%	4.225%	4.225%	4.225%

Source: Missouri Department of Revenue

**STATE OF MISSOURI  
REVENUE BASE – PERSONAL INCOME BY INDUSTRY  
CALENDAR YEARS 2004–2011**

**Personal Income by Industry  
(In Thousands of Dollars)**

	2011	2010*	2009*	2008*
Farm Earnings	\$ 2,383,353	\$ 1,674,934	\$ 1,682,723	\$ 2,376,908
Agricultural/Forestry, Fishing, and Other	362,517	358,424	294,724	303,227
Mining	430,104	377,269	348,557	502,316
Construction/Utilities	10,786,628	10,828,858	11,376,972	12,516,453
Manufacturing	17,645,592	16,920,689	17,605,185	20,134,090
Transportation and Public Utilities	5,959,245	5,853,394	5,923,929	6,293,608
Wholesale Trade	9,000,784	8,746,678	8,658,265	9,231,605
Retail Trade	10,865,629	10,549,829	10,477,144	10,570,173
Finance, Insurance, and Real Estate	12,675,068	12,265,858	11,801,109	11,670,581
Services	69,375,418	66,953,006	64,925,067	67,549,088
Federal, Civilian	5,929,962	5,982,774	5,712,883	5,351,539
Military	2,753,594	2,699,386	2,862,170	2,595,583
State and Local Government	19,567,962	19,508,933	19,310,053	18,813,044
<b>Total Personal Income</b>	<b>\$ 167,735,856</b>	<b>\$ 162,720,032</b>	<b>\$ 160,978,781</b>	<b>\$ 167,908,215</b>
<b>Total Direct Personal Income Tax Rate</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>

**Continues Below**

**Personal Income by Industry  
(In Thousands of Dollars)**

	2007	2006	2005	2004
Farm Earnings	\$ 1,374,784	\$ 1,275,728	\$ 1,418,941	\$ 2,249,533
Agricultural/Forestry, Fishing, and Other	305,046	296,794	285,101	298,302
Mining	440,499	382,200	493,876	376,755
Construction/Utilities	12,386,303	12,504,699	11,841,236	11,336,058
Manufacturing	19,030,882	19,108,565	18,615,722	18,349,966
Transportation and Public Utilities	6,255,137	6,103,789	5,879,793	5,631,080
Wholesale Trade	9,027,671	8,465,151	8,073,239	7,627,621
Retail Trade	10,617,610	10,540,177	10,325,489	9,996,119
Finance, Insurance, and Real Estate	11,183,515	11,405,949	10,865,949	10,480,778
Services	63,543,402	59,934,255	56,500,169	53,613,041
Federal, Civilian	5,011,544	4,852,757	4,689,078	4,524,741
Military	2,323,860	2,109,152	1,972,637	1,828,320
State and Local Government	17,853,285	16,825,963	16,065,575	15,346,234
<b>Total Personal Income</b>	<b>\$ 159,353,538</b>	<b>\$ 153,805,179</b>	<b>\$ 147,026,805</b>	<b>\$ 141,658,548</b>
<b>Total Direct Personal Income Tax Rate</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>

\*Calendar years 2008, 2009, and 2010 have been updated by the Bureau of Economic Analysis.

Source: Bureau of Economic Analysis

**STATE OF MISSOURI  
PERSONAL INCOME TAX REVENUE  
FISCAL YEARS 2005-2012**

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<b>Personal Income Tax Revenue</b>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Personal Income Tax Revenue	\$5,851,270,707	\$5,641,812,271	\$5,495,341,696	\$5,949,266,333
Personal Income (Federal AGI)	\$232,336,289,876	\$206,107,657,668	\$214,909,582,160	\$254,573,370,206
Taxable Income	\$170,827,410,945	\$147,407,200,244	\$124,489,765,954	\$188,091,389,476
Average Effective Rate:				
Federal Adjusted Gross Taxable Income	2.52%	2.74%	2.56%	2.34%
	3.43%	3.83%	4.41%	3.16%

**Continues Below**

<b>Personal Income Tax Revenue</b>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Personal Income Tax Revenue	\$6,119,090,558	\$5,736,793,026	\$5,360,679,833	\$4,866,468,578
Personal Income (Federal AGI)	\$242,481,271,497	\$215,491,776,833	\$185,705,288,582	\$161,726,939,117
Taxable Income	\$172,825,313,183	\$157,963,987,815	\$133,414,355,787	\$114,900,652,083
Average Effective Rate:				
Federal Adjusted Gross Taxable Income	2.52%	2.66%	2.89%	3.01%
	3.54%	3.63%	4.02%	4.24%

Note: Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. When total revenues exceed the limit, tax refunds are generated.

Source: Missouri Department of Revenue

**STATE OF MISSOURI  
PERSONAL INCOME TAX RATES  
FISCAL YEARS 2005-2012**

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**Ranges of Tax Rates  
on the Portion of  
Taxable Income**

<b>(In Thousands of Dollars)</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Tax Rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Income Levels	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2
Tax Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Income Levels	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3
Tax Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Income Levels	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4
Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Income Levels	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5
Tax Rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Income Levels	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6
Tax Rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Income Levels	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7
Tax Rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Income Levels	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8
Tax Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Income Levels	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9
Tax Rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Income Levels	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+

Note: Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. When total revenues exceed the limit, tax refunds are generated.

Source: Missouri Department of Revenue

**STATE OF MISSOURI  
REVENUE PAYERS BY INDUSTRY  
FISCAL YEARS 2005-2012**

**Sales Tax**

	2012	%	2011	%	2010	%
Agricultural	\$ 9,337,825	0.29%	\$ 8,502,179	0.28%	\$ 8,568,748	0.29%
Mining	3,160,435	0.10%	3,084,313	0.10%	3,599,484	0.12%
Construction	36,394,303	1.13%	33,570,952	1.09%	33,209,440	1.12%
Manufacturing	158,903,420	4.91%	123,201,244	4.00%	126,498,178	4.27%
Transportation & Utilities	331,088,549	10.24%	353,962,854	11.49%	352,697,178	11.90%
Wholesale Trade	346,662,519	10.72%	322,650,900	10.47%	241,179,522	8.13%
Retail Trade	1,925,699,962	59.55%	1,835,811,096	59.60%	1,802,682,066	60.80%
Finance, Insurance, & Real Estate	24,382,264	0.75%	24,234,179	0.79%	23,784,937	0.80%
Services	390,385,149	12.07%	368,123,570	11.95%	366,591,414	12.36%
Government	7,086,909	0.22%	6,379,112	0.21%	5,711,115	0.19%
Non-Classifiable	670,498	0.02%	554,757	0.02%	601,254	0.02%
<b>Total</b>	<b>\$ 3,233,771,833</b>	<b>100.00%</b>	<b>\$ 3,080,075,156</b>	<b>100.00%</b>	<b>\$ 2,965,123,336</b>	<b>100.00%</b>

	2009	%	2008	%	2007	%
Agricultural	\$ 8,871,693	0.28%	\$ 8,113,043	0.25%	\$ 8,389,363	0.26%
Mining	3,754,656	0.12%	4,516,211	0.14%	5,430,562	0.17%
Construction	37,583,956	1.20%	37,501,898	1.17%	39,282,083	1.23%
Manufacturing	135,338,923	4.34%	126,551,548	3.96%	120,957,730	3.78%
Transportation & Utilities	348,468,776	11.16%	301,269,192	9.42%	324,197,696	10.12%
Wholesale Trade	296,578,387	9.50%	339,197,058	10.61%	352,288,511	11.00%
Retail Trade	1,893,678,571	60.65%	1,960,979,708	61.32%	1,950,519,024	60.91%
Finance, Insurance, & Real Estate	25,017,749	0.80%	22,741,986	0.71%	22,383,949	0.70%
Services	365,404,296	11.70%	389,226,814	12.17%	371,286,656	11.60%
Government	6,707,828	0.22%	6,866,503	0.22%	6,828,911	0.21%
Non-Classifiable	890,610	0.03%	831,025	0.03%	655,651	0.02%
<b>Total</b>	<b>\$ 3,122,295,445</b>	<b>100.00%</b>	<b>\$ 3,197,794,986</b>	<b>100.00%</b>	<b>\$ 3,202,220,136</b>	<b>100.00%</b>

	2006	%	2005	%
Agricultural	\$ 8,035,272	0.26%	\$ 7,311,996	0.25%
Mining	6,254,774	0.20%	6,099,229	0.20%
Construction	39,256,419	1.25%	33,010,961	1.10%
Manufacturing	135,930,915	4.32%	128,179,558	4.29%
Transportation & Utilities	307,824,630	9.79%	293,661,236	9.82%
Wholesale Trade	363,538,752	11.57%	343,764,423	11.49%
Retail Trade	1,896,124,858	60.32%	1,814,668,108	60.67%
Finance, Insurance, & Real Estate	22,543,866	0.72%	21,435,550	0.72%
Services	356,313,304	11.34%	338,655,256	11.32%
Government	6,631,039	0.21%	3,583,174	0.12%
Non-Classifiable	705,332	0.02%	688,741	0.02%
<b>Total</b>	<b>\$ 3,143,159,161</b>	<b>100.00%</b>	<b>\$ 2,991,058,232</b>	<b>100.00%</b>

Source: Missouri Department of Revenue

**STATE OF MISSOURI  
PERSONAL INCOME TAX FILERS/LIABILITY  
FISCAL YEARS 2005-2012**

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**Personal Income \***

	2012**			
	Number of Filers	% of Total	Personal Income Tax Liability	% of Total
\$50,000 and under	3,353,191	76.35%	\$ 1,316,349,980	23.83%
\$50,000 – \$100,000	758,112	17.26%	1,512,730,778	27.39%
\$100,000 – \$250,000	216,848	4.94%	1,053,432,138	19.07%
\$250,000 – \$1,000,000	51,764	1.18%	738,864,647	13.38%
\$1,000,000 and over	12,172	0.28%	902,715,721	16.34%
<b>Total</b>	<b>4,392,087</b>	<b>100.00%</b>	<b>\$ 5,524,093,264</b>	<b>100.00%</b>

	2005**			
	Number of Filers	% of Total	Personal Income Tax Liability	% of Total
\$50,000 and under	3,370,705	82.60%	\$ 1,381,799,422	34.47%
\$50,000 – \$100,000	543,861	13.33%	1,124,700,381	28.05%
\$100,000 – \$250,000	124,636	3.05%	616,542,538	15.38%
\$250,000 – \$1,000,000	33,760	0.83%	486,315,065	12.13%
\$1,000,000 and over	7,854	0.19%	399,557,445	9.97%
<b>Total</b>	<b>4,080,816</b>	<b>100.00%</b>	<b>\$ 4,008,914,851</b>	<b>100.00%</b>

\*Federal Adjusted Gross Income

\*\*Per GASB Statement 44 (effective for statistical sections prepared for periods beginning after June 15, 2005), this schedule is to show the current year and nine years ago. Information not available prior to 2005.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue.

Source: Missouri Department of Revenue

**STATE OF MISSOURI  
RATIOS OF OUTSTANDING DEBT  
FISCAL YEARS 2005-2012  
(In Thousands of Dollars Except Per Capita)**

	2012	2011*	2010	2009	2008	2007	2006	2005
<b>Governmental Activities</b>								
General Obligation Bonds	\$ 432,765	\$ 487,090	\$ 528,910	\$ 600,075	\$ 666,165	\$ 684,515	\$ 739,935	\$ 790,910
Other Bonds	3,735,920	3,880,975	4,060,855	3,102,685	3,084,670	2,660,875	1,873,140	1,609,815
Leasehold Revenue Bonds	32,780	33,880	34,935	35,955	36,935	37,880	38,860	---
Certificates of Participation	76,910	76,910	87,550	96,235	105,325	113,990	122,255	124,490
Capital Leases	85,865	103,543	97,423	113,147	108,815	74,641	74,049	107,647
<b>Total Governmental Activities</b>	<b>\$ 4,364,240</b>	<b>\$ 4,582,398</b>	<b>\$ 4,809,673</b>	<b>\$ 3,948,097</b>	<b>\$ 4,001,910</b>	<b>\$ 3,571,901</b>	<b>\$ 2,848,239</b>	<b>\$ 2,632,862</b>
<b>Business-Type Activities</b>								
Capital Leases	\$ 356	\$ 66	\$ 116	\$ 210	\$ 244	\$ ---	\$ ---	\$ ---
<b>Total Business-Type Activities</b>	<b>\$ 356</b>	<b>\$ 66</b>	<b>\$ 116</b>	<b>\$ 210</b>	<b>\$ 244</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>
<b>Total Primary Government</b>	<b>\$ 4,364,596</b>	<b>\$ 4,582,464</b>	<b>\$ 4,809,789</b>	<b>\$ 3,948,307</b>	<b>\$ 4,002,154</b>	<b>\$ 3,571,901</b>	<b>\$ 2,848,239</b>	<b>\$ 2,632,862</b>
Personal Income	\$ 228,218,407	\$ 218,778,293	\$ 216,049,019	\$ 223,548,498	\$ 209,131,189	\$ 198,727,013	\$ 186,752,616	\$ 180,546,848
Debt as a Percentage of Personal Income <sup>1</sup>	1.9%	2.1%	2.2%	1.8%	1.9%	1.8%	1.5%	1.5%
Debt Per Capita <sup>1</sup>	\$ 726	\$ 764	\$ 807	\$ 666	\$ 680	\$ 611	\$ 492	\$ 458
<b>Legal Debt Margin Calculation for Fiscal Year 2012:</b>								
General Obligation Bonds Authorized (Legislative Debt Limit)	\$ 1,726,395							
Unforeseen Emergency or Casual Deficiency	1,000							
Less: General Obligation Issued	(1,489,494)							
<b>Legal Debt Margin</b>	<b>\$ 237,901</b>							
<b>Legal Debt Margin Summary by Fiscal Year:</b>								
Legislative Debt Limit	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,686,395	\$ 1,646,395	\$ 1,606,395
Total Net Debt Applicable to Limit	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)	(1,438,494)	(1,438,494)	(1,438,494)
<b>Legal Debt Margin</b>	<b>\$ 237,901</b>	<b>\$ 247,901</b>	<b>\$ 207,901</b>	<b>\$ 167,901</b>				
Legal Debt Margin to Debt Limit Ratio	13.78%	13.78%	13.78%	13.78%	13.78%	14.70%	12.63%	10.45%

<sup>1</sup>These ratios are calculated using personal income and population for the calendar year. See *Demographic Indicators* for personal income and population data.

**STATE OF MISSOURI  
PLEGGED REVENUE COVERAGE  
FISCAL YEARS 2006–2012  
(In Thousands of Dollars)**

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Fiscal Year	Gross Revenues <sup>1</sup>	Less: Operating Expenses <sup>2</sup>	Net Available Revenues	Debt Service		Coverage <sup>3</sup>
				Principal	Interest	
<b>Missouri Road Fund</b>						
2012	\$ 1,761,382	\$ 342,240	\$ 1,419,142	\$ 133,190	\$ 140,202	5.2
2011	2,237,700	305,649	1,932,051	137,015	146,326	6.8
2010	1,760,497	281,320	1,479,177	88,285	128,851	6.8
2009	997,990	279,971	718,019	84,896	113,591	3.6
2008	1,049,645	279,823	769,822	62,515	105,117	4.6
2007	1,024,787	269,210	755,577	73,350	82,049	4.9
2006	727,870	N/A	727,870	63,149	49,248	6.5

N/A = not available

<sup>1</sup>Revenues for Missouri Road Fund consist of a portion of the taxes and fees received by the State from the motor fuel tax, sales tax on motor vehicles, use tax on motor vehicles, revenue derived from motorists for their usage of the highways of the State, federal grants, and bond proceeds.

<sup>2</sup>Operating Expenses do not include depreciation/amortization.

<sup>3</sup>Coverage equals net available revenue divided by debt service.

Source: Missouri Department of Transportation

**STATE OF MISSOURI  
DEMOGRAPHIC INDICATORS  
CALENDAR YEARS 2004-2011**

	2011	2010	2009	2008
<b>Population</b>				
Missouri (In Thousands)	6,011	5,996	5,961	5,924
Change	0.8%	1.2%	0.6%	0.6%
National (In Thousands)	311,592	309,330	306,772	304,094
Change	1.6%	1.7%	0.9%	1.0%
<b>Total Personal Income</b>				
Missouri (In Thousands of Dollars)	\$ 228,218,407	\$ 218,778,293	\$ 216,049,019	\$ 223,548,498
Change	5.6%	-2.1%	-3.4%	6.9%
National (In Thousands of Dollars)	\$ 12,949,905,000	\$ 12,308,496,000	\$ 11,916,808,000	\$ 12,451,599,000
Change	8.7%	-1.1%	-4.3%	4.6%
<b>Per Capita Personal Income</b>				
Missouri	\$ 37,969	\$ 36,406	\$ 36,243	\$ 37,737
Change	4.8%	-3.5%	-4.0%	6.2%
National	\$ 41,560	\$ 39,791	\$ 38,846	\$ 40,947
Change	7.0%	-2.8%	-5.1%	3.6%
<b>Resident Civilian Labor Force and Employment</b>				
Civilian Labor Force (In Thousands)	3,046	3,053	3,051	3,046
Employed (In Thousands)	2,786	2,767	2,768	2,861
Unemployed (In Thousands)	261	286	283	186
Unemployment Rate	8.6%	9.4%	9.3%	6.1%
National Unemployment Rate	8.9%	9.6%	9.3%	5.8%

**Continues Below**

	2007	2006	2005	2004
<b>Population</b>				
Missouri (In Thousands)	5,888	5,843	5,790	5,748
Change	0.8%	0.9%	0.7%	
National (In Thousands)	301,231	298,380	295,517	292,805
Change	1.0%	1.0%	0.9%	
<b>Total Personal Income</b>				
Missouri (In Thousands of Dollars)	\$ 209,131,189	\$ 198,727,013	\$ 186,752,616	\$ 180,546,848
Change	5.2%	6.4%	3.4%	
National (In Thousands of Dollars)	\$ 11,900,562,000	\$ 11,256,516,000	\$ 10,476,669,000	\$ 9,928,790,000
Change	5.7%	7.4%	5.5%	
<b>Per Capita Personal Income</b>				
Missouri	\$ 35,521	\$ 34,013	\$ 32,253	\$ 31,412
Change	4.4%	5.5%	2.7%	
National	\$ 39,506	\$ 37,725	\$ 35,452	\$ 33,909
Change	4.7%	6.4%	4.6%	
<b>Resident Civilian Labor Force and Employment</b>				
Civilian Labor Force (In Thousands)	3,050	3,034	3,011	2,986
Employed (In Thousands)	2,896	2,888	2,850	2,814
Unemployed (In Thousands)	155	147	162	172
Unemployment Rate	5.1%	4.8%	5.4%	5.8%
National Unemployment Rate	4.6%	4.6%	5.1%	5.5%

Note: 2010 National Population, 2010 Missouri and National Personal Income, 2010 Missouri and National Per Capita Income changed due to a change in the reported totals from Bureau of Economic Analysis SA1-3.

2010 Civilian Labor Force, Employed, Unemployed, Unemployment Rate, and National Unemployment rate changed due to a change in reported totals from Missouri Economic Research Center Local Area Unemployment Statistics (LAUS).

Sources: Bureau of Economic Analysis, Missouri Economic Research and Information Center, Bureau of Labor Statistics

**STATE OF MISSOURI  
ECONOMIC INDICATORS  
CALENDAR YEARS 2004–2011**

	<u>2011–12</u>	<u>2010–11</u>	<u>2009–10</u>	<u>2008–09</u>
<b>School Enrollment (In Thousands)</b>				
Elementary and Secondary Education	886	890	892	893
Higher Education – Private Institutions	98	95	93	89
Total Enrollment	<u>984</u>	<u>985</u>	<u>985</u>	<u>982</u>
% Change from Prior Year	-0.1%	0.0%	0.3%	0.0%
<b>Higher Education</b>				
<b>Public Community Colleges</b>				
Number of Campuses	19	19	20	19
Number of Students (FTE*)	70,964	70,320	65,034	56,365
Number of Regular Term Teaching Positions (FTE)	1,349	1,233	1,402	1,413
<b>State Technical College</b>				
Number of Campuses	1	1	1	1
Number of Students (FTE)	1,161	1,133	1,116	976
Number of Regular Term Teaching Positions (FTE)	45	46	45	45
<b>State Colleges/Universities</b>				
Number of Campuses	14	14	14	14
Number of Students (FTE)	117,609	114,655	112,539	108,159
Number of Regular Term Teaching Positions (FTE)	4,617	4,296	4,791	4,764

Continues Below

	<u>2007–08</u>	<u>2006–07</u>	<u>2005–06</u>	<u>2004–05</u>
<b>School Enrollment (In Thousands)</b>				
Elementary and Secondary Education	894	898	898	892
Higher Education – Private Institutions	88	86	84	82
Total Enrollment	<u>982</u>	<u>984</u>	<u>982</u>	<u>974</u>
% Change from Prior Year	-0.2%	0.2%	0.8%	0.3%
<b>Higher Education</b>				
<b>Public Community Colleges</b>				
Number of Campuses	19	18	18	18
Number of Students (FTE*)	54,900	52,377	51,945	52,204
Number of Regular Term Teaching Positions (FTE)	1,352	1,332	1,309	1,291
<b>State Technical College</b>				
Number of Campuses	1	1	1	1
Number of Students (FTE)	891	888	885	854
Number of Regular Term Teaching Positions (FTE)	45	57	51	50
<b>State Colleges/Universities</b>				
Number of Campuses	14	14	14	14
Number of Students (FTE)	106,056	103,856	102,628	100,717
Number of Regular Term Teaching Positions (FTE)	4,731	4,638	4,578	4,597

\*FTE is Full-Time Equivalent.

Sources: Missouri Department of Elementary and Secondary Education and Missouri Department of Higher Education

**STATE OF MISSOURI  
PRINCIPAL EMPLOYERS  
CALENDAR YEARS 2011 AND 2002**

**2011**

<b>Employer</b>	<b>Number of Employees</b>	<b>Percent of Total State Employment</b>
State of Missouri <sup>1</sup>	58,000	2.08%
Wal-Mart Associates, Inc.	20,000+	0.72%
University of Missouri	20,000+	0.72%
Washington University	15,000-20,000	0.54% - 0.72%
US Post Office	15,000-20,000	0.54% - 0.72%
The Boeing Company	10,000-15,000	0.36% - 0.54%
Barnes-Jewish Hospital	7,500-10,000	0.27% - 0.36%
Department of Defense	7,500-10,000	0.27% - 0.36%
Schnuck Markets, Inc.	7,500-10,000	0.27% - 0.36%
Department of Veterans Affairs	7,500-10,000	0.27% - 0.36%
Division of Adult Institutions	7,500-10,000	0.27% - 0.36%
Total	<u>175,500-203,000</u>	<u>6.31% - 7.30%</u>
<b>Total Missouri Employment</b>		<b>2,785,797</b>

**2002**

<b>Employer</b>	<b>Number of Employees</b>	<b>Percent of Total State Employment</b>
State of Missouri <sup>1</sup>	63,000	2.23%
Wal-Mart Associates, Inc.	32,500-35,000	1.15% - 1.24%
Boeing Corporation	12,500-15,000	0.44% - 0.53%
Washington University	12,500-15,000	0.44% - 0.53%
Schnucks Markets, Inc.	10,000-12,500	0.35% - 0.44%
Barnes-Jewish Hospital	7,500-10,000	0.27% - 0.35%
May Department Stores	7,500-10,000	0.27% - 0.35%
Ford Motor Company	7,500-10,000	0.27% - 0.35%
Daimler Chrysler	5,000-7,500	0.18% - 0.27%
Lester E Cox Medical	5,000-7,500	0.18% - 0.27%
American Airlines, Inc.	5,000-7,500	0.18% - 0.27%
SBC (Southwestern Bell) Management	5,000-7,500	0.18% - 0.27%
Hallmark Cards	5,000-7,500	0.18% - 0.27%
AT&T Corporation	5,000-7,500	0.18% - 0.27%
United Parcel Service, Inc.	5,000-7,500	0.18% - 0.27%
St. John's Regional Health Center	5,000-7,500	0.18% - 0.27%
Total	<u>162,500-185,000</u>	<u>6.86% - 8.18%</u>
<b>Total Missouri Employment</b>		<b>2,829,985</b>

All figures are based on a calendar-year average.

<sup>1</sup>Number of state employees includes only full-time personnel and does not include college or university employees.

Sources: Missouri Economic Research and Information Center,  
State of Missouri CAFR-Fiscal Year 2003, State Employee Headcount report

**STATE OF MISSOURI  
STATE EMPLOYEES BY FUNCTION  
FISCAL YEARS 2006-2012  
FULL-TIME EQUIVALENTS\***

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>General Government</b>							
Legislature	683	703	725	716	719	732	749
Judiciary	3,369	3,393	3,626	3,755	3,731	3,777	3,826
Public Defender	595	578	570	558	555	558	561
Governor	28	32	33	24	32	33	34
Lt. Governor	6	6	6	6	6	7	7
Secretary of State	244	253	261	272	277	275	266
State Auditor	116	116	119	124	128	127	132
State Treasurer	49	50	49	51	51	51	51
Attorney General	350	371	408	420	451	443	427
Office of Administration	2,161	2,139	2,040	2,091	2,046	1,783	868
Revenue	<u>1,364</u>	<u>1,383</u>	<u>1,421</u>	<u>1,487</u>	<u>1,523</u>	<u>1,586</u>	<u>1,766</u>
Total General Government	<u><u>8,965</u></u>	<u><u>9,024</u></u>	<u><u>9,258</u></u>	<u><u>9,504</u></u>	<u><u>9,519</u></u>	<u><u>9,372</u></u>	<u><u>8,687</u></u>
<b>Education</b>							
Elementary and Secondary							
Education	2,714	2,635	2,662	2,760	2,650	2,654	2,719
Higher Education	<u>61</u>	<u>65</u>	<u>75</u>	<u>73</u>	<u>67</u>	<u>58</u>	<u>67</u>
Total Education	<u><u>2,775</u></u>	<u><u>2,700</u></u>	<u><u>2,737</u></u>	<u><u>2,833</u></u>	<u><u>2,717</u></u>	<u><u>2,712</u></u>	<u><u>2,786</u></u>
<b>Natural and Economic Resources</b>							
Agriculture	467	535	617	494	479	467	456
Insurance, Financial Institutions and Professional Registration	755	744	734	741	748	192	200
Conservation	1,872	1,894	1,982	2,085	2,065	2,190	2,270
Economic Development	891	947	1,019	994	1,024	1,604	1,681
Labor and Industrial Relations	998	987	924	777	810	913	1,056
Natural Resources	<u>2,042</u>	<u>1,934</u>	<u>1,903</u>	<u>2,121</u>	<u>2,102</u>	<u>2,061</u>	<u>2,175</u>
Total Natural and Economic Resources	<u><u>7,025</u></u>	<u><u>7,041</u></u>	<u><u>7,179</u></u>	<u><u>7,212</u></u>	<u><u>7,228</u></u>	<u><u>7,427</u></u>	<u><u>7,838</u></u>
<b>Transportation and Law Enforcement</b>							
Transportation	5,804	6,399	6,970	6,969	6,961	7,196	7,300
Public Safety	<u>5,309</u>	<u>5,281</u>	<u>5,336</u>	<u>5,412</u>	<u>5,294</u>	<u>5,085</u>	<u>5,101</u>
Total Transportation and Law Enforcement	<u><u>11,113</u></u>	<u><u>11,680</u></u>	<u><u>12,306</u></u>	<u><u>12,381</u></u>	<u><u>12,255</u></u>	<u><u>12,281</u></u>	<u><u>12,401</u></u>
<b>Human Services</b>							
Health and Senior Services	1,753	1,706	1,826	1,927	1,885	1,877	1,969
Mental Health	8,089	8,256	8,961	9,613	9,500	9,602	9,784
Social Services	7,371	7,562	8,138	8,584	8,624	8,553	8,794
Corrections	<u>10,864</u>	<u>10,990</u>	<u>11,175</u>	<u>11,364</u>	<u>11,020</u>	<u>11,138</u>	<u>11,235</u>
Total Human Services	<u><u>28,077</u></u>	<u><u>28,514</u></u>	<u><u>30,100</u></u>	<u><u>31,488</u></u>	<u><u>31,029</u></u>	<u><u>31,170</u></u>	<u><u>31,782</u></u>
State Total	<u><u>57,955</u></u>	<u><u>58,959</u></u>	<u><u>61,580</u></u>	<u><u>63,418</u></u>	<u><u>62,748</u></u>	<u><u>62,962</u></u>	<u><u>63,494</u></u>

\*Based on a four quarter average.

Source: Office of Administration, Division of Accounting, Statewide Indirect Cost Allocation Plan

**STATE OF MISSOURI  
OPERATING INDICATORS BY FUNCTION  
FISCAL YEARS 2006-2012**

	2012	2011	2010	2009	2008	2007	2006
<b>General Government</b>							
Individual Income Tax Returns Processed (In Thousands)	2,969	2,917	2,877	2,946	3,013	3,902	2,770
Sales and Use Tax Returns Processed (In Thousands)	760	773	785	772	788	1,055	742
Driver Licenses Processed (In Thousands)	1,208	1,160	1,090	1,179	964	1,052	1,106
Motor Vehicle Registrations Processed (In Thousands)	3,905	3,828	3,844	3,502	3,866	3,856	2,994
Audit Reports Issued	123	168	151	101	91	88	103
Statewide Court Filings (In Thousands)*	2,565	2,525	2,359	2,322	2,196	2,027	2,152
Business Services Requests made on Secretary of State Web Page (In Thousands)	121,974	81,643	79,974	76,744	44,300	36,000	35,000
Checks Issued (In Thousands)	1,971	2,216	2,465	2,667	2,807	3,035	3,309
Unclaimed Property Returned (In Thousands)	\$ 38,239	\$ 36,373	\$ 35,014	\$ 26,672	\$ 34,531	\$ 22,966	\$ 21,816
<b>Education</b>							
High School Drop Out Rate*	3.5%	4.0%	4.1%	3.9%	4.2%	4.7%	3.8%
Elementary and Secondary Schools Meeting Adequate Yearly Progress**	---	25.6%	35.3%	35.7%	40.1%	62.6%	65.2%
Clients Achieving Employment after Receiving Vocational Rehabilitation Services	61.0%	56.0%	61.0%	67.1%	67.7%	70.2%	67.6%
Guaranteed Student Loans (In Thousands)****	\$ ---	\$ ---	\$ 656,656	\$ 780,838	\$ 901,385	\$ 1,178,692	\$ 1,162,519
Scholarships/Grants Awarded to Eligible Missouri Residents (In Thousands)	\$ 97,077	\$ 91,146	\$ 98,593	\$ 108,981	\$ 89,728	\$ 41,466	\$ 41,845
<b>Natural and Economic Resources</b>							
Job Placement Rate of Unemployed Individuals that Registered on MissouriCareerSource Web Page	55.2%	58.2%	57.9%	64.0%	66.0%	62.0%	63.3%
Insurance Policies Filed Electronically	99.5%	96.0%	96.0%	94.7%	50.0%	50.0%	50.0%
Initial Unemployment Claims (In Thousands)	427	502	582	565	396	411	393
International Agricultural Exports (In Thousands)	\$ 38,700	\$ 15,000	\$ 38,000	\$ 22,700	\$ 30,300	\$ 19,760	\$ 18,191
Hunting License Holders (In Thousands)*	593	588	592	591	580	579	570
Visitors to Missouri State Parks and Historic Sites (In Thousands)	17,846	16,363	15,891	15,307	15,577	16,069	16,650
<b>Transportation and Law Enforcement</b>							
Methamphetamine Labs Seized	274	340	245	165	274	259	375
State - Licensed Fire Safety Inspections	15,177	11,487	10,603	11,008	11,998	11,684	9,848
Buildings Served by Missouri Capitol Police	72	73	75	83	82	82	79
Alcohol Arrests***	---	---	385	845	736	954	1,084
Missouri Major Roads Rated in Good Condition	88.1%	85.8%	86.5%	83.4%	78.0%	74.0%	60.8%
Difference Between Awarded and Actual Transportation Construction Costs	0.2%	(0.4%)	(1.9%)	1.1%	0.9%	0.9%	3.1%
<b>Human Services</b>							
Medicaid Enrollees	889,159	897,306	892,691	850,722	833,112	822,685	830,262
Food Stamp Recipients	943,835	949,136	909,139	827,639	899,332	826,313	795,963
Doses of Vaccine Issued by Vaccines for Children Providers (In Thousands)	1,354	1,420	1,384	1,317	1,360	1,097	1,075
Incarcerated Offenders	31,057	30,771	30,418	30,476	30,803	29,975	30,185
Individuals Served in State Comprehensive Psychiatric Service Facilities	1,716	2,170	4,120	6,759	6,882	7,805	7,772

\*Previous fiscal year data was used since it was the most recent available.

\*\*Received NCLB waiver from the federal government. No longer evaluating districts based on AYP.

\*\*\*Number of Alcohol Arrests is zero due to a loss of grant funding to perform alcohol compliance buys.

\*\*\*\*Total loans guaranteed during fiscal year 2012 was zero, as the authority to ensure loans ended June 30, 2010, due to the enactment of the Health Care and Education Affordability Reconciliation Act. However, the Department of Higher Education will continue to act as the US Department of Education's agent in fulfilling responsibilities relating to outstanding guarantees, which totaled \$2.7 billion as of June 30, 2012.

Sources: State agencies

**STATE OF MISSOURI  
CAPITAL ASSET STATISTICS  
BY FUNCTION  
FISCAL YEARS 2005-2012**

	2012	2011	2010	2009	2008	2007	2006	2005
<b>General Government</b>								
Parcels of Land	20	20	20	21	21	20	18	15
Land Improvements	40	38	38	37	37	35	35	31
Square Footage of								
Buildings	1,006,449	1,013,314	1,011,732	1,015,214	1,001,281	996,590	991,800	1,071,699
Equipment	35,651	35,316	35,333	36,813	35,171	42,333	44,469	49,644
Software	293	213	168	88	---	---	---	---
<b>Education</b>								
Parcels of Land	31	31	31	31	31	32	32	32
Land Improvements	46	43	43	32	31	31	31	29
Square Footage of								
Buildings	136,465	136,465	133,494	135,230	135,230	135,230	102,719	134,162
Equipment	6,102	5,984	5,911	6,031	6,010	6,679	6,780	6,723
Trademarks	1	1	---	---	---	---	---	---
<b>Natural and Economic Resources</b>								
Parcels of Land	826	825	824	823	815	811	815	812
Land Improvements	328	324	323	325	323	318	320	216
Temporary Easements	1	1	1	---	---	---	---	---
Square Footage of								
Buildings	611,550	616,729	622,181	622,285	625,779	622,887	528,136	370,505
Equipment	35,064	36,097	36,881	38,807	41,145	43,534	46,574	46,915
Software	36	20	12	3	---	---	---	---
State Parks and								
Historic Sites	85	85	85	85	84	84	84	84
State Conservation								
Areas	1,193	1,196	1,179	1,169	1,165	1,151	1,148	1,140
<b>Transportation and Law Enforcement</b>								
Parcels of Land	790	805	819	831	836	853	862	1,608
Land Improvements	349	307	264	245	198	184	177	183
Permanent Easements	382	254	221	---	---	---	---	---
Temporary Easements	833	961	1,086	---	---	---	---	---
Square Footage of								
Buildings	175,664	175,138	164,119	164,119	151,533	158,081	157,658	157,172
Equipment	66,994	67,649	67,959	67,100	65,074	63,327	62,984	61,965
Software	573	202	146	---	---	---	---	---
Miles of State Highway	33,845	33,702	33,639	33,676	33,685	32,800	32,423	32,402
State-Owned Bridges								
and Culverts	10,405	10,405	10,335	10,249	10,276	10,240	10,224	10,190
Highway Patrol Stations	9	9	9	9	9	9	9	9
<b>Human Services</b>								
Parcels of Land	83	83	83	84	84	84	83	85
Land Improvements	161	157	154	130	118	115	115	112
Square Footage of								
Buildings	900,749	924,380	932,827	952,117	962,710	967,653	870,129	834,352
Equipment	50,229	63,442	70,684	78,543	91,178	98,649	107,434	106,334
Software	28	13	10	7	---	---	---	---
Correctional Facilities	30	30	30	30	28	26	26	24

Source: State of Missouri capital asset records by agency.

STATE OF MISSOURI  
ACKNOWLEDGEMENTS

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